

Committee: Executive
Date: Monday 10 January 2011
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 - 14)

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

Strategy and Policy

6. **Housing in Cherwell and the Current Economic Climate**
(Pages 15 - 66)

6.35 pm

Report of Head of Housing Services

Summary

- To update the Executive on the progress made in implementing the Affordable Housing and the Recession Action Plan approved by Executive in January 2009
- To advise the Executive on the Government's proposed housing policy changes and housing and welfare benefit reform and its potential impact on the Council's housing function in the current economic climate
- To recommend to Executive a Housing & Current Economic Climate Action Plan to steer the Council through these changes until the new Housing Strategy is in place in April 2012.
- To advise Executive on plans to bring forward a new Cherwell Housing Strategy in 2012 that will respond to the new policy context and financial climate
- To endorse a Cherwell District Council response to the Government consultation "Local Decisions: a fairer future for social housing"

Recommendations

The Executive is recommended:

- (1) To note the progress and completion of the Affordable Housing and the Recession Action Plan (Appendix A)
- (2) To endorse a Housing and the Current Economic Climate Action Plan for moving forward (Appendix B)
- (3) To endorse the response to the Government consultation paper (Appendix C)
- (4) To note the current and proposed housing and welfare benefit changes and the potential impact upon the Housing Service (Appendix D)
- (5) To approve the plans to bring forward a Cherwell Housing Strategy and approve the structure for Member involvement in the Housing Strategy Programme Board

7. Planning Obligations Supplementary Planning Document
(Pages 67 - 72)

6.55 pm

Report of Strategic Director Planning, Housing and Economy

Summary

To consider the Planning Obligations Draft Supplementary Planning Document (SPD) and to approve the use of the draft SPD as informal guidance with immediate effect.

Recommendations

The Executive is recommended:

- (1) To consider the Planning Obligations Draft Supplementary Planning Document (a copy is available in the Members Room and on request from the Planning Policy Team, it can also be viewed on the website) and endorse it for public consultation.
- (2) To approve the use of the draft Supplementary Planning Document as informal guidance with immediate effect.
- (3) To authorise the Strategic Director, Planning, Housing and Economy, in consultation with the Portfolio Holder Planning and Housing, to make any further minor non-substantive changes as are necessary to the draft Supplementary Planning Document prior to the publication for public consultation.

Value for Money and Performance

8. Recommendations from Overview and Scrutiny Committee- Car Parking Charges Call-in

7.10 pm

To consider recommendations from Overview and Scrutiny Committee on 5 January 2011 (if any) resulting from the Call-in of the Executive decisions regarding car parking charges.

9. Budget 2011/12 Draft 2 (Pages 73 - 110)

7.25 pm

Report of Head of Finance

Summary

The Council has to adopt a budget for 2011/12 as the basis for calculating its level of Council Tax and has to base that budget on its plans for service delivery during the year, recognising any changes in service demand that may arise in future years. This is the second opportunity that the Executive has to shape and refine the interaction between corporate plan service plans and financial matters before the final budget is presented to the Council on the 21 February 2011.

Recommendations

The Executive is recommended:

- (1) To note the outcome of the 2011/12 provisional settlement (detailed in Appendix 1);
- (2) To consider the draft revenue budget 2 (detailed in Appendix 2a) in the context of the Council's service objectives and strategic priorities; (see the corporate plan Appendix 2b);
- (3) To note the draft corporate plan for 2011/12 which is currently subject to consultation. (Detailed in Appendix 2b)
- (4) To agree the approach to the overall capital programme and 10/11 expenditure profile (detailed in Appendix 3);
- (5) To advise of any matters they would like taken into consideration in producing a balanced budget for the next meeting of the Executive ;
- (6) To consider the Tax Base Report (Appendix 4) and
 - to resolve that, in accordance with the Regulations, as amended, the amount calculated by the Cherwell District Council as its council tax base for the year 2011/2012 shall be 50,337; and
 - to approve the report of the Head of Finance, made pursuant to the Local Authorities (Calculation of Tax Base) Regulations 1992, as amended, and the calculations referred to therein for the purposes of the Regulations; and
 - to resolve that the tax base for parts of the area be in accordance with the figures shown in column 13 of Appendix 4b.
 - to resolve to continue with the discretionary awards that it resolved to give on December 1 2008.

10. Culture and Heritage Value for Money Review (Pages 111 - 156) 7.55 pm

Report of Interim Chief Executive

Summary

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

Recommendations

The Executive is recommended:

- (1) To endorse the overall conclusion of the review that the service is low cost for the Museum but high cost for its Arts service, has high performance in terms of visitor numbers to the museum and is high quality in terms of user satisfaction for the museum.
- (2) To agree that improvements in value for money be sought and approve the following recommendations for achieving savings of £81,130 in 2011/12;
 1. Introduce single staffing at Banbury Museum, saving £13,385

2. Reduce the Museum exhibitions budget and operational costs, saving £15,476
 3. Reduce arts funding by £31,906, ending grant aid support for all provision other than The Mill, Banbury
 4. Reduce Arts Officer hours to 43 per week, saving £15,108
 5. Reduce the operational revenue budget for Arts officers by 26%, saving £5,255
- (3) To cease core service funding of The Courtyard, Bicester due to the intended change in use of the facility from a dedicated youth arts centre which, prima facie, negates the operational agreement the Council is party to. However, retain the provision of a dedicated arts officer to the facility to continue support for the remaining youth arts provision. Subject to further negotiation with OCC and the Arts Council Lottery Unit, this will enable further savings of £38,000 in 2011/12.
- (4) To agree in principle subject to further assessment, to transfer the operation of the Museum and Tourist Information Centre (TIC) into a bespoke Trust developed for the purpose from 2013/14, saving an estimated £64,000 in NNDR.
- (5) To ask officers to bring a detailed report on the creation of a Trust for the Museum and TIC to a future meeting.

Urgent Business

11. Urgent Business

Any other items which the Chairman has decided is urgent.

(Meeting scheduled to close at 8.05pm)

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 Thursday 23 December 2010

Agenda Item 5

Cherwell District Council

Executive

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

Present: Councillor Barry Wood (Chairman)

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

Also present: Councillor Nicholas Mawer

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
Liz Howlett, Head of Legal & Democratic Services and Monitoring Officer
Karen Curtin, Head of Finance
Tony Brummell, Head of Building Control & Engineering Services
Gillian Greaves, Head of Housing Services
Paul Marston-Weston, Head of Recreation & Health
Chris Rothwell, Head of Safer Communities, Urban & Rural Services
Claire Taylor, Corporate Strategy and Performance Manager
Andy Bowe, Implementation Officer
James Doble, Democratic, Scrutiny and Elections Manager

78 **Declarations of Interest**

Members declared interests in the following agenda items:

6. Eco Bicester One Shared Vision.

Councillor Barry Wood, Personal, as persons known to him have a land interest in the area of, but outside the ecotown.

Councillor G A Reynolds, Personal, as a County Councillor due to the County Council holding a land interest at Gowells Farm.

Councillor Michael Gibbard, Personal, as a County Councillor due to the County Council holding a land interest at Gowells Farm.

Councillor Nicholas Turner, Personal, as a County Councillor due to the County Council holding a land interest at Gowells Farm.

Councillor Norman Bolster, Personal, as a County Councillor due to the County Council holding a land interest at Gowells Farm.

16. Budget 2011/12 Draft 1.

Councillor James Macnamara, Personal, as a Magistrate.

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

The Chairman confirmed he had agreed to a request to address the meeting from Ben Jackson, Bicester Chamber of Commerce in respect of agenda item 17, Pre Order Consultation – Car Parking Proposals.

80 **Urgent Business**

There were no items of urgent business.

81 **Minutes**

The minutes of the meeting held on 1 November 2010 were agreed as a correct record and signed by the Chairman.

82 **Pre Order Consultation - Car Parking Proposals**

The Head of Safer Communities, Urban and Rural Services submitted a report to advise Members on the feedback from the Pre Order consultation on car parking proposals and to enable them to decide on final proposals.

Ben Jackson, on behalf of Bicester Chamber of Commerce, addressed the meeting in opposition to the proposals due to what he perceived would be an adverse impact on Bicester.

Resolved

- (1) That the feedback from the pre Order consultation be noted.
- (2) That officers be authorised to begin formal Order Making on the final proposals set out in the annex to these minutes (as set out in the minute book) for implementation on, or as soon after, 1 March as is possible, with the amendments that evening parking be at a flat rate of 80p for Banbury and 70p for Bicester and that there should be no parking charges on religious bank holidays and New Years Day.

Reasons

A range of car parking proposals have been considered as part of service development for 2011/12, and through the budget preparation process. These were advertised informally in October with key agencies and consultees in accordance with the Local Authorities' Traffic Orders (Procedure) (England and Wales) Regulations 1996.

Options

Option One Consider the feedback from pre-Order consultation to assist in determining final car park proposals.

Option Two Disregard the feedback.

83 **Eco Bicester One Shared Vision**

The Strategic Director Planning, Housing and Economy submitted a report which outlined the Revised Eco Bicester One Shared Vision as approved by the Strategic Delivery Board meeting on 8 November 2010, reported the consultation feedback and sought approval for the revised document to be approved for development control purposes for planning proposals in Eco Bicester.

Resolved

- (1) That the report be noted.
- (2) That the proposed changes following the consultation on the Draft document be noted.
- (3) That the Revised One Shared Vision document (annex to the minutes as set out in the minute book) be approved as informal planning guidance for development control purposes.

Reasons

One of the aims of the SDB was to develop a clear vision for Bicester for the next 30 years. The preparation of a shared vision was agreed by the SDB at its first meeting in April 2010. It clearly defines the aims and objectives of the SDB in delivering the eco development at North West Bicester and integrating it with the long term aspirations for the existing town. It is designed to be a clear and concise summary of the key issues affecting the town as it continues to grow. The purpose of the shared vision is summarised as follows:

- To provide a shared vision for the whole of Bicester supported by partners
- To guide the local delivery of the eco-town of national, if not international, significance with the private sector
- To articulate key infrastructure needs to support the eco town
- To inform engagement between the local authority partners, Government departments and agencies on where they can help deliver the project

Options

- Option One** To note the contents of the report and agree the recommendations to approve the vision as informal planning guidance for development control purposes
- Option Two** To amend the recommendations and make further amendments to the vision
- Option Three** To reject the recommendations

84

Local Transport Plan

The Head of Planning Policy and Economic Development submitted a report which presented information to the Executive with a view to the council making a formal response to the public consultation on the Draft Local Transport Plan (LTP).

Resolved

- (1) That the County Council be commended on the general format of the LTP which addresses concerns raised by this Council previously that the LTP should be organised in a way which focuses on proposals for particular settlements and creates a stronger spatial link with Local Development Frameworks.
- (2) That in general, subject to the detailed recommendations made in the report, the policies and area strategies in the LTP be supported.
- (3) That the various detailed recommendations set out in paragraphs 1.16, 1.27, 1.43, 1.52 and 1.58 (with the exception of the reference to major new road links in Banbury) as set out in the annex to the minutes as set out in the minute book be submitted as the Council's formal response to the Local Transport Plan. in particular the Council's comments on:-
 - approach taken by the LTP towards the HS2 proposals in policy PT6
 - the ways in which the vision for eco-Bicester can best be supported through the LTP
 - the proposed Water Eaton Parkway station, and how (a) this can best be implemented in a manner that makes it accessible to local communities in Kidlington and Gosford, and (b) future congestion concerns can best be mitigated.

With the amendments that:

- the strategy for the rural areas should acknowledge the importance of providing footpath links both within and between villages to public transport and employment areas.
- The references in the LTP to major new road links (South East and South West Relief Roads) in Banbury should not be deleted.

Reasons

Oxfordshire County Council is currently preparing its third Local Transport Plan (LTP) for Oxfordshire. The LTP sets out a vision, objectives and outcomes for transport in the whole of the county. It also includes a programme of investment in new transport schemes and maintenance of the existing network.

Options

Option One To endorse the recommendations in the report as the Council's formal response to the Draft Local Transport Plan

Option Two To add or amend the proposed response as the Council's formal response to the Draft Local Transport Plan

Option Three Not to respond to the consultation.

85 **Disabled Facilities Grant Policy**

The Head of Housing Services submitted a report which sought approval for a new policy setting out the Council's approach to the assessment of eligibility for Disabled Facilities Grants, those adaptations which it is appropriate to fund and how it will manage a waiting list if demand exceeds the available budget.

Resolved

- (1) That the Disabled Facilities Grant Policy (annex to the minutes as set out in the minute book) be approved.
- (2) That the proposal that Registered Providers (RPs) (formerly called RSLs or Housing Associations) should be asked to sign-up to a protocol committing themselves to the principles in the Policy and to making a specified financial contribution towards the cost of adaptations for their tenants be endorsed.

86 **Final business case for a shared management team between Cherwell District Council and South Northamptonshire Council**

The Portfolio Holder for Resources and Communications, Leader of the Council and Chief Executive submitted a report to consider the final business case for a shared management team between Cherwell District Council and South Northamptonshire Council.

Resolved

- (1) That Council be recommended at its meeting on 8 December 2010 to approve the business case and the eighteen specific recommendations

included in it, (annex to the minutes as set out in the minute book) for putting in place a shared management team between Cherwell District Council and South Northamptonshire Council by the end of September 2011.

- (2) That Council be recommended to endorse the view of the Executive that, once a shared senior management team is in place, the Council can aspire to continued excellent performance.
- (3) That, it be confirmed following consultation with the Chairman of Overview and Scrutiny Committee, that it is in the Council's interest for this decision to be taken urgently and the right to call-in is waived to enable a binding decision to be taken by Council on 8 December 2010.

Reasons

The Joint Working Group recommends that Cherwell District Council and South Northamptonshire Council put a shared management team in place by the end of September 2011. It is proposed that the Executive accept this recommendation and recommend this in turn to full Council who will take the final decision on whether to go ahead on 8 December 2010.

Options

Option One

Not to recommend the business case to full Council. However, the financial benefits are clear and the risks of delivery are 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.

87

Cherwell/South Northamptonshire Building Control Shared Service Proposals

The Head of Building Control and Engineering Services submitted a report to consider whether it was appropriate and beneficial to Cherwell District Council and South Northamptonshire Council to merge their Building Control services into a jointly managed operation.

Resolved

- (1) That subject to the endorsement of the Cabinet of South Northamptonshire Council, who are concurrently considering this report, to agree in principle to implementing joint management

arrangements for the Building Control services of Cherwell District Council and South Northamptonshire Council.

- (2) That the Head of Building Control and Engineering Services, and Head of People and Improvement be instructed to carry out the recruitment of the joint Building Control Manager and Team Leaders for each of the Councils as set out in the report and its appendices (annex to the minutes as set out in the minute book).

Reasons

The key reasons for proposing this venture are that it will give both Cherwell and South Northamptonshire Building Control Services a more assured future and over a relatively short period of time the revenue costs borne by both Authorities to fund the non fee element of building control work will decrease.

Options

- Option One** Adopt the shared service approach contained and recommended in this report.
- Option Two** Not to form a shared service but for each Building Control service to continue to operate entirely separately. The risk of this do-nothing approach is that each service would continue to struggle in the face of increasing private sector competition, losing flexibility and resilience, and perhaps unable to recruit replacement staff effectively. This would hasten a decline to each service becoming one of last resort and without the ability to contribute effectively to other relevant services of both Councils. Cherwell would probably have to seek shared service elsewhere where it might have to become the third or fourth partner in an already formed and established alliance,
- Option Three** To agree to a joint venture in principle but to delay bringing it about. There is a strong prognosis that if conditions change for the two services they will worsen. The reasoning behind a shared service would be less compelling and the net benefits may be lost if a decision to proceed is delayed.

88 Update report and request for approval of funding for Dashwood Road Primary School

The Head of Housing Services submitted a report to update Members on progress on the Dashwood Road Primary School site following a report submitted on the 24 May 2010. Significant progress had been made to deliver this scheme and a smaller amount of funding from the capital reserves for affordable housing was now required.

Resolved

- (1) That the progress made with partnership working at Dashwood Road Primary School, Banbury be noted and funding for the scheme from the capital reserves for affordable housing of £200,000 be approved.

Reasons

Following the report to Executive in May 2010 regarding the Dashwood Road Primary School, staff from the council, Oxfordshire County Council, Paradigm Housing Group and the Homes and Communities Agency (HCA) have met to agree how this scheme can be funded. Since the report the scheme has been granted planning permission. The scheme comprises of 18 units of housing to be let at social rents (current HCA target rent levels). These meetings have led to the parties agreeing a reduction in the land price for the scheme of £200,000 plus a reduction in the S106 commuted sums costs of around £100,000. CDC has agreed that five of the units can be let as supported housing for people with a learning disability. These people will be assessed as in need of housing via the District's Housing Register. This is a group that needs specialist provision and there is currently insufficient provision in the District.

Options

- | | |
|-------------------|---|
| Option One | To fund the Dashwood Road Primary School site from the CDC capital reserves |
| Option Two | Not to fund the Dashwood Road Primary School site from the CDC capital reserves |

89 **Corporate Improvement Plan Fear of Crime and Anti Social Behaviour**

The Head of Safer Communities, Urban and Rural Services submitted a report to advise the Executive of the outcomes of the Corporate Improvement Plan Project: Fear of Crime and Anti Social Behaviour and to consider the proposed future priorities and actions for the service arising from the Project.

Resolved

- (1) That the findings and conclusions from the Corporate Improvement Plan Project: Fear of Crime and Anti Social Behaviour be noted.
- (2) That the future priorities and draft action plan which should form the basis of the 2011/12 Service Plan (annex to the minutes as set out in the minute book) be agreed.

Reasons

Anti social behaviour (ASB) is a blight on the lives of individuals who are directly affected; on the perceptions of communities for whom it signals

neglect in their neighbourhoods; and on the reputation of the agencies who are often thought to be unconcerned or ineffectual.

Options

Option One Approve the Key Priorities, Aims and Objectives set out in this report

Option Two Amend the Key Priorities, Aims and Objectives.

90

Value for Money Review Corporate and Democratic Core

The Chief Executive submitted a report to consider the findings of the Value for Money (VFM) Review Corporate and Democratic Core report and the recommendations arising from the report.

Resolved

- (1) That the overall conclusions of the review be endorsed.
- (2) That it be agreed improvements in value for money be sought in Democratic Services and Elections and approve the following recommendations to achieve savings of £124,803;
 1. Merge the Democratic Services and Elections teams to provide greater resilience and achieve further efficiencies
 2. Achieve the schedule of savings (annex 9 to the minutes as set out in the minute book)
- (3) To agree that improvements in value for money be sought in Corporate Strategy, Performance and Partnerships and approve the following recommendations to achieve savings of £68,270;
 1. Delete the post of Performance Officer and restructure the team to accommodate the loss of this post, reallocating roles and responsibilities to reflect revised local priorities and changes in the national performance regime
 2. Reduce the budget for research and consultation, focusing the remaining resources on high priority areas and supporting in house consultation
 3. Change the operating arrangements for performance management software to scale back its costs and provide better value for money
- (4) To agree that improvements in value for money be sought in Treasury Management and approve the following recommendations to achieve minimum savings of £30,000;
 1. Review the Council's declining investment funds and allocate over two funds, rather than three.

2. Ensure that this allocation is in place by 31 March 2011.

Reasons

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.

Options

The report contains options for achieving efficiency and value for money.

91

Value for Money review of Recreation and Sport

The Strategic Director Environment and Community submitted a report to consider the findings of the Value for Money (VFM) Review of Recreation and Sport report and the recommendations arising from the report.

Resolved

- (1) That the overall conclusion of the review that the service is below average cost for the operation of its leisure centres, according to national benchmarking, has good performance in terms of its sports development assessment, and is high quality in terms of good and improving levels of customer satisfaction be endorsed.
- (2) That it be agreed improvements in value for money be sought and the following approved;
 1. Further grants to village halls be withdrawn from 2011/12, saving £39,000 per annum
 2. Reductions be made in the service establishment through reduced hours and the deletion of a vacant project officer post, saving £56,817 per annum
 3. Additional savings of £33,077 be progressed through reductions to the Leisure Development and Sports Development budgets,
- (3) That it be noted the target savings of £80,000 from the joint use agreements at Coopers School and North Oxfordshire Academy are currently part of the Council's scrutiny activities and subject to negotiation with the management of the two education sites.
- (4) That it be agreed to progress negotiations with the sports centres contract operator to achieve savings through changes to the contract specification and through income benchmarking.
- (5) That a capital bid be requested as part of 2011/12 budget setting for electricity generation at leisure centres outlining its costs and likely savings.

Reasons

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.

Options

The report contains options for achieving efficiency and value for money.

92

Value for Money Review of Urban and Rural Services

The Strategic Director Environment and Community submitted a report to consider the findings of the Value for Money (VFM) Review of Urban and Rural Services report and the recommendations arising from the report.

Resolved

- (1) That the overall conclusion of the review that the service is low cost in terms of benchmark expenditure comparisons and is good quality in terms of overall positive levels of customer satisfaction be endorsed.
- (2) That it be agreed improvements in value for money be sought and approval given to:
 1. Implement the Medium Term Financial Strategy savings proposals, saving £73,194 per annum
 2. Secure a net saving of £60,000 per annum currently charged for the provision of specialist advice to the planning service by exploring options to achieve this, such as a reduction in the staff establishment, increasing fee income from planning advice and securing new clients to offset costs
 3. Create a Bus Station Safety Officer post to release a Vehicle Parks Warden post to achieve a net income of £16,000 per annum
- (3) That the recommendations of Scrutiny with regard to increases to car park charges be noted. That the recommendation of the inclusion of an evening tariff to generate further income of £39,640 per annum in addition to the £480,289 already recommended also be noted.
- (4) That the scrutiny process associated with the introduction of a pay and display parking scheme in Watts Way, Kidlington and the need for further negotiations with a view to implementing the scheme within 12 months if these are successful be noted.
- (5) That the proposal to extend the landscape maintenance contract for a further three years to 2015 and secure potential savings of £135,461 through negotiations with the contractor and an extended client base be noted.

- (6) That the provision of a Shopmobility scheme in Bicester be continued and it be agreed in future seek to offset a proportion of its costs through service charges to tenants on completion of the town centre redevelopment
- (7) That the feasibility of charging residents for tree inspections to offset costs of arboricultural staff be explored.

Reasons

This review forms part of the Value for Money programme of reviews, which aims to cover all services within the council and improve the value of services offered to residents of Cherwell.

Options

The report contains options for achieving efficiency and value for money.

93

Budget 2011/12 Draft 1

The Head of Finance submitted a report, providing the first of three opportunities for the Executive to shape and refine the interaction between the Corporate Plan, the service plans that underpin the corporate plan and financial matters before the final budget is presented to Council on the 21 February 2011.

Resolved

- (1) That the draft Corporate Plan for 2011-12 (annex to these minutes as set out in the minute book) be endorsed.
- (2) That the proposed service priorities for 2011-12 (annex to these minutes as set out in the minute book) be endorsed.
- (3) That the draft budget be noted in the context of the Council's service objectives and strategic priorities.
- (4) That the areas of unavoidable revenue growth (annex to these minutes as set out in the minute book) be noted.
- (5) That the areas of additional income or cost reductions that will be considered in order to get to a balanced 2011/12 budget (annex to these minutes as set out in the minute book) be noted.
- (6) That the proposal on Council Tax for 2011-12 be noted.
- (7) That the outcome of the pay negotiations on 2011/12 pay deal be noted.
- (8) That officers be requested to prepare a response to the New Homes Consultation and a report detailing the implications.

- (9) That officers be requested to give consideration to the impact of the recent planning fees consultation and the implications on income generation.
- (10) That the approach to the overall capital programme and 2011/12 expenditure profile (annex to these minutes as set out in the minute book) be agreed.
- (11) That it be noted that the recommendations of the scrutiny reviews of training, fees and charges and capital programme that were considered at the Resources and Performance Scrutiny Board on 30th November 2010 and all the recommendations (annex to these minutes as set out in the minute book) be approved.
- (12) That at this stage no other matters be taken into consideration in producing a balanced budget for the meeting of the Executive on 10 January 2011.
- (13) That the draft revenue and capital budget and corporate plan be approved as the basis for consultation.

Reasons

The budget will form the financial expression of the Council's strategic priorities and service delivery plans for 2011/12; the allocation of resources against agreed service priorities and is necessary in order to achieve its strategic priorities.

Options

Option One To review draft revenue and capital budget to date and consider actions arising.

Option Two To approve or reject the recommendations above or request that Officers provide additional information.

94

Chief Executive

The Executive noted that this would be the Chief Executive's last Executive meeting as she was leaving Cherwell District Council to take up a new role as Chief Executive at the London Borough of Hounslow in January 2011. The Executive and Officers wished the Chief Executive all the best for her new role.

The meeting ended at 9.00 pm

Chairman:

Date:

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Executive

Housing in Cherwell and the Current Economic Climate

10 January 2011

Report of Head of Housing Services

PURPOSE OF REPORT

- To update the Executive on the progress made in implementing the Affordable Housing and the Recession Action Plan approved by Executive in January 2009
- To advise the Executive on the Government's proposed housing policy changes and housing and welfare benefit reform and its potential impact on the Council's housing function in the current economic climate
- To recommend to Executive a Housing & Current Economic Climate Action Plan to steer the Council through these changes until the new Housing Strategy is in place in April 2012.
- To advise Executive on plans to bring forward a new Cherwell Housing Strategy in 2012 that will respond to the new policy context and financial climate
- To endorse a Cherwell District Council response to the Government consultation "Local Decisions: a fairer future for social housing"

This report is public

Recommendations

The Executive is recommended:

- (1) To note the progress and completion of the Affordable Housing and the Recession Action Plan (Appendix A)
- (2) To endorse a Housing and the Current Economic Climate Action Plan for moving forward (Appendix B)
- (3) To endorse the response to the Government consultation paper (Appendix C)
- (4) To note the current and proposed housing and welfare benefit changes and the potential impact upon the Housing Service (Appendix D)
- (5) To approve the plans to bring forward a Cherwell Housing Strategy and approve the structure for Member involvement in the Housing Strategy Programme Board

Executive Summary

Introduction

- 1.1 The Coalition Government is proposing changes which will affect substantially the provision of housing services and housing related support. To support members in understanding the local impacts of these changes, this report outlines the work that is being proposed to ensure that the Council is able to continue to respond to its Corporate Plan priorities, and deliver housing services within a value for money context.
- 1.2 This report summarises the current issues and relies on a number of appendices to cover the vast detail that is involved:
 - Appendix A – *Affordable Housing and Recession Action Plan Final Report* – this report summarises the pro-active measures the Council has taken over the last two years
 - Appendix B – *Housing in Cherwell and the Current Economic Climate – Action Plan* – this outlines actions being proposed to Executive to pro-actively deal with the current and future challenges
 - Appendix C – *Government Housing Consultation Response to “Local Decisions: a fairer future for social housing”*
 - Appendix D – *A summary of the Housing Benefit Changes* – the remainder of this appendix due to its size has been placed in the Members’ Room, but can also be accessed at the following link <http://www.cherwell.gov.uk/index.cfm?articleid=1834>
- 1.3 The four challenges that have emerged from the housing research undertaken are listed below:
 - Challenge 1 – Continuing to build new homes and ensuring a good supply of affordable homes (supply issue)
 - Challenge 2 – Ensuring Housing Benefit reductions are understood, and applied in the provision of support to customers (affordability issue)
 - Challenge 3 – Improving personal circumstances by maximising access to employment and welfare benefits take up (affordability issue)
 - Challenge 4 – Continue to provide homelessness prevention measures to ensure needs of vulnerable people are addressed (demand issue)

Proposals

- 1.4 To endorse the Housing and the Current Economic Climate Action Plan attached at Appendix B, as a way forward for dealing with housing and the current economic climate
- 1.5 To endorse the proposed response at Appendix C to the Government consultation “Local Decisions: a fairer future for social housing”.
- 1.6 To approve the plans to bring forward a Cherwell Housing Strategy and approve the structure for Member involvement in the Housing Strategy Programme Board

Conclusion

- 1.7 This is a time of major change in the provision of housing and a time of uncertainty for the public. The policy changes are being brought forward during a time of austerity, and we need to make the best possible use of the resources available for the benefit of Cherwell residents and meet Corporate Plan priorities.
- 1.8 There is a danger that during this time of transition, we might see an increase in evictions, with the potential for increases in homelessness and the cost and use of temporary accommodation to return to previous high levels.
- 1.9 We need to provide sustainable communities and respond to the many challenges and opportunities that are presented by Government proposals. We know that Cherwell is a successful Council and this new Action Plan together with the proposed new Housing Strategy will make us “investment ready” for opportunities that will arise through the “Big Society” agenda.
- 1.10 These factors will place increasing pressures on Housing Services, and associated services.

Background Information

- 2.1 The housing sector is set to go through major change and the main drivers for this are the Comprehensive Spending Review (CSR), the housing and welfare benefit changes, the ongoing implications of the recent recession and the emergence of consultation on the Localism Bill.
- 2.2 The Council last undertook a review of housing in relation to the recession in January 2009, when it agreed an eleven-point list for ensuring its housing services were well placed to deal with the challenges that were created by the recession of the time. This Action Plan has been delivered and has ensured that the Council has remained robust, flexible and able to continue delivering customer expectations and corporate priorities. It has also been delivered within a context of value for money savings. (Appendix A refers)
- 2.3 However, given the current new and emerging challenges, the Executive is being asked to consider the evidence available and endorse a further action plan for moving forward. The absence of an action plan, to oversee the necessary preparations, could leave the Council exposed to the higher costs of reacting to homelessness and providing temporary accommodation, and hence undermine the housing services value for money programme that to date has exceeded its targets. (Appendix B refers).
- 2.4 The Coalition Government has outlined its specific housing plans in its housing consultation document “Local Decisions: a fairer future for social housing”. This report provides a proposed Council response to the consultation, and outlines the key changes that have emerged from the consultation. The proposed changes, within a local context, present opportunities as well as risks to the delivery of housing services. (Appendix C refers)

- 2.5 Officers have collated an evidence base and utilised local modelling to examine what impact the changes may have – this work will be ongoing over the next year, but early analysis of the initial research suggests that the key challenges are as follows:
- Challenge 1 – Continuing to build new homes and ensuring a good supply of affordable homes (supply issue)
 - Challenge 2 – Ensuring Housing Benefit reductions are understood, and applied in the provision of support to customers (affordability issue)
 - Challenge 3 – Improving personal circumstances by maximising access to employment and welfare benefits take up (affordability issue)
 - Challenge 4 – Continue to provide homelessness prevention measures to ensure needs of vulnerable people are addressed (demand issue)
- 2.6 These challenges, it is proposed, are the focus of the Council's response to the current financial and economic context. (Appendix D outlines the evidence base)
- 2.7 In parallel with this work, plans to bring forward a new Cherwell Housing Strategy are being proposed. The existing Cherwell Housing Strategy is due to end in March 2011, and its key strategic objectives have been delivered. The new Action Plan proposed in this report would be the main focus of preparations in bringing forward an Executive Report in January 2012.

Background Information – Affordable Housing and Recession Action Plan (January 2009 to December 2010)

- 2.8 In January 2009 the Council approved an Affordable Housing and Recession Action Plan to help steer the District through the recession that the country faced. The report and Action Plan examined the issue of affordable housing from both supply and demand perspectives. An eleven-point action plan was approved and has been monitored quarterly by the Council's RSL partners.
- 2.9 The positive outcomes from the work are noted in Appendix A, but the headline outcomes are as follows:
- The flexible approach adopted by the Council to deal with recession contributed to affordable housing delivery in 2009/10 reaching 199 units – a record in the District. Delivery in 2010/11 is still projected to meet the target of 100 units, whilst delivery in 2011/12 is anticipated to exceed 150 units (subject to funding).
 - The homelessness prevention approach has continued to impact positively on vulnerable households with the use of temporary accommodation now below the Council's target of 33 units. We have diverted resources to prioritise homelessness prevention services undertaking a spend to save approach has produced positive outcomes both financially and for Cherwell's customers
 - The Council became a national pilot for the Mortgage Rescue Scheme and has been acknowledged as a leader in this field
- 2.10 These outcomes have been secured within the context of the Council having delivered value for money Housing Services savings of £760,000 well

exceeding the promised target of £600,000 by £160,000

2.11 Executive is being advised that this action plan is now complete.

Background Information – Housing and the Current Economic Environment Action Plan (2011 onwards)

2.12 There are a number of presenting issues that could contribute towards an emerging housing crisis in Cherwell and unless planned and co-ordinated actions are taken, these will potentially result in an increase in homelessness and use of temporary accommodation. There has been major success in reducing the cost of homelessness, and this work needs to be maintained. These issues include:

Anticipated **increase in demand** for housing and associated housing support due to:

- Reduction and changes in welfare benefits particularly housing benefit
- Lack of jobs and increased unemployment
- Increased action on secondary debts and foreclosure on mortgage arrears
- Changes in grant funding, national and local e.g. Supporting People, CLG & voluntary sector
- Any increase in mortgage interest rates (and this is forecast for next year) will make a considerable difference to levels of arrears for those experiencing problems and will lead to an increase in mortgage repossession and in turn increase in homelessness.

Potential significant **reduction in housing supply** due to:

- Lack of funding and opportunity for new build
- Private sector landlords leaving the sector or refusing tenants in receipt of housing benefit, due to changes and reduction in welfare benefit, particularly housing benefits
- More people moving into the district from more expensive rental areas such as Oxford and West Oxfordshire as they become unaffordable to people in receipt of local housing allowance
- Stagnation of housing market across all tenures, with people, especially first time buyers, unable to get mortgages, home owners unable to sell property, and general uncertainty about the economy and the proposed tenure changes leading to people to stay put in all types of housing

2.13 Therefore, a new Action Plan is being recommended to Executive, which is based on the evidence identified in Appendix D to this report. This Action Plan can be found at Appendix B to this report. However, the main challenges are as follows:

- **Challenge 1 – Continuing to build new homes and ensuring a good supply of affordable homes (supply issue)**

The context for supplying new affordable homes is shifting radically. The type of housing products will change, and public subsidy to new schemes will be reduced. This requires new imaginative ways of working, and ensuring a healthy supply of new build can still be delivered and best use of existing

housing stock so that the Council can fulfil its duties.

The Homes and Communities Agency (HCA) budget has been reduced from £8.4bn to £4.4bn to spend over the next four years. The funding will no longer be regionally allocated. This means we will be in competition with all other Councils to attract funding to affordable housing projects. The scarcity of funding could affect the delivery of new homes, which in turn means that there are fewer opportunities for new households or those with changing needs to move into affordable accommodation, leading to potentially more homelessness applications and an increased need to provide temporary accommodation and more difficulty in moving on for those already in temporary accommodation. This will require increased partnership working, to find the new financially viable means of continuing to secure delivery.

- **Challenge 2 – Ensuring Housing Benefit reductions are understood, and applied in the provision of support to customers (affordability issue)**

Housing benefit cuts are outlined in a separate report at Appendix D. Potential issues identified in the Action Plan include the risk of Local Authorities in more expensive areas commissioning temporary accommodation in Cherwell as a response to welfare reform, and an increase in the number of unregulated ‘ad hoc’ Houses in Multiple Occupation (HMOs) due to people living together in groups for reasons of affordability

- **Challenge 3 – Improving personal circumstances by maximising access to employment and welfare benefits take up (affordability issue)**

Households’ ability to access or pay for their housing in all sectors may be affected by unemployment or changes to the welfare benefits system. Equally, increasing restrictions on eligibility for mortgages including requirement for larger deposits, especially in relation to shared equity/ownership housing and is having a major impact on assisting those in housing need onto the property ladder. The Council will be offering much more intense support to claimants regarding their benefit changes, so they do not become unnecessarily worse off and they are not disincentivised from returning to work.

- **Challenge 4 – Continue to provide homelessness prevention measures to ensure needs of vulnerable people are addressed (demand issue)**

The provision of housing choices for customers includes both supply and demand. This Council has a strong track record on homelessness prevention, hence minimising demand and costs to the Council. The revision of homelessness measures in the context of the supply and affordability issues needs to be undertaken, and vulnerable people need to be supported in securing and maintaining accommodation.

The budget for Supporting People, funding for services for vulnerable people has been reduced. The funding is further threatened since County Council funding has been severely reduced and a lack of ring-fencing for Supporting People funding means that it is vulnerable for diversion to other priority areas provided by the County. It is essential we secure the funding for supported housing to ensure no adverse effects on homelessness.

Background Information – Housing Consultation

2.14 Government is requesting a response from local authorities concerning their plans for future of social housing. This response is due by 19 January 2011. There are eight key areas that are identified in the housing consultation “Local Decisions: a fairer future for social housing”. These are:

- Tenure reform – this includes offering shorter term tenancies in affordable housing, introducing a new (up to) 80% of market rent tenancy known as Affordable Rent, providing flexible tenancies of a minimum of two years and local authorities publishing a strategic policy on tenancies.
- Empty Homes – the Government is proposing using a New Homes Bonus to provide incentive for local authorities to tackle empty homes, and will invest resources in bringing empty homes back into use
- Allocating social housing – the government wants to shorten housing waiting lists (housing registers) and provide power back to local authorities to determine which categories of applicants should qualify. There is a proposal for tenants transferring (between affordable homes) to be taken out of the housing register and deal with directly by housing associations, which we think would adversely affect how local need is met by taking decision making powers on allocations away from local authorities and giving them to Registered Providers.
- Mobility – a nationwide social home swap programme is being proposed, and data sharing will be placed on a statutory basis to ensure housing associations comply with this scheme
- Homelessness – the major shift is allowing the discharging of homelessness duties by using the private sector without requiring the applicant’s agreement. Such an arrangement, which we see as strengthening supply options, would be for a minimum of 12 months. Homelessness prevention is still important to control the demand for such services.
- Overcrowding – the government believes more can be done to help with this issue, an area this Council has already recognised.
- Reform of Social Housing Regulation – this is effectively about the abolition of the Tenant Services Authority (TSA) and the transfer of its functions to the Homes and Communities Agency (HCA), focusing on economic regulation and responding to serious service failures. This is applicable to housing associations in the District. For the Council, we want to have the strongest possible influence when a housing association is not performing well locally.
- Reform of Council housing finance – this is largely not relevant to the Council although as the proposal unfolds we may need to reconsider any implications.

2.15 The draft response is attached at Appendix C for consideration and endorsement of Executive. This should also be seen in the context of the

other factors which influence the provision of housing services and housing related support:

- Cuts made as a result of the Comprehensive Spending Review
- Changes to promote a reduction in the benefit bill, incentivising work and the move towards universal benefits including changes in housing benefit and tax credits
- Factors associated with the economic climate which affect housing services and housing related support such as job losses and fear of unemployment, and stagnation in the construction industry and lack of financial viability on identified sites for new homes

Background Information – Benefit Changes

2.16 Changes in Housing and other welfare reform affect housing opportunities and stability. It is therefore important that the implications for Cherwell are fully considered. This will ensure that local people are “housing ready” in a time when the profile of social housing is going to radically change. The Council’s housing and housing benefit officers have increased their joint working to better understand the changes that have emerged. They impact in a number of ways, and the main issues which will affect Cherwell District Council are as follows:

- Changes in Local Housing Allowance rates affecting Cherwell residents’ ability to pay for housing and creating a potential influx of competitors for rented accommodation previously living in more expensive areas
- Changes in contributions to rent required following a period of unemployment or where adult non-dependents share a home

2.17 The range of housing benefit changes are attached at Appendix D, so Executive can consider the likely implications in the District.

Background Information – Cherwell Housing Strategy

2.18 Whilst the Action Plan in Appendix B would run to March 2012, it is intended that Executive will be presented in January 2012, with a report proposing a final draft of a Cherwell Housing Strategy. A timetable and project plan is under development, and Executive is being asked to consider including three Elected Members onto a Housing Strategy Programme Board to oversee the project. The three portfolio holders we are proposing sit on the Board are based on the themes that have emerged from the scoping to date:

- Portfolio Holder for Planning and Housing (Chair of the Board)
- Portfolio Holder for Performance Management, Improvement and Organisational Development
- Portfolio Holder for Resources and Communication

Background Information – Evidence

2.19 The research and modelling that has been undertaken is included to this

report as Appendix D. Because of the volume of this evidence, the housing benefit changes section only is attached. The remainder of this evidence base is available in the Members Room. It is also available at the following site <http://www.cherwell.gov.uk/index.cfm?articleid=1834>

Key Issues for Consideration/Reasons for Decision and Options

3.1 The key issues being considered in this report are listed below.

Issue 1: Continuing to build new homes and ensuring a good supply of affordable homes (supply issue)

- Ensuring all new housing programme deliver wider outcomes for Cherwell in relation to employment, education, health and thriving communities
- In-depth market research including modeling of tenancy reforms to establish their effect in Cherwell District Council
- Skills development to enable staff to conduct technical and financial negotiations and work towards new ways of funding and delivering affordable housing – for example, Community Land Trusts
- Supporting partners to make the best use of the existing affordable housing stock

Issue 2: Ensuring Housing Benefit reductions are understood, and applied in the provision of support to customers (affordability issue)

- The need to co-ordinate the work of housing services with the benefits team to provide a co-ordinated Cherwell-wide response
- Monitoring and reviewing the response to the changes to maximise the effect of partnership working
- Maintaining our good record in meeting our statutory duties

Issue 3: Improving personal circumstances by maximising access to employment and welfare benefits take up (affordability issue)

- Staying well informed so we can advise applicants
- Linking housing to employment opportunities and work readiness training
- Working to support the end of benefit dependency

Issue 4: Continue to provide homelessness prevention measures to ensure needs of vulnerable people are addressed (demand issue)

- Continuing to use the mortgage arrears tools to maintain our excellent record of sustaining mortgagees in arrears in their homes
- Monitoring market changes to keep partners and residents informed
- Increasing awareness of the services offered so that effective early action can be taken
- Working with partners to assist vulnerable people to sustain tenancies and prevent homelessness

- Negotiating Cherwell District Council’s proportionate share of Supporting People funding while working with partners to develop services outside SP funding
- Developing new appropriate supported housing projects

Resources

4.1 Although this is a time of economic restraint and cuts in funding we have identified some areas where the strategic use of council funding could be effective in directly saving the council larger amounts; such as with homelessness prevention measures or indirectly, by attracting funding from other bodies such as with pump-priming housing developments.

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

- | | |
|---------------------|---|
| Option One | Accept the recommendations contained in this report, thereby endorsing the response to Government housing consultation, instructing officers to implement the Housing and Current Economic Climate Action Plan and approving medium term plans to bring forward a new Cherwell Housing Strategy |
| Option Two | Accept the recommendations contained in this report subject to any amendments by Members |
| Option Three | Not to approve plans to bring forward a Cherwell Housing Strategy. This would require new plans being produced for Members, and is not recommended. |

Consultations

- | | |
|---|---|
| Cherwell RSL Development Group – the Council’s housing association development partners | Our partner Registered Providers have confirmed that they will work with the Council on these issues, and give the Council their full support |
| Homes and Communities Agency | Officers are in regular contact with the HCA, to establish innovative ways of making housing schemes more viable |
| Communities and Local Government | The CLG is in close contact with the Council on homelessness measures |

Implications

Financial: The report highlights the financial risk that the Council faces from the housing related policy and financial changes. To do nothing, is not an option. The Council is well aware of the enormous historical costs of housing customers in temporary accommodation – we must do everything possible to ensure we plan to mitigate from returning to this position. Reducing demand for and

increasingly supply of housing is appropriate.

Housing Services' Value for Money savings have totalled £760,000, which has been largely achieved by placing an emphasis on homelessness preventative measures, and the Council's investment in affordable housing and private sector housing.

All budgets are under pressure and the Council must deliver more for less. The current financial position means we cannot risk additional Council costs by not having in place a robust Action Plan to steer through the current challenges, and to prepare for difficult financial challenges. The 2011/12 draft budget will consider this risk and consider a risk provision if appropriate.

Comments checked by Karen Curtin, Head of Finance 01295 221551

Legal:

This report considers pro-actively how the Council can discharge its statutory homelessness duties through a range of supply and demand tools. The report does not propose Council policy or procedure. There are no immediate legal implications arising from this report.

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

Risk Management:

It is positive that current financial and policy changes that affect housing are being risk assessed. Issues may subsequently need to be escalated to corporate risk priorities as the proposed Housing and Economic Climate Action Plan is implemented.

Comments checked by Claire Taylor, Community and Corporate Planning Manager 01295 221563

Equalities:

The measures identified in this report will help the most vulnerable Council customers to access and retain appropriate housing. The forthcoming housing strategy will benefit from an Equalities Impact Assessment.

Comments checked by Claire Taylor, Community and Corporate Planning Manager 01295 221563

Data Quality:

There are no data quality implications arising from this report.

Comments checked by Claire Taylor, Community and Corporate Planning Manager Community and Corporate Planning Manager 01295 221563

Environment:

Housing activities play a significant role in environmental objectives. I welcome the view in the draft housing consultation reply that the Council wants to maximise its influence over any poor performing Registered Providers (housing associations).

Comments checked by Ian Davies, Strategic Director Environment and Community 01295 221698

Wards Affected

All wards are affected.

Corporate Plan Themes

Cherwell: A district of opportunity
Cherwell: An accessible, value for money Council

Executive Portfolio

Councillor Michael Gibbard
Portfolio Holder for Planning and Housing

Document Information

Appendix No	Title
Appendix A	Affordable Housing and the Recession – Progress Report to 31 December 2010
Appendix B	Housing in Cherwell and the Current Economic Climate – An Action Plan
Appendix C	Draft response to Government Consultation “Local Decisions: a fairer future for social housing”
Appendix D	Summary of Housing Benefit Changes
Background Papers	
“Local Decisions: a fairer future for social housing” – Government Consultation Affordable Housing and Recession Action Plan – Executive Report, January 2009 Cherwell Homelessness Strategy 2007-11	
Report Author	Martyn Swann, Strategic Housing Manager
Contact Information	01295 221743 Martyn.Swann@Cherwell-dc.gov.uk

Appendix A

Affordable Housing and the Recession – Progress to 31 December 2010

This document updates the progress made since the Council's Executive approved the report *Affordable Housing and the Recession* in January 2009. The report was agreed so that the Council and its partners could show leadership during difficult economic times that would ensure affordable housing targets could still be delivered. This would be achieved through 11 Action Points.

However, it was recognised that the recession's impact was not restricted to the *supply* of affordable housing – it was also important to ensure that the *demand* for affordable housing was also reduced. This could be achieved through a number of measures included within the 11 Action Points but mainly by preventing people from having their home repossessed and becoming homeless.

The Council has agreed its Corporate Plan strategic priority promises for 2010/11. For the theme *A District of Opportunity*, these are:

- Deliver 100 new homes for those in need of better housing
- Contribute to the creation of 200 new jobs
- Help another 1,000 local people at our Bicester and Banbury job clubs
- Launch a new programme of work to tackle deprivation in Cherwell
- Work with partners to make significant progress towards completion of the Bicester town centre development
- Make significant progress on all the Bicester eco town demonstration projects

Whilst the recession has ended, the effects of the recession are still present and continue to impact upon the supply of and demand for affordable housing. The recent change of government means a new policy and funding context has been emerging. It is anticipated this action plan will end on 31 December 2010, and a new report and action plan "Housing and the Current Economic Climate" will be presented to Council Executive in January 2011. The new report will consider the response to the Government housing consultation, the Comprehensive Spending Review and policy changes (including housing and welfare benefits) and the continued ramifications of the recent recession.

For further information on the contents of this monitoring report, please contact:

Strategic Housing Team E-Mail: Martyn.Swann@cherwell-dc.gov.uk (01295) 227078

Key Progress on the Eleven-Point Action List

Action area	Description	5 areas of progress	Overview of progress
1. Local Development Framework (LDF) – update of affordable housing policy in planning context	Description – The planning framework for the Council will allow affordable housing delivery to be re-set – this will include headline policy via core strategy and more detail via the Supplementary Planning Documentation. Note: this issue was deferred for future consideration when reported to Executive as part of work on LDF Core Strategy. Reconsideration is planned for mid-2009.	<ul style="list-style-type: none"> • Production of additional evidence on housing need commissioned by the Strategic Housing team (<i>Housing Needs Estimates</i> – June 2009 & <i>Assessing the Type and Size of Housing Required in Cherwell</i> – September 2009) • Completion of an <i>Affordable Housing Viability Study</i> (March 2010), commissioned jointly by Strategic Housing & Planning Policy • Purchase of a financial appraisal toolkit by Strategic Housing & Development Control and Major Developments to assist consideration of development proposals • Publication of a <i>Draft Core Strategy</i> in February 2010 • Production of a <i>Draft Supplementary Planning Document (SPD) on Planning Obligations</i> (including affordable housing) due to be presented to the Council's Executive soon 	The Draft Core Strategy and Draft SPD review the planning policy requirements for affordable housing. These will need to be kept under review as the Government's new policies on affordable housing become clearer and to take into account any necessary changes resulting from the expected abolition of Regional Spatial Strategies.
2. Further development of homelessness prevention work (Homelessness Strategy)	Minimising demand for affordable housing lessens the impact of reduced delivery	<ul style="list-style-type: none"> • The Council's Homelessness and Temporary Accommodation Strategies are almost delivered, and a homelessness review is now being undertaken to inform Cherwell's new Housing Strategy • The number of households in temporary accommodation was 26 at 	The strong performance has been achieved, despite the recession, by placing emphasis on preventative measures. The forbearance of mortgage lenders in respect of mortgage arrears may come to an end. This combined with the changes to welfare and housing benefits will mean

Action area	Description	5 areas of progress	Overview of progress
		<p>November 2010 – below the target of 33, and below the 388 reported in March 2006.</p> <ul style="list-style-type: none"> • There are annually now very few cases of repeat homelessness, and this has been achieved by directing staff resources towards preventative work • An Enhanced Housing Options service is currently being developed to provide more targeted and effective support to people who approach the Council for housing advice • 16 units of dedicated temporary accommodation has been built in the District, and further schemes are expected to come forward in 2011/12 • 	<p>that a continued focus on prevention is essential to manage the possibility of future increases in homelessness.</p>
<p>3. Maximise take up of the Government's Mortgage Rescue Scheme (MRS) and related initiatives in District</p>	<p>The Council became one of 60 fast-track authorities for the Mortgage Rescue Scheme on 1 December 2008 ahead of other authorities who started schemes in January 2009. This initiative prevents homelessness as it transfers private ownership housing stock to shared ownership or social rented.</p>	<ul style="list-style-type: none"> • As at November 2010, eighteen households in Cherwell have benefited from the Mortgage Rescue Scheme • A further number of households are being consider for the mortgage rescue scheme • Effective joint working arrangements have been established with Catalyst and other partners to ensure successful outcomes for those threatened with losing their home • The number of local requests refused assistance through the mortgage rescue scheme have been very low, and Catalyst have said that Cherwell's administration of the scheme has made a positive 	<p>The Mortgage Rescue Scheme has been an integral part of the Cherwell response to proving leadership in difficult economic times. The Coalition Government has said the scheme will continue, and the local processes established will help provide a robust response to assisting home owners keep their homes by having them converted into social rented housing.</p>

Action area	Description	5 areas of progress	Overview of progress
		<p>contributed to this position</p> <ul style="list-style-type: none"> Cherwell DC is a leading national performer in the number of households assisted through this scheme 	
4. Build on existing partnership working to research the changing market and develop/apply new initiatives	A wide range of partnerships are already in place, but further intelligence is needed about the market to track the impact of the recession more closely, and to fully realise opportunities available.	<ul style="list-style-type: none"> A Housing Needs Estimates Report (2008) was commissioned to understand local housing need to inform the planning framework and planning negotiations The Hometrack system has been utilised to regularly produce “real time housing intelligence” about current trends in local markets Housing Benefits have shared data on case volume with Housing Services to help understand local trends Private sector landlords and local estate agents have been canvassed about their experiences of changing housing markets Enhanced joint working with the Homes and Communities Agency has been established via the Spatial Planning and Infrastructure Partnership 	Local housing intelligence has been an integral part of tracking local circumstances and responding with the most appropriate packages to effectively manage both supply of and demand for housing. It is important to continue such tracking – with a new emphasis on policy changes as the Coalitions Government’s agenda is more understood and initiatives need to be implemented.
5. Extend and consolidate local promotion of the growing range of affordable housing products now available	There are currently ten models of HomeBuy products available e.g. MyChoice HomeBuy, New Build HomeBuy, Rent to HomeBuy, OwnHome, New Build Shared Equity, First Time Buyers Initiative, Social HomeBuy,	<ul style="list-style-type: none"> In 2009/10, 199 units of affordable housing were recorded – the highest figure for the Cherwell District under current reporting arrangements During 2010/11, it is anticipated that the target of 100 affordable homes will again be achieved, whilst the trajectory figure for 2011/12 shows affordable housing delivery in excess of 100 homes – 	The delivery of affordable homes in the District has continued to be strong despite the challenges of the recession – and joint working with Registered Providers (RPs) has helped to secure this delivery. Advantage was taken of the difficulty in selling units, to attract grant funding to provide some “off the shelf”

Action area	Description	5 areas of progress	Overview of progress
	Discounted Rent, and the new HomeBuy Direct.	<p>possibly as high as 150 units</p> <ul style="list-style-type: none"> • Robust partnership working with the Homes and Communities Agency and other partners has secured major capital investment in the District via social housing grants which in turn has been a gateway to attracting private sector borrowing • New affordable housing products provided in the District have included HomeBuy Direct, MyChoice HomeBuy, and the CDC grant supported Acquisition Schemes providing larger family homes in the District • The Council has made significant progress in working with partners to bring forward ExtraCare housing in the District. Future schemes include Orchard Fields and Stanbridge Hall in Banbury and London Road, Bicester 	products. Affordable housing products priorities will shift again with the new Affordable Rents and discounted market sale products being introduced, and these challenges will need to be addressed within the context of less grant being available and by exploring other models of delivery such as Community Land Trusts.
6. Maximise opportunities for inward funding by exploiting any new national scheme and funding initiatives, including Supporting People (SP)	National Affordable Housing Programme and its future development is main opportunity	<ul style="list-style-type: none"> • A desk top exercise has concluded that financial leverage from the Council's housing partnership work has totalled up to £150 million. • Robust partnership working has been undertaken with the Supporting People programme to ensure, within the context of cuts, that local housing support needs have been addressed effectively and that evidence-based challenge has been in place to any proposals that may 	£150 million of leverage has been a major outcome that has been achieved within the context of Housing Services delivering Value for Money savings of £760,000 up to March 2011. The future challenges for securing funding are based around cuts to social housing grant funding, and devising new options for making affordable housing schemes viable.

Action area	Description	5 areas of progress	Overview of progress
funding and partnership working		<p>adversely impact on the District.</p> <ul style="list-style-type: none"> • Local Area Agreement reward funding (from previous delivery of affordable housing) has been utilised along with over financial leverage to undertake the Miller Road Young Persons Scheme as part of Brighter Future in Banbury • The Council's housing capital programme has been used with a targeted approach for schemes that meet Council priorities and which have attracted further funding • Recession Impact funding has been utilised to ensure preventative homelessness measures have been undertaken, with positive net effects 	
7. Maximise use of existing affordable housing stock	Enable new initiatives through match funding to encourage best use of property e.g. overcrowding and under occupancy projects	<ul style="list-style-type: none"> • Acquisitions Scheme of 4 bed properties purchased off the shelf in partnership with Sanctuary HA and let through the Housing Register. Ring fenced mainly to transfer applicants on Cherwell's Housing Register • Review of CDC Housing Register to identify the best way to alleviate overcrowding. High priority for any one moving to smaller properties given in CDC Allocations Policy • Pilot Scheme with Charter to target downsizers to move by offering a package of financial incentives and personal assistance given to encourage under occupying households to move to 	<p>The acquisition of larger family homes has not only alleviated overcrowding for the households occupying them but has enabled the properties they vacated to be offered as social rented homes.</p> <p>Housing Services has worked in a strong partnership with the major stock holder to promote the most effective use of their stock and meet Cherwell's strategic aims</p>

Action area	Description	5 areas of progress	Overview of progress
		<p>smaller homes</p> <ul style="list-style-type: none"> • Requests for larger properties (4 beds) included in mix for all new developments in social housing across the District. Also specific request for properties for downsizers with in the Eco Town development which will offer opportunity to choose own finishing in colour schemes kitchen and bathroom fittings • Gillet Rd redevelopment of unused community facilities to be ring fenced for rebuild of properties suitable for anyone downsizing and returning a larger property into the local housing stock 	
8. Maximise new rural affordable housing opportunities	A draft Rural Affordable Housing Improvement Plan is in preparation and will be considered in the current Scrutiny Review of rural affordable housing work. Opportunities for new development may remain as changing land and property values are a less important factor in rural exception schemes.	<ul style="list-style-type: none"> • A Rural Affordable Housing Improvement Plan has been endorsed by Overview and Scrutiny Committee and the Parish Liaison meeting • Better communication arrangements have been established with Parish Councils that have attracted positive feedback, and partnership working has been strengthened, • A Rural Affordable Housing conference was held in Islip that was attended by the Homes and Communities Agency and the Chairman of the South East Regional Housing Board, Councillor Elizabeth Cartwright • The Council Leader and Chief Executive wrote to all major landowners, and new 	Rural housing delivery takes place via Rural Exception Sites and Section 106 applications. The Plan was specifically addressed at the former and good progress has been made on bringing forward new opportunities, with HCA grant funding secured for the Hornton RES.

Action area	Description	5 areas of progress	Overview of progress
		<p>land opportunities have been made known to the Council</p> <ul style="list-style-type: none"> • A Rural Exception Site is being developed in Hornton and a number of other sites, and 36 units have been delivered at Bramley Close, Gosford Farm. 	
9. Maximise private sector opportunities	<p>The private sector includes privately rented accommodation and home ownership properties, and needs to be fully utilised to meet housing need. The Council improves and adapts properties in this sector reducing the need and demand for social housing.</p>	<ul style="list-style-type: none"> • A private sector housing strategy has been produced to oversee the current challenges for home owners and those in the private rented sector • Work has increasingly focused on affordable warmth and home energy efficiency measures to keep household fuel bills to a minimum • The Private Accommodation Lettings Scheme (PALS) has helped to increase the quantity and quality of private sector homes, and has reduced the Council's reliance on costly temporary accommodation • Disabled Facilities Grants and other home improvement grants have been allocated to help people stay in their own home, and hence reduce the need for new accommodation • More targeted work with and support to private sector landlords has been introduced 	<p>A raft of new initiatives have been introduced to ensure that the private sector has been able to play a pivotal role in providing housing supply and hence meeting local housing need. In moving forward, we need to ensure further work in the development of Houses in Multiple Occupation, and more focus on affordable warmth.</p>
10. Extend the	The Council has a ring-	<ul style="list-style-type: none"> • Larger family housing has been provided 	The principle of Council housing

Action area	Description	5 areas of progress	Overview of progress
use of Council capital resources	fenced capital pot in place for affordable housing delivery. This could be used to extend the current acquisitions scheme (financial support for RSL purchase of private market homes for addition to their social housing stock – with Council nomination rights)	<p>by the Sanctuary Housing Group who won the tender for the Council's Acquisitions Scheme</p> <ul style="list-style-type: none"> • Council proposals (if accepted) to provide Capital funding towards the Dashwood Road Primary School will attract major leverage into the District and make affordable housing possible on a site that had looked financially unviable. • A young person's high support scheme for six dispersed units has received funding from the Council to make possible • Hornton Rural Exception Site has received £60,000 per unit from the Council which has brought forward additional leverage • The Temporary Accommodation scheme at Edward Street, Banbury has received leverage from Council housing capital grant and land. 	capital funding has been “something for something” – we have used the capital pot to attract further leverage into the District. This pot will need to be used in more imaginative ways in the future to respond to the challenges of reduced HCA grant provision 2011-15.
11. Prioritise maintenance of Council capital resources for housing work	The replenishing of the Council's capital pot for housing. To designate a sum each year to replenish the pot, as the balance will reduce each year as the above initiatives are pursued. This would require continued use of capital receipt and will be difficult given the low level	The Council has over the last 2 years (2008/09 and 2009/10) replenished the housing reserves each year to ensure a minimum of £7m was available as per the strategy.	The Council has invested heavily in the District over the last 3 years and as a result the capital receipts have reduced. During this period the amount of specific housing receipts from right to buy has reduced dramatically. Whilst not committing to a minimum level of £7m in reserves – the Council will consider all housing initiatives on a case by case basis to understand what a contribution from the Council's

Action area	Description	5 areas of progress	Overview of progress
	of receipts expected.		housing reserve could leverage in terms of a total scheme.

Housing in Cherwell and the Current Economic Climate – Action Plan

This Action Plan highlights the key tasks that need to be undertaken between January 2011 and March 2012. After this time the forthcoming Cherwell Housing Strategy Action Plan will take effect. The Action Plan is framed around the four key challenges that need to be addressed.

The Action Plan will be monitored each quarter by the Housing Services Management Team, and reported to Corporate Management Team via the Strategic Director (Planning, Housing and Economy). Progress will also be reported via the Performance Plus system which is reported to Executive each quarter.

The context for this Action Plan is the overarching need is to provide a value for money and responsive service for Cherwell residents in fast changing financial, policy and economic environments. Failure to grasp the implications of new policy announcements or new opportunities being offered will result in increased homelessness, soaring costs of temporary accommodation, reduced supply of affordable housing and a breakdown in social cohesion.

In order to provide such a service, we will keep up to date with policy announcements to provide creative locally based solutions. We will use the latest housing intelligence based on current market conditions, and will update housing needs evidence and viability work in the light of government changes, and we will monitor and analyse changing patterns of demand, understanding "hotbed areas" where we will work with partner agencies to respond.

Housing Services have delivered £760,000 worth of value for money savings up to March 2011 - £160,000 higher than the target figure. The need to continue delivering services within a framework of value for money is important now more than ever.

Challenge 1 – Continuing to build new homes and ensuring a good supply of affordable homes

Issue	Risk	Action to Mitigate Risk	Resources	Timescale
1.1 Financial viability has led to low levels of new future housing development including strategic sites which would deliver both market and affordable homes	A lack of supply maintaining high house prices, and little affordable housing delivery, hence lack of opportunity to access suitable accommodation for households potentially leading to increased homelessness/ use of TA.	Using the financial viability toolkit to promote the provision of affordable housing with nil grants	Updating financial viability toolkit to take account of market and policy changes	April 2011
		Exploring option of 'free serviced land' as an alternative to mixed developments	Staff time Potential need for consultancy within existing resources	March 2011

Issue	Risk	Action to Mitigate Risk	Resources	Timescale
1.2 Significant reduction in social housing grant from the Homes and Communities Agency (HCA) affordable housing programme, including an end to the HCA funding social renting and shared ownership schemes	Reduced ability to deliver future targets for affordable homes in coming years– resulting in decrease in affordable housing supply	Work with RP Partners to secure recycled capital grant and other investment, and negotiate increased levels of RP investment in their own stock	Continued support funding to offer capacity building training to voluntary agencies which could attract funding to CDC £500k devolved capital funding to use to attract other resources	Starting immediately
		Model the effects of RPs' increased investment coming from charging 80% market rents as a result of the introduction of affordable rents	Staff time	January 2011
		Negotiate with RPs to secure some of the increased funding is spent on development in Cherwell	Staff time	Immediate and on-going
		Proactive approach to securing capital from alternative HCA funding programmes including 'Places of Change' and empty homes. Staying alert to opportunities to apply for funding e.g. when schemes from other local authorities have slipped	Staff time	Immediate and on-going
		Build capacity within local organisations to secure charitable and private capital investment including Big Lottery	Staff time Small amounts of pump priming funding from existing budget	June 2011
		Pursue alternative forms of affordable housing delivery which have a greater social impact and will therefore have a competitive edge when securing grants - this includes Self Build Housing Schemes (with training element) & community Land Trust.	Staff time Pump priming funding from existing funding	On-going

Issue	Risk	Action to Mitigate Risk	Resources	Timescale
		Use of CDC capital as leverage to attract external investment	Investment as leverage in housing projects to attract inward investment	On-going
1.3 Lack of turnover in existing housing stock	<p>'Stagnation' of choice based lettings with fewer properties available</p> <p>Decrease in supply together with increased demand will result in increasing levels of homelessness and temporary accommodation use</p> <p>Significant risk of budget implications for CDC</p>	<p>Promoting downsizing initiatives through RP partners including:</p> <ul style="list-style-type: none"> • Financial incentives • Help with organising and small repairs • Promoting partners use of creativity over mutual exchanges 	<p>Shared costs of information bringing together all district information on downsizing</p> <p>CDC funding to provide "extras" in downsizing accommodation e.g. carpeting in communal areas, provision of mobility scooter stores etc</p>	<p>February 2011</p> <p>May 2011</p>
		Provision of attractive housing solutions for older people including extra care housing and other housing designed to attract 'downsizers'	<p>Investment to attract further funding</p> <p>Staff time in negotiation</p>	Commissioned by May 2011
1.4 Scarcity of decent affordable private sector housing for households on low incomes as a result of increased demand and reluctance of landlords to house people in receipt of benefits - heightened by reduction in Local	<p>Increased homelessness</p> <p>Shortage in specialist supported housing</p>	Intensive work with Private Sector landlords to encourage and incentives the provision of affordable property at LHA Rates	<p>Staff time</p> <p>Increased contributions to cashless deposit bond</p> <p>Potential investment in premises and staff for social lettings agency</p>	On-going

Issue	Risk	Action to Mitigate Risk	Resources	Timescale
<p>Housing Allowance (LHA - which affects Housing Benefit for new claimants)</p> <p>The situation could be exacerbated by people moving from more expensive areas such as Oxford, West Oxfordshire or even London</p>			<p>Consultancy on build prices</p> <p>Investment in community land trust board</p>	
		Use Landlords Forum and consultation exercises to work closer with landlords to bring forward private sector opportunities and mitigate risks of landlords leaving the market	Staff time	February 2011
		Follow up landlord consultation feedback by offering the help in which landlords would like the Council provide i.e. a managed repairs service	Staff time	June 2011
		Feasibility study on establishing a Lettings Agency either in-house, through an RP or as a Social Enterprise to increase credibility and 'offer' for private sector landlords	Staff time	June 2011
		Offer landlords the opportunity to advertise private rented properties through CBL in return for agreeing to accept tenants on LHA	<p>Staff time</p> <p>Software amendments</p>	September 2011
		Offer those applying for private rented properties a financial assessment to help them judge which properties are affordable	<p>Staff time</p> <p>Training</p>	September 2011
<p>1.5 Housing associations will be able to charge new affordable rents set at up to 80% of market</p>	<p>The money will be invested outside the district</p> <p>There may be a</p>	Partnership work with RPs to ensure that opportunities in the district are maximised	Staff time	On-going
		Model the effects of the change to affordable tenure and ensure maximum take up of benefits	Staff time	February 2011

Issue	Risk	Action to Mitigate Risk	Resources	Timescale
level. The higher rental income from social housing is designed to encourage the private sector to invest in social housing, and so build more social homes.	disincentive to work due to higher rent levels	Produce a tenancy policy for the district based on up to date market information so we have a clear position on tenure requirements that both maximises delivery and meets needs	Staff time Consultation expenses	To be confirmed following further government announcements
		Investigate joint ventures in more detail, particularly if Free Serviced Land enables Council to set these up	Staff time	On-going
		Use a team approach to housing enabling. The 'affordable housing task force' should continue to determine approach on specific viability issues	Within existing resources – should save staff time	On-going
		Following use of the financial viability tool kit use independent quantity surveying expertise to challenge build costs where they are above the toolkit values	Consultancy fees Training expenses	June 2011
		Explore new models of making housing development viable	Staff time	On-going
		Test proposed affordable housing policy during the SPD consultation period by using the Three Dragons Consultancy	Staff time Consultancy fees	March 2011

Challenge 2 – Ensuring Housing Benefit reductions are understood, and then applied to housing advice and preventative homelessness services, and used to inform the viability of new housing supply for customers.

Issue	Risk	Action to Mitigate Risk	Resources	Timescale
2.1 Housing Benefit claimants and particularly those subject to Local Housing Allowance are to face significant changes to the amount of benefit they are entitled to receive	<p>Increase in poverty and associated increase in people affording rent, mortgages and household bills (as per section 7)</p> <p>There are currently 1849 'live' Housing Benefit (LHA) claims throughout Cherwell, including working individuals and families, the unemployed and disabled who could be affected by changes</p> <p>Complication of changes may cause landlords to leave the sector</p>	Set up a joint Housing and Benefits panel to ensure local DHP is targeted appropriately during transition	<p>Staff time</p> <p>Additional DHP fund £100,000 pa to supplement DHP allocation from National budget</p> <p>Training costs</p>	May 2011
		Investigate maximising discretionary housing payments by all concerned Council departments contributing to a pooled budget	Staff time	July 2011
		Undertake detailed mapping with Revenue Services of all individuals to be affected by changes and undertake detailed casework with each family to have individual plans to mitigate risk through use of DHP, maximising income, managing personal finances and if necessary secure more affordable housing. Also ensure anyone entitled to increased allowance for overnight carers is accessing this new benefit.	Staff time	From January 2012
		Follow DWP guidance in preparing for the changes	Staff time	On-going April 2011
		Work with RP partners to map the impact of LHA in light of changes to tenure	Staff time	June 2011

Issue	Risk	Action to Mitigate Risk	Resources	Timescale
		Ensure continuous training on the Benefit changes is provided to all staff	Staff time Training expenses	On-going
		Continue to publicise housing options service to residents of Cherwell District Council	Advertising costs, kept to a minimum by using Council publications and buildings, rural bus etc wherever possible	On-going
2.2 Local Authorities in more expensive areas may commission temporary accommodation in Cherwell as a response to welfare reform and changes in housing resulting from the CSR.	Residents of neighbouring local authorities accessing services and housing in Cherwell. Reducing availability of housing supply and options to Cherwell residents. Contributing factor to increasing homelessness and scarcity of appropriate temporary accommodation. Significant risk of budget impact.	Monitor use of local services by non-Cherwell residents Engage with local landlords to monitor access to private sector housing for non-Cherwell residents	Staff resources	April 2012 on
		Ensure local landlords are fully aware of incentives to support Cherwell residents such as PALS Scheme, grants etc. Liaise at a county level if trends appear – for example for increased funding from Supporting People, Adult Services or Children’s Services	Staff resources	On-going
2.3 Residents of more expensive areas may choose to relocate to Cherwell District Council	There may be fewer options for existing Cherwell District Council residents, especially emerging households	Continue to engage landlords	Staff time	On-going
2.4 Increase in	People living in unsafe	Promote ‘best practice’ in establishing HMOs as they are	Staff time	On-going

Issue	Risk	Action to Mitigate Risk	Resources	Timescale
number of unregulated 'ad hoc' Houses in Multiple Occupation (HMOs) due to people living together in groups for reasons of affordability	housing – increasing housing pressure when comp ASB, complaints to Police/ Councillors	needed in Cherwell but need to be safe and meet legal standards	Premises for meetings and meeting expenses Staff time	
		Increase proactive enforcement work to ensure properties are safe & have adequate amenities	Staff time	On-going
		Encourage landlords to consider conversion suitable of properties to HMOs	Staff time Possible consultancy fees drawing up example plans	December 2011
		RP partners to consider providing and managing HMOs to provide good quality management	Staff time Possible need for funding for leverage	July 2011
		Fully understand supply and demand of this type of accommodation	Staff time	June 2011
		Strategically plan location of new HMO provision to reduce concentrations of potential social problems	Staff time	November 2011

Challenge 3 – Ensuring Welfare Benefit changes and the role of housing in helping people into employment are understood, and used to inform service provision and changes

Issue	Risk	Action to Mitigate Risk	Resources	Timescale
3.1 households' ability to access or pay for their housing in all sectors may be affected by unemployment or changes to the welfare benefits system	Increased repossessions – impact on service will be pressure on private rented sector, increase in homelessness and use of temporary accommodation. Significant risk of budget implications for CDC.	Enhanced Housing Options through new software package attached to Abris (Housing Register Management Software) which will link people into advice and employment support at point of registration on the housing register, offering applicants opportunities to get back into work.	Cost already identified in budget	February 2011
		Promotion of advice and debt counselling services and maximising benefit take up	Staff time Using CLG homelessness prevention funding	On – going
		Continued commissioning of Court Desk (with CAB) to ensure representation at mortgage hearings to reduce repossessions	Funding to CAB	On-going
		Securing funding through second round of mortgage rescue funding (we have a strong case as CDC is viewed as leading local authority in mortgage rescue)	Staff time	February 2011
		Closer working with Jobcentre Plus, Next Steps and Job club to help applicants to be 'work ready' and increase household income. This will include linking to the corporate financial inclusion work and targeting it to people on housing register and people engaging with housing options Team at CDC.	Staff time Using CLG homelessness prevention funding	April 2011
		Ensure customers are advised to access other sources of support such as the Homeowner Mortgage Support and Support for Mortgage Interest changes	Training expenses	On-going

Issue	Risk	Action to Mitigate Risk	Resources	Timescale
		Developing the Foundation Learning Centre/Youth Hub partnership with YMCA	£50k per annum revenue funding (from CLG homeless prevention funding)	Due to open March 2011
		Providing skills training opportunities such as self build projects, retro fitting environmental measures, new generation broadband cabling	May require funding to kickstart projects though most would be negotiated through partners	September 2011
		Pilot of 'Pre-Tenancy Qualifications' which will entail a basic course to ensure new social tenants and private sector tenants who are assisted through the Council will demonstrate a basic understanding of tenants' rights and responsibilities including management of personal finances	Funding for training	On-going January 2011
		Re-modeling of voluntary sector advice services (in collaboration of re-modeling of customer services centres) to establish three advice and information hubs.	Current allocation of grant funding for voluntary sector advice services is c£250k per annum. Intention is not to increase funding but achieve efficiencies through re-modelling	Negotiations underway ~ commissioning timetable to commence August 2011 and new services to commence 2012
		Increasing awareness of the housing needs service across all tenures using multi media, and working closely with partner agencies such as the Citizens Advice Bureau to ensure advice is freely available at the right time and in the right place for all residents in the district	Advertising expenses	On-going

Issue	Risk	Action to Mitigate Risk	Resources	Timescale
<p>3.2 Unemployment and changes in benefits system may restrict households' ability to pay fuel costs. This is further impacted as fuel prices rise</p>	<p>Increase in the current level of households fuel poverty, which is currently:</p> <p>The dedicated Warm Front programme will be cut by more than two-thirds. The Coalition government's plans for tackling fuel poverty remain vague, and there may be moves to change the definition and remove the legal targets established by the last government</p>	<p>Continued partnership working with the Cocoon & warm front schemes</p> <p>Promotion of the Flexible Home Improvement Loan for the Over 60s</p>	<p>Staff time</p>	<p>On-going</p>
		<p>Promotion of energy efficiency grant for landlords</p>	<p>Advertising expenses</p>	<p>April 2011</p>
		<p>Working with OTs to offer energy efficiency advice when assessing for DFGs</p>	<p>Staff time</p>	<p>February 2011</p>
		<p>Retro fitting in social housing – map current activity by RPs</p>	<p>Staff time</p>	<p>May 2011</p>
		<p>Affordable warmth plans to be provided</p>	<p>Staff time</p>	<p>August 2011</p>
<p>3.3 Increasing restrictions on eligibility for mortgages including requirement for larger deposits, especially in relation to shared equity/ownership housing.</p>	<p>RPs more reluctant to deliver shared ownership/equity housing (this will also be affected by the expectation that they will be delivered with nil grant) which in turn impacts viability of schemes.</p> <p>The funding for the MyChoice HomeBuy and HomeBuy direct schemes, where properties could be purchased on the open market with an equity loan has now ceased.</p> <p>Young people/ first time buyers unable to enter the owner occupation sector</p>	<p>Discussions with RP partners including the Catalyst Housing Group in relation to RPs developing mortgage/equity products</p>	<p>Staff time RPs</p>	<p>On-going</p> <p>January 2011</p> <p>May 2011 On-going</p>
		<p>Discussions with lenders/investors in relation to strategic sites (especially regeneration sites such as Orchard Way) and negotiation of mortgage packages</p>	<p>Staff time</p>	<p>April 2011</p>
		<p>Impact report on CDC becoming mortgage lender and/or equity investor targeting strategic sites – this will be considered as part of Cherwell's 2011/12</p>	<p>Staff time</p>	<p>March 2011</p>

Issue	Risk	Action to Mitigate Risk	Resources	Timescale
		investment strategy.		
		Self build/ community land trusts	Staff time HCA	March 2012
		Changing the expectations of people overcrowded or still living at home by advising them of other options, including use of the advanced housing options toolkit	Staff time	June 2011

Challenge 5 – Ensuring the needs of vulnerable people are addressed so they are not at risk of homelessness and other unsatisfactory housing conditions

Issue	Risk	Action to Mitigate Risk	Resources	Timescale
5.1 History shows us that vulnerable adults are most at risk of homelessness during a recession	Decrease in supply together with increased demand will result in increasing levels of homelessness and use in temporary accommodation.	Ensure Supporting People funded housing support is targeted at vulnerable adults	Staff time	On-going
		Build capacity in Vulnerable Adults Multi-Agency Casework Group to ensure complete 'buy-in' from adult services, probation services and health. Re-model this group to become a 'panel' for supported housing provision for vulnerable adults to ensure appropriate targeting of resources	Staff time Partners	December 2011
		Ongoing commissioning of targeted interventions with partners such as the Beacon Centre to engage vulnerable adults at risk of rough sleeping.	Staff time Partners	Ongoing
		Continued use of small 'returning home fund' to enable a quick response to issues which may prevent a vulnerable adult remaining at home.	Existing Resources	March 2012
		Ongoing liaison with faith groups and churches who are likely to be approached by vulnerable adults for support Impact report on CDC becoming mortgage lender and/or equity investor targeting strategic sites	Staff time Voluntary Sector	Ongoing
		Ongoing liaison with police and street wardens to ensure all agencies 'flag up' individuals identified as rough sleepers to ensure early intervention	Staff time Existing Partnerships	June 2011

Local Decisions: A Fairer Future for Housing”: Draft Response to the Government’s Housing Consultation Response

	Question	Answer
Q1	As a landlord, do you anticipate making changes in light of the new tenancy flexibilities being proposed? If so, how would you expect to use these flexibilities? What sort of outcomes would you hope to achieve?	<ul style="list-style-type: none"> • Question for Registered Providers (Housing Associations) • As a local authority, we would support the move to affordable rents to be set at a maximum of 80 per cent of local housing markets to try and support the financial viability of future affordable housing. However, we believe social rents may still be applicable given individual personal circumstances and when responding to the need to ensure affordable housing supports the agenda for getting people back into the employment market. • However, it is clear that more work is needed to look at how an up to 80 per cent of market rent offer will work in practice. A model is required that provides a stable platform for tenants, lenders and landlords. There is a need to provide a rental product that fits with the government’s ambitions around controlling housing benefit costs. • We need to find a way of ensuring that additional money raised is used for new supply and not for paying for more land. • We accept that some shorter term tenancies may be appropriate for some people, but we believe that flexible tenancies should importantly continue to provide a stable platform for people to put down roots in a community, find work and get on with their lives.
Q2	When, as a landlord, might you begin to introduce changes?	<ul style="list-style-type: none"> • Question for Registered Providers (Housing Associations) • Although a non stock holding authority we still have considerable statutory and strategic responsibility for housing and therefore would expect to be fully consulted on any changes by RPs operating in Cherwell. We would expect to be fully engaged with RPs and their plans to implement changes in the way they undertake their housing

		responsibilities in Cherwell.
Q3	As a local authority, how would you expect to develop and publish a local strategic policy on tenancies? What costs would you expect to incur?	<ul style="list-style-type: none"> Given the enhanced options proposed for customers, we would want the strategic role of CDC to be strengthened to exert more influence over RPs, so that local issues and priorities can be addressed. The removal of the TSA and in its incorporation into the HCA presents a risk of reduced monitor of RP performance – this means LAs need to be able to influence their services. For example, the service failure of a local RP would need to be addressed urgently and locally. The likelihood of further RP mergers risks undermining localism by making local services more remote, and providing LAs with increased ‘fallout’ from ineffective housing management arrangements Could a local strategic policy be included within LA housing strategies? We are assuming local allocations (or properties) policies would sit under the local strategic policy. The local strategic policy would be a major project to resource at senior level between RPs and CDC, and would involve extensive joint working.
Q4	Which other persons or bodies should local authorities consult in drawing up their strategic tenancy policy?	<ul style="list-style-type: none"> Residents, RPs, Statutory and Voluntary agencies working with vulnerable people, and a full range of other partners.
Q5	Do you agree that the Tenancy Standard should focus on key principles? If so, what should these be?	<ul style="list-style-type: none"> We strongly support the proposals for a Tenancy Standard, and as a strategic housing authority have recently established our own development and housing management standards with RPs. We offer this practice as something which the government may wish to understand more about, and reiterate the importance of the LA having a driving role in ensuring the delivery of housing does not undermine wider community strategy objectives.

		<ul style="list-style-type: none"> We strongly believe that the local housing authority should be party to local monitoring of RPs should take place to mitigate against poor performance of RPs and to maximise the contribution to localism. RPs work across many Districts, so it is more difficult for them to understand local priorities without having strong contact with the LA. Key principles focussed upon should include supporting and working with vulnerable groups, tenancy support, the environment, antisocial behaviour and so on.
Q6	Do you have any concerns that these proposals could restrict current flexibilities enjoyed by landlords? If so, how can we best mitigate that risk?	<ul style="list-style-type: none"> LAs have different requirements to RPs, but we believe – in the context of localism – that RPs should be using Tenancy Standards that are flexible and respond to the needs of individual local residents.
Q7	Should we seek to prescribe more closely the content of landlord policies on tenancies? If so, in what respects?	<ul style="list-style-type: none"> Landlords should develop their tenancy policies in conjunction with the Local Authority strategic tenancy policy to meet local need. We do not see a need for over-prescription.
Q8	What opportunities as a tenant would you expect to have to influence the landlord's policy?	<ul style="list-style-type: none"> Question for tenants However, CDC as a non-stock holding authority already works closely with tenant representatives and would expect to work with representatives on our policy development in this area.
Q9	Is two years an appropriate minimum fixed term for a general needs social tenancy, or should the minimum fixed term be longer? If so, how long should it be? What is the basis for proposing a minimum fixed term of that length? Should a distinction be drawn between tenancies on social and affordable rents? If so, what should this be? Should the minimum fixed term include any probationary period?	<ul style="list-style-type: none"> We support the introduction of a more flexible approach to tenancies. We believe that security and stability should be the key starting point but we also recognise that the affordable housing sector is the home to a very diverse range of people with different needs at different times in their lives. We accept that some shorter term tenancies may be appropriate for some people, but we believe that flexible tenancies should importantly continue to provide a stable platform for people to put down roots in a community, find work and get on with their lives.

		<ul style="list-style-type: none"> We would want this to be a choice tenants have rather than the only form of tenure on offer. We would also like a choice of rolling tenancies.
Q10	<p>Should we require a longer minimum fixed term for some groups?</p> <p>If so, who should those groups be and what minimum fixed terms would be appropriate?</p> <p>What is the basis for proposing a minimum fixed term of that length?</p> <p>Should a distinction be drawn between tenancies on social and affordable rents? If so, what should this be?</p>	<ul style="list-style-type: none"> Important to consider the needs of some groups over a longer period e.g. vulnerable people to be determined by the strategic housing authority to reflect local needs. Tenants/applicants could be re-assessed on reaching their retirement to see if their needs are sufficiently are met in a cost effective way. The range of terms in place means increased workloads for both RPs and LAs, given the regular review and management this will necessitate. This should be acknowledged. We would expect Local Housing Allowances (LHA) to cover Affordable Rents and Social Rents, and highlight the importance of tenants having to pay service charges, believing that the rent and leasehold charges combined should always be below LHAs. Our own local modelling suggests the new affordable rents (at 80%) will be much too close to the LHA.
Q11	<p>Do you think that older people and those with a long term illness or disability should continue to be provided with a guarantee of a social home for life through the Tenancy Standard?</p>	<ul style="list-style-type: none"> Yes, subject to the home meeting the tenant's requirements It is not cost effective to move people when expensive adaptations have been built out using public money.
Q12	<p>Are there other types of household where we should always require landlords to guarantee a social home for life?</p>	<ul style="list-style-type: none"> We believe that security and stability should be the key starting point but we also recognise that the affordable housing sector is the home to a very diverse range of people with different needs at different times of their lives. Homes for life could be considered for those for whom social housing is not a "springboard" either because of age or some other reason or who could not be expected to find accommodation in the private sector e.g. extra care, very highly adapted properties for physically

		disabled people
Q13	Do you agree that we should require landlords to offer existing secure and assured tenants who move to another social rent property a lifetime tenancy in their new home?	<ul style="list-style-type: none"> This suggestion is good in principle as market stagnation could be caused if tenants did not move for fear of their tenancy status being “demoted”. As a minimum, tenants could be offered a lifetime tenancy if downsizing.
Q14	Do you agree that landlords should have the freedom to decide whether new secure and assured tenants should continue to receive a lifetime tenancy when they move?	<ul style="list-style-type: none"> They should be guided by the LA tenancy policy because the LA has the strategic responsibility and can take an over view of the whole area and respond to what the community wants
Q15	Do you agree that we should require social landlords to provide advice and assistance to tenants prior to the expiry of a fixed term tenancy?	<ul style="list-style-type: none"> Yes, this is essential to ensure their longer term housing needs are met in a sustainable way
Q16	As a landlord, what are the factors you would take into account in deciding whether to reissue a tenancy at the end of the fixed term? How often would you expect a tenancy to be reissued?	<ul style="list-style-type: none"> CDC not landlord, but our view would be: how the tenants conducted their tenancies e.g. their willingness to pay rent, and the impact for the tenant on whether finding a new home is a viable option.
Q17	As a local authority, how would you expect to use the new flexibilities to decide who should qualify to go on the waiting list? What sort of outcomes would you hope to achieve?	<ul style="list-style-type: none"> Part of the local authority’s role is to understand housing needs – this helps in being pro-active in tackling housing need and homelessness. The LA Housing Register has always been an excellent source of information, and has been used to find appropriate accommodation – including intermediate options such as shared ownership. In this context, we would want to encourage local people in need to be included on the register. By not allowing an open register customers could attempt to get registered in any event taking up officer time etc... It would be much easier to allow residents to apply and assess according to needs. Applicants in low bands (on the housing register) are still in housing need.

Q18	In making use of the new waiting list flexibilities, what savings or other benefits would you expect to achieve?	<ul style="list-style-type: none"> • We would need to invest more in providing customers with personal information, advice and support • The Enhanced Housing Options Service being developed at CDC could assist in providing more flexible and comprehensive support. • We would still need to protect and develop housing support, and people in housing need require advice to mitigate against the risk of homelessness and hence higher costs to local authorities.
Q19	What opportunities as a tenant or resident would you expect to have to influence the local authority's qualification criteria?	<ul style="list-style-type: none"> • Question for tenants and residents • The Council would expect tenants and residents to be encouraged to comment on local authority policies. Cherwell DC as a strategic housing authority already does this via its Residents' Panel where residents from RPs across the District come together to work with the authority.
Q20	Do you agree that current statutory reasonable preference categories should remain unchanged? Or do you consider that there is scope to clarify the current categories?	<ul style="list-style-type: none"> • We support the Government conclusion that these categories have broadly worked. • We need to be especially mindful in homelessness terms about single people (locally) and the needs of vulnerable adults as identified in our homelessness strategy
Q21	Do you think that the existing reasonable preference categories should be expanded to include other categories of people in housing need? If so, what additional categories would you include and what is the rationale for doing so?	<ul style="list-style-type: none"> • The principle of good rehabilitation is very important for both the individual and customers
Q22	As a landlord, how would you expect to use the new flexibility created by taking social tenants seeking a transfer who are not in housing need out of the allocation framework? What sort of outcomes would you hope to achieve?	<ul style="list-style-type: none"> • As a local authority, we do not support this proposal. The Council's Allocation framework should be a common gateway for all customers ensuring a consistent approach to re-housing - we believe it is much preferable for them to have their needs assessed, following which they it could be better for them to move into other tenures.

		<ul style="list-style-type: none"> • Would not want to see Registered Providers making decisions around such allocations, when affordable homes should be used to meet District housing need.
Q23	What are the reasons why a landlord may currently choose not to subscribe to a mutual exchange service	<ul style="list-style-type: none"> • Factors may include costs, and fear of housing tenants without knowing their full background. • Landlords may not choose to subscribe to a mutual exchange service as the legislation is already very clear on this matter and providing the tenants meet the requirements set out in the Act they may proceed with a mutual exchange. Often they do not go ahead because there are either outstanding arrears or damage etc... to the property or the property is the wrong size.
Q24	As a tenant, this national scheme will increase the number of possible matches you might find through your web-based provider but what other services might you find helpful in arranging your mutual exchange as well as IT-based access?	<ul style="list-style-type: none"> • Question for tenants • As a local authority, we have found that tenants require advice and support on their mutual exchange plans – the opportunity to talk through their situation is helpful to them, as they sometimes feel uncertain about certain aspects of the process.
Q25	As a local authority, how would you expect to use the new flexibility provided by this change to the homelessness legislation?	<ul style="list-style-type: none"> • We use the private sector as one of the main homelessness prevention tools and have difficulty securing enough private sector properties so welcome this proposal. • We would like legislation for a minimum of twelve months, as would like the possibility of utilising the accommodation for other priority cases should household personal circumstances improve.
Q26	As a local authority, do you think there will be private rented sector housing available in your area that could provide suitable and affordable accommodation for people owed the main homelessness duty?	<ul style="list-style-type: none"> • The ability of the private rented sector to meet the demand for rented accommodation particularly for those clients with complex or higher support needs will need to be carefully monitored and proactively resourced. An underestimation of this area of work will result an increase in homelessness and poor outcomes. • We require more tools to develop the private rented sector, and

		<p>require more supply and are concerned at the economic downturn's effect on supply.</p> <ul style="list-style-type: none"> The change in benefit rules increasing the age for single room allowance from 25 to 35 will increase the demand for Houses in Multiple Occupation.
Q27	<p>Do you consider that 12 months is the right period to provide as a minimum fixed term where the homelessness duty is ended with an offer of an assured shorthold tenancy?</p> <p>If you consider the period should be longer, do you consider that private landlords would be prepared to provide fixed term assured shorthold tenancies for that longer period to new tenants?</p>	<ul style="list-style-type: none"> We believe that twelve months would be manageable, but think two years would be more desirable, and safeguard measures are needed. Landlords would need an incentive especially if the tenant is in receipt of LHA
Q28	<p>What powers do local authorities and landlords need to address overcrowding?</p>	<ul style="list-style-type: none"> Assessment of overcrowding, and the responses a local authority makes as a result, are currently subject to 3 different approaches: the Bedroom Standard, the Statutory Overcrowding Provisions (Part 10 Housing Act 1985) and to the Housing Health & Safety Rating System. These approaches are not inter-related and produce different conclusions. Consequently, judgements about overcrowding are confused, confusing and subject to challenge. There are currently 2 routes to enforcement in relation to overcrowding in dwellings (and others in relation to HMOs according to whether or not they are subject to a licence). There is a pressing need for simplification of approach, preferably through a single set of enforcement provisions for dwellings in single-occupation, which should include minimum floor-space standards along the lines of those that already exist in the 1985 Act. (We consider that legislative overcrowding provisions for HMOs are currently adequate.)
Q29	<p>Is the framework set out in the 1985 Housing Act fit for</p>	<ul style="list-style-type: none"> We judge that the Housing Act 1985 provisions are no longer satisfactory in their entirety. The positives in the current provisions

	purpose? Are any detailed changes needed to the enforcement provisions in the 1985 Act?	are that they allow for objective determination of overcrowding and also include floor-space standards which are conspicuously absent elsewhere (and which we regard as absolutely essential to any proper assessment). The 1985 provisions are however inadequate in 3 major respects: 1) the requirement that all habitable rooms are assessed as being available for sleeping purposes, 2) that children aged under 10 are counted as half-people and 3) that it is deemed appropriate to assume that adult couples could sleep apart from each other so as to share with same sex children and thereby avoid the need for children of opposite sex to have to share a room.
Q30	Should the Housing Health and Safety Rating System provide the foundation for measures to tackle overcrowding across all tenures and landlords?	<ul style="list-style-type: none"> The HHSRS provisions already apply to all tenures other than council-owned accommodation. As Cherwell DC is an LSVT authority, all residential accommodation is already subject to the HHSRS. The difficulty with applying the HHSRS, particularly in relation to the assessment of housing need, is that the omission of any reference to minimum floor-space standards means that it cannot be sufficiently objective. Although it includes a 'bedroom-standard' this can, in the absence of floor-space standards, be no more than an indication of the extent of overcrowding. We strongly contend that whilst overcrowding can be influenced by a variety of issues (most of which are touched upon in the HHSRS Operating Guidance), it must fundamentally be an assessment of the floor space available and of the ability to properly separate household on the basis of their age, sex and relationships.

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Summary of Housing Benefit Changes

	Change	Effective from	Impact	No. of claimants affected
1	LHA restriction to 4 bed rate	New claimants: April 2011 Existing claimants: First LHA anniversary date from October 2011, subject to transitional protection rules	Local Housing Allowance (LHA) is awarded according to the size of the property that the household claiming the benefit has been assessed as needing. Up to now, the maximum size of property assessed has been for 5 bed room accommodation. From April 2011, the maximum entitlement will be reduced to that of 4 bedroom accommodation which means that claimants in accommodation larger than 4 bedroom with rents set to reflect the larger size, will lose some entitlement and will need to contribute more of their income to pay their rent.	As at 23/11/10, there are 3 claimants subject to the 5-bed LHA rate. In 2 of these cases the actual rent is below the current 4-bed LHA rate, so the only impact is the loss of the top-up (see 3 below). However, 1 claimant faces a restriction of approx £50 pw.
2	Upper limits for LHA rates	New claimants: April 2011 Existing claimants: First LHA anniversary date from October 2011, subject to transitional protection rules	The upper limit that Local Housing Allowance is paid at will be reduced to a lower amount. In parts of London and the South East, this is going to cause significant difficulties as a high number of existing rents are at levels higher than the upper limits. The rent levels in Cherwell are considerably lower than the proposed upper limit so this will have no impact.	n/a

3	End of LHA top-up	<p>New claimants: April 2011</p> <p>Existing claimants: First LHA anniversary date from October 2011, <i>with no transitional protection</i></p>	<p>Currently, Local Housing Allowance rates are awarded in accordance to the size of the property that claimants need. If 2 bedrooms are needed, they receive 2 bedroom entitlement, if 3 bedrooms are needed they receive 3 bedroom entitlement and so on. If they are in accommodation where the rent charged is less than their entitlement, they are allowed to receive a maximum of £15 per week top up. For example, 2 bedroom need entitles claimant to £650 per month (when on maximum housing benefit). If the rent is £500 per month, there is a difference of £150 per month. The rent is paid in full and claimant will receive £15 top up per week in recognition of this difference. From April 2011, this top up will no longer be paid reducing income that claimants have been use to receiving.</p>	<p>As at 3/11/10, there are 472 claimants receiving the top-up. (1849 LHA claims in total)</p>
4	Non-dependent deductions	April 2011	<p>The housing benefit system will reduce a claimant's entitlement to benefit if within the claimants household, a "non dependent" exists and these are often grown up children. There is an assumption historically that any non dependent should contribute to housing costs and therefore, set amounts of benefit are deducted from a claimant's entitlement on a rising scale alongside the amount of earnings the non dependent receives. After 9 years of no increase in these deductions, there will be above inflation increases in these</p>	<p>As at 20/10/10, there were 521 claims where a deduction was being made, broken down as follows:</p> <ul style="list-style-type: none"> • 176 CTB only • 250 RSL • 72 LHA • 21 Deregulated • 2 Regulated

			deductions. Where the non-dependent is unable or unwilling to cover the higher deduction the tenant will be at risk of rent arrears and eviction if they can not pay the increased shortfall between the rent and their benefit entitlement. There is also a higher risk of non-dependents being asked to leave the family home due to the negative impact on the claimants benefit entitlement. Where the non-dependent is under 25 (35 from 2012) their choice of accommodation will be very limited and this may increase the incidence of homelessness in the district.	
5	LHA rates calculated on 30 th percentile	October 2011	The Valuation Office Agency has estimated that this will reduce weekly LHA rates by £10-12 per week in the Cherwell and Oxford Broad Rental Market Areas. Claimants will need to meet higher shortfalls between the rents they are liable to pay and the benefit that they receive. This may well mean that benefit claimants will be restricted to the cheapest accommodation and there will be greater demand for this accommodation. Also greater risk of rent arrears and homelessness.	As at 3/11/10, there are 1849 LHA claims. Checking a sample of claims suggest that 75% or more claimants will some benefit.
6	Extension of Single Room Rate to under 35s	April 2012	Up to now, single people aged under 25 were restricted in the amount of benefit that they could receive to the rates of a room in a shared house. This is the cheapest form	As at 3/11/10, there were 96 single claimants in this age bracket claiming under the LHA scheme. This compares

			of accommodation. Anyone aged 25 or over were entitled to a higher amount of benefit for 1 bedroom self contained accommodation. By increasing the age threshold to 34, a number of 25-34 year olds currently in receipt of the self contained rate will face benefit drops of approximately, £50 per week. Where they were previously able to afford a 1-bed flat they will be forced to move to shared accommodation, further increasing demand for this type of accommodation and possibly increased homeless as their housing options are restricted.	with 313 claimants currently subject to SRR.
7	Additional room for non-resident carers	April 2011	Any person in private rented accommodation who needs an additional room where a non-resident carer can stay overnight will have their size criteria assessed on the basis of an additional room. This applies to claimants subject to both Rent Officer referral and LHA.	As at 8/12/10, there were 98 claimants in private sector rented accommodation who were in receipt of Attendance Allowance or Disability Living Allowance (care component). There may be other claimants, not in receipt of these benefits, who may still be entitled to the additional room.
8	Under occupation in Social Housing	April 2013	Tenant's of social housing of working age who are under-occupying, will have their benefit payments limited to the level payable for a property of a size suitable for their household size. Up to now, tenants of Social Housing were exempt from the normal LHA rules that restrict the amount	

			of benefit entitlement when accommodation is under crowded. This change is to force tenants to move to smaller properties however, it is likely to cause financial hardship as tenants struggle to top up their benefit payments to retain the choice to remain in their homes. Rent arrears are likely to increase.	
9	10% cut in housing benefit for Job Seekers Allowance claimants who have been out of work for 12 months.	April 2013	JSA claimants will lose 10% of their LHA entitlement when unemployed for 12 months and their full entitlement will not return until they have exited the benefit system for a period of work. This will make it very difficult for long term job seekers to meet shortfall payments between their housing benefit entitlement and rents set. Arrears may increase, evictions and homelessness.	As at September 2010, there were 175 Job seekers allowance claimants who had been claiming for 12 months or more in the Cherwell area. It is unknown who of these are tenants.
<p><i>There are some very significant changes happening to the Housing Benefit system. The majority of the changes are likely to affect claimants' ability to maintain rent payments.</i></p> <p><i>The changes will happen at different times depending on whether existing LHA claimants or whether new claimants. There will be different rates and advisors will need to be very clear on the details.</i></p> <p><i>Only part of the changes have come into force through legislation and therefore the detail of the changes (not commencing in April 2011) is yet to be determined.</i></p> <p><i>There may be a number of claimants who are likely to be affected by more than one of the changes and therefore, joint working between housing benefit, social housing sector, the housing department and the advice agencies will be imperative to ensure a pro-active and targeted approach to mitigating the possible negative impacts of the changes to residents of the District.</i></p>				

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Executive

Planning Obligations Draft Supplementary Planning Document

10 January 2011

Report of Strategic Director, Planning, Housing and Economy

PURPOSE OF REPORT

To consider the Planning Obligations Draft Supplementary Planning Document (SPD) and to approve the use of the draft SPD as informal guidance with immediate effect.

This report is public

Recommendations

The Executive is recommended:

- (1) To consider the Planning Obligations Draft Supplementary Planning Document (a copy is available in the Members Room and on request from the Planning Policy Team, it can also be viewed on the website) and endorse it for public consultation.
- (2) To approve the use of the draft Supplementary Planning Document as informal guidance with immediate effect.
- (3) To authorise the Strategic Director, Planning, Housing and Economy, in consultation with the Portfolio Holder Planning and Housing, to make any further minor non-substantive changes as are necessary to the draft Supplementary Planning Document prior to the publication for public consultation.

Executive Summary

Introduction

- 1.1 A Planning Obligations Draft Supplementary Planning Document has been prepared to offer more detailed guidance to supplement the policies in the Core Strategy on how the Council (as Local Planning Authority - LPA) will decide what new infrastructure and facilities need to be provided as a consequence of development and assess requirements for "in kind" provision and / or financial contributions towards provision. Existing guidance on the

Council's requirements for planning obligations is given in the document 'Interim Guidance on Planning Obligations' approved in April 2007.

- 1.2 The aims of the draft SPD are to provide:
- clarity to developers and minimise time spent on negotiating planning obligations in connection with individual planning applications; and
 - assurance, and a full explanation, to existing residents and businesses in the district about how the LPA will meet its policy commitment to ensuring that new development makes a contribution to meeting the infrastructure demands it imposes on the area.

Proposals

- 1.3 The Executive is being asked to approve the draft SPD for public consultation and to agree the use of the draft SPD as informal guidance with immediate effect.

Conclusion

- 1.4 The draft SPD has been prepared to supplement policies in the Core Strategy which seek the provision of, or contributions towards, infrastructure and community facilities and services to support new development. It provides a clear indication of the LPA's essential infrastructure and community facilities and services requirements that will be sought through planning obligations and should lead to a more efficient and streamlined planning process
- 1.5 The Executive is being asked to approve the draft SPD for public consultation. This consultation will be carried out at the same time as the consultation for the Core Strategy. After the consultation period has ended, the representations made will be brought back to the Executive to consider and Members will be asked to approve a final SPD document for development control purposes. This is likely to be after the adoption of the Core Strategy.
- 1.6 The Executive is also being asked to approve the draft SPD as informal guidance with immediate effect, the draft SPD will replace the current interim guidance 'Planning Obligations – Interim Planning Guidance 2007'.

Background Information

- 2.1 The system of planning obligations was introduced to enable LPAs to negotiate direct mitigation measures and / or financial contributions on large scale developments, on a site by site basis. This was with the objective of allowing significant development proposals which might not otherwise be acceptable in planning terms, to be permitted. This approach did not readily allow account to be taken of smaller scale developments and their cumulative impact.
- 2.2 Over time the scope of planning obligations has extended beyond the original intention and government has encouraged local authorities to introduce tariff systems with standard charges and pooling of contributions designed to address wider, off site, development impacts and to facilitate contributions from smaller developments. This approach attempts to try to spread the burden of infrastructure costs arising as a result of new development, more fairly and evenly. LPAs may apply standard charges of this kind as a unified and non negotiable levy applied by head of population, dwelling numbers or floorspace.
- 2.3 Regulations are now in force (Community Infrastructure Levy (CIL)) that allow a charge to be levied on most types of new development to contribute towards local and sub-regional infrastructure requirements and needs and this will be used alongside planning obligations which will continue to be sought to cover affordable housing and the direct impacts of development and its mitigation. However the Council has not decided whether the use of CIL will be appropriate and we do not currently collect contributions in this manner. The draft SPD revises the way in which the Council will be seeking planning obligations in preparation for how we may seek contributions towards infrastructure in the future.
- 2.4 The existing document, 'Planning Obligations – Interim Planning Guidance 2007' is to be replaced by the draft SPD which has been prepared with reference to the full range of current national policy and guidance on planning obligations. The main changes in the draft SPD are set out in the following paragraphs.
- 2.5 The proposed draft SPD seeks to fully clarify the procedures for securing planning obligations and to provide a more detailed justification for the requirements making the process more transparent and enabling officers to more robustly defend negotiations of the level and types of planning obligations required.
- 2.6 The infrastructure, services and community facilities required by the Council, as LPA, and the types of development they apply to are detailed in the topic sections of the draft SPD. These have been split into two sections to reflect the current guidance and legislation:
 - On site related items, where some provision is likely to be through “in kind” facilities directly provided by the developer and some will be covered by financial contributions. These will be required as a direct result of the impact which a development scheme places on its site and surroundings and will often necessitate use of land on the site

such as affordable housing and local open space, play space and landscaping etc.

- General infrastructure related items or projects that are suitable for a tariff approach or a future levy approach. The section includes items that are considered to be general community infrastructure or service items where we seek a partial financial contribution towards enhancing provision to meet the needs of the development such as wider transport and accessibility infrastructure, libraries, schools etc.
- 2.7 Due to the state of the economy, especially in the development sector, securing planning obligations in the current economic climate is very difficult. The economic viability of schemes needs to be very carefully considered as part of the planning process and if the cost of planning obligations is too high developments will be unviable.
- 2.8 The document recognises that in dealing with development proposals financial viability concerns may arise. This does not include instances where developers acquire sites without permission at unrealistically high prices and then seek reductions in the level of planning obligations. As a result of these viability issues the draft SPD seeks to set out priorities for obligations so as to manage the most significant impacts of development. For example, providing affordable housing is particularly costly, especially without Homes and Communities Agency (HCA) grant, and as the provision of affordable housing is of high priority, planning obligations of a low priority may not be sought if a scheme is found to be unviable.
- 2.9 The relative priority to be given to competing requirements will be specifically assessed with regard to the Development Plan policies, the needs of the locality and the particular characteristics of the site and its setting.
- 2.10 It is the intention that the general infrastructure or service related items (those in section 2 of the draft SPD) will not normally be applied to affordable housing schemes or the affordable housing element of other residential development to ensure that the planning obligations do not reduce the viability of the development and the provision of affordable housing.
- 2.11 The draft SPD simplifies the method of calculations for contributions introducing a tariff style approach for many of the obligations sought. Unilateral undertakings for purely financial contributions will be used, especially for small developments, rather than legal agreements. Model unilateral undertakings and legal agreements have been produced to further simplify the process. The contributions will be collected by CDC and redistributed to the infrastructure or service providing body (e.g. Oxfordshire County Council) as necessary.
- 2.12 In the preparation of the draft SPD consultation has been carried out with Services within the Council and external bodies such as the County Council, Thames Valley Police Authority, Oxfordshire PCT, and the Environment Agency to ensure that the Council can fully justify and robustly defend seeking the planning obligations. A full list of the background documents and evidence sources that inform the SPD is contained in the appendices of the draft SPD and the relevant sources are referred to in each of the topic sections. The evidence sources will be updated as necessary.

- 2.13 The nature of guidance on infrastructure and other planning obligation requirements is such that there can be a need for relatively frequent update. The draft SPD has been prepared as a 'living document' with self-contained topic sections that can be updated individually as necessary and then slotted into the overall document on a loose leaf basis. Where such update is necessary changes will be subject to appropriate consultation.

Key Issues for Consideration/Reasons for Decision and Options

- 3.1 The main issues for consideration are whether to endorse the draft SPD for public consultation and whether to approve the use of the draft SPD as informal guidance for Development Control purposes with immediate effect.
- 3.2 If approved as informal guidance for development control purposes the SPD will be used to assist in officer negotiations and the determination of planning applications, which means that planning applications that do not comply with the draft SPD may be recommended for refusal. It should however be recognised that the draft SPD will not have been through any public consultation and will not carry full statutory weight until it has been through public consultation and is formally adopted after the Core Strategy.

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

- | | |
|---------------------|---|
| Option One | To endorse the SPD for public consultation and approve the use of the draft SPD as informal guidance for development control purposes with immediate effect. |
| Option Two | To endorse the SPD for public consultation with amendments and to approve the use of the draft SPD as informal guidance for Development Control purposes following amendment. |
| Option Three | Not to endorse the SPD for public consultation and not to approve the use of the draft SPD as informal guidance for Development Control purposes. |

Consultations

- | | |
|---|--|
| Stakeholder discussions and consultation | Stakeholders have provided information and evidence to enable the compilation of the document. |
|---|--|

Implications

- | | |
|-------------------|--|
| Financial: | There are no direct financial implications arising from this report. However, the contents of the SPD will influence the level of contribution received towards infrastructure and community facilities. |
|-------------------|--|

Comments checked by Eric Meadows, Service Accountant 01295 221552.

Legal: It should be noted that, even after public consultations have been completed and when the SPD has been approved for development control purposes, it will remain an informal document only, until formally adopted and this is unlikely to occur before adoption of the Core Strategy.

Comments checked by Nigel Bell, Solicitor 01295 221687.

Risk Management: There are no significant direct risk management implications arising from this report.

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

Equalities There are no equality issues arising from this report

Comments checked by Caroline French, Equalities and Diversity Officer 01295 221856.

Wards Affected

All

Corporate Plan Themes

Theme 1
Theme 2
Theme 3
Theme 5
Theme 6
Theme 7
Theme 8

Executive Portfolio

Councillor Michael Gibbard
Portfolio Holder for Planning and Housing

Document Information

Appendix No	Title
No documents	
Background Papers	
Planning Obligations	Draft Supplementary Planning Document
Report Author	Shona King, Planning Officer
Contact Information	01295 221643 shona.king@Cherwell-dc.gov.uk

Executive

Draft Budget and Corporate Plan 2011 – 2012 Analysis 2

10 January 2011

Report of the Head of Finance

PURPOSE OF REPORT

The Council has to adopt a budget for 2011/12 as the basis for calculating its level of Council Tax and has to base that budget on its plans for service delivery during the year, recognising any changes in service demand that may arise in future years. This is the second opportunity that the Executive has to shape and refine the interaction between corporate plan service plans and financial matters before the final budget is presented to the Council on the 21 February 2011.

This report is public

Recommendations

The Executive is recommended:

- (1) To note the outcome of the 2011/12 provisional settlement (detailed in Appendix 1);
- (2) To consider the draft revenue budget 2 (detailed in Appendix 2a) in the context of the Council's service objectives and strategic priorities; (see the corporate plan Appendix 2b);
- (3) To note the draft corporate plan for 2011/12 which is currently subject to consultation. (Detailed in Appendix 2b)
- (4) To agree the approach to the overall capital programme and 10/11 expenditure profile (detailed in Appendix 3);
- (5) To advise of any matters they would like taken into consideration in producing a balanced budget for the next meeting of the Executive ;
- (6) To consider the Tax Base Report (Appendix 4) and
 - to resolve that, in accordance with the Regulations, as amended, the amount calculated by the Cherwell District Council as its council tax base for the year 2011/2012 shall be 50,337; and
 - to approve the report of the Head of Finance, made pursuant to the Local Authorities (Calculation of Tax Base) Regulations 1992, as amended, and the calculations referred to therein for the purposes of the Regulations; and

- to resolve that the tax base for parts of the area be in accordance with the figures shown in column 13 of Appendix 4b.
- to resolve to continue with the discretionary awards that it resolved to give on December 1 2008.

Executive Summary

- 1.1 The implications of the provisional settlement have been factored into arriving at draft 2 of the 11/12 revenue budget. The final settlement details will be issued in late Jan 2011 but the expectation is that the provisional settlement figures should remain the same.
- 1.2 Cherwell District Council was expecting a tough settlement and had modelled on scenarios of between 20%-30% over the four years of CSR. The CSR showed that local government would suffer cuts of up to 26% over the four years but the profile was front loaded.
- 1.3 Our Medium Term Financial Worst Case Scenarios assumed a reduction of 20% in the first 2 years. The outcome of the provisional settlement is that the Council will see its formula grant reduce from £10.905m to £8.575m in 2011/12 and to £7.628m in 2012/2013. If we exclude the impact of the transfers this represents a reduction of 13.8% in year 1 and a further 10.5% in year 2. This equates to 24.3% in 2 years.
- 1.4 The position for the final 2 years is not known and the implications of this settlement for the Medium Term Financial Strategy will be considered along with the final draft of the budget.
- 1.5 The draft budget presented illustrates significant progress in securing further efficiency savings to substantially reduce the funding gap identified in the previous draft from £1,114,181 to around £360,510.
- 1.6 There are a number of areas that have been identified in Appendix 1a (Para 1.10) at this stage it is expected that these together with the Councils ability to utilise reserves will deliver the remaining shortfall and achieve a balanced budget for 2011/12.
- 1.7 The capital programme for 2011/12 amounts to £3.9m of new capital bids, 2010/11 slippage of £6.8m and pre-approved bids profiled in 11/12 of £1.2m. This amounts to a capital programme of £11.9m which is detailed in Appendix 3. The Council's capital reserves are estimated to fall below £16.3m by 2014/15 so they need to be used to generate the most value to the residents of the District. The balances have also been reduced as a result of the recent capitalisation approval from CLG of £3.231m for the Icelandic bank losses.
- 1.8 In late October 2010 the Council made a request to CLG to capitalise the impairment loss of £4.615m which we had invested in Iceland's Glitnir bank. In early December we had confirmation that the government has agreed that £3.231m can be capitalised.
- 1.9 The implication of this on the accounts is that we will use £3.231m of capital receipts and charge an impairment loss of £1.384 to the General Fund revenue account in 2010/11. This is a better position for the Council than we had originally planned for as it puts less pressure on our revenue finances.

- 1.10 However, this is purely an accounting requirement and does not mean that the deposits are lost. The Council continues to work with Bevan Brittan and LGA to seek full recovery of the £6.5m invested. Should the deposits be repaid in full as priority creditor status then the accounting entries would be reversed.
- 1.11 The Council Tax base must be agreed by 15th January 2011 to allow all pre-cepting authorities to finalise budgets and set council tax.

Background Information

2.0 Corporate Plan

The Corporate Plan has been fully revised for the period 2011-2012. The plan reflects the national economic situation, significant strategic developments affecting the district and the reductions in public expenditure. The plan incorporates new policy agenda such as localism and the plan takes into account the wide range of public consultation undertaken around local priorities through both the annual satisfaction survey and budget consultation workshops.

At their meeting on 6th December 2010 Executive agreed the draft Corporate Plan and it is currently out for public consultation. The results of the consultation will shape the next version of the plan which Executive will receive in February 2011.

As in previous years a set of council tax pledges will be drawn from the corporate plan. These will form a core set of performance targets for the Council which directly reflect priorities and will be monitored through our corporate performance scorecard. The final corporate plan targets and pledges will be presented to Council with the final drafts of the budget in February 2011.

Service Plans

Copies of the draft Service Plans for 2011/12 are available on the Council's intranet site. Service plans will be finalised in March after the budget and corporate plan have been agreed by Council

2.1 Settlement 2011/12

The implications of the settlement can be seen in Appendix 1 - whilst Concessionary Travel can be viewed as a successful campaign, the level of general grant is much greater than the average 10.9% reduction outlined in the Spending Review in October. We understood that shire authorities would be at risk of a higher reduction and in budget draft 1 we assumed a 13% reduction – the actual result is 13.8% in 2011/12 and 10.5% in 2012/13 when compared to the adjusted 10/11 comparator.

In announcing the settlement on 13 December 2010 the Government confirmed that there would be a fundamental review of Local Government Finance that would commence in the New Year. This settlement provides the provisional amount of general grant that will be received by the Council in 2011-12 and details of the indicative funding for 2012-13. This differs from previous years where a 3 year settlement has been announced and is also at odds to the period of the 4 year CSR10 period.

A second two year settlement is then expected to follow in 2012 for the period 2013-14 and 2014-15 for which Government intend to adopt a new distributional system.

The implications of this settlement for the Medium Term Financial Strategy will be considered along with the final draft of the budget.

2.2 The Status of the Budget

The revenue budget (detailed in Appendix 2a) as presented has been left, quite deliberately, with a funding gap. This type of gap is not unusual at this stage in the process and it can be covered by the contribution from the VFM of Cultural and Heritage (Agenda Item 10) and income from the scrutiny proposals on parking. Members will have to consider other options to balance the budget in the event of not approving the parking income proposals.

The capital programme for 2011/12 amounts to £5.9m and with the 2010/11 slippage will amount to £17.9m – this is detailed in Appendix 2.

2.3 Overview and Scrutiny Board

The Overview and Scrutiny Board will undertake a review of the car parking income proposals considered at the December 2010 Executive. The outcome of this review and recommendations will be considered in the final draft. The recommendations can be seen in Agenda Item 8.

2.4 Council Tax Base

The Council is required to calculate its tax base for each financial year in advance of the start of the year and notify its major precepting authorities and local precepting authorities accordingly.

Appendix 4 contains all the background information that is used to calculate the taxbase and the report provides all the necessary calculations together with an explanation of how each has been arrived at.

There are various powers contained within the Council Tax, Housing Benefit and Business Rates legislation, all of which are reviewed annually.

Any resolution to amend a discretionary power relating to Council Tax must be made before the Council Tax for the next financial year is set. Similarly, with Business rates, it is important to establish the criteria that will apply for all classes of discretionary relief prior to the annual billing process.

Key Issues for Consideration/Reasons for Decision and Options

3.1 This report presents a second analysis of the Council's draft 2011/12 Revenue and Capital Budget.

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

Option One To review draft revenue and capital budget to date and consider actions arising.

Option Two To approve or reject the recommendations above or request that Officers provide additional information.

Consultations

Corporate Management Team 13/12/10, 15/12/10, 22/12/10

Implications

Financial: Financial Effects – the significant financial effects of the budget are identified in Appendix 1. Any decisions made in relation to ongoing expenditure or income in the budget for 2011/12 will have repercussions in future years when current forecasts indicate the financial environment is likely to become increasingly difficult. The Council has a statutory duty to set a balanced budget and could incur the intervention of the Secretary of State if it failed to do so.

Consideration of this item will fall within the provisions of Section 106 of the Local Government Finance Act 1992, and Members affected by those provisions should declare accordingly and refrain from voting on the matter.

Efficiency Savings – Our Medium Term Financial Strategy requires efficiency savings and budget reductions to match the reduction in government funding, the draft budget presented includes a significant level of efficiencies and these are detailed in Appendix 1a.

Comments checked by Karen Muir, Corporate System Accountant, 01295 221559.

Legal: There is a statutory requirement for the Council to set a balanced budget by 11 March 2011 and the draft budget is part of that process.

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

Risk Management: The significant risks and assumptions associated with the draft budget will be considered in the budget book and a risk provision has been considered. On a broader front, if due consideration is not given to matching scarce financial resources carefully against properly assessed service priorities, the Council may fail in achieving its strategic priorities and in its duty to demonstrate value for money.

Comments checked by Karen Muir , Corporate System Accountant Officer, 01295 221559

Wards Affected

All

Corporate Plan Themes

An Accessible and Value for Money Council

Executive Portfolio

Councillor James Macnamara
Portfolio Holder for Resources and Communications

Document Information –

Appendix No	Title
Appendix 1	Implications of the 2011/12 Settlement
Appendix 2a	Draft Revenue 2011/12 Budget and Analysis 2
Appendix 2b	Draft Corporate Plan 2011/12
Appendix 3	Draft 2011/12 Capital Programme
Appendix 4	Council Tax Base Report
Appendices 4a-b	Supporting documentation
Background Papers	
2010/11 Budget Booklet 2010/11 Capital Programme Medium Term Financial Strategy Budget Guidelines Draft Service Plans 2011/12	
Report Author	Karen Curtin, Head of Finance
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Provisional Settlement 2011-12

Analysis and Implications for Cherwell District Council

1 BACKGROUND

- 1.1 The settlement provides the provisional amount of general grant that will be received by the Council in 2011-12 and details of the indicative funding for 2012-13. This differs from previous years where a 3 year settlement has been announced and is also at odds to the period of the 4 year CSR10 period.
- 1.2 In announcing the settlement the Government confirmed that there would be a fundamental review of Local Government Finance that would commence in the New Year. A second two year settlement is then expected to follow in 2012 for the period 2013-14 and 2014-15 for which Government intend to adopt a new distributional system.
- 1.3 The announcement related to the 'provisional' settlement and is now the subject of a consultation process which ends on the 17 January 2011.

2 NATIONAL HEADLINES

- 2.1 Central government Formula Grant funding for councils (including Revenue Support Grant and pooled Business Rates, but excluding Police Grant and the Metropolitan Police Special Payment) falls by 12.1% in 2011-12 to £24.9bn.
- 2.2 The announcement focussed on a new term to describe the settlement which is the impact on a Council's 'spending power'. This should not be confused with formula grant reduction.
- 2.3 Cuts in Formula Grant have been limited to produce a maximum 8.9% reduction in "revenue spending power" for either 2011-12 or 2012-13. The Government says that the average reduction in 'spending power' is 4.4% in 2011-12.
- 2.4 In addition to formula grant, the government will pay a transition grant of £85m to those authorities worst hit by the settlement. The transitional grant is not applicable to Cherwell but will be paid to 37 authorities in 2011-12. This grant will ensure that no authority has a reduction in 'spending power' of no more than -8.9%.

3 IMPLICATIONS FOR CHERWELL DISTRICT COUNCIL

Spending Power

- 3.1 The following table demonstrates how the reduction quoted by the government of 6.22% is calculated:

Spending Power Calculation	2010-11 £000	2011-12 £000	Movement	%
Council Tax requirement	6,189	6,189	-	0.00%
Parish Precepts	3,993	3,993	-	0.00%
<i>Adjusted Formula Grant (impact of concessionary fares transfer)</i>	9,948	8,575	1,373	13.80%
Housing and Council Tax Admin Grant	1,027	943	84	8.18%
Preventing Homelessness Grant	86	120	(34)	-39.53%
Council tax Freeze Grant	-	155	(155)	
Cohesion Grant	57	-	57	
Total Revenue Spending Power	21,300	19,975	1,325	6.22%

- 3.2 The Council collects parish precepts from our 78 Parishes and passes it on to them directly with no control over how these precepts are spent so including these in our spending power is artificial. The 'spending power' approach has the impact of increasing the base that the reduction is compared against thereby reducing the quoted percentage loss of funding.

Breakdown of formula grant

- 3.3 The total reduction in formula grant compared to the actual grant received for 2010-11 of £10,905,340 is £2,30,567 and can be analysed as follows:

	£	% Change
Formula Grant 2010/11	10,905,340	
Concessionary Travel transfer to County	-906,705	8.31%
Other Transfers	-51,102	0.47%
Reduction in remaining formula grant	-1,372,760	12.59%
Total change	-2,330,567	
Formula Grant 2011/12	8,574,773	21.37%

Formula Grant Reductions

- 3.4.1 Cherwell District Council was expecting a tough settlement and had modelled on scenarios of between 20%-30% over the four years of CSR. The CSR showed that local government would suffer cuts of up to 26% over the four years but the profile was front loaded. Our Medium Term Financial Worst Case Scenarios assumed a reduction of 20% in the first 2 years.

		% Change
Formula Grant 2010/11	10,905,340	
Concessionary Travel transfer to County	-906,705	8.31%
Other Transfers	-51,102	0.47%
Adjusted Formula Grant 2011/12	9,947,533	8.31%

Adjusted Formula Grant b/f 2011/12	9,947,533	
Reduction in remaining formula grant	-1,372,760	
Formula Grant 2011/12	8,574,773	13.80%
Transfers	-51,438	
Adjusted Formula Grant b/f 2011/12	8,523,335	
Reduction in formula grant	-894,950	
Formula Grant 2012/13	7,628,385	10.50%

2 Year Cumulative Reduction (less transfers)	- 2,267,710	24.30%
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- 3.4.2 The outcome of the provisional settlement is that the Council will see its formula grant reduce from £10.905m to £8.575m in 2011/12 and to £7.628m in 2012/2013. If we exclude the impact of the transfers this represents a reduction of 13.8% in year 1 and a further 10.5% in year 2. This equates to 24.3% in 2 years.
- 3.4.3 The position for the final 2 years is not known and the implications for the Medium Term Financial Strategy will be considered along with the final draft of the budget.

Concessionary Travel

- 3.5 As per earlier papers on the transfer of concessionary fares the Council had prepared three models based on the consultation options. These models indicated that on top of losing the funding for the expenditure incurred the

Council would have an additional pressure of between £0.3m and £1.3m. Within the draft budget 1 was a budget pressure for this transfer of £800,000 which was a mid-range of the proposed options.

- 3.6 Ministers have adopted concessionary fares option 3 which reduces shire districts' baseline by their present level of spending. They have also adopted concessionary fares option 8 which uses a new formula to amend upper tier authorities' baselines.
- 3.7 This has reduced the pressure to £232,000 over and above the expenditure. The Council has worked with neighbouring Councils and in conjunction with LGA to lobby against the additional pressure.
- 3.8 Our response to the formula grant consultation in November 2010 focussed on this and the settlement appears to suggest that this lobbying was successful however if we look at how other Authorities have fared then we have lost more funding. We will be joining with the Society of District Treasurers to make representations on this.

Other Transfers: Flood defence

- 3.9 There will be a new grant paid of £20.9m in 2011-12 and £36.1m in 2012-13 to reflect new responsibilities. There will be a transfer from formula grant of £21.5m in 2011-12 and £42m in 2012-13 to reflect savings on private sewers. This transfer out equates to £51,000.

4 FLOOR AND DAMPING IMPACT

- 4.1 As in previous years the Government has limited the level of reductions on authorities by retaining the 'floor damping system'. The floor for any authority depends on its type, resource need and on its dependence on grant within its budget requirement.
- 4.2 The floor system sets a % level at which no authority can fall below. The cost of the floor is paid for by all of the authorities that lie above the floor. These authorities have their grant reduced to pay for the 'protection' offered to the authorities that have done relatively worse than other authorities. In previous settlements Cherwell have been above the floor and have therefore had to contribute to the protection given to other authorities.
- 4.3 Authorities have been placed in one of the four bands based on the percentage of their budget requirement that they receive from Formula Grant, each band corresponding to the quartiles.

	Maximum <u>reduction</u> in adjusted formula grant 2011-12	Maximum <u>reduction</u> in adjusted formula grant 2012-13
Band 1 - Greatest Protection	13.8%	10.5%
Band 2	14.8%	11.5%
Band 3	15.8%	12.5%
Band 4	16.8%	13.5%

- 4.4 The result is that, although high-need/ low-resource authorities are partly protected, the cuts in grant have, as a result, a relatively flat distribution across the country. Those local authorities with the highest council tax income and lowest needs have received much higher increases in Formula Grant than expected.
- 4.5 In terms of dependence on formula grant Cherwell is now in the first quartile and receives damping in order to reach its floor of 13.8%.
- 4.6 Without the protection of the floor the % reductions in grant for the next two years would have been:
- | | |
|---------|-------|
| 2011-12 | 20.3% |
| 2012-13 | 17.6% |
- 4.7 The amount of protection the Council receives in monetary terms for the two years is as follows:
- | | |
|---------|----------|
| 2011-12 | £651,194 |
| 2012-13 | £607,383 |
- 4.8 With the exception of South Oxfordshire and West Oxfordshire, the other local authorities in the county are at the floor.
- 4.9 The reality of the situation is that the Council is faced with a reduction in formula grant (excluding concessionary travel) of 13.8% compared to the adjusted formula grant for 2010-11. This is significantly greater than the national overall picture that was revealed in the Spending review in October of 10.9% and the reductions are front loaded. The reduction across the first 2 years is 24.3%.

5. OTHER FUNDING STREAMS

Council Tax Freeze

- 5.1 The settlement confirms that there will be a grant of £650m to fund the implementation of a council tax freeze in 2011-12. The grant is equivalent to a 2.5% increase in council tax and equates to £155,037 for Cherwell and is in line with the amount already included in draft 1 of the 2011/12 budget.
- 5.2 There will be funding to support this amount in the four Spending Review years. However there will be no funding to support continuation of this freeze to 2012-13.
- 5.3 It was announced in the CSR that funding for building growth would be available. The following funds have been earmarked:

New Homes Bonus

2011-12	£196m
2012-13	£250m

The Government hopes that its New Homes Bonus, which aims to incentivise house-building by match funding the Council Tax on every new home for each

of the following six years, will prevent a housing shortage and encourage the building of 150,000 affordable homes over the spending review period.

- 5.4 It is expected that this funding will be distributed when the final formula grant figures are released at the end of January 2011.
- 5.5 If the consultation paper principles are confirmed then this Council will receive £440,000 in the first year. The consultation closes on 24 December 2010 and a detailed review of the scheme and implications for Cherwell District Council has been prepared in providing our consultation response. Any funds received from this initiative will be used to fund the expenditure associated with this type of housing growth.
- 5.6 This amount has not been included in the 11/12 budget plans at this point as:
 - The consultation process of the fund does not end until Dec 2010 and the outcome of the responses will not be known until late Jan 2011.
 - The allocation of the funds may differ from the current proposal as the County's are lobbying for more than a 20% share of the funding.
 - The terms and conditions of the funding are unclear.
 - This is a temporary funding stream and a strategy is required to understand how the Council will use this funding initially and what will happen when the fund is ended and how this may impact on formulae grant.

6 SUMMARY

- 6.1 Whilst Concessionary Travel could be viewed as a successful campaign, the level of general grant reduction in 2011/12 is much greater than the average 10.9% reduction outlined in the Spending Review in October and year 2 is also severe at ~10.5%.
- 6.2 The implications of the final settlement and in particular the front loading will be used to formulate the refresh of the medium term financial forecast which will be considered by the Executive in February 2011 and the savings target to match 2012/13 budget reductions will form part of the final corporate improvement plan.

Draft Revenue 2011/12 Budget and Analysis

The Status of the Budget

- 1.1 This second draft of the budget presented to the Executive has been subject to a review by Resources and Performance as part of the 2011/12 budget process.
- 1.2 We have now received confirmation of the Government Grant settlement and this has been incorporated into this second draft, and can be seen detailed in Table 1 below and Appendix 1
- 1.3 The amount available for distribution from the Collection Fund will be confirmed later in the process and expected further announcements in relation to inflation and interest rates will also be considered.
- 1.4 The draft budget will be presented to the Executive again on February 7th 2011 with detailed analysis of expenditure by Directorate and service before approval by Council on February 21st 2011.
- 1.5 The impact of the economic situation will continue to be reviewed in relation to the 2011/12 budget and a review of inflation and interest rates will be conducted in relation to our risk review.
- 1.6 Investment income has been reviewed and adjusted to take account of the current economic climate this will be further reviewed within Draft 3.

General Fund Revenue Budget

- 1.7 The draft General Fund Revenue budget is shown in Table 1. The draft budget presented illustrates significant progress in securing further efficiency savings to substantially reduce the funding gap identified in the previous draft from £1,114,180 to £360,510.

SERVICE EXPENDITURE - excluding support allocation	Budget 2010/11	Projection 2010/11	Budget DRAFT 1 2011/12	Budget DRAFT 2 2011/12	Movement
Service Expenditure Funding	£18,527,526	£18,527,526	£17,211,950	£16,240,470	
Investment Income	£1,348,753	£1,348,753	£891,127	£791,127	
Government Grant	£10,905,340	£10,905,340	£8,687,646	£8,574,773	
Collection Fund	£84,477	£84,477	£142,403	£142,403	
Council Tax	£6,188,956	£6,188,956	£6,376,594	£6,371,657	
	£18,527,526	£18,527,526	£16,097,770	£15,879,960	
Potential Shortfall	£0	£0	£1,114,180	£360,510	£753,670
COUNCIL TAX					
Relevant Tax Base	50,113	50,113	50,396	50,337	
Council Tax Rate for Band "D"	£123.50	£123.50	£123.50	£123.50	
Council Tax Collection	£6,188,956	£6,188,956	£6,223,906	£6,216,620	
Council Tax Grant	£0	£0	£152,688	£155,037	
Total Council Tax	£6,188,956	£6,188,956	£6,376,594	£6,371,657	

1.8 The reduction of the deficit of £753,670 is primarily as a result of :

Driver	£
Concessionary Fares - provision for Token refunds post 31/3/2010	70,000
Various other budget adjustments	-47,365
Outcome from Scrutiny Review (excluding items on call in)	-111,505
Value for Money Reviews	-150,312
Building Blocks incorporated into Draft 2	-181,488
South Northants Joint Management Savings	-333,000
Total	-753,670

1.9 The total reduction in the 2011/12 Draft Budget 2 now equates to £2,647,566 when compared with 2010/11 budget.

Actions to address budget deficit

1.10 In order to balance the budget a further reduction in costs or increase in income of £360,150 is required. The following actions have been identified for the Executive to consider in order to minimise the budget deficit at this stage:

£1,114,180	DRAFT 1 DEFICIT
£360,150	DRAFT 2 DEFICIT
	AREAS UNDER REVIEW
	RECOMMENDATIONS OF OVERVIEW AND SCRUTINY (AGENDA ITEM 8)
	VALUE FOR MONEY REVIEW OF CULTURAL AND HERITAGE (AGENDA ITEM 10)
	REVIEW OF RESERVES & PROVISIONS
	REVIEW OF INTEREST INCOME
	REVIEW OF RISK
	REVIEW OF PROVISIONAL SETTLEMENT CONSULTATION

Medium Term Financial Strategy 2011/12 – 2014/15

1.11 The MTFS is refreshed throughout the year and will be updated in line with the final budget for 2011/12. This will be presented as part of the budget booklet and will contain a number of scenarios which will be modelled on the 2 year settlement.

Cherwell District Council's new corporate plan will be developed for the same period as covered by the comprehensive spending review (4 years 2011/12 - 14/15). This version outlines the Council's priorities for **year one** of the period (**2011-2012**) taking into account the possible reduction in the Council's net budget from £18.5m to £17m.

This draft outlines the Council's four strategic priorities and the objectives that underpin each one. The performance of each objective will be monitored through either progress against projects, key milestones or numerical performance measures. The detail behind these measures and milestones will be set out in January 2011 after the completion of public consultation.

** Specific note should be made of objectives A3 and C1 which will be further developed when national policy implications are fully understood including the Localism Act and policy guidance relating to the role of the voluntary sector (the 'Big Society').*

	A A District of Opportunity	B A Cleaner Greener Cherwell	C A Safe, Healthy and Thriving Community	D An Accessible Value for Money Council
Page 87	<p>1 Work with partners to tackle disadvantage in the District.</p> <ol style="list-style-type: none"> Brighter Futures in Banbury (project measure) Homelessness, Benefits, take up, improving service, supporting residents through benefits reforms, to include mortgage rescue (project and numerical measures) Support people into work - apprenticeships and the Job Club (project measure) 	<p>Provide excellent waste collection and recycling services, working to reduce the amount of waste produced and to increase recycling across the district.</p> <ol style="list-style-type: none"> Recycling rates (% numerical measure) Total waste reduction (numerical measure) Customer satisfaction (numerical measure) 	<p>* Support the local community, voluntary and not for profit sectors to play an active role in the district.</p> <ol style="list-style-type: none"> Work with the local voluntary sector to provide advisory services for the local community (project measure) Support volunteering across the district (project measure) Develop a new community development strategy to ensure the Council's work in this area provides value for money and addresses local need (project measure) 	<p>Provide value for money and a financially sound organisation, minimising the impact of smaller council budgets on frontline and priority services.</p> <ol style="list-style-type: none"> Achieve annual savings plan targets (financial measure against medium term financial strategy) Ensure the Council's budget is matched to strategic priorities and services are able to demonstrate they provide value for money (finance/project measure) % of people who feel the Council provides value for money (satisfaction measure annual survey)
	<p>2 Balance economic development and housing growth.</p> <ol style="list-style-type: none"> Major new housing projects (measured through the AMR) (numerical measure) Affordable housing delivery(% numerical measure) Promoting economic development through business advice / support, inward investment, Local Enterprise Partnerships (project measure) 	<p>Work to ensure our streets, town centres, open spaces and residential areas are clean, well maintained and safe.</p> <ol style="list-style-type: none"> Street and environmental satisfaction (numerical measure) Litter/graffiti/fly-tipping/dog mess (numerical measure) CCTV TBC – may need an alternative 	<p>Provide good quality recreation and leisure opportunities in the district.</p> <ol style="list-style-type: none"> Maintain current levels of visits/usage to district leisure centres (measure to be determined) Maintain high customer satisfaction with Banbury Museum (attendance figures and schools attendance - numerical measure) Work with partners to develop the SW Bicester multi-sports village (project measure) 	<p>Work with partners to reduce Council costs.</p> <ol style="list-style-type: none"> Reduce senior management costs by implementing a single shared senior management team with South Northants Council (financial measure) Explore opportunities to share further services with South Northamptonshire Council, for example building control (project measure) Explore opportunities to develop other service delivery models to further reduce the Council's costs (project measure)

	A A District of Opportunity	B A Cleaner Greener Cherwell	C A Safe, Healthy and Thriving Community	D An Accessible Value for Money Council
3	<p>* Develop a robust and locally determined planning framework.</p> <ol style="list-style-type: none"> 1. Localism – implement the Localism Act in the district (project measure) 2. Transport/infrastructure (project measure) 3. Development control (project measure) 	<p>Work to reduce our impact on the natural environment, limit our use of natural resources and support others in the district to do the same.</p> <ol style="list-style-type: none"> 1. Energy Efficiency / local energy generation (project measure) 2. CO2 reduction (project measure) 3. Fuel poverty / affordable warmth (project measure) 	<p>Work with partners to tackle anti-social behaviour and support community safety.</p> <ol style="list-style-type: none"> 1. Work with partners to reduce crime and the fear of crime in the district. (numerical measures) 2. Work with partners to tackle Anti-Social Behaviour in the district (numerical measure) 3. Provide a programme of activities for young people (project measure) 	<p>Demonstrate that we can be trusted to act properly for you by being transparent about our costs and performance.</p> <ol style="list-style-type: none"> 1. Publish financial and performance data on our website on a monthly basis to enable local people to scrutinise us (project measure) 2. Publish an annual report of our performance and accounts providing a summary of our performance in respect of local priorities (project measure) 3. Consult with local residents in a cost effective manner to ensure the Council has a good understanding of local priorities (project measure)
	<p>Work to improve the quality and vibrancy of our town centres and urban areas.</p> <ol style="list-style-type: none"> 1. Canal side Banbury (project measure) 2. Bicester Town Centre (project measure) 3. Bolton Road Banbury (project measure) 	<p>Work with partners to support the development of Eco-Bicester, creating a centre of excellence in terms of green or sustainable living.</p> <ol style="list-style-type: none"> 1. Make progress delivering the first phase of housing (400 homes built in to the highest environmental standards) (project measure) 2. Demonstration projects (project measure) 3. Community participation (project measure) 	<p>Support improvement of local health facilities, services and standards across the district.</p> <ol style="list-style-type: none"> 1. Support the local NHS to retain and develop health services at the Horton General Hospital (project measure) 2. Continue to support new and improved health services in Bicester and the surrounding area (project measure) 3. Promote active lifestyles (project measure e.g. the Ageing Successfully programme) 	<p>Work to ensure we provide good customer service through the delivery of high quality and accessible services.</p> <ol style="list-style-type: none"> 1. Maintain existing levels of customer satisfaction (numerical measure) 2. Maintain existing levels of satisfaction with information provided by the Council (numerical measure) 3. Increase the number of our services accessible online / make it easier to deal with the Council online (project measure)
Pledges? Possible areas for public pledges could include the following service areas:				
1	Affordable Housing (%)	Recycling	Leisure Centres	Savings
2	Bicester Town Centre	Street and Environmental Satisfaction		Customer Satisfaction
3		Eco-Bicester		Increase the number of online line services

Capital Programme 2011/12

- 1.1 A total of 27 bids were received of which 3 were deleted at appraisal stage. This leaves 24 bids for consideration and these are analysed according to consultation priority below:

Priority	No. of bids
1 Refuse collection & recycling, housing (needs, strategic & private sector), anti-social behaviour	6
2 Economic development & regeneration	2
3 Sports facilities, local, community & leisure development, safer communities, health promotion	2
4 Cleansing, local transport & concessionary fares, environmental protection, conservation & urban centres, arts, rural areas, car parking, estates	1
5 Building control & engineering, public protection, enforcement	0
6 Planning control, diversity & equality	0
7 Landscape, Banbury museum, tourism, licensing	0
Corporate Revenue & benefits, democratic services, chief executive office, member services, corporate charges, communications, treasury, improvement, community planning, elections, land charges	13
	24

- 1.2 The draft capital proposals to date for 2011/12 are shown in Appendix 3a these bids totalling £3,893,980 still need to be considered in the context that they must meet with the Council's priorities. Each scheme is supported by an appraisal and these have been scored according to priority by the Capital Investment Delivery Group.
- 1.3 At least one third of the capital bids can be categorised as spend to save initiatives and generate positive revenue implications which if considered for inclusion in the final 2011/12 capital programme will contribute to the financial challenges ahead.
- 1.4 The new capital bids have been scrutinised by the Resources and Performance Scrutiny Board and their recommendations are detailed in Appendix 3a.
- 1.5 The Capital Strategy for 2011/12 has a direct impact on the Treasury management revenue budget in terms of the opportunity cost of reduced cash balances from the use of capital receipts and reserves. Decisions on the future capital programme will need to take into account the overall priorities and affordability in revenue as well as capital terms.
- 1.6 Capital balances are expected to reduce to less than £17m in 2014/15 and a detailed forecast is shown in appendix 3c. The balances are further reduced as a result of the recent capitalisation approval from CLG of £3.231M for the Icelandic bank losses.
- 1.7 In late October 2010 the Council made a request to the government to capitalise the impairment loss of £4.615m which we had invested in Iceland's Glitnir bank. In early December we had confirmation that the government has

agreed that £3.231m can be treated as capital expenditure and spread the cost over 20 years. Therefore this will reduce the capital receipts by £3.231m in 2010/11 but will be replenished by £0.16m each year from revenue over the 20 year cycle.

The remaining impairment loss of £1.384m will have to be charged in its entirety to the General Fund reserve in 2010/11 as the rules state that any losses need to be realised in the year to which they relate. This is a better position for the Council than we had originally planned for as it puts less pressure on our revenue finances.

However, this is purely an accounting requirement and does not mean that the deposits are lost. The Council continues to work with Bevan Brittan and LGA to seek full recovery of the £6.5m invested. Should the deposits be repaid in full as priority creditor status then the accounting entries would be reversed.

- 1.8 The Executive has agreed that 21 capital schemes which were approved as part of the 2010/11 budget process but which work has been delayed until 2011/12 will also be delivered in 2011/12 and these are detailed schedule in Appendix 3b.
- 1.9 A summary of the draft capital programme and recommended financing is summarised below:

	Total Scheme Cost	2011/12 Profile
Schemes approved and slipped from 2010/11 (Appendix 3b)	£7,012,000	£6,762,000
Schemes approved in 2010/11 profiled for 2011/12 and beyond (Appendix 3d)	£6,245,184	£1,245,184
Proposed programme (Appendix 3a)	£5,912,314	£3,893,980
Total Capital Programme to be Financed	£19,169,498	£11,901,164
Financed by:		
Capital Receipts	£14,062,448	£8,317,164
<i>Housing Reserves</i>	£2,987,000	£2,987,000
	£17,049,448	£11,304,164
Government Grants		
<i>£375k per annum Governmental Grant Funding towards Mandatory Disabled Facilities Grants</i>	£1,500,000	£375,000
Use of Reserves		
<i>Wheeled Bins Reserve</i>	£15,000	£15,000
<i>Vehicle Replacement Programme</i>	£605,050	£207,000
	£19,169,498	£11,901,164

Further Document Information

Appendix No	Title
Appendix 3a	New Capital Bid Proposals
Appendix 3b	Schedule of capital schemes slipped from 2010/11
Appendix 3c	Analysis of Capital Reserves
Appendix 3d	Spend approved in 2010/11 profiled for 2011/12

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Capital Bids 2011/12 by Score

Bid No.	Consultation		Service Head	Service	Capital Bid Score	Total Estimated Capital Cost	Estimated Capital Cost for 2010/11	2011/12	
	Priority	Capital Scheme						Revenue Costs / (Savings)	
24	1	Mandatory Disabled Facilities Grants (DFGs)	Gillian Greaves	Housing Services	45	£860,000	£860,000		
19	4	Vehicle Replacement Programme	Ed Potter	Environmental Services	44	£2,186,000	£207,000		
9	C	Extended Contract for Website Hosting	Pat Simpson	Customer Service & Information Systems	40	£59,000	£19,666		
5	C	Photovoltaics at Bodicote House and Banbury Museum	David Marriott	Economic Development & Estates	39	£350,000	£350,000	(£20,186)	
20	C	Solar Photovoltaics at Thorpe Lane Depot	Ed Potter	Environmental Services	39	£100,000	£100,000		
21	C	Solar Photovoltaics at Sports Centres	Paul Marston Weston	Recreation & Health	39	£785,000	£785,000	(£61,500)*	
14	C	Uniform & Corporate Geographic Information Systems (GIS) Database & Application Upgrades	Pat Simpson	Customer Service & Information Systems	38	£15,000	£15,000		
22	1	Delegated Affordable Housing Capital Pot	Gillian Greaves	Housing Services	36	£500,000	£500,000		
23	1	Discretionary House Condition Grants	Gillian Greaves	Housing Services	36	£325,000	£325,000		
6	1	Orchard Way Refurbishment	David Marriott	Economic Development & Estates	34	£250,000	£250,000	0**	
8	3	CCTV Internet Protocol Transmission	Chris Rothwell	Urban & Rural Services	34	£100,000	£100,000		
17	1	Mini MRF (Materials Recovery Facility)	Ed Potter	Environmental Services	34	£29,000	£29,000		
18	1	Recycling Bins Programme	Ed Potter	Environmental Services	34	£15,000	£15,000	(£1,000)	
4	2	Fees of Future Regeneration Schemes	David Marriott	Economic Development & Estates	31	£50,000	£50,000		
1	C	Replacement Voicemail Service	Pat Simpson	Customer Service & Information Systems	29	£10,000	£10,000		
2	C	Highfield Depot Improvements	David Marriott	Economic Development & Estates	29	£10,000	£10,000		
3	C	Virtual Server Infrastructure Expansion	Pat Simpson	Customer Service & Information Systems	29	£30,914	£30,914	£2,212	
4	C	Storage Area Networks (SAN) Expansion	Pat Simpson	Customer Service & Information Systems	29	£41,900	£41,900	£1,700	
5	C	Core Business System Integration	Pat Simpson	Customer Service & Information Systems	28	£52,500	£52,500		
6	3	Corporate Bookings System	Ian Davies	Environment & Community	23	£50,000	£50,000		
7	C	Community Intelligence Hub	Chris Rothwell	Urban & Rural Services	21	£20,000	£20,000		
27	2	Kidlington Pedestrianisation	David Marriott	Economic Development & Estates	18	£50,000	£50,000		
10	C	SMS Text Messaging Functionality	Pat Simpson	Customer Service & Information Systems	17	£13,000	£13,000		
15	C	Contact Centre Call Recording	Pat Simpson	Customer Service & Information Systems	12	£10,000	£10,000		
<i>C = this service was not consulted on as part of the public consultation exercise</i>						GRAND TOTAL	£5,912,314	£3,893,980	(£17,274)

* Awaiting confirmation. Will be confirmed in the final version of the budget.

** This had original savings of £216,000 but is a possible replacement for a 2010/11 bid. Therefore if this goes ahead, the savings from 2010/11 will be slipped.

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APPENDIX 3b

2010/11 APPROVED BIDS SLIPPED INTO 2011/12

Bid No.	Capital Scheme	Service Head	Strategic Priority	Score given 2010/11	Slippage agreed as at 1st Nov 2010*	
P/Y 1	Funding for Mollington & Hornton Rural Exception Sites	Gillian Greaves	District of Opportunity	30	£	60,000
P/Y 2	Purchase of Temporary Accommodation Bryan House Bicester & Edward Street Banbury	Gillian Greaves	District of Opportunity	31	£	330,000
P/Y 3	Kidlington Pedestrianisation	David Marriott	District of Opportunity	19	£	20,000
P/Y 4	Fees for Future Regeneration Schemes	David Marriott	District of Opportunity	17	£	50,000
P/Y 5	Climate Changes Initiatives Fund	Ed Potter	Cleaner, Greener	Pre 10/11	£	16,000
P/Y 6	Bicester Cattle Market Car Park Phase 2	David Marriott	District of Opportunity	Pre 10/11	£	94,000
P/Y 7	Old Bodicote House	David Marriott	Accessible Value for Money	Pre 10/11	£	371,000
P/Y 8	Land at Claypits Lane Bicester	David Marriott	District of Opportunity	Pre 10/11	£	187,000
P/Y 9	Orchard Way Banbury Redevelopment	David Marriott	District of Opportunity	Pre 10/11	£	1,100,000
P/Y 10	Financial Ledger - Agresso 5.5	Karen Curtin	Accessible Value for Money	Pre 10/11	£	50,000
P/Y 11	Budget Module	Karen Curtin	Accessible Value for Money	Pre 10/11	£	15,000
P/Y 12	Fleet Management System	Ed Potter	Accessible Value for Money	27	£	28,000
P/Y 13	Village Hall, Recreation Play Grants	Paul Marston-Weston	Safe & Healthy	Pre 10/11	£	19,000
P/Y 14	South West Bicester Sports Village	Paul Marston-Weston	Safe & Healthy	Pre 10/11	£	270,000
P/Y 16	Urban Centres Improvements	Chris Rothwell	District of Opportunity	Pre 10/11	£	7,000
P/Y 17	Replacement Cabling Infrastructure for CCTV	Chris Rothwell	Safe & Healthy	Pre 10/11	£	55,000
P/Y 19	Online Service Provision via Forms	Pat Simpson	Accessible Value for Money	Pre 10/11	£	20,000
P/Y 21	Banbury Pedestrianisation	David Marriott	District of Opportunity	Pre 10/11	£	20,000
P/Y 23	Thorpe Lane Depot	David Marriott	District of Opportunity	Pre 10/11	£	50,000
P/Y 24	Bicester Town Centre Development	David Marriott	District of Opportunity	33	£	4,000,000
					£	6,762,000

*There will be further slippage requests in Q3 Finance Report of approximately £100,000 which relate primarily to SW Bicester Sports Village, Banbury Football Development and various ICT projects.

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Capital Reserves Analysis

APPENDIX 3c

CAPITAL RECEIPTS FORECAST

Opening balance at 1st April 2010 £s	Expected capital exp in 2010/11 £s	Iceland Capitalisation 2010/11 £s	Expected spend in 2011/12 £s	Expected spend in 2012/13 £s	Replenishment from interest 2012/13 £s	Expected spend in 2013/14 £s	Replenishment from interest 2013/14 £s	Expected spend in 2014/15 £s	Replenishment from interest 2014/15 £s	Closing Balance £s
<u>46,289,674</u>	<u>-8,325,388</u>	<u>-3,230,500</u>	<u>-11,304,164</u>	<u>-5,703,667</u>	<u>250,000</u>	<u>-598,667</u>	<u>250,000</u>	<u>-966,000</u>	<u>250,000</u>	<u>16,911,288</u>

APPENDIX 3d

Capital expenditure approved in 2010/11 profiled for 2011/12

	Profiled 2011/12 spend	Profiled 2012/13 spend
Bicester Town Centre Redevelopment	0	5,000,000
Car Park Refurbishments	5,000	0
Microsoft Licensing Agreements	110,184	0
South West Bicester Sports Village	1,130,000	0
	<u>1,245,184</u>	<u>5,000,000</u>

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COUNCIL TAX BASE FOR 2011/12

10 January 2011

Report of Head of Finance

PURPOSE OF REPORT

To consider the calculation of the council tax base for 2011/12

This report is public

Recommendations

The Executive is recommended:

- (1) To approve the report of the Head of Finance, made pursuant to the Local Authorities (Calculation of Tax Base) Regulations 1992, as amended, and the calculations referred to therein for the purposes of the Regulations;
- (2) To resolve that, in accordance with the Regulations, as amended, the amount calculated by the Cherwell District Council as its council tax base for the year 2011/2012 shall be 50,337; and
- (3) To resolve that the tax base for parts of the area be in accordance with the figures shown in column 13 of Appendix 4b.
- (4) To resolve to continue with the discretionary awards that it resolved to give on December 1 2008.

Executive Summary

Introduction

- 1.1 The Council is required to calculate its tax base for each financial year in advance of the start of the year and notify its major precepting authorities and local precepting authorities accordingly.
- 1.2 The background information forming part of this report provides all the necessary calculations together with an explanation of how each has been arrived at.
- 1.3 There are various powers contained within the Council Tax, Housing Benefit

and Business Rates legislation, all of which are reviewed annually.

- 1.4 Any resolution to amend a discretionary power relating to Council Tax must be made before the Council Tax for the next financial year is set. Similarly, with Business rates, it is important to establish the criteria that will apply for all classes of discretionary relief prior to the annual billing process.

Proposals

- 1.5 To consider the calculation of the council tax base for 2011/2012 as set out in the background information and decide whether to vary the estimated figures of adjustments for changes in property information during the year, e.g. new properties or discount changes, as well as the collection rate used in the attached Appendix 4a to this report.
- 1.6 It is proposed that no variations are made to either the estimated adjustments or the collection rate used in Appendix 4a. The estimated adjustments have been made to take into account the potential slow down in the building of new properties resulting from the change in the economic climate. The role of inspector has now been deleted and there is no role responsible for carrying out the estimate of new properties. However, the Service Assurance Team will work in conjunction with other internal and external partners to carry out this annual task. The collection rate remains unchanged from 2010/11 to reflect the possible fall off in collection that may occur if the recession has a serious effect on jobs in the district.
- 1.7 There are no proposals to amend any of the discretionary powers in relation to the council tax, business rates or housing and council tax benefit from those agreed by the Executive in December 2008.

Conclusion

- 1.8 The attached background information and Appendices provide the most up to date view of the tax base and the adjustments that have been made to allow for changes during 2010/2011 are based on the current understanding of the effects the recession is likely to have on properties. On this basis the Executive is invited to approve the recommendations set out at the beginning of this report.

Background Information

COUNCIL TAX BASE CALCULATIONS FOR 2011/12

Valuation Banding and Notification to Preceptors

- 2.1 The billing authority is obliged to notify major precepting authorities of the tax base set, by 31 January 2011. In practice, it is important that they, and the local precepting authorities, are given more time to determine their precepts, in order that they are able to levy them on this Council in time for the council tax level to be considered at the Executive meeting to be held on 7 February and for the Council to set the council tax at its meeting on 21 February 2010.
- 2.2 To give all precepting authorities (including parish and town councils) sufficient time to determine their precepts it would seem appropriate to notify all precepting authorities of their proposed tax bases following this meeting of the Executive.

The Requirements of the Tax Base Calculation

- 2.3 The Local Authorities (Calculation of Tax Base) Regulations 1992 (S.I. No 612 of 1992) as amended by S.I. 1742 and S.I. 2943 (both of 1992), S.I. 3123 and 3437 (both of 1999) and S.I. 3012 of 2003 set out the necessary calculations and it is a clear intention that the Council should be seen to perform a series of calculations, which follow.
- 2.4 The first step is to establish the relevant amount (band D equivalents) for 2011/12. Regulation 5AA provides the following formula:

the relevant amount for a valuation band = (H-Q + J) x F/G

Where -

- H is the number of chargeable dwellings
- Q is a factor to take account of the various discounts
- J is an amount of adjustments for changes in property information during the year e.g. new properties or discount changes
- F is the proportion relevant to the band e.g. 6 for band A
- G is the number relevant to band D i.e. 9

- 2.5 Appendix 4a to this report shows a summary of the information resulting in the following totals:

58,820 properties on the list
51,144.band D equivalents (the relevant amount)

- 2.6 Appendix 4b to this report provides the calculation of the tax base for each town and parish
- 2.7 Regulation 3 of The Local Authorities (Calculation of Council Tax Base) Regulations 1992 provides for each billing authority to determine a collection rate. It requires the authority to estimate the amounts, which are likely to be paid, expressed as a proportion of its estimate of what should be paid. It is estimated that in accordance with the calculations under regulation 3, the Collection Rate for this authority should be 98%.

- 2.8 Because there is a need to calculate the tax base at individual town and parish level the Collection Rate has been applied to the net band D equivalents in Appendix 4b and the MOD property added back to arrive at a tax base of 50,337 compared to 50,113 in the current financial year

Calculation of the Tax Base for a Part of the Area

- 2.9 Regulation 6 requires that the tax base be determined for each local precepting area. Appendix 4b provides this for the 78 distinct parts of the District's area.
- 2.10 Column 1 shows the band D equivalents of properties in each part net of exemptions, disabled relief and discounts. The Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 1999 (Statutory Instrument No 3123 of 1999) provide for disabled relief to be allowed on properties in band A. Instead of being charged at 6/9 of band D they are charged at 5/9 of band D
- 2.11 Column 2 adds in MOD property to arrive at the 'relevant amount', which totals to 51,144.0 in column 3
- 2.12 Columns 4 to 7 deal with any adjustments expected during the year. It is almost impossible to predict changes to discounts and reductions in property numbers but an estimate has been included of additional properties. The figures in column 4 have been taken from Inspectors' records and have been converted to an estimated band D equivalent. In all cases properties have been assumed to be billed for a half year only. Columns 4 and 6 also take into account the movement of any properties (at band D equivalent) between parishes and any properties to be demolished
- 2.13 Column 8 provides a sub-total
- 2.14 Column 9 takes the MOD property back out again to give the net figure again in column 10
- 2.15 Column 11 applies the Collection Rate. This has been maintained at 98%, the same figure used for the current year. This is considered reasonable given the 98.5% collection rate achieved in 2007/08, whilst also allowing for any shortfall that may arise if the recession results in local residents finding it difficult to meet all their financial commitments and falling into arrears with their council tax payments
- 2.16 Column 12 adds back the MOD property and column 13 shows the tax base for billing purposes for 2011/2012
- 2.17 Column 14 shows the tax base for 2010/2011 for comparison purposes

Key Issues for Consideration/Reasons for Decision and Options

- 3.1 The Collection Rate to be used in the tax base calculation is a best estimate of the percentage of the total amount due for 2011/2012 that will be collected.

It is based on the level of in-year collection achieved in previous years. Over recent years the in-year collection rate has increased each year, from 95.75% in 2000/01 to 98.5% last year. The Collection Rate was last increased, from 97 to 98%, in the tax base calculation for 2007/08. Actual in-year collection for 2009/10 was 98.3% and it is on target to achieve the same for 2010/11 financial year.

- 3.2 The issues that affect the collection rate estimate centre around the ability to pay. With a recession beginning there will be a number of local residents whose ability to pay their council tax will be affected over the next year and these residents may not qualify for help through council tax benefits, in which case they may find it difficult to maintain their outgoings.
- 3.3 Given the unknown factors that will arise from the current economic situation in the next year it is to be recommended that the collection rate used in the tax base calculation remain at 98%.
- 3.4 The estimate of adjustments applied to take account of new properties likely to become available during the next year could also be varied. The adjustments made, on the basis of the information obtained by the council tax inspector, take into account known planning applications and the progress that is to be made on them during the remainder of this year and next.

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

Option One The majority of figures used in the calculation are obtained from the billing system for council tax and as such are a matter of fact. The Executive could vary the estimated figures of adjustments for changes in property information during the year e.g. new properties or discount changes as well as the collection rate used in this report.

Option Two The Council may vary the discounts for second homes and long-term empty dwellings this report proposes that the rates for 2011/12 continue unchanged from those approved for 2010/11 as approved by the Executive at its meeting on 1 December 2009

Consultations

None

Implications

Financial: The tax base determines the potential income from each £1 of council tax set. If the tax base, as calculated in column 13 of Appendix 5b, were to be set, it would result in £50,337 being raised per £1 of council tax set (for budget purposes).

(Section 106 of the Local Government Finance Act 1992 applies to decisions taken on matters contained in this

report and any Member affected by it is obliged to disclose the fact and refrain from voting.)

Comments checked by Karen Muir, Corporate System Accountant 01295 221559

Legal:

The calculations required to be undertaken by the Council in order to arrive at its council tax base are set out in the legislation referred to in paragraphs 2 and 3.1 of this report. Failure to set a council tax base for 2011/12 would result in the Council being unable to set its council tax for 2011/12

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

Risk Management:

The adjustments made, in columns 4 and 6 of Appendix 4b, to the data supplied by the council tax system, to allow for new and demolished properties occurring in 2011/12, is an estimate based on existing planning permissions. There is a risk that new properties will not be built or may not sell and become occupied as soon as the builders expect, this estimate is therefore reduced by 50% to allow for possible delays in these new properties being built and occupied in 2010/11

Comments checked by Karen Muir, Corporate System Accountant 01295 221559

Wards Affected

All

Corporate Plan Themes

An Accessible, Value for Money Council

Executive Portfolio

Councillor Macnamara
Portfolio Holder for Resources and Communication

Document Information

Appendix No	Title
Appendix 4a&b	Council Taxbase Calculations
Background Papers	
Reports RRV708 and RKC 023D from the Northgate Revenues computer system	
Report Author	Karen Curtin, Head of Finance
Contact Information	01295 221551 Karen.curtin@cherwell-dc.gov.uk

2011/12								2011/12							
Appendix 4b								Appendix 4b							
COUNCIL TAX BASE CALCULATIONS								COUNCIL TAX BASE CALCULATIONS							
column 1	column 2	column 3	column 4	column 5	column 6	column 7		column 8	column 9	column 10	column 11	column 12	column 13	column 14	
	MOD	Band D	Full Year Equivalent Of	Full Year Equivalent Of				Adjusted	MOD		98%	MoD	Tax Base	Tax Base	
Band D	in Band D	Equivalent	Additional	Reduction In	Reduction In	Increase In		Band D	in Band D	Net Band D	Tax	Class O	For	For	
Parish/Town	Equivalents	Equivalents	Sub Total	Properties	Discounts	Properties	Discounts	Parish/Town	Equivalents	Equivalents	Equivalents	Base	Properties	2011/12	2010/11
Adderbury	1194.8		1194.8	16.9				Adderbury	1211.7		1212	1188		1,188	1,165
Ambrosden	357.5	236.6	594.1	0.9				Ambrosden	595.0	-237	358	351	237	588	589
Ardley	265.0		265.0					Ardley	265.0		265	260		260	260
Arcott	295.4	1.8	297.2	10.9				Arcott	308.1	-2	306	300	2	302	284
Banbury	14850.9		14850.9	54.3				Banbury	14905.2		14905	14607		14,607	14,502
Barford	265.8		265.8	0.4				Barford	266.2		266	261		261	267
Begbroke	362.9		362.9	5.8				Begbroke	368.7		369	362		362	362
Bicester	10473.1		10473.1	-2.9				Bicester	10470.2		10470	10261		10,261	10,248
Blackthorn	143.4		143.4	1.2				Blackthorn	144.6		145	142		142	144
Bletchington	340.7		340.7	5.9				Bletchington	346.6		347	340		340	341
Bloxham	1354.2		1354.2	29.4				Bloxham	1383.6		1384	1356		1,356	1,329
Bodicote	848.5		848.5	2.5				Bodicote	851.0		851	834		834	839
Bourton	291.3		291.3	8.6				Bourton	299.9		300	294		294	293
Broughton	130.8		130.8					Broughton	130.8		131	128		128	129
Bucknell	112.4		112.4					Bucknell	112.4		112	110		110	110
Caversfield	415.0	1.7	416.7					Caversfield	416.7	-2	415	407	2	409	413
Charlton on Otmoor	202.5		202.5	0.8				Charlton on Otmoor	203.3		203	199		199	198
Chesterton	352.4		352.4					Chesterton	352.4		352	345		345	345
Claydon	138.8		138.8					Claydon	138.8		139	136		136	138
Cottisford	74.2		74.2					Cottisford	74.2		74	73		73	74
Cropredy	315.9		315.9					Cropredy	315.9		316	310		310	308
Deddington	930.6		930.6	2.6				Deddington	933.2		933	914		914	916
Drayton	92.1		92.1	1.6				Drayton	93.7		94	92		92	94
Duns Tew	225.8		225.8					Duns Tew	225.8		226	221		221	218
Epwell	141.5		141.5	0.9				Epwell	142.4		142	139		139	139
Fencot and Murcott	130.1		130.1					Fencot and Murcott	130.1		130	127		127	125
Finmere	218.2		218.2					Finmere	218.2		218	214		214	213
Fringford	269.9		269.9	0.5				Fringford	270.4		270	265		265	265
Fritwell	288.2		288.2					Fritwell	288.2		288	282		282	282
Godington	21.0		21.0					Godington	21.0		21	21		21	20
Gosford and Water Eaton	558.6		558.6	7.3				Gosford and Water Eaton	565.9		566	555		555	535
Hampton Gay and Poyle	74.4		74.4					Hampton Gay and Poyle	74.4		74	73		73	73
Hanwell	130.9		130.9					Hanwell	130.9		131	128		128	129
Hardwick with Tusmore	36.8		36.8					Hardwick with Tusmore	36.8		37	36		36	35
Hethe	119.4		119.4					Hethe	119.4		119	117		117	117
Hook Norton	942.4		942.4	1.6				Hook Norton	944.0		944	925		925	924
Horley	160.5		160.5	0.2				Horley	160.7		161	158		158	162
Hornton	159.6		159.6					Hornton	159.6		160	157		157	159
Horton cum Studley	251.7		251.7					Horton cum Studley	251.7		252	247		247	246
Islip	322.1		322.1					Islip	322.1		322	316		316	318
Kidlington	5038.4		5038.4	10.2				Kidlington	5048.6		5049	4948		4,948	4,935
Kirtlington	447.5		447.5	6.1				Kirtlington	453.6		454	445		445	439
Launton	504.7		504.7					Launton	504.7		505	495		495	492
Lower Heyford	225.7		225.7	0.6				Lower Heyford	226.3		226	221		221	221
Merton	138.3	5.0	143.3					Merton	143.3	-5	138	135	5	140	140
Middle Aston	62.2		62.2					Middle Aston	62.2		62	61		61	64
Middleton Stoney	150.7		150.7	0.9				Middleton Stoney	151.6		152	149		149	153
Milcombe	225.7		225.7	1.2				Milcombe	226.9		227	222		222	220
Milton	119.9		119.9	0.5				Milton	120.4		120	118		118	121
Mixbury	117.6		117.6					Mixbury	117.6		118	116		116	115
Mollington	216.2		216.2	0.9				Mollington	217.1		217	213		213	219

				2011/12		Appendix 4b						2011/12		Appendix 4b	
<i>ADJUSTMENTS</i>	COUNCIL TAX BASE CALCULATIONS							<i>BILLING TAX BASE</i>	COUNCIL TAX BASE CALCULATIONS						
	column 1	column 2	column 3	column 4	column 5	column 6	column 7		column 8	column 9	column 10	column 11	column 12	column 13	column 14
		MOD	Band D	Full Year Equivalent Of	Full Year Equivalent Of				Adjusted	MOD		98%	MoD	Tax Base	Tax Base
	Band D	in Band D	Equivalent	Additional	Reduction In	Reduction In	Increase In		Band D	in Band D	Net Band D	Tax	Class O	For	For
Parish/Town	Equivalents	Equivalents	Sub Total	Properties	Discounts	Properties	Discounts	Parish/Town	Equivalents	Equivalents	Equivalents	Base	Properties	2011/12	2010/11
Newton Purcell	44.8		44.8					Newton Purcell	44.8		45	44		44	45

2011/12										Appendix 5a
<u>COUNCIL TAX BASE CALCULATIONS</u>										
<i>PART 1 - FOR THE DISTRICT AS A WHOLE</i>										
		<u>Band A</u>	<u>Band B</u>	<u>Band C</u>	<u>Band D</u>	<u>Band E</u>	<u>Band F</u>	<u>Band G</u>	<u>Band H</u>	<u>Total</u>
Properties on the list *		5,175	14,734	16,075	10,107	7,051	3,181	2,273	224	58,820
<u>LESS</u>										
Exemptions		-337	-623	-355	-384	-128	-75	-42	-7	-1,951
Sub Total	0	4,838	14,111	15,720	9,723	6,923	3,106	2,231	217	56,869
<u>ADJUSTMENTS</u>										
Less Disabled Relief		-11	-44	-77	-55	-38	-15	-13	-12	-265
Add Disabled Relief	11	44	77	55	38	15	13	12		265
Sub Total	11	4,871	14,144	15,698	9,706	6,900	3,104	2,230	205	56,869
Discounts (25%)	-5	-2,780	-5,696	-4,733	-2,365	-1,216	-456	-268	-19	-17,538
Discounts (50%)		-53	-81	-51	-45	-30	-7	-28	-14	-309
2nd Home Discounts (10%)		-10	-33	-36	-53	-34	-32	-47	-14	-259
No of properties without discount	6	2,028	8,334	10,878	7,243	5,620	2,609	1,887	158	38,763
Total equivalent value after discounts	9.80	4,148.50	12,676.20	14,485.70	9,087.00	6,577.60	2,983.30	2,144.30	191.90	52,304.10
<u>BAND D EQUIVALENT</u>	5.4	2,765.7	9,859.3	12,876.2	9,087.0	8,039.3	4,309.2	3,573.8	383.8	50,899.7
MOD Property		0	222	39	36	0	0	1	0	298
Add MOD Property at band D	0.0	0.0	172.7	34.7	36.0	0.0	0.0	1.7	0.0	245.1
<u>TAX BASE AS AT 1 DECEMBER 2010, adjusted for all discounts</u>										
										<u>51,144.8</u>
* This represents properties on the valuation list net of demolished properties and known adjustments required.										
Proportion	5	6	7	8	9	11	13	15	18	
<u>Analysis of Discounts</u>										
Single Person Discounts (25%)	-5	-2,754	-5,570	-4,596	-2,306	-1,159	-432	-253	-19	-17,094
Disregard Discount (25%)		-26	-126	-137	-59	-57	-24	-15	0	-444
2nd Home Discounts (50%)		-9	-19	-4	-7	-6	-4	0	-1	-50
Disregard Discount (50%)		-14	-21	-10	-7	-7	-3	-20	-12	-94
Empty Property Discounts (50%)		-30	-41	-37	-31	-17	0	-8	-1	-165
2nd Home Discounts (10%)		-10	-33	-36	-53	-34	-32	-47	-14	-259
Value of above discounts	-3.8	-2,120.5	-4,342.2	-3,607.7	-1,844.0	-957.6	-374.3	-257.3	-33.9	-13,541.1

Executive

Value for Money Review of Culture and Heritage

10 January 2011

Report of the Interim Chief Executive

PURPOSE OF REPORT

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

This report is public

Recommendations

The Executive is recommended:

- (1) To endorse the overall conclusion of the review that the service is low cost for the Museum but high cost for its Arts service, has high performance in terms of visitor numbers to the museum and is high quality in terms of user satisfaction for the museum.
- (2) To agree that improvements in value for money be sought and approve the following recommendations for achieving savings of £81,130 in 2011/12;
 - a. Introduce single staffing at Banbury Museum, saving £13,385
 - b. Reduce the Museum exhibitions budget and operational costs, saving £15,476
 - c. Reduce arts funding by £31,906, ending grant aid support for all provision other than The Mill, Banbury
 - d. Reduce Arts Officer hours to 43 per week, saving £15,108
 - e. Reduce the operational revenue budget for Arts officers by 26%, saving £5,255
- (3) To cease core service funding of The Courtyard, Bicester due to the intended change in use of the facility from a dedicated youth arts centre which, prima facie, negates the operational agreement the Council is party to. However, retain the provision of a dedicated arts officer to the facility to continue support for the remaining youth arts provision. Subject to further negotiation with OCC and the Arts Council Lottery Unit, this will enable further savings of £38,000 in 2011/12.
- (4) To agree in principle subject to further assessment, to transfer the operation

of the Museum and Tourist Information Centre (TIC) into a bespoke Trust developed for the purpose from 2013/14, saving an estimated £64,000 in NNDR.

- (5) To ask officers to bring a detailed report on the creation of a Trust for the Museum and TIC to a future meeting.

Executive Summary

Introduction

- 1.1 This review forms part of the Value for Money programme of reviews, which aims to cover all services within the Council and improve the value of services offered to residents of Cherwell.
- 1.2 Culture and Heritage was selected as an area for a 'health check' review during 2010/11 along with a number of other services as these had not previously been covered by the VFM programme but account for a high level of expenditure. The aim of such reviews is to quickly identify potential savings using information that is readily available.
- 1.3 As part of recent planning for the Medium Term Financial Strategy arising from the Comprehensive Spending Review a number of savings options had been identified for the service which amounted to £134,000. An objective of the VFM review was to examine the feasibility of these and, where possible, identify further efficiencies that would allow for greater flexibility in the Council achieving its medium term savings targets.
- 1.4 The overall conclusion of the review is that the service is low cost for the Museum, but high cost for its Arts service. It has high performance in terms of visitor numbers to the museum. It is high quality in terms of user satisfaction for the museum
- 1.5 The review has identified savings to meet the £134,000 savings target along with an additional £49,130 of efficiencies.

Proposals

- 1.6 To adopt the recommendations of the Review in full

Conclusion

- 1.7 Significant reductions to expenditure on Culture and Heritage are possible and these will help reduce the Council's cost base and contribute towards its Medium Term Financial Strategy targets.

Background Information

- 2.1 This report sets out the findings of the Culture and Heritage VFM Review with recommendations to achieve its Medium Term Financial Strategy savings target of £134,000.
- 2.2 The agreed scope of the review included Banbury Museum and the Local Arts Development service, with a combined net budget for 2010/11 of £774,396. This has reduced by over 28% since 2008/09, largely through efficiency measures taken in 2009/10, resulting in closure of the museum on a Sunday, single staffing in the afternoons Monday to Friday and delayed opening throughout the week until 10am.
- 2.3 The VFM review has used a range of evidence to inform its conclusions, including the CIPFA RA (budget) benchmarking for 2010/11, bespoke benchmarking for both the Museum and the Arts Development service, and review of satisfaction and budget consultation data. The Review has also benefited from a study and options appraisal into possible governance arrangements for Banbury Museum by DCA consultants as part of a wider project commissioned (and funded) by the Museums, Libraries and Archives Council to offer bespoke advice to ten museums in the South East of England.

VFM Review Findings

- 2.4 Appendix 1 contains the Executive Summary of the VFM review. Key findings from the review can be summarised as follows;

Banbury Museum

- Analysis of visitor origin data confirms that the majority of people (62%) travel less than 25 miles to visit the Museum. 98% of respondents considered that their visit to the Museum was either 'Excellent' or 'Good', with only 2% finding it 'Satisfactory'. The same level of satisfaction was found for activities provided by the Museum. The Museum café was considered either 'Excellent' or 'Good' by 85% of visitors.
- It has a significantly higher level of annual visits at 215,477 compared to the average of 86,558 for comparator museums. This is thought to be due in part to its town centre location with a retail entrance, but also the close relationship with the Tourist Information Centre which guides visitors into the museum
- It has the lowest cost per visit at £1.08; 88% lower than the average of £9.16 per visit. At an equivalent cost per visit Banbury Museum would cost the Council £1.9m per annum. Staff cost per FTE was around the average at £32,499
- In budget consultations those taking part were apathetic towards Banbury Museum, with many believing it to be an unnecessarily large drain on Council resources. Consequently, this service was recommended as an area for further savings

Local Arts Development

- Of the six comparable authorities that still had a Council-funded arts function Cherwell was the most expensive at £1.98 per head of population, 152% higher than the average of £0.77. This equates to expenditure of £161,610 above the average.
- Cherwell had the 2nd highest level of arts grants per head of population at £0.82; 186% higher than the average of £0.29. This equates to expenditure above average of £74,156.
- Cherwell had the 3rd highest level of staffing at 0.13 FTE per 10,000 population, but this was below the average of 0.16 FTE due to a high staffing provision in Test Valley (9 FTE). If this is discounted from the calculations, Cherwell has the 2nd highest level of staffing, 51% above the (revised) average of 0.09 FTE. This equates to 0.61 FTE above the average.
- In budget consultations funding for Arts was an area where many felt that funding should be protected in order to maintain a choice and balance of activities available to residents in the District. However, reallocation of funds within this area was thought to be required, with an increased emphasis on maintaining (and possibly increasing) programmes and activities in centres such as the Courtyard Youth Arts Centre and The Mill Arts Centre rather than rural events.

2.5 The option of closing the museum permanently has been explored as part of looking into all possible options, as it would appear to offer significant revenue savings of £315,000 for the Council. However, the continued operation of the museum is bound up with the funding for its original construction through a National Lottery Grant in which the £2.2m grant awarded was on condition of the museum operating for a minimum of 25 years with collections remaining fully accessible to the general public throughout this period. Failure to meet the conditions of the agreement makes the Council liable for repayment of the grant or a share of the net proceeds of any sale, whichever is the larger.

2.6 A cost benefit analysis of the repayment necessary against the annual saving arising from closure shows that it would take over eight years for the Council to break even. Further, as the museum was purpose-built with no windows it has no obvious alternative uses, and the Head of Regeneration and Estates is not confident the Council would find another user willing to acquire the property. The site the museum is based on is also small which restricts any redevelopment potential. Against this, the Review has shown that the museum is highly regarded by its users with high annual numbers of visitors, and so its closure would represent a significant loss of benefit to the local community.

2.7 Closure of the museum was also discounted by DCA consultants in their study on future governance of the museum. Instead, they have recommended that the Council moves to transfer operation of the Museum and Tourist Information Centre (TIC) into a bespoke Trust developed for the purpose. Amongst the advantages they highlight is the opportunity to claim 80% NNDR relief on both the main museum and the front of house operation that includes the TIC and LinkPoint office, which could amount to £64,000 per annum. The Council would continue to be the principal source of finance for the Trust,

although its new status would enable it to seek additional income from alternative sources such as donations and fundraising.

- 2.8 There is scope for much larger savings in the operation of the Trust through reduced levels of central recharges, with modelled estimates show the services provided by the current recharge of £170,000 could be replaced by additional capacity costing just £60,000. Since this saving would rely upon the re-allocation or reduction of central recharge it does not represent a net saving to the Council as it stands, although ongoing reductions to support costs could present the opportunity to reduce financial support to the Trust on a phased basis over a number of years.
- 2.9 The Council's financial provision to The Courtyard is linked to a 20 year agreement relating to the redevelopment of the facility as the Courtyard Youth Arts Centre (CYAC) through Arts Council lottery funding. The Council's contribution under the agreement is (subject to any RPI adjustment) £30,000 per annum over 20 years commencing 1 September 2000 and also employing an Arts Officer over the lifetime of the agreement, and for paying costs associated with that Officer's use of the Centre. OCC's own contribution is £80,000 per annum plus employment of a Centre Co-ordinator, and Bicester Town Council must contribute £10,000 per annum. Current District Council provision under this agreement is £43,901.
- 2.10 Oxfordshire County Council has announced recently that it intends to change the nature of service provision at The Courtyard as part of forthcoming budget proposals on services for young people. This, effectively, will make The Courtyard one of seven 'hubs' for service provision across the county, providing early intervention services focusing on children, young people and their families in most need. Although it is intended that the Hubs will continue to offer evening and weekend sessions to young people, so far as The Courtyard is concerned this significantly alters the scale and to a lesser extent the nature of arts provision as agreed, but this is still subject to negotiation with OCC and the Arts Council Lottery Unit. Further detail is provided in the Legal Comments section below
- 2.11 The Review proposed the following options for achieving savings;
- Savings of £92,681 in the operation of Banbury Museum are possible through scaling back the capacity of the service without reducing the number of staff. Reductions in front of house museum activity will protect the level of professional staff required to exploit future opportunities and move the Museum to Trust status, while maintaining current opening hours. Moving to Trust status could enable savings of £64,000 and allow the Museum to have a greater determination of its own direction.
 - A reduction in arts grants of £31,906. This would eliminate the grant aid support for all provision currently funded through annual bids except The Mill.
 - To eliminate the current core service financial support provided to The Courtyard while still retaining arts officer support to the facility and supplementing with a small project budget. This will reduce costs by £38,000 and with the reductions in arts grants proposed above, bring arts grant funding in line with the average for comparator authorities.

- Further savings of £20,363 in Arts Development, which would involve reducing the overall hours of staff and reducing their operational revenue budget.
- 2.12 The total value of the savings recommended is £183,130 of which £119,130 can be achieved in 2011/12 and the remainder of £64,000 in 2013/14.

Key Issues for Consideration/Reasons for Decision and Options

- 3.1 While overall expenditure for Culture and Heritage has been shown to be below average, there are differences in financial provision between Banbury Museum (significantly below average) and Arts Development (significantly above average)
- 3.2 The Review has identified savings options that exceed the MTFS target set for the service by £49,130. However, in order to bring arts development expenditure in line with the average would require additional savings in the order of £66,000. Public budget consultation has indicated this is a service they would wish to see protected.

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

- Option One** To make savings of £183,130 as set out in the recommendations, which will significantly reduce the costs of the service, including arts funding, while still retaining a reasonable level of service provision
- Option Two** To make further savings of £66,000 in arts development funding to bring it in line with the average spend of comparator authorities. This would require the loss of two posts and the end of funding to The Mill, putting the sustainability of the service in question.

Implications

Financial: The review has identified potential savings totalling £183,130 against a target of £134,000. Sufficient savings have been identified to meet the Council MTFS requirement, with further savings providing some flexibility should other aspects of the Strategy not be deliverable.

Comments checked by Karen Curtin, Head of Finance
01295 221551

Legal: **Banbury Museum**
The move to Trust status requires engagement and negotiation with National Heritage Lottery Fund, who provided the substantial grant to construct the museum, although, as long as a public museum service continues to be maintained on the site, any claim for a total or partial refund of the grant received from NHLF, whilst plausible,

is not anticipated.

The Mill Arts Centre

The running of The Mill is governed by a rolling 3 year partner agreement with OCC (one year is added at each annual review) so that, at the present time, the 'current' arrangement (including the present level of funding) will – subject to review in April 2011 - last until April 2013 (the 'current' period began 1 April 2010).

The earliest the Council could unilaterally withdraw from the partner arrangement without incurring significant financial liability is, therefore, April 2014 (assuming a minimum of 3 years' notice would be required by OCC, and that that notice is served on or before 1 April 2011, being the soonest date of issue).

Were the Council to withdraw from the arrangement regardless of any contractual right to do so, or without achieving a consensual wind down with OCC, then the Council could be liable to pay to OCC the money OCC would have been entitled to receive if the agreement were to run to term (i.e., the sums that would otherwise have been payable to OCC under the agreement until April 2014).

The Council may also be liable for other losses, such as employee costs, incurred by the County Council that might arise directly from any unlawful termination of the agreement by the Council.

There may, however, be opportunity, either at the next annual review – anticipated April 2011 – or sooner, given OCC's own service spending reviews, to engage with OCC and negotiate either an adjustment to the Council's funding and/or an early, inexpensive, withdrawal from the partner arrangement.

Bicester Courtyard

The running of Bicester Courtyard is also subject to a partner agreement with the OCC, to which Bicester Town Council is also a party.

Under the terms of that arrangement, the Council must maintain its contribution - in cash and other resource - until October 2020 *or for so long as the Courtyard continues to be used as a youth arts centre*. OCC's own proposals for this site could therefore determine this agreement on the basis that they represent a clear change in the Courtyard's use, although, given the agreement does not define "youth arts centre", and as any peremptory withdrawal from the agreement could conceivably render the Council liable to pay to OCC:

- all sums due to OCC if the agreement had not been cancelled,
- OCC's employment costs and

- any other losses reasonably incurred by OCC – or, indeed, Bicester Town Council - that might directly arise from any unilateral withdrawal by the Council
- early consultation with OCC - and Bicester Town Council - on any proposal to determine this agreement is recommended.

Any change affecting the Courtyard, whether through a change in its usage or the early withdrawal of one of the parties to it, might also affect the grant Arts Council England (“ACE”) paid to facilitate its provision.

OCC received the grant as owner of the Courtyard, while the application for that grant was submitted to ACE by the Council, and any repayment of grant to ACE may therefore, depending upon the cause of that repayment, be required to be apportioned between the County and District Councils.

Accordingly, discussion is also recommended with OCC and ACE to establish the probability of grant repayment and the proportion, if any, for which the Council might ultimately be liable.

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

Risk Management:

The recommended level of savings presents minimal risk to service delivery.

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

Data Quality

Data for cost comparison has been obtained through 2010/11 RA forms of comparable CIPFA family authorities, and through bespoke benchmarking exercises. 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 George Reynolds
Portfolio Holder for Environment, Recreation and Health

Document Information

Appendix No	Title
Appendix 1	Culture and Heritage VFM: 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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Appendix 1

Culture and Heritage VFM Review**Executive Summary****Cherwell District Council**

Timetable	Papers Finalised	Meeting Date
CMT	3 December 2010	8 December 2010
Use of Resources	10 December 2010	16 December 2010
Executive	21 December 2010	10 January 2011

Revision History			
Revision Date		Previous Revision Date	Summary of Changes
V1	17 November 2010		1 st Draft
V2	1 December 2010	17 November 2010	Revised staffing table, benchmarking data
V3	2 December 2010	1 December 2010	Revised savings options, sat survey updates, conclusions, further annexes
V4	9 December 2010	2 December 2010	CMT amendments
V5	10 December 2010	9 December 2010	ID amendments on savings options
V6	16 December 2010	10 December 2010	Final amendments on savings options
V7	20 December 2010	16 December 2010	ID further amendments on savings options

Value for Money Review of Culture and Heritage - Executive Summary

1 Introduction

Purpose of this report

- 1.1. Given current financial circumstances, the nature of VFM reviews have changed significantly. Previously, savings identified would be through efficiencies found. This review, while focusing partly on efficiencies, seeks also to identify the full range of savings required of the service covered by the scope of this review.
- 1.2. This report sets out the findings of the Culture and Heritage VFM review with recommendations and options to achieve the approved savings target within its scope of £134,000. The total savings target for the Recreation and Health service is £894,235

Introduction

- 1.3. The scope of the review covers the following elements of the Recreation, Health and Public Protection service;
 - Banbury Museum exhibits historic collections relating to the region, offers a diverse temporary exhibition programme, delivers an education programme to schools and the public for all ages, offers supporting activities, and provides support and an outreach service to local groups and smaller local museums. The Museum also offers professional advice for new heritage developments throughout the District, such as, Bicester Civic Centre, Upper Heyford and RAF Bicester.
 - Local Arts Development exists to improve access to and participation in artistic and creative activities and so support the development of stronger communities and improve the quality of life for residents. Programmes of work helping people to become active in the arts and their community comprise: Youth arts work at the Courtyard Youth Arts Centre and wider Bicester; Developing work with young people and their families; Dance and movement across the age ranges; Oxfordshire Community Touring Network; Provision for public art within new developments; Information & advice to local groups and artists.

VFM Conclusion

- 1.4. The overall conclusion of the review is that the service is **low cost** for the Museum, but **high cost** for its Arts service. It has **high performance** in terms of visitor numbers to the museum. It is **high quality** in terms of user satisfaction.

Legislative Framework

- 1.5. Local authority functions in relation to the provision of entertainment, arts and crafts, theatres, concerts and other such activities are contained in Section 145 of the Local Government Act 1972 ('the 1972 Act'). This section empowers a local authority to provide these services itself or arrange for the provision of the services by a third party and then contribute towards the expenses of a third party or do anything necessary or expedient for the delivery of entertainment or the arts.
- 1.6. Museums are governed by the Public Libraries and Museums Act 1964. Local authority powers in respect of museums are contained in Section 12 of the 1964 Act and are far wider:

They may “do all such things as may be necessary or expedient for or in connection with the provision or maintenance thereof”. Local authorities “may make contributions towards the expenses incurred by any person ... providing a museum or art gallery”.

Cherwell in context

- 1.7. Banbury Museum was founded in 1974 as a partnership with Oxfordshire County Council (OCC). Financial pressure forced OCC to withdraw from the partnership in 1998, and the museum’s collections remain in its ownership. Today, the separate services work closely together as both are mutually dependent; Banbury Museum is a ‘Fully Accredited’ museum, but adopts OCC’s Acquisition and Disposal Policy. This is beneficial for the Cherwell as it does not employ collections staff, instead paying around £23,000 per annum for these services from OCC.
- 1.8. In 1998, Cherwell District Council won a £2.2 million grant from the National Lottery to relocate the Museum to a new purpose-built, town-centre site. In addition it raised a further £250,000 through 58 benefactors on the basis a new museum would operate for a minimum of 25 years. The Heritage Lottery Fund required a contract to protect its £2.2m investment. The 25 year contract with Cherwell District Council (expires 2023), requires the Council to retain ownership, maintain the building and Museum Service, and it binds the displayed loaned collections to the Museum.
- 1.9. Once constructed, both the museum and the museum collection (accumulated by the Council, as a condition of the grant, under minimum 25 year loan agreements with Oxfordshire County Museum Services and British Waterways) were required to remain fully accessible to the general public throughout the period of 25 years beginning on the date of the agreement. No other purpose is permitted under the terms of the agreement until its expiry in 2023.
- 1.10. The Council does not own any arts facilities, so its approach is to work in partnership with professional companies and arts providers to deliver a range of work and projects to further the achievement of the Council’s priorities. Grant aid is made available to support both professional and voluntary & amateur arts organisations.

Staffing

- 1.11. The staffing structure as at 30 June 2010 is set out below;

	Posts	Vacancies
Established Posts	FTE	FTE
Head of Recreation & Health	1.00	0.00
Arts & Visitor Services Manager	0.81	0.19
Arts Development Officer	0.51	-0.11
Arts Officer (South)	0.65	0.00
Arts Officer (North)	0.54	0.00
Museum Services Manager	1.00	0.00
Education Officer	1.00	0.00
Events & Exhibitions Officer	1.00	0.00
Museum Assistant	0.39	0.05
Museum Assistant	0.45	0.00
Museum Assistant	0.36	0.00
Museum Assistant	0.35	0.35
Museum Assistant	0.43	0.02
Exhibitions Assistant	0.47	0.00
	8.97	0.51

1.12. Key points to highlight are;

- A Museum Assistant vacancy within the Museum is being held currently, but existing levels of service are being maintained through other staff working additional hours, funded from the salary of the vacant post.
- A further Museum Assistant post will become vacant in on 31 March 2011 as a member of staff retires
- Additional staff capacity is drafted in to deal with educational visits on an 'as needed' basis.

Expenditure

1.13. The budget and expenditure of the service is set out in the table below.

	2008/2009	2009/2010	2010/2011
	Actual	Actual	Budget
Employee Costs	£337,167	£315,443	£292,301
Premises Costs	£115,962	£63,168	£73,692
Transport Costs	£10,661	£19,623	£7,432
Supplies & Services	£218,409	£146,628	£187,045
Third Party Payments	£91,861	£81,249	£26,552
Support Services	£154,917	£150,255	£81,625
Internal Support Services	£141,578	£76,269	£77,520
Capital Charges	£97,491	£107,497	£100,557
Total Expenditure	£1,168,046	£960,132	£846,724
Other Grants/Reimbursements	-£27,296	-£14,922	-£19,196
Fees and Charges	-£55,160	-£49,032	-£49,317
Rent income	-£7,733	-£9,419	-£3,815
Total Income	-£90,189	-£73,373	-£72,328
Net Expenditure	£1,077,857	£886,759	£774,396

1.14. The net expenditure of the two main components of the budget is as follows;

	2008/09	%	2009/10	%	2010/11	%
Museum	£640,305	59.4%	£551,047	62.1%	£506,437	65.4%
Arts	£437,552	40.6%	£335,712	37.9%	£267,959	34.6%
Total	£1,077,857		£886,759		£774,396	

1.15. An initial analysis shows;

- Combined net expenditure has reduced by £303k (-28.2%) since 2008/09, with combined total expenditure reducing by £321k (-27.2%) over the same period

- Income has dropped by £17.8k (-19.8%) since 2008/09
- Arts can be shown to have reduced to a greater degree than Banbury Museum (£169k compared to £134k) with a result that the proportion of overall spend between the two has altered from 41% / 59% to 35% / 65%
- The Museum's budget was reduced substantially in 2009/10 by savings achieved through procurement, efficiency measures and through staffing reductions. including closure on Sunday; single staffing in the afternoon from Monday – Friday; and delayed opening throughout the week, from 9.30 to 10am. The consequence of these changes was reduced access to services, although quality was maintained.
- Capital depreciation of £100k is allocated to the Museum budget. The NNDR payable on the site (£66,000, but rising to £80,145 in 2010/11) is split 50:50 between the TIC and the LinkPoint office. Currently no NNDR is directly payable by the Museum from its own cost centres.

'Building Blocks' savings

- 1.16. Below is a list of the other blocks covered by this review, together with their status and savings target;

Block No.	Description	Scenario/ Status	Total Saving
20	Reduction in Arts grants	Exec approved	£32,000
21(a)	Partial reduction in Museum staff hours	Exec approved (Reserve)	£33,000
21(b)	Full closure of Museum	Worst case only	£315,000
21(c)	Transfer museum to a trust or not-for-profit organisation with TUPE of staff	Worst case only	£100,000
30	Reduction in Arts service staffing	Exec approved (Reserve)	£69,000

- 1.17. This brings the current approved savings target for the service to £134,000. Of this, £102,000 is classed as 'reserve' in that the specific savings options have not been built into the MTFS.

2 Findings from the Review

- 2.1. RA 2010/11 data has been used as a starting point for financial analysis, but with bespoke benchmarking carried out for both the Museum and Arts Development. Resident satisfaction and budget consultation data has been used alongside specific audience research data for the museum. DCA consultants have been used to provide independent advice on future governance options for the museum.

Residents' satisfaction and budget consultation findings

- 2.2. Banbury Museum has commissioned its own audience research; a 2004 survey designed and analysed by Cardiff Arts Marketing and a 2008 survey from Audiences South. This audience research paints a similar picture of very high satisfaction levels from an audience drawn from North Oxfordshire.
- 2.3. The following headlines can be drawn from the combined findings of the research.

- Only 20% travel for more than 25 miles to visit Banbury Museum. The audience is predominantly local with 65% travelling less than 12 miles (2004 data).
- To the question 'I have really enjoyed my visit to the Museum' 91% either strongly agreed or agreed (2004 data).
- 88% stated The Museum is a real asset to the Town of Banbury (2004 data)
- Museum users include residents from the geographically close postcodes OX17, NN11, and NN13, which fall partially in the South Northants District. This trend is confirmed in 2010, with 10% of visitors possessing an NN postcode.
- Audience research shows that many users visit repeatedly, so it is difficult to conclude what percentage of Cherwell residents visit Banbury Museum at least once per annum.

2.4. Satisfaction surveys undertaken during 2010 have reinforced this very positive position;

- 98% considered that their visit to the Museum was either 'Excellent' or 'Good', with only 2% finding it 'Satisfactory'. The same level of satisfaction was found for activities provided by the Museum. The Museum café was considered either 'Excellent' or 'Good' by 85% of visitors.
- Analysis of visitor origin data confirms that the majority of people (62%) travel less than 25 miles to visit the museum.
- Recent evaluation feedback on educational visits (between September and November 2010) is overwhelmingly positive, with comments such as "there was something for everyone", "we are thinking of basing our next topic around something at the museum" and "the whole thing fitted perfectly with our topic".

2.5. The council's annual budget consultation exercises have produced consistent and contrasting results to the positive satisfaction data for the Museum, with it receiving the lowest priorities for any additional investment. The 2010 exercise saw the public voicing their concerns about its cost and perceived effectiveness;

- Respondents taking part were apathetic towards Banbury Museum, with many believing it to be an unnecessarily large drain on Council resources. Consequently, this service was targeted as an area for further savings.
- A number of respondents believed that the Council were not making the most of the cafe, which they felt should be run more profitably (perhaps through increasing custom by moving it 'upstairs' onto the shopping level), which would in turn help to fund the running of the museum.
- Others questioned the appeal of visiting a museum in Banbury, when there are 'bigger and better' alternatives in the likes of Oxford and Stratford-upon-Avon.
- Again, Cherwell residents outside of Banbury were particularly dissatisfied with the Banbury Museum, questioning why it had to be funded by the District Council rather than the Town Council. Alternatively, they believed it should be renamed 'Cherwell Museum' – an issue that evoked surprisingly strong opinions.
- Reduced opening hours were thought to be acceptable, particularly midweek when people were sceptical about the number of tourists who were likely to be visiting the town.

2.6. By contrast the same consultation exercise produced very different results for the Local Arts Development Service;

- Although slightly more polarising, funding for Arts was an area where many felt that funding should be protected in order to maintain a choice and balance of activities available to residents in the District.

- However, reallocation of funds within this area was thought to be required, with an increased emphasis on maintaining (and possibly increasing) programmes and activities in centres such as the Courtyard Youth Arts Centre and The Mill Arts Centre rather than rural events. The thinking behind this was that providing better programmes in a number of central locations would probably make the arts more accessible than supporting a number of small events in rural locations.
- Respondents were also of the opinion that community groups were often passionate and resourceful enough to be able to hold their own events independently, so where possible, the awarding of grants should be used to incentivise more community driven programmes.

CIPFA Expenditure Comparisons

- 2.7. The RA (Budget) comparative position of the Service against its CIPFA family comparator authorities for 2010/11 is as follows

RA 2010/11 CIPFA Family Comparisons	Culture & Heritage (RA line 501)	Expenditure per head	Relative Family Rank
Aylesbury Vale	£1,404,000	£7.98	4
Basingstoke and Dean	£2,375,000	£14.69	1
Braintree	£349,000	£2.46	11
Cherwell	£720,000	£5.21	9
Chelmsford	£1,176,000	£7.04	5
Colchester	£2,634,000	£14.55	2
East Hertfordshire	£892,000	£6.58	6
Eastleigh	£266,000	£2.20	12
Harrogate	£893,000	£5.56	8
Maidstone	£1,491,000	£10.25	3
Test Valley	£677,000	£5.87	7
Tonbridge and Malling	£93,000	£0.79	13
Vale of White Horse	£607,000	£5.19	10

- 2.8. An analysis shows Cherwell is only the 9th highest spender out of 14 authorities, spending 22% below the average of comparator authorities (an equivalent of £201,604 less expensive) and 3% above the lowest quartile cost (an equivalent of £23,720 more expensive)
- 2.9. However, this analysis fails to consider significant differences in provision, which may lead to widely differing costs. Bespoke benchmarking of Arts and the Museum was undertaken as part of the review to develop more meaningful comparisons.

Benchmarking of Banbury Museum

- 2.10. No national financial benchmarking of museums is currently undertaken. The Review established its own benchmarking based on selecting larger museums from within CIPFA comparator authorities and also including other purpose-built or newer museums that were broadly comparable with Banbury Museum, and were council-run, run via trusts or used entry charging. A total of 14 museums were approached to participate in the exercise, with six providing data. Annex 1 summarises the results of the benchmarking.
- 2.11. Performance comparisons that could be drawn from the data were as follows;
- Banbury museum has a significantly higher level of annual visits at 215,477 compared to the average of 86,558 for comparator museums. This is thought to be due in part to its town centre location with a retail entrance, but also the close relationship with the Tourist Information Centre which guides visitors into the museum.

- It has the lowest level of FTEs per 10,000 visitors (0.26FTE compared to an average of 2.15 FTE), due in part to its unique arrangement with Oxfordshire County Council for its collections. If it was to employ an equivalent level of staffing it would require 41 FTEs.
 - It is the only museum to make no use of volunteers, compared to an average volunteer to staff ratio of 2.86. If it used this average ratio, Banbury Museum would have at least 15 volunteers. Use of volunteers has been inhibited until recently by the lack of a council volunteering policy and associated procedures, but these are now in place.
- 2.12. Cost comparisons that could be drawn from the data were as follows;
- Banbury museum had the lowest cost per visit at £1.08, 88% lower than the average of £9.16 per visit. At an equivalent cost per visit Banbury Museum would cost the council £1.9m per annum.
 - Staff cost per FTE was around the average at £32,499
- 2.13. The conclusion from the benchmarking is that Banbury Museum is high performing, cost effective and offers good value for money for residents.

Benchmarking of the Arts function

- 2.14. No national financial benchmarking of local arts services is currently undertaken. Thirteen authorities were approached to provide data on their arts service. Of the 13 one was not able to provide a response, four provided data on spend that excluded salaries (and so were not comparable for overall expenditure) and one had only a gallery. Four authorities no longer funded an Arts function. Annex 2 summarises the results of the benchmarking.
- 2.15. Eastleigh and Basingstoke were discounted from some of the analysis they own arts venues and so have significant expenditure/income. Basingstoke has a £1.7m grants budget for the arts.
- 2.16. Of the data available comparisons can be drawn as follows;
- Of the six comparable authorities that still had a council-funded arts function Cherwell was the most expensive at £1.98 per head of population, 152% higher than the average of £0.77. This equates to a spend of £161,610 above the average.
 - Cherwell had the 2nd highest level of arts grants per head of population at £0.82; 186% higher than the average of £0.29. This equates to a spend above average of £74,156.
 - Cherwell had the 3rd highest level of staffing at 0.13 FTE per 10,000 population, but this was below the average of 0.16 FTE due to a high staffing provision in Test Valley (9 FTE). If this is discounted from the calculations, Cherwell has the 2nd highest level of staffing, 51% above the (revised) average of 0.09 FTE. This equates to 0.61 FTE above the average.
 - Some authorities have high levels of income to offset their expenditure; two made active use of s106 contributions for public art, and three received revenue from ticket sales on venues they owned.
- 2.17. The conclusion from the benchmarking is that Cherwell's arts development function is high cost and has above average provision for staffing and grants. To reduce Arts provision to an average spend would require a reduction in the current budget of £268,000 by over £161,000, leaving around £107,000. Once support service recharges of £60,000 are removed this equates to a budgetary provision of just £47,000. This would fund only one part time Arts Development Officer with a small budget of £15,000, and no grant funding for any Arts venues or groups. This is set out as Option 3 in section 3: Options for Change.

Local Arts Development Budgets

- 2.18. The Local Arts Development Service comprises three cost centres with a combined net expenditure of £268,000. The largest component of this is £114,000 of grants and other financial support to arts organisations, making up 43% of the total expenditure. Of this, £82,376 (72% of total grants) is committed to two organisations through funding agreements.
- 2.19. Other main areas are staff costs at £71,000 (26%) and support service recharges at £60,000 (23%).
- 2.20. Arts Development – budget £100,785
- The majority of this budget is support service recharges (£43k) and staff (£36k). The approach adopted for Arts Development is to respond to identified needs or concerns and develop alongside communities, groups and individuals a response or improvement through the arts. This instrumental approach is about using the arts and artists as a tool, and not funding individuals to undertake a personal development in an art form
 - A wide range of activities is provided, all through contributions to others to stage events or programmes. Examples include Banbury Canal Day, Creative Bretch Hill, 'Movies on the Move' and music into care homes. Increasingly, other service budgets are being used to supplement this provision, such as the engagement activities around the No Place Like Home project (using Housing funding) and the Old Town Party to celebrate the opening of the Banbury Town Centre Pedestrianisation scheme (using Regeneration funding)
 - Financial provision for this activity is made by utilising budgets for advertising, printing, stationery and subscriptions to create a combined funding 'pot' of just over £20k.
- 2.21. Arts Grants – budget £83,303
- Grant aid is made available to support both professional and voluntary arts organisations using a budget of £70,381 (2010/11). Of this, £38k is committed to The Mill Arts Centre, Banbury, £26k to other professional arts organisations through a scored bid process, and the £5k remainder through small arts awards to support voluntary groups and festivals.
 - Funding for The Mill, is provided as part of a rolling agreement each year for the following three years for provision of a range of arts activities in the District. Along with other venues (St Mary's Church, The Mill, The Courtyard Centre, the Theatre Chipping Norton) this creates a 'hub' of arts provision across the district.
- 2.22. The Courtyard Centre has a budget of £83,871. The Council's financial provision to The Courtyard is linked to a 20 year agreement relating to the redevelopment of the facility as the Courtyard Youth Arts Centre (CYAC) through Arts Council lottery funding. This agreement records a clear, binding legal relationship between the parties to it. The Council's contribution under the agreement is (subject to any RPI adjustment) £30,000 per annum over 20 years commencing 1 September 2000 and also employing an Arts Officer over the lifetime of the agreement, and for paying costs associated with that Officer's use of the Centre. OCC's own contribution is £80,000 per annum plus employment of a Centre Co-ordinator, and Bicester Town Council must contribute £10,000 per annum. Current District Council provision under this agreement is £43,901.
- 2.23. The Council is also responsible for employing an Arts Officer over the lifetime of the agreement, and for paying costs associated with that Officer's use of the Centre (e.g., telephone). There is no provision in the agreement permitting termination by written notice on any date earlier than 31 October 2020, although there is provision for 5 yearly reviews.
- 2.24. The Council must therefore maintain its contribution to The Courtyard - in cash and other resource - until October 2020 or for so long as each and every part of the CYAC continues to be used as a youth arts centre. 'Youth arts centre' isn't defined and neither does the agreement provide any detail as to the manner in which this might come about. Nevertheless,

if any part of the site becomes something other than a youth arts centre then the agreement will forthwith determine.

- 2.25. Oxfordshire County Council has announced recently that it intends to change the nature of service provision at The Courtyard as part of forthcoming budget proposals on services for young people. This, effectively, will make The Courtyard one of seven 'hubs' for service provision across the county, providing early intervention services focusing on children, young people and their families in most need. It is intended that the Hubs will continue to offer evening and weekend sessions to young people. The County Council will make final decisions on this issue when their budget is determined in February 2011.

Option to close Banbury Museum

- 2.26. The current 'worst case scenario' savings options considered and approved by the Executive include the full closure of the museum, with an estimated saving of £315,000 per annum. The Review has considered this option alongside other savings options.
- 2.27. As explained in paragraphs 1.8 and 1.9 above, the continued operation of the museum is bound up with the funding agreement for its construction through the National Lottery grant. The circumstances demanding repayment of the original grant, which will apply until the agreement expires in 2023, include (i) failure to use the museum for the purpose described in the Council's original grant application (i.e. as a public museum) (ii) a material change in status of the Council and (iii) failure to comply with the terms and conditions of the agreement, although grant may not be required to be repaid if, in the case of (i) or (ii) above, such is preceded by a resubmitted grant application approved by the National Heritage Memorial Fund.
- 2.28. The sum involved for any such repayment would be the greater of the total amount of grant advanced originally to the Council or, on any sale of the museum in breach of the agreement, a share of the net proceeds of sale.
- 2.29. NHMF could, of course, be approached for consent to an unconditional sale of the site, but since the essence and spirit of this agreement, as enunciated by the NHMF, is that *the [Council] will arrange for the general public to have full appropriate access to the Property and [and] will ensure that no person is unreasonably denied access to [it]*" the granting of any such consent is, it is considered, improbable.
- 2.30. The building was purpose-built as a museum, and as such has no obvious alternative uses; few would require a building without windows, and to create windows in the elevations would destroy the design, and probably require full re-cladding of the building. The Head of Regeneration and Estates is not confident the Council would find another user willing to acquire the property, assuming the Council's landlords, Scottish Widows PLC and Scottish Widows Unit Funds Limited, consented to any such sale.
- 2.31. The site is fairly small, and its redevelopment potential is also small at present. This may make it difficult to generate a positive site value. However, should the Banbury Cultural Quarter require reconsideration, and this site was redundant, its redevelopment might form a useful part of a wider scheme.
- 2.32. As there is little chance of resale, closure of the museum would require the full repayment of the £2.2m Lottery grant and the additional £250,000 from other benefactors, requiring a capital investment of £2.45m for repayments. A cost benefit analysis shows that it would take 8½ years for the cumulative annual saving to exceed this level of capital if invested in a bank account (See Annex 3).
- 2.33. Further to the financial arguments, closure of the museum would represent a loss of benefit to the local community and may be seen as a wasteful exercise given the fairly recent construction of the facility specifically for a museum.

- 2.34. A clear conclusion to draw from this analysis is that closure of the museum to create revenue savings does not represent good value for money or good publicity for the council. A decision not to close at this time does not preclude the decision being taken at a later date should any redevelopment opportunities present themselves for the area.

Opportunities for partnership working

- 2.35. The review identified opportunities for additional project work and associated income arising from partnership working both within the County and outside. The Banbury Museum is in a good position to exploit these given its (current) flexible staff capacity, although there is no guarantee these opportunities will be realised or offered to the council.

South Northants

- 2.36. There are three heritage projects in which South Northants have, or are likely to have, a financial interest; Towcester Museum, The Bury Mount Development and The Northamptonshire Heritage Centre. However, a Heritage and Leisure post was deleted from their establishment some 18 months ago, leading to a shortfall in professional capacity.
- 2.37. All the above projects require professional input, which South Northants lack but Cherwell currently has. If in the future we reduce the level of service to Cherwell residents, we would be in a position to offer the services required to South Northants. It would seem that South Northants are/are planning to spend money on a range of heritage projects. This investment could be in a 'joint heritage service'. Therefore, one could argue that there is a business case to deliver a single heritage service across both districts, and this could be pursued as part of closer working with South Northants.

Oxford University Museums Core Status

- 2.38. Renaissance Funding for museums is changing. There have been 44 museums supported through this funding, but in 2011 this will be reduced to approximately 10 core museums. Oxford University want to be a core museum, but can only be so by demonstrating partnership with their local authority partners.
- 2.39. A Local Heritage Partnership of the Oxford University, Oxfordshire County, and Oxfordshire District museums has been formed around delivering a Local Heritage Strategy for the County to meet the needs of its residents. This will also satisfy the requirements for a Core museum partnership.
- 2.40. Should the core museum application be successful it is likely that the Local Heritage Strategy will generate funding for projects that deliver agreed countywide objectives, and will need to be in part delivered by the Museum using its professional capacity. The date for submissions is still to be announced, but it is expected to be in January 2011. This new funding stream should provide support for specific time-limited projects which meet the Councils corporate objectives. It will not support establishment costs.

Option to pursue trust status for Banbury Museum

- 2.41. There are 410 principal local authorities (i.e. excluding town, parish and community councils) in England and Wales. Of these, in September 2005, when Renaissance looked at their governance 142 councils (35%) made no direct museum provision; and of the 268 that did:
- 204 (76%) delivered some or all of those services directly;
 - 40 councils (15%) did this through joint arrangements with other local authorities, including joint committees;
 - 23 councils (8%) had devolved, or were in the process of devolving, their museum operations, in whole or part, to museum trusts;

- three councils had outsourced their operations to culture/leisure trusts; and
 - two had contracted-out their operations to a commercial operator.
- 2.42. Since this date there has been an accelerated increase in movement to Trust status as local authorities and their museums seek to reduce costs and ensure continuity of service provision.
- 2.43. Trust status is a generic term for arranging for the delivery of the Museum's services by a Non Profit Distributing Organisation (NPDO), which can take a number of different legal forms, including an unincorporated charitable trust, a company limited by guarantee, a community interest company and a charitable incorporated organisation. The main advantages of Trust status are seen to be;
- An automatic 80% reduction in NNDR, with a further 20% discretionary reduction by the local authority
 - opportunities to benefit from the fiscal advantages of charitable status and to increase income through commercial activity and sponsorship
 - A greater ability for the organisation to control its own destiny
 - Continued participation by the local authority (through trustees) plus wider community involvement
- 2.44. A study and options appraisal into possible governance arrangements for Banbury Museum was undertaken by DCA Consultants as part of a wider project commissioned (and funded) by the MLA through the Renaissance programme to offer bespoke advice to ten museums in the South East of England. This work was organised to coincide with the timetable for this Review. A copy of the DCA initial report is attached as Annex 4, with a summary of its findings set out below.
- 2.45. The options explored for the future governance of the Museum
- Continued local authority operation ("as is").
 - Transfer operation of the Museum to a bespoke, stand alone Trust developed for the purpose.
 - Transfer operation of the Museum and Tourism Information Centre to a bespoke Trust developed for the purpose (with the TIC and Linkpoint moving out).
 - Transfer operation of the Museum to an existing larger Trust or a new Trust created to operate more than one museum or heritage site.
 - Closure of the museum
- 2.46. The "As Is" and Closure options were discounted by DCA. Of the remainder, the option favoured was the creation of a Trust to include the Tourist information Centre. The particular advantages of this option are seen to be;
- A cost reduction of over £183,000 per annum over the possible cost of continued council operation of the museum from the year of incorporation (2013/14). This is set out in Annex 5.
 - The opportunity to claim 80% NNDR relief on both the main museum building and the front of house operation that includes the Tourist Information Centre and Linkpoint office. This could amount to £64,000 should it be possible to persuade the district valuer that these front of house services are part of the Trust, or (in the case of LinkPoint) do not have exclusive occupation that would require a separate rating.
 - A continuation of the close relationship with the TIC as a front office for the museum, a museum shop and booking office and retaining the current occupation of the front of house operation.

- In the opinion of DCA “..the potential to make savings up to £183,000 across direct subsidy and central/departmental recharges whilst enabling the Museum to explore and develop new activities and potential income for the future presents a significant opportunity”.
- 2.47. The principle source of finance for the Trust would continue to be the council, although its new status would allow it to seek additional income from alternative sources such as donations and fundraising. A conservative estimate by DCA is estimated to be in the order of £15,000 per annum. However, this is a guide figure only and could be higher or lower in reality.
- 2.48. Other than the NNDR savings, the modelled savings largely rely on discontinuing the current central recharges which amount to £170,000 per annum (some 25% of net expenditure). An assessment of the provision required for an independent Trust operation in terms of the support capacity it actually needs is in the order of £60,000. However, since this saving would rely upon the re-allocating or reducing the current recharge it does not represent a net saving to the council as presented.
- 2.49. There is certainly scope for reduced levels of central recharges as part of ongoing reductions to support costs, and it may be possible to phase in such reductions over a longer period to allow the council to adapt (financially) to not supporting the museum. This would need further work to model properly.
- 2.50. The option to pursue Trust status as part of a wider group of organisations or centres has also been explored as part of the review. The view of DCA is that it is likely, in the future, that larger trusts may form that will be able to take on smaller museums, but this is not an option currently open to Banbury Museum. Discussions have commenced with countywide heritage partners, but they are not yet at a stage where a decision could be reached to pursue this. Any decision to proceed with a Trust focused only on Banbury Museum would not preclude joining a larger trust at a later stage.

3 Conclusions

- 3.1. The conclusions that can be drawn from the evidence gathered are as follows;
- Both Arts Development and the Museum have made continued reductions in expenditure to date without significantly affecting levels of service. Further savings are possible but these cannot be made without impacting on service and outcomes.
 - Public opinion on the museum is mixed; users have high levels of satisfaction, but Cherwell residents in general have concerns about its cost and effectiveness. Audience levels are high with many people drawn from outside the Cherwell district. More could be done to make museum services relevant to residents in Bicester and Kidlington.
 - The Museum can be shown to offer excellent value for money for residents, with a very low cost per visitor. This is driven by the unique collections arrangements it has with Oxfordshire County Council leading to very low staffing levels, along with high visitor numbers from its town centre location and TIC encouragement for visitors.
 - A publicly funded Arts service is valued by residents, with support for the approach to funding of a focus on hubs of activity and incentivising community-driven arts programmes. However, the service is high cost and contrasts with practice in some authorities where such funding has been discontinued. The level of grants currently awarded is particularly high.
 - The County Council proposes to change the nature of the operation of The Courtyard away from youth arts centre into more general young people and families’ service provision. Although it is intended that the Hubs will continue to offer evening and weekend sessions to young people, so far as The Courtyard is concerned this significantly alters the

scale and to a lesser extent the nature of arts provision as agreed, but this is still subject to negotiation with OCC and the Arts Council Lottery Unit.

- Opportunities exist for greater partnership working and with this some 'insourcing' of additional work for the Museum, but these would rely on maintaining existing levels of professional capacity and cannot be relied upon as future sources of income.
- There is insufficient use made of volunteers at present putting the council out of line with other authorities. This could help bolster front of house services at a time of budget pressures.
- Moving to Trust status for the Museum would enable it to exploit other sources of funding and make savings of at least £64,000 in the costs of its operation. The scale of savings could be significantly increased if it were possible to reduce or eliminate central support recharges.

3 Options for Change

- 3.1. Three options are presented that provide for total (potential) savings of £244,853 as follows;
- Option 1 – savings of £92,861 in Banbury Museum which will require reduced working hours for museums staff, reductions in operational budgets and a move to Trust status
 - Option 2 – additional savings of £90,269 in Arts Development (making a total saving of £183,130) which will require reduced hours for staff, the elimination of grants to voluntary bodies, reduced funding for The Courtyard, and a reduced operational revenue budget.
 - Option 3 – additional savings in Arts Development of £61,723 (making total savings of £244,853 overall and £151,992 in Arts Development) through the deletion of two posts and the elimination of all funding for The Mill.

Option 1 – Banbury Museum

- 3.2. Savings of £92,861 are possible through scaling back the capacity of the service without reducing the number of staff. Reductions in front of house museum activity will protect the level of professional staff to exploit possible partnership opportunities while maintaining the current opening hours and service to the public. Moving to Trust status will enable savings in NNDR and allow the service to have a greater determination of its own direction.

Option 1 Savings	Amount	Building Block	Year	Comment
Introduce single staffing at the Museum; Monday to Friday	£9,560	21(a)	2011/12	Savings would be achieved through the reduction of 3.75 hours for four staff
Introduce single staffing on Saturday	£3,825	21(a)	2011/12	Savings would be achieved through the reduction of front of house hours by 6
Reduce Museums exhibitions budget by 58%	£5,376	21(a)	2011/12	The current budget is £9,476. Exhibition programme costs will be reduced through reduced "bought in" exhibitions, the use of 'no cost' exhibitions (such as the Graduate Art Show); use of existing stored collections for 'spotlight' shows; county touring exhibitions; low cost exhibitions.
Reduced Museum operational costs	£10,100	21(a)	2011/12	Savings of £5,000 would be achieved through reductions in the use of County Museum Service technical support; reductions in materials required for (fewer) exhibitions, the use of in house staff to deliver education programmes rather than external contractors, and increases in school charges. The balance of unused staff hours from a deleted post following retirement and moving to single staffing will result in a saving of £5,100 p.a.
Move to Trust status for Museum	£64,000	21(c)	2013/14	Moving to Trust status allows the Museum and (likely) the TIC area to be entitled to 80% charitable relief on the current NNDR of £80k. The operating costs for a stand-alone trust could be significantly less, but these would be dependant on the current central recharges of £170,000 being eliminated or significantly reduced, which would require reductions or reallocations across the council and so would not result in a net benefit. The benefits to the council and the Museum of moving to Trust status are far greater than the financial savings

Option 2 – Arts Development

- 3.3. Savings of £90,269 are proposed to reduce overall spend per head on Arts to bring it more in line with spend in comparator authorities. This would reduce the overall hours of staff and reduce their operational revenue budget, with no grant funding provided to anything other than The Mill, Banbury.

Option 2 Savings	Amount	Building Block	Year	Comment
Remove the majority of Arts grant funding	£31,906	20	2011/12	This would end grant aid support for all provision other than The Mill, Banbury and The Courtyard, Bicester.
Cease core service funding to The Courtyard, Bicester	£38,000	30	2011/12	Preserves the officer input which assures contribution from the Town Council, and a small project budget of around £6,000 for use at the site
Reduce Arts Officers hours	£15,108	30	2011/12	Reduce hours of the Arts Development Officer and two Arts Officers by 17 in total (to 43) per week
Reduce operational revenue budget	£5,255		2011/12	Would reduce available revenue funding by 26% which would limit the number of activities that could be supported or facilitated in the District

Option 3 – Arts Development

- 3.4. Further savings of £61,723 would be required to reduce overall spend per head on Arts to bring into line with spend in comparator authorities. This would reduce the overall provision to one part time Arts Development Officer only and no grant funding.

Option 3 Savings	Amount	Building Block	Year	Comment
Delete a part-time Arts Officer (South) post	£10,609	30	2011/12	Based at the Courtyard. This would impact on the ability to facilitate development work, promote youth arts activity and support others to put on events and on the wider department. Would also result in withdrawal of funding by the Town Council to The Courtyard
Delete a part-time Arts Officer (North) post	£12,639	30	2011/12	This would impact on the ability to facilitate development work, promote youth arts activity and support others to put on events and on the wider department
Remove all funding for The Mill	£38,475		2013/14	Along with other savings options this is the only realistic way to achieve the £160k reduction in Arts funding provision overall

4 Recommendations

- 4.1. In order to meet the building blocks savings target of £134,000 and reduce the cost of Arts provision to average it is necessary that options 1 and 2 be pursued (saving a total of £183,130). This will involve;
- Scaling back the capacity of the Museum service without reducing the number of staff through reductions in front of house museum activity, protecting the level of professional staff to exploit possible partnership opportunities while maintaining the current opening hours and service to the public.
 - Reducing the Museum's exhibitions budget and operational costs by a total of £15,476
 - Moving to Trust status by 2012/13 to enable savings in NNDR and allow the service to have a greater determination of its own direction
 - Reduced hours in one managerial post and two part-time Arts Officer posts
 - Reducing the level of arts grants by £31,906 ending grant aid support for all provision other than The Mill
 - Cease core service funding to The Courtyard, saving £38,000, but retaining dedicated officer support together with a small project budget for use at the site
 - Reducing the operational budget for arts provision by £5,255 (26%)
- 4.2. Option 3 is not recommended. However, if Members wish to bring the spend per head of Arts Development in line with comparator authorities, additional savings of £61,723 would be required through pursuing option 3. This will involve;
- The elimination of all Arts grant funding to venues and voluntary bodies
 - The deletion of two Arts Officer posts, leaving just one part-time officer
- 4.3. It is not recommended that closure of Banbury Museum is pursued as the business case is weak and leaves the authority with a redundant building that would be difficult to let, to sell or redevelop
- 4.4. It is recommended that the Museum makes full use of the council's new volunteering policy to strengthen its overall capacity, in line with other authorities

Museum benchmarking summary

Museum	Annual visits (2009/10)	Online visits	Total cost	Staff cost	FTE	Volunteers	FTEs per 10,000 visits	Rank	Cost per visit	Rank	Staff Cost per FTE	Rank	Vol to Staff ratio	Rank
Banbury Museum	215,477		£233,371	£176,914	5.53	0	0.26	7	£1.08	7	£31,992	3	0.0	7
Maidstone Museum and Art Gallery	67,549	29,952	£541,670	£428,130	17.50	90	2.59	3	£8.02	5	£24,465	5	5.1	2
Chelmsford Museum	43,972	9,912	£547,518	£412,186	11.50	40	2.62	2	£12.45	2	£35,842	2	3.5	3
Stroud	43,979		£450,736	£300,300	10.20	1	2.32	4	£10.25	4	£29,441	4	0.1	6
Wycombe	25,576	12,829	£385,000	£190,000	5.04	45	1.97	6	£15.05	1	£37,698	1	8.9	1
River and Rowing Museum	107,000	68,500	£1,130,000		24.00	36	2.24	5	£10.56	3			1.5	4
Reading Museum	102,354	303,468	£683,295		31.00	26	3.03	1	£6.68	6			0.8	5
Cheltenham Museum and Art Gallery														
Average	86,558	84,932					2.15		£9.16		£31,888		2.86	
Cherwell difference	128,919						-1.89		-£8.07		£104			
Costed	149%						-41		-£1,739,539		£575		15.79	

Arts Development benchmarking summary

Local Authority	Population	Net Budgeted Expenditure	Income	Grants	Arts Staff (FTE)	Expenditure £/pop	Rank	Grants £/pop	Rank	Staff per 10,000 pop	Rank
Cherwell	138,200	£268,000	£9,196	£114,000	1.8	£1.94	1	£0.82	2	0.13	2
Vale of White Horse	116,900	£32,920	£7,000	£0	0.5	£0.28	5	£0.00	9	0.04	8
Aylesbury Vale	176,000	£124,000	£10,000	£17,500	2.0	£0.70	3	£0.10	5	0.11	3
Tonbridge & Malling	117,100	£71,500	£9,000	£0	0.4	£0.61	4	£0.00	9	0.03	9
South Northants	88,200	£15,000	£5,000	£3,500	0.6	£0.17	6	£0.04	8	0.07	7
South Cambs	142,400	£130,000	£24,000	£40,000	1.0	£0.91	2	£0.28	3	0.07	6
Basingstoke	161,700	£20,000	£0	£25,000	1.8	£0.12		£0.15	4	0.11	4
East Herts	135,500	£27,000	£0	£12,000	1.0	£0.20		£0.09	6	0.07	5
Malvern Hills	74,800	£13,500	£0	£6,000	1.0	£0.18		£0.08	7	0.13	1
Test Valley	115,400	£20,000		£185,000	9.0	£0.17		£1.60	1	0.78	1
Eastleigh	121,000	£820,000	£440,000	£0	28.0	£6.78		£0.00	9	2.31	

Average		£0.77		£0.29		0.09
Cherwell difference		£1.17		£0.54		0.04
Percentage		152%		186%		51%
Costed		£161,610		£74,156		0.61

Ashford	No response
Braintree	No longer has an arts service
Chelmsford	No longer has an arts service
Colchester	No longer has an arts service
Harrogate	Only has a gallery
Maidstone	No longer has an arts service

Museum Closure cost benefit analysis

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	Break even			
									2019/20	2020/21	2021/22	2022/23
Capital investment (loan repayment)	£2,450,000	£2,156,350	£1,878,177	£1,610,854	£1,337,969	£1,056,216	£765,305	£464,940	£154,813	-£165,393	-£496,006	-£837,362
Payback - Annual Saving	-£315,000	-£315,000	-£315,000	-£315,000	-£315,000	-£315,000	-£315,000	-£315,000	-£315,000	-£315,000	-£314,999	-£314,998
	£2,135,000	£1,841,350	£1,563,177	£1,295,854	£1,022,969	£741,216	£450,305	£149,940	-£160,187	-£480,393	-£811,005	-£1,152,360
Opportunity costs												
Invested capital sum interest	£21,350	£36,827	£47,677	£42,115	£33,246	£24,090	£14,635	£4,873	-£5,206	-£15,613	-£26,358	-£37,452
Balance Carried Forward	£2,156,350	£1,878,177	£1,610,854	£1,337,969	£1,056,216	£765,305	£464,940	£154,813	-£165,393	-£496,006	-£837,362	-£1,189,812
Interest rate	1.00%	2.00%	3.05%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
Cumulative saving	-£315,000	-£630,000	-£945,000	-£1,260,000	-£1,575,000	-£1,890,000	-£2,205,000	-£2,520,000	-£2,835,000	-£3,150,000	-£3,464,999	-£3,779,997
Cumulative interest earned	£21,350	£58,177	£105,854	£147,969	£181,216	£205,305	£219,940	£224,813	£219,607	£203,994	£177,637	£140,185
Cumulative capital	£2,471,350	£2,508,177	£2,555,854	£2,597,969	£2,631,216	£2,655,305	£2,669,940	£2,674,813	£2,669,607	£2,653,994	£2,627,637	£2,590,185



Cherwell District Council

The future governance of Banbury Museum - options appraisal

1 Background to the study

1.1 MLA Renaissance Governance Consultancy

This study and options appraisal has been carried out by DCA Consultants, as part of a programme of bespoke governance consultancies offered by the MLA under their South East Renaissance programme.

DCA is a specialist cultural sector consultancy established in 1995 and based in Birmingham. We have worked extensively in the heritage sector on project development and advisory work and across the cultural sector developing strategies for and giving advice on issues of governance. We are specialists in business planning, options appraisal and strategic advice in the sector.

The MLA through the Renaissance programme engaged us to offer focused bespoke advice to ten museums in the south east region of England over the period August 2010 to January 2011. The Renaissance commission funded seven days of work on the project, including four visits to the museum and desk research and analysis. Our work was carried out alongside a Value for Money Review of Cherwell District Council's museum services.

Our consultations included:

- Simon Townsend, Museum Services Manager, who provided us with information, advice and guidance throughout.
- Stephen Barker, Education Officer, and Dale Johnston, Events and Exhibitions Officer who provided us with information about their specialist areas.
- Neil Lawrence, Project Manager, People and Improvement, who is leading the Value for Money Review and who guided us on the requirements of that process and more generally gave support and valuable analysis.
- Paul Marston-Weston, Head of Recreation and Health, and Nicola Riley, Arts & Visitor Services Manager, who provided guidance on how the museum fits into broader cultural and heritage provision.
- The MLA Renaissance Museums Development Officer for the Berkshire, Oxfordshire and Buckinghamshire region, Emma Davison, and the project leader for the governance project, Mairead O'Rourke, were also consulted and contributed to discussion around the options.

The financial information relied on in the study was supplied by Cherwell District Council (CDC).

For DCA, Lucy McCall and David Clarke carried out the work on the project.



Cherwell District Council

The future governance of Banbury Museum - options appraisal

2 The Museum

2.1 History and current building

The Museum was originally housed in the town library, but later moved to an historic building overlooking Banbury Cross, where it opened in 1981 and remained until 2001. High usage led to plans for a new Banbury Museum and the advent of the National Lottery and the availability of a vacant site adjacent to Tooley's boatyard and proximate to the new shopping centre presented an opportunity to take these plans forward.

The £5m capital budget was achieved with support from the National lottery, Konver European funding, British Waterways, various trusts and foundations, Oxfordshire County Council and Cherwell District Council.

The new museum, which opened in 2002, provides high quality, secure exhibition spaces in an excellent location, adjacent to the canal and with a main entrance on the mall of the shopping centre. The Museum straddles the Oxford Canal; the principal galleries are adjacent to Spiceball Park Road whereas the main entrance adjoins the Castle Quay Shopping Centre. This reception area, leased from the shopping centre, also provides the town's Tourist Information Centre and a Link Pont to CDC's services. An enclosed bridge, the Waterways Gallery, connects the two spaces. Adjacent to the canal and opposite the boatyard is Café Quay, run by Flying Aubergine.

2.2 Ownership and management

Banbury Museum is owned and managed by Cherwell District Council and is now part of the Recreation and Health Department, coming within the Environment and Community Directorate. Until 1998, Banbury Museum was managed jointly by Oxfordshire County Museum Service and Cherwell District Council, but in 1998 funding pressures forced Oxfordshire County Council to withdraw funding and CDC took over full responsibility for the museum through its redevelopment and thereafter.

The collection remains in the ownership of OCC and a relationship with OCC subsists, CDC paying an annual 'at cost' charge of £23,000 to OCC for documentation support, collections conservation and technical exhibition support. OCC makes no charge for storage of the museum collections at its store. CDC, through the expertise of museum staff, reciprocates with, for example, accessions support.

The professional team at the museum now comprises a Museums Services Manager, an Events and Exhibitions Officer and an Education Officer. In addition there are five Front of House staff, two on

duty during the morning and one in the afternoon, plus a bank of casuals. The Front of House staff also assist with delivering the learning programme. The museum's staffing level was reduced following a £134,000 cut from its budget around 18 months ago. The budget cut also resulted in the museum closing on Sundays. The museum's staffing capacity is strengthened by the TIC staff at the front desk who undertake all sales on behalf of the museum.

2.3 The museum's services

Banbury's mission statement (Business Development Plan, 2005 - 2010, under review):

The role of Banbury museum is to enhance the quality of life in the community by promoting understanding and appreciation of the locality and the wider human heritage. This will be achieved by promoting access, interest and an understanding of the heritage by making collections and associated information accessible to the public. The museum will also work in collaboration with Oxfordshire County Museum Service to collect, record, conserve and curate evidence of past human activity.

Banbury Museum's community extends well beyond Banbury itself to include the towns of Bicester and Kidlington, the Cherwell District Council area generally and beyond.

Banbury Museum is open Monday to Saturday and admission is free.

The permanent displays illustrate Banbury's history from around 1600, with particular emphases on the Civil War, the Victorian market town and its industries and the Oxford Canal. Tooley's Boatyard, a scheduled ancient monument, adjoins the Museum and can be visited by guided tour on Saturdays.

The museum's Exhibitions Policy sets out its mission in relation to temporary exhibitions:

Through a varied and wide-ranging temporary exhibition programme, Banbury Museum seeks to provide inspiring and engaging exhibitions that encourage learning and enjoyment in an accessible way, enhancing the visitor experience for existing audiences, and attracting new ones. We aim to show temporary exhibitions that complement and draw people to the permanent displays, encourage repeat visits, and develop a high profile for the museum strengthening support for it within the local community and further afield.

To fulfil its special exhibitions mission, Banbury Museum puts on five or six temporary exhibitions a year. These are multi disciplinary, covering local history, archaeology, arts, crafts, natural history, science and popular culture. The programme is designed to be family friendly and hands on with art cart, trails, activity backpacks, craft workshops and special events for all. The exhibitions are a mix of national touring exhibitions and exhibitions with local themes and include interactive display elements where possible, to engage visitors and encourage greater involvement/ learning. Wherever possible exhibits from the permanent collections are used to augment touring exhibitions.

Banbury Museum also provides support for local artists through a biannual open arts exhibition, collaboratively with the Mill Arts Centre, and support for up and coming young artists by hosting a selection of the best graduate art & design work from Oxford & Cherwell Valley College.

The museum's Learning Strategy sets out its learning mission:

Banbury Museum is dedicated to creating innovative learning environments, programmes and tools for exploration that help people of all ages, abilities and cultural backgrounds to develop a deeper understanding of their heritage.

To fulfil its learning mission, Banbury Museum has developed a range of activities and tools focused on families and schools including workshops, trails, handling sessions, art cart, gallery discovery boxes, tours and boat trips. Trained staff deliver the learning programme. In addition Banbury Museum has an outreach programme for schools that don't come to the museum and the wider communities in the towns of Bicester and Kidlington. Participation in the Renaissance SE reminiscences project has enabled the museum to extend its outreach work.

The Museum's learning programme has been awarded a 'Learning Outside the Classroom' quality badge.

In addition to the services provided in the museum and through the museum's outreach work, the museum staff provide support to small independent museums in the district and an input into planning developments in the area. Banbury Museum is well networked with museums throughout Oxfordshire (around 40 museums in total) and beyond.

2.4 Audiences

Banbury Museum records very substantial visitor numbers: 215,477, 2009/10 and approximately 2 million since opening in 2002. These figures are nearly twice those originally projected for the museum. Banbury Museum records pupil visits to the museum separately; for 2009/10 totalled 3,932 (substantially over the target of 3,150).

Visits are recorded by counting people entering from each of its three entrances. This recording system has weaknesses because some visitors entering the main entrance from the shopping mall are entering the shop and TIC only or are coming in to use the CDC link point. There is a mechanism for disaggregating people using the link point from the museum figures, but not those using the TIC or just visiting the shop. In spite of this, it is clear that the museum is well used.

High visitor numbers mean that Banbury Museum provides very good value for money when compared to many other museums. The Value for Money Review currently being undertaken develops these comparators in detail.

Banbury Museum has commissioned two pieces of independently produced audience research and also carries out its own audience satisfaction surveys. The earlier study was completed by Cardiff Arts Marketing in 2004 and the later by Audiences South in 2008. Visitors consistently record high levels of satisfaction. The majority of the audience is local: nearly two thirds (65%) travelling less than twelve miles (2004); 60% of visitors in 2009/10 had OX16 or 15 postcodes. The museum seeks to address this issue through outreach work in other parts of the district, like Bicester and Kidlington.



Cherwell District Council
The future governance of Banbury Museum - options appraisal

3 Options appraisal

3.1 Objectives

We understand the project objectives to be:

- To assess the potential for making savings in overall financial cost to CDC of the museum's operation.
- To identify a long-term plan for financial sustainability of the museum within known and likely resource constraints.
- To protect the valued museum and its service and enable it to continue to meet its aims and objectives.
- To continue to meet local demand and enthusiasm for the museum and the interpretation of local history.
- To enable continued development of partnership and project working with partners inside or outside CDC to enrich the service and share costs.
- To seek opportunities to enable the museum to grow and develop so as to deliver more services, attract more visitors and to increase in significance in the life of the town and the district.

The brief for our work has focused on whether these objectives are likely to be best met with the museum continuing in CDC's operation or being transferred to trust. When we look at the trust options in this section we mean arranging for the delivery of the services by an independent non profit distributing organisation (NPDO). We go on to explain the NPDO options most relevant to a museum like Banbury in more detail in section 4.

This discussion is going on across the heritage sector and, in general terms, a range of advantages have been identified as potentially flowing from trust status, as expressed in recent MLA reports:

- Greater financial stability and sustainability
- Greater sense of direction and ability to focus on core business
- Access to additional resources - from NNDR and other savings and reallocation of central service costs
- Greater attractiveness of a stand alone body to potential donors and funders
- The opportunity for improved investment by recycling surpluses and savings
- Greater flexibility and freedom to develop according to audience needs
- Management structures that allow for timely decisions by a focused and business-like management and board, more able to control its own destiny
- Speed of decision making when freed from local authority structures

- Opportunities for organisational culture change and growth
- Opportunities to develop new connections and partnerships

As we consider the options for Banbury Museum, we seek to identify whether CDC's objectives and these potential advantages would in this case be best served by a change of status.

3.2 Constraints

In our consideration of the options (below), the following particular circumstances relating to Banbury Museum have informed and constrained our appraisal:

- As part of the NHMF conditions of grant, CDC entered into a 25 year contractual commitment (which continues until 2023) that the museum and the collection must remain fully accessible to the general public and the museum must remain in Council ownership and possession. Any variation of this agreement requires the funder's consent. Any breach renders the Council liable to repay the grant.
- The collection remains in the ownership of Oxfordshire County Council. In these circumstances, any decision to vary the current arrangements will require negotiation with OCC to ensure that that authority is satisfied with any new arrangements for the care and control of the collection.
- CDC appears to have anticipated the changed financial circumstances in which local authorities are now being required to operate in that, over the last two years, the costs of operating the museum (and expenditure on culture more generally) have already been substantially reduced. We understand that cost reductions in the order of £134,000 have already been implemented since 2008/09. This has required reductions in staff numbers and closure of the Museum on Sundays. This clearly limits the areas in which there is potential to make savings now.
- The museum's reception area functions also as the town's Tourist Information Centre and a Link Point to CDC's services. The TIC staff also act as sales staff for the museum, both in relation to museum shop sales and the sale of workshop places etc. This means that there is a degree of integration or service provision, one to the other, between delivery of TIC and museum services. We further understand that CDC is keen to retain this current location for the TIC and Link Point because of high usage.

3.3 The options

The options for review are summarised below. In each case we go on to comment on the nature and potential effectiveness of the option and to understand the potential financial impact of the option.

1. Remain in CDC control.

2. Transfer operation of the Museum and Tourist Information Centre service to a bespoke trust developed for the purpose.
3. Transfer operation of the Museum service to a bespoke stand alone trust developed for the purpose.
4. Transfer operation of the Museum to an existing larger trust or a new trust created to operate more than one museum or heritage site.
5. Closure.

3.3.1 Option 1 - remain in Cherwell District Council control

In this option the service remains part of the Council.

In the summary of the financial projection for this option, on the following page, we have taken as the baseline a combination of the 2010/11 budget for the Museum and TIC, together with some updates on actual or likely actual costs supplied to us by the Museum Manager and the People and Improvement Project Manager during the study; principally increases in overall NNDR, utilities and maintenance and changes in treatment of some smaller headings such as car allowances.

As discussed above very substantial savings have already been made in the costs of running the museum service over the last two years and these are reflected in the 'baseline' starting point for the cost to the authority of continued direct provision of the Museum. Our instructions are that any further cuts will inevitably impact adversely on the level of services that the Museum is able to deliver. In these circumstances we have not sought to model cuts in the current service for 2011/12 onward.

We have also excluded from all the models some new sources of income that it might be possible to develop over the coming years whatever the governance status of the museum. The Museum's management has identified some potential routes to increasing earned income, either by direct delivery of museum/heritage services outside CDC (for example to South Northamptonshire) or, if the Oxford University Museums' application for Core Museum status succeeds, by acting as a delivery agent to those museums.

However, these are uncertain at this stage and we have not, therefore, taken them into account. If any do materialise, they may improve the savings possible/financial robustness of either CDC or trust operation of the Museum, but would not affect the analysis here of the relative position between direct and trust operation.

In summary, then, the financial forecast shows that the cost to CDC of direct provision of the Museum and TIC can be seen as rising steadily over the years to come by the need to accommodate

the effect of inflation on costs (we allow inflation at 2% annually on all relevant costs excluding central/departmental recharges).

By 2017/18, the total annual cost of the service is likely to be something just over £725,000. In section 2.4, we touch on the value for money of this and other options. Suffice it to say here that, with attendances of more than 215,000 annually, the Museum is recording a very low net cost per attendance as compared with the heritage sector and local authority museums in general.

3.3.2 Option 2 - Transfer to a bespoke trust comprising the Museum and the TIC

The option of moving local authority services to trust is not simple and should not be undertaken lightly. Nonetheless, the option to move to trust in the case of Banbury Museum may assist both the Museum and CDC in coping with the financial challenges ahead.

In our view, the possibility of developing a trust that combines the Museum and the Tourist Information Centre offers additional opportunities. We understand that the Banbury TIC is very heritage based - its main function being to introduce the visitor to Banbury's heritage offer. The Museum is, of course, the starting point to be followed by the heritage trail etc. We understand that the more routine aspects of a TIC's work, like hotel bookings, form a relatively small part of the staff's work.

In these circumstances, the relationship between the Museum and the TIC goes well beyond convenient and mutually beneficial co-location. A combined trust could develop a shared vision and mission for the two services and, we suggest, consider some rebranding of the TIC to reflect its niche role.

As already discussed above in section 3.2, the NHMF conditions of grant constrain CDC's freedom of action for the period to 2023 in that the museum and the collection must remain fully accessible to the general public and the museum must remain in Council ownership and possession. Any variation of this agreement requires the funder's consent. Any breach renders the Council liable to claw back of the grant.

Clearly, CDC will have to seek the permission of NHMF if it decides to put the Museum out to trust because that will mean that it will part with possession of the Museum (ownership would technically remain with CDC, though subject to a lease). We consider that NHMF would be likely to grant a variation of the terms of the contract to allow CDC to put the Museum out to trust provided it could be assured on the key considerations of public access, protection of the assets and the long term sustainability of the trust.

Similarly, any decision to vary the current arrangements will require agreement with Oxfordshire County Council because they own the to ensure that that authority is satisfied with any new arrangements for the care and control of the collection.

As can be seen from the financial projections on the following page, there are new/increased areas of income potentially available to the trust, which are unlikely to be available to it as part of the local authority, principally additional income from donations and fundraising (in the order of £15,000 per annum). We don't believe that the Museum would readily succeed in introducing admission charging (partly because of control issues associated with its several entrances). However, as a trust, it may be more possible/likely to get visitors to make voluntary donations. Over time it may prove possible to be more ambitious than set out here, but for the moment we have asset a target based on the shared interest of the Council and any future trust in minimising the risk of failure to meet targets.

There are, however, substantial potential costs savings to be made by move to a trust:

- The NNDR position is not entirely straightforward, but the Council is currently incurring in the order of £80,000 per annum in cost. A charitable museum trust would be entitled to 80% relief on the NNDR for any area it occupied for its charitable purposes (see further section 4 for an explanation of charitable). At best, this would represent a saving of £64,000 per annum if the relief applied to the entire museum building including the shop, TIC and Link Point. It is possible that this saving might be reduced were separate full demands to be made on any area of the TIC/shop or Link Point. However, in respect of the TIC/shop at least we think there is good cause to be optimistic about getting the relief given the way that this space is the main welcome for museum visitors and serves as museum shop. It is important to note that mandatory rates relief (ie an entitlement to rates relief) only applies to charitable NPDOs (see further section 4).
- There are net savings in the costs of financial, professional, IT and other services, currently provided by the Council comprising a set of central and departmental cost recharges to the Museum/TIC. At present combined recharges are in the order of £164,000 per annum. We estimate that an independent Museum/TIC trust could secure the services it required in professional fees/ICT/finance and admin support for in the order of £50,000.

Against these savings there are increased/new costs that the trust would incur including a provision for irrecoverable VAT because the Museum would no longer be covered by the local authority's de minimis exemption. In addition, we anticipate that the trust would want to make a few investments to ensure its future success, for example a new role of part time audience development/marketing manager.

CDC's commitment to the new trust would begin at just over £500,000 in the first year after transfer (2013/14) and rising by inflation in line with costs (again at 2% a year) to around £542,000 by 2017/18.

However, the savings to the trust resulting from not being liable to local authority recharges do not automatically translate to similar savings to the Council. If no savings were made in the Council from the costs currently recharged to the Museum/TIC, the the total savings would be limited to about

£20,000 (savings in CDC support to the Museum/TIC of £183,000 less currently recharged central/departmental costs of £164,000).

While it may be that the full £164,000 could not be achieved in the Council's central services as a result of not having to service the Museum/TIC, it might be reasonable to assume some substantial degree of savings. It will be for CDC to work through where and how savings can be made and to quantify the benefit.

To make the move to trust sustainable, we consider that several conditions will need to be met:

- The capacity of the Museum to run its own affairs, meet demand and run an effective service would be seriously diminished if, by the time of independence, the staff and service had been run down to make savings. We consider that it is essential that the current level of support to the Museum is sustained pending externalisation.
- As we have said, some new staffing capacity would be required to ensure success when the service goes out to trust. We have provided for a total of 1.7 new FTEs in new support (finance and admin) and development (audience development/ marketing) staff. The trustees and management may want to refine this allocation of new staff, but additional staffing provision at or around this level is, in our view, a minimum.
- Again, as mentioned above, care will need to be taken over the implications for VAT. Free entry brings with it the likelihood of a partial exemption for VAT purposes and some irrecoverable VAT, allowed here at 60% irrecoverability of all VAT incurred.

3.3.3 Option 3 - Transfer the Museum only to bespoke trust whilst continuing to run the TIC within local authority provision

In the financial summary overleaf, we show the effect of the museum alone becoming an independent trust with the TIC and Link Point continuing to operate as part of CDC in the museum shop area.

This arrangement has the following implications:

- The opportunity to develop the Museum and TIC as an integrated visitor experience for the wider heritage market would be constrained.
- With the TIC still within CDC, it the case for mandatory NNDR (rates) relief will be unlikely to extend to the shop area, reducing the NNDR saving to 80% of the NNDR on the Museum (which occupies about 83% of the site).
- In order to maintain the support provided by TIC staff in relation to museum sales, a contractual arrangement would need to exist between the TIC (CDC) and the trust for the

provision of services by TIC staff to the trust. Whether a contractual arrangement would work as well as currently, where all are CDC staff, or as in option 2 when all are trust staff, is open to question.

- The trust's need for new staff in this option is likely to be different from option 2. For example, there would probably be less finance support required. However, we think there may be an element of inefficiency here - the Museum would still need to establish a capacity in finance and administration and the exclusion of the TIC may not reduce this very much.
- The recharges attributable to the museum alone are, of course, less than for the museum and TIC combined. This presents a smaller opportunity for the Council to effect savings in central services as a result of the move to trust.

As the financial summary of this option shows, the Museum Trust would rely on the Council for annual support starting at about £415,000 in the first year of trust status and rising to £445,000 in 2017/18. However, to this must be added the cost of operating the TIC - starting at about £279,000 and rising over the period to just over £300,000. Combining the two together shows that savings would be almost completely limited to that part of the central/departmental recharges of the Museum alone (£102,000) that the Council could save by not servicing the Museum. As against Option 2, this option offers £20,000 less direct savings as a result of the loss of NNDR relief on the TIC/OSS and the loss of efficiency savings by running two smaller operations.

Two further factors may need to be taken into account here. If the Council maintains the TIC separately within Council management, we think there will be a significant risk that, rather than Museum and TIC going into one new trust generating new motivation and returns from the TIC/Shop, the split of TIC/Museum into separate managements would limit business no matter how well covered by contracts/SLAs. Secondly, the maintenance of the TIC inside the Council does not fully protect the Council's freedom of action in respect of the TIC. If at some later date, the Council decided to move or wind down the TIC function, the Museum would be left without a visitor desk or shop function and would have to establish one at costs not significantly less than the TIC/Shop/Visitor welcome function costs now.

3.3.4 Option 4 - Transfer to a larger trust

During the course of this consultancy we have discussed the potential for the Museum to be transferred into an existing heritage trust or merged with other museums or heritage services to form a larger trust, or to be combined with other cultural services locally.

Many heritage services and museums are going through similar processes of review and potential governance change at the moment. Some of these are other participants in the Renaissance programme. Of most immediate relevance to CDC and Banbury Museum is Oxfordshire County Council and discussions between the two services are ongoing, including a planned joint meeting, to include ourselves, in December.

However, at this stage, there is no suitable existing trust into which Banbury Museum might be transferred nor is there any proposal in the wider market for any bigger trust that Banbury Museum might partner. In these circumstances we have not been able to undertake any financial modelling. Our view is that it is unlikely that any proposal will emerge that Banbury Museum and CDC would be interested in exploring in depth in the foreseeable future.

In any event, there are good reasons to be cautious about proposals for merger and larger structures. Typically, museum and heritage trusts work well when they are subject and site specific. Trustees, partners and givers are all best motivated by a simple, clear and uncomplicated identification of the museum as the object of their efforts or contributions.

As recently commissioned advice for the MLA made clear:

“the most significant potential disadvantage of a wider portfolio is the potential loss of focus.”

This said, over the next three or four years, we consider that a market is likely to develop in which established trusts can decide to grow by taking on other museums and heritage sites and/or by delivering additional heritage services. An existing, robust and well led trust will be able to assess whether any opportunities that emerge have the potential to enhance the trust’s vision and mission. In our view, Banbury Museum, as an established and well managed museum with clarity of purpose, would be well advised to prioritise establishing a trust over the next year or so, thereby ensuring that it has strength in this new market as opportunities arise.

3.3.5 Option 5 - Closure

In the particular circumstances of Banbury Museum we consider that closure is not a viable option.

As outlined in section 3.2, the terms of the contract with NHMF include a requirement that the museum and collection remain fully accessible to the public throughout a period of 25 years, which runs until 2023. The terms further require that the museum remains in the ownership and possession of CDC. Breach of these terms would render CDC liable to repayment of the HLF grant secured to build the Museum.

Closure would clearly be in breach of the requirement to keep the museum and collection fully accessible and so would invoke the claw back. We would expect that, even without the implications of this clause, closure is not an option that CDC would consider seriously, not only because of the loss of benefit to local communities, but also because the building has relatively recently been completed and was developed specifically for the purpose it currently performs. In these circumstances we have not gone on to consider the standard costs of closure in terms of redundancies, collections removal and care etc.

We consider the implications of the contract in relation to a trust option in section 3.3.2 above.

3.4 Preferred option

On the basis of this analysis of the options, we suggest that there are potential benefits, both in terms of financial efficiencies and longer-term strategic advantage to Banbury Museum pursuing trust status. The benefits to CDC, though to a degree dependent on driving through savings in central charges, are also real.

In our view the trust option that combines the Museum and the TIC (Option 2) is the most interesting, innovative and cost effective. Although we recognise the challenges to local authorities in making savings in central and departmental costs when devolving single services, we suggest that the potential to make savings up to £183,000 across direct subsidy and central/departmental recharges whilst enabling the Museum to explore and develop new activities and potential income for the future presents a significant opportunity.

In the next section we go on to consider the processes and challenges that the Council will have to consider as it reflects on the option of moving to trust.

DCA Consultants Options Appraisal summary

Banbury Museum								
REVENUE PLAN SUMMARY	Version 2010/9		December 1st 2010		Summary of options			
Year	2010/11	2011/12	2012/13	2013/14 Trust commences	2014/15	2015/16	2016/17	2017/18
Option 1 - continued local authority operation	671,441	677,092	684,105	690,527	699,170	707,840	716,665	725,649
Option 2 - Operation by Trust from 2013/14	671,441	677,092	684,105	506,756	515,469	524,215	533,112	542,164
Option 3 - Operation of Museum by Trust, TIC by Council	671,441	677,092	684,105	579,960	590,149	600,400	610,834	621,453