

Committee: Executive
Date: Monday 5 October 2009
Time: 6.30 pm
Venue: Bodicote House, Bodicote, Banbury, OX15 4AA

Membership

Councillor Barry Wood
(Chairman)

Councillor Ken Atack

Councillor Norman Bolster

Councillor Michael Gibbard

Councillor G A Reynolds (Vice-Chairman)

Councillor James Macnamara

Councillor Kieron Mallon

Councillor Nigel Morris

Councillor D M Pickford

Councillor Nicholas Turner

AGENDA

1. Apologies for Absence

2. Declarations of Interest

Members are asked to declare any interest and the nature of that interest that they may have in any of the items under consideration at this meeting.

3. Petitions and Requests to Address the Meeting

The Chairman to report on any requests to submit petitions or to address the meeting.

4. Urgent Business

The Chairman to advise whether they have agreed to any item of urgent business being admitted to the agenda.

5. **Minutes** (Pages 1 - 8)

To confirm as a correct record the Minutes of the meeting held on 7 September 2009.

Service Delivery and Innovation

6. **Service & Financial Planning Process and Budget Guidelines for 2010/2011**
(Pages 9 - 12) **6.35 pm**

**** Appendices 1, 2 and 3 to follow ****

Report of the Head of Finance and Community and Corporate Planning Manager

Summary

To inform the Executive of the service and financial planning process for 2010/11 and to agree budget guidelines for issue to service managers to enable the production of the 2010/11 budget and update the Medium Term Financial Strategy for 2011/12 onwards.

Recommendations

The Executive is recommended to:

- 1) Note the service and financial planning process for 2010/11
- 2) Consider and agree the proposed budget guidelines and timetable for 2010/2011 budget process.

7. **Banbury Canalside Draft Supplementary Planning Document (SPD)**
(Pages 13 - 81) **7.05 pm**

**** Please note pages 74 – 81 of Appendix 1 contain large scale maps. These will be issued separately. ****

Report of Head of Planning and Affordable Housing Policy

Summary

To consider the draft Supplementary Planning Document (SPD) and Companion Document for the Canalside site in Banbury and endorse it for public consultation.

Recommendations

The Executive is recommended to:

- 1) Endorse the Draft Supplementary Planning Document (SPD) attached as appendix 1 and a Companion Document (made available in the Members room) for public consultation.
- 2) Authorise the Head of Planning & Affordable Housing Policy, in consultation with the Portfolio Holder for Planning and Housing to make any further minor

non-substantive changes as are necessary to the Draft SPD and Companion Document prior to the publication of these for public consultation.

Value for Money and Performance

8. External Audit Annual Governance Report and Use of Resources Judgement (Pages 82 - 111) **7.20 pm**

Report of Chief Executive

Summary

To update the Executive on the key messages from the District Auditor in her 2008/09 Annual Governance Report and the judgements she has made on the Council's performance in the new Use of Resources assessment.

Recommendation

The Executive is recommended to:

- 1) Note the Use of Resources score contained in the District Auditor's Annual Governance Report and the scale of the achievement this represents.

9. Value for Money Review of Insurance (Pages 112 - 126) **7.30 pm**

Report of the Strategic Director Customer Service and Resources and the Head of Improvement

Summary

To consider the findings of the Value for Money (VFM) Review report and the recommendations arising from the report.

Recommendations

The Executive is recommended to:

- 1) Note the overall conclusion of the review that the function is relatively high cost with average performance levels but is high quality in terms of the qualifications of staff employed and low level of claims payments made.
- 2) Agree the Council will move away from the current policy of transferring the majority of council risk to an insurer, to one of self insuring a larger proportion of risk given the very low of claims currently experienced. This will be achieved by:
 - a. Discontinuing unnecessary insurance policies and increase excesses on the remaining policies. This will deliver savings of £65,813 in 2010/11.
 - b. Determining claims in-house rather than pass to insurers to settle. Injury claims should continue to be handled by insurers given the complexity, potential high cost and the expertise needed in determining settlement figures;

- c. Transferring the £500,000 reserve fund for the Spiceball reconstruction, following the completion of that project, to the Self Insurance Reserve which currently has a balance of £300,000.
- 3) Agree to achieve a net saving of £15,000 in the management of insurance and risk by:
 - a. Deleting the post of Risk Management and Insurance Officer in its current form with a gross saving of up to £46,244.
 - b. Transferring the corporate responsibility for the management of insurance to The Head of Finance, with the operational administration of claims delegated to Heads of Service and operational administrative teams;
 - c. Market testing for an external provider to deliver the corporate management of risk (but not the routine performance management of risk).
 - d. Using the balance from a. to fund the costs of b. and c.
- 4) Agree that in advance of letting the new insurance contract from 2011/12 officers will explore the opportunities for achieving further financial savings through consortia purchasing and sharing support and expertise with other local authorities.

10. Revenue and Benefits - Future Award of Tender (Pages 127 - 130) 7.35 pm

Report of the Strategic Director Customer Service and Resources and the Head of Finance

Summary

To report on the progress to date following the decision to externalise the transactional elements of the revenues and benefits service and, following a tender process, to recommend a preferred supplier.

Recommendations

The Executive is recommended to:

- 1) Note the project progress to date in relation to the primary objectives and confirm agreement to proposals as set out in 2.1 – 2.5 of the report.
- 2) Appoint a preferred supplier for the externalised components of the services as set out in confidential Appendix 1.

11. Refurbishment of Old Bodicote House (Pages 131 - 137) 7.45 pm

Report of Chief Executive, Strategic Director Customer Service & Resources and Project Manager, Improvement Agenda

Summary

To approve refurbishment works to Old Bodicote House and necessary funding for this and associated accommodation works.

Recommendations

The Executive is recommended to:

- 1) Approve the business case for the refurbishment of Old Bodicote House into serviced office accommodation
- 2) Approve sufficient funding in the capital programme for;
 - a. the refurbishment works in accordance with the sum set out in Appendix 1 subject to final design refinements and subsequent contract sum;
 - b. the extension of Bodicote House car park, in accordance with the sum set out in Appendix 1
 - c. the outstanding sum required to complete essential fire safety and other improvements to the stairwells of Bodicote House, to the sum of £40,000
- 3) Award the design and built contract for the refurbishment of Old Bodicote House to the preferred contractor in accordance with the recommendation in Appendix 1.
- 4) Commission agents to identify and secure tenancy for Old Bodicote House during the execution of the works to ensure the earliest possible tenancy.

Urgent Business

12. Urgent Business

Any other items which the Chairman has decided is urgent.

13. Exclusion of the Press and Public

The following reports contain exempt information as defined in the following paragraph of Part 1, Schedule 12A of the Local Government Act 1972.

3– Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Members are reminded that whilst the following items have been marked as exempt, it is for the meeting to decide whether or not to consider each of them in private or in public. In making the decision, members should balance the interests of individuals or the Council itself in having access to the information. In considering their discretion members should also be mindful of the advice of Council Officers.

Should Members decide not to make a decision in public, they are recommended to pass the following recommendation:

“That, in accordance with Section 100A(4) of Local Government Act 1972, the press and public be excluded from the meeting for the following items of business, on the grounds that they could involve the likely disclosure of exempt information as defined in paragraph 3 of Part 1, Schedule 12A of that Act.”

Value for Money and Performance

14. **Refurbishment of Old Bodicote House - Exempt Annex** 7.55 pm

** Exempt Annex to follow **

15. **Revenue and Benefits - Future Award of Tender - Exempt Annex** 8.00 pm

** Exempt Annex to follow **

(Meeting scheduled to close at 8.05 pm)

Information about this Agenda

Apologies for Absence

Apologies for absence should be notified to democracy@cherwell-dc.gov.uk or 01295 221587 prior to the start of the meeting.

Declarations of Interest

Members are asked to declare interests at item 2 on the agenda or if arriving after the start of the meeting, at the start of the relevant agenda item. The definition of personal and prejudicial interests is set out in the constitution. The Democratic Support Officer will have a copy available for inspection at all meetings.

Personal Interest: Members must declare the interest but may stay in the room, debate and vote on the issue.

Prejudicial Interest: Member must withdraw from the meeting room and should inform the Chairman accordingly.

With the exception of the some very specific circumstances, a Member with a personal interest also has a prejudicial interest if it is one which a Member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest.

Local Government and Finance Act 1992 – Budget Setting, Contracts & Supplementary Estimates

Members are reminded that any member who is two months in arrears with Council Tax must declare the fact and may speak but not vote on any decision which involves budget setting, extending or agreeing contracts or incurring expenditure not provided for in the agreed budget for a given year and could affect calculations on the level of Council Tax.

Queries Regarding this Agenda

Please contact James Doble, Legal and Democratic Services james.doble@cherwell-dc.gov.uk (01295) 221587

Mary Harpley
Chief Executive

Published on Friday 25 September 2009

Agenda Item 5

Cherwell District Council

Executive

Minutes of a meeting of the Executive held at Bodicote House, Bodicote, Banbury, OX15 4AA, on 7 September 2009 at 6.30 pm

Present: Councillor Barry Wood (Chairman)

Councillor G A Reynolds
Councillor Ken Attack
Councillor Norman Bolster
Councillor Michael Gibbard
Councillor James Macnamara
Councillor Kieron Mallon
Councillor Nigel Morris
Councillor D M Pickford
Councillor Nicholas Turner

Also present: Councillor Nicholas Mawer
Councillor Leslie F Sibley

Officers: Mary Harpley, Chief Executive and Head of Paid Service
Ian Davies, Strategic Director - Environment and Community
John Hoad, Strategic Director - Planning, Housing and Economy
Mike Carroll, Head of Improvement
Karen Curtin, Head of Finance
Pam Wilkinson, Principal Solicitor
Tony Brummell, Head of Building Control & Engineering Services
Gillian Greaves, Head of Housing Services
David Marriott, Head of Economic Developments & Estates
Lisa Chaney, Urban Centres Development Officer
Alexa Coates, Senior Democratic and Scrutiny Officer
Linda Rand, Design & Conversation Team Leader
Jo Smith, Communications Manager
James Doble, Democratic, Scrutiny and Elections Manager

25 **Declarations of Interest**

There were no declarations of interest.

26 **Petitions and Requests to Address the Meeting**

The Chairman informed the meeting that he had agreed Councillor Sibley could speak on RAF Bicester and Bicester Market Square Highway and Environment Improvement Scheme.

27 **Urgent Business**

There was no urgent business.

28 **Minutes**

The minutes of the meeting held on 3 August 2009 were agreed and signed by the Chairman.

29 **RAF Bicester Planning Brief**

The Head of Planning and Affordable Housing Policy submitted a report on the responses received to the consultation draft Planning Brief incorporating Informal Development Principles and Management Guidelines.

Resolved

- 1) That the responses received to the draft document be noted and the contents of the amended document for publication be approved, with the amendment that officers be requested to look at the inclusion of public art and whether this conflicts with the conservation objectives on this site.
- 2) That concern be expressed to the Ministry of Defence that the maintenance of the buildings on the technical site has not been undertaken in accordance with the DCMS protocol
- 3) That concern be expressed to the Ministry of Defence at the extent to which the disposal of this site has been undertaken in a manner contrary to the DCMS protocol, in particular with respect to a comprehensive approach to securing the future of the whole of the heritage asset
- 4) That Defence Estates and English Heritage be invited to engage fully and quickly in the process of drawing up Management Guidelines for the flying field and Technical site to ensure that these are agreed prior to the sale.

Reasons – RAF Bicester comprises the flying field and technical site, east of Buckingham Road, and the domestic site and former officers' and airmen's housing, west of Buckingham Road. Some of the housing is occupied by USAF personnel based at Croughton and some has been sold off on the open market. It is described by English Heritage as "*the best preserved bomber airfield dating from the period up to 1945*". The flying field, technical site, domestic site, the former officer mess (now a care home) and some of the early housing (but not the later housing) is designated a conservation area and there are 41 grade II listed buildings and sixteen areas designated as Scheduled Ancient Monuments.

Options

Planning Brief: Option One	To approve the content of the Planning Brief, as amended following consultation, for publication.
Option Two	To make any other changes as Members see fit.
Maintenance of technical site: Option One	To express its concern to the Ministry of Defence at the fact that the maintenance of the buildings on the technical site has not been in accordance with the DCMS protocol.
Option Two	To take no action in this respect.
Disposal of site: Option One	To express its concern to the Ministry of Defence at the extent to which the disposal of this site has been undertaken in a manner contrary to the DCMS protocol, in particular with respect to a comprehensive approach to securing the future of the whole of the heritage asset.
Option Two	To take no action in this respect.
Preparation of Management Guidelines Option One	To invite Defence Estates and English Heritage to contribute to the joint preparation of Management Guidelines for the technical site and flying field as a matter of urgency with the aim of agreeing a joint document prior to the marketing of this part of the site.
Option Two	To take no action in this respect.

30

Member Development Strategy

The Head of Legal and Democratic Services submitted a report presenting a Member Development and Support Strategy for approval and an update on the general progress of the member development programme 2009/10.

Resolved

- 1) That the Member Development and Support Strategy be approved.

- 2) That an annual review of the Member Development and Support Strategy and the progress of the member support interviews be requested.

Reasons - Member training was identified as an area for improvement in the recent Corporate Performance Assessment. The Audit Commission commented that the Council should ensure better attendance at organised training events by monitoring and reviewing the completion of individual training and development plans.

Options

Option One	To agree the Draft Member Development and Support Strategy and review annually.
Option Two	Leave member support and development as it is, without seeking a solution to poor attendance at training events which the Council would likely to be criticised for as part of any future assessment.
Option Three	Amend the proposed Member Development and Support Strategy.

31 **Bicester Market Square Highway and Environmental Improvement Scheme**

The Head of Economic Development and Estates submitted a report to confirm that the Council can, in collaboration with Oxfordshire County Council, move forward to public consultation on three proposed plans for an environmental Improvement Scheme of Bicester Market Square.

Resolved

- 1) That the three options for the Environmental Improvement Scheme of Bicester Market Square described in the report, go forward for public consultation.
- 2) That the County Council be requested to make it clear in the consultation that:
 - the implementation of any scheme will be timed so that it does not clash with the programme for the Bicester town centre redevelopment.
 - designs that result in the loss of public car parking may have significant financial implications and will require the approval of the District Council as landowner of the Market square car park.

Reasons – The environmental improvements of Bicester Market Square has been a project that this Council has been involved with for some time. The scheme is now a joint financial collaboration of Oxfordshire County Council and Cherwell District Council. The scheme has progressed to the stage of three proposed options being available for public consultation in November

2009. This report seeks the approval of the Council to progress with consultation on all three options.

Options

Option One	Approve all three Options to go out to public consultation in November 2009.
Option Two	Reject one or more options. However this may result in a delay to the public consultation event if a new option is drafted or changes made to the other options in light of any comments.

32 **Pitt Review into Summer 2007 Floods - Further Implications following the Government's Response to the Report Recommendations**

The Head of Building Control and Engineering Services submitted a report which noted that all the recommendations of the Pitt Report into the Summer 2007 floods were accepted by the Government in late 2008. Following that in April 2009 the draft Flood and Water Management Bill was published and consulted upon. The Bill seeks to rearrange the various ways in which existing land drainage and flood risk management powers and responsibilities are organised, and proposes some new duties for those involved. If enacted the Bill would have significant implications for the way these services are delivered locally. The purpose of this Report is to appraise Members of those implications and to recommend an approach that supports the promotion of high quality land drainage services in Cherwell District in the future.

Resolved

- 1) That the ways in which the Flood and Water Management Bill seeks to place greater accountability on the Public Sector for flood risk management be supported.
- 2) That it be noted that it is likely the lead statutory role in land drainage and flood risk management will rest in future with Oxfordshire County Council.
- 3) That it be recognised following from (2) above that in future it will only be possible to provide land drainage and flood risk management services at District level through agencies or operational protocols to the Lead Local Flood Authority which is proposed to be the County Council.
- 4) That the Council pursue partnership discussions about how District Councils and especially district officers with extensive local knowledge in Oxfordshire might work with the County Council to provide high quality land drainage and flood risk management services in the future.

Reasons – The Head of Building Control and Engineering Services reported to the Executive on 3 November 2008 with a summary of the Pitt Review Final Recommendations and intimated that the Government was set on using those

as a basis for fundamental changes in the way land drainage and flood risk management is organised and delivered in England and Wales. There has followed a draft Flood and Water Management Bill which sets out the Government's proposals.

33 **Bryan House Bicester Redevelopment Scheme**

The Head of Economic Development and Estates, Head of Housing Services, and Head of Urban and Rural Services submitted a joint report to consider options for progressing the Bryan House redevelopment scheme.

Resolved

- 1) That a land exchange with Sanctuary Housing be approved to enable the redevelopment of the Bryan House site with affordable housing, with the loss of one public car parking space.

Reasons – For some time the Council has been working with Sanctuary Housing to bring forward a scheme to redevelop the Bryan House site in Chapel Street Bicester. The site was transferred to Charter Community Housing in 2004 as housing for older people but has been empty since July 2006 as it was no longer fit for purpose.

Options

Option One	Proceed with the scheme as currently proposed, resulting in the loss of nine public car parking spaces
Option Two	Ask Sanctuary to amend their scheme to delete two housing units, and reduce the loss of public car parking spaces to one. This is the option put forward in the recommendation.

34 **Annual Report and Summary of Accounts 2008/09**

The Strategic Director Customer Services and Resources submitted a report seeking approval of the combined Annual Report and Summary of Accounts 2008/9, subject to any amendments of the Accounts, Audit and Risk Committee on 23 September 2009.

Resolved

That the Annual Report and Summary of Accounts 2008/9 (as set out in the minute book), be recommended for approval by the Accounts, Audit and Risk Committee on 23 September 2009.

Reasons – The combined Annual Report and Summary of Accounts build on our commitment to be an accessible, value for money council. It aims to provide an easy to understand overview of our accounts, available in different formats.

Options

Option One	Consider and recommend the latest draft Annual Report and Summary of Accounts 2008/9 (attached at Appendix 1), to be given final approval by the Accounts, Audit and Risk Committee on 23 September 2009.
Option Two	Consider and not recommend the Annual Report and Summary of Accounts 2008/9 (attached at Appendix 1), to be given final approval by the Accounts, Audit and Risk Committee on 23 September 2009.

35 **Exclusion of the Press and Public**

Resolved

That, in accordance with Section 100A(4) of Local Government Act 1972, the press and public be excluded from the meeting for the following items of business, on the grounds that they could involve the likely disclosure of exempt information as defined in paragraphs 3 and 4 of Schedule 12A of that Act.

36 **Orchard Way Banbury Redevelopment Scheme**

Report of Head of Economic Development and Estates and Head of Housing Services to consider options for progressing the redevelopment scheme.

Resolved

To proceed with the redevelopment of the Orchard Way flats and shops site as previously approved, and approve a supplementary capital estimate of £1.1m to fund the scheme.

(All officers left the meeting with the exception of members of Corporate Management Team.)

37 **Pay and Grading Review 2010**

The Head of Human Resources and the Head of Finance submitted a joint report to provide an update of progress made to date in respect of the job evaluation project and to seek guidance on the parameters for negotiation of both the new pay structure due for implementation on 1 April 2010 and the new local pay deal.

Resolved

- 1) That the progress made in respect of the job evaluation project be noted.

- 2) That parameters for negotiation of the new local pay deal and the new pay structure be agreed.

The meeting ended at 8.10 pm

Chairman:

Date:

Executive

SERVICE & FINANCIAL PLANNING PROCESS AND BUDGET GUIDELINES FOR 2010/2011

5 October 2009

Report of The Head of Finance and Community and Corporate Planning Manager

PURPOSE OF REPORT

To inform the Executive of the service and financial planning process for 2010/11 and to agree budget guidelines for issue to service managers to enable the production of the 2010/11 budget and update the Medium Term Financial Strategy for 2011/12 onwards.

This report is public

Recommendations

The Executive is recommended to:

- (1) Note the service and financial planning process for 2010/11
- (2) Consider and agree the proposed budget guidelines and timetable for 2010/2011 budget process.

Executive Summary

- 1.1 The service and financial planning process is underpinned by a robust evidence base that is used to inform decision making. This evidence based includes a social and demographic profile of the district (Living in Cherwell) and a corporate consultation programme.
- 1.2 The consultation programme is comprised of an annual statistically representative customer satisfaction survey and an in-depth piece of qualitative consultation to develop budget priorities with the public. Together these pieces of research provide a good sense of public priorities and levels of satisfaction with the different services the Council provides. The information, refreshed annually, provides a sense of trend and captures new issues that need to be taken into account when service and financial planning.

- 1.3 This year we have also had the additional benefit of the results from the Place Survey and the consultation with over 300 individuals and organisations to develop the sustainable community strategy. Both of these sources of information have added to our evidence base and provide context for the 2010/11 planning process.
- 1.4 The results of the public consultation are used to develop a prioritisation framework which, alongside the corporate strategy and corporate improvement plan, provides the context for budget setting and service planning. The prioritisation framework for 2010/11 is shown at Appendix 1.
- 1.5 The Council needs to set guidelines and a timetable for the preparation of draft estimates for 2010/11. These guidelines should support the objectives contained in the 5-Year Corporate Plan, Improvement Strategy and in particular the updated Medium Term Financial Strategy.
- 1.6 In the context of the current challenging economic climate the council alongside local residents and businesses will experience the effects of the economic downturn and credit crunch. We have made a public promise to reduce expenditure by £1m in 2010/11 and as such it is important we plan for a period of prudent budgeting. The attached guidelines in Appendix 2 proposed for the coming year provide a framework to identify areas of potential cost reductions across the organisation informed by our public consultation, previous investment, value for money reviews and our strategic priorities.
- 1.7 The budget timetable can be seen in Appendix 3.

Background Information

- 2.1 The corporate consultation programme and refresh of the Living in Cherwell document provide a robust and up to date evidence base for the service and financial planning process 2010/11. The development of the evidence base has been undertaken in accordance with Market Research Society guidelines (for consultation events) and uses social and demographic data with clearly identified sources.
- 2.2 The prioritisation framework is based on priorities identified through the public consultation and the focus of previous investment decisions to develop a hierarchy of services. Where services are rated as 1 they are suggested as the highest priority and, where a rating of 7 is given, the lowest. It should be noted that not all services are considered as part of the consultation (for example back office services or transactional services where members of the public may not come into direct contact or usage). As such the prioritisation framework provides a context and information to inform decision making, rather than a set of answers.
- 2.3 The main findings of the consultation this year can be summarised as following:
 - Stable rates of general satisfaction
 - Increased satisfaction for leisure and waste services
 - Stable satisfaction for tackling anti-social behaviour

- The impact of the recession is being felt across the district
- Older people have high rates of satisfaction
- One of the themes from across all consultation this year has been an increasing focus on younger people (for example improving activities for younger people)
- Public priorities remain consistent with 2009/10 and can be seen in Appendix 1.

2.4 Formal consultation on the draft budget will take place in December with sessions with the Chambers of Commerce and the Parish Liaison group. Members of the public who participated in the budget consultation will be informed of the decisions in line with our consultation and engagement strategy.

2.5 Council will be asked to agree the 2010/11 budget and corporate plan (and the service plans that underpin delivery) at their meeting on 22nd February 2010.

Implications

Financial: None at this stage. The exercise will determine the approach to and eventually lead to the production of the Council's budget for 2009/10.

Comments checked by Karen Muir, Corporate System Accountant 01295 21559

Legal: None

Comments checked by Liz Howlett, Head of Legal and Democratic Services 01295 221790

Risk Management: The Council is required to set both revenue and capital budgets. Failure to integrate the preparation of these budgets with service priorities and planning will compromise the Council's ability to deliver on its strategic objectives.

Comments checked by Karen Muir, Corporate System Accountant 01295 21559

Data Quality Consultation work has been undertaken by external market research organisations using industry guidelines to ensure findings are significant and consistent. Where low base sizes have been used these have been highlighted

Comments checked by Neil Lawrence, Project Manager 01295 221801

Wards Affected

All

Corporate Plan Themes

All

Executive Portfolio.

Councillor James Macnamara
Portfolio Holder for Resources and Organisational Development

Document Information

Appendix No	Title
Appendix 1	Prioritisation framework 2009 – TO FOLLOW
Appendix 2	Budget Guidelines 2010/11 – TO FOLLOW
Appendix 3	Budget Timetable – TO FOLLOW
Background Papers	
	Living in Cherwell 2009 Sustainable Community Strategy – consultation report June 2009 Executive Report – The Place Survey 03 August 2009 Summary of Corporate Consultation Programme September 2009
Report Author	Karen Curtin, Head of Finance Claire Taylor, Community and Corporate Planning Manager
Contact Information	01295 221551 karen.curtin@cherwell-dc.gov.uk 01295 221563 claire.taylor@cherwell-dc.gov.uk

Executive

BANBURY CANALSIDE DRAFT SUPPLEMENTARY PLANNING DOCUMENT (SPD)

5 October 2009

Report of the Head of Planning and Affordable Housing Policy

PURPOSE OF REPORT

To consider the draft Supplementary Planning Document (SPD) and Companion Document for the Canalside site in Banbury and endorse it for public consultation.

This report is public

Recommendations

The Executive is recommended to:

- (1) Endorse the Draft Supplementary Planning Document (SPD) attached as appendix 1 and a Companion Document (made available in the Members room) for public consultation.
- (2) Authorise the Head of Planning & Affordable Housing Policy, in consultation with the Portfolio Holder for Planning and Housing to make any further minor non-substantive changes as are necessary to the Draft SPD and Companion Document prior to the publication of these for public consultation.

Executive Summary

Introduction

- 1.1 Banbury Canalside is located between Banbury Town Centre and Banbury Railway Station. It is bound to the west by Windsor Street, by Bridge Street to the north, to the east by Banbury Railway Station and railway line; and to the south by open fields. The site is in a sustainable location, very close to the town centre and railway station. The site is part of the River Cherwell flood plain. The River Cherwell and the Oxford Canal pass through the site. The site is currently mostly in industrial use.

- 1.2** A draft Supplementary Planning Document (SPD) has been prepared to promote and manage future development proposals in the Banbury Canalside area in order to create a vibrant new sustainable community. A 'Companion Document' has been prepared to accompany the SPD which includes a Statement of SPD matters, a Statement of Consultation, technical papers and further information regarding the evidence base. It is recommended that this document is placed on public consultation alongside the Draft SPD. A copy of this document has been placed in the Members' Room.

Background

- 1.3** The Council identified the Canalside site as part of a wider Regeneration Area in the Non Statutory Cherwell Local Plan 2011.
- 1.4** More recently, the Council has been working with English Partnerships, and more recently the Homes & Communities Agency (HCA) to develop a vision for the comprehensive redevelopment of the Canalside area. In order to update the evidence base for the Local Development Framework and to consider in more detail the regeneration opportunities that there may be in the canalside area, English Partnerships last year commissioned a study. This work was undertaken by consultants LDA Design. On 6 October 2008, the Executive considered a report summarising this work and endorsed the principle of 1,200 dwellings as part of a residentially led development including the relocation of uses on the site.
- 1.5** The canalside area was also identified in the 'Core Strategy: Options for Growth' document published by the Council for public consultation in September 2008. The document identified Canalside as one of a number of Strategic Sites for housing and other development in Banbury to 2026. The public consultation showed a widespread support for the redevelopment of this site, in contrast to most of the other options put forward for consultation.
- 1.6** The decision to prepare an SPD for this area was taken in view of the recognised need to (a) provide further evidence to support the Council's allocation of this site within the emerging Core Strategy (particularly in view of the technical complexity of bringing the site forward), and (b) provide more detailed planning guidance for how the site should best be brought forward to achieve a comprehensive, housing-led, mixed use development scheme.
- 1.7** The work to prepare the SPD has been undertaken by consultants appointed by the Council. We have appointed LDA Design, and the expertise they bring to the project builds upon the earlier work that they did for English Partnerships in 2008 (see paragraph 1.4 above). As well as preparing the Draft SPD document, LDA will be undertaking the public consultation and analysing the responses to assist us in preparing a final draft of the SPD to be considered again by the Council in due course.
- 1.8** The HCA have continued to support the Council in the production of the SPD and have offered technical and other support throughout the project. This is important support as it may be that the Council needs to seek further assistance from the HCA to ensure that this project is successfully delivered. The canalside site is being considered as part of the "Single Conversation" that the Council, along with all other local authorities in Oxfordshire, is undertaking with the HCA to identify county-wide HCA investment priorities.

- 1.9** The Executive is being asked to approve the draft SPD and Companion document for public consultation. A leaflet will also be produced for public consultation summarising the draft SPD. The Consultation will be undertaken for a period of 6 weeks during the autumn during which a public exhibition showing proposals for the site will be available to view. The public consultation will take place in accordance with the Council's adopted Statement of Community Involvement. After the consultation period has ended, the representations made will be brought back to the Executive to consider and Members will be asked to approve a final SPD document. This is likely to be in February 2010, where Members will be asked to approve a (possibly revised) document for development control purposes.

Planning Policy

- 1.10** All Supplementary Planning Documents must be prepared in accordance with a "parent policy" which is contained within a Development Plan Document (DPD). In the case of this SPD, the relevant DPD is the Core Strategy. The "parent policy" in the Core Strategy has not yet been prepared, and therefore the following Parent Policy for Canalside is proposed to be included in our emerging Core Strategy:

Banbury Canalside is allocated as a strategic site to deliver a housing-led, mixed-use development. Planning permission will be granted for development that includes:

- *About 1,200 homes, the majority of which will be houses*
- *Retail, office and leisure uses up to a maximum of 17,500 sq m*
- *A one form entry primary school*
- *Public open space*
- *Pedestrian and cycle routes including new footbridges over the railway line, river and canal*
- *Multi-storey car parks to serve Banbury railway station and residents*

Development Proposals will be expected to be in accordance with the Supplementary Planning Document (SPD) adopted for the site. Proposals should allow for a comprehensive and detailed masterplan for the whole allocated area and set out how it is anticipated planning applications will be made for each part of the site.

This policy also forms the basis for the policies and proposals set out in the draft SPD.

- 1.11** A draft version of the Core Strategy is currently being prepared for public consultation in early 2010. The Core Strategy is expected to be submitted for Examination later during 2010 to enable to be adopted in 2011. On adoption of the Core Strategy the SPD will also be formally adopted.

- 1.12** In the meantime, the Council intends to approve the SPD early next year for development control purposes as informal planning policy to encourage and

enable potential development promoters to bring forward suitable proposals for the whole of Canalside. If necessary, the Council will use the SPD alongside other relevant planning policy to refuse planning applications that it considers are contrary to SPD policy.

Development Proposals

1.13 The Draft SPD sets out a vision for the canalside site and a series of detailed policies to guide its future development. These are summarised below and explained in more detail in the draft SPD. The development proposals have been devised with regard to the environmental constraints and financial challenges associated with this site.

1.14 The proposed vision for the site is as follows:

“The Canalside site offers a unique opportunity to bring about an urban renaissance to this part of the town with a housing-led regeneration of the area, bringing a mix of family and other homes, offices, shops and open space into the heart of Banbury. The Canalside area will be a neighbourhood unlike any other in Banbury - a development that demonstrates the town’s sustainability credentials and becomes a destination in its own right. Residents who move to Banbury Canalside will be making a lifestyle choice to live in contemporary dwellings with excellent access to Banbury town centre, public transport and adjoining countryside.

1.15 In accordance with this vision, the SPD sets out the following proposals for the site:-

- The site is expected to accommodate about 1,200 dwellings across the site the majority of which will be houses.
- A development appraisal undertaken as part of this SPD has indicated that the site will not be capable of delivering affordable housing in accordance with the Council’s normal policies and expectations. This has been anticipated and was reported to the Executive in October of 2008. Current development appraisals suggest that a figure of 15% affordable housing is likely to be deliverable; however this should not be taken as the Council’s target figure for this site. The Council would wish any proposal that does not provide affordable housing in accordance with policies set out elsewhere within our LDF to be justified in relation to an open book development appraisal.
- Retail and commercial provision will be focused in the north of the site adjacent to the town centre and station and should not exceed 17,500m².
- Access to Banbury Railway Station for public transport and taxis will be via Bridge Street and Station Approach. A route will be provided to join Station Approach with an extended Tramway Road to enable public transport services only to operate through the site.

- Pedestrian and cycle access into and through the site will be significantly enhanced. This will include the provision of several bridges over the Oxford Canal and the River Cherwell to improve access to the town centre from the east. There should also be a pedestrian bridge over the railway line to improve links between the site and Grimsbury.
- Access to the site for vehicles will be from Upper Windsor Street, Swan Close Road and Tramway Road. The main access will be from Tramway Road.
- Car parking standards reflect the location of the site adjacent to the town centre and Banbury Railway Station. Parking provision will comply with County Council standards and guidance and will not exceed maximum standards. In some residential areas car parking provision below the County Council standards will be considered. Some car free development will be encouraged in residential areas.
- Two locations for multi story car parking are identified, on each side of the railway. These are to provide:-
 - A total of 1,000 spaces for use by commuters using the railway station
 - 100 spaces for residents, to facilitate a managed car pool club, car sharing scheme or similar.
- A canal basin will be located on the canal's western side between Bridge Street and Tramway Road.
- A landscape corridor will be provided along the edge of the river to facilitate access and enhance biodiversity.
- Most Listed and Locally Listed Buildings will be retained and their renovation encouraged.
- Provision will be made for a minimum of three hectares of public open space.
- A one form entry primary school combined with community facilities will be located on site.
- Seven distinct character areas have been identified within the site to deliver the vision, objectives and proposals set out above.

Delivery and Monitoring

- 1.16** Delivering the vision and objectives for the Canalside is a major challenge, given the number of land ownerships, the complexity of land assembly, the costs of redeveloping brownfield land and ensuring development proposals take account of flood risk. These challenges and the solutions proposed are set out in the draft SPD.

- 1.17** The Draft SPD considers that the only way to deliver a successful regeneration of the canalside area is through a comprehensive redevelopment of the site. Development proposals must therefore include a comprehensive and detailed masterplan for the whole allocated area and set out how it is anticipated planning applications will be made for each part of the site. Individual planning applications for the site can come forward at varying times but they must meet the requirements of the SPD and comply with and deliver the masterplan.
- 1.18** The redevelopment will require the relocation of Banbury United Football Club. Banbury United Football Clubs ground is a valuable community facility and should be safeguarded as such. Development proposals will only be permitted if there are firm development and planning agreements in place that replace Banbury United Football club in a manner acceptable to the Council.
- 1.19** The implementation of the SPD will be monitored including the extent to which the strategy, vision and spatial objectives are being achieved and, where this is failing.

Background Information

Partners and Stakeholders

- 2.1** A project team consisting of the Council, together with LDA Design, Oxfordshire County Council and the HCA was formed to oversee the work on the draft SPD.
- 2.2** During the preparation of the SPD the Council has engaged with a number of key stakeholders. All known landowners across the site have been identified and contacted. A landowner forum has been set up to discuss issues of availability of land and delivery of an achievable scheme. It is expected that this forum will continue to inform the project as it proceeds. Meetings have been held with the Environment Agency, Oxfordshire County Council, Oxfordshire Primary Care Trust, Banbury Town Council, and British Waterways.
- 2.3** Workshops were held at Banbury Town Hall in July 2008 and July 2009 to which stakeholders from the above organisations and others were invited. Consultees participated in identifying the opportunities and challenges facing the site and assisted in establishing a vision for Banbury Canalside. More detail about this consultation is set out in the Companion Document.

Key Issues for Consideration/Reasons for Decision and Options

- 3.1** The main issue for consideration is whether to endorse the Draft SPD for public consultation.
- 3.2** There are also other matters which require consideration. Endorsement of the Draft SPD will mean that the Council will continue to endorse a strategy for a comprehensive residential led scheme for the whole site. The SPD, once it has been subject to public consultation and subsequently revised (if

necessary) by this Council will be used to determine planning applications from early next year when it is approved for development control purposes, which means that as the policies in the SPD are designed to facilitate a comprehensive residential led scheme for the whole site, planning applications that do not comply with these policies are likely to be refused. This will include applications for commercial development which may have otherwise been given permanent or temporary consent in recent years. It should however be recognised that the SPD will not carry full statutory weight until it is formally adopted after the Core Strategy.

3.3 Endorsement of the Draft SPD will also further reinforce the Council's commitment to including the Canalside site in the Core Strategy, even though ultimately the inclusion of the site will be determined through the Core Strategy process. The site is considered to be the most sustainable strategic development site in and around Banbury. It should be noted that work to bring forward the Canalside area for residential redevelopment will not be able to proceed if the Flood Alleviation Scheme for Banbury is not implemented. The two issues are closely linked, and the Council is working hard to support the Environment Agency as it seeks to implement this project.

3.4 The following options have been identified.

Option One	To endorse the SPD and Companion Document for public consultation
Option Two	To endorse the SPD and Companion Document for public consultation with amendments
Option Three	To not endorse the SPD and Companion Document for public consultation

Consultations

Cllr Michael Gibbard	Informal briefing
Stakeholder Workshop	See this report

Implications

The following details have been approved by Eric Meadows (Ext 1552) (Financial), Rosemary Watts (Ext 1566) (Risk), Pam Wilkinson (Ext 1688) (Legal) and Claire Taylor (Ext 1563) Equalities

Financial:	Financial effects - There are no financial implications arising from this report. Costs can be met within existing Budgets. Consultants have been commissioned to produce the SPD.
Legal:	It should be noted that, even after public consultations have been completed and when the SPD has been approved for development control purposes, it will remain an informal document only, until the Core Strategy has been adopted. .
Risk Management:	No issues arising from this report. The proposed re-development of Canalside is part of the decision making process for determining the location of future development for the Local Development Framework. The risks are set

out in this report.

Equalities:

Consultation has been undertaken in accordance with the Council's Statement of Community Involvement and aims to address local needs. An Equalities Impact Assessment will be undertaken for the LDF.

Wards Affected

Banbury: Grimsbury and Castle and Banbury: Calthorpe

Corporate Plan Themes

Theme 3
Theme 4
Theme 5
Theme 6
Theme 7
Theme 9
Theme 10

Executive Portfolio

Councillor Michael Gibbard
Portfolio Holder for Planning and Housing

Document Information

Appendix No	Title
Appendix 1	Banbury Canalside Draft Supplementary Planning Document
Background Papers	
Companion Document (as above), Executive Report October 2008 – Banbury Canalside	
Report Author	Chris Thom, Planning Officer
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1.0 Introduction

1.1. Banbury Canalside

Banbury Canalside is the name given to the land between Banbury Town Centre and Banbury Railway Station and is shown at Figure 1. The successful regeneration of Canalside and its potential to act as a catalyst for change in the town has been a key component of Cherwell District Council's planning and regeneration aims for a number of years.

1.2. The purpose of the SPD

This draft Supplementary Planning Document (SPD) has been prepared by the Council to promote and manage future development proposals in the defined Canalside area in order to create a vibrant new sustainable community. For this purpose, the Council proposes to include the following Parent Policy for Canalside in its emerging Core Strategy:

Banbury Canalside is allocated as a strategic site to deliver a housing-led, mixed-use development. Planning permission will be granted for development that includes:

- *About 1,200 homes, the majority of which will be houses*
- *Retail, office and leisure uses up to a maximum of 17,500 sq m*
- *A one form entry primary school*
- *Public open space*
- *Pedestrian and cycle routes including new footbridges over the railway line, river and canal*
- *Multi-storey car parks to serve Banbury railway station and residents*

Development Proposals will be expected to be in accordance with the Supplementary Planning Document (SPD) adopted for the site. Proposals should allow for a comprehensive and detailed masterplan for the whole allocated area and set out how it is anticipated planning applications will be made for each part of the site.

This policy also forms the basis for the policies and proposals set out in this draft SPD.

The Council expects to submit its Core Strategy for Examination later in 2010 to enable it to adopt the strategy in 2011. Assuming the Parent Policy is in the adopted strategy, this SPD will then be adopted as a formal document by the Council.

In the meantime, the Council intends to adopt the SPD as informal planning policy to encourage and enable potential development promoters to bring forward suitable proposals for the whole of Canalside. If necessary, the Council will use the SPD alongside other relevant planning policy to refuse planning applications that it considers are contrary to SPD policy.

1.3. SPD background

The Council identified land at Canalside in the first draft of Cherwell Local Plan 2011 in February 2001 as part of a wider regeneration area.

More recently, the Council has been working with the Homes & Communities Agency (HCA) to develop a vision for the comprehensive redevelopment of the site. In 2008 the HCA

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commissioned a study to inform the emerging Cherwell Core Strategy. The conclusions of this study were included in the 'Core Strategy: Options for Growth' document published by the Council for public consultation in September 2008. The document identified Canalside as one of a number of Strategic Sites for housing and other development in Banbury to 2026.

A draft version of the Core Strategy is currently being prepared for public consultation in early 2010. The work undertaken to prepare this SPD is updating the evidence base to support the continued identification of Canalside as a Strategic Site for a comprehensive, housing-led, mixed use development scheme.

A project team consisting of the Council, Oxfordshire County Council, the HCA and LDA Design was formed to devise a vision for the site and produce the draft SPD.

During the preparation of this document the project team has engaged with a number of key stakeholders. All known landowners across the site have been identified and contacted. Meetings of a landowner forum have been set up to discuss issues such as the availability of land and delivery of an achievable scheme. It is expected that this forum will continue to meet to inform the project as it proceeds. Meetings have been held with the Environment Agency, Oxfordshire Primary Care Trust, Banbury Town Council and British Waterways.

Workshops were held at Banbury Town Hall in July 2008 and July 2009 to which stakeholders from the above organisations and others were invited. Stakeholders participated in identifying the opportunities and challenges facing the site and assisted in establishing a vision for Banbury Canalside.

More details about the consultation that has occurred to inform the SPD are set in the Companion Document.

Public consultation is being undertaken to further define the vision and objectives for the site and help shape the form of development.

1.4. Using this document

This Supplementary Planning Document sets out the Council's vision for Banbury Canalside and the strategic development policies that will help shape the vision and guide future development proposals.

It is set out as follows:

- Section 2 summarises the planning policy context, including relevant local policy from the Council's emerging Local Development Framework and Sustainable Communities Strategy; regional guidance and national policy.
- Section 3 provides an overview of the key issues and opportunities identified for Banbury Canalside.
- Section 4 sets out the vision and objectives for the site, option appraisal work that has been undertaken and the conclusions that have led to the preferred option.
- Section 5 details the strategic principles for the development.
- Section 6 describes the character areas within the site and specific design principles that apply to them.
- Section 7 sets out important considerations relating to the delivery and implementation of the SPD.

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- Section 8 sets out the monitoring and review process.

A 'Draft SPD Companion Document' has been prepared to accompany this SPD which includes a statement of SPD matters, a Statement of Consultation, technical papers and further background evidence.

2.0 Understanding the context

2.1. The SPD area

The site is located to the east of the town centre. It is bound to the west by Windsor Street, a busy street that creates a barrier to the town centre from Canalside; by Bridge Street to the north, a strategic route into the town centre from the east; to the east by Banbury Railway Station and railway line; and to the south by open fields. The River Cherwell and the Oxford Canal pass through the site. The site is part of the River Cherwell flood plain. It has been in industrial use since the mid 19th Century and was one of the first industrial areas of Banbury.

2.2. National planning policy

National planning policy includes Planning Policy Guidance Notes, Planning Policy Statements and additional guidance such as design guidance produced by the Commission for Architecture and the Built Environment (CABE).

Relevant documents include the following;

- Planning Policy Statement (PPS) 1 – Delivering Sustainable Development and Climate Change Supplement
- Planning Policy Statement (PPS) 3 – Housing
- Planning Policy Guidance (PPG) Note 4 – Industrial and Commercial Development
- Planning Policy Statement (PPS) 6 – Planning for Town Centres
- Planning Policy Statement (PPS) 12 – Local Spatial Planning
- Planning Policy Guidance (PPG) Note 13 – Transport
- Planning Policy Guidance (PPG) Note 17 – Planning for Open Space, Sport and Recreation
- Planning Policy Statement (PPS) 22 – Renewable Energy
- Planning Policy Statement (PPS) 25 – Development and Flood Risk
- Manual for Streets, Department for Transport, 2007
- Urban Design Compendium 1 and 2, English Partnerships/Housing Corporation, 2007

2.3. Regional planning policy

The South East Plan was published in May 2009. It relates to the period 2006 to 2026. Policy H1 provides for regional housing provision. The proposed housing requirement for Cherwell District is an average of 670 dwellings per annum which equates to a total of 13,400 over the plan period. Policy H3 requires the provision of affordable housing with a regional target of 25% being social rented and a further 10% being intermediate affordable housing i.e. an overall target of 35% of new housing to be affordable. Policy H4 requires a range and mix of housing types. Policy H5 seeks to improve the quality of new housing and sets an overall regional target density of 40 dwellings per hectare.

The southern part of Cherwell District including Bicester forms part of the Central Oxfordshire Sub-Regional Strategy Area and Policy CO3 has an annual average housing requirement of 320

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dwellings per annum or a total of 6,400 over the period 2006 to 2026, less than half of the overall figure for the District.

Policy AORS1 refers to the scale of development in the northern part of Cherwell District including Banbury which provides for an annual average of 350 dwellings per annum or a total of 7,000 over the period 2006 to 2026, more than half of the overall figure for the District.

A large amount of new housing is already planned and will contribute towards meeting these requirements. At Banbury, this includes the Bankside urban extension to the south east of the town. However there is still a significant residual requirement that needs to be met.

The supporting text to Policy AORS1 states in Paragraphs 25.18 and 25.19 that;

‘The town of Banbury will continue to play an important role as a small market town in supporting its wider hinterland. Given its accessibility by rail and road and its lack of serious environmental constraints, it is expected that the town will help meet wider housing needs through the provision of new housing. Flood alleviation works at Banbury are a priority for investment.’

The development of dwellings at Banbury Canalside will make an important contribution to the housing requirement for Cherwell District in the period up to 2026.

2.4. Local planning policy

Non-Statutory Cherwell Local Plan 2011

This draft SPD provides detailed planning guidance informed by Policy S5 in the Non-Statutory Cherwell Local Plan 2011 (December 2004) and the emerging Core Strategy which forms part of the Local Development Framework.

The Cherwell Local Plan was adopted in November 1996 and whilst effectively superseded in larger part, the saved policies remain part of the Development Plan for Cherwell District including Banbury. The Non-Statutory Cherwell Local Plan 2011 was published in December 2004. Policy S5 of the Non-Statutory Local Plan refers to land to the east and west of the railway which is designated as a mixed use regeneration area. The policy requires development to:

- 1) Contribute in a positive way to the regeneration of the area.
- 2) Provide for a minimum net residential density of 50 dwellings per hectare.
- 3) Provide affordable housing and appropriate special needs housing.
- 4) Provide for education and library facilities commensurate with the need arising from the development.
- 5) Provide for social and recreational facilities for community use including a community building, sports pitches and play areas.
- 6) Provide for appropriate medical facilities to be provided on a commercial basis.
- 7) Incorporate measures to encourage walking, cycling and public transport.
- 8) Incorporate proposals to minimise the impact of traffic associated with the development.
- 9) Incorporate environmental enhancements to the Oxford Canal corridor and banks of the River Cherwell.

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- 10) Incorporate high quality and locally distinctive development that incorporates energy efficient technology.
- 11) A new vehicular route for green modes from George Street to the railway station.
- 12) An extension of Tramway Road to the railway station.
- 13) A footpath/cycleway route linking Bankside and Thorpe Way including bridge crossings of the Oxford Canal, the River Cherwell and the railway line.
- 14) A footpath/cycleway route long the west side of the Oxford Canal.
- 15) A footpath/cycleway route along the banks of the River Cherwell.
- 16) An improved route for pedestrians and cyclists along Bridge Street from Cherwell Street to Middleton Road.
- 17) A footpath/cycleway route from Cherwell Street West to Christchurch Court linking with Public Right of Way No. 5.
- 18) Provision of a major public square at the western end of the railway station to include a transport interchange.
- 19) A public park between the River Cherwell and the canal north of the George Street extension to the railway station.
- 20) Public open space adjacent to the Oxford Canal on the non towpath side.
- 21) Public outdoor playing space to serve residential development in accordance with the Local Plan Policy R8 (Six acres per 1,000 population).

The Plan includes a number of additional policies which are of relevance. Policy S5a refers to the Banbury Cultural Quarter which included land in the Canalside site (land north of Bridge Street). The Council is currently exploring the potential for a comprehensive scheme which would include cultural, leisure, recreational facilities and possibly some residential development at the Cultural Quarter site. The land north of Bridge Street is now considered as part of Canalside in this SPD.

In addition, Policy TR23 reserves land at Banbury Railway Station for a multi-mode interchange facility including provision for rail, bus, cycles, pedestrian and taxis, together with a direct link to George Street from Station Approach. All these policies are reviewed and updated by this SPD.

Cherwell District Core Strategy

The Local Plan will be replaced a Local Development Framework which will include a number of documents. The two main documents will be the Core Strategy which will include strategic allocations and the Delivery DPD which will include non-strategic allocations. The Core Strategy is at an early stage of preparation and has not yet been formally submitted for consideration at an Examination.

However it is expected to include Banbury Canalside as a key strategic housing allocation for circa 1,200 dwellings with a range of other uses such as retail, employment and open space.

The District Council Executive considered this issue on 6 October 2008 and endorsed the principle of 1,200 dwellings as part of a residentially led development including the relocation of businesses and other uses such as Banbury United Football Club.

2.5. Banbury, the place

Economy

Banbury dominates the economy of Cherwell District with approximately one third of workplaces located in the town. It has the poorest skills and education statistics of any of the three main towns in Cherwell (Banbury, Bicester, Kidlington) and a third of residents have no qualifications. Parts of Banbury have higher levels of deprivation, including parts of Ruscote and Grimsbury wards, the latter of which adjoins Canalside.

The highest priority in the draft Cherwell Sustainable Community Strategy (CSCS) is to raise the aspirations and ambitions of young people and be able to improve the skills of the local working-age population. Better qualified individuals living in the area often commute to other areas, reflecting a low skill economy locally and giving little incentive for higher level skills to be supplied in the local labour market by employers. Providing work opportunities close to where people live, matching the skills in the area and providing affordable housing for workers would inevitably lower the carbon footprint and were seen as a high priority.

Cherwell's tourism strengths are its distinctive rural characteristics such as The Oxford Canal, and the range of outdoor leisure opportunities associated with it, which is worth a significant amount to the local economy.

Housing

Housing tenure is predominantly owner occupied, although Banbury has a larger percentage of rented homes to the other locations within the district. Housing is a key concern for the population as rents and house prices are high and there is a lack of affordable and social housing, leading to a real shortage of housing for families and single people.

In the CSCS it was felt that community cohesion is fundamentally affected by housing; where people live in relation to each other, where they shop, how and how often they can get out and interact with their neighbours.

Crime

Crime and simplifying the reporting of crime is high on the priorities of many residents who were consulted. There is a strong desire in the CSCS to see more visible policing and to improve response times when reporting crimes which is putting people off reporting minor crimes. Anti-social behaviour, under-age drinking, vandalism, graffiti and littering are a particular concern in Banbury Town.

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Healthcare

The health of Cherwell residents is generally better than that of Oxfordshire or England. Banbury has a greater breadth of diversity and groups which include the traveller community, Chinese and South Asian communities, which are not being as well reached.

Culture

There is consensus in the CSCS that across the area, whilst there are some good cultural events, there is not enough and the area could do with better facilities for putting on live events. Banbury in particular is of a size to be able to support a theatre.

Transport

Improving accessibility and tackling congestion is a major aspiration. The centre of Banbury has experienced increased levels of congestion in recent years. The CSCS recognises that public transport use has increased during the last five years but that the majority has been due to a significant growth in rail commuting from Banbury station. There is a need to consider innovative ideas about how to share transport and increase other ways of getting around, especially in the countryside where public transport is scarcer and travel often more necessary.

Town centre

Maintaining the vitality of the main town centres as the hubs of our community is a major aspiration of the CSCS. This includes programmes of town centre improvements such as those recently completed in Banbury.

Environment & climate change

The quality of the historical and natural environment within Cherwell is high and maintaining the existing level of protection for these attributes is seen as a CSCS priority, in particular in managing the growth agenda to bring benefits to the District.

Climate change and adapting to the impacts (such as increased rainfall and rising temperatures) is a major theme that runs through the whole of the CSCS. Certain aspects apply to the environmental pledge such as addressing flood risk, reducing the distances travelled to access employment and services and ensuring that new developments employ sustainable construction methodologies to reduce carbon emissions and enhancing biodiversity.

Further information is provided in the Companion Document.

3.0 Site constraints & opportunities

The key site constraints and opportunities are summarised below and illustrated in Figures 2 to 8.

3.1. Accessibility & movement

Walking & cycling

There are a number of public rights of way, including The Oxford Canal towpath and Jurassic Way, an 88 mile route from Banbury to Stamford, which pass through the site. The National Cycle Route 536 runs to the north east of the site, and another route is proposed through the site to connect the canal towpath with this route. There are no dedicated pedestrian or cycle crossings over The Oxford Canal, River Cherwell or railway lines restricting access between the town centre and neighbourhoods in the east leading to the perception that the site is isolated. From the furthest point of the site, the town centre is within approximately 800 metres.

Public transport

Banbury Railway Station is located within the site. It is operated by Chiltern Railways on a twenty year lease from Network Rail. The station offers services to London Marylebone, Birmingham, Oxford, Leamington Spa, Reading, Manchester, Edinburgh, Newcastle and the South Coast. Car parking is provided within the site for commuters. Chiltern Railways has a longstanding business need to increase the capacity of its car parking to help Banbury station function effectively and boost passenger numbers.. Banbury Bus Station is located to the north of the site, adjacent to the town centre, approximately 400 metres from the railway station.

Highways

The site is currently accessed from Bridge Street via Station Approach which serves the station, the station car park, the caravan park, the Power Park business site and the football club; Upper Windsor Street via Lower Cherwell Street and Canal Street which serves all of the land west of The Oxford Canal; and Swan Close Road via Tramway Road which serves the Tramway Road and Haslemere Industrial Estates and The Swan Foundry.

Windsor Street is part of the town's strategic highway network linking directly to the M40 and to the main arterial routes from Banbury to neighbouring towns as well as the public transport network. Bridge Street is the main access route to the town centre from neighbourhoods in the east.

There are therefore opportunities to:

- Improve access to the railway station from the bus station and town centre and elsewhere
- Maximise the proximity of the site to public transport and create a development with reduced car dependency.
- Create a network of pedestrian and cycle routes that link together.
- Improve movement between the town centre, the station and eastern neighbourhoods.
- Provide the opportunity for walking and cycling to the town centre.
- Creation of a new landmark station building (to be determined through further discussion with Network Rail), transport hub and mixed use development.

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- Optimise the existence of the relatively flat land between the site and the employment areas to the north and east of the town by providing the opportunity for walking and cycling to these areas.
- Provide additional car parking spaces for commuters.
- Improve the appearance of Windsor Street and its appeal to pedestrians

3.2. Landscape, ecology & biodiversity

The site is set within a flat industrial landscape, intersected by watercourses. The Cherwell Valley is located to the south east of the site with views to open countryside. The site is constrained by hedgerows and trees along this edge. Spiceball Country Park is located north of the site. Views are generally constrained by the urban setting of the site and are limited to users of the railway and canal, and those approaching Banbury Town Centre along Bankside, Windsor Street and Bridge Street.

There are no statutory or non-statutory designated sites of ecological value within the site or the immediate wider area. Existing habitats within the site include amenity grassland, hedgerows, mature trees, planted borders, the banks of the river and towpath and environs of the canal. In addition, the natural low cliffs in the river cutting may be used by Kingfisher. The generally wooded nature of the river is likely to provide cover, nesting and foraging habitats for a range of birds and animals. A preliminary ecological assessment has indicated the presence of some protected species and species of conservation concern (e.g. grass snake and water vole) and there is a record of bat species approximately 100m west of the site. The site has particular value in terms of the semi-natural habitat corridors along the River Cherwell and The Oxford Canal which provide a pathway for wildlife into and through Banbury.

There are therefore opportunities to:

- Enhance the biodiversity and ecological value of the site through improvements to the River Cherwell and The Oxford Canal corridors.
- Utilise important ecological features along the River Cherwell and Oxford Canal as a springboard and a setting for integrated green spaces and links.
- Maximise views out of the site to the open countryside.
- Provide new landscapes where habitats can diversify and new species can settle on site.

3.3. Green infrastructure

Green infrastructure includes parks and gardens, natural and semi-natural green space, amenity areas, green corridors (towpaths along canals and riverbanks, cycleways, rights of way and disused railway lines), civic spaces, allotments and community gardens, as well as outdoor provision for children and young people. The Oxford Canal and the River Cherwell form important green corridors through the site which extend to the wider area.

The Cherwell District Council Green Spaces Strategy Background Document, 2008, states that while four out of five parks in the Cherwell District are located in Banbury, there is a deficiency, in terms of accessibility, in urban areas to the east of Banbury Town Centre and a lack of provision of natural and semi-natural green space and allotments within Banbury.

There are therefore opportunities to:

- Improve public access and recreational use of the waterways.

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- Link the site with other green infrastructure in Banbury.
- Provide a public park to the east of the town.
- Integrate natural and semi natural green space and allotments with development.

3.4. Education

There are four main secondary schools serving Banbury, the nearest of which are Banbury School and Blessed George Napier Catholic School, both less than one mile to the south west of Canalside. The Warriner and Chenderit Schools are in villages are about 4 miles from Canalside. The North Oxfordshire Academy in Banbury (formally known as Drayton School) is about 2 miles away. In 2008/09 Banbury School has 1400 pupils on register; the Blessed George Napier Catholic School has 814 pupils on register, with both schools having Sixth Forms. The former has surplus spaces and the latter is at capacity.

The nearest primary school to Canalside is the new Dashwood Primary School (156 pupils on register in 2009/09) on the opposite side of the railway station. There are three other primary schools approximately half a mile from Canalside: St.Leonard's School (444 pupils), St.Mary's CE School (231 pupils) and Harrier's Ground School (244 pupils). Again, the Local Education Authority is currently projecting these schools to be at or close to capacity over the next few years.

The East Street Children's Centre on Calder Close offers a wide range of childcare and parenting facilities and services and is half a mile to the north east of Canalside.

There are therefore opportunities to:

- Provide a new primary school at Canalside to complement existing provision in the south and east of the town.

3.5. Community facilities

A new Community Centre has been built at Chandos Close on the eastern side of the railway line.

There are therefore opportunities to:

- Improve access for new residents of Canalside to these facilities.

3.6. Healthcare

The Horton General Hospital, half a mile to the south west of Canalside, serves the north of Oxfordshire and surrounding areas. It is an acute general hospital providing a wide range of services, including: emergency department, general surgery, acute general medicine, trauma and orthopaedics, obstetrics and gynaecology, paediatrics, critical care unit, coronary care, cancer resource centre and sexual health. There are four GP surgeries within half a mile of Canalside, the closest being the Woodlands Surgery in Grimsbury to the north east.

With such extensive local provision, Canalside will not be required to offer opportunities for healthcare service provision.

3.7. Built heritage

There are two Grade II listed buildings and structures within the site which include the Old Town Hall, located on Lower Cherwell Street and the Mill Stream Bridge, located north of the

site over Bridge Street. There are also a number of canal wharf related buildings dating from the eighteenth and nineteenth century clustered between Lower Cherwell Street and the Oxford Canal which are locally listed. Together, they have group value that relates to the heritage of the town. The site is of important local archaeological interest given the mix and history of land uses. More information about this is contained in the Companion Document. Further investigations may be required to inform development proposals.

There are therefore opportunities to:

- Retain and refurbish existing historically important buildings and structures.
- Create an appropriate setting for existing Listed Buildings and structures.

3.8. Flood risk

The Council is completing a Sequential Test for the Core Strategy in order to meet the requirements of PPS25 and following advice from the Environment Agency. PPS25 states “Local Planning Authorities should apply the Sequential Test to demonstrate that there are no reasonably available sites in areas with a lower probability of flooding that would be appropriate to the type of development or land use proposed.” The Environment Agency has advised the Council that an acceptable Sequential Test will need to be completed for the Core Strategy before Canalside is allocated.

The Canalside area falls primarily within PPS25 Flood Zones 2 and 3 at present. It has been subject to flooding in recent years and the Environment Agency (EA) is proposing a scheme to provide flood alleviation to the town centre up to the 1 in 200 year (0.5% annual probability) event by constructing a flood storage area upstream of the town centre and bunds in places in the Canalside area. Work is expected to start on this scheme in 2009/10.

To assess the potential flood risk in the Canalside area, a technical assessment has been undertaken to assess both the fluvial flood risk to the development proposals from the River Cherwell and the flood risk associated with the Oxford Canal. The EA has been consulted on the data assessed, on the methodology adopted and on the findings of the assessment.

Using the EA hydraulic model of the River Cherwell and Oxford Canal through Banbury, and assuming the flood alleviation scheme is in place, the floodplain outlines have been defined using a digital elevation model of the development area, for the 1 in 100 year (1% annual probability) and 1 in 1000 year (0.1% annual probability) flood events. This confirms that the site is not affected by flooding during the 1 in 100 year (1% annual probability) event with the flood alleviation scheme in place, although some areas may be affected during the most extreme event.

With the proposed flood alleviation scheme implemented, the area will have the benefit of flood defences that will have the effect of reducing the probability of flooding to low to medium, though the EA Flood Map will continue to show the area falling within PPS25 Flood Zones 2 and 3, albeit with defended status. Therefore, the principle of allocating land for both residential and commercial uses is considered appropriate within the area.

The technical assessment, which is published as part of the evidence base to the Draft SPD, will form part of the Level 2 Strategic Flood Risk Assessment (SFRA), which the Council will complete in readiness for the publication of its Preferred Option Core Strategy. The Level 2 SFRA will also set out how the Council has applied the PPS25 Sequential Test in allocating Canalside as a strategic site.

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The technical assessment has also informed this Draft SPD with respect to the suitability of areas for development and indicates a range of appropriate mitigation measures to further reduce the residual risk. It indicates how a sequential approach may influence the distribution of land uses in a future masterplan and outlines measures to be considered further at a later stage to ensure that there is no adverse impact elsewhere through the management of surface water within the site using techniques including Sustainable Drainage Systems (SuDS) and rainwater harvesting. In due course, the assessment, as part of the Level 2 SFRA, will inform the Flood Risk Assessment(s) of future planning applications for the site.

There are therefore opportunities to:

- Maximise the benefit of the flood alleviation scheme to progress with regeneration in the Canalside area
- Enhance existing amenities in a safe and sustainable way.

3.9. Services & utilities

Preliminary enquiries with utility companies has been undertaken to investigate existing utility constraints and development restrictions which may affect the future development potential of the site. Records have been obtained from relevant utility companies including Thames Water, Scottish and Southern Electricity, Scotia Gas Networks and BT to determine the approximate location of key services and infrastructure.

A review of the records obtained confirms that the key constraints to development are located within the existing commercial area to the east of the Oxford Canal. These constraints include an existing intermediate pressure gas main running along the west bank of the River Cherwell, proposed water mains and an existing bio-solids rising main running along the eastern boundary of the site. A twin foul rising main is also present, crossing the site from Canal Street to the football ground.

There are also multiple existing services located along Cherwell Street, Windsor Street, Upper Windsor Street, Lower Cherwell Street and Bridge Street, although these pose less of a constraint to redevelopment as there are unlikely to be significant highway works undertaken which may affect existing services located in these locations. This will need to be reviewed once the final development proposals are confirmed.

Suitable easements will need to be agreed with the relevant utility authorities for key constraints to the east of the Oxford Canal and allowance made in the proposed masterplan, otherwise significant costs may be incurred for the diversion of these services. Due to the nature of the site, it is likely that some utility diversions will be required. The anticipated costs associated with relocating or realigning the other existing apparatus throughout the site are unlikely to be significant or 'abnormal' for a development of this type in a town centre location. No utility companies have been consulted regarding the provision of new supplies to the site, although it is considered that this is unlikely to be a significant issue given the existing supplies connecting to the area.

There are therefore opportunities to:

- Upgrade and renew existing service provision within the site.

3.10. Ground conditions

A phase 1 desk study and a preliminary geotechnical and geo-environmental ground investigation have been carried. The preliminary ground investigation was of limited extent due to the site being occupied at the time of the investigation. The desk study records have identified that the site has a very complex history of previous use, with some parcels of land within the site having multiple previous phases of development. The site is presently occupied by a number of potentially contaminative land uses including a fuel depot, an industrial estate and a former landfill site. Previous former uses of parts of the site include a foundry and a tar distillery.

The intrusive investigation carried out has identified strong evidence of hydrocarbon contamination on a number of the parcels within the site, particularly within the fuel distribution depot on the east bank of the River Cherwell. This may be resulting in pollution to the river Cherwell. This requires further investigation by additional sampling and analytical testing, and if confirmed will potentially require remedial measures to be instigated. The ground investigation has identified site wide elevated levels of certain metalloids, phototoxic metals and heavy metals in the near surface soils. In addition, elevated levels of hydrocarbons have also been identified on parts of the site. Remedial measures are thus inferred to be required for most site areas as part of any further development.

The need for further ground investigation work to inform future development potential and remediation has been identified. Additional ground investigation work at the site should include the installation of further soil gas and groundwater monitoring wells, geochemical soil and groundwater sampling and testing, further soil gas and groundwater monitoring and surface water sampling and geochemical testing from the River Cherwell and Oxford Canal. The targeted investigations should be supplemented by a more general geo-environmental investigation of those areas of the site not covered by the original ground investigation.

Possible geotechnical constraints will occur to the use of piled foundations and the type of piling technique used during development. The constraints are associated with the presence of buried building substructures associated with current and previous phases of development and bands of possible rock at shallow depth within the Lower Lias Clay bedrock. Further ground investigation is recommended to assess these constraints.

There are therefore opportunities to:

- Remove current sources of existing contamination and remediate the site.

3.11. Noise

A preliminary acoustic assessment based on 2007 traffic flow data has been undertaken to assess the impact of traffic for Windsor Street, Swan Close Road and Hightown Road. A desktop study using the “calculation of road traffic noise” methodology has been used to indicate the suitability of the site for residential development and highlights areas where mitigation may be required.

These initial calculations confirm that the majority of the site falls within Noise Exposure Category (NEC) A or B, where residential development is likely to be acceptable. However, the areas immediately adjacent to Swan Close Road and Windsor Street are within NEC C and any dwellings here will require extensive mitigation measures.

Part of the site is adjacent to the railway station and railway line and there may be a significant noise impact in some areas. A detailed assessment will be undertaken to confirm the

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development strategy and suitable uses in this part of the site as well as identifying appropriate mitigation measures. These are set out in the Companion Document.

There are therefore opportunities to:

- Use buffers and setbacks created to mitigate against noise to improve the public realm.

3.12. Air quality

There are no Air Quality Management Areas declared by the Local Authority in the vicinity of the proposed site. At this stage it is considered that air quality issues would not form a material constraint on regeneration plans (provided the intended uses do not have attendant air quality issues).

3.13. Existing land uses

The site is primarily industrial in nature with four industrial estates (Cherwell Street, Tramway, Haslemere and Power Park) that offer a mix of accommodation from small starter units to large units with integral office accommodation. Many of the buildings are of poor quality. Two operational industries, The Oil Depot and Swan Foundry are located on the eastern and western edges of the site respectively. A number of vacant and derelict buildings exist along the canal that create a negative perception of the area. Banbury Football Club, an important community facility, is located on the south of the site. Banbury Railway Station building, depot, sidings and associated car parking are located along the eastern edge. Oxfordshire County Council Social Services are located in offices on Tramway Road.

There are therefore opportunities to:

- Relocate industries and other uses to sites outside of the town centre where access can be improved and compatibility with other land uses considered.
- Relocate Banbury Football club to an alternative location in Banbury. The Council will assist the club in re-locating through exploring alternative locations in the LDF.
- Renovate or remove derelict buildings to improve the perception of Banbury Canalside and create better access and improved frontages on to the waterways.
- Reduce the extent of land used for car parking by providing a multi storey car park.

3.14. Land ownership

The land within the site totals approximately 23 hectares. Within this area there are circa 50 landowners. The landowners generally fall into two categories; owner occupiers who trade or run businesses from the premises, and investors who lease land or buildings to tenants. Each landowner has different constraints and opportunities affecting their ability to release their asset for development in the future.

Public sector land ownership is limited within the site. Cherwell District Council, Oxfordshire County Council and Banbury Town Council collectively control 3% of the site.

Of the circa 50 landowners, there are a number of key strategic parties who control much of the land. 14 landowners control approximately 75% of the site. Cherwell District Council, in partnership with the HCA and their appointed consultants, have sought to involve these key landowners in discussions regarding the re-development of the site.

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A land owners forum has met on a number of occasions where landowners have met to discuss proposals. All known landowners and/or tenants have been contacted by the HCA's consultants or the Council and informed about the proposals for the site and will have the opportunity to comment on this SPD and the Core Strategy. The Council views the involvement of land owners as important.

4.0 Masterplan framework

4.1. The vision & objectives

The Vision

“The Canalside site offers a unique opportunity to bring about an urban renaissance to this part of the town with a housing-led regeneration of the area, bringing a mix of family and other homes, offices, shops and open space into the heart of Banbury. The Canalside area will be a neighbourhood unlike any other in Banbury - a development that demonstrates the town’s sustainability credentials and becomes a destination in its own right. Residents who move to Banbury Canalside will be making a lifestyle choice to live in contemporary dwellings with excellent access to Banbury town centre, public transport and adjoining countryside.”

Objective 1: Deliver a balanced community

Housing should provide for families, first time buyers, key workers, low income households, retirement communities and high-end property owners, and tenure should be mixed to encourage a diverse community that is able to accommodate households through all stages of their lives. Retail, commercial development and a primary school combined with community facilities should be located on the site to support a primarily residential neighbourhood.

Objective 2: Encourage a low carbon lifestyle

In line with the Government’s objectives, the site should be designed to facilitate a low carbon lifestyle through a reduction in car dependency, designing buildings to minimise energy requirements and installing a district heating system, which may benefit a wider area of the town. Opportunities for reducing waste to landfill, the production of food on site and the conservation of water through sustainable urban drainage should also be exploited.

Objective 3: Build on the heritage of the site

The most significant historic buildings on the site should be retained and renovated. This could help to create a unique new quarter for the town unlike any elsewhere in Banbury. Densities, street layout and building forms could be designed to reflect the tight urban spaces that historically existed.

Objective 4: Improve accessibility

Development on the site should enable better ways for people to move around by providing safe convenient walking and cycling routes that link residential areas with the town centre, railway station and amenities. New pedestrian and cycle routes that bridge the canal river and railway should be provided. High quality public transport facilities with real time information and signal priority should be provided to ensure that public transport is accessible and a desirable way to travel. A managed car pool club, car sharing scheme, reduced car parking standards and cycle hire should also be introduced to reduce car dependency.

Objective 5: Optimise the natural assets of the site

Development on the site should help to improve biodiversity by protecting and enhancing sensitive ecological areas along the water courses. New nature areas should be introduced to increase the currently limited wildlife. Green infrastructure should be provided to create convenient areas of amenity and a network of green spaces that link new housing and existing open spaces which could include greens, squares, allotments, formal and informal play areas, health trails and playing pitches. The canal and river corridors should be enhanced and a canal

basin provided to provide improved access to the waterway from the town centre and a focus of activity for residents and visitors.

4.2. Spatial options

Based on the vision and objectives for the site, three options were developed to test its capacity and viability. It must be recognised that the Canalside site is a complex site to develop. The site has a number of issues to address and costs to meet that would not be found on green field housing sites in the district. In developing spatial options it is important that these constraints are recognised, and that any options put forward are realistic and viable. As a consequence, it was recognised from the start that it may not be possible to achieve all of the Council’s usual requirements in association with large development sites.

All three options were developed based on the following assumptions:

- The Flood Alleviation Scheme defends the whole site from a 1:200 plus climate change year flood event.
- Banbury Football Club will be relocated to an alternative site.
- Existing industrial units and businesses will be relocated to alternative sites.
- Car parking for Banbury Railway Station will be increased and provided either side of the railway line.
- Listed buildings, locally listed buildings and buildings with group value will be retained.
- Access in to the site will be from Tramway Road/Swan Close Road and Windsor Street with buses and taxis accessing the railway station via Bridge Street.
- Total dwelling numbers will be between 1,000 and 1,200 units, with a mix of at least two thirds housing.

The options are summarised with their development capacity as follows:

Option	Description	Dwellings
Option 1	Residential led masterplan, central public open space and canal basin.	1,097
Option 2	Residential led masterplan, with increased retail floorspace, primary school and central open space.	1,212
Option 3	Residential led masterplan, canal basin and no central open space.	1,068

4.3. Option appraisal

The three spatial options were appraised against a combination of the inherited policy objectives outlined in Section 2 and those established in 4.1 above. The Council has given each objective a simple weighting (from values 1 to 3) to reflect their relative importance to the vision.

A preliminary development appraisal has also been undertaken for each option, which concluded that there was no materially significant difference in their respective financial performance. The appraisal concluded that the options would be financially viable.

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The Council has undertaken Sustainability Appraisal for all its Development Plan Documents in accordance with the requirements of the SEA Directive. Sustainability Appraisal assesses the potential economic, social and environmental effects of draft proposals. Sustainability Appraisal is not required for this SPD, but in order to show that the proposals are sustainable the preferred option has been tested against the Council's SA framework. This work is set out in the Companion document. The Council will undertake a full SA for the Core Strategy.

4.4. The preferred option

Following the option appraisal, a Preferred Option has been developed as a hybrid of Options 1, 2 and 3. It delivers a similar quantum of development maximising the opportunity for development in Flood Zone 1, exploiting the natural assets of the site by fronting the waterways and provides the opportunity to balance development with community benefits including public open space, the canal basin and a school. The Companion Document sets out the Preferred Option tested against the same measures and weighting as options 1, 2 and 3. The development policies, design principles and delivery of this option are set out in Sections 5 to 7.

5.0 Development policies

The Council's draft Parent Policy for the Canalside to be included in its emerging Core Strategy will provide the basis for allocating, promoting and managing development in the area.

This section provides further guidance and reasoned justification for each component of the Parent Policy.

Figure 13 reflects the preferred option and parent policy. The Council will require that a planning application for the site complies broadly with the arrangement of land uses and movement patterns shown on figure 13.

In section 6, the SPD provides more detailed guidance on how the general policies in this section will be applied to the seven defined Character Areas

Draft targets are provided through out this section to meet the Monitoring requirements set out in Chapter 8.

5.1. Housing

Based on the preferred option, it is considered that the site would accommodate about 1200 dwellings, however some more detailed matters such as the exact provision of parking will be determined through a planning application, potentially changing this figure.

Innovative solutions to building form should be considered on this site. The density should be 50 dwellings per hectare. Internal space standards and the provision of private amenity areas such as gardens, balconies and other external spaces should not be compromised. Affordable homes should be distributed evenly across the site and integrated with other development.

The Council will expect affordable housing to be provided in accordance with its policies set out in the Local Development Framework unless it can be clearly demonstrated that these are not achievable. The Council does recognise that in view of the additional development costs associated with the site it is unlikely that these normal policy requirements for affordable housing can be achieved. A development appraisal undertaken as part of this SPD has indicated that a figure of 15% affordable housing is likely to be deliverable; however this should not be taken as the Council's target figure for this site.

Summary of target SPD outputs:

- H2 – 1,200 no. net additional dwellings
- H5 – at least 15% gross affordable housing completions
- H – 700 – 840 no. 2/3/4+ bed houses completed

5.2. Other land uses

Retail and commercial provision should be focused in the north of the site adjacent to the town centre and station and should not exceed 17,500m². In order to ensure a mix of commercial/retail uses no individual retail unit should exceed 2,500m² on the eastern side of Lower Cherwell Street. Building should reflect the fragmented urban form of the site. Where retail and commercial uses are mixed with other uses, compatibility between uses and access arrangement should be considered.

Summary of target SPD outputs:

- BD4 – less than 17,500 m² total amount of floorspace of 'town centre' uses

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- BD&TC – zero number of vacant units/amount of vacant floorspace
- BD&TC – above Cherwell average shoppers perceptions of quality and safety

5.3. Buildings

Buildings should front on to streets, public spaces, pedestrian routes, the river, the canal and cycle routes. Development located adjacent to historic buildings should respond in scale and massing. Innovative contemporary forms of architecture should be provided.

Development proposals should be accompanied by a Design & Access Statement that should include a Building for Life Assessment. The assessment should demonstrate that the proposals meet at least 14 of the criteria. It is also expected that commercial buildings will meet BREEAM standards. Design solutions may include the provision of green roofs for example.

Summary of target SPD outputs:

- H6 – at least 14/20 Building for Life Assessment

5.4. Public transport

Access to Banbury Railway Station for public transport and taxis should be from Bridge Street using Station Approach. A link should be provided to join Station Approach with an extended Tramway Road to enable public transport services only to operate through the site. Only buses will be able to travel through this link and this will need to be managed. This route may occupy shared space with a public space adjoining the station but should be secured to prevent unauthorised use. Development promoters will be expected to encourage local bus operators to use this route and buses will be required to stop at the Station. Each new residential property will need to be within 400 metres of a bus stop.

5.5. Pedestrian and cycle routes

There should be a minimum of six new pedestrian and cycle bridges over the Oxford Canal and the River Cherwell and a pedestrian bridge over the railway should be provided to reflect desire lines and improve access to the town centre from the east as shown in figure 13. (The number and positioning of the pedestrian and cycle routes shown to the south east of the new extended Tramway road will be determined at the planning application stage)

Access to the existing Oxford Canal towpath should be retained and widened and wherever possible new routes should connect with it. A designated cycle route through the site should be provided to connect the towpath with the National Cycle Network Route 536.

5.6. Streets and Access

Access to the site for vehicles should be from Upper Windsor Street, Swan Close Road and Tramway Road. Streets within the site should be designed to accordance with Manual for Streets, 2007 and a clear hierarchy of streets should be established. All streets should increase permeability across the site, promote walking and cycling and disperse and slow down traffic.

A Green Lane should be provided which can be used by pedestrians/cyclists and for emergency access only.

A transport assessment will be required to confirm exactly how access to the site will be achieved and highway works required and will set out how the proposals will be expected to

incorporate a series of transport mitigation, car parking management and other green travel planning measures.

A link between Upper Windsor Street and Lower Cherwell Street and between Lower Cherwell Street and Swan Close Road should be provided to facilitate service access (including for HGV's) to retail and commercial development out of hours and emergency access. This link will also allow residents to access properties in the Canal Walk Character area (see figure 14).

5.7. Travel plan

A travel plan should accompany development proposals. The plan should propose targets for modal split and how these will be achieved. Targets should be consistent with the other SPD policies, notably car parking management, public transport, pedestrians and cycling. The Council will consider negotiating penalty clauses within the S106 Agreement if these targets are not met. The plan should consider a range of appropriate initiatives, e.g. subsidised public transport, car share/pool schemes.

Summary of target SPD outputs:

- CP&T – vehicle counts on principal routes (to be determined)

5.8. Car parking

Car parking standards should reflect the location of the site adjacent to the town centre and Banbury Railway Station. Parking provision will comply with County Council standards and guidance and will not exceed maximum standards.

The approach to car parking should vary across the site to reflect land uses building typologies and character areas.

In some residential areas car parking provision below County Council standards will be considered. Some car free development will be encouraged in residential areas. The extent of the reduced car parking provision will be considered as part of a planning application and must be agreed with the County Council.

In commercial areas reduced car parking provision will be encouraged.

Two locations for multi story car parking are identified. These are to provide:-

- A total of 1,000 spaces for use by commuters using the railway station
- 100 spaces for residents, to facilitate a managed car pool club, car sharing scheme or similar.

This parking is split onto two sites one each side of the railway line. On the western side of the line, the capacity of any car park is likely to be no more than 600 spaces. On the eastern side of the line a second area is allocated which could accommodate a further 500 spaces, all of which would be for rail users. The business need for this number of spaces will have to be proven in due course. This car park would be linked to the station and the Canalside site by a pedestrian footbridge. This footbridge will need to be open 24 hours a day, 7 days a week.

Car parking management will be essential on this site in light of reduced parking provision in some areas and the proposed use of the multi-storey car park described above. The Travel Plan will need to set out the arrangements by which the allocation, ownership, control and funding of car parking spaces within scheme will be managed. This should be consistent with future

initiatives to manage on-street residential car parking and other town centre car parking in Banbury.

5.9. The Oxford Canal

A canal basin should be located on the canal's western side between Bridge Street and Tramway Road. Development should maximise commercial frontage on to the canal basin and ensure that access is not constrained. A minimum of ten moorings and associated equipment and facilities should be provided. There may be an opportunity to relocate the existing facilities (toilets, showers, pump-out facilities) at Banbury bus station to Canalside. A minimum of four pedestrian and cycle bridges over The Oxford Canal should be included across the site as shown at figure 13. The design of the canal basin, bridges and associated equipment should adhere to British Waterways Planning Policy notes and design guidance. Bridges should allow for pedestrians to cross the Canal at all times without interruption from Canal users.

5.10. The River Cherwell

A landscape corridor should be provided along the edge of the river to facilitate access. A minimum of two bridges for pedestrians and cyclists to cross the river should be provided as shown at figure 13. The design of landscape and development fronting the river should be consistent with the advice of the Environment Agency.

5.11. Heritage

The following Listed and locally important buildings, structures and spaces should be retained, refurbished and integrated into new development and public urban spaces:

- Swing Bridge
- Former Town Hall
- Town Hall Wharf Offices
- Warehouse
- Former Malthouse / Banbury Power Station
- Cherwell / Coalyard Wharf
- Sewage Works Boiler House
- The Golden Lion

5.12. Green infrastructure

In addition to strategic landscape corridors and buffers required for The Oxford Canal and the River Cherwell, provision should be made for a minimum of three hectares of public open which should include parks and gardens, natural and semi-natural green space, amenity areas, civic spaces, allotments and community gardens, as well as outdoor provision for children and young people.

Summary of target SPD outputs:

- BD&TC – at least 3 Ha of public open space
- EQ – amount of new habitat created (to be determined)

5.13. Social infrastructure

A one form entry primary school will need to be provided on site. Innovative solutions to building form and play provision should be considered in order to make efficient use of land. The outside play space for the school should have a dual purpose with the play space, or a proportion of it, being accessible to the public outside school hours. During school hours the play space should be secure and only useable by the school. It is anticipated that the school will be more than one storey. There may be potential to locate play space on the roof of the school or residential/commercial development in the same building above the school. Internal space standards should not be compromised. The design, particularly in terms of ensuring safety and security, of the school will need to accord with the views of the Education Authority.

5.14. Information & communications technologies

It is likely that the deployment of Next Generation Access to Broadband (NGA) infrastructure, i.e. fibre optic networks, will make an important contribution to achieving the objectives for Canalside. For example, very high speed broadband services will complement the management of on-site renewable energy services and offer occupiers an opportunity to work from home.

The Council will expect development promoters to set out how their proposed information and communications infrastructure will support these and other objectives in the SPD.

5.15. Low & zero carbon (LZC) management

In order to promote a sustainable development and respond to government policy, notably the Climate Change Supplement to PPS1 and the Code for Sustainable Homes, the Council will require energy hierarchy principles to be applied to the development. It acknowledges the financial implications that are currently envisaged of complying with these policies in respect of the timing and viability of the scheme – see Section 7 for more details.

Development proposals will have to consider how to reduce energy demand in the first instance, by applying passive design principles and energy efficiency measures, to achieve a ‘lean’ design.

Further to demand reduction, development promoters should consider how to deploy suitable efficient supply technologies to achieve best practice and efficient use of fuels where applicable, for example by using waste heat from power generation via a decentralised energy approach.

Once demand reduction and efficient supply technologies have been applied, the appropriate combinations of renewable energy technologies should be considered for the sites within the development, with due consideration of technical and commercial feasibility, as well as long term operation and management.

In general terms the Canalside development is likely to be of sufficient density that a community approach can be shown to be viable. In this case the independent approach would perhaps be suitable for dwellings or building that are either physically too far from any proposed community wide system or are better suited for a particular technology solution (e.g. solar thermal or ground source heat pump technologies).

The dwellings constructed in the early years of the development (that will have to meet the lower CO₂ reduction targets) may be particularly suitable for an independent energy strategy approach, as the levels of CO₂ reductions may not provide an economic case for a community energy network depending on the density and scale of development in these phases.

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Significant benefits can result from an integrated site-wide approach. Given the scale of the development, together with the densities and high levels of CO₂ reduction likely to be required by legislation towards the later stages of the project, it is probable that a community heat and/or power network would present an appropriate solution to delivering the energy requirements, at least for a significant element of the overall development, due to the even higher costs for independent options that are likely to achieve the same savings. Due to lack of industry precedent in this area, further detailed analysis will be required prior to final solution commitment but a development-wide heating network (and depending on the demand for cooling, even a cooling network) could be investigated for its technical feasibility and financial viability.

Any low and zero carbon generation plant and associated infrastructure will need to be controlled, managed and maintained by an appropriate body.

The Canalside masterplan should therefore make provision for one or more energy centres across the development. The energy centres could be constructed for each phase or for a number of community clusters, with the whole network eventually linking up to one primary energy centre for the entire development.

A community based approach could include the use of a combined heat and power (CHP) facility connected to a district heat network to satisfy the hot water demand and a proportion of the electricity demand of the buildings. This will increase the overall efficiency compared to the independent generation of heat and electricity.

District heating systems supplied by either communal boilers and/or communal CHP plant can be fuelled by biomass, making them a renewable technology. The implications of this are covered in more detail in a further section below.

The proximity of the development with the adjacent existing community presents an opportunity to share services and infrastructure, where feasible. For example, this could include an extension of a district heating network (if selected) to serve the existing buildings that have a high heat load, thus increasing the economic case.

In respect of the potential renewable energy technologies that may be deployed at Canalside, summarised below, the Council will require an LCZ Strategy (including a full energy assessment) to be undertaken as part of the comprehensive masterplan or planning applications to further investigate the feasibility of each option:

- Solar - favourable conditions for solar energy capture exist within the site, particularly as it is not constrained by existing urban forms. Solar systems work best when they are planned for, or introduced early within the development design, this limits issues of overshadowing, inappropriate surface space, and adhoc orientation and placement. Options for onsite solar energy generators include solar thermal panels for hot water collection, and photovoltaic panels for the production of renewable electricity.
- Wind - the use of building mounted wind turbines is not recommended, primarily due to industry indications that the associated output can often be negligible in the urban areas that they would primarily be used in.
- Ground Source Heat Pumps - make use of constant ground temperature to pre-heat a fluid that is upgraded in a heat pump, via electricity, for use in a low temperature heat system. Ground storage systems store energy in the form of either borehole thermal energy storage (BTES) or aquifer thermal energy storage (ATES), the latter having a higher efficiency due to the use of water as a heat transfer medium. These systems are capable of achieving

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inter-seasonal storage, storing heat or cooling in the ground or available ground water such that it is then available in the opposite season, the effect being an often highly cost effective provision of renewable thermal energy to the building.

- Water Source Cooling - where adjacent waterways exist such as the canal, there is the potential to consider a form of low carbon cooling via water source cooling to buildings. Precedent exists for this, for example the British Waterways Board has many examples within their own buildings. However the tightening of Environment Agency regulation, in terms of considering heat as a potential pollutant, would need to be considered.
- Biomass - various forms of biomass have the potential to provide a renewable form of heating, with issues of supply availability/security, storage and delivery being determining factors. For example, having a secure source of fuel for the use in biomass based energy systems is essential to the successful implementation and operation of the technology. Another key implication for biomass is the impact of the transportation of fuel, including the disruption and CO2 emissions related to the deliveries. The Canalside site has the advantage of being accessible by two non-road related transport methods, namely rail and waterway.

Banbury Canalside has greater potential than other potential Strategic Sites to extend any proposed community energy network to the existing stock due to its proximity to the town centre which forms the densest part of Banbury. This does not affect the overall viability of bringing the site forward for development compared to other proposed sites but presents a unique site opportunity.

The centre also has a greater proportion of public buildings, which could be required to connect to the network thereby increasing viability of the network extension into the existing stock and facilitating the Council's responsibility to facilitate community energy networks as required under the PPS1 supplement, Planning and Climate Change.

Summary of target SPD outputs:

- E3 – renewable energy generation (to be determined)

5.16. Flood risk management

The comprehensive redevelopment of Canalside requires the prior completion of the Banbury Flood Alleviation Scheme by the Environment Agency. Development proposals should be accompanied by a Flood Risk Assessment that demonstrates how they accord with the recommendations of the adopted Level 2 Strategic Flood Risk Assessment for Canalside. The design of the masterplan, including the positioning of buildings and highways will be determined by the flood risk assessment.

5.17. Waste management

Development proposals should set out how both domestic and on-domestic waste will be provided for and managed. It is expected that targets set for residual waste levels, recycling levels and landfill diversion will meet or exceed those targets for 2020 set out in the 2007 National Waste Strategy. Proposals should also show how all development will be designed to provide for waste storage that allows for the separate collection of each of the seven waste streams identified in that same strategy. Suitable access will need to be provided for refuse collection. In addition, proposals should demonstrate how the landfilling of construction,

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demolition and excavation waste will be avoided, unless where landfilling is the least environmentally damaging option.

6.0 Character areas

There are seven distinct character areas within the site that are important to the realisation of the vision. These areas will help define the site, preserve local and historic identity and deliver significant housing, transportation, retail and commercial development, open space and community facilities. The following sections describe these areas in more detail. The location, proportion and the type of land uses set out in the tables below, such as the number of bedrooms, for each character area may change slightly as the SPD progresses and at the planning application stage.

6.1. Bridge Street

A gateway to the town centre from the station focused around a new canal basin with a safe and accessible high quality physical environment encouraging prosperous day and evening economy.

Design principles for Bridge Street are:

- The creation of a new canal basin and destination for the town centre.
- The creation of a designated pedestrian and cycle route from the station to the town centre over the canal and river.
- Improved junction arrangements on Bridge Street and Cherwell Street to facilitate pedestrian movement between the town centre, the station and from the east.
- Provision of new pedestrian dominated mixed use development surrounding the canal basin and fronting Bridge Street and Cherwell Street.
- High density apartment living.
- The creation of a mixed use landmark building on the corner of Cherwell Street and Bridge Street.
- Hard Surface public realm
- High footfall area
- Key destination and venue

Land uses	Dwellings	200 – 300
	Retail	11,000 – 12,000 m2
	Commercial	0
	Green infrastructure	0.5 to 1 Ha
	Primary school	No
Appropriate typology	1 bed flat	Yes
	2 bed flat	Yes

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	2 bed house	No
	3 bed house	No
	4 bed house	No
Streets	Major access road Restricted access road	
Green infrastructure	Urban	
Key frontages & orientation	Cherwell Street Bridge Street Lower Cherwell Street The Oxford Canal and canal basin	
Massing Up to	4 storeys	
Average density	80 dph	
Car parking	Potential for Car free County Council Standards	

6.2. Windsor Street

A boulevard dominated by street activity fronted by residential development

Design principles for Windsor Street are:

- The creation of a boulevard into the town from the south.
- Provision of residential development along key frontages.
- Improved junction arrangements on Upper Windsor Street and Swan Close Road to facilitate pedestrian movement.
- High density housing and apartment living.
- Allow for possible widening
- Limited vehicular frontage access to aid traffic flow

Land uses	Dwellings	30 – 100
	Retail	0
	Commercial	0

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	Primary school	No
	Green infrastructure	0
Appropriate typology	1 bed flat	Yes
	2 bed flat	Yes
	2 bed house	Yes
	3 bed house	No
	4 bed house	No
	Streets	Major access road Residential Streets Mews
Green infrastructure	Urban	
Key frontages & orientation	Upper Windsor Street George Street Britannia Road	
Massing Up to	Upton 4 storeys	
Average density	60 dph	
Car parking	Potential for Car free County Council Standards	

6.3. Canal Walk

A dense new neighbourhood focused on the canal where people can live and work

Design principles for Canal Walk are:

- High density housing.
- Retention and refurbishment of listed and locally listed buildings to create live / work dwellings, studios and start up units.
- Retention of the ‘fine grain’ historic character of the area.
- Access to be provided to the rear of new development.

Land uses	Dwellings	100 – 200
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	Retail	Within historic buildings only
	Commercial	Within historic buildings only
	Primary school	No
	Green infrastructure	0.75 to 1 Ha
Appropriate typology	1 bed flat	No
	2 bed flat	No
	2 bed house	Yes
	3 bed house	Yes
	4 bed house	No
Streets	Avenue Residential streets Edge streets Mews	
Green infrastructure	Urban	
Key frontages & orientation	Upper Windsor Street Swan Close Road Lower Cherwell Street The Oxford Canal	
Massing Up to	Upton 3 storeys	
Average density	60 dph	
Car parking	Potential for Car free County Council Standards	

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6.4. Cherwell Park

High density housing focused on the waterways

Design principles for Cherwell Park are:

- High density housing fronting The Oxford Canal and the River Cherwell.
- Possible 1FE primary school combined with community uses and residential development.
- Public access to the river and canal

Land uses	Dwellings	50 - 100
	Retail	0
	Commercial	0
	Primary school	Possible
	Green infrastructure	0.25 to 0.5 Ha
Appropriate typology	1 bed flat	No
	2 bed flat	No
	2 bed house	Yes
	3 bed house	Yes
	4 bed house	No
Streets	Restricted access road Mews	
Green infrastructure	Strategic landscape	
Key frontages & orientation	The Oxford Canal The River Cherwell Pedestrian / cycle route from the station to the town centre Parkland	
Massing Up to	Up to 4 storeys	
Average density	60 dph	
Car parking	Potential for Car free	

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	County Council Standards
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6.5. Station

A transport hub that creates an exciting point of arrival to the town centre. Principles for the station are:

- Creation of a new landmark station building, transport hub and mixed use development.
- Provision of a designated pedestrian and cycle route from the station to the town centre over the canal and river and a new pedestrian / cycle bridge over the railway.
- Provision of two multi storey car parks one each side of the railway.
- Provision of a public transport, servicing and emergency access link between Tramway Road and Bridge Street.
- High density apartment living.
- Taxi drop off point
- Possible location for small hotel

Land uses	Dwellings	50 - 100
	Retail	Up to 500m2
	Commercial	2000 to 3000m2
	Primary school	No
	Green infrastructure	0. 5 to 1.0 Ha
Appropriate typology	1 bed flat	Yes
	2 bed flat	Yes
	2 bed house	No
	3 bed house	No
	4 bed house	No
Streets	Restricted access road Avenue	
Green infrastructure	Urban Strategic landscape	
Key frontages & orientation	Bridge Street	

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	The Oxford Canal The River Cherwell Pedestrian / cycle route from the station to the town centre
Massing Up to	Upto 4 storeys
Average density	80 dph
Car parking	1000 car parking spaces for commuters County Council Standards

6.6. Tramway

High density housing focused around parkland and a community hub. Design principles for Tramway are:

- Provision of a new park linked to existing green infrastructure to serve the new neighbourhood and east Banbury.
- Possible 1FE primary school combined with community uses and residential development.
- High density housing.

Land uses	Dwellings	100 - 200
	Retail	0
	Commercial	0
	Primary school	Possibly
	Green infrastructure	1.5 to 2.0 Ha
Appropriate typology	1 bed flat	No
	2 bed flat	No
	2 bed house	Yes
	3 bed house	Yes
	4 bed house	No
Streets	Avenue Edge Streets Residential streets	

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	Mews
Green infrastructure	Strategic landscape Parkland Formal play areas
Key frontages & orientation	Tramway Road The Oxford Canal The River Cherwell
Massing Up to	Upto 3 storeys
Average density	60 dph
Car parking	County Council Standards

6.7. Riverside

A new community close to town centre focused around open spaces and high quality housing.

Principles for Riverside are:

- Mix of housing densities to create a balanced community.
- Provision of private and public open space suitable for family living.
- Possible 1FE primary school combined with community uses and residential development.

Land uses	Dwellings	300 - 400
	Retail	0
	Commercial	0
	Primary school	Possible
	Green infrastructure	1.75 to 2.0 Ha
Appropriate typology	1 bed flat	No
	2 bed flat	No
	2 bed house	Yes
	3 bed house	Yes
	4 bed house	Yes

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Streets	Avenue Edge Streets Residential streets Mews
Green infrastructure	Strategic landscape Parkland Formal play areas Allotments
Key frontages & orientation	Tramway Road The Oxford Canal The River Cherwell Cherwell Meadows
Massing Up to	Upto 3 storeys
Average density	60 dph
Car parking	County Council Standards

7.0 Delivery Strategy

7.1. The delivery model

The Council will seek to ensure that the regeneration of Banbury Canalside is consistent with the vision set out in this SPD. As the local planning authority, the Council will work closely with all key stakeholders to deliver an attractive and vibrant development scheme that will meet the needs of Banbury and the surrounding area.

The Council acknowledges, however, that delivering its vision and objectives for the Canalside is a challenge, given the brownfield status of the site. It therefore expects the delivery model to rely upon the private sector, with public sector support, to respond to the opportunities presented by the allocation of the site in the Core Strategy and the guidance set out in this SPD.

Development appraisals (using a residual land value method) have been undertaken to understand the dynamics of the delivery model in terms of the relationship between the quantum and value of new development, existing/alternative use values and development costs. This work has indicated that when long term trends in land values and costs are applied to the Canalside the proposals are financially viable and deliverable.

The Council will contribute to the delivery of Canalside by:

- using its planning powers to manage development proposals from pre-application discussions through to the discharge of conditions and S106 monitoring to ensure a high quality, comprehensive redevelopment is planned, designed and delivered in line with its Core Strategy and this SPD
- using its Compulsory Purchase Order powers, if necessary, to acquire land for the benefit of a comprehensive development scheme
- using its economic development powers to facilitate the successful relocation of existing occupiers
- using its local housing powers and working with the HCA and affordable housing providers to deliver affordable housing
- working with Oxfordshire County Council to plan investment in local highways and education infrastructure
- working with Network Rail and Chiltern Railways (and any subsequent rail franchisee) to deliver a new publically accessible link across the railway and to improve the railway station facilities and its environs.
- working with the Environment Agency to monitor the performance of the Flood Alleviation Scheme at Canalside and other means of managing surface water within the area

The Council expects Canalside landowners to lead the promotion of development proposals, most likely in partnership with one or more developers. The Council anticipates that the combination of policy requirements and standards set out in the SPD are likely to require innovation in the funding, procurement, governance and management of site infrastructure, e.g. open spaces, utilities, car parking, waste management. It will therefore encourage development promoters to consider ‘multi-utility service’ business models to procure this infrastructure and operate these services.

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The Council will seek to assist development promoters by securing public investment to meet the costs of development. Such investment may be in the form of National Affordable Housing Programme via the HCA, future Local Transport Plans with the County Council and funds to complement the investment in low and zero carbon infrastructure for example.

7.2. Development promotion

Future planning applications

The Council believes that the most effective and equitable means of promoting development at Canalside will be based on an outline planning application made by either a consortium of landowners and/or a master developer for the whole area supported by a comprehensive masterplan and design code. It is expected that key landowners will have agreed a means of capturing and mutually benefiting from the uplift in land values as a result of a successful development scheme. The landowners may choose a master developer for this purpose to share the costs of promoting the scheme.

The Council will encourage those preparing the planning application to work in partnership with it and may seek a Planning Performance Agreement (PPA) to help facilitate the granting of planning permission.

The Council will expect a single outline planning application to be accompanied by:

- A masterplan providing sufficient spatial and quantifiable information about the proposals, including a three-dimensional plan setting out the intended layout of the area and presenting proposals for buildings, spaces, movement and land use. together with an implementation and management strategy
- An Environmental Statement, including environmental impact assessment
- A Transport Appraisal and Transport Assessment, including a Scoping Study and Travel Plan
- A Flood Risk Assessment
- A Design & Access Statement, including a design code and an assessment of the proposals using the 'Building for Life' methodology
- A Zero Carbon Energy Strategy, including an assessment of how proposed energy efficiency, carbon compliance and allowable solutions will achieve standards up to and beyond 2016 for all development types
- A Waste Management Strategy
- A retail assessment (depending on the timing of a planning application)

Planning obligations & conditions

The Council expects that the granting of planning permission will be subject to a S106 Agreement and the use of planning conditions. The S106 agreement will set out the measures required and the timing of such measures, including the nature, funding and timing of:

- housing (including affordable housing), retail and commercial development
- public open space, public realm and other green infrastructure provision
- public transport provision and the delivery of other Travel Plan policies and proposals

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- on-site and off-site highways, drainage and other physical infrastructure provision
- education provision
- highway impact mitigation and strategic contributions
- community facilities

Given the challenge to achieve a viable development scheme, the Council acknowledges that the scope for the scheme to make any further financial contributions, of the type normally expected by the public sector of large development schemes, is likely to be limited. It expects that the collaborative approach it seeks with development promoters in exercising its planning powers will encourage and enable a transparent assessment of this scope in due course.

In agreeing Reserved Matters, the Council will seek to impose planning conditions that are clearly defined, relevant, enforceable, precise and reasonable in order to ensure its expectations for design quality are achieved and sustained throughout the delivery of the scheme.

Other Legal Agreements

The provision of off-site highway works is likely to require Section 278 legal agreements with the Highway Authority. The future adoption of on-site highways is likely to require Section 38 legal agreements with the Highway Authority. Other agreements will also be required for the provision of highways over waterways and the railway.

7.3. Development procurement

Land assembly

The Council acknowledges that the land at Banbury Canalside is in a wide variety of private ownerships. It therefore expects development promoters to assemble land in a way as to facilitate the satisfactory development of the area. As a last resort, it may use its Compulsory Purchase Order powers to enable land assembly.

Relocation of existing businesses

The Council expects that satisfactory provision will be made in the development proposals for the relocation of existing occupiers, including the football club. The developer should expect to have to facilitate the timely relocation of businesses and negotiate with landowners regarding the costs of relocation. Banbury United Football Clubs ground is a valuable community facility and should be safeguarded as such. Development proposals will only be permitted if there are firm development and planning agreements in place that replace Banbury Football club in a manner acceptable to the Council.

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Phasing

The Council anticipates that the rate of development will be subject to a number of factors, including land assembly, relocation of certain uses and market conditions. It expects that provision will be made in development proposals for the continued presence of existing uses until such a time that they are required to be relocated. In these circumstances, the Council will expect development promoters to demonstrate that new development proposals will not cause harm to the amenities of existing uses and that those uses will not cause harm to the amenities of new uses.

The land east of the River Cherwell has fewer land ownerships than land west of the River Cherwell which may allow development to occur as an early phase. This will be dependent upon factors such as the extension of Tramway Road, the provision of new car parking for the railway station, the relocation of Banbury United Football Club and the availability of land currently occupied by the Power Park Business Park, Tramway Industrial Estate and Network Rail operations.

The land west of the River Cherwell has a significant number of land ownerships which may result in development occurring in a number of phases dependent upon factors such as landowner co-operation.

Proposals should allow for a comprehensive redevelopment. Development proposals must include a comprehensive and detailed masterplan for the whole allocated area and set out how it is anticipated planning applications will be made for each part of the site. Individual planning applications for the site can come forward at varying times but they must meet the requirements of the SPD and comply with and deliver the masterplan.

Infrastructure

The District Council will require that the required infrastructure will be provided for each phase of the development. This will mean close co-operation with the relevant statutory undertakers e.g. water supply, foul and surface water drainage, electricity, gas, telecommunications. Some highways, pedestrian/cycle routes and bus routes will need to be provided before the occupation of new properties to aid development and the functioning of the site for residents.

Development governance & management

The Council anticipates all the new housing, retail and commercial development to be in private ownership and management. However, the site will be accessible to the public through the provision of green and urban spaces and pedestrian and cycle ways. It also expects Tramway Road, Station Approach, Lower Cherwell Street and Canal Street to remain or become adopted as public highways. All roads will be built to adoptable standards with only selected private areas built to suitable private standards with management arrangements in place for long term maintenance.

In respect of other land, the Council anticipates the following:

- the River Cherwell and its associated operational infrastructure to remain the responsibility of the Environment Agency and its landowners
- the Oxford Canal, including the towpath and new canal basin, and its associated operational infrastructure to remain/become the responsibility of British Waterways

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- all of the designated public open space and public realm, including new sustainable urban drainage infrastructure, to be controlled, managed and maintained by the Council and other appropriate bodies/companies.
- the land on which the primary school is located to be transferred to the Local Education Authority, or some other suitable body, for the purposes of school construction, governance and management
- the low and zero carbon generation plant and associated infrastructure to be controlled, managed and maintained by an appropriate body

More generally, the Council believes that a long term approach will be required of the comprehensive redevelopment of Canalside that enables change to be managed effectively for the duration of the development scheme and fully embeds its sustainability principles.

Development promoters should therefore set out arrangements for how the governance and management of each of the scheme's components – buildings, spaces, services – will be effectively integrated to the benefit of residential and commercial occupiers and of existing neighbouring uses.

8.0 Monitoring and review

8.1. Targets, Objectives and Measures

Review and monitoring is an important aspect of evidence based policy making and it is a key factor of the Government's "plan, monitor and manage" approach to the new planning system. An important aspect of the new system is the flexibility to update components of the LDF and respond quickly to changing priorities in the district. Monitoring will play a critical part in identifying any review of Banbury Canalside SPD that may be required and it will need to include clear mechanisms for implementation and monitoring.

The Planning and Compulsory Purchase Act 2004 requires local planning authorities to produce an Annual Monitoring Report (AMR) every year and this will be the main mechanism for assessing the SPD's performance and effects. The following Core Output Indicators are relevant to Canalside:

- BD4 – total amount of floorspace for 'town centre' uses
- H2 – net additional dwellings
- H5 – gross affordable housing completions
- H6 – housing quality/Building for Life Assessments
- E3 – renewable energy generation

In addition, in its 2008 AMR, the Council proposed a range of potential local indicators for this purpose, of which the following are relevant to Canalside:

- BD&TC – number of vacant units/amount of vacant floorspace
- BD&TC – shoppers perceptions of quality and safety
- BD&TC – amount and type of open space
- H – number of dwelling completions by type
- CP&T – vehicle counts on principal routes
- EQ – amount of new habitat created

The targets for each of the above indicators will be established in the adopted SPD and are set out in Section 5. The Council will monitor the implementation of the SPD and assess the extent to which the strategy, vision and spatial objectives are being achieved and, where this is failing, explain why and set out what steps are to be taken to correct this.

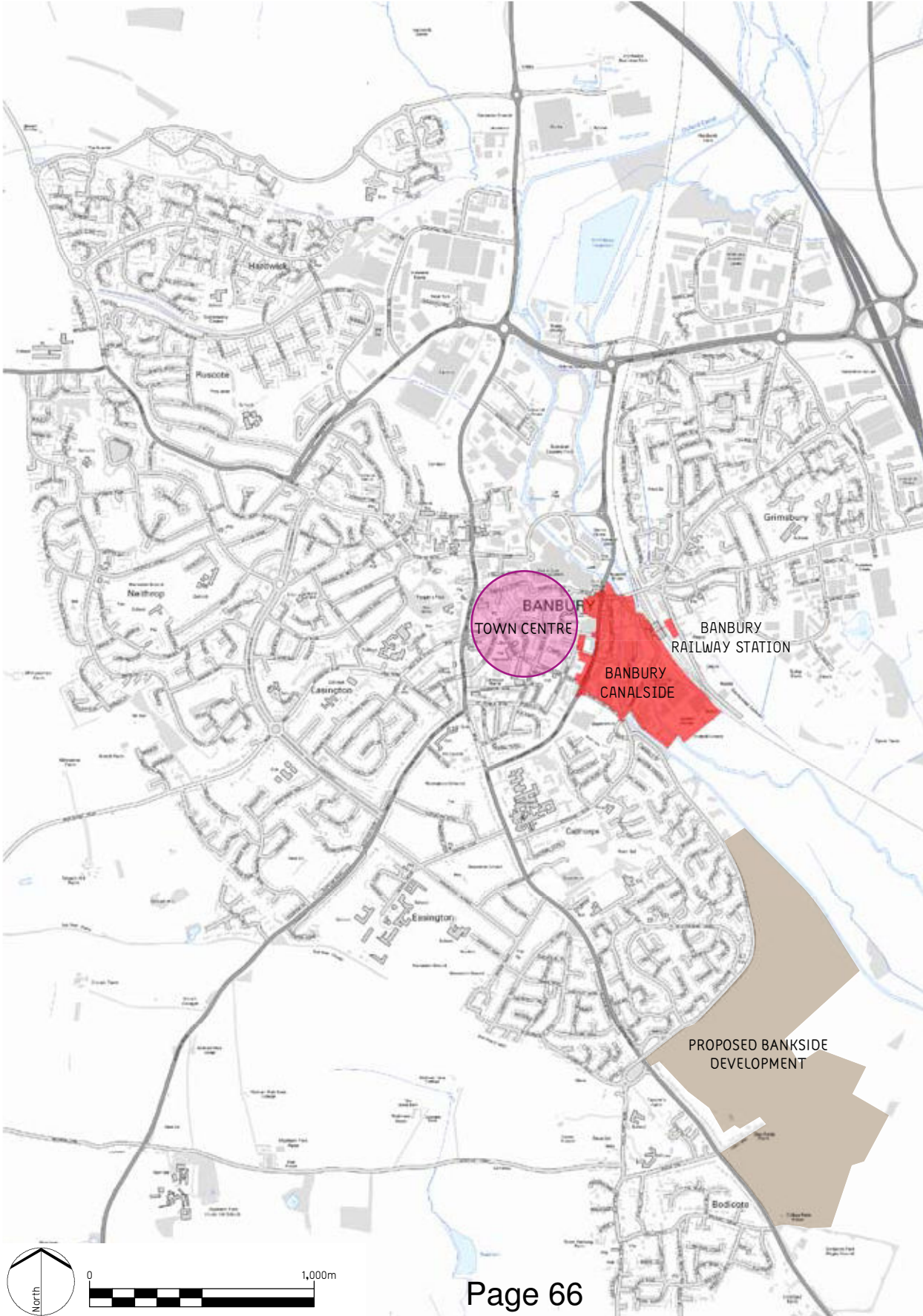
Should annual monitoring of these indicators reveal any significant failure(s) to meet targets, the Council will take action to rectify the situation as soon as possible. This will include a review of one or more of the policies or, if necessary the whole SPD.

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PROJECT TITLE
BANBURY CANALSIDE

DRAWING TITLE
 Figure 1 - Location of Banbury Canalside

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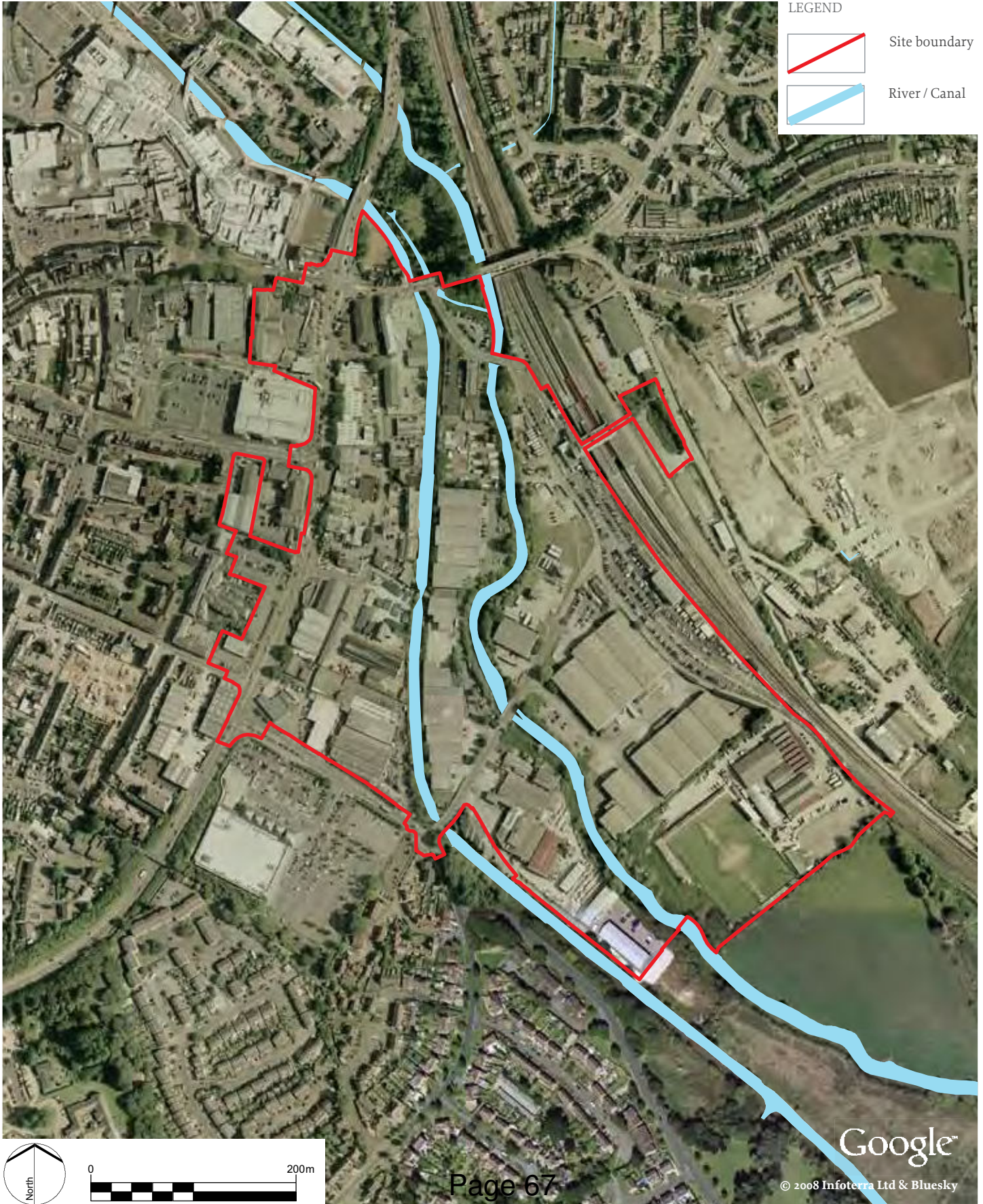
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PROJECT TITLE
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Figure 2 - Site Context



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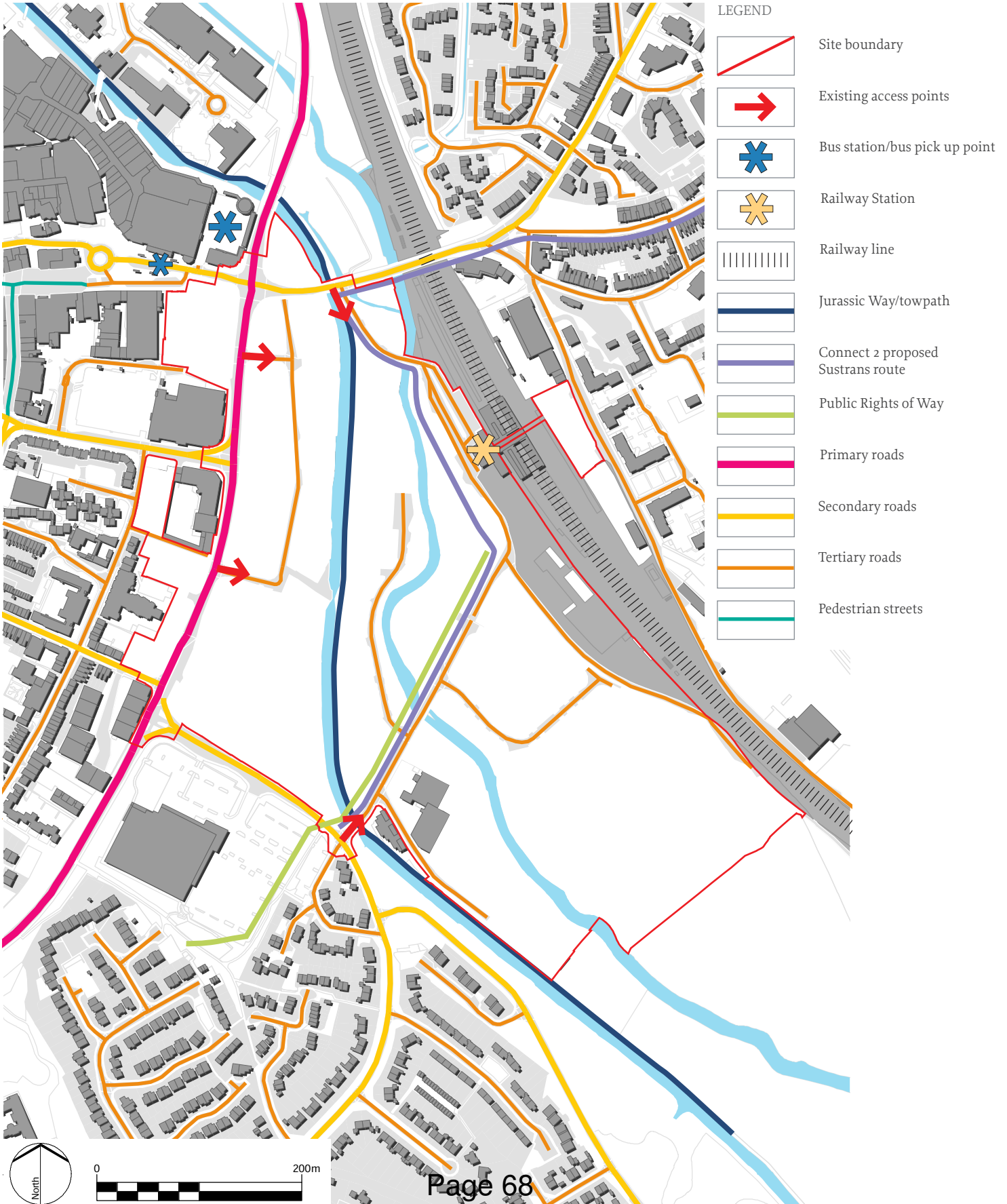
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Figure 3 - Existing Movement Network



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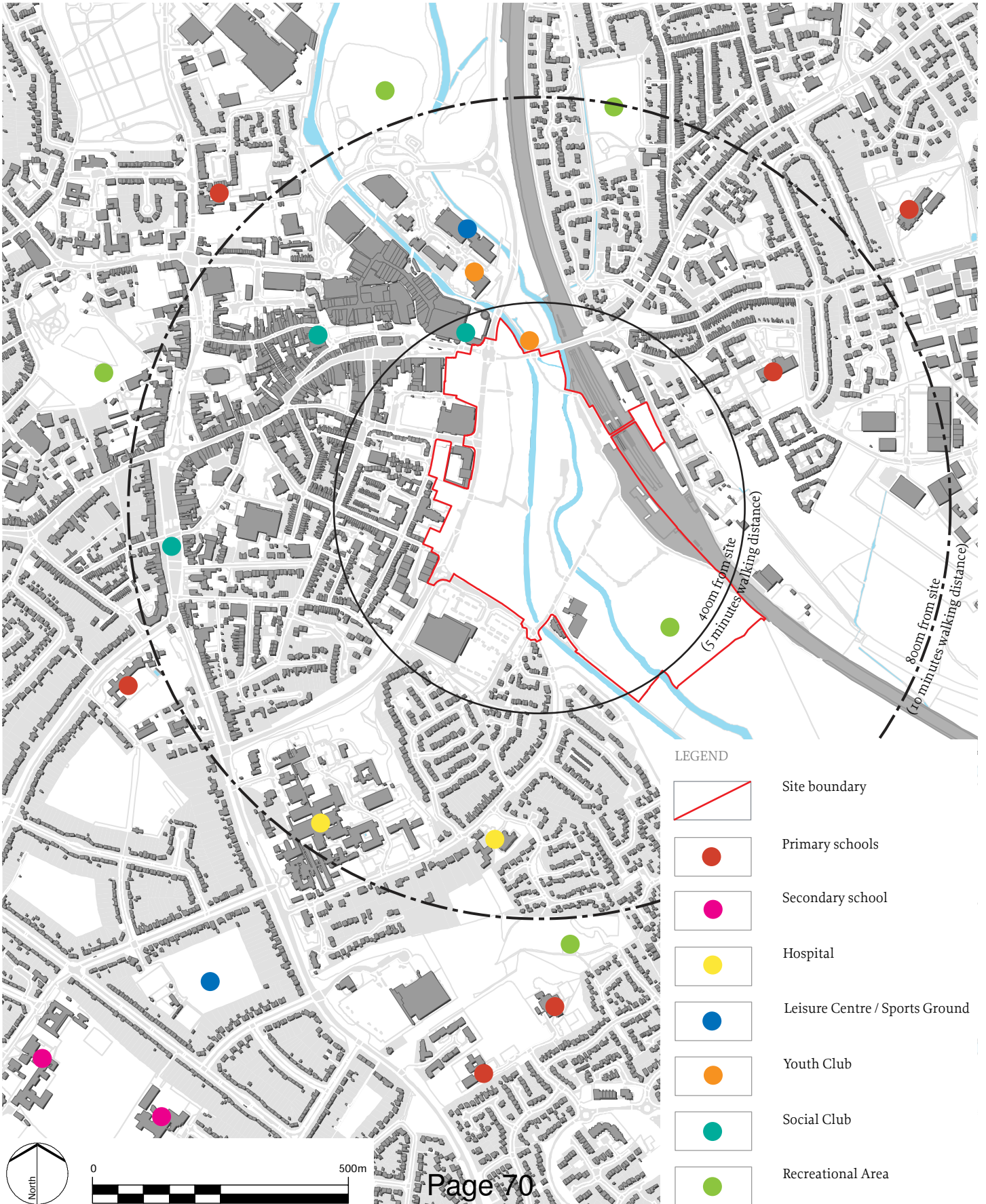
Figure 4 - Green Infrastructre



LEGEND

-  Site boundary
-  Allotments
-  Cherwell Valley
-  Spiceball Country Park
-  Parks, recreation grounds
-  Proposed pitches
-  Cemetery

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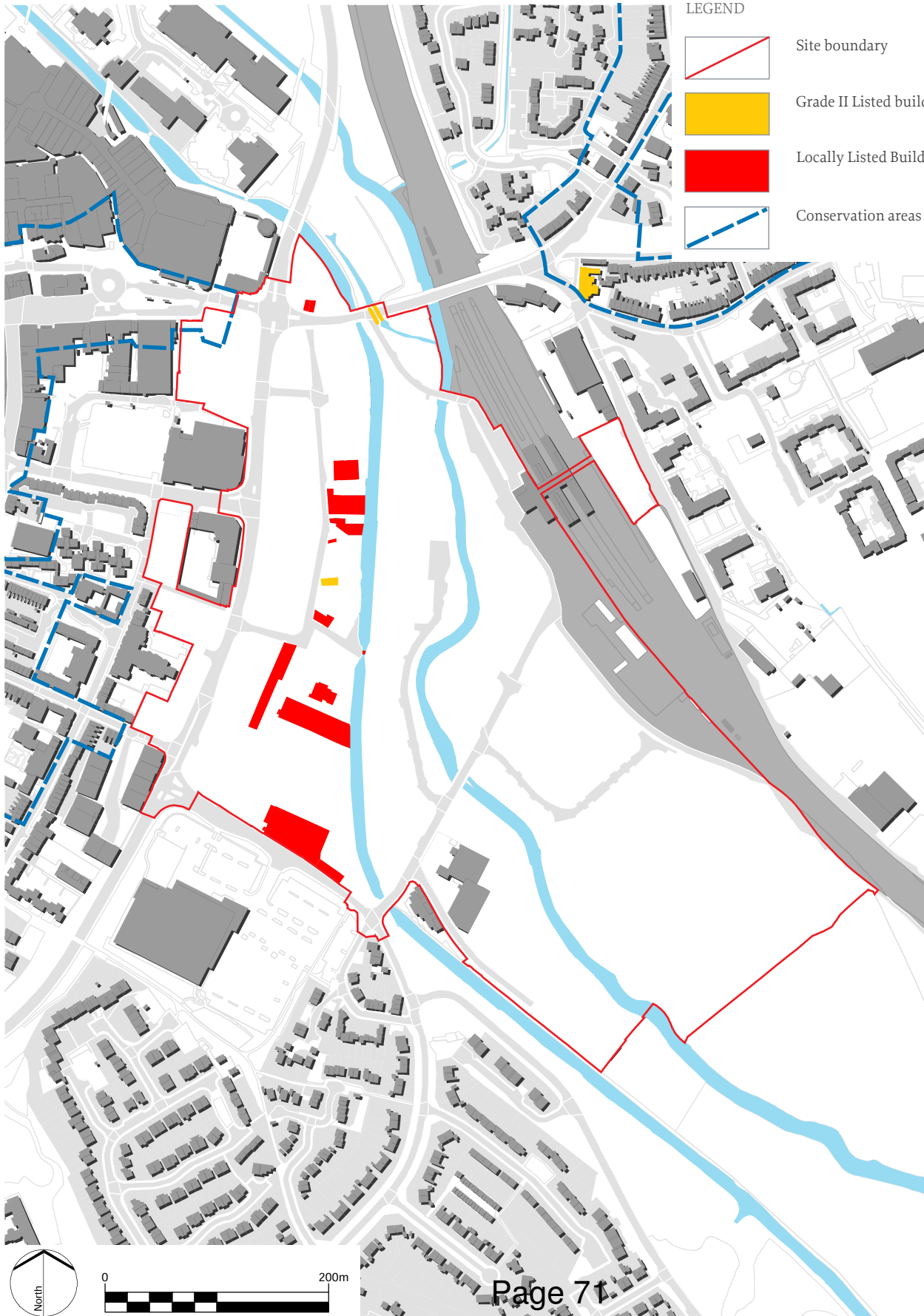
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Figure 6 - Built Heritage



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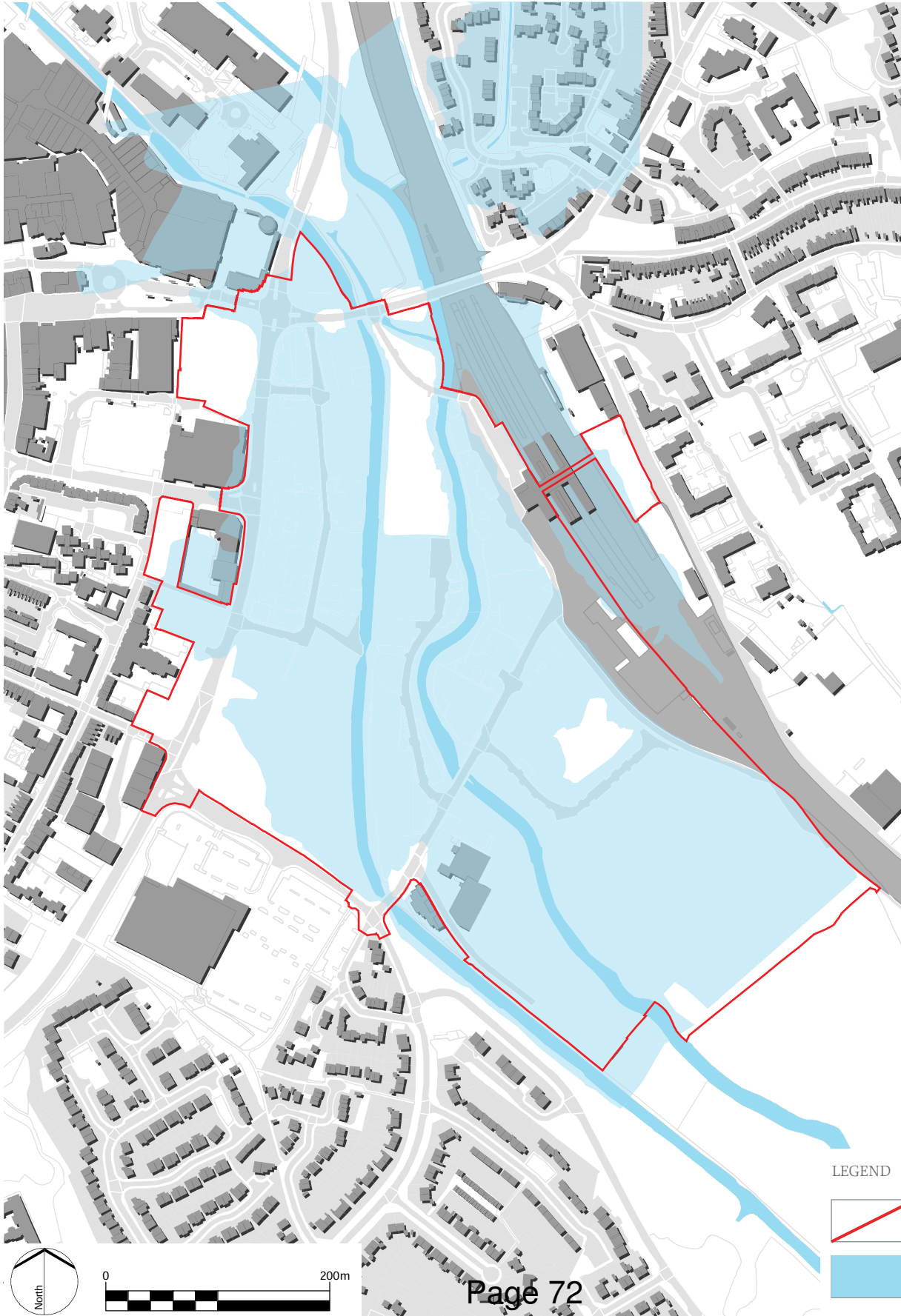
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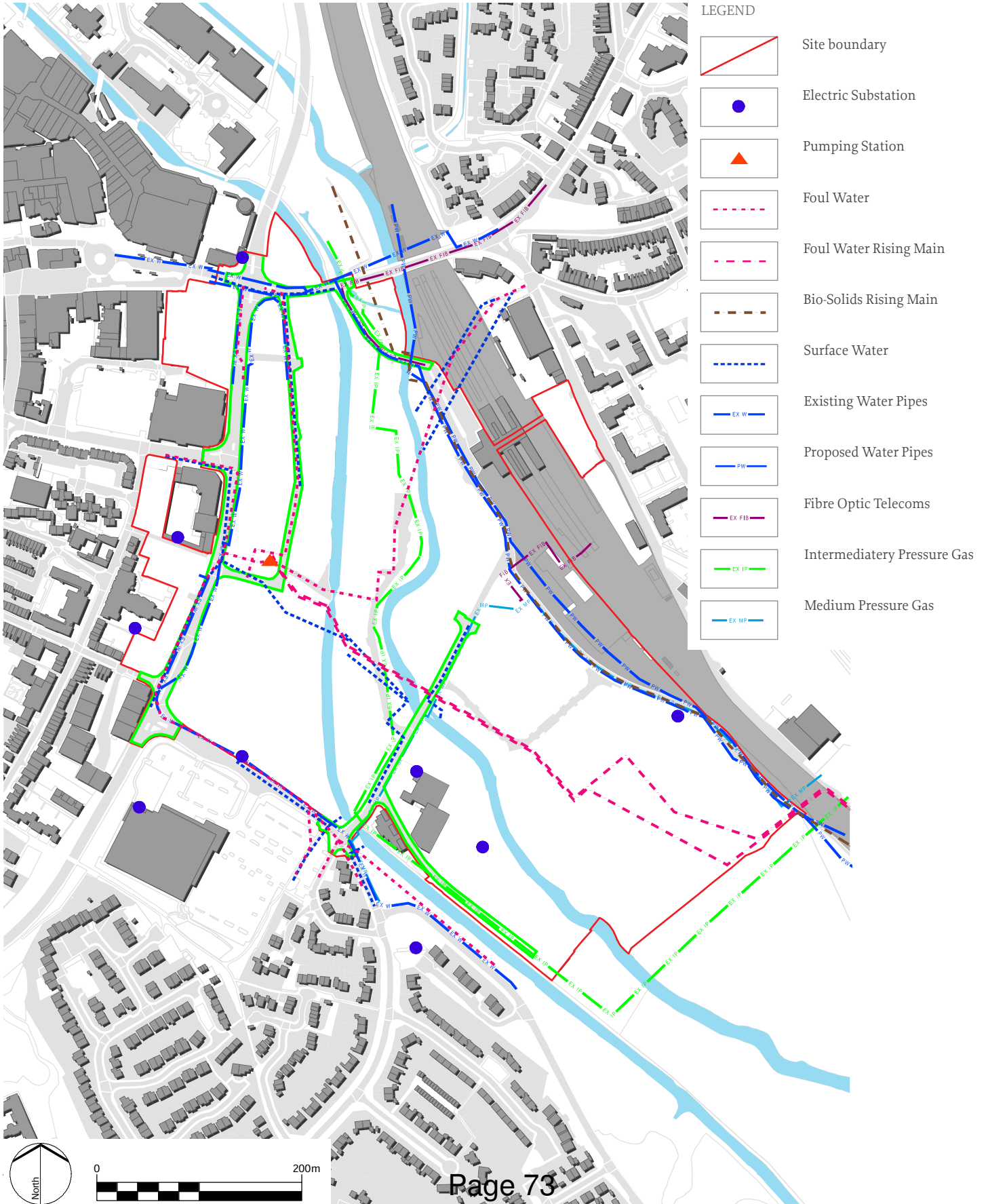
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PROJECT TITLE
BANBURY CANALSIDE

DRAWING TITLE
Figure 7 - Flood Zone 2



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 DATE 03/09/2009
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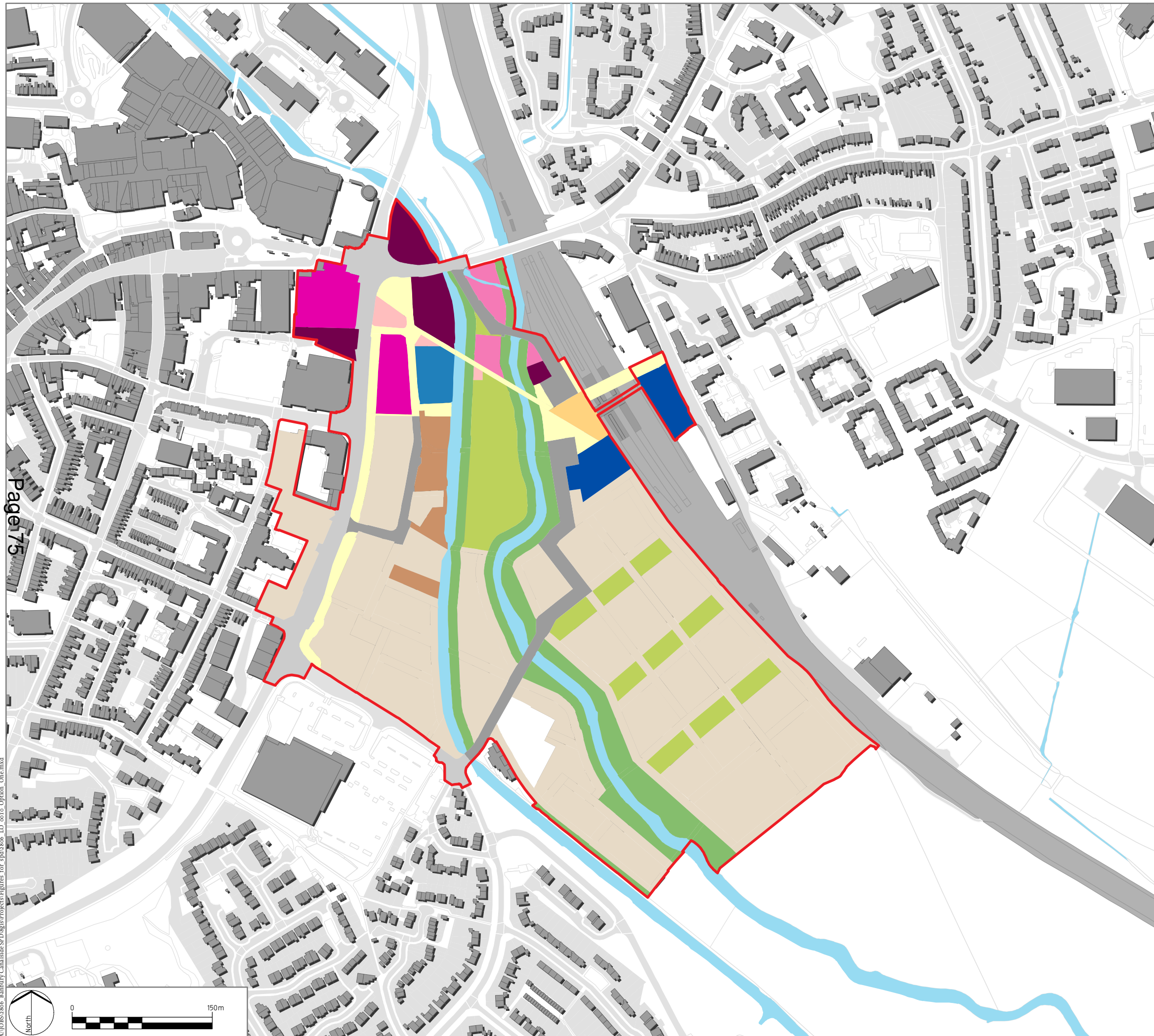
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PROJECT TITLE
BANBURY CANALSIDE

DRAWING TITLE
 Figure 9 - Existing Land Uses

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Page 75

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- LEGEND**
- Development Areas
 - Strategic Public Open Space
 - Strategic Road
 - Existing Road
 - Station Building
 - Car Park
 - Historic Area
 - Canal Basin
 - Mixed Use Commercial
 - Mixed Use Retail (1)
 - Mixed Use Retail (2)
 - Retail
 - Urban Public Realm
 - Public Open Space
 - Housing

A	Amended base	NH	03/09/09
REV.	DESCRIPTION	APP.	DATE

LDĀ DESIGN

PROJECT TITLE
BANBURY CANALSIDE

DRAWING TITLE
Figure 10 - Option one

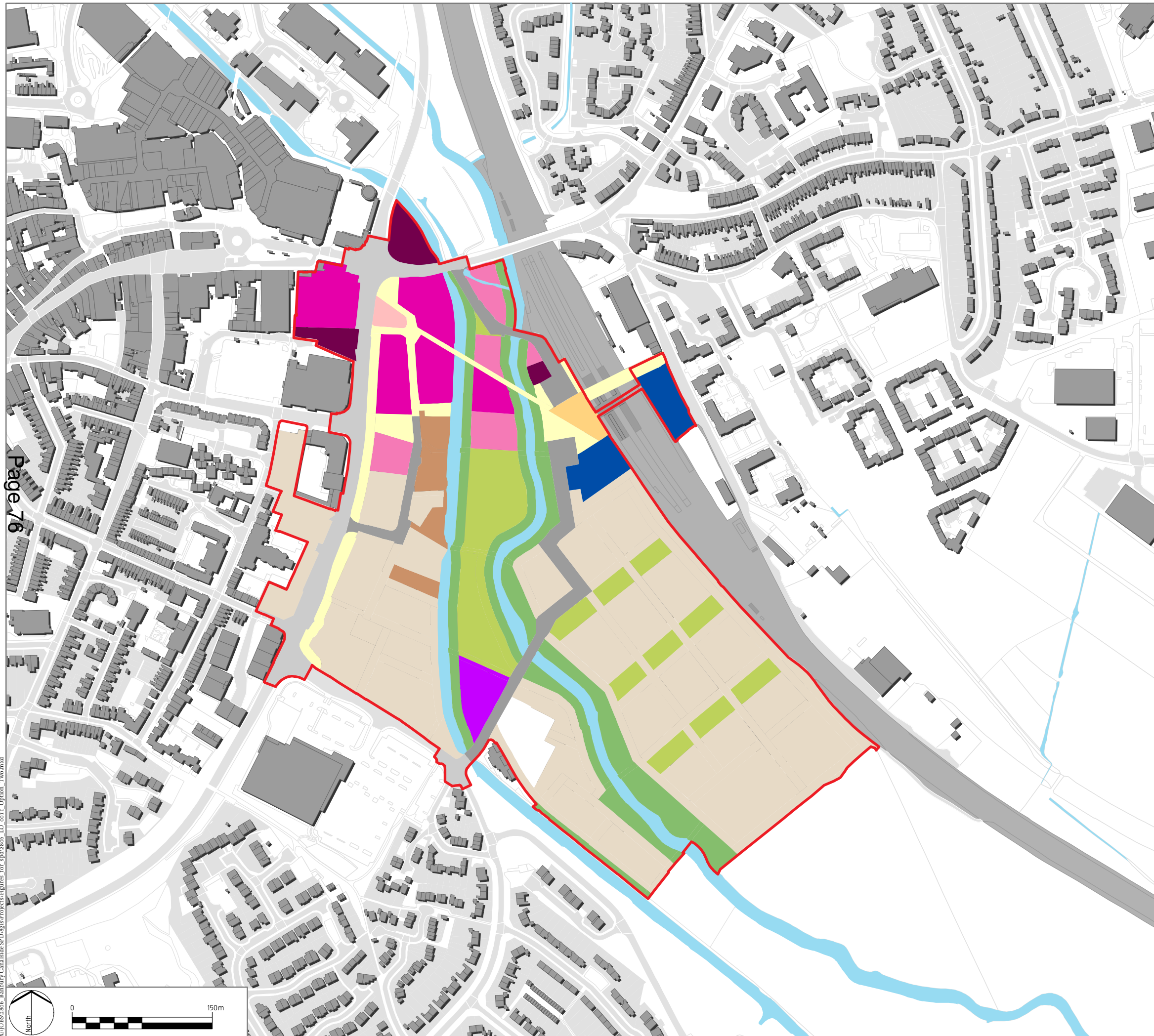
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LEGEND

- Development Areas
- Strategic Public Open Space
- Strategic Road
- Existing Road
- Station Building
- Car Park
- Historic Area
- Mixed Use Commercial
- Mixed Use Retail (1)
- Mixed Use Retail (2)
- Retail
- Primary School
- Urban Public Realm
- Public Open Space
- Housing

A	Amended base	NH	03/09/09
REV.	DESCRIPTION	APP.	DATE

LDĀ DESIGN

PROJECT TITLE
BANBURY CANALSIDE

DRAWING TITLE
Figure 11 - Option two

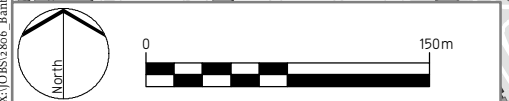
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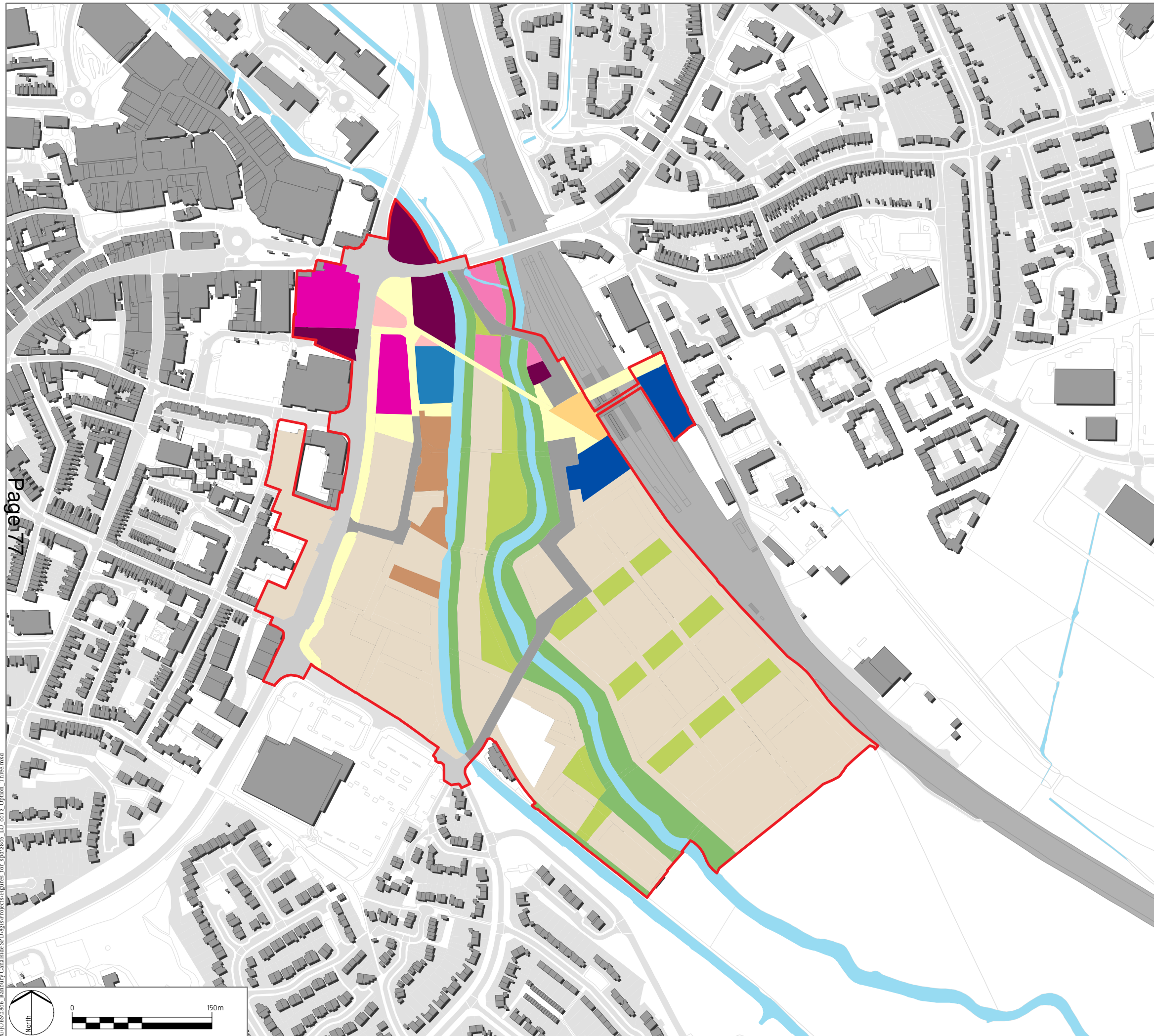
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- LEGEND
- Development Areas
 - Strategic Public Open Space
 - Strategic Road
 - Existing Road
 - Station Building
 - Car Park
 - Historic Area
 - Canal Basin
 - Mixed Use Commercial
 - Mixed Use Retail (1)
 - Mixed Use Retail (2)
 - Retail
 - Urban Public Realm
 - Public Open Space
 - Housing

A	Amended base	NH	03/09/09
REV.	DESCRIPTION	APP.	DATE

LD A DESIGN

PROJECT TITLE
BANBURY CANALSIDE

DRAWING TITLE
Figure 12 - Option three

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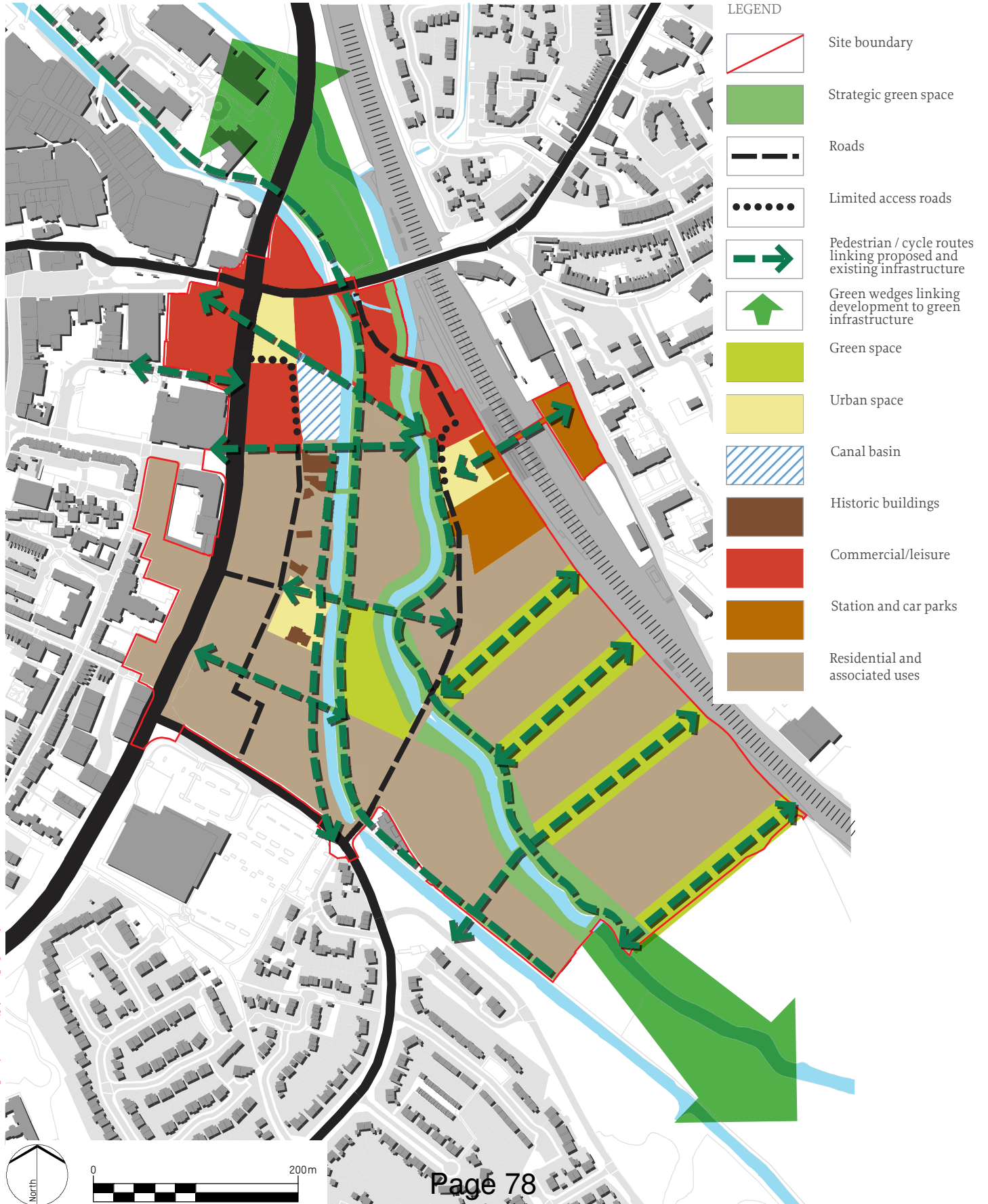
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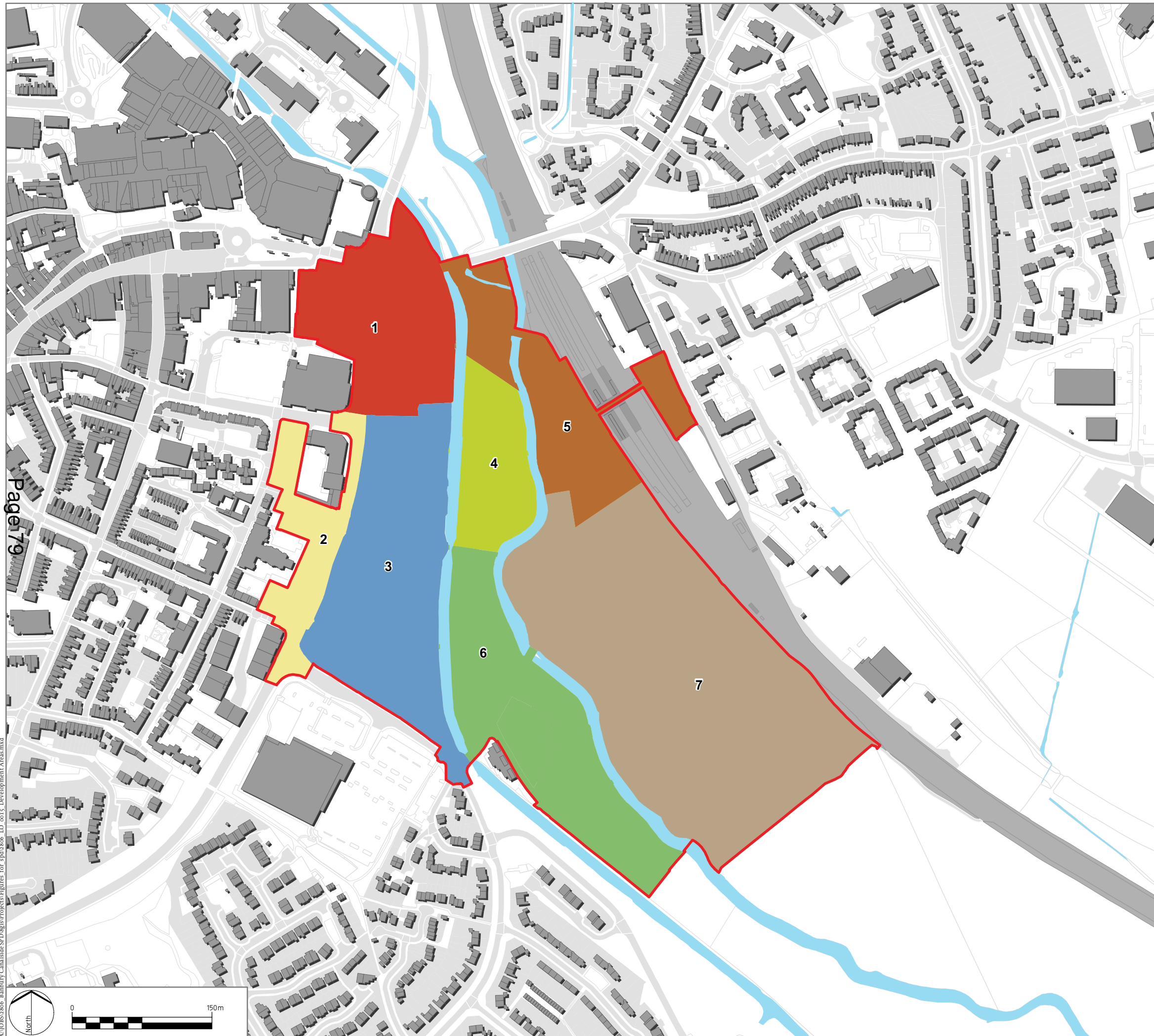
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PROJECT TITLE
BANBURY CANALSIDE

DRAWING TITLE
 Figure 13 - Indicative Proposals for Canalside





LEGEND

 Site boundary

Development Areas

-  1 Bridge Street (2.58 Ha)
-  2 Windsor Street (1.35 Ha)
-  3 Canal Walk (3.80 Ha)
-  4 Cherwell Park (1.35 Ha)
-  5 Station (2.32 Ha)
-  6 Tramway (Banbury Island) (2.94 Ha)
-  7 Riverside (Tramway) (8.10 Ha)

A Amended base
REV. DESCRIPTION

NH 03/09/09
APP. DATE

LDĀDESIGN

PROJECT TITLE
BANBURY CANALSIDE

DRAWING TITLE
Figure 14 - The Character Areas

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PROJECT TITLE
BANBURY CANALSIDE
 SPD

DRAWING TITLE
 Figure 15: The vision for Cherwell Park



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DWG.NO 2806_LO_0017

DATE 22/09/2009

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STATUS DRAFT

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PROJECT TITLE
BANBURY CANALSIDE
SPD

DRAWING TITLE
Figure 16: The vision for Canal Walk

Agenda Item 8

Executive

EXTERNAL AUDIT ANNUAL GOVERNANCE REPORT AND USE OF RESOURCES JUDGEMENT

5 October 2009

Report of Chief Executive

PURPOSE OF REPORT

To update the Executive on the key messages from the District Auditor in her 2008/09 Annual Governance Report and the judgements she has made on the Council's performance in the new Use of Resources assessment.

This report is public

Recommendations

The Executive is recommended to:

- (1) Note the Use of Resources score contained in the District Auditor's Annual Governance Report and the scale of the achievement this represents.

Executive Summary

Introduction

- 1.1 The District Auditor's 2008/09 Annual Governance Report is attached in Appendix 1. This report was considered in detail by the Audit Committee at their meeting on the 23rd September.
- 1.2 This report is now being drawn to the attention of Executive Members as it also contains the District Auditor's judgement on our performance against the new Use of Resources framework. This is the first year that this new framework is being used. It has been deliberately designed to be a harder test than the previous Use of Resources assessment and specifically much more challenging in testing Local Authorities on the outcomes they are achieving from their approach to their use of resources. Furthermore, the assessment covers a much broader base than previously, considering not only financial management ('managing finances'), but also broader governance issues such as procurement, contract management, risk management and partnership working ('governing the business'), and also use of resources including our workforce, our asset base and natural resources ('managing resources'). However, these last elements of this

theme have not been part of this first year's assessment. The framework uses a 4-point scale with 4 being the highest score.

1.3 We scored 3s, 'performing well', for each of the three headline themes, the so-called key lines of enquiry. We have also scored 3s for every separate part of each key line of enquiry. Our District Auditor described this performance to the Audit Committee as a 'huge achievement' and one of which this Council should be very proud. It is her view that there will not be many Local Authorities in the country who score a complete suite of 3s both at the headline level and the elements of each theme. The Annual Governance Report details the three notable practice submissions that the Audit Commission have made on the basis of our work this year. These have certainly contributed to the overall judgement.

1.4 This Use of Resources judgement is an important part of the new Organisational Assessment. The remaining part of this is the Managing Performance assessment, the results of which will follow in late October. Our overall Organisational Assessment score is derived from our Use of Resources and Managing Performance scores and this will be announced in December. The Area Assessment for Oxfordshire will be published at the same time.

Conclusion

1.5 The District Auditor's view on our use of resources is an important judgement and contributes directly to our final Organisational Assessment score. Her judgement is an extremely good result for Cherwell District Council.

Implications

Financial:	There are no financial effects arising from this report Comments checked by Karen Curtin, Head of Finance 01295 221551.
Legal:	There are no legal effects arising from this report. Comments checked by Liz Howlett, Head of Legal 01295 221686.
Risk Management:	Risk Assessment – there are no risk issues arising from this report. Comments checked by Karen Curtin, Head of Finance 01295 221551
Efficiency Savings	There are no efficiency savings arising from this report. Comments checked by Karen Curtin, Head of Finance 01295 221551.

Wards Affected

All

Executive Portfolio

Councillor K Atack
Portfolio Holder for Performance Management & Improvement

Councillor J Macnamara
Portfolio Holder for Resources and Organisation Development

Councillor B Wood
Leader of the Council

Document Information

Appendix No	Title
Appendix 1	District Auditor's 2008/09 Annual Governance Report
Background Papers	
None	
Report Author	Mary Harpley, Chief Executive
Contact Information	01295 221573 mary.harpley@Cherwell-dc.gov.uk

Annual Governance Report

Cherwell District Council

Audit 2008/09

September 2009

Contents

Key messages	4
Next steps	5
Financial statements	6
Use of resources	8
Appendix 1 – Independent auditor’s report to Members of Cherwell District Council	11
Appendix 2 – Draft letter of representation	14
Appendix 3 – Use of resources key findings and conclusions	17
The Audit Commission	26

Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.

Ladies and Gentlemen

2008/09 Annual Governance Report

I am pleased to present the final version of my report on the results of my audit work for 2008/09.

A draft of the report was discussed and agreed with the Chief Executive and Strategic Director Customer Service and Resources on 9 September 2009 and has been updated since as issues have been resolved.

The report sets out the key issues that you should consider before I complete the audit.

It asks you to:

- consider the matters raised in the report before approving the financial statements (pages 6 to 7);
- take note of the VFM Conclusion and Use of Resources score;
- take note of the adjustments to the financial statement made subsequent to the adoption of the draft accounts – these are detailed in paragraphs 7 and 8; and
- approve the letter of representation on behalf of the Council before I issue my opinion and conclusion (Appendix 2).

Yours faithfully

Maria Grindley
District Auditor
September 2009

Key messages

This report summarises the findings from the 2008/09 audit which is substantially complete. It includes the messages arising from my audit of your financial statements and the results of the work I have undertaken to assess how well you use and manage your resources to deliver value for money and better and sustainable outcomes for local people.

Financial Statements	Results	Page
Unqualified audit opinion	Yes	6
Financial statements free from error	Yes	6
Adequate internal control environment	Yes	6
Use of resources	Results	Page
Use of resources judgements	Yes	8
Arrangements to secure value for money	Yes	10

Audit opinion

- 1 My work on your financial statements is substantially complete, and I anticipate giving an unqualified opinion before the due date of 30 September 2009.

Financial statements

- 2 The accounts adopted by the Accounts, Audit and Risk Committee on 24 June 2009 were made available for audit supported by detailed working papers. There were only minor presentational errors in the statements adopted.

Use of resources

- 3 My work on your scored use of resources is complete, and I am pleased to confirm that there are no areas where you do not meet expected standards. I will therefore be able to give an unqualified value for money conclusion by the due date of 30 September 2009.

Audit Fees

- 4 As my audit is substantially complete, I can confirm that I do not propose to issue a supplementary fee letter.

Next steps

This report identifies the key messages that you should consider before I issue my financial statements opinion, value for money conclusion, and audit closure certificate. It includes only matters of governance interest that have come to my attention in performing my audit. My audit is not designed to identify all matters that might be relevant to you.

5 I ask the Accounts, Audit and Risk Committee to:

- consider the matters raised in the report before approving the financial statements (pages 6 to 7);
- take note of the VFM Conclusion and Use of Resources score;
- take note of the adjustments to the financial statement made subsequent to the adoption of the draft accounts – these are detailed in paragraphs 7 and 8; and
- approve the letter of representation on behalf of the Council before I issue my opinion and conclusion (Appendix 2).

Financial statements

The Council's financial statements and annual governance statement are important means by which the Council accounts for its stewardship of public funds. As Council members you have final responsibility for these statements. It is important that you consider my findings before you adopt the financial statements and the annual governance statement.

Opinion on the financial statements

- 6** Subject to final reviews and satisfactory clearance of outstanding matters, I plan to issue an audit report including an unqualified opinion on the financial statements. Appendix 1 contains a copy of my draft audit report.

Errors in the financial statements

- 7** There were no errors in the financial statements for which I requested an audit adjustment. We only identified minor presentational errors which have been amended in the final set of accounts.
- 8** As part of the Council's own supervisory review in July, staff identified three classification errors: £952,000 within the analysis of the debtors note; £196,000 within the analysis of the creditors note; and £72,000 mis-classification between National non-Domestic Rates (NNDR) and Revenue Support Grant (RSG) on the Income and Expenditure Account. These have been adjusted in the final version of the accounts.

Material weaknesses in internal control

- 9** No material weaknesses in internal control were identified as a result of my audit. However, the Council has included a significant internal control weakness in its Annual Governance Statement when an issue was identified in relation to IT back up arrangements. Subsequent investigations highlighted a number of control issues around the Council's IT processes including disaster recovery back up arrangements. The Council implemented a full review and implemented interim measures to safeguard their information and is currently considering what further action is needed.

Letter of representation

- 10** Before I issue my opinion, auditing standards require me to obtain appropriate written representations from you and management about your financial statements and governance arrangements. Appendix 2 contains the draft letter of representation I seek to obtain from you.

Financial statements

Key areas of judgement and audit risk

11 In planning my audit I identified specific risks and areas of judgement that I have considered as part of my audit. My findings are set out in Table 1.

Table 1 **Key areas of judgement and audit risk**

Issue or risk	Finding
Economic climate and impact of impairments on financial statements.	The treatment of Icelandic bank investments was in accordance with guidance issued by CIPFA.

Use of resources

I am required to consider how well the Council is managing and using its resources to deliver value for money and better and sustainable outcomes for local people, and give a scored use of resources judgement.

I am also required to conclude whether the Council put in place adequate corporate arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money (VFM) conclusion.

Use of resources judgements

- 12** In forming my scored use of resources judgements, I have used the methodology set out in the [use of resources framework](#). Judgements have been made for each key line of enquiry (KLOE) using the Audit Commission's current four point scale from 1 to 4, with 4 being the highest. Level 1 represents a failure to meet the minimum requirements at level 2.
- 13** I have also taken into account, where appropriate, findings from previous use of resources assessments (updating these for any changes or improvements) and any other relevant audit work.
- 14** The Council's use of resources theme scores are shown in Table 2 below. The key findings and conclusions for the three themes, and the underlying KLOE, are summarised in Appendix 3.

Table 2 Use of resources theme scores

Use of resources theme	Scored judgement
Managing finances	3
Governing the business	3
Managing resources	3

- 15** The Council manages its finances effectively to deliver value for money in its services for its stakeholders. Finances are planned over the medium to long term to meet strategic priorities and to ensure that the Council keeps sound financial health. The Medium Term Financial Strategy is regularly updated to keep it in line with changes in the internal and external environment that affect the operation of the Council. Value for Money Reviews are being constantly undertaken to find areas of potential economies and efficiencies and the effectiveness of services is assessed through consultation with users. Partnerships are being used effectively to ensure that finances and other resources deliver value for money. The Council produces budget monitoring and forecasting information on a timely basis which ensures that decision makers can make appropriate decisions throughout the various levels of the organisation with the most relevant information to hand. The authority has restructured its finance team

Use of resources

over the last two years and the accounts production is smooth and supported by good quality working papers.

- 16** The Council's procurement and contract management infrastructure and functions have improved strongly. There is a clear understanding of how the commissioning and procurement approach enables delivery of corporate priorities and is aligned to the Council's VFM programme. The focus is on partnership working to deliver improved outcomes for local people, based on local need. The Council has made substantial data quality and management information improvements over the past year. This supports decision making and performance management thus helping deliver priorities and improvements for local people. The Council promotes and demonstrates the values of good governance. The Council manages its own risks and maintains a solid system of internal control. There is active risk management embedded throughout all levels of the organisation and promoted and monitored in the Council's significant partnerships.
- 17** The Council is effective in planning and developing its workforce to achieve its goals. It identifies the skills it needs and invests significantly in workforce development. This has successfully enabled the Council to adapt its culture and skill its workforce to adopt different ways of working. The Council has successfully delivered its corporate restructuring. This has been done in partnership with the workforce and the union, who have worked together to align the organisation effectively behind corporate objectives. The Council is now entering its next phase of change. It is considering how radically different it needs to be as an organisation to continue to deliver improved VFM within the context of shared services and outsourcing arrangements. Within this context the Council is ensuring it encourages the values and behaviours required to support the staff and the organisation through continued change.
- 18** We have made three national notable practice submissions for Cherwell District Council:

 - The Council has worked with Oxfordshire PCT to provide a new clinic in the centre of Banbury. This will open in October 2009 with a GP clinic, a dentistry clinic and space dedicated to alcohol and drug awareness. The council financed, procured and project managed the whole process providing the PCT with a turn-key solution to provide improved healthcare services in Banbury. The model used provides the PCT with ongoing facilities services which, in turn, secures ongoing contributions to the council overheads, to the benefit of local council tax payers;
 - The Council have created one stop shops throughout the region where members of the public can access a variety of council services. Through the IT infrastructure full links are made to the County Council, Primary Care Trust and other District Council websites to ensure greater access. This provides a single gateway for 90 per cent of contacts with the Council and ensures those most vulnerable who have to access services on a face-to-face basis are not disadvantaged; and
 - As a result of extensive scenario planning based on the current economic climate, the Council realised that planned efficiencies will not be enough to reduce costs to the required level. As a result that they have written to all staff to ask them about future needs and aspirations. (e.g. retirement, taking a different role in the organisation, periods of unpaid leave etc) This is in order to match staff needs to

the corporate needs and hopefully reduce the staff costs without resorting to large scale compulsory redundancies in the future. The letter was sent to all staff in July 2009 and the move has been welcomed by unions, it has been described by IDeA as 'appears unparalleled' and Public Sector People Managers Association described the move as 'innovative and will be watched with interest by the rest of local government.'

Value for money conclusion

- 19** I assess your arrangements to secure economy, efficiency and effectiveness in your use of resources against criteria specified by the Audit Commission. From 2008/09, the Audit Commission will specify each year, which of the use of resources KLOE are the relevant criteria for the VFM conclusion at each type of audited body. My conclusions on each of the areas are set out in Appendix 3.
- 20** I intend to issue an unqualified conclusion stating that the Council had adequate arrangements to secure economy, efficiency and effectiveness in the use of resources. Appendix 1 contains the wording of my draft report.

Appendix 1 – Independent auditor’s report to Members of Cherwell District Council

Opinion on the financial statements

I have audited the Authority accounting statements and related notes of Cherwell District Council for the year ended 31 March 2009 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, the Collection Fund and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the Members of Cherwell District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of the Chief Financial Officer and auditor

The Chief Financial Officer’s responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 the financial position of the Authority and its income and expenditure for the year.

I review whether the governance statement reflects compliance with ‘Delivering Good Governance in Local Government: A Framework’ published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Authority’s corporate governance procedures or its risk and control procedures

I read other information published with the accounting statements, and consider whether it is consistent with the audited accounting statements. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the accounting statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority’s circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the accounting statements and related notes.

Opinion

In my opinion the Authority financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority as at 31 March 2009 and its income and expenditure for the year then ended.

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority’s Responsibilities

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance and regularly to review the adequacy and effectiveness of these arrangements.

Auditor’s Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper

Appendix 1 – Independent auditor’s report to Members of Cherwell District Council

arrangements, having regard to relevant criteria specified by the Audit Commission for other local government bodies. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in February 2009, and the supporting guidance, I am satisfied that, in all significant respects, Cherwell District Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2009.

Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Maria Grindley
District Auditor

Unit 5, Isis Business Centre
Horspath Road, Cowley

Oxford, OX4 2RD

September 2009

Appendix 2 – Draft letter of representation

To:

Maria Grindley,

Unit 5, Isis Business Centre,
Horspath Road, Cowley
Oxford OX4 2RD

Cherwell District Council - Audit for the year ended 31 March 2009

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other directors, officers, and Members of Cherwell District Council, the following representations given to you in connection with your audit of the Council's financial statements for the year ended 31 March 2009.

Compliance with the statutory authorities

I acknowledge my responsibility under the relevant statutory authorities for preparing the financial statements in accordance with the Code of Practice for Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice which present fairly the financial position and financial performance of the Council and for making accurate representations to you.

Supporting records

All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Council have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all Council and Committee meetings, have been made available to you.

Irregularities

I acknowledge my responsibility for the design and implementation of internal control systems to prevent and detect fraud or error.

There have been no:

- irregularities involving management or employees who have significant roles in the system of internal accounting control;

Appendix 2 – Draft letter of representation

- irregularities involving other employees that could have a material effect on the financial statements; or
- communications from regulatory agencies concerning non-compliance with, or deficiencies on, financial reporting practices which could have a material effect on the financial statements.

I also confirm that I have disclosed:

- my knowledge of fraud, or suspected fraud, involving either management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements; and
- my knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

Law, regulations, contractual arrangements and codes of practice

There are no instances of non-compliance with laws, regulations and codes of practice, likely to have a significant effect on the finances or operations of the Council.

The Council has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

Fair values

I confirm that the presentation and disclosure of fair values measurements of material assets, liabilities and components of equity are in accordance with the financial reporting framework.

The measurement methods and significant assumptions used in determining fair value have been applied on a consistent basis, are reasonable and appropriately reflect the best estimate of fair value of assets and liabilities required to be disclosed by these standards.

Assets

The following have been properly recorded and, where appropriate, adequately disclosed in the financial statements:

- losses arising from sale & purchase commitments;
- agreements & options to buy back assets previously sold; and
- assets pledged as collateral.

Compensating arrangements

There are no formal or informal compensating balancing arrangements with any of our cash and investment accounts. We have no other lines of credit arrangements.

Contingent liabilities

There are no other contingent liabilities, other than those that have been properly recorded and disclosed in the financial statements. In particular:

- there is no significant pending or threatened litigation, other than those already disclosed in the financial statements;
- there are no material commitments or contractual issues, other than those already disclosed in the financial statements; and
- no financial guarantees have been given to third parties.

Related party transactions

I confirm the completeness of the information disclosed regarding the identification of related parties.

The identity of, and balances and transactions with, related parties have been properly recorded and where appropriate, adequately disclosed in the financial statements.

Specific representations – Long term investments

I confirm that we intend to hold investments in the long term.

Post balance sheet events

Since the date of approval of the financial statements by the Accounts, Audit and Risk Committee, no additional significant post balance sheet events have occurred which would require additional adjustment or disclosure in the financial statements.

The Council has no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

If adoption of the financial statements and the representation are on the same day this paragraph is not required.

Signed on behalf of Cherwell District Council

I confirm that the this letter has been discussed and agreed by the Accounts, Audit and Risk Committee on 23 September 2009

Name

Position

Appendix 3 – Use of resources key findings and conclusions

The following tables summarise the key finding and conclusions for each of the three use of resources themes.

Table 3 **Managing finances**

Theme score	3
Key findings and conclusions	
<p>The Council manages its finances effectively to deliver value for money in its services for its stakeholders. Finances are planned over the medium to long term to meet strategic priorities and to ensure that the Council keeps sound financial health. The Medium Term Financial Strategy is regularly updated to keep it in line with changes in the internal and external environment that the affect the operation of the Council. Value for Money Reviews are being constantly undertaken to find areas of potential economies and efficiencies and the effectiveness of services is assessed through consultation with users. Partnerships are being used effectively to ensure that finances and other resources deliver value for money. The Council produces budget monitoring and forecasting information on a timely basis which ensures that decision makers can make appropriate decisions throughout the various levels of the organisation with the most relevant information to hand. The authority has restructured its finance team over the last two years and the accounts production is smooth and supported by good quality working papers.</p>	

<p>KLOE 1.1 (financial planning)</p> <p>Score</p> <p>VFM criterion met</p>	<p>3</p> <p>Yes</p>
<p>Key findings and conclusions</p>	
<p>Financial planning at Cherwell District Council is effectively integrated. It links to strategic and corporate planning through the medium term financial strategy (MTFS) and the community plan.</p> <p>The Council has an effective long-term financial strategy to support delivery of its strategic objectives and priorities. The Council effectively consults with stakeholder to prioritise spending decisions. There is an Equality and Access Advisory Panel made up of customers that advise the Council on how best to engage with hard to reach groups of the community to ensure that customers can have a direct input into council priorities and making the Council accessible to all.</p> <p>The Council manages its spending well. The MTFS has now been updated to reflect the current external challenges. These have been revised so that the Council can carry on meeting their service requirements and strategic priorities.</p> <p>The Council is creating an environment of sound financial governance and leadership. Members provide scrutiny to the financial plans of the Council. The scrutiny committee performed a review of the contribution of fees and charges. This has lead to the income in the 2009/10 budget increasing by £448,500 to £6.3m. The Council promotes financial management in its leadership and recognises and values financial skills</p>	
<p>KLOE 1.2 (understanding costs and achieving efficiencies)</p> <p>Score</p> <p>VFM criterion met</p>	<p>3</p> <p>Yes</p>
<p>Key findings and conclusions</p>	
<p>The Council has a sound understanding of its costs evidenced by its value for money reviews which have provided information to assist the Council’s strategic decision making. This has lead to a reduction of costs and improved performance. For example the result of the VFM review on Internal Audit was to outsource the function. Obtaining an</p>	

Appendix 3 – Use of resources key findings and conclusions

outsourced function in line with Oxford City Council has led to discounts in the contract. The Council has successfully achieved efficiencies in its high cost areas. Net expenditure has been reduced by £20m (which equates to 16%) between 2007/08 to 2009/10.

The Council co-ordinates its financial planning. This helps the Council to understand the value for money implications of its spending, for example through the potential impact of capital spending over the medium to long term on council tax.

The Council compares its costs to other authorities. During the land charges value for money review charges, made by the Council, identified that their charges were lower than any of the other benchmark authorities. This has enabled the Council to make the decision to increase their charges in line with other authorities and so increase their revenue income by £55,000 per annum.

The Council recognises that it must drive efficiencies and rationalisation of services through its VFM processes. The one stop shop is an example of this and has successfully created better customer access and also delivered cost efficiencies

KLOE 1.3 (financial reporting)

Score

3

VFM criterion met

Yes

Key findings and conclusions

The Council's internal financial monitoring is relevant, understandable and accruals based. It provides clear links between the budget, in year forecasts and actual year end position. The dashboard and the performance management framework ensures that the financial and non-financial performance is reported and effectively considered together. Budget holders are able to access financial and monitoring information when they need it.

For 2008/09, the Council had produced a thorough and comprehensive closedown plan. The accounts were properly approved by the Accounts, Audit and Risk Committee and published by the due date on the Council's website. The Council's working papers to support the accounts are clear and have a strong focus on SORP compliance. Improved member involvement has continued again this year. This was shown through the members challenging the process of the accounts and through the continuation of a specific accounts panel. The Council published its Annual Report setting out the key achievements during the year for both the Council and its key partners.

Table 4 Governing the business

Theme score	3
Key findings and conclusions	
<p>The Council’s procurement and contract management infrastructure and functions have improved strongly. There is a clear understanding of how the commissioning and procurement approach enables delivery of corporate priorities and is aligned to the Council’s VFM programme. The focus is on partnership working to deliver improved outcomes for local people, based on local need. The Council has made substantial data quality and management information improvements over the past year. This supports decision making and performance management thus helping deliver priorities and improvements for local people. The Council promotes and demonstrates the values of good governance. The Council manages its own risks and maintains a solid system of internal control. There is active risk management embedded throughout all levels of the organisation and promoted and monitored in the Council’s significant partnerships.</p>	
KLOE 2.1 (commissioning and procurement)	
Score	3
VFM criterion met	Yes
Key findings and conclusions	
<p>The Council’s commissioning is shaped by a clear vision of improved services. Its approach to procurement is championed by the corporate management team. It is continuing to develop a strategic approach to commissioning based on delivering outcomes for local people. Effective procurement and contract management has directly supported improved service provision. An example is the successful approach to its commissioning, contract and project management of the £27m sports centre modernisation programme.</p> <p>The Council engages effectively with a range of stakeholders and service users to plan and commission services. It is building on its partnerships to deliver sustainable local outcomes and efficiencies and engage with Small and Medium-sized Enterprises (SMEs). Successful partnerships include Oxford City Council for internal audit services, glass recycling,</p>	

Appendix 3 – Use of resources key findings and conclusions

recruitment arrangements and with Oxon PCT and Milton Keynes, Oxon, Bucks (MKOB) procurement partnership.

The Council has a strong record of enabling access to services through technology. It has embraced e-procurement and launched an interactive guide for procurement and contract management to raise awareness across the organisation. The Council engages with its communities in the design of services, eg the One Stop Shop, where it undertook Equality Impact Assessments as part of the design. It is also working effectively and innovatively with Oxon PCT in the development of a ‘super clinic’ in Banbury, delivering improved outcomes for local people and benefits to partners.

The Council consults effectively with users, SMEs and partners and has a more informed understanding of the supply market. It has developed a Local Business Liaison Group to improve opportunities for local suppliers and SMEs to trade with the Council, working with them to shape the supply market and using framework contracts where this ensures value for money.

The Council’s procurement and contract management functions have improved strongly. Its rigorous value for money approach and service planning process link effectively to the Procurement Forward Plan. In 08/09 it invested £200k in additional procurement capacity which has secured corporate savings of £309k in this financial year. The procurement discipline clearly supports the delivery of the Council’s wider objectives. It has supported the reduction in net costs over recent years, enabling resources to be reallocated to front line services, delivering demonstrable beneficial outcomes to the community. Although the Council does not have an up to date procurement strategy, it is procuring strategically.

KLOE 2.2 (data quality and use of information)

Score

3

VFM criterion met

Yes

Key findings and conclusions

The Council has an ongoing action plan to improve data quality and information management. Governance, accountability and leadership arrangements have been improved and data management arrangements are integrated into the service and financial planning processes. The Council demonstrates a proactive use of information to jointly determine local priorities with partners. There are active partnership approaches across the service areas ie with the Oxfordshire PCT Joint Public Health Strategy.

The Council produces fit-for-purpose information to effectively support members and officer’s decision making. The Council’s strategic management reports, the balanced score card and dashboard are clear and well structured, enabling analysis and interrogation of the information.

The Council consults staff and stakeholders to ensure priorities are delivered and met. The Customer Contact Centre filters feedback to services, to improve responsiveness and these are reviewed regularly by portfolio holders and staff. Issues are flagged and managed at corporate level.

The Council incorporates good practice standards into its policies and procedures to safeguard its management information. The Council demonstrates a risk management culture. An operational security forum is in place and the extended management team monitor, review and takes action as required.

The Council consults and engages effectively with users and plans continued improvements. It has introduced an Access Advisory Panel for the public to speak directly to service managers about access issues and its uses a range of external user’s feedback and internal staff feedback to review and shape service delivery. Information is shared with the public via a suite of Council and partner publications, enabling further consultation and communication.

KLOE 2.3 (good governance)

Score

3

VFM criterion met

Yes

Key findings and conclusions

The Council has a very clear focus on its priorities which drive everything it does. The priorities are set out in the Corporate Plan and Improvement Strategy 2007 to 2012. They are for a district of opportunity, a safe and healthy district, a cleaner and greener district and an accessible value for money council. These are used strongly to guide planning in the Service and Financial Planning framework.

The Council provides effective governance: members and officers are clear about their roles and responsibilities. The council has an ethical framework in place and promotes ethical culture. here is a culture of openness and respect within the Council. The Standards Committee is well established and its governance arrangements are in line with good practice. The Executive sets firm policy objectives for the Council for which officers are charged with delivery and there is an

Appendix 3 – Use of resources key findings and conclusions

appropriate level of challenge between councillors and senior managers. This view is supported by opposition councillors who also feel included within a bipartisan and inclusive process. The Council's response to the Eco town proposal and Horton Hospital services at threat are both examples of the clarity in approach. Councillors and staff work hard to achieve the best outcomes for the community.

The Council is a highly effective leader of partnership working locally. It has been effective in securing the involvement of all partners. Membership of the Cherwell Community Planning Partnership (LSP) is inclusive and the Council has taken a proactive approach to the governance and development of this partnership by agreeing protocols that outline expectations for partnership working and governance arrangements for the significant partnerships that make the major contribution locally. The Council, partners and the community are clear about the ambitions for the area.

KLOE 2.4 (risk management and internal control)

Score

3

VFM criterion met

Yes

Key findings and conclusions

Risk Management is comprehensive and embedded throughout the council. The Council clearly understands the strategic risks to the delivery of its objectives and these are managed and regularly reviewed by the Executive and senior managers. Risk management is integral to the decision making process. For example, risk management is embedded within the medium term and service and financial planning processes, whilst all new decision papers taken to Executive have a full risk assessment.

Members recognise the importance of risk management. The sports centre modernisation project had risks for potential project overrun and so the project board have been very focused on being aware of this risk and called in external challenge through gateway reviews completed by procurement specialists 4Ps. This enables the Council to identify the risks it needs to retain and those it can share or pass on to others. This means that the Council can be confident that its approach to risk supports its business objectives. Partnership risks are on the risk register and risks around partnerships are monitored and reported through the partnership annual governance report.

The Council has strong counter fraud and corruption arrangements. This is shown most in the work performed by the

benefits service. In 2008/09 they had 12 successful prosecutions where claimants were fraudulently claiming benefits. The council has a sound system of internal control. The Accounts, Audit and Risk Committee delivers the core functions as required by CIPFA. This Committee demonstrated a good challenge on the accounts. Members of the Accounts, Audit and Risk Committee set up a new IFRS steering group, again demonstrating member involvement and strengthening the system of internal control.

Table 5 Managing resources

Theme score	3
Key findings and conclusions	
<p>The Council is effective in planning and developing its workforce to achieve its goals. It identifies the skills it needs and invests significantly in workforce development. This has successfully enabled the Council to adapt its culture and skill its workforce to adopt different ways of working. The Council has successfully delivered its corporate restructuring. This has been done in partnership with the workforce and the union, who have worked together to align the organisation effectively behind corporate objectives. The Council is now entering its next phase of change. It is considering how radically different it needs to be as an organisation to continue to deliver improved VFM within the context of shared services and outsourcing arrangements. Within this context the Council is ensuring it encourages the values and behaviours required to support the staff and the organisation through continued change.</p>	
KLOE 3.3 (workforce planning)	
Score	3
VFM criterion met	Yes
Key findings and conclusions	
<p>The Council invests significantly in workforce development. Three per cent of the salary budget is targeted on training, around £500,000 per annum. This has successfully enabled the Council to date, to transform its culture and skill its</p>	

Appendix 3 – Use of resources key findings and conclusions

workforce to adopt different ways of working. The Council has an effective approach to workforce planning. The HR strategy is aligned with the Council's corporate improvement programme and workforce planning is being mainstreamed into management and financial planning. This builds upon the embedded approach to service and financial planning, which enables the Council to maintain and develop the skills sets required to deliver corporate priorities.

The Council is now entering its next phase of change in its workforce planning. The Council knows which areas are difficult for recruitment and retention and have strategies in place to overcome these. For example, the rationalisation of forty five service-based job descriptions to just five provides clear career progression opportunities for support staff. The council is considering how radically different it needs to be as an organisation, to continue to deliver improved VFM within the context of shared services and outsourcing arrangements and what values and behaviours will be required to support the organisation. This builds on the recent outsourcing arrangements for Internal Audit and transactional elements of the Revenue and Benefits functions.

The Council has successfully engaged and supported staff during the change process. It has delivered its corporate restructuring in partnership with the workforce and the union, who have worked together to align the organisation effectively behind corporate objectives. It has a good track record of consultation and the staff consultation group has been central to building and delivering organisational culture.

The HR strategy for 2008 – 2012, outlines key aims and objectives, including workforce planning, organisational and leadership development, and performance management. More effective, efficient and flexible HR frameworks and strategies, for example the new pay structure, have been put in place to support continued improvement. The Council has a good approach to equalities and diversity. They identified a Polish population approaching 7000 strong where English was not their first language. The Council knowing that a large proportion of this population would seek employment in the construction industry took steps to provide health and safety publications in Polish. The Council achieved Equality Standard for Local Government Level 3 and has developed a more empowered workforce as evidenced by its return to full standing IIP accreditation.

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Agenda Item 9

Executive

Value for Money Review of Insurance

5 October 2009

Report of Strategic Director for Customer Service and Resources and Head of Improvement

PURPOSE OF REPORT

To consider the findings of the Value for Money (VFM) Review report and the recommendations arising from the report.

This report is public

Recommendations

The Executive is recommended to:

- (1) Note the overall conclusion of the review that the function is relatively high cost with average performance levels but is high quality in terms of the qualifications of staff employed and low level of claims payments made.
- (2) Agree the Council will move away from the current policy of transferring the majority of council risk to an insurer, to one of self insuring a larger proportion of risk given the very low of claims currently experienced. This will be achieved by:
 - a. Discontinuing unnecessary insurance policies and increase excesses on the remaining policies. This will deliver savings of £65,813 in 2010/11.
 - b. Determining claims in-house rather than pass to insurers to settle. Injury claims should continue to be handled by insurers given the complexity, potential high cost and the expertise needed in determining settlement figures;
 - c. Transferring the £500,000 reserve fund for the Spiceball reconstruction, following the completion of that project, to the Self Insurance Reserve which currently has a balance of £300,000.
- (3) Agree to achieve a net saving of £15,000 in the management of insurance and risk by:
 - a. Deleting the post of Risk Management and Insurance Officer in its current form with a gross saving of up to £46,244.
 - b. Transferring the corporate responsibility for the management of insurance to The Head of Finance, with the operational administration of claims delegated to Heads of Service and operational administrative teams;

- c. Market testing for an external provider to deliver the corporate management of risk (but not the routine performance management of risk).
 - d. Using the balance from a. to fund the costs of b. and c.
- (4) Agree that in advance of letting the new insurance contract from 2011/12 officers will explore the opportunities for achieving further financial savings through consortia purchasing and sharing support and expertise with other local authorities.

Executive Summary

Introduction

- 1.1 This review forms part of the Value for Money programme of reviews, which aims to cover all services within the council and improve the value of services offered to residents of Cherwell.
- 1.2 Insurance was selected as part of this programme as part of a shift in focus to examine the support costs of the council and identify areas for savings.
- 1.3 The overall conclusion of the review work is that the insurance function is currently high cost, has average performance in terms of its productivity, but is high quality in terms of the qualifications of staff employed and low level of payments made.
- 1.4 The Council employs a Risk Management and Insurance Officer to provide the corporate lead on these areas. Because of the links between risk and insurance this review provided the opportunity to consider the most cost effective way of managing these functions. At the same time as this review we commenced a project to transfer the routine monitoring of risk to the council's corporate Performance Management Framework. This will be fully integrated from 1/4/10 thus relieving the Risk Management and Insurance Officer from this responsibility. This approach is supported by a recommendation in an internal audit report on risk management that proposed the role of the Risk Management and Insurance Officer should move away from routine monitoring of risk to a more strategic one of identifying emerging risks, sharing best practice, and working with managers to mitigate risks. This in turn links to the outcome of this review that will reduce the overall administration of insurance and place a greater emphasis on managers to managing having a greater responsibility

Proposals

- 1.5 To adopt the recommendations of the Review in full.

Conclusion

- 1.6 Improvements identified from the review will reduce the council's cost base and place a greater emphasis on improving the Council's management of risk rather than relying on insurance cover.

Background Information

Overview of the Area

- 2.1 The Council purchases all its insurance cover from Zurich Municipal through a 5 year contract which terminates at the end of 2010/11. The current annual cost of insurance is £280,151 with additional costs relating to engineering inspection (£3,100), hirers' liability (£1,000) and tenanted property insurance (£25,000); the latter two areas being recharged to end users.
- 2.2 The insurance and risk function is managed by the Risk Management & Insurance Officer at a cost of £46,244, with a 40%/60% split of time spent on insurance and risk activity.
- 2.2 Cherwell has seen its number of insurance claims reduce by 81.7% between 2003/04 and 2008/09 (202 claims to just 37). This can be attributed to reductions in its risk exposure from losing key functions (council housing, leisure centres) having fewer staff and vehicles, and through improved risk management. This improvement has continued into 2009/10 with just 16 claims in the period April – September.
- 2.3 In contrast insurance premiums have reduced by just 32.8% over the same period (£464,095 to £311,835). The cost of premiums for 2009/10 reduced by a further 10.1% from 2008/09 (a cumulative reduction of 39.6%).
- 2.4 Although claims are reducing overall, motor vehicle claims still attract relatively high levels of claim and cost. They constitute 34% of total premiums and 86% of total claim payments. Of the 37 claims made in 2008/09 18 related to the Council's commercial fleet and 11 to the leased car fleet (with the latter scheme being withdrawn).

VFM Review Findings - Insurance

- 2.5 Appendix 1 contains the Executive Summary of the VFM review. Key findings from the review can be summarised as follows;
 - Cherwell has excessive insurance cover, holding 20 different policies with premiums ranging from £86,000 to just £52. The level of cover these provide ranges from £1m to £53.7m (terrorism). These are set out in Annex 2 of Appendix 1.
 - At the same time it has exceptionally low (or no) excess values on its insurance policies other than professional indemnity and fidelity guarantee. For example, the benchmark average excess for motor policies (all vehicles) is £38,200; Cherwell's highest motor excess is £500 (commercial vehicles). For 55% of policies it does not operate any excess
 - Claims handling is expensive. The average benchmark cost for 2007/08 was £307.70 per claim. Cherwell's cost per claim for 2008/09 was £566.68 due to the low number of claims it deals with. For example, public liability claims were 0.7 per 1,000 of population compared to the benchmark average of 2.9.
 - Cherwell has a very low level of claim payments. For the five years from 2002/03 to 2007/08 claims settled represented 39.1% of the amount spent on premiums. In 2008/09 this reduced further to 23.5%
 - Cherwell currently does not settle any claims directly. Amongst benchmark authorities self funding of claims is more common practice, with 46.7% of benchmark authorities dealing directly with public liability claims over £5,000, and 33% with property claims.
 - Cherwell has less staff directly employed on insurance (0.4FTE) and its FTE per 1,000 employees is lower than the benchmark average (0.7FTE compared to 1.7 FTE). It is the

council is the only council in Oxfordshire with a risk manager holding professional qualifications.

- The increased exposure to risk will need to be covered by an increase to the Self Insure reserve fund.

Future Management of Risk Management and Insurance

- 2.6 This review and work on risk management that has been underway in parallel presents an opportunity to consider the most cost effective way of managing these functions in the future. This is particularly important given the Council's need to achieve significant financial savings to deliver the Medium Term Financial Strategy.
- 2.7 As reported above there was a dramatic decrease in the number of insurance claims made in 2008/09 (which has continued into 2009/10). The majority of the claims relate to commercial and leased vehicles. The phasing out of the car leasing scheme will reduce claims further and the Head of Environmental Services is committed to reducing the number of commercial vehicle claims. This continued decrease in claims has reduced the management burden in the Council. However with the proposed reduction in the level of insurance cover there is a greater responsibility on managers to manage the risk associated with this. Because of this it is proposed that the operational administration of claims is delegated to Heads of Service and operational administrative teams. There will still be a need for some, reduced, capacity to co-ordinate the negotiation of the insurance contract , provide advice on technical matters, ensure there are consistent procedures in place across the Council, and monitor performance. It is proposed to transfer the corporate responsibility for the management of insurance to The Head of Finance who will arrange for this support to be provided.
- 2.8 As from 1 April 2010 the routine performance management of risk will be integrated into the Corporate Performance Management Framework and the administrative aspects of risk management undertaken by the corporate Performance Officer. This will enable a clearer focus on the strategic management of risk (identifying the risks we face and supporting managers in mitigating them). It is proposed this can be achieved effectively and with a cost saving by using an external provider with risk management expertise to provide this strategic support.
- 2.9 Because 2010/11 is the final year of the current insurance contract this report has concentrated on achieving savings for the next financial year. With a new contract to be negotiated there is the opportunity to consider achieving further savings. As well as seeking further reductions in premiums on an individual contract these could also be delivered through joining with other local authorities to form a purchasing consortium and thereby achieve economies of scale or to share in house expertise and support.

Implications

Financial: The review has demonstrated that Insurance is a high cost service. Savings of £65,813 have been identified on the premiums payable for 2010/11. There is also a proposed net saving of £15,000 from the deletion of the post of Risk Management and Insurance Officer in its current form. The gross amount is £46,244 though this is offset by the costs of continuing arrangements to support the management of risk and insurance in the Council.

Comments checked by Karen Curtin, Chief Accountant 01295 221551

Legal: Some elements of insurance cover are a statutory requirement (e.g. motor insurance) and so must be retained.

Comments checked by Liz Howlett, Head of Legal and Democratic Services 01295 221686

Human Resources The member of staff affected by these changes will be covered by the Council's Redeployment policy.

Risk Management: It is proposed that to secure greater cost effectiveness the council shifts its emphasis from transferring the majority of its risk to an insurer, to self insuring a larger proportion of its risk given the very low of claims it currently experiences. This will require the council to increase its risk 'appetite' to be commensurate with this claims experience through lower levels of insurance cover and higher excesses. An assessment of the risks in reducing cover/increasing excesses has been provided in Annex 3 of the VFM report

Comments checked by Rosemary Watts, Risk Management and Insurance Officer 01295 221566

Data Quality Base data for comparison has been obtained through 2007/08 CIPFA Benchmarking with 29 other district authorities. Other benchmarking data was obtained through questionnaires and discussions with comparator authorities. Data checks were carried out on any anomalous data to verify or correct.

Comments checked by Neil Lawrence, Project Manager, Improvement 01295 221801

Wards Affected

All

Corporate Plan Themes

An Accessible, Value for Money Cherwell

Executive Portfolio

Councillor JJ Macnamara
Portfolio Holder for Resources and Organisational Development

Document Information

Appendix No	Title
Appendix 1	Value for Money Review of Insurance: Executive Summary
Background Papers	
None	
Report Author	Neil Lawrence, Project Manager, Improvement
Contact Information	01295 221801 neil.lawrence@cherwell-dc.gov.uk

Insurance VFM Review

Executive Summary

Cherwell District Council

Timetable	Papers Finalised	Meeting Date
Project Sponsor	22 May 2009	N/A
CMT	Fri 29 May 2009	Wed 3 June 2009
Use of Resources	Thurs 11 June 2009	Mon 15 June 2009
Executive	23 September 2009	Mon 5 October 2009

Revision History		
Revision Date	Previous Revision Date	Summary of Changes
5 May 2009	28 April 2009	Conversion of project brief into summary findings, addition of benchmarking conclusions and recommendations
6 May 2009	5 May 2009	AD amendments
12 May 2009	6 May 2009	Amended table with policies, premiums and excess data.
22 May 2009	12 May 2009	Recommendations from project team and new Annex. Savings figure calculated. Additional data on comparisons used
9 June 2009	22 May 2009	Additional information from Insurers on savings. New information on costs
10 June 2009	9 June 2009	Feedback from CMT
3 Sept 2009	10 June 2009	Final savings figures from insurers

1. Value for Money Review of Insurance - Executive Summary

Introduction

Purpose of this report

- 1.1. This report details the findings of the VFM review of Insurance and makes recommendations for improving value for money.

Insurance; background

- 1.2. The Council purchases all its insurance cover from Zurich Municipal through a 5 year contract fixed for the first three years and negotiable in years 4 and 5. The contract ends in 2010/11 and so the opportunity exists to tender for a new contract from 2011/12.
- 1.3. Injury claims are always directed to the insurance company for decision with other claims handled by the Risk Management & Insurance Officer. These may also be passed to the Insurers/Loss Adjuster where necessary. An initial letter of repudiation is sent if liability is in doubt. Paperwork relating to repudiated claims is shredded after six months if the matter is not pursued.
- 1.4. All personal injury claims against the council must adhere to Woolf protocols in that a decision on liability must be made within 12 weeks of receiving relevant information.

Cherwell in context

- 1.5. Cherwell has seen its number of insurance claims reduce by 81.7% between 2003/04 and 2008/09 (202 claims to just 37). This can be attributed to reductions in its risk exposure from losing key functions (council housing, leisure centres) having fewer staff and vehicles, and through improved risk management. This is illustrated in Annex 1
- 1.6. In contrast insurance premiums have reduced by just 32.8% over the same period (£464,000 to £312,000). The cost of premiums for 2009/10 is £280,000, a reduction of 10.1% from 2008/09 (cumulative reduction of 39.6%).
- 1.7. Alongside the premium cost of £280,000 there are additional costs relating to engineering inspection (£3,100), hirers' liability (£1,000) and tenanted property insurance (£25,000), the latter two areas being recharged to end users.
- 1.8. Although claims are reducing overall, motor vehicle claims still attract relatively high levels of claim and cost; they make up 78% of total claims, 34% of total premiums and 86% of total claim payments.

Staffing

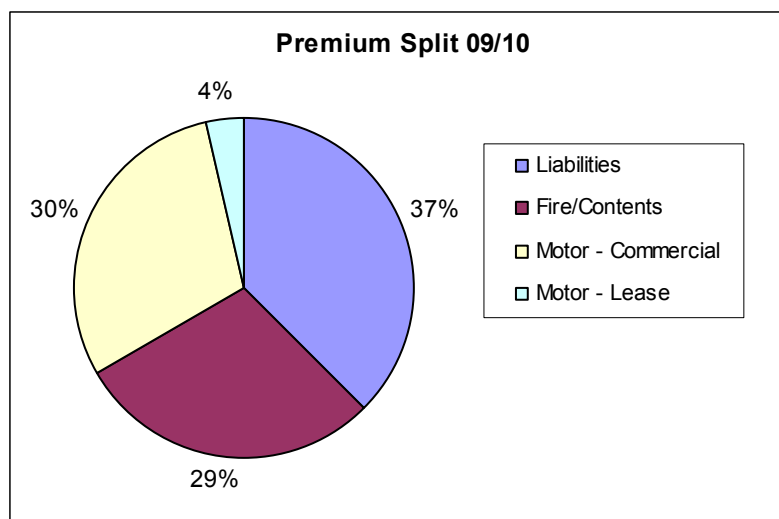
- 1.9. The Insurance function is located within the Exchequer Service. The service formerly operated with 1.4 FTE, comprising the Risk Management & Insurance Officer (RMIO) and a part-time administrative assistant, but has effectively operated with 1FTE for 12 months due to long term sickness. This reduction has been made permanent in 2009/10. The RMIO estimates she spends around 40% of her time on insurance matters.

Expenditure

- 1.10. The staffing budget for the function is as follows

	2008/09	2009/10
	Actual	Budget
Expenditure	£52,418	£46,244
Income	(£63,539)	(£46,242)
Net	(£11,120)	£2

- 1.11. The total premiums for 2009/10 are split as follows;



Findings from the Review

- 1.12. The review has used results from the 2008 CIPFA Insurance benchmarking club providing predominantly 2006/07 and 2007/08 comparative data. Direct contact was also made with seven other authorities, providing 2008/09 claims and 2009/10 premium comparisons.
- 1.13. Direct comparisons are difficult given the variance in service provision, type of buildings etc, but the evidence obtained is at least indicative of Cherwell's performance in comparison to the average authority.

VFM Conclusion

- 1.14. The overall conclusion of the review is that the function is **high cost**, has **average performance** in terms of its productivity, but is **high quality** in terms of the qualifications of staff employed and low level of payments made. Satisfaction has not been judged as part of this review.

Expenditure

- 1.15. Cherwell appears to spend around the average for its insurance cover overall;
- The average 2009/10 premium for those District Councils contacted was £284,000 per annum, slightly higher than Cherwell's premium of £280,000. However, this is not a comparable figure as it takes no account of individual authority circumstances (risk exposure or claims experience). Cherwell has the lowest level of public liability claims of the group.
 - Comparison of the costs of cover suggests Cherwell is often more expensive; the average insurance £% rate for buildings was 0.06%, compared to Cherwell's 0.08%; premium per vehicle (all types) was £850 compared to a benchmark average of £720. For commercial vehicles this is as high as £1,082 per vehicle for 2009/10, but as none of the local comparators uses their own freighters this cannot be compared.
 - In contrast, public liability premiums per head of population were £0.50 compared to a benchmark average of £1.00, and the premium rate per non-commercial vehicle was the 2nd cheapest at £366 per vehicle.

Staffing structure and productivity

- 1.16. Cherwell has highly qualified staff and a staffing level consistent with its claims experience;

- It is the council is the only council in the Oxfordshire area with a risk manager holding professional qualifications.
- It deals with fewer claims than benchmark authorities. For example, public liability claims were 0.7 per 1,000 population compared to the average of 2.9. Motor claims were 0.39 per vehicle per year (compared to the average of 0.51) and reduced in 2008/09 to just 0.25.
- Other District Councils have approximately 1 FTE working on insurance, though this activity is often combined with other roles. Cherwell has less staff directly employed on insurance (0.4FTE) and its FTE per 1,000 employees is lower than the benchmark average (0.7FTE compared to 1.7 FTE). This reflects the low level of claims experienced by the council.

Insurance cover and excess values

1.17. Cherwell has a high level of insurance cover and carries very little of the risk itself through policy excesses;

- Cherwell has 20 different insurance policies, with premiums ranging from £86,000 to just £52. The level of cover these provide ranges from £1m to £53.7m (terrorism). A full list of these policies and their premiums for 2009/10 is shown in Annex 2
- It has exceptionally low excess values on all insurance policies other than professional indemnity and fidelity guarantee. For example, the benchmark average excess for motor policies (all vehicles) is £38,000; Cherwell's highest motor excess is £500 (commercial vehicles). For 55% of policies it does not operate any excess.
- In 2008 Cherwell had the second highest level of cover for terrorism amongst benchmark authorities (£45m compared to an average of £11m) as the majority of its functions are delivered from a single high value property (Bodicote House). This cover increased in 2009/10 to £53.7m
- Cherwell has insured a fleet of 25 leased vehicles for staff at an annual cost of £9,290. New cars were being ordered for staff with a provision in their contractual terms and conditions as recently as June 2009. Latest indications show that the cost of cars has increased by 33% in a year.

Claims handling and self funding

1.18. Cherwell has a similar claims handling process to other authorities and does not self fund any claims, relying on insurers to fund any payments. Its unit cost of claims handling is high.

- The average benchmark cost of claims handling for 2007/08 was £307.70 per claim. Cherwell's cost per claim for 2008/09 was £567. This does not include the cost of dealing with repudiated claims which are estimated to be around one to two claims per week.
- A number of councils spread their insurance cover across more than one insurer, although the majority use Zurich Municipal for all of their cover.
- Most authorities contacted directly either send all claims to their insurers, or operate an initial 'sifting' similar to Cherwell. Amongst CIPFA benchmark authorities self funding of claims is more common practice, with 46.7% of benchmark authorities dealing directly with public liability claims over £5,000, and 33% with property claims. Cherwell currently does not settle any claims directly.
- Cherwell has a very low level of claim payments; the five year costs for claims are set out below. As a comparison the last five years costs for premiums were £1,735,000 in total

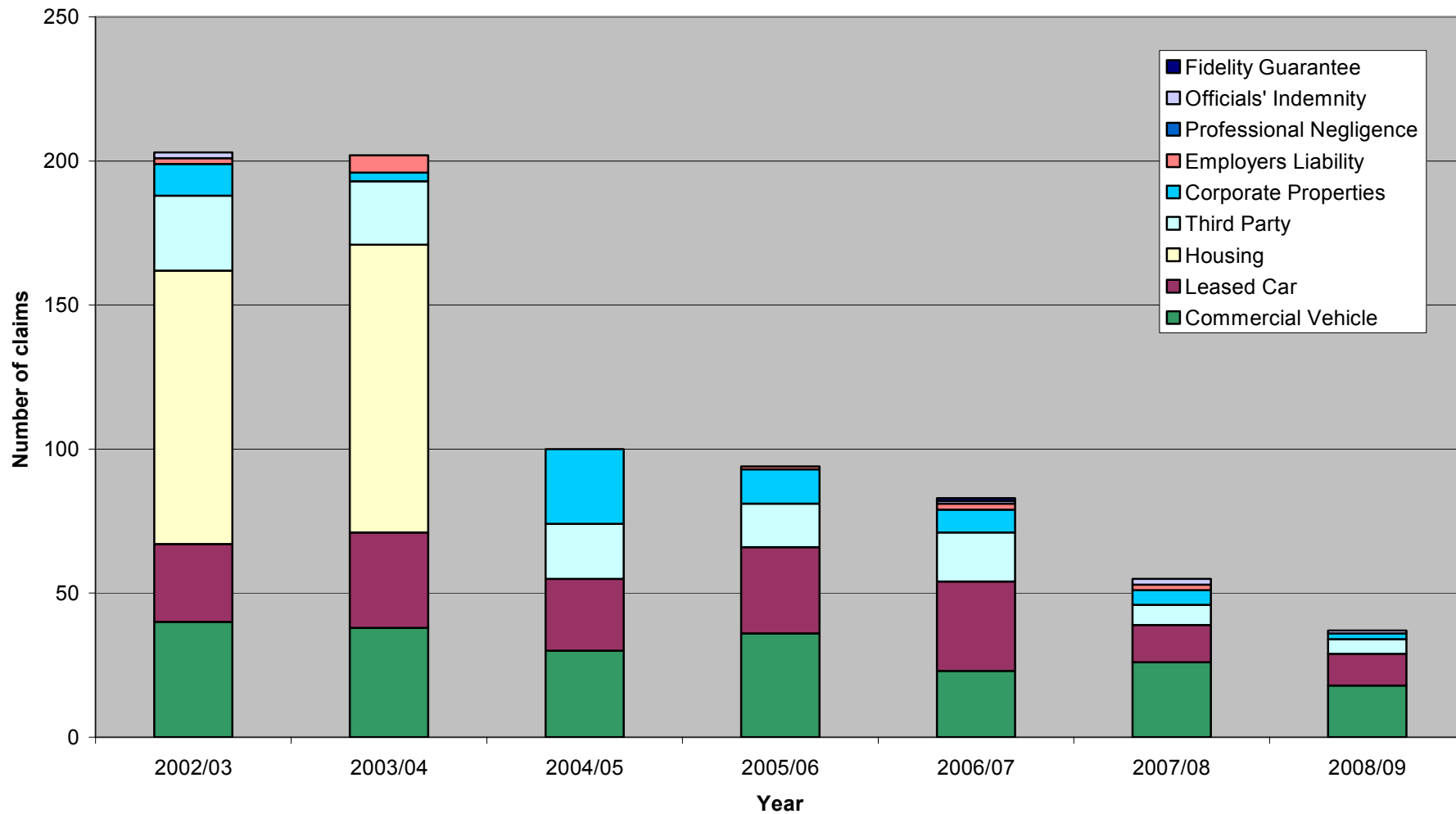
Public Liability	£232,000	2002/03 to 2006/07
General Property	£170,000	2003/04 to 2007/08
Motor	£277,000	2003/04 to 2007/08
	£679,000	

- The proportion of payments is also reducing. For 2008/09 the claims payments amounted to 23.5% of the total premiums paid
- Cherwell had an average number of claims it repudiates (55.6% in 2007/08). At present, only claims where the RMIO considers the council are liable are passed to the insurers for settlement.
- The average insurance fund reserve amongst comparators was £513,000. Cherwell make use of reserves to cover areas where insurance cover is problematic; £160,000 relating to Housing Stock transferred to Charter and £750,000 relating to flooding at Spiceball - a total of £910,000.

Recommendations for Improvement

- 1.19. It is proposed that to secure greater cost effectiveness the council shifts its emphasis from transferring the majority of its risk to an insurer, to self insuring a larger proportion of its risk given the very low of claims it currently experiences. In other words, the council should increase its risk 'appetite' to be commensurate with its low claims experience. This will involve:
- Reducing areas of cover, and increasing excesses on policies so that a greater proportion of claims are determined or settled in-house rather than by insurers.
 - Injury claims continuing to be handled by insurers given the complexity, potential high cost and the expertise needed in determining settlement figures.
 - The provision of an internal insurance fund from reserves. Once Spiceball reconstruction is completed the need for a £750,000 provision for flood risk will be removed, which could be retained for this purpose.
- 1.20. For 2010/11 have a saving target of £65,813. Annex 3 sets out how this can be achieved.
- 1.21. Future savings from 2011/12 will be obtained through the procurement of a new insurance contract, the use of shared service/consortia arrangements with other local authorities to share costs, and the provision of insurance cover to parish councils.

Claims Experience by Policy



Insurance costs and cover

Policy	Sum insured	Excess	Statutory?	2009/10 Premium	Unit cost/ £%	Claims 2008/09	Cost (in year)
Commercial Fleet	N/A	£500	Yes	£85,921	£1,177	18	£55,279
Public Liability	£25m	£0	No	£54,439	0.38%	5	£33,047
Buildings / Contents	£43m + 15% sum insured	£250	No	£31,349	0.09%	2	£16,445
Employers Liability	£25m	£0	No	£30,944	0.22%	0	
"All Risks"	£4.3m	£250	No	£28,260	Flat	0	
Leased Car Fleet	N/A	£250	Yes	£9,150	£366	11	£7,892
Business Interruption Car Parks	£4.0m	£0	No	£3,671	0.10%	0	
Business Interruption All Premises	£5.5m	£0	No	£3,520	0.07%	0	
Terrorism	£53.7m	£0	No	£5,439	various	0	
Fidelity Guarantee	Various	£2,500	Yes	£5,229	0.04%	0	
Officials Indemnity	£3m	£0	No	£4,168	0.03%	1	£10,000
Land Charges	£1m	£0	No	£3,500	2.55%	0	
Theft	£5.6m	£250	No	£2,653	0.06%	0	
Computers	£1.4m	Variable	No	£2,608	various	0	
Professional Indemnity	£3m	Variable	No	£2,400	various	0	
Public Health Act	£3m	£0	No	£2,234	0.02%	0	
Works in Progress	£1.5m	As policy	No	£1,601	0.12%	0	
Libel & Slander	£1m	£0	No	£1,581	Flat	0	
Loss of non-negotiable money	£16,755,646	£0	No	£1,432	0.01%	0	
Engineering Insurance	N/A	£100	No	£52	Flat	0	
Total				£280,151		37	£73,171

Areas of potential saving

Policy	Risk Rating	Likely saving	Mechanism for achieving saving
Commercial Fleet	Medium – High	£4,316	Apply a higher excess of £10,000 to accidental damage to our vehicles but not to 3 rd party vehicles.
Leased Car Fleet	Medium	£9,800	Withdrawal of the Leased Car Scheme and subsequent removal of policy
Employers' Liability	Medium – High	£4,000	Apply an excess of £10,000 with stop loss cover. Considered a high risk as claims can arise many years after employment ends.
Public Liability	Medium – High	£6,000	Apply an excess of £10,000, and with £100,000 stop loss cover. Retain insurers for all injury claims.
Buildings / Contents	Medium – High	£6,000	Apply an excess of £25,000, and with £150,000 stop loss cover.
Terrorism	Low	£5,439	Self insure against this risk. Delete this policy
"All Risks"	Low	£18,687	Self-insure against this risk save for sports centre AstroTurf, which would have cover reduced to just fire cover (at a premium of £5,573)
Business Interruption (Car Parks)	Low	£3,671	Self insure against this risk. Delete this policy
Business Interruption (All Premises)	Medium	Nil	Not in the Council's interest to remove this cover due to the unpredictable nature of the risk and the potential for high losses
Fidelity Guarantee	Medium	Nil	Any possible savings would be negligible for a substantially higher excess
Officials' Indemnity	Medium	Nil	Any possible savings would be negligible for a substantially higher excess
Land Charges	Low	Nil	Not in the Council's interest to remove this cover due to long-tail reserves being required.
Theft	Medium	£2,653	Self insure against this risk. Delete this policy
Computers, laptops and computer suite	Medium – High	Nil	Not in the Council's interest to remove this cover due to potential loss of server room
Professional Indemnity	Medium	Nil	Not in the Council's interest to remove this cover due to the potential cost of claims. Outside bodies would expect/insist that cover was in place.

Policy	Risk Rating	Likely saving	Mechanism for achieving saving
Public Health Act.	Low	£2,234	Self insure against this risk. Delete this policy
Works in Progress	Medium	Nil	Not in the Council's interest to remove this cover due to the potential risk of loss.
Libel & Slander	Low	£1,581	Self insure against this risk. Delete this policy
Loss of non-negotiable money	Low	£1,432	Self insure against this risk. Delete this policy
Engineering Insurance	Low	Nil	Not in the Council's interest to remove this cover due to the potential cost of fragmentation and Third Party claims. Premium is very low (only £52).

Total	£65,813
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Executive

REVENUES AND BENEFITS – FUTURE DELIVERY OF THE SERVICE

5 October 2009

Report of the Strategic Director Customer Services and Resources and The Head of Finance

PURPOSE OF REPORT

To report on the progress to date following the decision to externalise the transactional elements of the revenues and benefits service and, following a tender process, to recommend a preferred supplier.

This report is Public

Appendix 1 is not for publication as it contains exempt information of a description contained in paragraph 3 Part 1 Schedule 12A of the Local Government Act 1972

Recommendations

The Executive is recommended to:

- (1) Note the project progress to date in relation to the primary objectives and confirm agreement to proposals as set out in 2.1 – 2.5 below.
- (2) Appoint a preferred supplier for the externalised components of the services as set out in confidential Appendix 1.

Executive Summary

- 1.1 Following a value for money review and an external options appraisal in December 2008, the Executive agreed, in March 2009, to seek an external supplier for the transactional “back office” elements of the revenues and benefits service with three primary objectives:
 - To secure a sustainable service delivery model, sufficiently resilient to deliver consistently good levels of service to residents and able to meet peaks in demand such as that associated with the current economic climate
 - To improve customer access and provide local area based service points for specialist revenues and benefits support

- To secure improved value for money, delivering the transactional elements of the service within the administrative subsidy envelope (£885k)
- 1.2 A formal project board, chaired by the Chief Executive and including the Portfolio Holder for Resources and Organisational Development, senior officers and a staff-side representative oversaw the project using “Prince 2” methodology.
- 1.3 So far the project has secured:
- A successful tender process and a recommended preferred supplier detailed in confidential Appendix 1
 - Overall savings of circa £400k per year, including support cost savings of more than £100k across the Council
 - £158k additional investment to improve customer access to revenues and benefits services
 - Establishment of a corporate in-house recovery team which will secure an additional contribution of circa £50k per year
 - Elimination of the residual backlog of benefit applications which had arisen as a result of increased demand associated with the economic downturn
 - Maintained collection rates for Council Tax and NND

2 Proposals

- 2.1 That the transactional components of the revenues and benefits function are transferred to the preferred supplier with effect from 1 February 2010 to be delivered offsite in a specialist processing facility.
- 2.2 That benefit investigations, debt recovery, customer facing services, discretionary payment awards, and tribunal/court representation are retained in house. These elements will be incorporated into existing Finance, Legal and Customer Services teams.
- 2.3 That the supplier will be subject to rigorous performance monitoring by a newly established contract management team to ensure compliance with contracted standards.
- 2.4 That current customer services resources are increased by six posts, including three specialist revenues and benefits advisors.
- 2.5 That service support costs associated with the outsourced services are reduced by £123k per annum.

3 Conclusion

- 3.1 Ensuring the prompt processing of benefits claims is key to the welfare of all members of our community, particularly during the current economic climate.
- 3.2 Quality of service delivery is highly likely to be further compromised under the current service arrangements. The Council does not have the resources to deliver the failsafe capacity required and sometimes struggles to cover periods of staff absence due to sickness or vacancies. The offsite processing model provides resilience for the service. The retention of the customer facing and specialist elements of service delivery maintain quality and reduce the risks associated with external delivery of key public services.
- 3.3 The associated cost reduction and improvement in value for money secures a net contribution in excess of £400k per year from 2010/2011. Associated support savings of £123k formed part of the overall savings target and are commensurate with the scale of the services to be delivered externally.

Implications

(Financial, Legal and Risk and other implications e.g. Equalities, Human Resources, Data Quality and Environmental where relevant)

Financial: The financial effects are detailed in full in Appendix 1.
Comments checked by Karen Curtin, Head of Finance, 01295 221551

Legal: The tender process has been undertaken in accordance with the Council's contract procedure rules. Given the value and term of the contract EU procurement rules have also applied and been adhered to. The tender process has been, and will continue to be, conducted in accordance with all relevant procurement rules including the Council's own internal policies affecting the letting of contracts above £500,000 and, as the estimated contract value exceeds the threshold above which EU procurement laws begin to have effect, the Public Contracts Regulations 2006. This is a key decision as the total value of the contract exceeds £500,000.

Comments checked by Liz Howlett, Head of Legal and Democratic Services, 01295 221688

Risk Management:	<p>There are 3 risks associated with the proposals. Each has been mitigated to the best of our ability.</p> <ol style="list-style-type: none"> 1) Risk of poor service levels during the remainder of the transitional period. A flexible external support contract is already in place and can be ramped up or down to accommodate swings in demand. New local management arrangements have proved successful in managing the effective performance of an internal and external resource mix. 2) The externalised service will perform to lower than acceptable standards. The performance of the in-house service elements together with any interim and any long term appointed providers will continue to be
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	<p>monitored and managed via the council's performance management framework.</p> <p>3) The anticipated savings will not be delivered in the tendered prices. The tenders do deliver the targeted savings.</p>
	<p>Comments checked by Karen Curtin, Head of Finance 01295 22151</p>

Wards Affected

All wards

Corporate Plan Themes

An accessible, value for money council

Executive Portfolio

Councillor James Macnamara
Portfolio Holder for Resources and Organisational Development

Document Information

Appendix No	Title
Appendix 1	Financial Analysis
Background Papers	
None	
Report Author	Julie Evans, Strategic Director, Customer Services and Resources
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Executive

REFURBISHMENT OF OLD BODICOTE HOUSE

5 October 2009

Report of Chief Executive, Strategic Director Customer Service & Resources and Project Manager, Improvement Agenda

PURPOSE OF REPORT

To approve refurbishment works to Old Bodicote House and necessary funding for this and associated accommodation works

This report is public

Appendix 1 and 2 are not for publication as they contain exempt information of a description contained in paragraph 3 Part 1 Schedule 12A of the Local Government Act 1972

Recommendations

The Executive is recommended:

- (1) To approve the business case for the refurbishment of Old Bodicote House into serviced office accommodation
- (2) To approve sufficient funding in the capital programme for;
 - (a) the refurbishment works in accordance with the sum set out in Appendix 1 subject to final design refinements and subsequent contract sum;
 - (b) the extension of Bodicote House car park, in accordance with the sum set out in Appendix 1
 - (c) the outstanding sum required to complete essential fire safety and other improvements to the stairwells of Bodicote House, to the sum of £40,000
- (3) To award the design and built contract for the refurbishment of Old Bodicote House to the preferred contractor in accordance with the recommendation in Appendix 1.

- (4) To commission agents to identify and secure tenancy for Old Bodicote House during the execution of the works to ensure the earliest possible tenancy.

Executive Summary

Introduction

- 1.1 This report highlights out the progress to date in undertaking the Accommodation Review of council assets and identifies the additional works required to complete this.
- 1.2 As part of these additional works, a business case is presented for the refurbishment of Old Bodicote House into contemporary serviced offices that will provide an ongoing income stream for the council, and restore the property to fit its Grade II listed status. A design and build tendering exercise has been undertaken to arrive at a firm cost for the works, and the results of this are presented as part of Appendix 1 to this report.
- 1.3 The costs of other associated works (an extension of Bodicote House car park and the completion of safety works at Bodicote House) have also been identified and are presented in the report for approval

Proposals

- 1.4 It is proposed that the old House refurbishment works described be undertaken to ensure the council can best utilise its property asset and secure tenancies that will produce annual income.
- 1.5 It is further proposed that an extension to the existing Bodicote House car park be undertaken to ensure sufficient capacity is available for both prospective tenants of Old Bodicote House and the existing use of Bodicote House. Also, that outstanding works at Bodicote House are completed to achieve safety standards and improve the presentation of the stairwells.

Background Information

- 2.1 The council's Asset Management Plan was adopted by Executive on 27 April 2009. It sets out the ambition to create and maintain new sources of income that can be used to sustain an appropriate level of future capital investment. A further ambition is to offer facilities for partner organisations to occupy, generating income for the Council, and potentially reduce the financial support those partners require while seeking to increase income by offering additional services to tenants, enabling the Council to offset part of its fixed overheads against this service charge.
- 2.2 The main strategy for achieving the ambitions of the Asset Management Plan for the council's operational assets has been through its Accommodation Review, triggered by the loss of Charter Community Housing from accommodation leased at Old Bodicote House and the depots at Thorpe Lane Banbury and Highfield Bicester. An Accommodation Board, comprising

Executive Members and senior council officers, has overseen the delivery of the Accommodation Review, namely;

- the development of one stop shops in Banbury, Kidlington and Bicester to make access more equitable across the district and improve front-line delivery of services;
- the refurbishment of Bodicote House to improve its efficiency and reduce operational space requirement, enabling the transfer of staff from Banbury Town Centre Offices;
- the transformation of the former Town Centre Offices into a new GP-led health centre for Banbury in partnership with NHS Oxfordshire, giving a long-term income stream for the council;
- the redevelopment of the council's depots at Thorpe Lane to make more efficient use of space, reduce energy consumption, prevent the possibility of pollution, and release surplus space for disposal.

2.3 With Old Bodicote House now largely vacant there is a pressing need to utilise this important asset. The Accommodation Board has concluded that its refurbishment into contemporary serviced offices will provide an ongoing income stream for the council, and help restore the property to a condition befitting its Grade II listed status.

2.4 The council's partnership with NHS Oxfordshire on the lease and conversion of its Town Centre Offices for use as a GP surgery has provided a model for the design and build aspects of a conversion of Old Bodicote House, and also for the provision of managed services that can provide an income stream for the council.

2.5 There are outstanding works on Bodicote House that require completion. Although the refurbishment of Bodicote House was substantially completed in March 2009 some elements of the contract were excluded from the works to minimise the financial impact to the council while still allowing the relocation of staff. These now need to be implemented to ensure the council meets all relevant building and safety regulations. It is proposed that these works be undertaken along with the decoration of the main stairwells.

Old Bodicote House – Current Condition and Use

2.6 Old Bodicote House was used as decant and storage space during the improvements to (main) Bodicote House, and now has limited occupation and use;

- A ceremony room and associated storage space are occupied by the Oxfordshire County Council's (OCC) Registration Service, based on user rights dating back to April 1974. Essentially these give OCC an interest equivalent to a freehold for as long as they have use of the property.
- OCC also occupy two rooms under a lease dated 13 November 2001, which grants a term of 10 years from 4 September 2001. These are rooms used by their Registrars for births and deaths registration.
- Other rooms on the Ground Floor are used to hold training events, house a (redundant) bulk mailer and folding machine, and to store unused computer equipment and servers for the building.

Business Case for Old Bodicote House Refurbishment

- 2.7 The current condition of the building, particularly its floor, means that Old Bodicote House requires improvements if it is to be rented to potential occupants. Without some remedial works the building will not achieve its potential income, and it is more likely that it will remain partly or completely vacant.
- 2.8 In considering how best to revitalise this important council asset the Accommodation Board concluded that the most appropriate course of action was to test the market for the cost of refurbishment works, with a specification to include;
- A lift to all floors of the building to improve access and Disability Discrimination Act compliance
 - Strengthening of the floors to meet likely business usage
 - Improvements to toilets and kitchen facilities
 - Restoration of the building to its original condition as far as possible, where cost effective
- 2.9 A firm of commercial chartered surveyors was commissioned In order to evaluate refurbishment proposals, assess the economic viability of the project, judge the market for this accommodation and also the income the council can hope to generate. The full report is attached as Appendix 2. It is proposed that these agents are commissioned to assist the council in identifying potential tenants and securing tenancies as soon as the design for the refurbishment works are approved to ensure for rental income as early as possible.
- 2.10 The table below shows how even with a very modest assumption on occupancy rates the proposal will repay the initial investment within five years and could go on to provide an annual income of up to £189,000 for the council thereafter. The table also shows how the same investment made elsewhere will accrue a far smaller return than that of rental income.

Tender estimate:	£650,000					
Charge:	£30	per square foot for serviced offices				
Rentable Area:	7000	square feet				
Interest rate:	1.5%	3.0%	3.0%	4.0%	4.0%	4.0%
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Likely income						
Occupancy	25%	50%	70%	80%	90%	90%
Annual income	£52,500	£105,000	£147,000	£168,000	£189,000	£189,000
Cumulative	£52,500	£157,500	£304,500	£472,500	£661,500	£850,500
Opportunity costs						
Invested income	£9,750	£19,793	£20,386	£27,997	£29,117	£30,282
Cumulative	£9,750	£29,543	£49,929	£77,926	£107,043	£137,325
Difference	£42,750	£127,958	£254,571	£394,574	£554,457	£713,175

Procurement Process

- 2.11 Invitations to tender for a design and build contract for the Old Bodicote House refurbishment works were issued on 14 August 2009 to seven contractors selected through the Constructionline system. Key requirements for contractors to meet as part of the tender specification were;
- A comprehensive and cost effective solution that can be delivered within an estimated project budget of £650,000;
 - The development of commercially viable managed office space, giving maximum flexibility to adapt to the possible needs of future tenants and the best 'yield' for the council in terms of rentable space;
 - the building restored where possible to its original state using innovative and cost effective methods to meet the challenges this poses;
 - an attractive and comfortable facility for prospective tenants, with good facilities that will help the Employer ensure the office space can be rented easily, including a lift, improved toilet and kitchen facilities;
 - a safe and accessible facility that meets DDA and fire safety requirements as fully as possible;
 - an early completion of the refurbishment to allow early access to new tenants
- 2.12 Particular emphasis has been given in the tender specification to develop an overall package of improvements that enhance access to and around the building for staff and visitors. Key features of this are the provision of a lift and the installation of disabled toilet facilities, the current lack of which restrict the potential tenants of the building.
- 2.13 Tenders were returned on 21 September 2009, with those contractors shortlisted invited to present their proposals on 29 September 2009 to an evaluation panel and also key officers and Members from the Accommodation Board. The tender prices and recommendations from the evaluation panel are set out in confidential Appendix 1.
- 2.13 Invitations to tenders for the extension of Bodicote House car park were issued on 14 August 2009 using a tender list comprising four contractors considered for the Parson's Street Pedestrianisation project. Tenders were returned on 11 September 2009 and details are set out in confidential Appendix 1.
- 2.14 A quotation of £112,720 for the completion of accommodation works at Bodicote House has been obtained under the terms of the previous refurbishment contract. Available revenue funding of £43,000 has been identified from the property maintenance budget, along with unused capital of £30,000 relating to the window replacement programme, which will be vired across to meet the majority of the costs of these works. This then leaves a shortfall of £40,000 to complete the works.

Key Issues for Consideration/Reasons for Decision and Options

3.1 A key issue is that the proposed works represent a significant investment for the council which is not currently budgeted for in its capital programme.

3.2 The following options have been identified. The approach in the recommendations is believed to be the best way forward

Option One To approve all aspects of the accommodation works and the capital sums necessary to undertake them.

Option Two To approve only part of the works and funding. This will reduce the burden on the capital programme but carries the following risks;

- Without carrying out the refurbishment of Old Bodicote House the council may not be able to achieve the level of rental income predicted as the asset will not be as attractive to prospective tenants
- Similarly, without extending the existing car park this will make Old Bodicote House less attractive to potential tenants. The existing staff car park regularly becomes completely full as demand exceeds the number of spaces available.
- Aspects of the remaining accommodation works at Bodicote House are essential and must be carried out to ensure fire safety and meet current building regulations. While improving the decoration of the main stairwells is not essential, failing to undertake this work will undermine the standard of accommodation found elsewhere in the building.

Implications

Financial: There is no financial provision in the current capital programme for the Old Bodicote House refurbishment works or the Bodicote House car park extension. While sum capital and revenue funding has been identified for the remaining accommodation works to Bodicote House there is still a shortfall of £40,000. Funding approval will be necessary before the works can be executed.

The business case for the Old House refurbishment provides for an income of up to £189,000 per annum, which is estimated to repay the initial investment within five years.

Comments checked by Karen Curtin, Head of Finance
01295 221551

Legal: The refurbishment of Old Bodicote House will be subject to planning approval given its listed building status. The extension of Bodicote House car park is also subject to appropriate planning consent.

Comments checked by Liz Howlett, Head of Legal and Democratic Services 01295 221686

Risk Management:

A level of disruption to the Registrars has been anticipated during the build programme. These will be mitigated by ensuring contractors manage their work around marriage and citizenship ceremonies, and by relocating the Registrars' offices into Bodicote House for the duration of the works.

Risks around increased cost of works will be transferred to the contractor once the final design has been signed off. A contingency sum has been allowed for in the project cost as a safeguard against any specification changes arising during works.

The financial risks in the business case have been mitigated by employing a modest occupancy rate assumption for the first five years. The council will also use a property consultant at an early stage to identify potential tenants and secure tenancy agreements as soon as possible.

The project will be managed by a qualified Project Manager in accordance with the council's project management practice.

Comments checked by Rosemary Watts, Risk Management and Insurance Officer 01295 221561

Wards Affected

All

Corporate Plan Themes

A Value for Money Cherwell

Executive Portfolio

**Councillor Norman Bolster,
Portfolio Holder for Economic Development and Estates**

Document Information

Appendix No	Title
Appendix 1	Refurbishment of Bodicote House – Tender Approval
Appendix 2	Report from Chris White Consultants
Background Papers	
None	
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