

Committee: Executive
Date: Monday 11 October 2010
Time: 6.30 pm
Venue Bodicote House, Bodicote, Banbury, OX15 4AA

Membership

Councillor Barry Wood (Chairman)	Councillor G A Reynolds (Vice-Chairman)
Councillor Ken Atack	Councillor Norman Bolster
Councillor Colin Clarke	Councillor Michael Gibbard
Councillor James Macnamara	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 - 16)

To confirm as a correct record the Minutes of the meeting held on 6 September 2010.

Strategy and Policy

6. Business Case for a shared management team between Cherwell District Council and South Northamptonshire Council (Pages 17 - 30) 6.35 pm

Report of Report of Portfolio Holder for Resources and Communications, Leader and Chief Executive

Summary

To consider the business case for a shared management team between Cherwell District Council and South Northamptonshire Council.

Recommendations

The Executive is recommended:

- (1) To hear at the meeting the outcome of the Extraordinary Joint Meeting of Resources and Performance Scrutiny Board and Overview and Scrutiny Committee on 6th October at which both Committees considered the business case and the comments received during the consultation with unions and staff at both councils.
- (2) To recommend to Council at its meeting on 3rd November 2010 that it approves the business case (and the fifteen specific recommendations included in it) for a shared management team between Cherwell District Council and South Northamptonshire Council, subject to any amendments the Executive make after hearing the outcome of the scrutiny committees at (1).

7. Bicester Town Centre Redevelopment - Compulsory Purchase order (Pages 31 - 48) 6.55 pm

Report of Head of Regeneration and Estates

Summary

To seek approval to the draft compulsory purchase order, and to refer it to the Council for approval on 18 October 2010

Recommendations

The Executive is recommended:

- (1) To recommend the Council to resolve to make a compulsory purchase order in respect of the land shown coloured pink and in respect of new rights in relation to the land shown coloured blue on the attached plan.

8. Response to Formula Grant Consultation (Pages 49 - 66) 7.00 pm

Report of Portfolio Holder for Resources and Communications, Leader and Chief Executive

Summary

This report contains the Council's response to the Government's Consultation Paper on Formula Grant distribution which includes the transfer of funding for concessionary travel to upper tier authorities.

Recommendations

The Executive is recommended to:

- (1) Note the contents of the report and response to the consultation (Appendix 1)
- (2) Continue to lobby to minimise the financial implications of the transfer of funding for concessionary travel to upper tier authorities.

Service Delivery and Innovation

9. **Flood and Water Management Act 2010 and Implications for Local Service Delivery** (Pages 67 - 84) **7.20 pm**

Report of Strategic Director – Planning, Housing and Economy

Summary

To consider arrangements being put in place locally to implement the Flood and Water Management Act 2010 and to facilitate essential, consequential, decisions about Council services and staffing (land drainage element of the engineering function).

Recommendations

The Executive is recommended to:

- (1) Note the implications of the Flood and Water Management Act as set out in the report.
- (2) Inform the County Council as Lead Local Flood Authority (LLFA) that, for the reasons set out in the report, it is unable to take up their offer of a formal, but unfunded, agency agreement that would allow Cherwell District Council (CDC) to operate on behalf of the LLFA in Cherwell.
- (3) Additionally inform the County Council that CDC will not be in a position to maintain its existing in house land drainage staff expertise and information systems under the terms of the new arrangements and that the district councils "duty to co operate with the LLFA" included in the Act will implemented solely through:
 - Local Planning Authority (LPA) consultation on planning policy and development control
 - Provision of any local information or knowledge currently collated or coming to hand in the future
 - Potentially, consideration of making an offer of capital funding contributions towards flood defence works required for the District (these to be planned, designed and implemented by the LLFA and the bodies responsible for main rivers)

All other work on land drainage and flooding will cease.

- (4) Instruct the Strategic Director (Planning Housing and Economy) to report to Personnel Committee on, and implement, the necessary staffing changes arising from these decisions on the FWMA and also from earlier changes to the workload of Cherwell's engineering service (as noted in the report).
- (5) Initiate work with the County Council to provide public and partner information to explain the rearrangement of functions, and new local responsibilities and contacts under the FWMA.

10. Self Service Payment at LinkPoint Offices (Pages 85 - 94) **7.30 pm**

Report of Head of Customer Service and ICT

Summary

This report seeks Executive approval and funding for a new approach for taking payments in the LinkPoint offices, moving from PayPoint terminals to Self Serve Payment Kiosks, in order to achieve savings and improve customer service.

Recommendations

The Executive is recommended to:

- (1) Relinquish our PayPoint agent status and discontinue taking payments using Paypoint terminals, but retain our PayPoint client status to enable the public to pay council bills at other Paypoint Agents
- (2) Agree to stop the facility to deposit cheque payments at the LinkPoint offices and receive cheque payments only by post.
- (3) Agree a supplementary capital estimate of up to £100,000 for the purchase of automated payment kiosks and their introduction into LinkPoint offices
- (4) Agree to reduce the Customer Service Advisor establishment by 3 FTE after successful transition to the new arrangements

11. Waste & Recycling Service (Pages 95 - 108) **7.40 pm**

Report of Head of Environmental Services

Summary

To consider further improvements to the Waste & Recycling scheme following the successful implementation of food waste recycling service.

Recommendations

The Executive is recommended to :

- (1) Agree the proposed Waste and Recycling Service Efficiencies set out in Appendix 1;

- (2) Approve a supplementary capital estimate of up to £130,000 for the acquisition of a glass collection vehicle;
- (3) Agree the proposed Recycling Initiatives and Service Developments set out in Appendix 2
- (4) Agree to the changes in practice regarding the types of bins provided; and
- (5) Note the reduction in waste to landfill and the rise in customer satisfaction levels of the waste and recycling service.

12. Award of Contract for the Supply of External Legal Advice Framework Contract to Oxfordshire Local Authorities (Pages 109 - 112) 7.50 pm

Report of Head of Legal and Democratic Services

Summary

To grant project approval and to recommend the award of the external legal advice framework contract.

Recommendations

The Executive is recommended:

- (1) To grant project approval for and to authorise the Council's entry into a framework contract arrangement under which legal services would be available from a panel of selected external solicitors, such arrangement to be put in place in conjunction with the other Oxfordshire authorities and other public sector bodies.
- (2) To authorise the award of the framework contract to the eight firms of solicitors specified in 2.5.

Value for Money and Performance

13. Service & Financial Planning Process and Budget Guidelines for 2011/12 (Pages 113 - 126) 7.55 pm

Report of Head of Finance and Corporate Strategy and Performance Manager

Summary

To inform the Executive of the service and financial planning process for 2011/12 to agree budget guidelines for issue to service managers to enable the production of the 2011/12 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 2011/12
- (2) Consider and agree the proposed budget guidelines and timetable for 2011/12 budget process.

14. Value for Money Review of Housing (Pages 127 - 146)

8.15 pm

Report of Strategic Director – Planning, Housing and Economy

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:

- (1) To note that the service has delivered £160,000 savings above the £500,000 savings target set in the previous VFM review, and that these have been delivered ahead of schedule
- (2) To note the achievement of all other recommendations from the previous VFM review, save for those around process benchmarking, and ensure these are pursued during the remainder of 2010/11 to identify areas of greater efficiency
- (3) To endorse the overall conclusion of the review is that the service is now below average cost for housing strategy and private sector housing, and remains above average cost for homelessness due to local circumstances and activity rather than unnecessary spend. It has high performance in terms of lower use of temporary accommodation, delivery of affordable housing and responding to the recession. It is high quality in terms of high levels of user satisfaction
- (4) To agree that further improvements in value for money be sought and approve the following recommendations;
 1. Reduce and reconfigured staffing arrangements in line with the revised needs of the service to achieve savings of £60,000
 2. Review temporary accommodation contract management arrangements with Sanctuary Housing to achieve savings of £40,000 and improve contract performance

Urgent Business

15. Urgent Business

Any other items which the Chairman has decided is urgent.

(Meeting scheduled to close at 8:25 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 Part 5 Section A of 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 1 October 2010

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Agenda Item 5

Cherwell District Council

Executive

Minutes of a meeting of the Executive held at Bodicote House, Bodicote, Banbury, OX15 4AA, on 6 September 2010 at 6.30 pm

Present: Councillor Barry Wood (Chairman)
Councillor G A Reynolds (Vice-Chairman)

Councillor Norman Bolster
Councillor Colin Clarke
Councillor James Macnamara
Councillor Nigel Morris
Councillor D M Pickford
Councillor Nicholas Turner

Apologies for absence: Councillor Ken Atack
Councillor Michael Gibbard

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
Pam Wilkinson, Principal Solicitor
Martin Henry, Chief Finance Officer / Section 151 Officer
Philip Clarke, Head of Planning Policy and Economic Development
David Marriott, Head of Regeneration & Estates
Claire Taylor, Corporate Strategy and Performance Manager
Steven Newman, Economic Development Officer
Gareth Jones, Information Systems Manager
James Doble, Democratic, Scrutiny and Elections Manager

38 **Declarations of Interest**

There were no declarations of interest.

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

There were no petitions or requests to address the meeting.

40 **Urgent Business**

There was no urgent business.

41 **Minutes**

The minutes of the meeting held on 12 July 2010 were agreed as a correct record and signed by the Chairman.

42 **Local Economic Partnerships (LEP)**

The Chief Executive and Strategic Director Planning, Housing and Economy submitted a report to understand the implications of the Government's proposals to create Local Enterprise Partnerships (LEP) and to seek approval for Cherwell District to be included in the submissions being made to the Secretary of State by two prospective LEPs.

Resolved

- (1) That the inclusion of Cherwell District in both the Oxfordshire City Region Enterprise Partnership and the South East Midlands Enterprise Partnership as they are submitted to the Secretary of State for Communities & Local Government for consideration be supported.
- (2) That a further report be requested when the Secretary of State for Communities & Local Government responds to all the LEP submissions he has received and when he provides final information on any rules which might be put in place which would prevent Cherwell District being part of two LEPs simultaneously (should the Secretary of State accept both the Oxfordshire City Region and South East Midlands LEP bids).

Reasons

The Coalition Government has announced its intention to abolish Regional Development Agencies (including the South East England Development Agency (SEEDA)) and enable the setting up of "local enterprise partnerships". The role of Local Enterprise Partnerships (LEPs) is to provide strategic leadership within their areas and set out local economic priorities. The Government has asked local business and civic leaders to put forward proposals for new LEPs by 6 September 2010. There is no single model for an LEP that is uniquely suited to Cherwell District. For the time being it is considered right to pursue membership of two and to review the situation once more is known from the Secretary of State.

Options

- | | |
|---------------------|--|
| Option One | To support the recommendation and pursue membership of both the Oxfordshire City Region and South East Midlands LEPs. |
| Option Two | To not support the recommendation but to pursue membership of either the Oxfordshire City Region LEP or the South East Midlands LEP. |
| Option Three | To not support the recommendation and not to |

pursue membership of either LEP.

43

Review of the ICT Service

The Strategic Director Environment and Community and Head of Customer Service and Information Systems submitted a joint report to seek Executive consideration of the outcomes of the Member and Officer IT Review Group and approval for the way forward. The Executive thanked the ICT team for their support and flexibility with regard to the review.

Resolved

- (1) That measures to reduce the cost of the Council's ICT Service through the implementation of an integrated, scalable and flexible staffing structure, selective external hosting of systems and improved procurement be agreed
- (2) That by the end of 2012/13, it be agreed to make savings of a minimum of £300,000 resulting in a minimum 15% reduction to the base budget and which brings the costs of the function to 2.3% total Council spend (based on 2010/11 estimated total spend)
- (3) That further cost reductions through shared service and joint opportunities with other Councils continue to be explored
- (4) That the proposed change to the ICT service desk availability from 8am – 6pm, to 7am – 5.15pm Monday to Friday be agreed
- (5) That it be agreed not to implement an additional Out Of Hours support service based on an assessed low risk of failure and impact plus additional cost
- (6) That the setting up of an Information Systems Corporate Governance group with a remit to provide a corporate overview to the use of ICT resources, approve projects for delivery and realise targeted savings identified in the project business cases be agreed.

Reasons

It is the view of the Member and Officer ICT Review Group that outsourcing the whole of ICT Service Delivery is not a realistic option; the possible benefits do not outweigh the costs, and the national picture, and our local strategy is such that within three years other procurement options for data storage and communications will become available.

Structural changes are needed to reduce the management overhead and recognise the shifting requirements of the ICT team that will both reduce costs and put in place an integrated and scalable Information Systems team.

Establishing an IS Corporate Governance group to oversee ICT decisions with strategic significance including how we procure applications and systems

in the future will improve the service overall, tying it more closely to Council objectives and priorities.

The benefits of a comprehensive out of hours monitoring and support service do not yet outweigh the costs; the proposed IS Corporate Governance group will review this as more customer services are delivered through online channels.

Options

Option One Improved service governance

Establish an IS Corporate Governance Group to identify and realise "whole Council" benefits from the use of technology, ensuring best value and proper prioritising of the corporate IT Infrastructure resource.

This option is recommended to be implemented

Option Two Improved value for money both in the function and across the whole council

Seek to reduce the base revenue budget, reduce further the capital investment in the infrastructure, and secure one off savings to bring ICT costs as a proportion of total council spend to under x% this year and for the next three years. This to be achieved through

- structural change and staff reduction
- ICT automation, with savings in other services identified and realised through the IS Corporate Governance Group
- More self service through the online channel, reducing service-delivery resource need in other services. There are additional costs and risks attached to this approach, including security of data. However, a strategy of transferring out, over time, key public facing service will mean that the security requirements are transferred also, while the Council retains control of the strategic direction.
- better asset management, ensuring the Council is not over-licensed, have equipment or applications that are not used etc.
- increased flexible working (fewer desks than staff) across the whole Council, with clearly identified savings to be achieved;
- further rationalisation of printing
- better portfolio management through application reviews

- long term commitment to virtualisation and thin client
- further simplification of the ICT infrastructure
- reviewing how the Council sources its external services

This option is recommended to be implemented.

**Option
Three**

Outsource the Council's datacentre, releasing the server room and the need to maintain and monitor it, power it and cool it.

The virtualisation project will, when complete this summer, allow the Council greater flexibility with regards to its physical infrastructure, including the possibility of moving the physical hardware elsewhere. Virtualisation will greatly reduce the physical space that is required to host its infrastructure.

The usual reason for choosing to locate servers elsewhere is to transfer the risk arising from a poor environment. The Council has good power into the building, has a site generator, has good power into the server room etc the current physical setup is appropriate for our requirements.

Additional costs would be incurred from staff travelling to the off-site location, or contracting the host to carry out work.

In the medium term, it is likely that applications used by the Council are increasingly provided direct centrally, or from a supplier; this will reduce the future requirement for the Council to "own" services and hardware. Therefore it does not make sense to commit and limit flexibility now by entering into a costly and long-lived hosting agreement.

In addition, there are no staffing savings to be made by taking this approach; physically looking after the hardware is the smallest part of the roles in the ICT team.

Finally, the good quality of our datacentre makes it possible to consider seriously a shared service with another authority.

The option to outsource the hardware is not recommended

**Option
Four (a)**

Out of hours provision: outsource the monitoring our systems, and the taking action if an agreed list of services fail, out of hours.

This is an unbudgeted extension of the service we currently provide to the Council but would address the risk of service loss, and can be accommodated in the savings that will accrue from the staffing structure changes.

This would extend the supported day for a sub-set of applications to match the published flexible working day of 07:00 to 22:00, Monday to Friday and to extend that support through the weekend and other non-supported days, Bank Holidays etc.

The Council already possesses the required tools to allow for event monitoring by a third party outside of the current supported hours of 08:00 to 18:00.

Feedback from users and members has indicated that support outside of the standard day is best targeted at the mail and web services including Blackberries. Business application availability is not expected by most users. However, certain systems do feed information or make services available to the public via the web site so it is proposed that these systems are also monitored.

Exploratory discussions with providers indicate this kind of service is available for around £36,000 locally, around double that from a larger, regional operation. To extend the cover to include overnight between 22.00 and 07.00 would increase this cost to over £70,000.

This option is desirable but not recommended as the need is not currently deemed sufficient to warrant the level of spend associated with it.

**Option
Four (b)**

Out of Hours provision: Staff-up the in-house team to provide the out of hours standby and callout in respect of the services set out in Option Two.

To deliver what is described at Option Two, through use of in-house staff, would require 2 FTE technicians at approx £50,000 pa, plus additional costs arising from the need to move to a different pattern of working – 5 days from 7 rather than Monday to Friday, and a shift pattern spanning 07.00 to 22.00.

However, dependent upon the Council's needs, known weekend working such as patching and major system upgrades could be accommodated without recourse to overtime, offsetting the cost.

A far greater range of extended support could also be managed than through a third party, as well as more actual working hours in which "work" could be done.

However, this approach requires a critical mass of FTEs and can only work within a larger single technical team. It is vulnerable to sickness and leavers, and given that we do not yet have a robust picture of out of hours needs

This option is not recommended at this time.

**Option
Four (c)**

Change the working patters of the service desk team

This will allow earlier morning starts to meet the needs of Capita and pick up overnight failures earlier in the day, reducing the impact on public availability hours.

This option is seen as proportionate and is recommended.

**Option Five Exploration of the shared services opportunities with
neighbouring and other local authorities.**

The Review Group found that while there is not currently a like for like partner which would offer the maximum shared service benefit, efforts should continue both in seeking shared procurement, collocation of data centres and shared service provision.

This option is recommended.

44 **Overview and Scrutiny: (1) Committee Report on Democratic
Engagement with Young People and (2) Task and Finish Group Report
on Crime and Anti-Social Behaviour**

The Overview and Scrutiny Committee submitted a report to consider the following overview and scrutiny reports:

- Democratic Engagement with Young People (Appendix 1)
- Crime and Anti-Social Behaviour (Appendix 2)

Resolved

- (1) That the work of the Overview and Scrutiny Committee scrutiny review into the Council's approach to Democratic Engagement with Young People be noted.
- (2) That the Overview and Scrutiny Committee recommendation regarding the Council's approach to Democratic Engagement with Young People as detailed below be agreed:

Recommendation 1:

That the Council should adopt a more pro-active and structured approach to youth engagement in local democracy and that the Young People's Champion and officers should be invited to develop a formal policy and action plan to achieve this.

- (3) That the work of the Task & Finish Group scrutiny review into Crime and Anti Social Behaviour be noted.
- (4) That the Task & Finish Group recommendation regarding Crime and Anti Social Behaviour as detailed below be agreed:

Recommendation 1:

That the Council take an active role in promoting the positive activities which young people in the district are involved in.

Recommendation 2:

That the Council promote the success of the Street Wardens in Bicester and Banbury and that the possibility of developing the scheme in other areas of Cherwell be investigated.

Recommendation 3:

That Overview and Scrutiny investigate how the Council engages with young people in the District in more detail.

Recommendation 4:

That the Council embarks on intergenerational activities to tackle the perception of crime in the District.

Recommendation 5:

That the Council develop a policy on youth engagement and involvement as part of the Council's consultation and decision making arrangements.

Reasons

These two reports present the work of the Overview and Scrutiny Committee in 2009/10 and of a Task & Finish Group from the summer of 2008 to the winter of 2009. The reports are presented together because the themes emerging from these two separate reviews are complementary and focus our attention on the fundamental importance of creating a meaningful role for young people in our society.

Options

Option One

To accept all of the recommendations contained in the two Overview and Scrutiny reports.

Option Two

To accept some of the recommendations contained in the two Overview and Scrutiny reports.

Equality Performance Review & Self Assessment

The Chief Executive and Corporate Strategy and Performance Manager submitted a joint report which provided an overview of the Council's achievements relating to our equalities work during 2009/2010 and report the results in relation to the internal self assessment which has been completed under the Equality Framework for Local Government (EFLG) 'Achieving' standard.

Resolved

- (1) That the progress in delivering the Corporate Equalities Action Plan and the Corporate Equalities Improvement Project be noted.
- (2) That the completed 'Achieving' Equality Self Assessment' be agreed
- (3) That the council continue with the equalities work programme for 2010/2011
- (4) That it be agreed not to seek external accreditation of our performance under the equalities standard for local government at this time and take the costs of this inspection as an efficiency saving.

Reasons

By completing the Equality Framework for local Government 'Achieving' Self Assessment we have been able to build a comprehensive picture of the success of our equalities work programme over the last year which will ensure we focus and streamline our future objectives which will benefit all of our local communities. We are confident that we have a structured and robust work programme which will continue to ensure that Cherwell District Council is ensuring fair access to all its services. The cost of the external inspection would have been met by the Corporate Strategy, Performance and Partnerships Team and will now act as an efficiency saving

Options

Option One Agree recommendations as outlined above

Option Two Executive to request that an external inspection to take place in November 2010 using the Self Assessment attached.

46

Asset Management Plan

The Head of Regeneration and Estates submitted a report which presented the Council's Asset Management Plan for 2010/11

Resolved

- (1) That the Asset Management Plan for 2010 be approved.
- (2) That the proposal that vacant small industrial units be used for economic development purposes through lettings on flexible terms, and that this policy be monitored through future reporting on the Asset Management Plan be approved.

Reasons

The Council's investment portfolio provides a significant revenue income, at a yield which is much greater than that achievable on cash investments. The Council has agreed to increase these investments in order to ensure that the

Bicester town centre redevelopment is progressed. Other small commercial investments are proving hard to let in current circumstances. In the past these assets have been let on commercial terms, but it is proposed that vacant industrial units be offered to small businesses on flexible terms, with support from Oxfordshire Business Enterprises, in order to ensure that these properties are utilised in line with the Council's economic development objectives. Flexible terms are likely to comprise a reduced rental for a limited period of up to a year, the inclusion of break clauses operable by tenants at an early date, or the ability to share premises. The precise detail will be subject to negotiation according to circumstances, but agreements will be relatively short term and without security of tenure.

Options

Option One

The Plan is presented for approval subject to any amendments the Executive may wish to make. The only change in policy presented comprises the use of vacant small industrial units for economic development purposes, and option available is to continue to seek lettings on conventional commercial terms.

47 Performance and Risk Management Framework 2010/11 First Quarter Performance Report

The Chief Executive and Corporate Strategy and Performance Manager submitted a joint report which covered the Council's performance for the period 1 April to 30 June 2010 as measured through the Performance Management Framework. The Leader of the Council requested Paragraph 1.4 of the report to be summarised in short bullet points for members to use.

Resolved

(1) That the following achievements:

A Cleaner Greener Cherwell

- The recycling rate for the first quarter is 62.5% and expected to be within a range of 58-60% at year end. As such we are currently well within range of meeting the target.
- 10 parish councils have benefited from recycled items from the former Spiceball Sports Centre, including doors, flooring and sanitary ware this has helped to improve community facilities.
- The Council has met its data centre power consumption targets and reduce costs from £33513 per year to £11,300.

A Safe and Healthy Cherwell

- Wood Green Leisure Centre opened as planned for Whitsun and

has remained open throughout June to take advantage of the good weather.

- The Banbury Area Cohesion Group held its second community event. A large community marquee at the Banbury Show was run by the group to showcase the work of diverse community groups in Banbury. The event was well attended and supported Banbury Town Council through participation in the Banbury Show, community groups also benefited from the fund raising opportunity.

An Accessible Value for Money Council

- The performance for processing new benefits claims and changes to circumstances remains on target following the work to improve performance during 2009/10.

- (2) That officers be requested to report in the second quarter on the following items where performance was below target or there are emerging issues:

A Cleaner Greener Cherwell

- The recycling rate for the first quarter is 62.5% and expected to be within a range of 58-60% at year end. As such we are currently well within range of meeting the target.
- 10 parish councils have benefited from recycled items from the former Spiceball Sports Centre, including doors, flooring and sanitary ware this has helped to improve community facilities.
- The Council has met its data centre power consumption targets and reduce costs from £33513 per year to £11,300.

A Safe and Healthy Cherwell

- Wood Green Leisure Centre opened as planned for Whitsun and has remained open throughout June to take advantage of the good weather.
- The Banbury Area Cohesion Group held its second community event. A large community marquee at the Banbury Show was run by the group to showcase the work of diverse community groups in Banbury. The event was well attended and supported Banbury Town Council through participation in the Banbury Show, community groups also benefited from the fund raising opportunity.

An Accessible Value for Money Council

- The performance for processing new benefits claims and changes to circumstances remains on target following the work to improve performance during 2009/10.

- (3) Agree the responses identified to issues raised in the end of year performance report in paragraph 2.1 of the report or to request additional action or information.
- (4) That officers be requested to prepare a synopsis of the changes to performance management and national performance indicators and what changes this will involve at a local level to the Cherwell Performance Management Framework.

Reasons

The Performance Management Framework allows Councillors to monitor the progress made in delivering our objectives and to take action when performance is not satisfactory or new issues arise.

Options

- Option One**
1. To note the many achievements referred to in paragraph 1.3.
 2. To request that officers report in the first quarter on the items identified in paragraph 1.4 where performance was below target or there are emerging issues.
 3. To agree the responses identified to issues raised in the end of year performance report in paragraph 2.1 or to request additional action or information.

Option Two To identify any additional issues for further consideration or review.

48 2010/11 Projected Revenue and Capital Outturn at 30 June 2010 and 2009/10 Treasury Management Annual Report

The Head of Finance submitted a report that summarised the Council's Revenue and Capital performance for the first 3 months of the financial year 2010/11 and projections for the full 2010/11 period. These are measured by the budget monitoring function and reported via the Performance Management Framework (PMF) informing the 2010/11 budget process currently underway.

Resolved

- (1) That the projected revenue & capital position at June 2010 be noted.
- (2) That the changes in the 2010/11 capital programme be approved as follows:

- Slip £4.8m of project funding into the 2011/12 capital programme (detailed in Appendix 1) and consider this as part of the 2011/12 budget process
- (3) That the performance against the 2009/10 investment strategy and the financial returns from each of the 3 funds be noted and that it be recommended that this report is considered by Full Council in line with CIPFA best practice.
 - (4) That the Q1 performance against 2010/11 investment strategy be noted
 - (5) That the change in cumulative counterparty limits from £8m to £15m be noted.

Reasons

In line with good practice budget monitoring is undertaken on a monthly basis within the Council. The revenue and capital position is reported monthly to the Corporate Management Team and formally to the Executive on a quarterly basis. The revenue and capital expenditure in Q1 has been subject to a detailed review by Officers and reported monthly to management as part of the corporate dashboard. An additional benchmark has been included this year to measure the accuracy of projections by budget holders on a month by month basis. The CIPFA Code of Practice on Treasury Management which this Council has adopted requires an Annual Report to be presented to the Executive at the end of each financial year.

Options

Option One	To review current performance levels and consider any actions arising.
Option Two	To approve or reject the recommendations above or request that Officers provide additional information.

49

Strong Leader Model

The Head of Legal and Democratic Services submitted a report to consider arrangements for adopting the so called 'Strong Leader' model of Executive governance as required by the Local Government and Public Involvement in Health Act 2007, until this clause is repealed later in the year.

Resolved

- (1) That it be noted that the Government intend to repeal these requirements later in the year and consequently to agree a minimal response to ensure legislative compliance as set out in the following recommendations and endorsed by the minister in his letter.
- (2) That it be noted that Cherwell already operates a Strong Leader Model

- (3) That the proposals set out below, including the changes to the approval process for the Scheme of Delegation, the appointment of Leader and Annual Council and recommend them to Council for approval be agreed:
- That the following minimal actions be taken to ensure the council complies with legislative requirements until the requirements are repealed.
 - That the constitution be amended to confirm the Leader of the Council's power to determine the size of the Executive, appoint members of the Executive, allocate all Executive functions and serve for a four year term of office.
 - That the constitution be amended to confirm the method by which the Leader may be removed from office.
 - That the constitution be amended to allow the Leader of the Council to make changes to the scheme of delegation, however these will not take effect until, they are reported to Council.
 - That the constitution be amended with regard to the procedure to be followed at Annual Council in light of the above proposals.
- (4) That a summary of the proposed changes be placed on the internet and any responses be reported to Council.
- (5) That the Head of Legal and Democratic Services be requested to draft constitutional amendments for consideration by Council to implement the changes.

Reasons

Under the Local Government and Public Involvement in Health Act 2007, local authorities which had previously adopted an Executive and Leader model of governance are required to consult on changing to either a directly elected mayor or new style leader and Executive. This was part of a rolling 3 year programme beginning with counties, then unitaries and finally districts by 31 December 2010.

The Local Government Act 2000 requires local authorities to consult on any such change to governance arrangements; however the coalition government has informed all district council's that this consultation should not incur significant expenditure and should be minimal, as it is intended to repeal the legislation later in the year. However it is the law now and the council must comply with it.

Options

Option One To agree the recommendations

Option Two To amend the recommendations

The meeting ended at 8.03 pm

Chairman:

Date:

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Executive

Business Case for a shared management team between Cherwell District Council and South Northamptonshire Council

11 October 2010

Report of Portfolio Holder for Resources and Communications, Leader and Chief Executive

PURPOSE OF REPORT

To consider the business case for a shared management team between Cherwell District Council and South Northamptonshire Council.

This report is public

Recommendations

The Executive is recommended:

- (1) To hear at the meeting the outcome of the Extraordinary Joint Meeting of Resources and Performance Scrutiny Board and Overview and Scrutiny Committee on 6th October at which both Committees considered the business case and the comments received during the consultation with unions and staff at both councils.
- (2) To recommend to Council at its meeting on 3rd November 2010 that it approves the business case (and the fifteen specific recommendations included in it) for a shared management team between Cherwell District Council and South Northamptonshire Council, subject to any amendments the Executive make after hearing the outcome of the scrutiny committees at (1).

Executive Summary

Introduction

- 1.1 On 12th July 2010 the Executive considered a report and agreed to establish a Joint Member Working Party to examine the business case for sharing a senior management team between Cherwell District Council (CDC) and South Northamptonshire Council (SNC), recognising at the same time that this may well lead to joint teams for service delivery in the future.
- 1.2 Cherwell District Council's members on the Joint Working Group are:
 - Cllr James Macnamara (who was nominated as Vice Chairman of the

- group)
- Cllr Ken Atack
- Cllr Nick Cotter
- Cllr George Reynolds
- Cllr Barry Wood
- Cllr Nicholas Turner (substitute)
- Cllr Douglas Williamson (substitute)

Proposals

- 2.1 The Joint Working Group issued a draft business case on 17th September and by doing so has delivered what was asked of the Group to the agreed timetable.
- 2.2 The Joint Working Group recommends that Cherwell District Council and South Northamptonshire Council put a shared management team in place by the end of March 2011. It is proposed that the Executive accept this recommendation and recommend this in turn to full Council, after taking into account comments and recommendations from Resources and Performance Scrutiny Board and Overview and Scrutiny Committee.

Conclusion

- 3.0 This recommendation fulfils the requirement set by the Executive of the Joint Working Group and therefore ends this stage of the project.

Background Information

- 4.1 Over the summer a great deal of work has taken place between members and officers of South Northamptonshire Council and Cherwell District Council in order to formulate and deliver a full business case on creating a shared senior management structure that will serve both councils.
- 4.2 The draft business case resulting from this work was published by the Joint Working Group on 17th September and has already been circulated to all members. Members are requested to bring copies with them to the meeting. The Executive Summary is attached as **Appendix A** to this report.
- 4.3 All of this work has taken place alongside the relevant budget processes both here and at South Northamptonshire Council. Within our own medium term revenue plan we are assuming a realistic case scenario which includes a 6.5% reduction in formula grant each year for the three years starting 1 April 2011 and an £800,000 pressure arising from the loss of the concessionary fare budget. These, with other factors, add up to a possible total budget shortfall of £15.8m between now and the end of 2014/15 on the basis that we take no action until the very end of this period. However, the sooner we act, the smaller the cut in actual expenditure we will need to make.
- 4.4 The extent to which our formula grant will be cut will not be known until probably the beginning of December. Even then the figure will only be provisional with the final figure released in January or February 2011. We expect that we will be better informed on the scale of the cuts we will face after the Government has reported the outcome of the Comprehensive Spending Review on the 20th October 2010.

Summary of the proposal

- 5.1 The business case proposes a shared senior management team of twelve posts, with three further posts to be shared at this stage. Putting these shared posts in place will deliver an **ongoing annual saving of £686,000** to this council, adding up to **£3.430m over the next 5 years**.
- 5.2 The implementation costs associated with achieving this annual saving of £686,000 will vary depending on which staff leave the two organisations and therefore a range of costs have been estimated in the draft business case. The lowest cost estimate is £817,000. The middle case (as used in the business case) is £1.384m and the highest cost estimate is £1.693m.
- 5.3 The Joint Working Group has recommended that, regardless of which staff in which organisations are made redundant, the costs will be split on a 60:40 basis, with Cherwell District Council picking up 60% of the costs. Both District Auditors have agreed with this approach 'in principle' and we will be able to report further at the meeting by which time the two Heads of Finance will have had another meeting with the District Auditors.
- 5.4 The expected overall pay back period for Cherwell District Council is 1.21 years, working on average one-off costs. This will improve to 0.71 years if one-off costs prove to be our best case costs or drop back to 1.48 years if we face the worst case one-off costs.
- 5.5 The business case is based on a maximum of 30 weeks redundancy compensation being given at both councils. This is currently not the practice

at South Northamptonshire Council and the business case states that if either council awards, at their discretion, redundancy compensation exceeding 30 weeks then that council will be responsible for covering that additional cost.

- 5.6 The business case also identifies the possibility for further savings elsewhere in the organisations if a joint management team structure is put in place. Indicatively it sets out the level of additional savings if costs in the next tier of management were reduced by 15%, 20% and 25%.
- 5.7 If 20% reductions were identified in the next tier of management, as a result of the opportunities to work more closely once the senior management team were in place, this would equate to an approximate further **ongoing annual saving for Cherwell District Council of 392,000 (or £1.960m over 5 years)**.
- 5.8 These savings would be in addition to the ones detailed at 5.1, and if delivered, **would bring the total annual saving to potentially £1.078m per year**, subject to further business cases which would explore the costs and benefits of services on a case by case basis.

Key Issues for Consideration/Reasons for Decision and Options

The approach in the recommendations is believed to be the best way forward. The following option has also been identified.

Option One	Not to recommend the business case to full Council. However, the financial benefits are clear and the risks of delivery appear to be manageable. If this case was not to be recommended to full Council the £3.430m saving generated directly by the business case would have to be found from making cuts to the council's own management team, from out-/in-sourcing a range of corporate services and almost certainly from cuts to other services, in light of the greater difficulty and time required in securing these alternative savings. Future savings of the type identified in the business case would also be foregone.
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Consultations

Elected members	The Resources and Performance Scrutiny Board and Overview and Scrutiny Committee are meeting jointly on 6 th October to consider the business case and will be reporting their findings to the Executive on 11 th October.
Unions and staff	Consultation with UNISON and staff and began on 21 st September 2010 and will close on 4 th October 2010. The outcome of this consultation will be reported to the joint meeting of the Resources and Performance Scrutiny Board and Overview and Scrutiny Committee and then on to the Executive.

Implications

Financial:	These are set out in full in the business case. Comments checked by Karen Muir, Corporate Systems Accountant 01295 221559
Legal:	These are dealt with in section 7 of the business case and the proposed section 113 agreement between the two councils is set out in draft at appendix 6. Comments checked by Nigel Bell, Solicitor 01295 221687
Risk Management:	These are dealt with in section 8 of the business case and the risk register at appendix 8. Comments checked by Rosemary Watts, Risk Management and Insurance Officer 01295 221566
Human Resources	No immediate impact at this stage although all recruitment and redundancy processes which may follow must comply with the Council's policies and legal obligations. Comments checked by Anne-Marie Scott, Head of People and Improvement 01295 221731

Wards Affected

All

Corporate Plan Themes

All

Executive Portfolio

Councillor James Macnamara
Portfolio Holder for Resources and Communications

Councillor Barry Wood
Portfolio Holder for Policy, Community Planning and Community Development

Document Information

Appendix No	Title
Appendix 1	Business case executive summary
Background Papers	
12 July 2010 Report to Executive, The Case for Considering Close Joint Working between Cherwell District and South Northamptonshire Councils	
Report Author	Mary Harpley, Chief Executive
Contact Information	01295 221573 mary.harpley@cherwell-dc.gov.uk

DRAFT BUSINESS CASE

**from the Joint Working Group
for a shared senior management team
between**

**South Northamptonshire Council
and
Cherwell District Council**

17 September 2010

Joint Working Group

South Northamptonshire

Cllr Ian McCord (Chairman)
Cllr Caryl Billingham
Cllr Steve Clarke
Cllr Diana Dallyn
Cllr Paul Farrow
Cllr Blake Stimpson
Cllr Martin Wilson

Cherwell

Cllr James Macnamara (Vice Chairman)
Cllr Ken Atack
Cllr Nick Cotter
Cllr George Reynolds
Cllr Nicholas Turner
Cllr Douglas Williamson
Cllr Barry Wood

**Members, beyond Joint Working Group, who have participated in discussions
with other councils as part of the development of this business case:**

South Northamptonshire

Cllr Dermot Bambridge
Cllr Carole Clarke
Cllr Steven Hollowell
Cllr Timothy Jackson-Stops
Cllr John Kilmister
Cllr Mary-Anne Sergison-Brooke
Cllr John Townsend
Cllr Sally Townsend
Cllr Allen Walker
Cllr Tony Wilkinson

Cherwell

Cllr Colin Clarke
Cllr Michael Gibbard
Cllr Nigel Morris
Cllr George Parish
Cllr Debbie Pickford
Cllr Dan Sames

FOREWORD

The Joint Working Group of elected members from South Northamptonshire Council and Cherwell District Council has now produced a joint draft business case for the creation of a shared senior management team. Subject to consultation with elected members, staff and unions at both councils the Joint Working Group is recommending that a shared team is in place by the end of March 2011.

Today, Tuesday 21st September, marks the beginning of our first consultation period with elected members, staff and unions which will be open until Monday 4th October at 12 noon. During this consultation we are seeking your views and feedback on the overall proposal. A summary of comments from both organisations will be discussed at meetings of both councils' scrutiny committees on 6th October before the South Northamptonshire Cabinet and the Cherwell Executive consider the Joint Working Group's recommendations on 11th and 25th October respectively. The recommendations of the Executive and Cabinet will then go onto both full Councils on 3rd November.

Both UNISON branches have been briefed on this proposal and have been asked to submit responses to it directly to the Joint Working Group. These responses will also be available to the meetings of the scrutiny committees.

In developing this business case, the Joint Working Group was supported by officers from both councils. As you will see the Joint Working Group has put a lot of effort into learning lessons from authorities who have already taken this route. All those who have successfully shared a management team have advised us to do it and reap the rewards; none has regretted it.

We know that many District Councils in England who are not already in a formal partnership arrangement with a neighbouring district are now seriously talking about it. They are doing this to help save council taxpayers' money to preserve services for residents and to respond to expected cuts in government funding over the coming years. The discussion the Joint Working Group has been having over the last few weeks is of course part of this bigger picture. Sharing a senior management team between us will not remove the need for both councils to make other savings. However, working together would open up options unavailable previously to either council and allow us to protect more services for the longer-term.

This is not a merger of our two councils but a model that strives to show that working together is the best way we can deliver good services to our communities in the years to come. South Northamptonshire Council and Cherwell District Council will continue to be two sovereign bodies with differences in policy and procedure as now.

Should both full Councils agree to create a shared senior management team both Councils will create a Joint Personnel Committee. This would recommend the appointment of a shared Chief Executive in December, and then go on to appoint shared Directors in January and shared Heads of Service in March. There are three further shared posts included in the business case because they are part of the broader management team and are responsible for key corporate functions and these appointments would be made in April/May. There are no firm plans at this stage to share other posts, but the business case recognises that there may be a good case to do so in some areas in the future. If this is the case, further consultation will take place at the appropriate time.

At this stage we are seeking your views on the **overall proposals and rationale**. Clearly there is a much more significant potential impact on the management teams at both councils at this stage and if elected members decide to take this step on 3rd November the affected groups will be consulted in much greater detail on the new structure and posts included within it.

Consultation comments, responses and questions should be sent to our respective HR teams via Anne-Marie Scott at Cherwell District Council and Gina Thomas at South Northamptonshire Council. We are very keen to hear staff views on this critical decision so please take this opportunity to participate.

Best Wishes



Jean Morgan
Chief Executive – SNC



Mary Harpley
Chief Executive - CDC

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1.0 EXECUTIVE SUMMARY

Introduction

- 1.1 Cherwell District Council's (CDC) Executive and South Northamptonshire Council's (SNC) Cabinet agreed in June to set up a Joint Working Group to oversee the development and delivery of a detailed business case for the creation of a single senior management team to serve both councils. This document summarises the Joint Working Group's findings and recommendations. Members, staff and unions of both councils will be consulted before the Joint Working Group presents its final recommendations to the scrutiny committees of both councils and to CDC's Executive and SNC's Cabinet. The final decisions will be taken by both CDC and SNC at meetings of both full councils on 3 November.
- 1.2 Like all councils SNC and CDC face significant shortfalls in their Medium Term Financial Strategies (MTFS) in light of the expected cuts to the grants local authorities receive from central government. Government departments are almost certainly facing real terms grant cuts over 4 years of 25-40% and while the detailed assumptions of SNC and CDC are different, in some respects it is clear that the type of cost-saving activities, which have been successfully pursued in both councils in recent years, are not going to deliver the larger-scale cost reductions now required.
- 1.3 But CDC and SNC have much more in common than their financial challenges. Both councils are managing significant housing growth with the infrastructure and resource challenges this brings. Both have ambitions for improving the quality of life of their residents, and for supporting their businesses in ways which go beyond the usual remit of district councils. This work takes up significant staffing capacity which the Leaders of CDC and SNC and the Joint Working Group would like to continue for as long as possible.
- 1.4 Both councils are now well advanced with their service and financial planning for 2011/12 and beyond. Both are considering potential cuts to services. Although it is unlikely that bringing the management teams together would remove the need for any service reductions, the savings from such a move would significantly reduce the shorter and medium-term cuts required. If they adopt joint working, members of both councils will have options that would not be the case if they continue to work alone.

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Key workstreams

- 1.5 Before arriving at our recommendations we, the Joint Working Group, invested much effort in a number of pieces of work in order to present a comprehensive business case:
- 1.6 ***Lessons from councils who have already put shared management teams in place***
We visited/spoke to three pairs of district councils who share management teams, and were joined at these meetings by many other elected members from both councils.
- 1.7 ***Potential shared roles and structures***
Our work on a potential shared management team structure and roles took into account the current top-level structures of SNC and CDC, and the structures already in place elsewhere. We also considered which current roles are equivalent to which potential new roles, and therefore which current postholders would be eligible to apply for which.
- 1.8 ***Costs and benefits***
We considered the ongoing costs and benefits of a shared senior management team, the one-off costs, the affordability for both councils, and the payback periods for both. We also considered the potential models for allocating costs or savings between the councils.
- 1.9 ***Timing of implementation***
We considered the pace at which CDC and SNC should move to a shared management team, particularly in light of the all-out elections at SNC in May.
- 1.10 ***Legal arrangements and appointments to shared senior team***
We considered the legal arrangements which would need to be in place to allow SNC and CDC to share a senior management team, and arrangements for member appointments to shared posts.
- 1.11 ***Risks***
We considered the risks of combining the two current management teams into one, and the mitigating actions required to manage these risks.
- 1.12 ***The potential for savings beyond the senior management team***
In accordance with the scope of our terms of reference, we briefly considered the potential further savings which would come from CDC and SNC sharing officers at the tier below Heads of Service.

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Conclusions

We drew a number of conclusions from our work:

- 1.13 **Lessons from others**
That councils who share management teams do retain their sovereignty, and elected members of such councils remain in charge of decision-making in their respective districts.
- 1.14 That councils do share management teams successfully; that the theoretical savings have turned out to be real and often greater than predicted; that shared officers do successfully serve two councils even where the priority projects and policies are different; that councils which share management teams do carry on working in other partnerships where appropriate.
- 1.15 **Shared structure**
That SNC and CDC should share a senior management team comprising twelve posts – a Chief Executive, three Directors and eight Heads of Service – and, beyond the senior management team, three further posts.
- 1.16 **Financial benefits**
That these fifteen proposed shared posts would cost a total of £1,601,000, compared to a total current cost of £2,647,000, representing a total annual saving of £1,046,000 on the councils' current costs.
- 1.17 That CDC and SNC should share the ongoing costs of these shared posts 50/50, recognising that officers appointed to these roles will split their time equally between the two organisations. There will be an **annual saving of £360,000 for SNC and £686,000 for CDC and cumulative 5-year savings of £1,800,000 for SNC and £3,430,000 for CDC.**
- 1.18 That the one-off costs are estimated as £1,384,000, and that CDC should pay 60% of these in light of its size relative to SNC and also in order to secure broadly similar payback periods for both councils. This represents costs to SNC of £553,600 and costs to CDC of £830,400, assuming average one-off costs, and that all posts are filled internally.
- 1.19 That these one-off costs would be paid back in 1.54 years to SNC in 1.21 years to CDC.
- 1.20 That these one-off costs should include a contingency sum of £300,000.

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- 1.21 That in the worst case one-off costs would be £1,693,000, depending ultimately on which officers are appointed to the new roles. This worst case represents costs to SNC of £686,000 and costs to CDC of £1,016,000, and the payback period to SNC is extended to 1.88 years and to 1.48 years to CDC; still comfortably inside the timeframe required by the Medium Term Financial Strategies of each council.
- 1.22 That in both the average and worst case scenarios the one-off costs are fundable from the balances and earmarked reserves of both councils.
- 1.23 That it is assumed that both councils apply the statutory number of weeks (maximum 30) to redundancy calculations, but that should the number of weeks' compensation awarded be greater than this, then the additional cost is borne by the relevant council.
- 1.24 **Pace**
That this shared team should be put in place quickly.
- 1.25 **Legal arrangements and appointments to shared posts**
That a Section 113 agreement is the most appropriate mechanism to provide the legal framework for joint working, and a new joint committee is required for elected members of both councils to make appointments to posts in the shared senior management team and to carry out other required functions such as the appraisal of the shared Chief Executive.
- 1.26 **Risks**
That in light of the risk assessment and the extensive learning and advice from other councils, the benefits of CDC and SNC sharing a senior management team outweigh the risks, subject to the mitigating actions being implemented.
- 1.27 **Potential further savings beyond the senior team**
That at the tier below Service Head savings of 15-25% are probably achievable and could deliver **further annual savings ranging from £168,000 to £280,000 for SNC and £294,000 to £489,000 for CDC.** Assuming a 20% reduction in costs, such action could deliver cumulative savings over five years of **£1,120,000 to SNC (£224,000 per annum) and £1,960,000 to CDC (£392,000 per annum).**

Recommendations

- 1.28 We, the Joint Working Group, subject to consultation with members, staff and unions at both councils, recommend to the CDC Executive and the SNC Cabinet that CDC and SNC put in place a shared management team by the end of March 2011.
- 1.29 We make a further fourteen recommendations which are laid out in Section 11.

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Executive

Bicester Town Centre Redevelopment – Compulsory Purchase order

11 October 2010

Report of Head of Regeneration and Estates

PURPOSE OF REPORT

To seek approval to the draft compulsory purchase order, and to refer it to the Council for approval on 18 October 2010

This report is public

Recommendations

The Executive is recommended:

- (1) To recommend the Council to resolve to make a compulsory purchase order in respect of the land shown coloured pink and in respect of new rights in relation to the land shown coloured blue on the attached plan.

Executive Summary

- 1.1 On 5 July 2010 the Executive resolved, amongst other things, to recommend to Council that it should resolve as follows:-

To confirm that Council is minded to make a compulsory purchase order in respect of:

(a) the land shown edged red on the plan attached at Appendix One under Section 226(1)(a) of the Town and Country Planning Act 1990 (as amended) because it thinks that the acquisition will facilitate the carrying out of the redevelopment of the land, and the development is likely to contribute to the promotion or improvement of the economic, social and environmental well-being of Bicester and the surrounding district; and

(b) new rights in relation to the land shown hatched red and blue on the same plan as are required to facilitate the redevelopment under Section 13 of the Local Government (Miscellaneous Provisions) Act 1976.

- 1.2 The Council so resolved at its meeting on 19 July 2010.

- 1.3 At the time of these resolutions the plan referred to was indicative. Since

then referencing agents employed by the Council have investigated the title to the site, and have contacted all known landowners to establish their interest in the site.

- 1.4 As a consequence of this work the attached revised plan (showing land to be acquired coloured pink and new rights to be acquired coloured blue) has been prepared, and it is proposed that this be put before the Council for formal approval on 18 October.
- 1.5 Since the Council resolution on 19 July, the developer (Town Centre Retail (Bicester) Limited) has continued with its efforts to acquire outstanding land interests by agreement. Whilst some further progress has been made with such acquisitions, a number of interests remain to be acquired – thus the present recommendation to Council to formally authorise a CPO.
- 1.6 The making of the CPO does not mean that negotiations for the acquisition by agreement of the outstanding land interests will cease. During the CPO process the developer will continue to try and acquire these interests by agreement, if it is possible to do so on reasonable terms.
- 1.7 When the Council has resolved to make the CPO, the order will be published, and interested parties will be notified. There will then be a three week period within which any objections must be made. If no objections are received, the order may be confirmed by the Council itself. In the event that an objection is made by parties who have a legal interest in the affected properties, it will be necessary to ask the Secretary of State to hold a public Inquiry to consider the objections. In this event it is likely to be at least nine months before the outcome of the inquiry is known.

Background Information

- 2.1 The background to this proposal was set out in the report to the Executive on 5 July 2010 (which is attached for ease of reference).
- 2.2 In deciding whether to recommend the Council to authorise a CPO to be made Members' attention is drawn to Section 3 of the previous report which explains the statutory and advisory issues and criteria which a local authority should consider and take into account in deciding whether to make a CPO. This also includes the affect upon human rights of individuals as set out at paragraph 4.7 of the report.

Key Issues for Consideration/Reasons for Decision and Options

- 3.1 The Council agreed to consider making a CPO when it completed a Development Agreement with Town Centre Retail (Bicester) Ltd, and the developer has requested the Council to make the Order.
- 3.2 Any delay in making the Order may delay progress on the scheme, if the developer is unable to reach agreement for the purchase of the outstanding land required.

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

- | | |
|-------------------|---|
| Option One | To proceed with the making of the CPO. |
| Option Two | To delay while negotiations continue, although that may well result in delay in delivering the scheme |

Consultations

- | | |
|-----------------------|---|
| General public | There was public consultation before appointing the developer, and on the planning applications which have been determined. |
|-----------------------|---|

Implications

- | | |
|-------------------|--|
| Financial: | The Development Agreement provides that all costs associated with the compulsory purchase will be reimbursed by the developer

Comments checked by Karen Curtin, Head of Finance
01295 221551 |
| Legal: | The Council must be satisfied that the public interest in taking forward this redevelopment outweighs expropriation of private interests including human rights. |

Comments checked by Pam Wilkinson, Principal Solicitor
01295 221688

Risk Management:

Compulsory purchase is a statutory process allowing those who object to lodge their objections and have them heard at a public inquiry. The process itself is open to challenge but the risks of not pursuing the CPO are that the scheme would not proceed

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

Wards Affected

All Bicester wards

Corporate Plan Themes

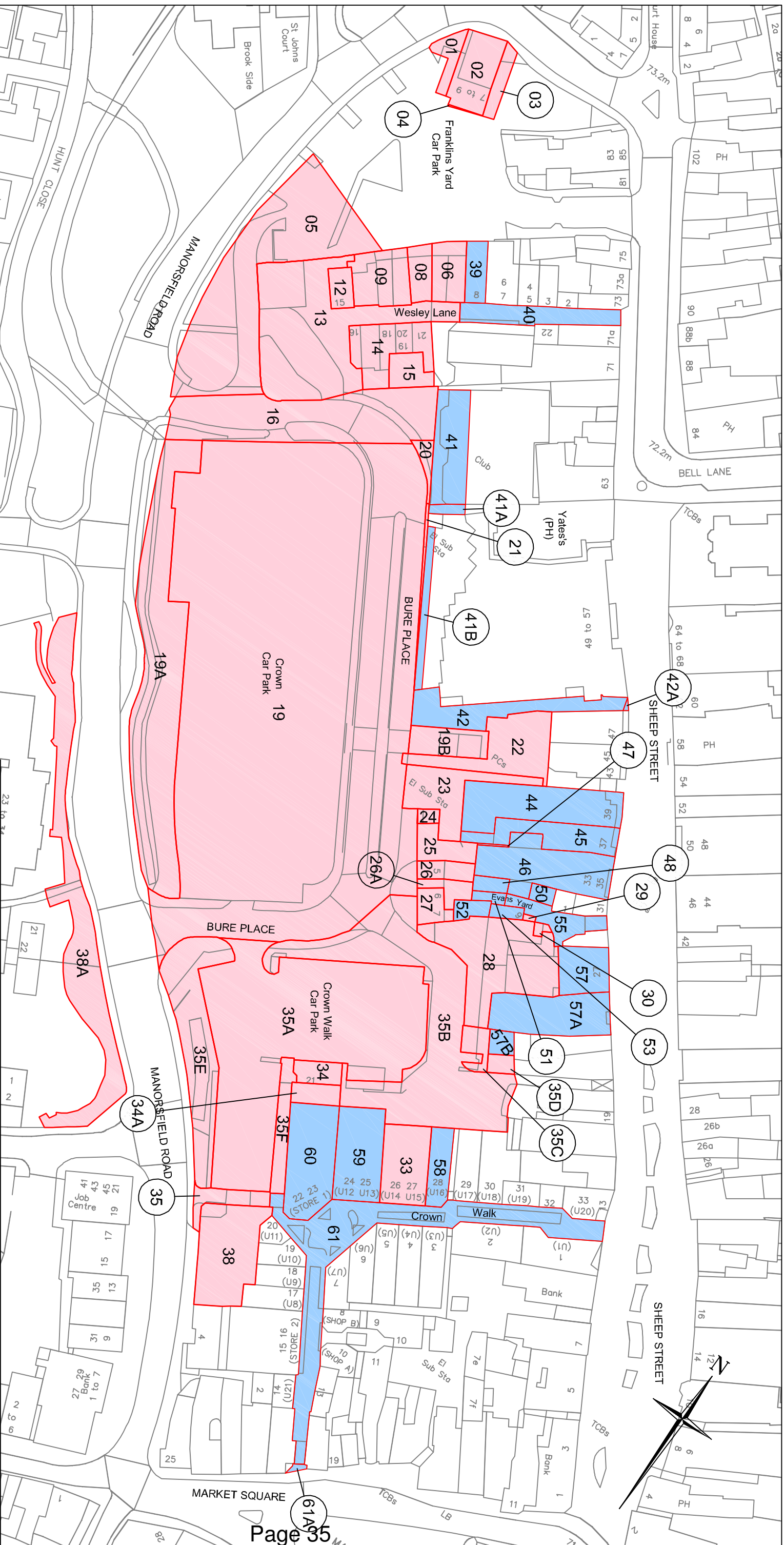
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Executive Portfolio

Councillor Norman Bolster
Portfolio Holder for Economic Development and Estates

Document Information

Appendix No	Title
Appendix 1	CPO Plan
Appendix 2	Report to the Executive dated 5 July 2010
Background Papers	
Planning Committee report 18 th February Planning Application Ref No 07/00422/F Planning Application Ref no 09/01687/F PPS4 Planning for Sustainable Growth PPS9 Biodiversity and Geological Conservation PPG13 Transport PPS25 Development and Flood Risk South East Plan Cherwell Local Plan (1996) Non-Statutory Cherwell Local Plan (2004) SPG "Land between Sheep St.and Manorsfield Rd"	
Report Author	David Marriott, Head of Regeneration and Estates
Contact Information	01295 221603 David.marriott@Cherwell-dc.gov.uk



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PA-2435-CPO-01 R10 23/09/2010

The COMMON SEAL of CHERWELL DISTRICT COUNCIL
 was hereunto affixed this day of 2010
 in the presence of :-

 a duly authorised officer

DRAFT

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Executive

Bicester Town Centre Redevelopment – compulsory purchase proposals

5 July 2010

Report of Head of Regeneration and Estates, Head of Legal and Democratic Services and Head of Development Control and Major Developments

PURPOSE OF REPORT

1. To advise the Executive of the possible need to use compulsory purchase powers to secure the necessary land and rights to complete the Bicester town centre redevelopment
2. To seek Executive approval to the recommendation to Council to the use of compulsory purchase powers to facilitate the implementation of the redevelopment as proposed by Town Centre Retail (Bicester) Ltd in planning permission 07/00422/F, as amended in relation to the central part of the redevelopment site by planning permission 09/01687/F, to assemble the land interests required for the redevelopment, such land interests being shown for indicative purposes only edged red and, in the case of new rights, hatched red and hatched blue on the plan at Appendix One
3. To approve the appropriation of the land edged blue on the plan at Appendix Two, being land in the Council's ownership, for planning purposes.
4. To approve the acquisition of the existing service yard to the Crown Walk shopping centre shown edged green on the plan at Appendix Three for planning purposes so that, if necessary, the powers in section 237 of the Town and Country Planning Act 1990 may be relied upon to override legal interests which might impede the implementation of the redevelopment.

This report is public

Recommendations

The Executive is recommended to forward to Council for approval the following:

- (1) To confirm that Council is minded to make a compulsory purchase order in respect of:
 - (a) the land shown edged red on the plan attached at Appendix One under Section 226(1)(a) of the Town and Country Planning Act 1990 (as amended) because it thinks that the acquisition will facilitate the carrying out of the redevelopment, and the redevelopment is likely to contribute to the promotion or improvement of the economic, social and environmental well-being of Bicester and the surrounding district; and

- (b) new rights in relation to the land shown hatched red and blue on the same plan as are required to facilitate the redevelopment under Section 13 of the Local Government Act (Miscellaneous Provisions) Act 1976
- (2) To authorise the Head of Legal and Democratic Services to take all necessary steps as considered appropriate to secure the making of a compulsory purchase order including the publication and service of all relevant notices
 - (3) To authorise the Head of Regeneration and Estates to approve the terms for the acquisition of legal interests by agreement including for the purposes of resolving any objections to the compulsory purchase order
 - (4) To confirm the appropriation of the land edged blue on the plan attached at Appendix Two for planning purposes as described in section 226 and 246 of the Town and Country Planning Act 1990 (as amended) on the commencement of Phase 2 of the redevelopment scheme (i.e. following the initial highway and other enabling works within Phase 1) in accordance with Section 122 of the Local Government Act 1972.
 - (5) To authorise the acquisition of the land edged green on the plan attached at Appendix Three for planning purposes in accordance with section 227 of the Town and Country Planning Act 1990 (as amended).

Executive Summary

- 1.1 The proposed redevelopment of Bicester town centre will improve the range of facilities available. It will provide better shopping, leisure and car parking facilities. Over the last 15 years or so, Bicester has experienced very substantial population growth, but this has not been matched by any growth in town centre facilities. There is a significant unsatisfied demand for additional retail space, and in particular an additional foodstore. Applications have been received to provide this on the edge of the town, but these have been refused as the opportunity exists to locate the required facilities in the town centre. In addition, Bicester is poorly served with leisure facilities, and in particular has no cinema. Since 2005 the Council has been working to secure a town centre redevelopment scheme which will address these deficiencies.
- 1.2 The development is one of the key priorities for the Council and complements the development of the eco-town on the edge of Bicester. The development of the eco-town will reinforce the need for a town centre with a scale and range of facilities to match the enlarged area of the town and ensuring that the needs of that population are better met locally without the need for car-borne travel.
- 1.3 Given that there are a number of land interests still to be acquired, it is appropriate that the Council should signal its resolve to make a compulsory purchase order to facilitate the redevelopment. This is consistent with the advice of the Secretary of State, which gives positive encouragement to local authorities to use their compulsory purchase powers to ensure real gain for

residents and the business community without delay.

- 1.4 It is expedient to appropriate land in the Council's ownership and to acquire the Crown Walk service yard (both for planning purposes) in order to rely upon the power in Section 237 of the 1990 Act to override existing interests and rights.

Background Information

2.1 History

On 3 November 2003 the Executive resolved to progress the redevelopment of Bicester town centre by retaining consultants to undertake a study, in order to establish the capacity of the site identified in the draft Local Plan to accommodate the proposed redevelopment, and the financial viability of such a scheme. It also instructed officers to prepare draft supplementary planning guidance (SPG) for these proposals for public consultation.

On 4 May 2004 the Executive approved the conclusions of the consultants' viability study and authorised officers to proceed with public consultation on the draft SPG.

On 1 November 2004 the Executive considered the outcome of the public consultation and approved the final version of the SPG for formal adoption.

Also on 1 November 2004 the Executive considered a report setting out proposals suggesting how this redevelopment might be brought forward and approved a development brief to be issued to potential development partners, setting out a proposed legal framework under which a scheme could be delivered. The Executive confirmed at that time that, if the chosen development partner were not to be able to secure all the necessary land and property for the scheme, having used reasonable endeavours to do so, subject to any pre-conditions having been satisfied, the Council would be willing to consider making a Compulsory Purchase Order to enable the redevelopment to proceed.

2.2 Tender process and Development Agreement

The Council undertook a two stage process to choose a development partner for this project. A Project Board was established early in 2005, in accordance with the Council's normal project management procedures. The Board originally comprised the Portfolio Holder for Property and Regeneration Schemes, the Leader of the Council, the Portfolio Holder for Resources, the Chief Executive, and the Head of Planning and Development Services, with the Property and Technical Services Manager acting as project manager. Since being established, Executive Portfolios have changed, and officer posts have been subject to restructuring, but the Board continues to comprise the equivalent positions.

Early in 2005 the development opportunity was advertised in the property press, and details were mailed to a list of potential developers and agents by the Council's retained retail development consultants. Over 100 copies of the SPG and development brief were sent to companies responding to this

marketing. Eleven companies responded to the development brief by submitting initial proposals for redevelopment of the site, and these were considered by the Project Board on 21 March 2005. The Project Board shortlisted four developers, who were invited to submit detailed proposals for the Council's consideration. One of these developers subsequently decided to withdraw, and consequently three detailed submissions were received.

The detailed schemes and associated financial proposals were considered by the Project Board on 22 July, when presentations were made by the three developers. The outcome was that the Board recommended that Stockdale Land/Sainsbury's be appointed as the Council's development partner.

Stockdale Land and Sainsbury's formed a company, Town Centre Retail (Bicester) Ltd (TCR) to undertake the redevelopment. TCR is now owned by Sainsbury's whilst Stockdale Land continue to act as development manager. TCR then embarked on the process of working up their proposals, taking on board feedback made by the Council, whilst negotiating the terms of a formal development agreement with the Council.

A Development Agreement was completed earlier this year. It is conditional on all the land interests required for the scheme being acquired, and permits TCR to request the Council to consider making a CPO, in the event that TCR is unable to acquire any of these land interests on reasonable terms. A significant part of the site was owned at the outset by the Council and by Sainsbury's. Other properties have been acquired or options secured by TCR over the period since they were appointed. However, a number of land interests essential for the delivery of the scheme remain to be acquired. The land affected is shown on the plan at Appendix One, but this is presently subject to review involving a detailed land referencing exercise.

The Development Agreement provides for the freehold of part of the site, currently owned by Sainsbury's/TCR, to be transferred to the Council, and leased back to TCR for a term of 999 years. Other properties are to be held by TCR freehold. The site is affected by various rights of way which must be terminated or diverted in order for the scheme to proceed. If it is not possible to reach agreement for the termination or variation of all these rights, they can be extinguished by compulsory acquisition under Section 236 of the Town and Country Planning Act 1990. However, if it transpires that it is not necessary to complete the process of making a CPO, because all necessary freehold and leasehold interests are secured by agreement, the rights can be overridden under the power contained in Section 237 of the 1990 Act. In the event that the CPO is not required as described above, it is proposed that this power be relied upon. In order to ensure that this power is available, it is necessary to appropriate the Council's existing land ownership for planning purposes.

The existing service yard to Crown Walk shopping centre is affected by rights which must be varied in order for the entire scheme to be delivered. In order that the Council and, in turn, TCR can rely upon the power in Section 237, it is necessary for this land to be acquired by the Council for planning purposes. As this land is not part of the area to be transferred under the Development Agreement, it will be transferred to the Council at nil cost and then transferred back to TCR, also at nil cost, prior to commencement of the redevelopment.

2.3 Planning Policy Context

The planning policy context for town centre redevelopment has evolved over the past few years. Set out below is the relevant planning policy guidance framework.

At a national level, guidance on town centre uses is provided by the recently published PPS4 “Planning for Sustainable Economic Growth”. This replaces early guidance on retail development contained in PPS6. PPS4 contains town centre policies relating to retail development, leisure and entertainment facilities (including cinemas, restaurants and health and fitness centres) offices and arts, culture and tourism development. The policies still require a sequential assessment for applications of the above types with a focus on providing the development as centrally as possible in the interests of sustainability and ease of access.

Other relevant national guidance is contained in PPS9 Biodiversity (with regards to the intended re-alignment of the Town Brook), PPS5 Planning for the Historic Environment (which provides advice/policies with regards to development affecting heritage assets i.e. listed buildings and Conservation Areas) and the archaeology, PPG13 Transport (town centre location and parking levels), and PPS25 Development and Flood Risk.

At the time of writing the South East Plan remains in place. It contains policies which state that the prime focus for development in the South East should be urban areas; in a sustainable way; and with retail development concentrated in town centres; and that community facilities should be located to reduce travel impacts. The specific policy for Central Oxfordshire in the South East Plan identifies Bicester as a main location for development.

The adopted Cherwell Local Plan contains a policy (S15) relating to the northern end of the site (Franklins Yard) promoting comprehensive redevelopment of that area for retail financial and professional services.

The Non-Statutory Cherwell Local Plan contains Policy S14 which states:

(a) **SITES IN THE TOWN CENTRE WITH REDEVELOPMENT POTENTIAL**

S14 LAND TO THE WEST OF SHEEP STREET AND EAST OF MANORSFIELD ROAD, AS DEFINED ON THE PROPOSALS MAP WILL BE SAFEGUARDED TO FACILITATE THE PROMOTION AND IMPLEMENTATION OF A COMPREHENSIVE MIXED-USE DEVELOPMENT THAT COMPRISES USES FALLING INTO CLASS A1, A2, B1, D1 AND D2 OF THE TOWN AND COUNTRY PLANNING USE CLASSES ORDER 1987 (AS AMENDED) THAT WILL ENHANCE THE STATUS, VITALITY AND VIABILITY OF BICESTER TOWN CENTRE. DEVELOPMENT THAT PREJUDICES THE IMPLEMENTATION OF THIS POLICY, PARTICULARLY PIECEMEAL DEVELOPMENT WITHIN THE AREA WILL NOT BE PERMITTED.

The policy is explained as follows

It is acknowledged in this chapter that the Town Centre serves the day to day needs of the local population who also travel to neighbouring centres for higher order comparison goods, higher order services and leisure facilities. The rate of residential growth in the town over the last two plan periods has significantly overtaken the rate of commercial investment. This issue was raised at consultation meetings with the public prior to the preparation of the deposit draft plan. Many local people consider that further residential development should be restricted until improved shopping and leisure facilities have been provided.

To address the imbalance, land between Sheep Street and Manorsfield Road, and anchored by Franklin's Yard to the north and Crown Walk to the south, will be promoted for redevelopment for a mix of uses comprising, inter alia, food and comparison shopping, cinema, library and art centre, offices, and improved car parking, bus station and shopmobility facilities. This mix of uses and improvements is consistent with the Council's consultant's recommendations as set out in the Urban Design Study (1996), Bicester shopping and commercial leisure study (1998) and Bicester Integrated Transport and Land Use Study (2000). The Council commissioned further studies during 2003 and 2004 to confirm the feasibility and viability of the proposals set out in Policy S14.

The area is in multiple ownership, and about 50% of it is owned by the Council. The Council reserves the right to exercise its compulsory purchase powers to implement the regeneration of the area.

The redevelopment must accommodate all buildings fronting Sheep Street between Tesco and Crown Walk. Elsewhere a selective approach to retention and development will be considered.

The redevelopment must protect and improve the network of lanes between Sheep Street and Bure Place. Where appropriate the lanes will be extended to Manorsfield Road, constructed to accommodate cyclists and adopted as public highway. The development must be outward looking providing positive frontages with public access to Sheep Street, St John Street and Manorsfield Road.

Supplementary planning guidance will be prepared by the Council to establish detailed land use planning, transport and design requirements. The Council will aim to have granted planning permission for a comprehensive development and attain all the necessary consents by the end of the plan period.

In November 2004 the Council adopted a supplementary planning guidance (SPG) document with regard to the redevelopment of this area. This document promotes a comprehensive redevelopment including additional retail floorspace (comparison and convenience) a cinema, improved bus facilities, library, car parking, relocated shopmobility and pop-in centres, residential and public space.

2.4 Planning Position

In July 2007 the South Area Planning Committee considered TCR's initial application for planning permission (ref no. 07/00422/F) for a supermarket, cinema, civic building including library, bus interchange, 25 shops/restaurants 526 car parking spaces, 19 residential units and the division of Town Brook. The Committee decided to grant planning permission subject to a legal agreement in respect of off-site infrastructure. That permission was issued following the completion of the agreement in September 2009.

A revised application for the central part of the site (ref no 09/01687/F) was submitted in November 2009. That application was for a food store, further non-food retail units, cinema, car parking and other general town centre uses. At their meeting held on 17 February 2010 the Planning Committee resolved to approve that proposal subject to necessary and appropriate amendments to the previous legal agreement. ~ A revised agreement is in the process of being concluded and planning permission should be granted shortly.

3 Compulsory Purchase Powers

- 3.1 The Council has the power in section 226 of the Town and Country Planning Act 1990 (as amended by the Planning and Compulsory Purchase Act 2004) to make a compulsory purchase order for any land in their area if the Council thinks that the purchase of the land will facilitate the carrying out of development, redevelopment or improvement on or in relation to the land.
- 3.2 The Council may not exercise the power unless it considers that the development, redevelopment or improvement is likely to contribute to the achievement of any one or more of the following objectives:
 - The promotion or improvement of the economic well-being of their area
 - The promotion or improvement of the social well-being of their area
 - The promotion or improvement of the environmental well-being of their area.
- 3.3 It is immaterial that the development, redevelopment or improvement may be carried out by a third party.
- 3.4 Section 13 of the Local Government (Miscellaneous) Provisions Act 1976 enables the Council to compulsorily acquire new rights.
- 3.5 ODPM Circular 06/2004 (Compulsory Purchase and the Crichel Down Rules) provides guidance to acquiring authorities in England on the use of compulsory purchase powers. Paragraph 1 states:

“Ministers believe that Compulsory Purchase Powers are an important tool for local authorities and other public bodies to use as a means of assembling the land needed to help deliver social and economic change. Used properly, they can contribute towards effective and efficient urban and rural regeneration, the revitalisation of communities, and the promotion of business – leading to improvements in quality of life. Bodies possessing compulsory purchase powers – whether at local, regional or national level – are therefore encouraged to consider using them proactively wherever appropriate to ensure real gains are brought to residents and the business community without delay”.

- 3.6 Particular guidance on orders made by local authorities under Section 226 of the Town and Country Planning Act 1990 is contained in Appendix A of the Circular. Paragraph 2 states:
- “the powers in Section 226 as amended by Section 99 of the Planning and Compulsory Purchase Act 2004 are intended to provide a positive tool to help acquiring authorities with their planning powers to assemble land where this is necessary to implement the proposals in their community strategies and Local Development Documents. These powers are expressed in wide terms and can, therefore, be used by such authorities to assemble land for regeneration and other schemes where the range of activities or purposes proposed means that no single specific compulsory purchase power would be appropriate.”*
- 3.7 Importantly, this Circular requires that a compulsory purchase order should only be made where there is a compelling case in the public interest.
- 3.8 A compulsory purchase order to which there are objections will require confirmation by the Secretary of State to become effective. The Circular provides that any decision by the Secretary of State about whether to confirm an order under Section 226 will be made on its own merit, but the factors that the Secretary of State can be expected to consider include:-
- (a) whether the purpose to which the land is being acquired fits in with the adopted planning framework for the area;
 - (b) the extent to which the proposed purpose will contribute to the achievement of the promotion or improvement of the economic, social or environmental well-being of the area;
 - (c) the potential financial viability of the scheme for which the land is being acquired; and
 - (d) whether the purpose for which the acquiring authority is proposing to acquire the land could be achieved by other means, for example any alternative proposals put forward by the owners of the land.
- 3.9 The Circular also requires the Council to have regard to the following when considering making a Compulsory Purchase Order;
- (a) that the purposes for which the Order is being made sufficiently justify interfering with human rights of those with any interest in the land affected;
 - (b) the degree to which other bodies (including the private sector) have agreed to make financial contributions to underwrite the scheme and on what basis such contributions or underwriting is to be made;
 - (c) evidence relating to financial viability; and
 - (d) where the scheme is likely to be blocked by other impediments to implementation.
- 3.10 The Circular looks to acquiring authorities to seek to acquire land by agreement wherever practicable. However, the Circular recognises that it may be sensible for acquiring authorities to start formal compulsory purchase procedures in parallel with their efforts to acquire by agreement. The Circular

notes that this has the advantage of making the seriousness of the acquiring authority's intentions clear from the outset, which in turn might encourage those whose land is affected to enter more readily into meaningful negotiations.

4 Case for Making a Compulsory Purchase Order

4.1 As set out above, it is an important policy objective of the Council to secure the redevelopment of Bicester town centre and in particular the part of the town the subject of TCR's proposed redevelopment scheme.

4.2 Besides the encouragement given to local authorities to exercise their compulsory purchase powers in the CPO Circular to promote effective and efficient urban regeneration schemes, paragraph EC5.6 of Planning Policy Statement 4 (PPS4) Planning for Sustainable Economic Growth, states:

"Local authorities should make full use of planning tools to facilitate development, including compulsory purchase orders...."

4.3 With reference to the statutory criteria for the exercise of compulsory purchase powers, it is considered that use by the Council of its compulsory purchase powers to facilitate the TCR scheme will contribute to the achievement of the promotion or improvement of the economic, social and environmental well-being of the Council's area.

4.4 In particular, it is considered that the proposed scheme will provide a high quality extension to the town centre including greater food and non-food retail floorspace, an efficient new bus interchange facility, all of which will contribute to the centre and complement its conservation area status.

4.5 As set out in Section 3 above, the scheme accords directly with national, regional and local policies. Planning permission has been granted for the scheme and it is not considered, therefore, that there would be any planning or other impediments to the implementation of the scheme.

4.6 Importantly, the scheme will fulfil the Council's specific aspirations for redevelopment of the site in accordance with the Council's development brief and the approved SPG.

4.7 As explained above, in deciding to make a CPO, the Council should be satisfied that there is sufficient justification for interfering with human rights of those with an interest in the land affected. In this respect the Human Rights Act 1998 incorporates certain provisions of the European Convention on Human Rights, namely:

Article 1 – the right of everyone to peaceful enjoyment of possessions. No one can be deprived of possessions except in the public interest and subject to the relevant national and international laws.

Article 8 – private and family life, home and correspondence. No public authority can interfere with these rights except if it is in accordance with the law and is necessary in the interests of national security, public safety or the economic well-being of a country.

Article 14 – the right to enjoy rights and freedoms in the Convention free from discrimination on any ground such as sex, race, colour, language, religion,

political or other opinion, or national or social origin.

In the case of each of these articles under the Convention the Council should be conscious of the need to strike a balance between the rights of the individual and the interests of the public. In the light of the significant public benefit which would arise from the implementation of the proposed redevelopment scheme, it is considered that the use of compulsory purchase powers is necessary and proportionate. In particular, it is considered that the CPO would not constitute any unlawful interference with individual property rights. The CPO process provides the opportunity for representations to be made and the holding of a public inquiry in the case of statutory objections. Those directly affected would be entitled to compensation proportionate to the loss which they incur as a result of the acquisition of their interest.

- 4.9 In light of the facts and considerations set out above it is concluded that there is a compelling case in the public interest for the exercise by the Council of its compulsory purchase powers.

5 Appropriation

- 5.1 As explained at 2.2 above, it is expedient to appropriate the land owned by the Council for planning purposes in order to be able to rely on the power in Section 237 of the 1990 Act to override existing interests or rights, notably rights of way over the site.
- 5.2 Section 237 authorises a local authority (and its successors in title – here TCR) to erect, construct or carry out or maintain any building or works on land which has been acquired or appropriated for planning purposes, notwithstanding that a third party interest or rights may be interfered with,
- 5.3 The effect of the use of the power in section 237 is to override such interests or rights and to convert them into an entitlement to compensation.
- 5.4 As in relation to its decision to make a CPO, the Council should take into account the fact that appropriation of land may lead to existing interests or rights being overridden. The human rights of affected parties should therefore be considered, as set out in paragraph 4.8 above.

6 Acquisition of Crown Walk Service Yard

- 6.1 Again as explained at 2.2 above, it is expedient to acquire this service yard by agreement in order to rely upon the power in Section 237.
- 6.2 The acquisition would be at nil cost with the land being transferred back to TCR, also at nil cost prior to commencement of the redevelopment.
- 6.3 Again, because private interests or rights may be overridden, the Council should take account of human rights considerations, as set out at paragraph 4.8 above.

7 Key Issues for Consideration/Reasons for Decision and Options

- 7.1 Negotiations with landowners, and those with the benefit of rights affected by the development, are continuing. The Council hopes to be able to reach agreement. However, in order to be confident of taking this redevelopment

forward in a reasonable timescale the Council needs to consider the use of compulsory purchase powers at this stage. The Development Agreement also obliges the Council to consider the use of compulsory purchase powers, if necessary.

- 7.2 Appropriation of the land owned by the Council for planning purposes within the development site is a key step in land assembly. Acquisition of the Crown Walk Service Yard is also expedient.

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

- | | |
|-------------------|---|
| Option One | To recommend that Council agree, in principle, to use its compulsory purchase powers to facilitate this redevelopment |
| Option Two | To delay a decision on compulsory purchase in the hope that negotiations will progress and agreement can be reached |

Consultations

- | | |
|-----------------------|--|
| General public | Consultation has taken place on this scheme in the context of the planning policies referred to at 2.3 above and the planning applications referred to at 2.4 above. |
|-----------------------|--|

Implications

- | | |
|-------------------------|---|
| Financial: | The Development Agreement provides that all costs associated with the compulsory purchase will be reimbursed by the developer

Comments checked by Eric Meadows, Service accountant PH&E, 01295 221552 |
| Legal: | The Council must be satisfied that the public interest in taking forward this redevelopment outweighs expropriation of private interests including human rights.

Comments checked by Liz Howlett, Head of legal and Democratic Services 01295 221686 |
| Risk Management: | The risk of not pursuing a CPO is that the redevelopment scheme may not then proceed.

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

Wards Affected

All Bicester wards

Corporate Plan Themes

**All
Executive Portfolio**

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

Document Information

Appendix No	Title
Appendix One	Plan showing land edged red and rights hatched red and blue subject to compulsory purchase
Appendix Two	Plan showing Council owned land edged blue being Council land to be appropriated for planning purposes
Appendix Three	Plan showing land edged green to be acquired by the Council for planning purposes
Background Papers	
Planning Committee report 18 th February Planning Application Ref No 07/00422/F Planning Application Ref no 09/01687/F PPS4 Planning for Sustainable Growth PPS9 Biodiversity and Geological Conservation PPG13 Transport PPS25 Development and Flood Risk South East Plan Cherwell Local Plan (1996) Non-Statutory Cherwell Local Plan (2004) SPG "Land between Sheep St. and Manorsfield Rd	
Report Author	Liz Howlett, Head of Legal and Democratic Services
Contact Information	01295 221686 liz.howlett@cherwell-dc.gov.uk

Executive

Response to Formula Grant Consultation

11 October 2010

Report of the Head of Finance

PURPOSE OF REPORT

This report contains the Council's response to the Government's Consultation Paper on Formula Grant distribution which includes the transfer of funding for concessionary travel to upper tier authorities.

This report is public

Recommendations

The Executive is recommended to:

- (1) Note the contents of the report and response to the consultation (Appendix 1)
- (2) Continue to lobby to minimise the financial implications of the transfer of funding for concessionary travel to upper tier authorities.

Executive Summary

Process

The consultation for proposed changes to the Formula Grant was released on 28 July 2010 with a deadline for responses of 6 October 2010. The proposed settlement is normally issued in late November/early December. The settlement will be based on the resources agreed in the Spending Review which is due to be published on 20 October 2010.

In 2010/11 the Council receives £10.9m Formula Grant which funds 60% of the net budget.

This consultation covers all local authorities in England that receive formula grant (Revenue Support Grant, redistributed National Non Domestic Rates and, where appropriate, Police Grant). Police authorities in both England and Wales who receive grant via this system are also covered.

Aim

This consultation document contains options for a number of the components of the grant distribution system. These include some of the relative needs formulae, the balance of weight given to relative needs or resource, and possible improvements to the data used in the formulae.

There are sections containing options on each of these issues, together (where appropriate) with illustrations of how each option would affect individual authorities. The Government believes that the options in this consultation document could be used to update the Formula Grant Distribution System but is not looking to make *major* changes to the formulae for calculating grants.

The options available are still being developed and therefore at the stage of writing this report we cannot confirm specifically which one will be pursued. However we will clearly only support those that meet our criteria and minimize any impact on the authority.

Concessionary Fares

The transfer of concessionary fares from districts to counties could have a significant impact on Cherwell District Council and as such we are considering the range of options available to ensure that we minimise this impact.

On the basis of the exemplifications put forward the Council's 'base' grant will be reduced in line with actual spend on concessionary fare but in addition, from the exemplifications put forward (not all options have been exemplified) the Council would also lose between £0.5m and £1.1m.

These budgetary pressures have been reported to the Executive as part of the Medium Term Financial Scenario Modeling in May 2010.

District and Borough councils need to minimise the amount taken from them, but while each authority knows with certainty how much is spent on Concessionary Travel, complications arise because the finance system does not specify how much each received for the service.

Ideally, the transfer from one tier of local government to another should not result in an additional budgetary pressure for the council tax payer; but the 'four block allocation model' used in the finance system and the need to use formulae rather than actual allocations or actual spending combine to cause huge swings in funding across the country.

The Oxfordshire Treasurers Group (OTA) has been reviewing the consultation from an Oxfordshire position as a whole and the key issue has been the concessionary fares transfer.

Removing funding from Districts is essential - as this function is being moved. All the options are problematical in Oxfordshire though, as Oxford City does

not have enough funding removed, whereas Cherwell, West, South and Vale always lose too much.

One of the options needs to be selected to remove funding (CONCF1, 2, 3 or 4) and it is concluded that CONCF3 is least damaging.

However, this misses the fundamental point that the 'four block model' is a completely inappropriate method of transferring funding for the scheme from lower to upper tiers.

This is borne out by the fact that under the exemplifications contained in the consultation the Police Authorities are affected, to differing degrees depending on the option, by the transfer even though they have no Concessionary Fares responsibility.

While recognising that the complexity of the system rules out a perfect result, the line we have adopted is to say that:

- (i) In the short-term, no council should lose more grant than it is presently spending concessionary fares; this avoids immediate additional budget pressure
- (ii) No class of authority should lose overall

To take more away from authorities is illogical and indefensible. The Council will continue to lobby in respect of minimizing the impact of this transfer.

Response

A template has been provided to respond to each of the questions in the consultation document and Cherwell's response is detailed in Appendix 1. The response only focuses on the items with a significant impact on the Council. Aside from the concessionary travel transfer, most of the options illustrated would not have a significant impact on the Council.

Background Information

Definition

Approximately 25% of public spending in England takes the form of spending by local authorities on services they provide. Most of this money is distributed as grant from central government, with the balance being raised locally via council tax. The Formula Grant Distribution System is concerned with the distribution of a large part of this grant from central government to local authorities, known as Formula Grant.

The aggregate of Revenue Support Grant (RSG) plus income from redistributed business rates – national non-domestic rates (NNDR) – plus police grant is known as the Formula Grant.

Formula Grant is divided into four blocks:

- 1) A needs assessment – Relative Needs Formulae (RNF) – is intended to reflect the relative cost of providing comparable services between different local authorities. It takes account of characteristics such as population and social structure
- 2) A resources element – relative resources amount – takes account of the different capacity of different areas to raise income from council tax due to the differing mix of properties. It is a negative amount as it represents assumed income for local authorities
- 3) A central allocation which is a 'per capita' allocation of funding.
- 4) A floor 'damping block' in order to give every local authority a minimum grant increase. Grant increases to other councils in the same class are scaled back to pay to bring all local authorities up to the appropriate floor increase.

Allocation

The Formula Grant Distribution System was last reviewed before the 2008-09 local government finance settlement. The consultation paper provides the basis for a full consultation on options for grant distribution changes that could be introduced from the 2011-12 settlement onwards.

The system divides up the finite pot of available grant (which is determined in the spending reviews) between all local authorities in England. The system considers local authorities' individual circumstances, their needs and their potential to raise resources locally, relative to all other councils which provide the same services, by reference to a number of mathematical formulae. The Relative Needs Formulae take account of an authority's relative need by considering a number of factors which appear to explain variations in the cost of providing services.

The system also takes account of the fact that areas that can raise more income locally require less support from Government to provide services, and looks at authorities' potential to raise resources through council tax relative to other councils.

To ensure stability in the financing of local services, Government then sets a "floor" or lower limit to any authority's change in their Formula Grant allocation year-on-year to limit losses or gains in grant

History of technical work

The Settlement Working Group (SWG) considers how the formula grant system might be changed. The SWG consists of representatives from all

types of local authority in England along with interested parties from central Government.

A separate technical group examines questions of grant distribution for Police Authorities in England and Wales.

Papers and minutes from the SWG are available on the website for Communities and Local Government:
<http://www.local.communities.gov.uk/finance/1112/grant.htm>

As part of our Medium Term Financial Forecasting we have referred to the work of the SWG to estimate the impact on future formula grant funding.

Formula Changes Being Considered

Most of the changes are fairly technical in their nature. There has not been a fundamental review of the system. The Government is mainly looking “to update and (finely) tune the existing system”. For each change being considered an estimate of the potential impact on the Council is included in the response.

Transfer of Responsibility for Concessionary Travel

This is done in two stages. Firstly, the removal from lower tier authorities and then the addition to the upper tier authorities. In the latter case this includes the incorporation of the special grant into Formula Grant. For consultation purposes illustrations are based on actual spend in 2008/09. The amount allocated for concessionary travel will be decided as part of the spending review.

There are 4 options presented and the Authority is asked to select which one it supports. All of the options put forward have significant distributional effects that range from between £0.5m and £1.1m.

Although the authority should not support any of the options CONCF3 is the option that removes the least at £0.5m from Cherwell.

The Oxfordshire Treasurers Group (OTA) has been reviewing the consultation from an Oxfordshire position as a whole and the key issue has been the concessionary fares transfer.

Removing funding from Districts is essential - as this function is being moved. All the options are problematical in Oxfordshire though, as Oxford City does not have enough funding removed, whereas Cherwell, West, South and Vale always lose too much.

One of the options needs to be selected to remove funding (CONCF1, 2, 3 or 4) It is concluded that CONCF3 is least damaging so all Districts could settle for that.

In short, the best options for Oxfordshire as a whole seem likely to be:

- Option CONCF3 to remove funding from the Districts – our preferred option.
- Option CONCF9 to add funding back to the County

The Formula grant system is so bad at redistributing the money that it should **not** be used for concessionary fares and the OTA believes that instead the upper tier authorities should be given a specific grant paid through Area Based Grant. (ABG)

Response

A template has been provided to respond to each of the questions in the consultation document and Cherwell's response is detailed in Appendix 1. There are a number of questions that do not apply to Districts and therefore a nil response is given.

The response to the consultation paper has been reviewed by Councillor James MacNamara, Portfolio Holder for Resources and the Corporate Management Team prior to submission on Monday 4th October 2010.

The response only focuses on the items with a significant impact on the Council. Aside from the concessionary travel transfer, most of the options illustrated would not have a significant impact on the Council.

Next Steps

The proposed settlement is normally issued in late November/early December. The settlement will be based on the resources agreed in the Spending Review which is due to be published on 20 October 2010 and the outcome of the consultation.

A summary of responses to the consultation will be published by 31st December 2010 at the following address <http://www.local.communities.gov.uk>.

The Council will report on the 2011/12 settlement as part of the first draft budget report in December 2010.

Implications

Financial: None at this stage. The consultation will determine the amount of funding the Council will receive in 11/12 onwards. Our current medium term "realistic" scenario assumes a budgetary pressure of 19.5% grant reduction over 3 years and a concessionary fares budget pressure of £810k

Legal: None

Risk Management: An adverse settlement will exacerbate an already challenging budget position.

Comments checked by Karen Muir, Corporate System Accountant 01295 21559

Wards Affected

All

Corporate Plan Themes

All

Executive Portfolio.

Councillor James MacNamara, Portfolio Holder for Resources.

Document Information

Appendix No	Title
Appendix 1	Response to Consultation Paper
Background Papers	
Settlement Consultation Document –July 2010 MTFS Scenario Planning – May - September 2010 Public Sector briefing notes – July – Sept 2010 Society of District Treasurers briefing notes Oxfordshire County Council Response (once finalised)	
Report Author	Karen Curtin, Head of Finance
Contact Information	01295 221551 karen.curtin@cherwell-dc.gov.uk

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**LOCAL GOVERNMENT FINANCE FORMULA GRANT DISTRIBUTION:
CONSULTATION PAPER JULY 2010**

FORMULA GRANT DISTRIBUTION CONSULTATION RESPONSE

Name	Karen Curtin
Position	Head of Finance
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Address	Bodicote House, Bodicote
	Banbury, Oxfordshire
	OX15 4AA
E-mail	karen.curtin@cherwell-dc.gov.uk

CHAPTER 3: ADULTS' PERSONAL SOCIAL SERVICES

Q1 Do you agree that we should update the Low Income Adjustment (OPPSS1)?

Agree

Disagree

Any further comments

N/A

CHAPTER 4: POLICE

Q2 Do you agree the activity analysis should be updated, and a three year average used instead of the current two year average (POL1)?

Agree

Disagree

Any further comments

N/A

Q3 Do you agree that the log of weighted bars per 100 hectares indicator should be used in place of log of bars per 100 hectares indicator (POL2)?

Agree

Disagree

Any further comments

N/A

Q4 Do you agree that the three elements of Additional Rule 2 Grant should be rolled into Principal Formula Police Grant (Main Grant) and therefore distributed as through the Police Allocation Formula (POL3)?

Agree

Disagree

Any further comments

N/A

Q5 Do you agree that the whole of Additional Rule 2 Grant should be rolled into Principal Formula Police Grant (Main Grant) and therefore distributed as through the Police Allocation Formula (POL4)?

Agree

Disagree

Any further comments

N/A

CHAPTER 5: FIRE & RESCUE

Q6 Do you agree that the expenditure data used to determine the coefficients should be updated (FIR1)?

Agree

Disagree

Any further comments

N/A

Q7 Should annual cashable efficiency savings be added to the updated expenditure data used to determine the coefficients should be updated (FIR2)?

Yes

No

Any further comments

N/A

Q8 Would you prefer either FIR3 or FIR4 as an alternative to the current risk index?

FIR3

FIR4

Any further comments

N/A

CHAPTER 6: HIGHWAYS MAINTENANCE

Q9 Do you agree that the daytime visitors component of daytime population per km should be removed (HM1)?

Agree

Disagree

Any further comments

N/A

Q10 Do you agree that the expenditure data used to determine the coefficients should be updated (HM2)?

Agree

Disagree

Any further comments

N/A

CHAPTER 7: ENVIRONMENTAL, PROTECTIVE & CULTURAL SERVICES

Q11 Do you agree that foreign visitor nights is a suitable replacement for day visitors in the district-level and county-level EPCS RNFs (EPCS1)?

Agree

Disagree

Any further comments

The impact of this change could equate to an additional £61k.

Q12 Do you agree that the new GIS-based flood defence formula should be used (EPCS2)?

Agree

Disagree

Any further comments

Cherwell District Council is unaffected by this change

Q13 Do you agree that the new GIS-based coast protection formula should be used (EPCS3)?

Agree

Disagree

Any further comments

Cherwell District Council is unaffected by this change

CHAPTER 8: AREA COST ADJUSTMENT

Q14 Do you agree with the proposal to update the weights given to the labour cost adjustment (ACA1)?

Agree

Disagree

Any further comments

This would reduce the ACA for Cherwell, with a loss of £21k.

CHAPTER 10: SCALING FACTOR

Q15 Do you agree think that the scaling factor for the central allocation should be close to one, so that equal importance is attached to the amounts above and below the threshold?

Yes (if yes, please answer Q16)

No

Any further comments

Significant changes should be avoided in the current circumstances.

Q16 If so, would you prefer Ministers to be able to set judgemental weights for the Relative Needs Amount (CAS1) or the Relative Resource Amount (CAS2)?

CAS1

CAS2

Any further comments

Both options are poor for Cherwell, giving losses of £49k and £39k respectively.

CHAPTER 11: FLOOR DAMPING LEVELS

Q17 Over the next Spending Review period, do you think that the floor level should be set close to the average change or such that it allows some formula change to come through for authorities above the floor?

Close to the average

Allows formula change to come through

Any further comments

Given the uncertainty about the shape of the next settlement – retain current system.

CHAPTER 12: TRANSFERS AND ADJUSTMENTS

Questions 4 and 5 on Additional Rule 2 grant are shown in the Police section above and not repeated here.

Q18 Which of the four options for removing concessionary travel from lower-tier authorities do you prefer?

CONCF1

CONCF2

CONCF3

CONCF4

Any further comments

On the basis that 1 option needs to be selected CONCF 3 results in the lowest budget pressure to the Council.

[See exec report changes]

Q19 Which of the six options for rolling in concessionary travel to upper-tier authorities do you prefer?

CONCF5

CONCF6

CONCF7

CONCF8

CONCF9

CONCF10

Any further comments

Need to check with Oxfordshire (David Illingworth)

Q20 Should concessionary travel have its own sub-block (within the EPCS block)?

Yes

No

Any further comments

Q21 Do you agree with the methodology for adjusting the base position for unadopted drains?

Yes

No

Any further comments

Minor issue for Cherwell District Council where the authority has to take on responsibility for an absentee owner

CHAPTER 13: THE INCAPACITY BENEFIT AND SEVERE DISABLEMENT ALLOWANCE

Q22 Do you agree that the incapacity benefit and severe disablement allowance indicator should use quarterly data rather than annual data (DATA1)?

Agree

Disagree

Any further comments

This chapter concerns a tiny change from annual to quarterly data for this indicator. Cherwell sees a loss of £4k if this change is implemented.

CHAPTER 14: REPLACING THE CHILDREN'S INCOME SUPPORT BENEFIT INDICATOR

Q23 Do you agree that children in out-of-work families receiving Child Tax Credit (CTC) should replace the current children of Income Support / (income-based) Jobseeker's Allowance claimants (DATA2)?

Agree

Disagree

Any further comments

This chapter concerns a tiny change from annual to quarterly data for this indicator. Yes. More up to date data is to be preferred - Cherwell sees a loss of £4k.

CHAPTER 15: STUDENT EXEMPTIONS AND THE COUNCIL TAXBASE

Q24 Would you prefer that May data only is used for the student exemptions adjustment in the taxbase projections (DATA3)?

Yes

No

Any further comments

This chapter proposes to change the date for student council exemptions to be counted from October (too early in the term) to May. Cherwell would lose £5k.

CHAPTER 16: UPDATING DATA ON LOW ACHIEVING ETHNIC GROUPS

Q25 Do you agree that the new definition of secondary school pupils in low achieving ethnic groups should be used (DATA4)?

Agree

Disagree

Any further comments

N/A

ANY OTHER COMMENTS

Do you have any alternative proposals?

Do you have any other comments?

Response

Cherwell District Council welcomes the opportunity to comment on the proposed changes to Formula Grant. The first point to make is a general one. It concerns the benefit of having multi-year settlements. In a period of cutbacks, forward planning is critical and has great benefits for council taxpayers, service users and staff. Even if it is not possible to have detailed figures for all years, having national control totals for Formula Grant and other major funding streams including capital is extremely helpful.

Key Issue – Concessionary Fares Transfer

The transfer of concessionary fares from districts to counties is overwhelmingly the most important issue for Cherwell District Council.

On the basis of the exemplifications put forward the Council's 'base' grant will be reduced in line with actual spend on concessionary fare but in addition, from the exemplifications put forward (not all options have been exemplified) the Council would also lose between £0.5m and £1.1m.

District and Borough councils need to minimise the amount taken from them, but while each authority knows with certainty how much is spent on Concessionary Travel, complications arise because the finance system does not specify how much each received for the service. Ideally, the transfer from one tier of local government to another should not result in an additional budgetary pressure for the council tax payer; but the 'four block allocation model' used in the finance system and the need to use formulae rather than actual allocations or actual spending combine to cause huge swings in funding across the country.

While recognising that the complexity of the system rules out a perfect result, the defensive line we have adopted is to say that:

- (i) In the short-term, no council should lose more grant than it is presently spending concessionary fares; this avoids immediate additional budget pressure
- (ii) No class of authority should lose overall

To take more away from authorities is illogical and indefensible. The Council will continue to lobby in respect of minimizing the impact of this transfer.

Other Changes

The Council's response supports the use of more current data even though this is not beneficial in many options. We are expecting one of the toughest settlements ever. In these circumstances it would be wise to minimise changes to the system to avoid exacerbating an already difficult position.

ADDITIONAL OPTIONS

The following section contains any additional options that have been requested by authorities during the consultation period, and where it has been possible to prepare an option for circulation during the consultation period.

Additional Q1:

Do you agree that we should treat the City of London as two notional authorities for floor damping purposes (DAMP1)?

Agree

Disagree

Any further comments

N/A

Confidentiality

All information in responses, including personal information, may be subject to publication or disclosure under freedom of information legislation. If a correspondent requests confidentiality, this cannot be guaranteed and will only be possible if considered appropriate under the legislation. Any such request should explain why confidentiality is necessary. Any automatic confidentiality disclaimer generated by your IT system will not be considered as such a request unless you specifically include a request, with an explanation, in the main text of your response.

I would like my response to remain confidential (please cross)

Please say why in the box below.

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EXECUTIVE

Flood and Water Management Act 2010 and Implications for Local Service Delivery

11 October 2010

Report of the Strategic Director Planning Housing and Economy

PURPOSE OF REPORT

To consider arrangements being put in place locally to implement the Flood and Water Management Act 2010 and to facilitate essential, consequential, decisions about Council services and staffing (land drainage element of the engineering function).

This report is public

Recommendations

The Executive is recommended to:

- (1) Note the implications of the Flood and Water Management Act as set out in the report.
- (2) Inform the County Council as Lead Local Flood Authority (LLFA) that, for the reasons set out in the report, it is unable to take up their offer of a formal, but unfunded, agency agreement that would allow Cherwell District Council (CDC) to operate on behalf of the LLFA in Cherwell.
- (3) Additionally inform the County Council that CDC will not be in a position to maintain its existing in house land drainage staff expertise and information systems under the terms of the new arrangements and that the district councils "duty to co operate with the LLFA" included in the Act will implemented solely through:
 - Local Planning Authority (LPA) consultation on planning policy and development control
 - Provision of any local information or knowledge currently collated or coming to hand in the future
 - Potentially, consideration of making an offer of capital funding contributions towards flood defence works required for the District (these to be planned, designed and implemented by the LLFA and the bodies responsible for main rivers)

All other work on land drainage and flooding will cease.

- (4) Instruct the Strategic Director (Planning Housing and Economy) to report to Personnel Committee on, and implement, the necessary staffing changes arising from these decisions on the FWMA and also from earlier changes to the workload of Cherwell's engineering service (as noted in the report).
- (5) Initiate work with the County Council to provide public and partner information to explain the rearrangement of functions, and new local responsibilities and contacts under the FWMA.

Executive Summary

Flood and Water Management Act

- 1.1 New statutory arrangements for the local authority role in managing flood risk and responding to flooding problems and issues are included in the Flood and Water Management Act 2010 (FWMA). It is expected the relevant provisions of the Act will be fully enacted from 1 April 2011. The County Council will become the LLFA for Cherwell and will receive additional financial resources in its Government grant settlement to perform this function. District Councils will no longer have an independent statutory role in this field of activity. They will still have a duty to co operate with the LLFA (e.g. in respect of planning powers or provision of local information), and, potentially some concurrent powers to take action to enforce riparian (watercourse) owner responsibilities or implement land drainage works that fit with the policies and priorities of the LLFA.

Current CDC Services

- 1.3 Until the advent of the Act district councils have been the lead statutory authority for land drainage matters for all minor water courses. This role often overlapped with the Highway Authority responsibility (County) for highway drainage. Generally district councils ability to participate in flood management and defence work has been patchy and the Act seeks to clarify and centralise responsibilities with the aim of more concerted effort on the part of local authorities working with the other agencies responsible (at present this is the Environment Agency and in some areas Internal Drainage Boards) and landowners with riparian (watercourse) responsibilities.
- 1.4 CDC has been active in its former land drainage role. It has maintained a strong engineering team with extensive local knowledge and expertise. It has worked closely with the Environment Agency and landowners to identify flooding problems and find practical solutions. There has been a capital investment programme (small scheme fund and a major contribution to the Banbury Flood Alleviation Scheme). It has also worked through the Council's planning role to achieve good outcomes in new development. There has been a practical emergency response contribution through expert liaison with local residents, businesses and the emergency services / Environment Agency. This has included a limited sand bagging service for property owners and occupiers operated through a contract with Sanctuary Housing.
- 1.5 The Cherwell approach was however founded on an engineering service built around a Highway Authority agency for Section 38 highway adoption works on new development and a sizeable CDC capital programme requiring engineering consultancy (e.g. street improvements and parking schemes). This provided significant income and allowed a six strong engineering team to

provide a range of services. The scale of service was sufficient to sustain a range of professional skills and allow work priorities to be matched to the current need including land drainage. In April 2010 the Highways Agency was withdrawn by the County Council. The Council's capital programme has also reduced significantly (engineering schemes in particular). Service planning and budget decisions for the current financial year took account of the FWMA proposal to remove the land drainage function and related funding, but allowed for the maintenance of a residual engineering team of three staff. The purpose of this was to complete outstanding capital programme items (including a number of land drainage schemes) and also allow time to consider if there would be a way of retaining existing staff expertise under the new LLFA arrangements. However, from April 2011 the residual service is unfunded.

Service Changes

- 1.6 As the Lead Local Flood Authority the County Council has now outlined its proposals for undertaking the new role. It is seeking co operation with districts by offering individual districts formal local agency agreements. These agreements would allow districts to act on behalf of the LLFA and provide an enhanced service in their area but are unfunded. The proposals were developed in consultation with district officers and presented to a joint member meeting on 2 August 2010 (attended for CDC by councillors Reynolds and Gibbard – as there is an overlapping portfolio responsibility).
- 1.7 From Cherwell's point of view it is difficult to see how a local agency would be workable without significant additional expenditure. This is because:
- Accepting a formal agency agreement will transfer duties to the district council
 - There is no associated funding and notionally an element of existing district funding is likely to be transferred to the LLFA as part of future grant settlements
 - Taking on the function will create public expectations directed to the most local council, and this will deflect an element of responsibility from the LLFA
 - To perform LLFA duties – even at a minimal level – some in house expertise and activity will be essential, but with a very limited range of capital funding available and little other engineering work it will be difficult for a small district to sustain the expertise to required to perform adequately

For these reasons it is not considered, advisable, practical or affordable for Cherwell to take an agency. In officer discussion during 2009 Cherwell suggested an alternative co operative arrangement whereby the LLFA would work with some or all the districts to create a jointly governed shared service. This would have required district contributions, but would have allowed a resilient staffing and contracting framework to be created. There was no support for this proposition. It should be noted that Oxford City retain a major Highway Authority agency and will certainly be able to sustain an agency by building drainage engineering expertise on that base. Other districts would seem to face a similar situation to CDC, albeit some are considering funding an agency for the time being.

- 1.8 There are some inevitable service and staffing implications of this position. It is now clear that the Council must make a final decision on the future of its residual engineering service. Initial 2011/12 budget planning has assumed that the whole service will cease at 31 March 2011. Three posts are affected by these changes. There may be requirement to effect a TUPE (transfer of undertakings protection of employment) transfer of one post to the County Council and this will be determined by a detailed analysis of current duties. There will therefore be two to three posts at risk of redundancy.

Background Information

- 2.1 More detail about the FWMA are set out at Appendix 1
- 2.2 Full details of the County Council's proposals for undertaking its LLFA role are not yet known. However the general approach, including the offer to district councils of a formal, but unfunded, agency agreement to undertake LLFA role in the districts are set out in their paper to the joint Member meeting at Appendix 2.
- 2.3 CDC's suggestion for a local response to the FWMA, including the idea of creating a shared service with top up funding from the district councils is at Appendix 3

3 Key Issues for Consideration/Reasons for Decision and Options

- 3.1 A decision is required on how to respond to the county council's proposal for co operation with Districts on the FWMA.
- 3.2 The following options have been identified. The approach in the recommendations is believed to be the best way forward. The reasons are given in the main body of the report.

Option 1 To decline the County Council's Agency offer and direct all future service requests to the LLFA

Option 2 To make 2011/2 budget provision for an Agency (growth item).

4 Consultations

- 4.1 The issues involved in the FWMA changes were subject to extensive informal and formal consultation with interested parties (Pitt Review – see Appendix 1).
- 4.2 The County Council's proposals have been subject to officer and member level consultation through an informal officer working group and Joint Member meeting. The Environment Agency have also been consulted. To date it has not been possible to make partners and the wider public aware of changes. This will be necessary once future functional responsibilities are agreed.

5 Implications

- HR:** The changes impact on three posts. These posts will no longer exist and the post holders are at risk of compulsory redundancy; although transfer, voluntary redundancy and redeployment options will be thoroughly explored.
- Redundancies will inevitably lead to costs which will be quantified in a report to the December Personnel Committee.
- Consultation will commence with the three employees at the earliest opportunity – to involve unison and HR (and to include OCC HR and management involvement if transfer options exist and once OCC representatives have been identified).
- Financial:** Taking on an unfunded agency would require reconsideration of service plans and staffing structures. Direct staff costs are likely to be in the region of £150 000. To provide an effective service some capital works would be necessary (up to perhaps £50 000 per annum).
- Comments checked by Eric Meadows, Service Accountant 01295 221552.
- Legal:** There are routine legal implications arising from decision. These are in respect of staffing consequences or entering into a formal agency agreement.
- Comments checked by Nigel Bell, Solicitor 01295 221687
- Risk Management:** Not taking up the agency offer will inevitably mean that service in this field will be reduced. There will therefore follow a reputational risk to the Council. However if the Council did decide to take the responsibility of an agency there are more serious risks that it would not be in a position to satisfy the expectations of service levels arising.
- Comments checked by Rosemary Watts, Risk Management & Insurance Officer 01295 221566.
- Efficiency Savings** None arising from this report.
- Comments checked by Eric Meadows, Service Accountant 01295 221552.

Wards Affected

All.

Corporate Plan Themes

A Cleaner, Greener Cherwell and A Safe and Healthy Cherwell.

Executive Portfolio

Councillor George Reynolds
Portfolio Holder for Community, Health and Environment

Councillor Michael Gibbard
Portfolio Holder for Planning and Housing

Appendix No	Title
Appendix 1	Background information on FWMA
Appendix 2	Oxfordshire County Council options paper on local arrangements for FWMA
Appendix 3	CDC Paper on potential for shared service arrangements to respond to FWMA
Background Papers	
Flood and Water Management Act 2010 and associated guidance	
Report Authors	John Hoad - Strategic Director (Planning Housing and Economy) Tony Brummell – Head of Building Control and Engineering Services
Contact Information	01295 227980 john.hoad@cherwell-dc.gov.uk 01295 221524 tony.brummell@cherwell-dc.gov.uk

Appendix 1

BACKGROUND INFORMATION ON FLOOD AND WATER MANAGEMENT ACT 2010

1.0 Background

1.1 The Flood and Water Management Act (FWMA) has come about following the Government's acceptance of all 92 recommendations of the Pitt Review into the widespread flooding of 2007. The purpose of the Act is to set a national framework for the planning and delivery of land drainage and flood risk reduction services.

1.2 Most notably for Local Authorities the Act has established the concept of a Lead Local Flood Authority (LLFA) for each area. In two tier areas this is the County Council whilst in single tier areas it is the Unitary Authority.

1.3 The FWMA places certain strategic duties on the LLFA, mainly concerned with reporting information to the Environment Agency and with developing local strategies in liaison with the Agency for local flood risk reduction. The powers of District Councils to undertake and enforce maintenance on ordinary watercourses have not changed, although these powers can, with the agreement of both parties, be transferred by the District Council to the LLFA through a simple agency.

1.4 Implicit in the FWMA is the ability for District Councils to continue to be involved in local land drainage services through agencies or similar arrangements with their LLFA's. This will be entirely dependent on what arrangements can be agreed at local level.

1.5 All organisations involved in land drainage now also have a duty to cooperate and share information with each other. However, this also will be dependent on local protocols and capabilities as the Act is not explicit on how this should be done.

2.0 Funding

2.1 The Government has said they are committed to funding the LLFA role. Subject to any adjustments made as a result of their Autumn spending review, £22 million has been allocated towards funding the role of LLFA's in England in 2011/12 increasing to £36 million in 2013/14 and thereafter as added duties are applied.

2.2 Defra is currently consulting on how this funding should be distributed to the 149 County and Unitary LLFA's in England. The three models on which they are consulting all allocate funding according to where the properties at risk are, each model containing differing fixed and varying elements. Oxfordshire are ranked 27 of the 149 Authorities with Lincolnshire being at the top of the list. If one of the above models is adopted and if the promised funding is not reduced Oxfordshire County Council will be set to receive between £170k and £250k in 2011/12, rising to between £340k and £420 in 2013/14 and thereafter.

2.3 No District Council will be directly awarded any of this funding and it is clear from discussions with Oxfordshire County Council that they do not intend to trickle any of it down.

3.0 Impact on Related Services

3.1 If Cherwell do not keep its expertise in land drainage there would be no one left to organise the effective distribution of sandbags during emergency events. It is therefore unlikely that this service could be sustained. The County Council has said that this is not a service that they will be able to continue to provide either.

- 3.2** A further element of the FWMA relates to the regulatory service to provide assistance and advice and, if needed, take enforcement action where private foul drainage is causing an environmental nuisance. In Cherwell this is currently delivered from the back of its land drainage service and accounts for approximately 30% of a full time equivalent but with marked peaks and troughs of workload.
- 3.3** Central Government has signalled its intention to transfer the vast majority of private drainage to the responsibility of the relevant Water Company (in Cherwell this is mainly Thames Water) sometime during 2011. Current indications from Defra are that this is unlikely to be before October. A strategy needs to be formed on how to deal with this both in the short term until the transfer actually takes place, and in the long term when there will still be a small residual responsibility on the part of the Council.

Appendix 2

OXFORDSHIRE STRATEGIC FLOODING GROUP

PARTNERSHIP WORKING AND THE ROLE OF THE LEAD LOCAL FLOODING AUTHORITY

Options Paper by Oxfordshire County Council

Introduction

The Flood and Water Management Act has now received Royal Assent and is on schedule to be enacted in April 2011. The Act states that County Councils or Unitary Authorities will become the Lead Local Flooding Authorities (LLFAs) in their given area. The LLFA (Oxfordshire County Council) will be responsible for developing land drainage and flood risk reduction policies for all sources of flooding with the exception of main rivers which will continue to be the responsibility of the Environment Agency.

The Act is not prescriptive in how the responsibilities of the LLFA are to be delivered although partnership working with District Councils is encouraged in order to use the existing Land Drainage knowledge and resources at a local level. However, it is also clear in the Act that the LLFA role cannot be delegated.

In addition no District Council can opt for any arrangement without the approval of the LLFA. Another key point is in relation to funding as the Act states that the LLFA will be fully funded in order to undertake the additional duties. It is not clear where additional funding will be made available, but the implication appears to be that there will be adjustments in the general local authority support grant settlement transferring resources from districts to the county councils to reflect the new lead role on this function.

This paper sets out a range of options for discussion and consideration whilst also being mindful, as a result of previous officer discussions, there are differing aspirations within District Councils.

Options – an overview

As a result of previous meetings and discussions of the Oxfordshire Strategic Flooding Group it is clear that there is a desire, in the main, for the City and District Councils to work with the LLFA in order to meet the statutory obligations of the Flood and Water Management Act. It is also felt at officer level within the County Council there should not be a 'one size fits all' approach and that where possible partnership working is encouraged using existing knowledge and resources.

If the City and District Councils are to engage with the County as LLFA there are a number of arrangements through which this could happen. They could be formal or informal, and they could be on an entirely cost reimbursable basis, or not. If a partnership arrangement were agreed in principle the scope of activities undertaken by City/Districts could range from entirely desktop, limited to providing locally derived regulatory information to the LLFA, to on the other hand a full service encompassing the entire role of the LLFA within the City/District, except actually being the LLFA, that is to say a full agency.

It is therefore evident that the future delivery of land drainage and flood risk reduction services throughout Oxfordshire hinges on the options suggested by the County and then agreed between the County and the respective City/Districts.

Entering into any partnership arrangements, be they a loose Memorandum of Understanding or a fully and legally binding Agency, would be a matter of policy for the County Council's Cabinet and for members within City and District Councils.

Below are two of options which set out ways in which the LLFA may wish to work with the districts (and possibly other partners). Each of the options could be varied with elements taken from each other. Within each option are also a number of issues and risks that need to be considered.

With regard to the funding of the options there are a range of possible scenarios for funding the partners - from full cost reimbursement by the LLFA at one end of the scale, to no cost reimbursement at the other end of the scale. However, envisaged within the Act is a spirit of co operation between partners. Clearly funding needs to be a reflection of the functions which are delegated. Enhanced service provision would be at the discretion of the provider (either district or county).

Options:

1. Centralised Direct LLFA County Service

The County Council as LLFA centralises and directly undertakes the duties currently delivered by District Councils as part of its enhanced role. In doing this it would need to consider the future, and possible transfer of staff and information systems currently deployed by the Districts.

This is the simplest option although it does not pay strong regard to the aspect of partnership working.

Strengths: The transfer of the appropriate staff and information systems will create a robust specialist centre of excellence within the LLFA.

Weaknesses: District influence on how future land drainage services are delivered could be lost

Issues and risks to be considered:

- All funding would fall to the LLFA
- Loss of skills and knowledge at a district level
- Capacity of LLFA to meet the statutory responsibilities
- Possible TUPE implications for LLFA
- Identification of staff resource to transfer to LLFA

2. Agencies with Individual Districts allowing Local Agreements on Resourcing and Top-up Funding by Districts

The LLFA offers individual Agency Agreements to each district to enable flood risk reduction activities to be continued by direct service provision at a district level. (This agreement could be standardised, or might include a menu of responsibilities that could be undertaken by agreement at district level).

This option also allows for collaboration between districts.

Strengths: Allows districts to continue working at a local level and could offer scope to tailor to individual responsibilities, skills and resources. Districts willing and able to deliver land drainage services could continue with minimum intervention by the LLFA

Weaknesses: This arrangement may become unsustainable in the medium to long term with pressures on District resources and there will be a considerable variation in local capability and willingness to take on aspects of the function.

An additional layer of resource would be needed at the LLFA to monitor individual agreements

Issues and risks to be considered:

- Funding of responsibilities undertaken at district level – clear division required for what the LLFA fund and what is considered to be enhanced service funded by the district.
- Maintaining the necessary resources and skills at both local and strategic level
- Sustainability of an agreement depending on the duration
- The monitoring and management of agreements by the LLFA
- Potential confusion as to roles and responsibilities between tiers

Conclusions/Next Steps

County Council

- The County must decide quickly what arrangements it would allow between itself and individual Districts. This decision must be Member endorsed. This will be raised with the County's Cabinet Member responsible for flooding at the next briefing session.
- Clarity is required on the funding arrangements. The County needs to decide what services are required to fulfil the role and how much funding it will be able to provide. This may not be clear until Government provides the basis of the calculation for funding allocation.

City/District Councils

- Each District should decide to what extent, if any, they wish to work to deliver land drainage and flood risk reduction services with the County, and to what extent, if at all, they wish to enter into collaborative arrangements with other Districts. Again, these decisions must Member endorsed.
- Following the County's assessment of what service is required to fulfil the statutory role each District should decide what additional resource, either human or financial or both, they wish to put into any arrangements to enhance service.

May 2010

Appendix 3

DISCUSSION PAPER ON THE DELIVERY OF LAND DRAINAGE AND FLOOD RISK REDUCTION SERVICES IN CHERWELL FROM 2010/11 ONWARDS

1.0 Introduction and Purpose of Report

- 1.1 Since the severe flooding in 2007 that affected much of Oxfordshire and many other communities nationally, a group of senior officers representing the Environment Agency, Oxfordshire County Council and all the Oxfordshire District Councils has been meeting on a quarterly basis to review their responses to the event and to plan for responding to future such events. The group adopted the name “Oxfordshire Longer Term Flooding Issues Group” (OLTFIG).
- 1.2 The work of the group mirrored what was happening nationally in the form of the Pitt Review, and agreed a single response on behalf of Oxfordshire when the Review was consulted upon.
- 1.3 In the relatively short time since 2007 the Pitt Review has been published and all its 92 recommendations accepted by Government. These, along with other measures considered to be necessary and relevant, have been transposed into the Flood and Water Management Bill which is currently passing through Parliament.
- 1.4 Concurrently with the passage of this Bill through Parliament the Government has implemented the European Floods Directive through Statutory Instrument SI 3042/2009. There are overlaps between the Floods Directive and what is in the new Bill. In particular, the concept of a Lead Local Flood Authority (LLFA) for each area has been implemented. In Shire Counties such as Oxfordshire this is the County Council.
- 1.5 Because of the significant changes that are already occurring in the delivery of land drainage services, and with a new emphasis on proactive flood risk reduction, Cherwell has undertaken an audit of how it might be able to help deliver these services in the future. It has also given some early thought to the framework within which it might be able to operate under the leadership of the County Council.
- 1.6 The purpose of this paper is to set out the issues and options at hand, and to provide the Group with some initial thoughts on how Cherwell might be able to contribute to Oxfordshire’s land drainage service delivery in the future.

2.0 Background

- 2.1 Sir Michael Pitt concluded in his report that the existing land drainage legislation, which is very largely couched in permissive powers, is not fit for the present day purpose. In particular, there are gaps in accountability between the Environment Agency and the current Land Drainage Authorities, which are Districts in Shire Counties such as Oxfordshire. Importantly, also, he recommends there should be a step change of emphasis from reactively addressing land drainage problems to an approach of reducing flood risk through proactive planning and preparation.

- 2.2 The 92 recommendations made by Sir Michael range from procedural and administrative matters to practical actions to increase responsiveness and decrease flood risk.
- 2.3 Along with the Pitt Review the Government has been considering the implications of the European Commission Floods Directive 2007. There resulted the draft Flood and Water Management Bill which was consulted upon during early 2009 and is currently being enacted.
- 2.4 Those parts of the Bill which relate to the Floods Directive require urgent UK legislation and have been transposed into SI 3042/2009 or the Flood Risk Regulations 2009. These were implemented on 10th December 2009. The most important of these is the setting up of the County Council as the Lead Local Flood Authority for Oxfordshire. This squarely puts the future responsibility for delivering land drainage and flood risk reduction throughout Oxfordshire on the County Council, and sets out a timetable for some strategic actions that will be required of it.
- 2.5 Those parts of the Bill which do not warrant such urgent action will wait until the new Act becomes law. However it is understood that Parliament generally supports the Act and therefore what appears in the Bill will very largely pass into legislation. It is therefore appropriate to prepare for the full Act now.
- 3.0 **Implications for Local Authorities of the Flood and Water Management Bill and the Floods Directive**
- 3.1 The new legislation seeks to clarify the roles of the Environment Agency and Local Authorities in land drainage and, for the first time, flood risk reduction. It acknowledges that there are many other sources of flooding in addition to watercourses and crucially, it seeks to close the gap in accountability between the Environment Agency and Local Authorities so that all sources of flooding are covered by legislation.
- 3.2 In two tier areas the legislation names the County Council as the 'Lead Local Flood Authority' (LLFA). It acknowledges the historic role of Districts in land drainage and flood defence and openly encourages partnership working between the two tiers in the future. However, the only substantive role that now rests with Districts as a right is permissive and allows them to maintain or enforce maintenance on ordinary (or non critical) watercourses.
- 3.3 In addition, recognising that existing adoption rules have seriously impeded the development of sustainable drainage as a means of mitigating flood risk, the legislation will nominate County Councils as 'SUDs Adopting Bodies'. Again, the legislation recognises that much expertise in sustainable drainage rests with Districts and openly encourages Districts to enter into local arrangements with LLFAs where these would be most effective.
- 4.0 **Particular Implications for Cherwell**
- 4.1 Due to the withdrawal of the highway adoption agency on 31.3.10 and its reducing capital programme, Cherwell will not be able to retain its residual Engineering Service in the way that it has for many years. The highway adoption agency provided a base from which other related services could be delivered with appropriate resilience and expertise. The implications of the withdrawal beyond the immediate confines of the agency itself are still being

assessed, in particular to see whether Engineering Services of any nature can be sustained at all in Cherwell.

4.2 Cherwell has historically played an active role in land drainage and provided a consistently higher level of service to its customers than most Authorities nationally. Additionally, it has specifically set aside the £130,000 grant it received from Defra following the 2007 floods to reduce flood risk throughout the District. Cherwell has set out to spend this judiciously over a number of years and to date several communities have benefited from relatively low key and low cost works. The programme can continue for three or four more years at least provided the technical resource is there to prioritise and administer it. When the £130,000 is expended Cherwell may well be minded to find further such funding itself provided the need can be justified and the benefits shown to accrue.

4.3 There are two options available to Cherwell:

- i. to engage with the County as LLFA only at a minimum level leaving them to discharge their statutory functions with no support other than Cherwell's "duty to cooperate". Cherwell is aware that there will be a transfer of some of its Rate Support Grant to the County Council in order to fund its LLFA role.
- ii. to engage more actively with the County and continue its existing policy of reducing flood risk in Cherwell through its own funding streams. This option would require revenue and/or capital investment from Cherwell coupled with appropriate technical expertise to monitor how and where this investment is allocated.

5.0 **Options for Partnership Working with the LLFA**

5.1 Following the 2007 floods Oxfordshire County Council formed the Oxfordshire Longer Term Flood Issues Group (OLTFIG). This is essentially a group comprising senior officers from the County, Districts, Environment Agency and occasionally Thames Water. The purpose of the group, although never recorded in Terms of Reference or the like, was to review the flooding that had taken place and strategically plan responses in preparation for future such events.

5.2 The group quickly became focussed on the impending Flood and Water Management Bill consultation and served to collate Oxfordshire's response to it. It has now transformed into the Oxfordshire Strategic Floods Group (OSFG) with a clear emerging remit or Terms of Reference to prepare strategically for the changes that will soon occur in delivering land drainage and flood risk reduction services.

5.3 Although not yet a formal agenda item, this is clearly the forum at which strategic partnership working should be discussed at officer level.

5.4 The role of the LLFA cannot be delegated by the County Council. This is a similar but separate role to the Highway Authority. However, the role can be delivered under agency or equivalent arrangements.

5.5 An immediate issue for the County Council to determine where its function as LLFA should sit and how it should be internally resourced. It is a separate

role to that of Highways Authority which could be discharged through sharing a resource with the Highway Authority and through the Highway Authority commitments. However, LLFA has a much wider remit than highway drainage.

- 5.6 If Cherwell were to engage with the County as LLFA there is a range of arrangements through which this could happen. They could be formal or informal, and they could be on an entirely cost reimbursable basis, or not. If a partnership arrangement were agreed in principle the scope of activities undertaken by Districts could range from entirely desktop, limited to providing locally derived regulatory information to the LLFA, to a full service encompassing the entire role of the LLFA within the District, except actually being the LLFA. That is to say a full agency.
- 5.7 As well as the arrangements, if any, that exist between Districts and the Counties the legislation openly encourages partnerships or similar arrangements between Districts and with other 'relevant' organisations. However, any such framework would fundamentally depend on there being an appropriate arrangement between County and Districts in the first place. It is therefore very evident that the future delivery of land drainage and flood risk reduction services throughout Oxfordshire explicitly hinges on the relationships the County are prepared to agree with Districts. Whilst the Districts can aspire to particular relationships, they are ultimately dependent upon the County in this regard.
- 5.8 Entering into any partnership arrangements, be they a loose Memorandum of Understanding or a fully and legally binding Agency, would be a matter of policy for Cherwell's Executive and the County's Cabinet.

6 Timing Issues

- 6.6 The Flood and Water Management Bill is expected to pass through Parliament during 2010. However, Government also say that the role of the LLFA is to be funded through the transfer of private sewers to Water and Sewerage Companies. This is known not to be achievable until 2011 and therefore the earliest date for the full implementation of the Act is likely to be April 2011.
- 6.7 This transfer of funding will be effected through the removal of that of the Rate Support Grant which funds Districts for their environmental protection role regarding private sewers, to supplementing the Rate Support Grant of LLFAs for their new role.
- 6.8 042/2009 which implemented the EU Floods Directive came into force on 10th December 2009. Some key dates requiring action by the LLFA are contained within the SI. The earliest of these is June 2011. By that time the LLFA will be required to have prepared in draft form preliminary flood risk assessments which themselves will entail several months work. It is clear therefore that the LLFA should already be considering what partnerships need to be in place.

7 Summary

- 7.1 Resulting from the EU Floods Directive SI 3042/2009 has been brought in introducing the concept of the Lead Local Flood Authority which in Oxfordshire is the County Council. The Flood and Water Management Bill will

be enacted over the coming months expanding on the obligations of the LLFA role. The obligations of the LLFA have however already started.

- 7.2 The legislation envisages a role for Districts supporting and partnering the LLFA where this is appropriate and agreed. Cherwell needs to consider whether it wishes to be involved proactively in this way, thereby continuing its historical hands-on role in land drainage and flood risk reduction. Alternatively, it could adopt a do-minimum stance whereby it need only discharge its minimum statutory obligation of cooperation .
- 7.3 If Cherwell decides in favour of a proactive approach it needs to start engaging meaningfully with Oxfordshire County Council so that agreement can be reached on what that role should be and under what terms. Concurrently with this it needs to engage with the other Oxfordshire Districts, so that sharing of resource can be explored and resilience increased.

8.0 Recommendations and Need for Future Work

8.1 Cherwell recommends that

- i each District undertakes an audit of the resource and funding it has available for supporting the LLFA, and that this is provided to the LLFA in an agreed data template.
- li each District registers with the LLFA the range of proposals under which it might in future work with the LLFA
- lii The County concludes its thinking on how it wishes to discharge its role as LLFA and to what extent it wishes to do this engagement of the Districts.
- lv with the likelihood that Districts will not in future be able to deliver effective land drainage and flood risk reduction services without the support of the LLFA or fellow Districts, the County concludes its thinking on what framework it wishes to see and endorse at District level.
- V In the light of the foregoing the County considers its own structure for discharging its new LLFA role.

Tony Brummell
Head of Building control & Engineering services
11/01/2010

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Executive

Self Service Payment at LinkPoint Offices

11 October 2010

Report of Head of Customer Service and ICT

PURPOSE OF REPORT

This report seeks Executive approval and funding for a new approach for taking payments in the LinkPoint offices, moving from PayPoint terminals to Self Serve Payment Kiosks, in order to achieve savings and improve customer service

This report is public

Recommendations

The Executive is recommended to:

- (1) Relinquish our PayPoint agent status and discontinue taking payments using Paypoint terminals, but retain our PayPoint client status to enable the public to pay council bills at other Paypoint Agents
- (2) Agree to stop the facility to deposit cheque payments at the LinkPoint offices and receive cheque payments only by post.
- (3) Agree a supplementary capital estimate of up to £100,000 for the purchase of automated payment kiosks and their introduction into LinkPoint offices
- (4) Agree to reduce the Customer Service Advisor establishment by 3 FTE after successful transition to the new arrangements

Executive Summary

Introduction

- 1.1 On 5 November 2007, the Executive agreed to enter into a partnership with PayPoint as a means of retaining the convenience of cash payments for customers to ensure a high quality service could continue to be offered. At the time of the decision it was anticipated that PayPoint would be beneficial to both the Council and its customers

- 1.2 In August/September 2008, the Council's cash offices closed and the One Stop Shops opened. Payments by cheque were no longer processed at the counter, as PayPoint handles cash only (card payments are treated by the system as a kind of cash-back transaction). Customers that wish to pay by cheque can send them by post or leave in an envelope to be brought back to Bodicote. Two years into this scheme, the number of people leaving cheques at the offices has now dwindled to only a handful a week.
- 1.3 Cherwell District Council entered into four three-year contracts with PayPoint, one for each of the LinkPoint offices. Bodicote House, the first, is due for renewal in April 2011, with the other 3 LinkPoints not being due for renewal until September 2011. The contracts require 6 months notice to terminate.
- 1.4 In November 2009, 12 months into the operation of the One Stop Shops, a review of the payment service was undertaken. This highlighted issues with the PayPoint system that indicated its operation as the Council's main in-person payments system was not working as well as had been anticipated at the outset of the contract either in terms of providing value for money or the efficient provision of the service.
- 1.5 Cherwell District Council is the only Council to be a PayPoint agent. This unique position causes operational problems as the system is designed to be used in shops. The system's restrictions on transaction limits lead to duplication of transactions which in turn lead to increases in wait times at LinkPoint offices and subsequent customer dissatisfaction.
- 1.6 The introduction of PayPoint facilities has more than doubled the number of payments being taken than had previously been received at the Council's cash offices. The increase is in payments to other organisations such as Gas, Water, TV Licence and Phone Top ups etc. which we are obliged to take as a PayPoint agent.
- 1.7 The outcome of a recent review into the payments service has identified the introduction of self-service payment kiosks as an alternative that will help address most of the operational issues. Although requiring capital funding of up to £100,000, these will allow for the reduction in the staff establishment of 3 FTE (from existing vacancies) and provide a return on investment within two years.

Proposals

- 1.8 To no longer act as a PayPoint agent. As an alternative, purchase 4 self serve kiosks at a one off cost of up to £100,000 and an annual saving of £65,000, arising from salary savings less the annual maintenance costs of around £2,500 per kiosk.
- 1.9 To maintain the Council's PayPoint client status in order to ensure that council bills can continue to be made at local businesses in the district
- 1.10 To remove the cheque deposit facilities from Bicester and Kidlington LinkPoints and only accept cheques by post, removing the need for cheques to be securely transferred to Bodicote for processing.

- 1.11 As a result of the changes, the staff establishment in Customer Services could be reduced by 3FTE, leading to net savings of £65,000 per annum.
- 1.12 The project is expected to take six months to implement, and the intention is to have it in place early in 2011/12. The new arrangements will be reviewed six months after full implementation to make sure the expected and planned benefits are realised and that value for money has been improved.

Conclusion

- 1.13 The introduction of self service kiosks will lead to significant savings for the Council alongside improvements to customer service. Self-service will avoid the need to queue to make payments while retaining the ability for customers to pay for Council services at the Council and removing the operating difficulties associated with being a PayPoint agent,
- 1.14 By maintaining our PayPoint client status we will ensure customers can pay locally – there are around two dozen PayPoint agencies throughout the District - with the added benefit to those local shops of potential extra income from customers buying things at the same time as paying the council bill.
- 1.15 This proposal is in advance of, but aligns with the customer service value for money review which will be reported to the Executive in November.

Background Information

Current arrangements

- 2.1 Payments are taken across all 4 LinkPoint offices, with the time taken to administer them equating to 3 FTE. In 2009/10 38% of our customers who visited a LinkPoint office made a payment.
- 2.2 A full review of the payments service was undertaken in November 2009. The findings of this review were as follows;
- The Council pays 42p to PayPoint per council transaction. This figure does not include the Council's own overheads for processing. Last year 47,000 transactions were processed via PayPoint, incurring £19,000 in transaction charges.
 - When cheques are deposited at the LinkPoint they have to be transported to Bodicote House for processing. Until recently this involved a member of staff driving up at the end of each day, extending the working day for the advisor by an hour, leading to difficulties with the staff rota and additional cost. This was changed recently to using the DX service Services but this is not a long-term solution.
 - The number of Council customers paying at LinkPoints had doubled in contrast to the continual decrease seen over the previous two years.
 - Commission is received for taking payments on behalf of others. This is designed to be cost neutral. At the point of the review we had received £3,600.
 - All advisors take payments rather than using a dedicated cashier, which means that customers making payments have to wait their turn. This has led to increased queue wait times (between 25 to 60 minutes at busy periods). Payments previously had been a quick transaction due to dedicated cashier points. The new arrangements, with a single PayPoint machine at each location, cause bottlenecks and queuing leading to numerous complaints and levels of dissatisfaction.
 - Only Council payments can be made by Debit or Credit card, which causes confusion and dissatisfaction for customers making payments to more than one body.
 - Multiple receipts must be produced where customers are required to undertake two or more transactions due to the PayPoint limit of £200 per transaction. These limits also mean that the multiple transactions result in multiple transaction costs for the Council and more room for error.
 - There are no VAT numbers for business payers and therefore advisors are obliged to hand write a VAT receipt every time one is required.
 - The card payment process causes a double up of data input. In order to accept payments by card, the system works in effect as a chip and pin cash-back service, taking cash from the card and then processing the cash value through PayPoint. A customer making a Council Tax payment by card "virtually" withdraws cash through the PayPoint system, which then uses the cash to pay the bill. Again, this creates unnecessary room for error.

- Between October 2008 and November 2009, the Council handled 1,830 rent payments totalling £144,363, and received a commission of just £254 in return
- The increasing level of non-Council payments taken at LinkPoint offices impacts on potential income for local businesses. The owner of Select 'N' Save in Hook Norton believes that the secondary spend of customers coming into the store to use PayPoint is £20 per visit
- Money claim back can take up to two months if any difficulties with payments are experienced. For example, when a British Gas payment is processed and the payment is rejected, an indemnity claim for a refund has to be completed.
- PayPoint requires a "shared till" approach, and as the team are multi-tasking all the time rather than having dedicated cashiers, the level and degree of focus on cash handling is lower than if using a dedicated cashier. This increases the possibility of errors being made.
- Errors created are not always true cash differences and the rectification of known errors cannot be resolved easily by Customer Service staff.

Moving to Self Serve kiosks

- 2.3 A number of other local authorities have been contacted (Newcastle under Lyme, Renfrewshire, Windsor) that have moved to self service kiosks in order to better understand the advantages they offer. Cherwell staff have seen kiosks in working operation, and are satisfied that customers are able to use them with ease. The kiosks are also fully compliant with Disability Discrimination Act requirements
- 2.4 If introduced, Cherwell customers wishing to make payments will benefit from a dedicated resource to make payments rather than having to queue as at present. This will help on reducing waiting times for other LinkPoint users and so improve customer satisfaction.
- 2.5 Initial cost estimates have been obtained which indicate a maximum cost of £100,000 for purchasing four self serve kiosks. It is anticipated that actual purchase costs may be lower as a result of a full competitive procurement process, although there will be additional costs in terms of signage, publicity, bar coding etc. Annual running costs of £2,500 per kiosk have been estimated.
- 2.6 As cheque usage is declining, the kiosks do not have a facility to accept cheques as standard, though an attached deposit box is available as an add-on at around £400 per kiosk. This is no different from the current deposit boxes already available in LinkPoints so the preferred route is instead to remove the cheque deposit facilities and only accept cheques by post, removing the need for cheque taking facilities and then transferring them to Bodicote for processing.
- 2.7 The introduction of the kiosks and new working arrangements will allow the service to directly reduce the establishment by 3 FTE advisors resulting in a saving of approximately £22,500 each (£67,500 per annum). There will be an estimated £10,000 per annum saving in transaction costs through no longer

taking payments via PayPoint in the LinkPoint offices. This is offset by a loss of commission from taking payments for others

- 2.8 These savings, when set against the initial costs and ongoing operating costs, will result in savings of over £140,000 over the next four years, as shown on the table below;

	Year 1 £	Year 2 £	Year 3 £	Year 4 £
Costs				
Purchase of Self Serve kiosks	100,000			
Annual Maintenance	10,000	10,000	10,000	10,000
Termination fees	3,056			
Lost commission	6,500	6,500	6,500	6,500
Total cost	119,556	16,500	16,500	16,500
Savings				
Staff reduction (3 FTE)	56,250	67,500	67,500	67,500
Paypoint hire costs		3,744	3,744	3,744
Transaction costs (estimated)	10,000	10,000	10,000	10,000
Total savings	66,250	81,244	81,244	81,244
Net cost/(saving)	53,306	(64,744)	(64,744)	(64,744)
Cumulative cost/(saving)	53,306	(11,438)	(76,182)	(140,926)

- 2.9 A further benefit of the new arrangements is that customers would still be able to pay their council bills at LinkPoint terminals in businesses in the District, benefiting them in terms of increased footfall and secondary spend.
- 2.10 Our experience of the changes in cheque processing tells us that some customers do not adapt easily to change and this recommendation may generate some dissatisfaction in the short term. Customer Service staff will need to provide customers with clear instructions and make staff available to guide customers in usage of the kiosks in order to successfully manage the transition to this revised way of working. It is suggested that staff resources are not reduced until at least two months after implementation to allow for the transitional to the new arrangements.

Cheques

- 2.11 Changes by the banking industry will phase out cheque guarantee cards by 2012 and cheques themselves by 2018. Many Councils already either do not accept (or issue) cheques, or are currently withdrawing the facility.
- 2.12 There is a cost incurred in receiving cheques into LinkPoint offices as we must exercise a duty of care in getting them to Bodicote House as quickly as possible. We currently use the DX service to do this and the annual cost of which is incurred by Legal Services.
- 2.13 The majority of cheque payments are already made by post direct to Bodicote House and it would be sensible to make this the only channel through which cheques can be presented.

Timeframe

- 2.14 It is anticipated that this change will take six to nine months to implement when the differing contractual arrangements with PayPoint are taken into account. There are a number of complex areas including the physical installation of the kiosks and their connection to the Council's finance system, bar coding all customer payment documents produced by all services, and a communications programme for customers.

Key Issues for Consideration/Reasons for Decision and Options

- 3.1 The Council has a commitment to allow customers to pay by cash at the LinkPoint offices.
- 3.2 The Council has three year contracts with PayPoint which are due to expire next year. Cherwell is the only local authority to operate as a PayPoint agent; it is common practice for local authorities to use PayPoint and similar networks (PayZone, AllPay etc) to accept Council payments through local shops and the Post Office.
- 3.3 The purchase cost of the Self Serve Payment Kiosks can be offset by the reduction in 3 FTE.
- 3.4 Customer Service currently has a shortfall of 3 FTE permanent vacancies that would no longer need to be recruited.

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

- Option One** **To continue to use PayPoint and seek to introduce improvements**
- There are significant operational difficulties in using PayPoint. We are advised that their product is retail-based and not designed specifically for Local Government use, therefore specific requirements and enhancements we have looked at cannot be supported.
- There are high operating costs and issues with customer satisfaction that cannot be improved easily.
- This option is not recommended
- Option Two** **Create four dedicated cashiering roles at the "specialist" level.**
- Dedicated cashier roles would undermine the improvements made in developing a flexible cross-discipline workforce. An extra burden would also be placed on rota and absence management.
- The LinkPoint offices are no longer set up with a designated cashier point.
- This option is not recommended
- Option Three** **Withdraw payment processing completely and direct our customers to other retail PayPoint Agents.**
- Other Agents would benefit from increased commission revenue and possible secondary spend. As an example, Oxford City

Council no longer has cash offices and has confirmed that they no longer take any cash payments at all. They refer their customers to local PayPoint agents.

The report "Delivering Value for Money in Local Government: Meeting the challenge of CSR7" cites High Peak Council as an example of good practice in this area, when they stopped taking cash and cheques at their offices and directed customers to local PayZone agents.

The Council would be able to reduce the Advisor establishment by at least 3 FTE. There would also be further savings on the costs of collecting money from LinkPoint offices each day (approx £20,000 per year)

This option is not recommended as the Council has committed to continued cash payments

Option Four

Cease being a PayPoint Agent and implement Self Service payment kiosks.

Ceasing to be a PayPoint agent but retaining client status will still allow our customers to pay council bills at any PayPoint agent, supporting the strategy to help local businesses.

These machines process cash (give change), cheques and card payments, provide receipts, read barcodes and can give basic account information – balances etc.

A one off investment of up to £100,000 can be recouped by directly reducing the resource within Customer Service. Given the amount of time spent handling payments, a reduction in 3 FTE would not impact the service delivery – i.e. would make available the same resource to deliver all services other than cash handling.

It is suggested that resources are reduced permanently two months after implementation, using them in the interim to help through the transitional period.

Consultations

The report includes the findings of Internal Audit regarding cash audits.

Customer Service Staff have contributed to these findings and are supportive of the new arrangements

Implications

Financial: The introduction of self serve kiosks would achieve a return on investment within two years and result in estimated cumulative savings of £260,000 in four years from April 2011.

There may be additional as-yet unidentified costs associated with putting barcodes on all Council payment documents.

Comments checked by Karen Curtin, Head of Finance 01295 221551

Legal: There is no right to terminate the contracts early. This could only be

achieved through negotiation, with financial consequences for the Council. Each contract is for a period of 3 years. 6 months notice is required to terminate at the end of this period. The Bodicote House contract expires April 2011 so notice will need to be given now. Other contracts terminate later in 2011.

Comments checked by Richard Hawtin, Team Leader – Property and Contracts, 01295 221695

Risk Management:

The introduction of revised payment arrangements will help reduce the risk of errors currently experienced in operating PayPoint. The level and degree of focus on cash handling is lower at present than if using a dedicated cashier.

There are risks in the successful transition to new arrangements for customers using the kiosks. This will need careful management in the short term, as will the ceasing of processing cheques. This will come in the form of effective communication, floor walking and one to one support upon introduction of the kiosks.

Our 38,000 customers could all pay at other PayPoint agents rather than continue to visit Council LinkPoints which would mean that the Council would still be liable for transaction costs of 42p (each). The estimated level of savings in transaction costs has been scaled down to reflect some displacement.

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

Equal Opportunities:

All kiosks are compliant with the Disability Discrimination Act

Wards Affected

All

Corporate Plan Themes

An Accessible and Value for Money Council

Executive Portfolio

Councillor Nicholas Turner
Portfolio Holder for Customer Service and ICT

Document Information

Appendix No	Title
	<i>None</i>
Background Papers	
Report Author	Jacqui Hurd, Customer Service Manager
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Executive

Waste & Recycling Service

11 October 2010

Report of Head of Environmental Services

PURPOSE OF REPORT

To consider further improvements to the Waste & Recycling scheme following the successful implementation of food waste recycling service.

This report is public

Recommendations

The Executive is recommended to :

- (1) Agree the proposed Waste and Recycling Service Efficiencies set out in Appendix 1;
- (2) Approve a supplementary capital estimate of up to £130,000 for the acquisition of a glass collection vehicle;
- (3) Agree the proposed Recycling Initiatives and Service Developments set out in Appendix 2
- (4) Agree to the changes in practice regarding the types of bins provided; and
- (5) Note the reduction in waste to landfill and the rise in customer satisfaction levels of the waste and recycling service.

Executive Summary

Introduction

- 1.1 The Council has invested wisely in its waste and recycling service and has been a consistent high recycling performer. Following the recent roll out of the food waste recycling service, a recycling rate in excess of 58% is expected this year with the amount of waste going to landfill falling from around 27,500 tonnes in 2009/10 to an estimated 23,000 tonnes this year.
- 1.2 This reduced tonnage to landfill success is down to residents who have embraced recycling. In recent years, customer satisfaction levels with recycling have been fairly high with current satisfaction levels with the kerbside recycling scheme at 79% and the bring banks at 86%. However

there has been a lower satisfaction with refuse collection, 70%, largely due to around 20% of residents concerns with 2 weeks between collections.

- 1.3 The introduction of food waste has not only boosted recycling rates and reduced the amount of waste going to landfill, it has significantly increased satisfaction levels with the kerbside recycling scheme (78% in 2009 to 83% in 2010) and refuse collection (70% in 2009 to 78% in 2010).
- 1.4 The financial arrangements which exist between collection authorities in the Oxfordshire Waste Partnership and the County Council mean that besides recycling credits, landfill diversion credits are paid for every tonne reduction in landfill below a target landfill tonnage. Consequently, increasing recycling beyond the current levels will bring in additional income as well as reducing the environmental impact from sending waste to landfill which in turn reduces the cost of landfill to Oxfordshire County Council as the waste disposal authority.
- 1.5 Of the estimated 23,000 tonnes of waste going to landfill in 2010/11, approximately half of this material could be recycled through our current recycling facilities. If this material was captured and recycled it would bring in an additional recycling credits and landfill diversion payments amounting to over £400,000 per annum. Hence improving the performance of the recycling scheme will not only benefit the environment it will reduce the cost of service delivery to the Council.

Proposals

- 1.6 The current glass collection contract expires during February 2011. Bringing the collection of glass in house should bring in annual savings of more than £78,000 per year. This requires a new specialist vehicle and capital expenditure of up to £130,000. This new vehicle which is expected to have a minimum life of eight years will deliver a payback of less than 2 years.
- 1.7 To encourage both waste minimisation and also to drive down the cost of provision of containers, it is recommended that a range of changes in practice be introduced regarding the types of bins provided.
- 1.8 The past investment and improvements to working practices have provided the Council with a range of service efficiency opportunities. These are identified in Appendix 1 and will reduce further the cost of the waste and recycling collection service without damaging customer satisfaction levels
- 1.9 To further develop the bring bank sites to provide a comprehensive range of local recycling facilities for materials not collected in the kerbside service and in doing so, maximise the return to the Council from the recycling market. Further service developments aimed at improving performance and maintaining high customer satisfaction levels are detailed in Appendix 2.

Conclusion

- 1.10 The waste & recycling service is seen as a high priority service by residents. Both overall performance & customer satisfaction are high. However it is important that the service continues to deliver value for money into the future by reducing the cost of delivery and increasing the performance of the

service. The proposals in this report seek to achieve this.

Background Information

- 2.1 Cherwell District Council introduced an alternate week collection system during 2003/04. This system transformed the waste & recycling service and moved the recycling rate from 10% in 2002/03 to 43% in 2004/05. Similarly the amount of waste going to landfill over the same time period fell from 54,000 tonnes to 32,500 tonnes.
- 2.2 Between 2004/05 and 2008/09, the recycling rate increased through a variety of initiatives leading to further falls in the amount of waste going to landfill. These initiatives included flats recycling, increasing the number of bring bank sites from 40 to more than 70 sites, battery recycling and promotion & publicity work including door stepping campaigns. These activities helped drive the recycling rate up to almost 50% in 2008/09 with the amount of waste going to landfill falling to around 30,000 tonnes despite an increase in the population size.
- 2.3 Waste analysis work carried out by the Oxfordshire Waste Partnership in 2006 showed that more than 40% of the waste in the green bins was food waste. To reduce the amount of waste going to landfill and to increase the recycling rate a food waste recycling scheme was needed.
- 2.4 Customer satisfaction levels for the kerbside recycling service between 2006 & 2009 were in the range 76-79%. For refuse collection over the same time period the level of satisfaction was 67-70%. More than 20% of residents were unhappy with the overall refuse collection service with the main area of concern being the two weekly frequency of collection in relation to food waste.
- 2.5 Research work on food waste recycling was carried out during 2007/08 with the twin objectives of increasing the amount of waste diverted from landfill and increasing customer satisfaction levels. This research work included carrying out visits to a number of councils which operated food waste recycling schemes and carrying out a food waste forum in Cropredy to gauge residents' views on food waste recycling, kitchen caddies & liners.
- 2.6 In late 2007, the Oxfordshire Waste Partnership requested Oxfordshire County Council to source food recycling facilities. Originally it was envisaged that facilities would be in place by April 2009. However due to tender problems the successful bidder Agrivert was not awarded a contract until early in 2009 and provision of the In Vessel Composting facility at Ardley was not ready until February 2010.
- 2.7 The new food waste recycling scheme including the funding required was approved as part of the 2009/10 Financial and Service Planning process. Capital funding for the new scheme came from the Council capital funds with one off revenue funds coming from the New Initiative Fund of the Oxfordshire Waste Partnership.
- 2.8 The Council's food waste recycling scheme was launched in October 2009 and, despite the disruption caused by heavy snow in January 2010, was rolled out across the district to all properties with the exception of flats by April 2010. Food waste recycling at flats commenced during the summer 2010 and all flats will have the facilities for food waste recycling by autumn 2010.
- 2.9 The rollout plan ran smoothly with few additional calls to the customer service centre. This seems to indicate that the information provided, along with the

kitchen caddy and liners were successful. Door stepping campaigns in selected areas also showed a high degree of understanding and satisfaction with the scheme.

- 2.10 The first quarter in 2010/11 shows there has been a reduction in waste to landfill of around 1,250 tonnes. It is estimated that around 45- 50% of the food which was in the green bin has been removed. A recent waste compositional analysis backs up this position.
- 2.11 The amount of waste sent to landfill during 2010/11 following the launch of food waste recycling is expected to be around 23,000 tonnes. This will be some 4,500 tonnes less than 2009/10
- 2.12 The scheme was delivered to programme apart from some short delays due to disruption from heavy snow falls which disrupted the rollout plan in January 2010. Financially the scheme was delivered under budget with almost £100,000 of capital funding being returned.
- 2.13 The very recent customer satisfaction survey indicates that satisfaction in comparison with 2009 with the kerbside recycling service has risen significantly from 78% to 83%. In addition customer satisfaction with the refuse collection service has risen from 70% to 78%. Also, it should be noted that the percentage of residents dissatisfied with the refuse collection service has fallen from 17% to 12%
- 2.14 Consequently the food waste recycling appears to have been well received by residents and participation has been very good. However, although the amount of waste going to landfill will have fallen to an estimated 23,000 tonnes in 2010/11, around 50% could still be recycled using the current bring banks and kerbside recycling services.

Finances & Future Cost Reductions

- 2.15 The Waste Collection service costs £59 per property per year. The financial challenges facing the Council mean that the service needs to be delivered at a lower cost whilst maintaining high levels of customer satisfaction.
- 2.16 The financial arrangements between the Council and the County Council encourage the diversion of waste from landfill. Each tonne of dry recycling which is diverted out of landfill attracts payments of more than £60/tonne which is a combination of approximately £40/tonne in recycling credits and £20/tonne in landfill diversion credits. Each tonne of food waste diverted from landfill brings in more than £20/tonne from landfill diversion credits. If all the recyclables still present in the green bin were removed for recycling overall waste collection costs would be reduced by more than £400,000 per annum. Just by increasing the recycling performance over the next three years to a recycling rate of around 65% would bring in more than an additional £120k in recycling credits and landfill diversion payments.
- 2.17 Raw materials have greatly increased in value since the collapse in recycling markets in autumn 2008. This is reflected in the gate fees paid at Material Recovery Facilities (MRFs) and also in value of the separate materials. In addition recycling requirements on industries such as batteries and electronic & electrical equipment mean that recycling compliance schemes set up to support recycling are paying for every tonne of batteries or waste electrical & electronic equipment (WEEE) recycled. As a consequence and given the

investment in its bring banks recycling service, the Council is well positioned to capture these market opportunities.

- 2.18 A number of areas where additional income can be raised or costs can be reduced are set out in Appendix 1. The most significant areas of reduced cost are around gate fees for dry recyclables and new arrangements for the collection of glass from bring banks.
- 2.19 The bring banks have been very successful for capturing glass - almost 2,900 tonnes were collected via the banks during 2009/10 and customer satisfaction with the bring bank service is extremely high at 87%. Therefore, continuing to collect glass via the bring banks appears to be the most cost effective way of recycling glass. In addition, collecting glass colour separated so that it can be recycled into new glass containers delivers the greatest reduction in carbon dioxide emissions. Each tonne of glass recycled saves around 350kg of emissions. Collecting glass commingled with the other dry recyclables appears not only to be more expensive but has no effect on reducing carbon dioxide emissions and may lead to a small increase in emissions. This is because the glass output from MRFs is mixed glass which has limited use apart from being used as road aggregate. The current contract for the collection of glass expires in Feb 2011. The current contractor provides a very good service but costs up to £85,000/year plus the contractor gets the value of the glass. The last tender exercise almost two years ago only produced four tenders and the chosen contractor was substantially cheaper than rival bids.
- 2.20 Bringing this service in house using existing staff will reduce the costs and allow the glass to be sold. This will bring annual savings estimated to be £78,000 per annum. However, a new specialist vehicle will be required for glass collection from the bring banks which will have an expected life of eight years. The specification of a new vehicle has been discussed with suppliers and the estimated cost is £130,000.
- 2.21 Other significant materials collected at the bring banks include textiles, newspaper and waste electrical & electronic equipment (WEEE), drinks' cartons, cans and batteries. A new vehicle for the collection of glass will also incorporate features to allow the collection of batteries, cans and possibly paper.
- 2.22 There are still significant opportunities to increase tonnages through the bring banks. Over 300 tonnes of textiles are collected at the bring banks but up to a 1,000 tonnes still remain within the green bins. Consequently, increasing textile recycling facilities should lead to more textiles being collected for recycling.
- 2.23 The pink WEEE bins are proving to be popular with 40 tonnes expected to be collected in 2010/11, rising to nearer an expected 100 tonnes in 2011/12.

Containers

- 2.24 The provision of containers is important if residents are to access the waste & recycling services. However annual costs for bins, boxes and sacks are substantial, being over £150,000 in 2009/10. Some of these costs are recovered from the payments made for the use of blue bins and some funds from new developments are received which reduced net expenditure to £110,000 in 2009/10. However, most other containers are not chargeable.

Nonetheless, such a cost to the Council for containers is perceived to be too high and the following proposals are aimed at reducing this.

- 2.25 When containers have been damaged or lost, replacements have been provided free and new containers have been issued. Old damaged containers have been scrapped and sent for recycling. Repairing & reusing containers has not been common. However, if old bins were suitably cleaned and bins which have lost lids have new lids fitted, the number of new containers should be reduced.
- 2.26 Blue boxes have been provided free. Properties are usually provided with two blue boxes free and only given additional boxes when requested. The cost of four boxes with lids is approaching the cost of a wheeled bin. In future, most new built properties will be provided with three bins since the developer will have paid for them. This will help reduce the Council's expenditure on containers.
- 2.27 A recent change in bin procurement has seen the cost of a bin fall. Hence reducing the cost of the blue bin while introducing a small charge for a fourth box should encourage further take up of the blue bin and reduce box expenditure.
- 2.28 Now most new built properties will be provided with three bins since the developer will have paid for them. This will help reduce expenditure on containers.
- 2.29 Properties which cannot accommodate wheeled bins are provided with grey sacks for refuse and paper garden waste sacks for garden and food waste. There is a significant cost to delivering single use sacks twice per year to around 700-900 properties. It maybe possible to introduce reusable sacks for refuse and for food & garden waste which could bring in savings. Further research is required.
- 2.30 As a consequence of the above, the following changes to container provision practices are proposed;

Residual Bin Size – With the successful introduction of recycling schemes the amount of waste in the residual bins have fallen substantially. The 240 litre bin is too large for the residual needs of most properties. The intention is to introduce a 180/190 litre bin as the standard bin for all new properties from 2011.

Bins for Large Families – large families are issued a 360 litre bins for residual waste. The qualification for such a size bin has been six or more in the family or families with two children in nappies. This qualification is reviewed on a three yearly basis. The intention is to change the scheme by issuing 240 litre bins to families of five or six or to families of any size but with two children in nappies. Families of seven or families with three children in nappies will be loaned a 360 litre bin.

Blue boxes – Households will be issued with two blue boxes. As a means of encouraging more recycling and to reduce the number of blue boxes being used, consideration is being given to offering refurbished blue bins when they are available at a discounted rate to replace boxes where there are two or more. Should householders not want a blue bin and require additional blue boxes, then a charge will be incurred.

New Properties – New properties will be issued with three bins, 180 litre residual bin, a 240 litre blue bin and a 240 litre brown bin. A kitchen caddy will be provided with an initial roll of caddy liners.

Replacement Bins – Replacement green bins will usually be reconditioned bins if available. If none are available, then a new 180/190 litre bin as the standard bin will be issued.

Encouraging recycling

- 2.31 The change in national government has started to bring a change in approach to recycling. The current government has advocated the use of reward schemes for recycling. The main provider of such a scheme has carried out a presentation to officers on the benefits and costs of a reward scheme. The reward scheme gives residents points for recycling. These points can be converted into money off vouchers at various retailers.
- 2.32 It appears that such an approach has a number of merits for councils with relatively low recycling performance. However, since the Council is already operating at high levels of recycling the benefit is a lot less clear. Although a full proposal has yet to be received, it seems a high level of capital & revenue cost would be required and this is likely to make such a scheme prohibitive.
- 2.33 The Council has been successful in encouraging residents to use the recycling services through providing good information and easy to use and convenient systems. Popular events promoting recycling include events distributing free compost bags to residents. This compost has come from the site where the content of householders' brown bins has been taken for processing.
- 2.34 The main strategy for increasing recycling is through providing good information in Cherwell Link, on the website and through other publications. Increasingly other information channels are being used such as Twitter, the use of the Agripa system on vehicles and officers giving presentation to interested groups.
- 2.35 Due to the waste and recycling service base which the Council has established, it is very well placed to introduce further recycling and service developments without the need for additional expenditure. Appendix 2 identifies and proposes those which can be progressed in this way thereby further improving the service performance.

Waste Strategy

- 2.36 The new government is reviewing the current National Waste Strategy which came about in 2007 and aims to have a new strategy in place for April 2011. The current national target is to recycle 50% by 2020. The Joint Oxfordshire Municipal Waste Strategy has set a target of 55% recycling by 2020.
- 2.37 The new government aims to be 'the greenest government' so the current targets for recycling are likely to rise. The Waste Strategy for Scotland has set a target of recycling 70% by 2025. Consequently overall recycling targets may rise from current levels. However, Cherwell is well placed to meet any increase in target levels since recycling levels are forecast to rise beyond 60% in 2011/12.

- 2.38 The financial incentives in place within the Oxfordshire Waste Partnership make reducing landfill tonnages through further recycling or waste minimisation attractive. Consequently, the raising of targets is unlikely to present a major risk to the Council.

Key Issues for Consideration/Reasons for Decision and Options

- 3.1 The severe financial challenges facing the Council over the next few years means that the Council should examine all opportunities for improving the performance of the waste and recycling performance where this then leads to reduced service cost.
- 3.2 The waste & recycling service is a high priority service and must deliver good value for money by delivering financial efficiencies while ensuring high customer satisfaction levels
- 3.3 Many of the proposals contained in this report has been some excellent pro active support and advice from the Council's procurement team. New markets combined with more productive procurement processes delivered by professional procurement officers has meant that the Council is clearly benefiting again from the investment it made in this unit.

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

Option One Approve the supplementary capital estimate and agree the changes in container practices and other service developments.

Option Two Re-tender the glass collection service and try and seek reduced costs. However the last tender had only four tenders and the current supplier was significantly cheaper than all the other tenders.

Option Three Add glass to the blue bin and re-tender the dry recycling contract. This is likely to be cheaper than Option 2 but it is a more expensive option than Option 1 and would increase carbon emissions by around 1,000 tonnes

Consultations

Wayne Lewis OWP co-ordinator The proposals set out in the recommendations are in keeping with the Joint Municipal Waste Management Strategy for Oxfordshire. In my opinion they will reduce costs, promote waste reduction and recycling without adversely affecting levels of customer satisfaction

Implications

Financial: The proposals contained in this report are expected to reduce the Council's waste and recycling service cost by in excess of £300,000 per annum. To achieve the glass

recycling changes will require a new vehicle estimated to cost up to £130,000 which in turn will require the approval of a supplementary capital estimate if the service improvement is to be introduced in 2010/11.

Comments checked by Joanne Kaye, Service Accountant, 01295 221545

Legal: There are no legal implications arising from the proposals in this report

Comments checked by Richard Hawtin, Team Leader – Property and Contracts, 01295 221695

Risk Management: The waste and recycling service is one of the most influential Council services in terms of customer satisfaction and reputation. The changes proposed carry only low risk and are likely to enhance this position.

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

Wards Affected

All

Corporate Plan Themes

Cleaner Greener Cherwell

Executive Portfolio

Councillor George Reynolds
Portfolio Holder for Environment, Recreation & Health

Document Information

Appendix No	Title
Appendix 1	Proposed Waste and Recycling Service Efficiencies
Appendix 2	Proposed Improved Recycling Initiatives and Service Developments
Background Papers	
None	
Report Author	Ed Potter, Head of Environmental Services
Contact Information	01295 221902 ed.potter@Cherwell-dc.gov.uk

Appendix 1 - Proposed Waste and Recycling Service Efficiencies

1. Glass recycling – The current glass collection contract expires in February 2011. Up to £85,000 is spent with our contractor collecting glass. Bringing this work in house by the procurement of a vehicle for around £130,000 will deliver annual savings of £78,000. The pay back is less than two years and the life expectancy of the vehicle is eight years.
2. Gate fees – the collapse in recycling markets in the autumn of 2008 led to rising gate fees. Since then material prices have recovered and in some instances gone beyond the pre 2008 crash prices. Gate fees are being reviewed and a significant reduction is expected in excess of £80,000 per annum.
3. Containers – Over £150,000 (gross) is spent each year on bins & boxes. Some funds for blue bins and money from developers for new properties reduced the net expenditure to £110,000 in 2009/10. However by reusing and repairing more bins and by possible changes to charges for blue containers the intention is to reduce expenditure by £20,000 in 10/11.
4. Vehicle depreciation changes – The Refuse Collection Vehicles have been replaced on a six year cycle. The maintenance costs of vehicles rise with age. However the combination of better maintenance practices, more robust vehicles and the vehicles rarely going on landfill sites has helped increase the life of the vehicle. The intention is to replace refuse collection vehicles on a seven year cycle without increasing annual maintenance cost. This change will reduce capital requirements to replace vehicles by around £60,000 per year.
5. Bring banks – there are over 75 bring bank sites. The annual cleaning of bring banks and the Health & Safety lifting equipment inspection (LOLAR testing) has been carried out by external contractor. By carrying out this work in house and by maximising the value of the materials collected at the bring banks, costs should be reduced by £20,000 in 10/11.
6. Properties which cannot accommodate wheeled bins are supplied with single use grey sacks and paper organic sacks. This costs around £20/property per year. A reusable bag system is being investigated which if successful could save around £10,000 per year after spending around £5,000 on a reusable bag system.
7. Bartec system – the Bartec is an in cab system which allows better flow of information from the Customer Service Centre and the back office to the front line vehicles. The communication route between the vehicle and the Customer Service Centre is also improved. For example, contaminated bins will be identified and Customer Service Centre informed during the collection process so that customer queries can be responded to immediately. Similarly, missed bins reported immediately to the Customer Service Centre can be communicated to the drivers whilst hopefully still in the vicinity of the missed bin. The system is being rolled out through the fleet during 2010/11 and a number of operational efficiencies are expected to be realised which will reduce costs.

8. Christmas collections 2010 – Christmas falls on a Saturday this year. By collecting on the Bank Holiday Tuesday there will be no disruption to collections at Christmas. Householders will have their normal collections on the usual day. This not only reduces disruption and calls to the Customer Service Centre it will remove the need for printing and distributing stickers with the arrangements.
9. Rounds review – the rounds have not been fully reviewed for a number of years. New developments, new recycling and composting outlets and changes in recycling collections mean that the planned routes may not be as efficient as possible. The current rounds are being reviewed to reduce mileage (and hence fuel), reduce labour costs and obtain better balanced workloads. This work may involve changing the day of collection of up to 20,000 properties. Plans and proposals are being developed with the view to changing rounds in early 2011.

Appendix 2 - Proposed Improved Recycling Initiatives and Service Developments

1. Waste Electrical & Electronic Equipment - Currently there are 16 sites and 6 tonnes of waste electrical & electronic equipment including toasters, kettles, hair driers, small electrical devices have been diverted from landfill. As the number of sites is increased beyond 25, the amount of WEEE diverted from landfill will increase. Some 40 tonnes is expected to be collected in 2010/11. Each tonne of material recycled is worth around £90 in payments from the recycling industry, recycling credits and landfill diversion credits
2. Kerbside collection of batteries – batteries are currently collected via bring banks at over 30 locations. This collected around 8 tonnes in 2009/10. It is estimated that another 20-30 tonnes exist in the residual bins. The possibility of collecting batteries from the kerbside is being researched including making contact with some councils who currently collect. Such as scheme is aimed to be financially cost neutral or better
3. Increasing the amount of glass being captured by further expanding the number of bring sites making it easier for residents to recycle glass. The recent waste analysis shows that some 700 to 900 tonnes is still present in the green bin. By better utilisation of the existing banks, another 5 to 10 sites could be in operation by April 2011. This scheme should bring in additional income.
4. Increasing the amount of textiles being captured. Currently around 325 tonnes of textiles are being collected at a variety of bring banks across the district. However, a recent waste compositional analysis showed that up to 1000 tonnes still remain in the green bin. The current provision of textile banks and the providers will be reviewed – this project should generate some additional income.
5. Trade recycling – some funds secured from the Business Resource Efficiency & Waste (BREW) enabled some research work to be carried out by Oxford Brookes University, a report has just been received with a number of recommendations – this project will increase trade recycling generating additional income.
6. Schools recycling – schools waste as classed as chargeable household waste (Schedule 2). This means that a charge can be made for collection but not for disposal. The intention is to offer to schools, particularly primary schools the Schedule 2 service including food waste. Encouraging food waste in the classroom will have a positive influence on the overall food waste recycling scheme – this scheme will cover all costs and may generate some income.
7. The highest performing council in England for recycling in 2009/10 was Rochford which achieved a recycling rate of around 65% using a three bin collection system. This system includes a weekly brown bin collection system. Rochford is being approached to fully understand their scheme since initial calculations show that a weekly brown bin over the summer months may be possible from summer 2012 for a very low cost.

8. Door stepping campaign in the autumn/winter months to target properties not recycling their food waste. The aim is to increase participation and increase the diversion of food waste from landfill.
9. Two new refuse collection vehicles arrived at the start of September with the Agripa system fitted to the main sides of the vehicles. The Agripa system is essentially an advertising hoarding on the side of vehicle. Different mesh panels can be fitted to the sides of vehicles using an industrial Velcro type of fitting. Feedback on the value of this system will be sought during the rest of 2010/11.
10. Caddy liners – access to caddy liners is an important factor for residents using the food waste recycling scheme. Despite liners being available at most supermarkets and a number of smaller local shops, many residents appear to prefer to buy liners from Cherwell District Council. This seems in part to be price and also certainty about using the correct liners. For the first five months of the food waste recycling service, over 1,700 rolls of liners were sold from Banbury TIC and Thorpe Lane Depot. Physical constraints for storage in Bicester and Kidlington have precluded the sale in these outlets to date. Proposals to make liners more easily available for residents include looking at ordering online with rolls being delivered either by post or crews and also wall simple vending systems in Linkpoints.

Executive

Award of Contract for the Supply of External Legal Advice Framework Contract to Oxfordshire Local Authorities

11 October 2010

Report of Head of Legal and Democratic Services

PURPOSE OF REPORT

To grant project approval and to recommend the award of the external legal advice framework contract

This report is public

Recommendations

The Executive is recommended:

- (1) To grant project approval for and to authorise the Council's entry into a framework contract arrangement under which legal services would be available from a panel of selected external solicitors, such arrangement to be put in place in conjunction with the other Oxfordshire authorities and other public sector bodies.
- (2) To authorise the award of the framework contract to the eight firms of solicitors specified in 2.5.

Executive Summary

Introduction

- 1.1 Cherwell District Council had available to it a range of external legal services, from a number of firms of solicitors, through the use of a "call-off" contract put in place by all the Councils in Oxfordshire.
- 1.2 This "call-off" contract expired at the end of July 2010 and has now been re-tendered.

Proposals

- 1.3 Executive approval is therefore sought to the award of the new "call-off" contract which forms the subject of this Report. The Firms that would comprise the Framework panel are set out in paragraph 2.13.

Conclusion

- 1.4 The Executive is invited to make the Recommendations sought in order to achieve the benefits summarised in paragraphs 2.20 – 2.27 of this Report.

Background Information

- 2.1 Cherwell District Council currently has available to it a range of external legal services, from a number of firms of solicitors, through the use of a “call-off” contract put in place by all the Councils in Oxfordshire. The Council always seeks to use its own internal legal service as the first resort, and only uses this contract in the event of peaks of demand or a requirement for legal specialism in which it holds no internal expertise. Under this contract there is no minimum commitment of spend required.
- 2.2 The existing “call-off” contract expired at the end of July 2010 and has now been re-tendered.
- 2.3 The duration of the new proposed framework contract is 4 years.
- 2.4 Oxford City Council led on the tendering process of this contract. Cherwell District Council and the other Oxfordshire authorities supported the City Council during the evaluation stages.
- 2.5 The framework contract was advertised so that other Councils based in Buckinghamshire and Berkshire will be eligible to use it. The Royal Berkshire Fire Authority also expressed an interest to be included as a definite user of the framework.
- 2.6 In a typical year Cherwell District Council will spend a relatively modest sum on external legal advice sourced through the Framework contract. In 2009/10 this figure did not exceed £11k.
- 2.7 Executive approval is now sought to award of this new framework contract.
- 2.8 **Tender Process**
- 2.9 The potential overall value of the contract meant that an advertisement was placed in the Official Journal of the European Union, The Lawyer magazine, local press and on the Council’s website.
- 2.10 The evaluation panel was made up of Officers from Oxford City Council, Cherwell District Council, South and the Vale of the White Horse District Council and Oxfordshire County Council.
- 2.11 The evaluation panel determined the relevant financial and technical evaluation criteria that will provide the most economically advantageous contract, with 40% of marks being awarded for the pricing offer, 40% of marks awarded for evidence of quality and a further 20% being allocated to evidence of capacity. Firms had to demonstrate that they were technically and operationally competent and able to meet the specification.
- 2.12 48 pre-qualification Questionnaires were submitted and the evaluation panel

invited 12 of these Firms to tender.

2.13 After further evaluation of the submitted tender documentation, the evaluation panel recommend placing the following firms on the Framework Contract:

- Darbys Solicitors LLP
- Blake Lapthorn
- Eversheds LLP
- Trowers and Hamblins LLP
- Freeth Cartwright LLP
- Browne Jacobson LLP
- Veale Wasbrough Vizards
- Wragge and Co LLP

2.14 **Other Options**

2.15 There is no suitable existing contract that meets the needs of the Oxfordshire Councils. There is, however, a clear need for this type of arrangement therefore this framework Contract has also been made available to Councils in Buckinghamshire and Berkshire.

2.16 **Benefits of this contract**

2.17 Provision of competitive pricing, whether that be by hourly rate, blended rate or quotation for specific projects. On average firms have offered the Councils a discount of around 20% on their usual rates.

2.18 The ability to provide a breadth of knowledge based on similar work carried out in the public sector.

2.19 With eight Firms servicing the contract, there will be more ability to call on extra capacity when needed.

2.20 Access to free continuous professional development training, reducing the spend on internal training budgets

2.21 Two of the successful Firms are based in Oxford, enabling the Council to continue its commitment to boosting the local economy where possible.

2.22 The majority of Firms have offered volume discounts in relation to the amount of work collectively placed with them. However, the realisation of these discounts is reliant on the management information provided by firms and the ability of the Councils to ensure collection.

2.23 It enables the promotion of shared services and collaborative working arrangements between the Oxfordshire Councils.

Options

Option One To agree the Recommendations in this Report

Option Two To reject the Recommendations in this Report

Consultations

None has occurred

Implications

- Financial:** There are no financial implications to this contract.
Comments checked by Denise Westlake, Service Accountant CS&R, 01295 221982
- Legal:** This contract has been tendered in accordance with the EU procurement regime. It therefore complies with both the Council's own procurement requirements and external regulation.
Comments checked by Richard Hawtin, Team Leader, Property & Contracts, 01295 221695
- Risk Management:** Appointed Firms do not achieve contract requirements – a risk that strong contract management procedures and collective monitoring by the Oxfordshire Councils should mitigate
Comments checked by Rosemary Watts, Risk Management and Insurance Officer, 01295 221566

Wards Affected

All

Corporate Plan Themes

A Value for Money Council

Executive Portfolio

Councillor James Macnamara
Portfolio Holder for Finance and Resources

Document Information

Appendix No	Title
N/A	None
Background Papers	
None	
Report Author	Richard Hawtin, Team Leader, Property & Contracts
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Executive

Service & Financial Planning Process and Budget Guidelines for 2011/12

11 October 2010

Report of The Head of Finance and Corporate Strategy and Performance Manager

PURPOSE OF REPORT

To inform the Executive of the service and financial planning process for 2011/12 to agree budget guidelines for issue to service managers to enable the production of the 2011/12 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 2011/12
- (2) Consider and agree the proposed budget guidelines and timetable for 2011/12 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 base includes a social and demographic profile of the district (Living in Cherwell, updated annually) 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 the Council has undertaken in-depth consultation regarding budget priorities in the light of potential budget cuts for 2011/12 onwards.

1.4 The results of the public consultation are used to develop a prioritisation framework which, alongside the corporate strategy, medium term financial strategy

and the corporate improvement plan, provides the context for budget setting and service planning. The prioritisation framework for 2011/12 is shown at Appendix 1.

1.5 The Council needs to set guidelines and a timetable for the preparation of draft estimates for 2011/12. 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 £800K in 2010/11 and as such it is important we plan for a period of prudent budgeting. Executive are already well advanced in planning to meet this promise. However additional savings will be required to meet the national challenge of significant public spending reductions. Executive and CMT will be preparing options for these further savings. These will be identified as savings “building blocks” and will be used to build the final budget once the level of savings required is known.. 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 the 2010 edition of the Living in Cherwell document provide a robust and up to date evidence base for the service and financial planning process 2011/12. 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 comprehensive statement of all council priorities.

2.3 The main findings of the consultation this year can be summarised as following:

- Increased rates of general satisfaction with the Council (73% of respondents satisfied with the Council in comparison with 67% in 2009).
- Increased satisfaction for most key council services with strong performance from waste collection, recycling and cleansing services
- Increased satisfaction for tackling anti-social behaviour, continuing the improvement trend but still an area where satisfaction could be improved (36% satisfied in 2009 and 44% satisfied in 2010).

- The economic context is still having an impact on people's views across the district with economic development still being viewed as a higher priority than has been seen prior to 2009.
- There is a good deal of consistency in terms of public priorities between 2009 and 2010. However, the national context is having an impact on people's views about which services should be prioritised if budgets are cut. The Council's budget consultation found that local residents valued services supporting the cleaner, greener strategic priority and expect the council to focus on core business in the context of national budget cuts. These priorities are outlined in Appendix 1 the Prioritisation Framework.

- 2.4 Formal consultation on the draft budget will take place in December with sessions with the Chambers of Commerce and key stakeholders. Members of the public who participated in the budget consultation will be informed of the decisions in line with our consultation and engagement strategy. During December 2010 and January 2011 the draft budget and corporate plan will also be available on the Council's consultation portal for comment.
- 2.5 Council will be asked to agree the 2011/12 budget and corporate plan (and the service plans that underpin delivery) at their meeting on 21st February 2011.

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 2011/12.
Legal:	None
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 Helen Couperthwaite, Data Quality Lead Officer 01295 22221751

Wards Affected

All

Corporate Plan Themes

All

Executive Portfolio.

Councillor James MacNamara, Portfolio Holder for Resources.

Document Information

Appendix No	Title
Appendix 1	Prioritisation framework 2011/12
Appendix 2	Budget Guidelines 2011/12
Appendix 3	Budget Timetable
Background Papers	
	Living in Cherwell 2010 Summary of Corporate Consultation Programme September 2010
Report Author	Karen Curtin, Head of Finance Karen Muir, Corporate System Accountant Claire Taylor, Corporate Strategy and Performance Manager
Contact Information	01295 221551 karen.curtin@cherwell-dc.gov.uk 01295 221563 claire.taylor@cherwell-dc.gov.uk

APPENDIX 1

Frontline Service Priority Framework for 2011/12

Service Area	Priority Ranking 2010/11	Priority Ranking 2011/12
Refuse collection & Recycling	1	1 ⇔
Strategic Housing	1	1 ⇔
Anti-social behaviour	1	2 ↘
Economic Development and Regeneration	2	2 ⇔
Sports facilities	3	3 ⇔
Local Development	3	3 ⇔
Community Development	3	3 ⇔
Housing Needs	4	3 ↗
Private Sector Housing	4	3 ↗
Local Transport and Concessionary Fares	4	4 ⇔
Leisure development	3	4 ↘
Revenues and Benefits	4	4 ⇔
Cleansing	4	4 ⇔
Environmental Protection	4	4 ⇔
Arts	4	4 ⇔
Rural Areas	4	4 ⇔
Car Parking	4	4 ⇔
Estates	4	4 ⇔
Safer communities	3	5 ↘
Health Promotion	3	5 ↘
Building Control and Engineering	5	5 ⇔
Public Protection	5	5 ⇔
Conservation & Urban Centres	4	5 ↘
Planning & Enforcement:	5	5 ⇔
Planning control	6	6 ⇔
Diversity and equality	6	6 ⇔
Landscape	7	7 ⇔

Banbury Museum	7	7	↔
Tourism	7	7	↔
Licensing	7	7	↔

GUIDELINES FOR THE PREPARATION OF THE 2011-12 BUDGET

Principles

These budget guidelines have been developed within a consistent corporate framework to:

Deliver

- Implementation of agreed savings and efficiency proposals
- allocate resources to Council priorities
- minimise inappropriate competition between services for resource allocations
- ensure that where significant services are provided between Directorates there is a transparent method for charging a fair cost.

The guidelines are designed to positively encourage managers to do the following:

- bring forward innovative ideas and options to make more effective use of existing resources, clearly identifying how the ideas may develop over a 3-year period, including any requirements for pump priming money.
- link the budget setting process to Service Plans, Action Plans already in place, Value for Money Reviews and the requirement for the identification of options, which will produce efficiency savings.
- focus attention on corporate and service priorities and improving performance.

Budget Deliverables

1. Prepare and submit draft revenue estimates for 2011/12 and the next 4 years which fully reflect the service priority and consultation event findings and match the current duration of the MTFS.
2. Prepare and submit a draft four-year capital programme. All schemes to carry a full project appraisal including strategic objective, priority, value for money assessment, and details of any revenue impacts. All capital project appraisals will be validated by the Capital Investment Delivery Group. All schemes previously approved for commencement in 2011/12 and onwards will be carried through for consideration.
3. The 2010/11 projected outturn at September 2010, adjusted to take account of the full year effect of savings identified in setting the 2010/11 budget, and one off items will be assumed to be the "**base budget**". This will then be further adjusted for savings identified within the Executive's £800k promise action plan and the savings "Building Blocks" that have been identified and approved, (these savings building blocks are options for additional savings that are being identified as part of preparation for the 2011/12 budget process.) The budget will be prepared by the Service Accountant and signed off by Head of Service.

4. The final draft of the budget should be accompanied by a one page word document which will include key expenditure indicators, efficiency targets and overview of service and key projects for 2011/12. This template will be sent out in December 2010 for completion.

Budget Timetable

The revenue and capital budget is agreed by full Council before 11th March each year. The 2011/12 budget will be considered at Council on Mon 21st February 2011. (or Reserve – 9th March 2011)

A summary timetable is attached in Appendix 3. This timetable dovetails with the service and financial planning timetable.

Revenue Budget Guidelines

Income

In building income budgets it is essential that a realistic assessment of income achievement is undertaken. Budget holders should use their knowledge of past trends and current market conditions in assessing income levels for the future and the scope for increases in fees and charges.

It is important to look at not only financial information but also non-financial information such as activity data on customer usage and trends to help build realistic income estimates.

Variations to the existing approved budget for income must be clearly identified and explained.

Variations in fees and charges need to be considered taking into account the Council's priorities and objective to ensure that proposals are consistent with these priorities and objectives.

Growth

- The net impact of all growth items should be **ZERO**.
- Growth arising from changes in legislation/ regulation or service planning will **ONLY** be allowed if it is fully funded by transferring resources within the same service or from within the same Directorate. Any such transfer either within the same service or the same Directorate can only come from demonstrably lower priority services. A growth proforma should be completed detailing full requirements.
- All draft estimates should reflect the outcomes from the challenge sessions on individual service and budget appraisals and draft service plans

Financial guidelines - should be used in estimating changes in expenditure and income over the medium term.

- Payroll - Although there is a current local agreement to pay 1.8% and 1.9% increases in 2011/12 and 2012/13, (agreed as part of a 3-year deal with 0% in 2010-11), we anticipate the government enforcing the public sector pay freeze and therefore the Council reverting to 0% in 2011/12

We will therefore provide for payroll inflation as detailed below

Year	%
2011/12	0%
2012/13	1.8%
2013/14	1.9%
2014/15	CPI

Should this not be the case the Council will need to consider alternative ways of retaining the budget position outlined.

- Provide for general inflation in 2011/12 on all other expenditure and fees and charges at 0.5% below August CPI or 0% whichever greater. (Aug CPI 3.1%)
- Inflation rates predicted for beyond 2010/11 are as per forecasts in our MTFs (based on OBR Budget forecasts) and will be used in the budget module as below:

Year	CPI %
2011/12	2.4%
2012/13	1.9%
2013/14	2.0%
2014/15	2.0%

- Council Tax should be forecasted as 0.5% below the CPI rate except for 2011/12 when we assume a 0% increase in 2011/12 to the ratepayer but 2.5% will be funded from Central Government

Year	CPI %
2011/12	2.5%
2012/13	1.5%
2013/14	1.5%
2014/15	1.5%

- Interest rates should be forecasted as below (info from Sector- based on three month money rate)

Year	Average Interest Rate
2010/11	0.8%
2011/12	1.3%
2012/13	1.8%
2013/14	2.3%

- Inflation and Interest rates are subject to further review in the budget process and may be subject to change.

Savings

Each Directorate is required to work up a full range of budget savings options for consideration. These options will be presented as potential Budget savings “Building Blocks”. A standard template will be provided (requesting information on lead in

times, one off costs and impact on priorities, services and policies.

Directorates are encouraged to be “free thinking” in drawing up options which:

- identify opportunities for new efficiency savings, consistent with the requirements of the Efficiency Savings Review process.
- identify areas with reducing levels of income and identify opportunities for reducing corresponding expenditure.
- challenge current methods of service delivery and identify alternative ways of providing services.
- challenge existing policies and service levels so a complete range of service reductions are identified.
- have considered every issue relating to the potential saving. (including lead-in times, one-off costs and impact on services and policies).
- have considered the statutory requirement to provide the service and at what minimum level, or whether the service is discretionary.
- Explicitly consider if there is scope for efficiencies via closer working with other local authorities particularly in light of our own and South Northants current considerations on closer working .

Capital programme Guidelines

- Officer arrangements for drawing up and monitoring the capital programme and generation of resources is via the Capital Investment and Delivery Group (Officer led group with representation from across the Council)
- The development of 4 year rolling capital programme and resources should be drawn up within the context of the following objectives:
 1. The generation of additional reserves and balances, with appropriate contingencies.
 2. The opportunities to invest to save.
 3. Maintaining Council assets and the Council’s infrastructure to agreed standards.
- A capital project appraisal is required for each bid and this will be validated by the Capital Investment Delivery Group. All schemes previously approved for commencement in 2011/12 and onwards will be carried through for consideration.

Procurement

When setting both the 2011/12 budget and future years, regard should be given to the Corporate Procurement Strategy and The Council’s Contract Procedure rules. In particular, budgets and projections should be based on Corporate and agreed framework contracts. Further advice and guidance can be obtained from the Councils Procurement Team.

Risk

The budget process is fundamental to the Council’s financial management regime and Members need to be assured that all pertinent issues are properly considered when making key decisions on the Council’s future finances.

In drawing up revenue budget proposals, risk assessments should be undertaken to test the robustness of proposals and to identify key factors which may impact on the proposals put forward. Where appropriate action plans should be put in place to manage/mitigate the risks identified – this may include a risk provision within the budget which can be calculated by your service accountant.

With a ~ £18.5m Revenue Budget and ~ £15m annual Capital Budget covering all the Council's services and activities the potential for an issue to be missed or not considered properly will always be there. The budget process is designed to minimise this risk and throughout the process there are frequent meetings with Corporate Management Team and Executive to review.

TIMETABLE

APPENDIX 3

Activity / Report	Date	Month	Year	Output
Budget Guidelines to Executive	11th	October	2010	Report
September 2010 Projections Finalised	TBD	October	2010	Report
Budget Scrutiny Commences	-	October	2010	Activity
Budget Workshops	4th / 11th	October	2010	Activity
Comprehensive Spending Review	20th	October	2010	Report
Draft Budget 1 to CMT	17th	November	2010	Report
Draft Budget 1 to Executive	6th	December	2010	Report
Draft Budget 2 to CMT	15th / 22nd	December	2010	Report
Draft Budget 2 to Executive	10th	January	2011	Report
	19th	January		Report

Final Budget Proposal to CMT			2011	
Final Budget Proposal to Executive	7th	February	2011	Report
Budget Proposal to Council	21st	February	2011	Report

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Executive

Value for Money Review of Housing

11 October 2010

Report of the Strategic Director for Planning, Housing and Economy

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:

- (1) To note that the service has delivered £160,000 savings above the £500,000 savings target set in the previous VFM review, and that these have been delivered ahead of schedule
- (2) To note the achievement of all other recommendations from the previous VFM review, save for those around process benchmarking, and ensure these are pursued during the remainder of 2010/11 to identify areas of greater efficiency
- (3) To endorse the overall conclusion of the review is that the service is now below average cost for housing strategy and private sector housing, and remains above average cost for homelessness due to local circumstances and activity rather than unnecessary spend. It has high performance in terms of lower use of temporary accommodation, delivery of affordable housing and responding to the recession. It is high quality in terms of high levels of user satisfaction
- (4) To agree that further improvements in value for money be sought and approve the following recommendations;
 - a. Reduce and reconfigured staffing arrangements in line with the revised needs of the service to achieve savings of £60,000
 - b. Review temporary accommodation contract management arrangements with Sanctuary Housing to achieve savings of £40,000 and improve contract performance

Executive Summary

Introduction

- 1.1 This review forms part of the Value for Money programme of reviews for 2010/11, which aims to cover all services within the council and improve the value of services offered to residents of Cherwell, and contributes to meeting the Council Promise of securing £800,000 of new savings by 1 April 2011.
- 1.2 Housing was subject to a previous value for money review which reported to Executive on 12 May 2008. It was selected for a 'revisit' review during 2010/11 because high-level comparative budget information available through 2010/11 RA form analysis indicated it may still be comparatively expensive. A key element of the review was to better understand these comparative costs to verify the position of the service, and to identify any possible further savings.
- 1.3 The review identified that the service achieved its £500,000 VFM savings target 2 years ahead of schedule, with a total (cumulative) saving of £660,000 to be delivered in 2010/11. Alongside these significant savings the proactive spend to save and preventative approach currently undertaken by Housing Services has provided the Council with marked improvements in performance.
- 1.4 The overall conclusion of the review is that the service is now below average cost for housing strategy and private sector housing, and remains above average cost for homelessness, but the latter is driven by local circumstances and activity rather than unnecessary spend. It has high performance in terms of lower use of temporary accommodation, delivery of affordable housing and responding to the recession. It is high quality in terms of high levels of user satisfaction.
- 1.5 The recommendations arising from the review seek to build on the improved efficiency of the service by setting a further savings target of £100,000 for 2010/11

Proposals

- 1.6 To adopt the recommendations of the Review in full

Conclusion

- 1.7 Improvements identified from the review will help reduce the Council's cost base and allow Housing Services to continue to build on improvements in quality secured to date.

Background Information

- 2.1 Cherwell is among the least deprived districts in the country although there are significant pockets of disadvantage; seven areas in Cherwell are in the worst 10% in England on the skills, education and training domain of the Index of Deprivation 2007, this includes the wards of Grimsbury & Castle, Ruscote and Neithrop. The Child Well-being Index (CWI) 2009 supports these findings but also reveals particularly poor scores for health, housing and crime. There is clearly a strong correlation between the nature of the work of the housing services teams and the needs of those residents living in those areas.
- 2.2 The service underwent a full VFM review which reported to Executive in May 2008. A key recommendation was a target reduction of £500,000 to the service base budget to be achieved over the following three years.

VFM Review Findings

- 2.3 Appendix 1 contains the Executive Summary of the VFM review. Key findings from the review can be summarised as follows;
 - The review identified that the majority of recommendations from the previous VFM review had been implemented successfully. These include achieving its £500,000 VFM savings target 2 years ahead of schedule, with a total (cumulative) saving of £660,000 to be delivered in 2010/11; and reduced level of temporary accommodation ahead of government target – reducing from an all time high number of 438 households occupying temporary accommodation in March 2006 to 115 by March 2008 and achieving our temporary accommodation target of 33 by March 2010.
 - 2010/11 budget comparisons with CIPFA family comparators show that Cherwell is now the 5th highest spending authority out of 12, with costs 8% (£180,500) higher than the CIPFA family average, and 56% higher than the lowest quartile spend (+£870,000). The majority of difference in spend is for homelessness, with lower costs in other areas of housing.
 - Homelessness costs in Cherwell are 54% higher than average (+£261,000) and 270% higher than the lowest quartile (+£544,000). Costs for strategic housing and private sector housing standards are best considered together. These show Cherwell as spending 9.4% less than average (-£166,600) or 34.8% more than the lowest quartile spend (+£414,000)
 - Service performance has improved markedly since the previous VFM review; the number of households in temporary accommodation has fallen by 75% reduction, achieved more quickly than the agreed strategy; the number of affordable homes delivered has increased from 160 (2007/08) to 199 (2009/10) despite the economic downturn, well in excess of the corporate target of 100; DFG delivery performance has increased significantly from demand-led spend of £782k in 2007/8, to £910k in 2008/9 and £950k in 2009/10).

- 2.4 It is clear from deprivation data and analysis of other metrics undertaken as part of the review that the reason for additional spending on homelessness is because of higher levels of homelessness activity, which in turn is linked to high levels of deprivation. Cherwell has the worst levels of child welfare within the family group, which goes some way to explaining the larger than expected homelessness issue the area deals with, as most statutory provision is linked to adults with children, pregnancies or teenage homelessness.
- 2.5 The proactive spend to save and preventative approach currently undertaken by Housing Services has provided the Council with considerable savings over the past 3 years alongside marked improvements in performance. Changes to this approach must be considered with caution as a move towards providing a reactive service only would see a return in the longer term to increasing numbers of homelessness and use of temporary accommodation with the considerable costs associated not just to this Council but other statutory agencies, not to mention and indeed the very people affected by this.

Making Improvements to the Service

- 2.6 The review has identified the potential to further reduce the base budget of the service by £100,000 through additional efficiencies. These can be achieved with minimal impact on the service.
- 2.7 £60,000 can be saved through a reconfiguration of staffing arrangements within the service through improving working arrangements and reducing the working hours within the Housing Accommodation Team. A further £40,000 can be saved through the review of a temporary accommodation management agreement with Sanctuary which has been unsatisfactory. This latter saving would be made through bringing the function back in-house and absorbing the additional workload into current working and staffing arrangements.

Implications

Financial:	<p>The review has demonstrated that the Housing service is now just above average cost. Savings of £660,000 have been confirmed as having been achieved since 2008/09 by the review, and additional savings of £100,000 during 2011/12 have been identified</p> <p>Comments checked by Karen Curtin, Head of Finance 01295 221551</p>
Legal:	<p>The proposed recommendations will not impact on the council's statutory functions in regard to housing</p> <p>Comments checked by Liz Howlett, Head of Legal and Democratic Services 01295 221686</p>
Risk Management:	<p>The proposed level of savings present no risk to service delivery</p> <p>Comments checked by Rosemary Watts, Risk Management and Insurance Officer 01295 221566</p>

Data Quality

Data for cost comparison has been obtained through 2010/11 RA forms of comparable CIPFA family authorities, which has been subject to extensive checking with these authorities. Deprivation data has been obtained through the Child Wellbeing Index 2009. Financial data has been prepared by the relevant service accountant

Comments checked by Neil Lawrence, Improvement Project Manager 01295 221801

Wards Affected

All

Corporate Plan Themes

An Accessible, Value for Money Council

Executive Portfolio

Councillor Atack
Portfolio Holder for Performance Management, Improvement and Organisational Development

Document Information

Appendix No	Title
Appendix 1	Housing VFM Revisit: Executive Summary
Background Papers	
None	
Report Author	Neil Lawrence, Improvement Project Manager
Contact Information	01295 221801 neil.lawrence@cherwell-dc.gov.uk

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Housing VFM Revisit

Executive Summary

Cherwell District Council

Timetable	Papers Finalised	Meeting Date
CMT	11 June 2010	16 June 2010
Use of Resources	12 July 2010	15 July 2010
Executive	23 July 2010	2 August 2010

Revision History		
Revision Date	Previous Revision Date	Summary of Changes
19 May 2010		Initial draft
27 May 2010	19 May 2010	Housing and Finance contributions added
8 June 2010	27 May 2010	Amendments following project meeting and JH comments
10 June 2010	8 June 2010	Annex on support costs, additional volumetric data
11 June 2010	10 June 2010	Final draft agreed with JH, GG
23 July 2010	11 June 2010	Revised annex on support costs

Value for Money Revisit of Housing - Executive Summary

1 Introduction

Purpose of this report

- 1.1. This report sets out the findings of the VFM revisit of Housing. 'Revisit' reviews are intended to look at services that have already undergone a full value for money review but are still identified as high cost when compared to other councils. In this case the initial identification of high cost and the follow through to this study has been shown to be affected by an incorrect submission and analysis of the financial data used by Government and the Audit Commission. (see para 2.6 below).
- 1.2. The aim of a revisit review is to refresh key information on the service to an extent that will allow an overall judgement on the value for money it offers. It is not intended to be as in-depth as a full VFM review or to take up significant amounts of staff resource to complete. To achieve this, the review uses information that is readily available rather than undertake new areas of research.

Introduction

- 1.3. The Housing service was subject to a full VFM review during 2007/08, which reported to Executive in May 2008. The key recommendations of the Review can be summarised as:
 - Absorbing £250,000 in 2008/09 growth bids with no additional revenue
 - Continue to implement the Housing Service Improvement Plan
 - Make full use of benchmarking data to identify areas for improvement and efficiency
 - Focus on performance improvements in homelessness and temporary accommodation
 - Reduce the overall costs of the service by a reduction of £500,000 to the base budget over three years

VFM Conclusion

- 1.4. The overall conclusion of the review is that the service is now **below average cost** for housing strategy and private sector housing, and remains **above average cost** for homelessness, but the latter is driven by local circumstances and activity rather than unnecessary spend. It has **high performance** in terms of lower use of temporary accommodation, delivery of affordable housing and responding to the recession. It is **high quality** in terms of high levels of user satisfaction.

Cherwell in context

- 1.5. Cherwell is among the least deprived districts in the country although there are significant pockets of disadvantage; seven areas in Cherwell are in the worst 10% in England on the skills, education and training domain of the Index of Deprivation 2007, this includes the wards of Grimsbury & Castle, Ruscote and Neithrop. The Child Well-being Index (CWI) 2009 supports these findings but also reveals particularly poor scores for health, housing and crime.
- 1.6. To support this further a considerable amount of work undertaken by Housing Services relates to the provision of services for vulnerable people and particularly to those living in these three wards. Our service records show:

- 32% of all requests for assistance received by the private sector housing team come from within the three wards
- a third of all housing register applicants currently live within the three wards
- 50% of all enforcement interventions involve properties/landlords within the three wards

There is clearly a strong correlation between the nature of the work of the housing services teams and the needs of those residents living in those areas. This correlation manifests itself in a variety of ways and includes but is not limited to the following:

- The increased need for access to a home that is affordable
- An increased use of privately rented properties by BME communities – in particular by the Eastern European populations – and the associated resources
- A greater importance attached to housing services working more closely with partner agencies and to assume a wider remit of responsibility in the interests of getting things done and improving outcomes for local residents
- An increased risk of becoming homeless or going into debt that requires preventative measures to help the individual and to mitigate the risks to the Council of picking up such costs
- Spending more time with customers to help them define their needs and requirements
- Working with partners to understand and deliver on the links between housing and the environment
- Undertaking a wider range of initiatives to support the Sustainable Communities Strategy priorities that impact on the Communities ambition – such as the Miller Road self build scheme, the Youth Hub and the Willy Freund Centre

1.7. Major changes to how the service operates have been instigated since the initial review:

- delivery of housing adaptations through the Home Improvement Agency is now fully in-house
- amalgamation of the Banbury Homes rent deposit scheme with Cherwell's Spend to Save scheme and established one scheme for Cherwell (Private Accommodation Lettings Scheme)
- reconfiguration of staffing arrangements within the Housing Needs Team to mitigate the impact of the recession
- aided the council to achieve savings through redeployment opportunities into housing services from housing benefit/council tax outsourcing
- transfer of Community Development & (temporarily) Community Transport functions into strategic housing
- a full set of customer service standards and satisfaction measures have been introduced, and the equality and diversity agenda has been developed significantly
- fully integrated into Oxfordshire choice based lettings scheme
- exited a number of high cost temporary accommodation contracts/ working arrangements and re-commissioned new, less expensive temporary accommodation
- strengthened partnership working through joint commissioning and strategic working

1.8. The service has adapted to the economic downturn through the production of an Affordable Housing & Recession Action Plan to counteract the local effects of the economic downturn – good progress has been made which includes:

- CDC appointed as a fast track authority in introducing a mortgage rescue scheme (assisted over 100 enquiries to date, 10 completions and 15 cases in the pipeline) – our track record has put Cherwell as the 6th highest performing authority for successful mortgage rescue completions
- In spite of the economic downturn, the affordable housing delivery outturn of 199 units for 2009/10 was the highest figure since current records began.
- CDC commissioned an acquisition scheme working with a RSL and using the Council's recycled capital budget earmarked for affordable housing. This scheme enabled the RSL to purchase properties on the open market at a time when property prices were deflated due to the economic downturn. In turn they provided CDC with nomination rights to the properties so that we were able to re-house those on the housing register. Out of the 17 properties purchased, 9 were much needed larger 4 bedroom houses suitable for larger households and to meet the specific needs of those families with disabilities.

1.3 Whilst no longer in a recession we are still in a period of economic recovery. The longer term housing implications of the recession will take some time to emerge and any change in local housing markets and house prices will present further challenges for the service.

Staffing

1.9. The staffing structure in Housing has changed as follows;

Established Posts	At 31/3/2009		At 31/3/2010	
	Posts	Vacancies	Posts	Vacancies
	FTE	FTE	FTE	FTE
Head of Housing Services	1.00	0.00	1.00	0.00
Strategic Housing	5.00	0.00	5.00	0.00
Housing Needs	18.00	2.32	18.89	1.30
Private Sector Housing	10.65	1.00	7.68	1.00
Total	34.65	3.30	34.56	2.30

Generally the staffing levels in the service have been stable. This is a reflection of the Service Plan, which applies an investment in a strong permanent and professional staff team to remedy past deficiencies in case work and control external "failure" costs (homelessness acceptances and temporary accommodation). The changes that have occurred are as follows:

- A post has moved under TUPE from Banbury Homes to cover the private accommodations letting scheme, plus some internal staffing reconfiguration to absorb the Banbury Homes scheme. The costs associated with this post were offset against an existing vacancy of Housing Options Officer.
- In March 2009 the Housing Needs team underwent a further minor staff reconfiguration to mitigate the impact of the recession. This allowed us to reallocate staff within the teams to areas of pressure and tackle levels of increasing housing need. This was a cost neutral exercise.
- A Private Sector Development Officer post has been established on a secondment basis to take forward the Private Sector Housing Strategy Action Plan. This post has been funded from Planning and Housing Delivery Grant and Recession Impact funding and is a two year post until 31 March 2012.
- A long standing vacancy in the Home Improvement Agency has been temporarily filled through short term contracts. This post is being held to assist with an identified redeployment issue that should come to a close by end of 2010.

- In April 2010 following a review of EMT the Community Development and Community Transport functions transferred into the Strategic Housing area of Housing Services. This resulted in the Strategic Housing Team establishment increasing from 5 FTEs to 7 FTEs (excluded from the above table)

Expenditure

- 1.10. The budget and expenditure of the service is set out in the table below. A breakdown of support service charges is attached as Annex 1

	2008/09 Actual	2009/10 Actual	2010/11 Approved Budget
Employee Costs	1,233,736	1,194,697	1,244,204
Premises Costs	101,113	87,020	59,065
Transport Costs	51,679	113,630	51,654
Supplies & Services	305,082	207,627	343,734
Third Party Payments	425,679	551,500	243,218
Support Services	351,069	398,231	349,836
Internal Support Services	349,363	317,777	319,829
Capital Charges	96,848	83,456	92,260
Total Expenditure	2,914,568	2,953,938	2,703,800
Government Grant	105,578	55,479	86,050
Other Grants	117,603	160,740	123,433
Fees And Charges	139,989	95,543	106,474
Charges To Other Mgt Centres	0	112,430	102,800
Rental & Interest Income	112,296	84,340	62,565
Total Income	475,466	508,512	481,322
Net Expenditure	2,439,102	2,445,426	2,222,478

- 1.11. Key issues to highlight are;

- Net service expenditure has reduced by £217k (-8.9%) since 2008/09
- Third party payments have reduced overall by £182 (-42.9%) since 2008/09, with a peak in expenditure in 2009/10. The reductions are attributable to the termination of the costly OSLA nomination agreement, less use of private contractors and consultants and reductions in the use of bed and breakfast. Peaks in 2009/10 were due to unforeseeable costs relating to the liability for the treatment of asbestos in former council housing stock
- A reduction in building maintenance & repairs and office accommodation charges has led to a £42k (41.6%) reduction in premises charges
- Staff support costs have remained fairly constant, although still make up a large proportion (24.8%) of gross expenditure.

2 Findings from the Review

- 2.1. The review has used financial data from 11 CIPFA comparator authorities to provide 2010/11 comparative budget data, assessed progress with implementing recommendations of the last review, analysed the most recent performance, quality and productivity information available for the service, and assessed the financial contribution the service has made to the authority.

Progress since the full VFM Review

2.2. The service has implemented the majority of the May 2008 recommendations. Highlights from this are:

- The service achieved its £500,000 VFM savings target 2 years ahead of schedule, with a total saving of £660,000 to be delivered in 2010/11 (see 2.4 below).
- A customer satisfaction framework has been introduced for housing services where performance and customer satisfaction information is collected quarterly and analysed by Housing Services Management Team.
- Review of the rent deposit scheme undertaken in January 2009. Amalgamated CDC rent deposit scheme with Banbury Homes Rent Deposit Scheme to create and operate one scheme, "Private Accommodation Lettings Scheme" (PALS) for Cherwell. PALS launched January 2010.
- Private Sector Housing Strategy completed and adopted by Council, includes action plan and item on returning empty homes to use.
- Completed exit strategy from high cost temporary accommodation contracts such as OSLA bringing about considerable savings on temporary accommodation costs.
- Reduced level of temporary accommodation ahead of government target – reducing from an all time high number of 438 households occupying temporary accommodation in March 2006 to 115 by March 2008 and achieving our temporary accommodation target of 33 by March 2010.

2.3. Exceptions to this are:

- Further benchmarking and process benchmarking with other authorities has not progressed as planned. A good deal of work was instigated and undertaken, facilitated by the Housing Quality Network (HQN), but a failure of local partners to fully engage, and problems with data means that the service does not necessarily have a better picture of where further costs could be taken out of processes. An update benchmarking exercise is planned for August 2010 to be followed by process mapping work to aid comparisons.
- It has not been possible to pursue Champion or Beacon status for the excellent Housing Service performance due to a lack of available support. However CDC has been a major partner including recognition for Oxfordshire as a Centre of Excellence for its joined up housing service delivery to young people.

2.4. The key achievement has been the delivery of VFM savings 2 years ahead of time and £160k (+31.7%) more than planned, as illustrated in the tables below;

VFM Review Savings targets	2008/09	2009/10	2010/11	2011/12
Temporary Accommodation	(71)	(124)	(18)	(3)
Spend to Save	0	(25)	(25)	(25)
Salary/Consultancy Savings	0	(20)	(40)	(20)
Additional staff/process savings	0	(20)	(45)	(65)
Total	(71)	(189)	(128)	(113)
Cumulative	(71)	(260)	(388)	(501)

VFM Review Actual Savings	2008/09	2009/10	2010/11	2011/12
Temporary Accommodation	(164)	(164)		
Spend to Save	(42)	(102)		
Salary/Consultancy Savings	0	(55)		

Additional staff/process savings	0	(47)	(86)	
Total	(206)	(368)	(86)	0
Cumulative	(206)	(574)	(660)	(660)

- 2.5. Despite a cumulative saving of £660k the net expenditure for the service has actually reduced by less. This is due to exceptional expenditure around asbestos removal in former council housing stock (total of £350k) and car allowance buy-out costs (£55k) in 2009/10. Neither of these major costs can be attributed to Service related actions and can be isolated from a VFM analysis.

Current Expenditure Comparison

- 2.6. Investigation into Cherwell's revenue outturn (RO) and revenue estimate (RA) forms has shown that allocations on these forms made in previous years have been incorrect. This had a significant affect on the conclusions previously drawn about the comparative service costs and is reflected in the Audit Commission analysis tools. As part of this review the figures have been corrected for use in this VFM Study. They now show a greater allocation of expenditure to housing strategy, reductions in the allocation to homelessness, and crucially a reallocation of private rented housing standards expenditure to the correct category 'environmental and regulatory services'. This has set the overall cost of the service accurately and allowed more meaningful comparison with other authorities.
- 2.7. Extensive checking has been undertaken with other authorities to ensure their RA returns have been correctly completed. Although there may still be different ways in which authorities account for their spend this gives us the most up-to-date and best estimate to compare ourselves with. Comparisons have been undertaken on expenditure, less capital, and less homelessness grant.
- 2.8. Key findings from the 2010/11 budget comparisons with CIPFA family comparators are;
- Cherwell is now the 5th highest spending authority out of 12, with costs 8% (£180,500) higher than the CIPFA family average, and 56% higher than the lowest quartile spend (+£870,000).
 - Homelessness costs in Cherwell are 54% higher than average (+£261,000) and 270% higher than the lowest quartile (+£544,000).
 - Due to differences in accounting practice across different authorities costs for strategic housing and private sector housing standards are best considered together. These show Cherwell as spending 9.4% less than average (-£166,600) or 34.8% more than the lowest quartile spend (+£414,000)
 - In terms of comparisons with Huntingdonshire, used as the best comparator authority in the previous VFM review, Cherwell remains 18% more expensive overall (+£357,000), and 18% more expensive for homelessness (+£113,500).
- 2.9. The majority of difference in spend is for homelessness, with lower costs in other areas of housing. However, it is clear from the deprivation data and analysis of metrics that the reason for additional spending is because of higher levels of homelessness activity. This is illustrated below;
- Cherwell has the worst levels of child welfare within the family group, which goes some way to explaining the larger than expected homelessness issue the area deals with, as most statutory provision is linked to adults with children, pregnancies or teenage homelessness.

- Cherwell had the 3rd highest level of homelessness applications per 1,000 population in 2009, but only the 7th highest level of homelessness acceptances, illustrating the success of prevention work
- We continue to see a year on year increase in applicants to the housing register and approaches for housing advice and assistance (2366 in 2007/8 rising to 2624 new applications in 2009/10)
- The number of families in bed and breakfast remains fairly constant (32 in 2007/08, 34 in 2009/10) as has casework for prevention (233 in 2008/09, 236 in 2009/10), but this is set against an improvement in performance for prevention (see 2.11 below)
- Recent movement in the housing market is resulting in a higher number of landlords giving notice to their tenants with the intention of selling the property once vacated (May 2009, 14 cases compared with May 2010, 28 cases).

Performance and Satisfaction

2.10. Service performance has improved markedly since the previous VFM review:

- Homelessness acceptances, which had reached 2 per quarter in Q3 2007/08, increased to 20 in Q1 2008/09, and are now at 10 per quarter in Q4 2009/10.
- The number of households in temporary accommodation has fallen from 117 (2007/08) to 29 (2009/10); a 75% reduction, and achieved more quickly than the agreed strategy
- The number of affordable homes delivered has increased from 160 (2007/08) to 199 (2009/10) despite the economic downturn, well in excess of the corporate target of 100.
- DFG delivery performance has increased significantly from demand-led spend of £782k in 2007/8, to £910k in 2008/9 and £950k in 2009/10).
- Number of homes where serious hazards resolved: 59 in 2007/8, 62 in 2008/9 and 93 in 2009/10.

2.11. Homelessness prevention has seen a significant improvement in performance, resulting in fewer homelessness applications and so achieving savings;

	2007	2009	% diff
Approaches/caseload	924	1067	15%
Applications taken	364	263	-28%
Homelessness duty accepted	168	115	-32%
As a % on presentations	46%	44%	-2%

2.12. Drivers for this performance are:

- The successful implementation of the Temporary Accommodation Strategy to reduce the use of bed and breakfast, and the promotion of alternative pathways for those presenting as homeless
- Use of capital funding to acquire empty housing units for use as affordable housing by housing associations, with Cherwell acquiring nomination rights to the units
- Development of a successful landlord grant which provides part funding for improvements (levering landlord investment) in return for nomination rights
- The successful implementation of the affordable housing recession action plan that enable the Council and its partners to focus on tackling the impact of the economic downturn.

- Our ability to set out our direction of travel and undertake excellent partnership working through a range of strategic activities such as the production of the private sector housing strategy and older persons housing strategy.
- Following the 2007/08 restructure, the embedding of staff into their roles and the consolidation of team and partnership working.

2.13. Satisfaction surveys are now run across the service. Complaints and compliments are also monitored by each part of the service as are service delivery standards. Latest available satisfaction figures for 2009/10 are as follows;

Area	Satisfaction scores
Choice based letting system	90%
Housing options advice	28.5% excellent, 71.5% good
Temporary accommodation	24.3% excellent, 48.3% good, 18.9% less than satisfactory
Disabled Facilities Grant works	100%
Quality of small repairs grant works	100%
Landlords satisfied following pro-active HMO inspections	100%
Private accommodation lettings scheme (customers)	46.7% excellent, 53.3% good
Private accommodation lettings scheme (landlords)	53.4% excellent, 40% good

Leverage

2.14. An analysis of partnership working and inward investment between 2006/07 and 2009/10 has calculated total inward investment raised by the Council's housing services and their partners of approximately £125,000,000. Inward investment includes but is not limited to:

- Affordable housing delivery – HCA grant, RSL private borrowing and other contributions from partners
- Homelessness Revenue on a range of initiatives – such as Family Mediation and Assertive Outreach project, Oxford House refurbishment and the Willy Freund Centre refurbishment
- Supporting People funding – to allow vulnerable people to secure the right support in their home
- Home Improvement grants – such as Disabled Facilities Grants and Landlord Improvement Grants from GOSE

Housing Contribution to corporate initiatives

2.15. Housing Services makes significant contributions to other Council priorities which are not in the strictest sense “direct housing responsibilities”- however, housing may take a lead role because it already has in place established partnership working, or because the completion of work is necessary to the authority's and housing's long term objectives. Such examples include but are not limited to:

- Planning and Affordable Housing Policy – e.g. Housing Services has coordinated major pieces of evidence gathering to inform the LDF such as financial viability assessments and housing need and housing market intelligence, as well as undertaking the lead project role for the Supplementary Planning Document. Strategic hours – 20 hours per month
- CDC Agenda for Domestic Abuse – Case work and attendance at partnership meetings – operational hours and strategic hours – 25 hours per month
- CDC Agenda for Substance Misuse and lead contributor to Community Development – Strategic hours – operational hours and strategic hours – 25 hours per month

- CDC Agenda for young people (sports and recreation and antisocial behaviour) – e.g. re-commissioning of young peoples services to join SP budgets with OCC, Children & Young Peoples commissioning budgets to provide better value for money and prioritisation of placements to relevant priority cases. Young people hub – to address the priorities for CDC of joining up young peoples services at point of delivery, to assist NEETs etc., Operational hours and attendance at YP group/ and strategic hours – 25 hours per month
- Considerable partnership working to bring together voluntary sector organisations, statutory agencies, RSL partners and CDC to address CDC priorities. This partnership working has had considerable success and much as been achieved through pooling resources and attracting both CDC and external funding e.g. Charterplus, CLG funding. Examples are: Willy Freund Centre refurbishment – this was a scheme where a number of funding streams including CLG, CDC capital and Charterplus were brought together to enable the refurbishment of a much needed resource for young people.
- CDC Agenda for antisocial behaviour, e.g. MAPPAs and related meetings, RSL/Housing ASB development work – operational hours and strategic hours – 25 hours per month
- Family Intervention Project (FIP) development with OCC – 15 hours per month
- Brighter Futures in Banbury – Leading the Thematic Group for Housing and the Environment also Housing Services contribution towards the other Thematic Groups – operational and strategic hours 30 hours per month

3 Conclusions

- 3.1. The proactive spend to save and preventative approach currently undertaken by Housing Services has provided the Council with considerable savings over the past 3 years alongside marked improvements in performance. Changes to this approach must be considered with caution as a move towards providing a reactive service only would see a return in the longer term to increasing numbers of homelessness and use of temporary accommodation with the considerable costs associated not just to this Council but other statutory agencies, not to mention and indeed the very people affected by this.
- 3.2. Against this, the council must plan for potential savings required of it through reduced grant settlement. The scenarios below set out the savings and implications against each of the three models used for the MTFS. Each assumes the loss of the Homelessness grant. The development of savings against these scenarios will form part of a wider exercise, and it has not been possible to pursue this to completion as part of the Review.
- 3.3. Additional savings of £100,000 have been identified as achievable in 2011/12 with no adverse affect on service performance

MTFS Scenario	2011/12	2012/13	2013/14	Total Saving
Identified VFM Saving	£ 100,000			
Base Budget	£ 2,122,478	£ 2,122,478	£ 2,122,478	£ 100,000
5% Annual Savings	£ 111,124	£ 105,568	£ 100,289	
Base Budget	£ 2,111,354	£ 2,005,786	£ 1,905,497	£ 316,981
6.5% Annual Savings	£ 144,461	£ 135,071	£ 126,291	
Base Budget	£ 2,078,017	£ 1,942,946	£ 1,816,654	£ 405,824

Savings	Amount	Year	Comment
Reconfiguration of staffing arrangements to address changes within Housing Needs Team to include a reduction in staffing levels.	£60,000	2011/12	Changes within the Housing Needs team staffing establishment resulting from: a) potential voluntary redundancy request b) improved working arrangements within the Housing Accommodation Team presents opportunity to reduce staffing levels c) Request for reduction in working hours
Potential to realise further savings from reviewing temporary accommodation arrangements.	£40,000	2011/12	Review of existing temporary accommodation management agreement with Charter/Sanctuary due to unsatisfactory performance. This presents an opportunity to bring this function back in-house and absorb additional work into current working and staffing arrangements. Thereby achieving a saving and improved performance/customer satisfaction.

4 Recommendations

- 4.1. Note that the service has delivered £160,000 savings above the £500,000 savings target set in the previous VFM review, and that these have been delivered ahead of schedule
- 4.2. Note the achievement of all other recommendations from the previous VFM review, save for those around process benchmarking, and ensure these are pursued during 2010/11 to identify areas of greater efficiency
- 4.3. Make further efficiency savings of £100,000 in the following areas by April 2011;
 - Reduced and reconfigured staffing arrangements in line with the needs of the service to achieve savings of £60,000
 - Reviewed temporary accommodation contract management arrangements with Charter/Sanctuary to achieve savings of £40,000 and improve contract performance

2009/10 Support Service Charges for Housing	Strategic Housing	Housing Needs	Private Sector Housing	Total
Chgs for Valuations & Estate Mgt	833	2,473	1,174	4,480
Chgs for Payroll	1,801	5,346	2,537	9,684
Chgs for Insurances	1,843	5,469	2,596	9,908
Chgs For Internal Audit	1,445	4,288	2,035	7,768
Charges for Controls	306	909	432	1,647
Chgs for Prof Pers Servs	7,889	23,411	11,112	42,412
Chgs for Procurement	2,051	6,087	2,889	11,027
Chgs for Training	4,568	13,557	6,434	24,559
Chgs Job Evaluation	1,721	5,109	2,425	9,255
Chgs for Health & Safety	1,398	4,148	1,969	7,515
Chgs for Canteen	1,512	4,487	2,130	8,129
Chgs for Reception & Telephone	1,985	5,891	2,796	10,672
Chgs for Printing & Photocopying	2,884	8,559	4,063	15,506
Chgs for Office Services General	2,192	6,505	3,087	11,784
Chgs for Office Services Mailing & Franking M/Cs	2,259	6,705	3,182	12,146
Chgs for Caretaking/Cleaning/Security	5,411	16,058	7,622	29,091
Chgs for Gen Maint Operatives	11	33	16	60
Chgs for Legal Services	7,341	21,786	10,341	39,468
Chgs for IT Client Management	3,691	10,953	5,199	19,843
Chgs for Multi Function Devices	910	2,699	1,281	4,890
Chgs for Information & Security	6,348	18,839	8,942	34,129
Chgs for ICT Infrastructure Support	8,542	25,349	12,031	45,922
Chgs for ICT OCN	474	1,405	667	2,546
Chgs for ICT On Line Service	1,846	5,478	2,600	9,924
SUPPORT SERVICES	69,261	205,546	97,559	372,365
Salaries & Employee Costs	18,688	55,397	26,030	100,115
Premises Costs	223	660	310	1,193
Transport Costs	191	567	267	1,026
Computer Software	2,162	6,410	3,012	11,584
Other Supplies & Services	1,485	4,402	2,068	7,955
Customer Service Centre Recharge	6,933	20,551	9,656	37,140
Other Third Party Payments	333	987	464	1,783
Support Costs	10,279	30,470	14,317	55,066
Other Adjustments	-903	-3,372	365	-3,910
Capital Charges	92	273	128	493
Recharge to Corporate & Democratic Core - J Hoad	-1,507	-4,466	-2,099	-8,072
DEPARTMENTAL ADMINISTRATION	37,977	111,878	54,519	204,374
DIVISIONAL ADMIN - HEAD OF HOUSING RECHARGE	20,643	61,263	29,078	110,984
TOTAL INTERNAL SUPPORT SERVICES	58,620	173,141	83,597	315,358

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