



# Public Document Pack

## Cambridge City Council

### STRATEGY AND RESOURCES SCRUTINY COMMITTEE

**To:** Councillors Brown (Chair), Rosenstiel (Vice-Chair), Birtles, Boyce, Ashton, Benstead, Herbert and Tucker  
Alternates: Pogonowski and Blackhurst

Leader: Councillor Bick

Executive Councillor for Customer Services and Resources:  
Councillor Smith

*Despatched: Wednesday, 27 June 2012*

**Date:** Monday, 9 July 2012

**Time:** 5.00 pm

**Venue:** Committee Room 1 & 2 - Guildhall

**Contact:** Glenn Burgess

**Direct Dial:** 01223 457169

### AGENDA

#### 1 APOLOGIES FOR ABSENCE

#### 2 DECLARATIONS OF INTEREST

Members are asked to declare at this stage any interests that they may have in an item shown on this agenda. If any member of the Committee is unsure whether or not they should declare an interest on a particular matter, they should seek advice from the Head of Legal Services before the meeting.

#### 3 MINUTES OF THE PREVIOUS MEETING *(Pages 1 - 16)*

To approve minutes of the meetings held on 19 March 2012 and the 24 May 2012.

## **4 PUBLIC QUESTIONS**

## **5 RECORD OF URGENT DECISIONS TAKEN BY THE LEADER OF THE COUNCIL AND THE EXECUTIVE COUNCILLOR FOR CUSTOMER SERVICES AND RESOURCES**

To note decisions taken by the Leader of the Council and the Executive Councillor for Customer Services and Resources since the last meeting of the Strategy and Resources Scrutiny Committee.

- 5a Intelligent Energy Europe Bid re. Cambridge City District Heating Scheme  
*(Pages 17 - 22)*

### **Items for Decision by the Executive Councillor, Without Debate**

These Items will already have received approval in principle from the Executive Councillor. The Executive Councillor will be asked to approve the recommendations as set out in the officer's report. There will be no debate on these items, but members of the Scrutiny Committee and members of the public may ask questions or comment on the items if they comply with the Council's rules on Public Speaking set out below.

### **Items for Debate by the Committee and then Decision by the Executive Councillor**

These items will require the Executive Councillor to make a decision after hearing the views of the Scrutiny Committee.

There will be a full debate on these items, and members of the public may ask questions or comment on the items if they comply with the Council's rules on Public Speaking set out below

## **Decisions of the Executive Councillor for Customer Services and Resources**

**Items for debate by the committee and then decision by the Executive Councillor for Customer Services and Resources**

- 6 2011/12 REVENUE AND CAPITAL OUTTURN, CARRY FORWARDS AND SIGNIFICANT VARIANCES - CUSTOMER SERVICES AND RESOURCES PORTFOLIO** *(Pages 23 - 34)*
  
- 7 LOCALISATION OF SUPPORT FOR COUNCIL TAX** *(Pages 35 - 48)*
  
- 8 CLAY FARM LAND DISPOSAL PROJECT - DELIVERY OF AFFORDABLE HOUSING BY THE CITY COUNCIL** *(Pages 49 - 58)*
  
- 9 THE PUBLIC SERVICES (SOCIAL VALUE) ACT 2012 AND RESPONSE TO COUNCIL MOTION ABOUT THE COUNCIL'S USE OF CONTRACTORS** *(Pages 59 - 72)*
  
- 10 RISK BASED VERIFICATION** *(Pages 73 - 88)*
  
- 11 CAMBRIDGE CITY COUNCIL REVENUES & BENEFITS SERVICES PROCUREMENT** *(Pages 89 - 100)*
  
- 12 ICT FACILITIES MANAGEMENT CONTRACT RE-TENDER** *(Pages 101 - 106)*
  
- 13 URBAN BROADBAND FUND - PHASE 2 GRANT APPLICATION** *(Pages 107 - 118)*
  
- 14 ANNUAL UPDATE FROM THE LOVE CAMBRIDGE PARTNERSHIP** *(Pages 119 - 124)*

- 15 **UPDATE ON THE CBBID, BUSINESS IMPROVEMENT DISTRICT PROJECT (BID)** *(Pages 125 - 150)*
- 16 **LARGE HALL – LEADED WINDOW REFURBISHMENT – PHASE 1**  
*(Pages 151 - 158)*

<b>Decisions of the Leader</b>
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**Items for debate by the committee and then decision by the Leader of the Council**

- 17 **ANNUAL TREASURY MANAGEMENT REPORT 2011/12**  
*(Pages 159 - 174)*
- 18 **2011/12 REVENUE AND CAPITAL OUTTURN, CARRY FORWARDS AND SIGNIFICANT VARIANCES - STRATEGY** *(Pages 175 - 180)*
- 19 **2011/12 REVENUE AND CAPITAL OUTTURN, CARRY FORWARDS AND SIGNIFICANT VARIANCES - OVERVIEW** *(Pages 181 - 222)*
- 20 **LOCAL GOVERNMENT RESOURCE REVIEW - BUSINESS RATES RETENTION POOLING OPTIONS** *(Pages 223 - 236)*
- 21 **NORTH WEST CAMBRIDGE DEVELOPMENT - MANAGEMENT STRATEGY FOR OPEN SPACES, SPORTS AND COMMUNITY FACILITIES** *(Pages 237 - 252)*
- 22 **RESTORATIVE JUSTICE PROGRESS REPORT** *(Pages 253 - 264)*
- 23 **APPOINTMENT TO THE CAMBRIDGESHIRE POLICE AND CRIME PANEL** *(Pages 265 - 284)*



- 24**      **CODE OF BEST PRACTICE ON CONSULTATION AND COMMUNITY ENGAGEMENT** (*Pages 285 - 304*)
- 25**      **AREA WORKING - REVIEW OF PARTICIPATION PILOT**  
(*Pages 305 - 316*)
- 26**      **COMMUNITY RIGHT TO CHALLENGE UNDER THE LOCALISM ACT**  
(*Pages 317 - 326*)
- 27**      **COMMUNITY RIGHT TO BID UNDER THE LOCALISM ACT**  
(*Pages 327 - 338*)

### **Information for the Public**

**QR Codes**  
(for use with Smart  
Phones)

**Location**      The meeting is in the Guildhall on the Market Square (CB2 3QJ).

Between 9 a.m. and 5 p.m. the building is accessible via Peas Hill, Guildhall Street and the Market Square entrances.

After 5 p.m. access is via the Peas Hill entrance.

All the meeting rooms (Committee Room 1, Committee 2 and the Council Chamber) are on the first floor, and are accessible via lifts or stairs.



## **Public Participation**

Some meetings may have parts that will be closed to the public, but the reasons for excluding the press and public will be given.

Most meetings have an opportunity for members of the public to ask questions or make statements.

To ask a question or make a statement please notify the Committee Manager (details listed on the front of the agenda) prior to the deadline.

- For questions and/or statements regarding items on the published agenda, the deadline is the start of the meeting.
- For questions and/or statements regarding items NOT on the published agenda, the deadline is 10 a.m. the day before the meeting.

Speaking on Planning Applications or Licensing Hearings is subject to other rules. Guidance for speaking on these issues can be obtained from Democratic Services on 01223 457013 or [democratic.services@cambridge.gov.uk](mailto:democratic.services@cambridge.gov.uk) or on-line:

<http://www.cambridge.gov.uk/public/docs/Having%20your%20say%20at%20meetings.pdf>

The Chair will adopt the principles of the public speaking scheme regarding planning applications for general items, enforcement items and tree items.

Cambridge City Council would value your assistance in improving the public speaking process of committee meetings.

You are invited to complete a feedback form available in the committee room or on-line using the following hyperlink:

<http://www.surveymonkey.com/s/Y9Y6MV8>

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A loop system is available in Committee Room 1, Committee Room 2 and the Council Chamber.

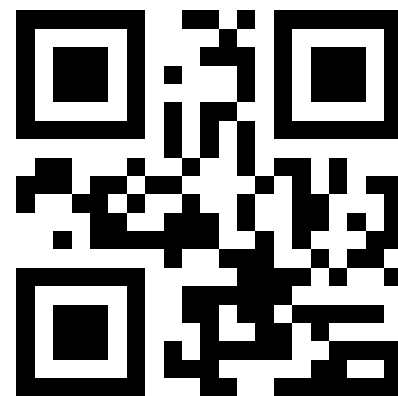
Adapted toilets are available on the ground and first floor.

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**Queries on reports**

If you have a question or query regarding a committee report please contact the officer listed at the end of relevant report or Democratic Services on 01223 457013 or [democratic.services@cambridge.gov.uk](mailto:democratic.services@cambridge.gov.uk).



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**STRATEGY AND RESOURCES SCRUTINY COMMITTEE**

19 March 2012  
5.00 - 6.05 pm

**Present:**

**Scrutiny Committee Members:** Councillors Boyce (Chair), Rosenstiel (Vice-Chair), Al Bander, Ashton, Benstead, Brown, Herbert and Nimmo-Smith

**Executive Councillors:**

Deputy Leader and Executive Councillor for Housing: Councillor Smart  
Executive Councillor for Customer Services and Resources:  
Councillor McGovern

**Officers Present:**

Chief Executive: Antoinette Jackson  
Director of Resources: David Horspool  
Director of Customer and Community Services: Liz Bisset  
Head of Customer Services: Jonathan James  
ICT Client Manager: Tony Allen  
Strategy Officer: Chris Williams  
Strategy and Partnerships Manager: David Kidston  
Committee Manager: Glenn Burgess

**FOR THE INFORMATION OF THE COUNCIL**

**12/23/SR Apologies for absence**

Apologies were received from Councillors Reid and Pogonowski.

Councillor Smart attended as Deputy Leader.

**12/24/SR Declarations of interest**

Councillor	Item	Interest
Brown	12/28/SR	Personal: Executive Member of the LGBT Liberal Democrat Group

**12/25/SR Public Questions**

None

**12/26/SR Minutes of the previous meeting**

The minutes of the meetings held on 16 January 2012 and 3 February 2012 were approved and signed as a correct record.

**12/27/SR Installation of solar thermal technology on City Council properties**

**Matter for Decision:** The supply and installation of solar thermal panels on selected Council properties to secure a guaranteed income through energy bill savings and heat tariff as part of the Government's national Renewable Heat Incentive (RHI).

**Decision of the Executive Councillor:**

The Deputy Leader resolved to:

Financial recommendations:

- i. Approve commencement of the Solar Thermal Project, included in the Council's Capital Plan - C2966, Installation of solar thermal panels and/or energy efficiency measures on non-housing Council properties (General Fund).

The total capital cost of the project is £140,000. The revenue savings from the project are estimated at £15,000 per annum (savings proposal S2967) and these have been included in the revenue budget from 2013/14 onwards.

Procurement recommendations:

- ii. Approve the procurement and installation of solar thermal panels and other necessary equipment under the Planned Maintenance Framework.

Subject to:

The permission of the Executive Councillor and Director of Resources being sought prior to proceeding if the quotation or tender sum exceeds the estimated contract value by more than 15%.

**Reasons for the Decision:** As set out in the officer's report

**Any alternative options considered and rejected:** N/A

**Scrutiny Considerations**

N/A

### **12/28/SR Single Equality Scheme 2012 - 2015**

**Matter for Decision:** The City Council has consulted on a new Single Equality Scheme that sets out how the organisation would challenge discrimination and promote equal opportunity in all aspects of its work over the next three years. The Executive Council is asked to approve the new scheme.

**Decision of the Executive Councillor:**

The Deputy Leader resolved to:

- i. Approve the new Single Equality Scheme 2012 – 2015.

**Reasons for the Decision:** As set out in the officer's report

**Any alternative options considered and rejected:** N/A

**Scrutiny Considerations**

The committee received a report from the Strategy Officer.

The committee made the following comments on the report:

- i. Congratulated officers on the work around sexual orientation and transgender/gender reassignment.

In response to member's questions the Strategy Officer, the Director of Resources and the Chief Executive confirmed the following:

- i. The percentage of the City Council's workforce from Black and Minority Ethnic (BAME) communities currently stood at just over 7% (after a recent rise to 7.5%). The percentage of the workforce that had a disability currently stood at 4.1%. Work would continue through the Single Equalities Scheme Action Plan to meet the proposed targets of 8.5% and 4.5% respectively.
- ii. Work continued with the Papworth Trust to identify potential job opportunities for disabled people and encourage the Trust's disabled clients to apply for suitable positions at the City Council.
- iii. The Council's policy is to prioritise staff in the redevelopment pool for vacancies. This would impact on the number of new employees who come into the organisation and how quickly representation from target groups changes.
- iv. As a result of the revised Accommodation Strategy council buildings would be more accessible for disabled people.
- v. The City Council would undertake a recruitment survey with BAME community groups in Cambridge, and was considering the most effective options for doing this.
- vi. Regular workforce monitoring was undertaken to monitor the proportion of minority employees at the different pay bands, including the proportion of candidates from minority communities progressing through the various stages of the recruitment process.
- vii. Officers recognised that the Chinese community was underrepresented and the recruitment survey would aim to specifically capture this data.
- viii. The City Council organises open evenings for prospective Councillors and has a dedicated 'Would you like to be a Councillor?' page on its website. Political groups also played an important role in encouraging more BAME and disabled people to stand as Councillors.

The Scrutiny Committee considered and approved the recommendations by 5 votes to 0.

The Deputy Leader approved the recommendations.



**12/29/SR Greater Cambridge Greater Peterborough Enterprise Partnership: Incorporation as a Company limited by guarantee**

**Matter for Decision:** To consider the City Council becoming a corporate member of the Greater Cambridge Greater Peterborough Enterprise Partnership (LEP) as part of its incorporation as a company limited by guarantee.

**Decision of the Executive Councillor:**

The Deputy Leader resolved to:

- i. Agree the principle of the City Council becoming a corporate member of the LEP and to ask the Chief Executive to finalise the arrangements with the LEP Board.

**Reasons for the Decision:** As set out in the officer's report

**Any alternative options considered and rejected:** N/A

**Scrutiny Considerations**

The committee received a report from the Chief Executive.

The committee made the following comments on the report:

- i. Raised concern that, due to its geographical boundaries, the LEP could not be classed as a 'local' body.

In response to member's questions the Chief Executive confirmed the following:

- i. The Leader of Cambridge City Council had been elected as a Board member of the LEP by the other local authority members. This was a personal appointment and the City Council did not have a place on the Board as a right.
- ii. An Investment Sub-Group (consisting of 3 local authority members and 2 private sector members) made recommendations to the LEP on how to spend public money.

- iii. Whilst the Leader of Cambridge City Council continued to push for greater openness and transparency, the LEP did not currently hold its meetings in public. Meeting papers were however published on their website.
- iv. The City Council currently contributed £8000 per annum to the LEP but this would be reviewed through the annual budget process.
- v. The Board had a private sector majority in line with Government's policy aims for LEP's.

The Chief Executive agreed to email committee members with details of the term of office for Board members of LEP.

The Scrutiny Committee considered and approved the recommendations by 5 votes to 0.

The Deputy Leader approved the recommendations.

### **12/30/SR Desktop Upgrades**

**Matter for Decision:** Purchase and deployment of an upgraded ICT desktop environment for all staff, including replacement of up to 500 PC's.

#### **Decision of the Executive Councillor:**

The Executive Councillor for Customer Services and Resources resolved to:  
Financial recommendations:

- i. Approve the commencement of this scheme, which is already included in the Council's Capital & Revenue Project Plan (SC541 Corporate PC Replacement Programme and PR020 ICT Infrastructure Programme).

The total cost of the project is £700,000, funded from IT Infrastructure Replacement R&R fund, IT Software Replacement R&R fund and Departmental PC replacement R&R. There are no ongoing revenue implications arising from the project.

This will be combined into one project with work already approved for the upgrade of MS Office, making a total project cost of £990,000.

Procurement recommendations:

- ii. Approve the carrying out and completion of the procurement of hardware and software to support upgrades to ICT desktops, including upgrades to Windows and PC's replacements.

Subject to:

The permission of the Director of Resources being sought prior to proceeding if the quotation or tender sum exceeds the estimated contract. The permission from the Executive Councillor being sought before proceeding if the value exceeds the estimated contract by more than 15%.

**Reasons for the Decision:** As set out in the officer's report

**Any alternative options considered and rejected:** N/A

### **Scrutiny Considerations**

The committee received a report from the ICT Client Manager.

In response to member's questions the ICT Client Manager and the Director of Resources confirmed the following:

- i. 50% of the PC's currently located at the Guildhall were over 5 years old.
- ii. A number of PC's across the City Council were between 9 and 10 years old, with one identified as over 11 years old.
- iii. The project would aim to move all machines over to Windows 7 as soon as possible.
- iv. A more structured approach to the provision and replacement of PC's would better suit the needs of the organisation.
- v. The majority of the 500 replacement units would be thin client desktop devices.
- vi. As upgrades could now be performed centrally it was envisaged that the replacement units would last for up to 10 years.
- vii. As part of the Corporate Change Programme and new HR Policies the City Council would be looking to encourage more flexible working across locations.

The ICT Client Manager agreed to email committee members with details of how the £700,000 would be split between upgrades and replacements.

The ICT Client Manager agreed to investigate an issue raised by a Councillor regarding the level of service provided by Serco.

The Scrutiny Committee considered and approved the recommendations by 5 votes to 0.

The Executive for Customer Services and Resources approved the recommendations.

## **12/31/SR Project Appraisals: Customer Services Improvement Projects**

### **12/31a/SR Customer Service Automatic Payment Machine**

**Matter for Decision:** The purchase and installation of an automatic payment machine at Mandela House.

#### **Decision of the Executive Councillor:**

The Executive Councillor for Customer Services and Resources resolved to:  
Financial recommendations:

- i. Approve the commencement of this scheme, which is already included in the Council's Capital & Revenue Project Plan (SC335).

The estimated total cost of the project is £17,300, funded from the Technology Investment Fund. The revenue costs of the project are £2,000 for 2012/13 onwards and will be met from the Customer Service revenue budget. (00094).

Procurement recommendations:

- ii. Approve the invitation and evaluation of quotations and award of contract for the Automatic Payment Machines' hardware and related software plus annual maintenance for the project.

Subject to:

The permission of the Executive Councillor and the Director of Resources being sought prior to proceeding if the tender sum exceeds the estimated contract value by more than 15%.

**Reasons for the Decision:** As set out in the officer's report

**Any alternative options considered and rejected:** N/A

### **Scrutiny Considerations**

The committee received a report from the Head of Customer Services.

In response to member's questions the Head of Customer Services confirmed the following:

- i. Whilst the likely usage of the new payment machines was not yet known, they had been very successful in other local authority areas.
- ii. The information kiosks currently located in the Area Housing Offices could easily be converted to payment machines if the service proved successful.

The Scrutiny Committee considered and approved the recommendations by 8 votes to 0 (unanimously).

The Executive for Customer Services and Resources approved the recommendations.

### **12/31b/SR Customer Service Touch Screen Information Kiosks**

**Matter for Decision:** The purchase and installation of five Touch Screen Information Kiosks at locations to be confirmed.

#### **Decision of the Executive Councillor:**

The Executive Councillor for Customer Services and Resources resolved to:  
Financial recommendations:

- i. Approve the commencement of this scheme, which is already included in the Council's Capital & Revenue Project Plan (SC538).

The total cost of the project is £25,000, funded from Reserves. The revenue costs of the project are £6,000 for 2012/13 onwards and will be met from the Customer Service revenue budget. (00094).

Procurement recommendations:

- ii. Approve the invitation and evaluation of tenders and award of contract of the Touch Screen Information kiosks hardware and related software plus annual maintenance for the project.

Subject to:

The permission of the Executive Councillor and the Director of Resources being sought prior to proceeding if the tender sum exceeds the estimated contract value by more than 15%.

**Reasons for the Decision:** As set out in the officer's report

**Any alternative options considered and rejected:** N/A

### **Scrutiny Considerations**

The committee received a report from the Head of Customer Services.

In response to member's questions the Head of Customer Services confirmed the following:

- i. The revenue costs of the project would be £6000 for 2012/13 onwards and would be met from the Customer Service revenue budget.
- ii. The design and location of the information kiosks would ensure privacy for those using the telephone/video elements.

The Scrutiny Committee considered and approved the recommendations by 8 votes to 0 (unanimously).

The Executive for Customer Services and Resources approved the recommendations.

## **12/31c/SR Customer Service Centre Accommodation Works**

**Matter for Decision:** Purchase and Installation of an additional interview room and desk in the reception area of the Customer Service Centre.

### **Decision of the Executive Councillor:**

The Executive Councillor for Customer Services and Resources resolved to:

Financial recommendations:

- i. Approve the commencement of this scheme, which is already included in the Council's Capital & Revenue Project Plan (SC537).

The total cost of the project is £25,000, funded from Reserves. There are no revenue costs arising from the project.

Procurement recommendations:

- ii. Approve the invitation and evaluation of quotations and award of contract of an additional interview room and desk in the reception area of the Customer Service Centre.

Subject to:

The permission of the Executive Councillor and the Director of Resources being sought prior to proceeding if the quotation sum exceeds the estimated contract value by more than 15%.

**Reasons for the Decision:** As set out in the officer's report

**Any alternative options considered and rejected:** N/A

### **Scrutiny Considerations**

The committee received a report from the Head of Customer Services.

In response to member's questions the Head of Customer Services confirmed the following:

- i. The works would allow greater flexibility for the Customer Service Centre to provide Post Office related services. Discussions were ongoing with local authorities already provided these services and visits to Chelmsford and Reading were being planned.

The Scrutiny Committee considered and approved the recommendations by 8 votes to 0 (unanimously).

The Executive for Customer Services and Resources approved the recommendations.

### **12/32/SR Benefit irrecoverable debts to be written off**

**Matter for Decision:** Write off of debt deemed irrecoverable.

#### **Decision of the Executive Councillor:**

The Executive Councillor for Customer Services and Resources resolved to:

- i. Approve the debt write off deemed irrecoverable as shown in the exempt Appendix 'A' to the officer's report.

**Reasons for the Decision:** As set out in the officer's report

**Any alternative options considered and rejected:** N/A

#### **Scrutiny Considerations**

N/A

The meeting ended at 6.05 pm

**CHAIR**



**STRATEGY AND RESOURCES SCRUTINY COMMITTEE**

24 May 2012  
12.05 - 12.07 pm

**Present:** Councillors Brown (Chair), Rosenstiel (Vice-Chair), Birtles, Boyce, Ashton, Benstead, Herbert and Tucker

**Executive Councillors:**

The Leader: Councillor Bick

Executive Councillor for Customer Services and Resources: Councillor Smith

**FOR THE INFORMATION OF THE COUNCIL**

**12/33/SR Appointment of Equalities Panel**

**Resolved:**

The Scrutiny Committee agreed the four nominations below:

Cllrs: Bick, Brown, Bird, Abbott

**12/34/SR Appointment of Joint Staff Employer Forum**

**Resolved:**

The Scrutiny Committee agreed the membership of Joint Staff Employer Forum as below:

Cllrs: Smart, Kightley, Swanson, Gawthrope, Dryden, Price

Alternate: Boyce

Agreed the Chair for the Forum:

Cllr Smart

## **12/35/SR Appointment to outside bodies**

### **Resolved:**

The Scrutiny Committee approved the appointments to the outside bodies listed below.

The Leader and the Executive Councillor for Customer Services and Resources agreed the appointments.

### **City University Forum - ARU (5)**

Cllrs: Brown, Saunders, O'Reilly, Marchant-Daisley + 1 TBC

### **LGA Urban Commission (2)**

Cllrs: Rosenstiel, Owers

### **Greater Cambridge Greater Peterborough Local Enterprise Partnership (1)**

Cllr: Bick

### **Local Government information Unit (1)**

Cllr: Rosenstiel

### **Public Toilet Working Party (5)**

Cllrs: Brown, Rosenstiel, Swanson, Price, Bird

### **East of England Local Government Association (1)**

Cllr: Bick

**LGA General Assembly (1)**

Cllr: Bick

**'Love Cambridge' Partnership (1)**

Cllr: Smith

The meeting ended at 12.07 pm

**CHAIR**

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## CAMBRIDGE CITY COUNCIL Record of Executive Decision

Intelligent Energy Europe (IEE) Bid re. Cambridge City District Heating Scheme
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<b>Decision of:</b>	The Leader and Executive Councillor for Strategy Climate Change – Councillor Sian Reid		
<b>Reference:</b>	Special Urgency		
<b>Date of decision:</b>	23 April 2012	<b>Recorded on:</b>	24 April 2012
<b>Decision Type:</b>	Key		
<b>Matter for Decision:</b>	To support the IEE bid as described in the briefing note attached.		
<b>Why the decision had to be made (and any alternative options):</b>	The IEE bid submission deadline is Monday 23 <sup>rd</sup> April.		
<b>The Leader's decision(s):</b>	The Leader agreed to support the IEE bid as set out in the briefing note.		
<b>Reasons for the decision:</b>	The reasons for the decision are explained in the briefing note by the Director of Environment and Head of Corporate Strategy which is attached.		
<b>Scrutiny consideration:</b>	The Chair of the Strategy and Resources Scrutiny Committee agreed that the decision of the Executive Councillor cannot be reasonably deferred. The Chair's agreement is a requirement under Special Urgency as stated in the Council's Constitution paragraph 16 of Part 4B Access to Information Procedure Rules.		
<b>Report:</b>	Attached		
<b>Conflicts of interest:</b>	None		
<b>Comments:</b>			

## BRIEFING NOTE

### Intelligent Energy Europe Bid Cambridge City District Heating Scheme

#### 1. Purpose of this Note

- 1.1 On the 16<sup>th</sup> January 2012 the Executive Councillor for Strategy and Climate Change gave delegated authority for officers to negotiate and complete the IEE Bid subject to consultation on the proposed governance arrangements and formal financial details.
- 1.2 The Intelligent Energy Europe Bid paperwork is being finalised and final agreement of the wording in the Bid is required before close of play on Monday the 23<sup>rd</sup> April. The purpose of this note is to report back on the outcome of the negotiations and to consult before the IEE Bid wording has been completed.
- 1.3 The matter is being dealt with as an emergency item as there is a fixed deadline for submission of the IEE bid wording to Brussels and the terms of the bid have only today been finalized.

#### 2. Background

- 2.1 Cambridge City Council has been working with partners (principally Anglia Ruskin University, the Low Carbon Development Initiative, Cambridge University and the colleges) to develop proposals for a District Heating Scheme.
- 2.2 For the City Council, the primary objectives from such a scheme would be:
  - Reduction of the Council's own carbon footprint by using electricity and heat generated by the scheme (which is lower carbon than the sources we would otherwise be buying electricity from); and
  - Providing the potential for an income from selling the electricity and heat generated by the scheme to other users (expected to be primarily the University and colleges) for more than it costs to develop, set-up and run the scheme.
- 2.3 There would secondary benefits of
  - helping to develop a scheme that would allow key partners (and therefore the city overall) to reduce the city's carbon footprint through the use of this lower-carbon heat and electricity;
  - demonstrating the city's commitment to being at the forefront of low carbon living and inspiring other agencies and the wider community to explore or invest in renewables and/or energy efficiency;
  - working in partnership to explore and develop new forms of investment in and delivery of renewable or low carbon technologies; and

- helping to offset the impact of future rises in electricity prices for the City Council.

### **3. Proposed Scheme**

- 3.1 The full background to the scheme is set out in reports to Strategy and Resources Committee on 10<sup>th</sup> October 2011 and 16<sup>th</sup> January 2012.
- 3.2 The proposals have been evaluated as part of a study by Aecom and are based on a single local energy centre that is gas fired close to the city centre or Mill Road. The total capital costs of the proposed scheme would amount to £22.2 million, which would include over £1 million of preliminary costs (including detailed design costs. Since the Aecom study, the LCDI advisor has recommended that the local energy centre should be future-proofed to allow carbon neutral energy generation and it is possible that a future proofing could lead to additional costs.

### **4. Intelligent Energy Europe Bid**

- 4.1 The Intelligent Energy Europe Project, led by Cambridgeshire County Council, presents an opportunity to meet a portion of these development costs. The City Council has a notional budget through this initiative of around €100,000 to pay for some staff time working on this scheme, if matched by the City Council's own budget at a ratio of 3:1 (i.e. IEE would contribute €75,000 and the City €25,000 in staff time).
- 4.2 The IEE Project also proposes to develop a financial model for securing large scale investment in renewable technologies in Cambridgeshire including an investment fund or funds for low carbon infrastructure; and to develop a delivery vehicle / vehicles (such as an Energy Services Company - ESCO) to deliver such schemes.
- 4.3 It is proposed that the City Council element of the IEE Bid would support the work of a Cambridge District Heating Delivery Vehicle and support the development of the Cambridge District Heating Scheme from the stage when LCDI has completed early development work (including a detailed financial viability assessment) to the point that a delivery partner is commissioned to prepare detailed designs; obtain planning permission and deliver the energy centre and network.
- 4.4 It is proposed that the relationship between the Cambridge District Heating Delivery Vehicle and the IEE Project will follow the following principles:
- (a) the City Council, together with its chosen partner(s), will both determine the precise nature and governance of the Delivery Vehicle, and be in control of the decisions of that Delivery Vehicle;
  - (b) there may be co-ordination between the Delivery Vehicle and the IEE Project and the details of this would be agreed between the City Council and partners; and
  - (c) the Delivery Vehicle will be able to decide whether or not call on any available funding low carbon infrastructure funding held within the IEE Project.
- 4.5 There are financial risks for the City Council in pursuing the Bid and these are twofold, firstly, if the Project does not reach procurement of the design and build project within 36 months then the City Council would have to pay back €75,000

(possibly with interest) that would have been received from IEE. It is proposed that any draw down of funding is phased to minimize this risk. Secondly, there would be a collective responsibility with the County Council and other local authority partners to the whole IEE Bid with the potential for the claw back of an additional payment of no more than €26,000.

4.6 However it has been agreed through Cambridgeshire County Council that if the City Council withdrew from the IEE Project within the first three months from the start date, and decided not to draw down funds from the project, then there would be no clawback of any sum of money from the City Council including any of the moneys referred to in 4.5.

## **5. Recommendations**

5.1 The Cambridge District Heating Scheme provides a significant opportunity to reduce carbon emissions and in both the medium term (through greater energy efficiency and local electricity generation) and in the longer term through the development of a carbon neutral energy centre.

5.2 The Project is still at an early stage and a number of uncertainties remain. These uncertainties have been described in the previous reports to the Strategy and Resources Committee.

5.3 It is recommended that the IEE Bid goes forward on the basis that within 36 months it may allow the procurement of a delivery partner that can design and build the scheme. The Executive Councillor for Strategy and Climate Change is requested to support the Bid on the terms expressed in 4.6.

**Simon Payne**  
**Director of Environment**

23 April 2012



## Cambridge City CHP/District Heating Project

### Capital Costs

The AECOM study identified the capital costs (excluding land costs) to be the order of :

Component	Base case £million	Option 1 £million	Option 2 £million
DH network	£0.9	£5.5	£5.5
CHP plant	£1.3	£6.4	£6.6
Energy centre boilers	£0.5	£2.9	£2.9
Energy centre building	£0.4	£0.8	£1.5
Thermal store	£0.3	£0.3	£0.3
DH connections	£0.9	£4.9	£4.9
Gas connections	£0.1	£0.1	£0.2
Electricity connections	£0.1	£0.1	£0.2
Private wire (to ARU)	£0.2	£0.2	£0.2
Preliminaries (at 5%)	£0.2	£1.1	£1.1
<b>Total capital cost</b>	<b>£5.1</b>	<b>£22.2</b>	<b>£23.4</b>

Note: The study examined in detail three network layout options as described in the table above:

- Base case – A single scheme connecting Parkside Pool to ARU and a few other smaller sites around the East Road/Mill Road area. The location of the energy centre housing the CHP plant for this option was the Kelsey Kerridge/Queen Anne Terrace car park area;
- Option 1 – A single scheme comprising the base case and a higher density western area comprising the New Museums Site, the Downing Site, Old Addenbrookes site and a number of other Council, University of Cambridge, College and private buildings in the city centre. An energy centre could be located at the Kelsey Kerridge/Queen Anne Terrace car park area;
- Option 2 – A single district heating scheme covering the same area as in Option 1, but with two energy centres, one located at the car park and the other located somewhere within the New Museums site/Downing Site.

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To Executive Councillor for Customer Services & Resources:  
Councillor Julie Smith  
Report Chief Executive, Director of Customer & Community Services,  
by Director of Environment and Director of Resources  
Relevant Scrutiny Strategy & Resources 9 July 2012  
Committee

**2011/12 Revenue and Capital Outturn, Carry Forwards and Significant Variances**

**Not a Key Decision**

**1. Executive summary**

- 1.1 This report presents a summary of the 2011/12 outturn position (actual income and expenditure) for services within the Customer Services & Resources portfolio, compared to the final budget for the year. The position for revenue and capital is reported and variances from budgets are highlighted, together with explanations. Requests to carry forward funding arising from certain budget underspends into 2012/13 are identified.
- 1.2 It should be noted that this report reflects the reporting structure in place prior to the recent changes in Executive reporting responsibilities.

**2. Recommendations**

The Executive Councillor is recommended:

- a) To agree which of the carry forward requests, totalling £225,430 as detailed in Appendix C, are to be recommended to Council for approval.
- b) To seek approval from Council to carry forward capital resources to fund re-phased net capital spending of £958,000 from 2011/12 into 2012/13 and future years, as detailed in Appendix D.

### 3. Background

#### Revenue Outturn

- 3.1 The outturn position for the Customer Services & Resources portfolio, compared to the final revenue budget, is presented in detail in Appendix A.
- 3.2 Appendix B to this report provides explanations of the main variances.
- 3.3 Appendix C sets out the final list of items, for this portfolio, for which approval is sought to carry forward unspent budget from 2011/12 to the next financial year, 2012/13.
- 3.4 The overall revenue budget outturn position for the Customer Services & Resources portfolio is set out in the table below:

<b>Customer Services &amp; Resources Portfolio 2011/12 Revenue Summary</b>	<b>£</b>
Final Budget	(5,071,090)
Outturn	(6,364,161)
Variation – (Under)/Overspend for the year	(1,293,071)
<b>Carry Forward Requests:</b>	
Customer Access Strategy	112,990
Revenue and Benefit Services	44,440
Human Resources	68,000
<b>Total Carry Forward Requests</b>	<b>225,430</b>
<b>Net Variance</b>	<b>(1,067,641)</b>

The variance represents 21.1% of the overall portfolio budget for the 2011/12 financial year.

## **Capital Outturn**

- 3.5 Appendix D shows the outturn position for schemes and programmes within the Customer Services & Resources portfolio, with explanations of variances.
- 3.6 An overall underspend of £998,000 has arisen. £958,000 is due to slippage and re-phasing of the capital programmes is required to transfer the budget into 2012/13 and future years. The remaining variance of £40,000 is a result of net underspends on individual capital schemes and programmes.

## **4. Implications**

- 4.1 The net variance from the final budget, after approvals to carry forward budget of £225,430 from 2011/12 to the next financial year, 2012/13, would result in a reduced use of General Fund reserves of £1,067,641.
- 4.2 In relation to anticipated requests to carry forward revenue budgets into 2012/13, the decisions made may have a number of implications. A decision not to approve a carry forward request will impact on officers' ability to deliver the service or scheme in question and this could have staffing, equal opportunities, environmental and/or community safety implications.

## **5. Background papers**

These background papers were used in the preparation of this report:

- Closedown Working Files 2011/12
- Directors' Variance Explanations – March 2012
- Capital Monitoring Reports – March 2012
- Budgetary Control Reports to 31 March 2012

## **6. Appendices**

- Appendix A - Revenue Budget 2011/12 - Outturn
- Appendix B - Revenue Budget 2011/12 - Major Variances from Final Revenue Budgets
- Appendix C - Revenue Budget 2011/12 - Carry Forward Requests
- Appendix D - Capital Budget 2011/12 - Outturn

## 7. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

Authors' Names: Linda Thompson; John Harvey  
Authors' Phone Numbers: Telephone: 01223 - 458144; 01223 - 458143  
Authors' Email: linda.thompson@cambridge.gov.uk  
john.harvey@cambridge.gov.uk

O:\accounts\Committee Reports & Papers\Strategy & Resources from July 2007\2012 June\Final\CS&R\S&R (CS&R) Final Outturn 2011-12 Report.doc

## Customer Services &amp; Resources Portfolio / Strategy &amp; Resources Scrutiny Committee

## Revenue Budget - 2011/12 Outturn

Service Grouping	Original Budget £	Final Budget £	Outturn £	Variation Increase / (Decrease) £	Carry Forward Requests - see Appendix C £	Net Variance £
<b>Resources</b>						
Finance - General	(754,250)	(655,270)	(1,185,728)	(530,458)	0	(530,458)
General Properties and Grand Arcade	(7,518,170)	(7,373,710)	(7,612,910)	(239,200)	0	(239,200)
Land Charges and Searches	(33,110)	(61,330)	(85,859)	(24,529)	0	(24,529)
Procurement	0	0	(2,589)	(2,589)	0	(2,589)
City Services Trading Income	(8,400)	35,940	46,605	10,665	0	10,665
	<b>(8,313,930)</b>	<b>(8,054,370)</b>	<b>(8,840,481)</b>	<b>(786,111)</b>	<b>0</b>	<b>(786,111)</b>
<b>Other IT Spend</b>						
Flexible Working / IT Corporate Strategy / Document Image Processing	410,560	228,450	219,466	(8,984)	0	(8,984)
	<b>410,560</b>	<b>228,450</b>	<b>219,466</b>	<b>(8,984)</b>	<b>0</b>	<b>(8,984)</b>
<b>Human Resources</b>						
Employee Travel Plan	0	0	(2,287)	(2,287)	0	(2,287)
Childcare Voucher Scheme	0	0	1,400	1,400	0	1,400
GMB	0	0	1,613	1,613	0	1,613
Unison	0	0	(1,660)	(1,660)	0	(1,660)
Emergency Planning	0	0	(18,558)	(18,558)	0	(18,558)
Health/Safety at Work	0	0	(8,367)	(8,367)	0	(8,367)
	<b>0</b>	<b>0</b>	<b>(27,859)</b>	<b>(27,859)</b>	<b>0</b>	<b>(27,859)</b>
<b>Chief Executive's</b>						
Democratic Services	264,580	253,660	245,940	(7,720)	0	(7,720)
	<b>264,580</b>	<b>253,660</b>	<b>245,940</b>	<b>(7,720)</b>	<b>0</b>	<b>(7,720)</b>
<b>Customer and Community</b>						
Cashiers	0	0	(2,578)	(2,578)	0	(2,578)
Customer Access Strategy	0	133,850	20,864	(112,986)	112,990	4
Customer Service Centre	0	0	(12,705)	(12,705)	0	(12,705)
Central Post Scanning Facility	0	322,230	316,424	(5,806)	0	(5,806)
Revenue and Benefit Services	2,380,290	2,005,630	1,707,970	(297,660)	44,440	(253,220)
	<b>2,380,290</b>	<b>2,461,710</b>	<b>2,029,975</b>	<b>(431,735)</b>	<b>157,430</b>	<b>(274,305)</b>
<b>Environment</b>						
Tourism	320,470	220,710	220,569	(141)	0	(141)
City Centre Management	61,390	134,850	127,083	(7,767)	0	(7,767)
Markets	(343,480)	(316,100)	(338,854)	(22,754)	0	(22,754)
Control of Street Trading	0	0	0	0	0	0
	<b>38,380</b>	<b>39,460</b>	<b>8,798</b>	<b>(30,662)</b>	<b>0</b>	<b>(30,662)</b>
<b>Direct Services Total</b>	<b>(5,220,120)</b>	<b>(5,071,090)</b>	<b>(6,364,161)</b>	<b>(1,293,071)</b>	<b>157,430</b>	<b>(1,135,641)</b>
<b>Support Services (net costs recharged to Departments)</b>						
Accountancy and Support Services	1,448,030	1,416,730	1,393,262	(23,468)	0	(23,468)
Other Support Services	263,720	251,570	249,511	(2,059)	0	(2,059)
Internal Audit	402,190	342,540	330,030	(12,510)	0	(12,510)
Human Resources	1,176,740	999,810	869,235	(130,575)	68,000	(62,575)
IT	3,020,810	2,628,080	2,603,903	(24,177)	0	(24,177)
Legal Services	861,980	963,890	958,790	(5,100)	0	(5,100)
Property and Building Services (including Admin Buildings)	2,894,760	3,780,730	3,737,260	(43,470)	0	(43,470)
Architects	198,510	194,650	201,130	6,480	0	6,480
<b>Support Services Total</b>	<b>10,266,740</b>	<b>10,578,000</b>	<b>10,343,121</b>	<b>(234,879)</b>	<b>68,000</b>	<b>(166,879)</b>
Recharged to Departments	(10,266,740)	(10,578,000)	(10,343,121)	234,879	0	234,879
<b>Support Services (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>68,000</b>	<b>68,000</b>
<b>Total Net Budget</b>	<b>(5,220,120)</b>	<b>(5,071,090)</b>	<b>(6,364,161)</b>	<b>(1,293,071)</b>	<b>225,430</b>	<b>(1,067,641)</b>

**Customer Services & Resources Portfolio / Strategy & Resources Scrutiny Committee**

**Revenue Budget - 2011/12 Outturn**

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Changes between original and final budgets may be made to reflect:

- portfolio and departmental restructuring
- approved budget carry forwards from the previous financial year
- technical adjustments, including changes to the capital accounting regime
- virements approved under the Council's constitution
- additional external revenue funding not originally budgeted for

and are detailed and approved:

- in the June/July committee cycle (outturn reporting and carry forward requests)
- in September (as part of the Medium Term Strategy (MTS))
- in the January committee cycle (as part of the budget setting report)
- and via technical adjustments/virements throughout the year



**Customer Services & Resources Portfolio /  
Strategy & Resources Scrutiny Committee**

**Revenue Budget 2011/12 - Major Variances  
from Final Revenue Budgets**

Service Grouping	Reason for Variance	Amount £	Contact
<b>Resources</b> Finance - General	This variance is made up as follows: £25,139 reduction in the contribution required for sundry debtor bad debt provision; £25,401 reduction in bank, giro and credit card charges compared with budget; £46,021 net overspend in relation to legal costs primarily in connection with The Belvadere S106 action; £365,317 reduction in the impairment previously provided for in respect Icelandic Bank deposits (reflecting the latest Local Authority Account panel guidance on the timing of repayments and an anticipated 100% recovery of deposits with Landsbanki islands hf). The remaining variance, £160,622 reflects additional income earned on investments as a consequence of higher levels of investment during the year and slightly higher interest levels achieved in the latter part of the year.	(530,458)	Julia Minns
General Properties and Grand Arcade	The underspend is mainly due to the receipt of backdated rental income following the completion of rent reviews and audits during the final quarter of the 2011/12 financial year. Note that charges for Legal Services have been changed from a historic Service Level Agreement to an actual time-recording basis for 2011/12 so, although these charges have been met from Council budgets overall, there may be variances within individual services and in this case the charges appear as a budget variance of (£63,670).	(239,200)	Phil Doggett
Land Charges and Searches	The variance is mainly due to over achievement of Land Charges fee income, which fluctuates with property market activity.	(24,529)	Simon Pugh
<b>Customer and Community</b> Customer Access Strategy	Payment protection continues into 2012/13 and final redundancies not yet agreed. Balance to be carried forward as agreed by Council 22.7.10: item 10/41/CNLa.	(112,986)	Jonathan James
Revenue and Benefit Services	The main variances are due to minor net subsidy differences of (£111,431) within overall expenditure of £41.4 million, unspent Homelessness Prevention Funding of (£44,440) for which a carry forward of budget is requested (see Appendix C), higher than forecast recovery of benefit overpayments from claimants no longer claiming benefits (£36,882) and higher than forecast Court costs recovered of (£70,742) - £252,252 collected against forecast of £181,510 (a one-off increase of £70,742).	(297,660)	Alison Cole

**Customer Services & Resources Portfolio /  
Strategy & Resources Scrutiny Committee**

**Revenue Budget 2011/12 - Major Variances  
from Final Revenue Budgets**

<b>Service Grouping</b>	<b>Reason for Variance</b>	<b>Amount £</b>	<b>Contact</b>
<b>Environment</b> Markets	Variance due to an overachievement in income of £5.7k and an underspend on a variety of revenue codes; including cleaning costs where wash downs of the market have not been undertaken due to bad weather or staff shortages and savings on electricity costs as the Council has agreed a more competitive tariff.	(22,754)	Emma Thornton
<b>Support Services</b> Accountancy and Support Services	This variance relates to a net underspending on employee budgets as a result of not covering for staff vacancies / reduced working hours and an underspending of the recruitment budget.	(23,468)	Julia Minns
Human Resources	The HR service underspend includes the balance of a corporate budget earmarked to support organisational change and there is a request to carry forward the balance of £68k to complete the programme. The remaining £67k arose mainly due to vacant posts and holding open posts that were subject to restructuring. Earlier implementation of the restructuring resulted in £28k of the £100k anticipated savings being delivered ahead of schedule.	(130,575)	Deborah Simpson
IT	The variance is mainly due to minor underspends on IT Contract costs.	(24,177)	James Nightingale
Property and Building Services	The main variance relates to an over achievement of rental income.	(43,470)	Jim Stocker

**Customer Services & Resources Portfolio /  
Strategy & Resources Scrutiny Committee**

**Revenue Budget 2011/12 - Carry Forward Requests**

Request to Carry Forward Budgets from 2011/12 into 2012/13 and future years

Item	Reason for carry forward request	Carry Forward Requests £	Contact
1	<p><b>Customer Access Strategy</b> To meet the remaining estimated costs of redundancy, pay protection and early retirement (approved by Council on 22.7.10).</p>	112,990	Jonathan James
2	<p><b>Revenue and Benefit Services</b> Request to carry forward unspent Homelessness Prevention funding of £44,440.</p> <p>After the Budget announcement about Discretionary Housing Payment (DHP) funding, the Government announced some transitional protection measures to mitigate the effects of the Housing Benefit reforms. This, in turn, has led to less demand for DHPs in 2011/12 than originally envisaged and more demand in 2012/13.</p> <p>The DWP accepts that, in these circumstances, there is a case for carry-over from 2011/12 to 2012/13.</p>	44,440	Alison Cole
3	<p><b>Human Resources</b> The HR service underspend includes the balance of a corporate budget earmarked to support organisational change and there is a request to carry forward the balance of £68k to complete the programme.</p>	68,000	Deborah Simpson
	<b>Total Carry Forward Requests for Customer Services &amp; Resources Portfolio</b>	<b>225,430</b>	

## Customer Services &amp; Resources Portfolio / Strategy &amp; Resources Scrutiny Committee

## Capital Budget 2011/12 - Outturn

Capital Ref	Description	Lead Officer	Original Budget		Final Budget		Outturn		Variance - Outturn compared to Final Budget		Re-phase Spend		Over / (Under) Spend		Variance Explanation / Comments
			£000		£000		£000		£000		£000		£000		
SC361	Disabled Access and Facilities - Guildhall Halls	S Bagnall	80	0	0	0	0	0	0	0	0	0	0	0	Budget re-phased to the 2012/13 financial year.
SC335	Customer Access Strategy - IT Workstream	C Bolton	0	122	23	(99)	76	(23)							Carry forward of budget of £76k required for remaining projects that will be implemented during the 2012/13 financial year. Any remaining funds will be given back to CAS business case at the end of the 2012/13 financial year.
SC508	E-Benefits	A Cole	0	17	12	(5)	5	0							Carry forward of £5k required to meet remaining project management fees.
SC517	Re-Line Fuel Tanks	D Cox	0	30	22	(8)	0	(8)							Scheme completed.
SC192	Development Land on the North Side of Kings Hedges Road	P Doggett	360	178	38	(140)	140	0							The variance relates to expenditure profiling differences from the managing agent's original estimates for the 2011/12 financial year. Budget of £140k needs to be re-phased to the 2014/15 financial year to correspond with the managing agent's revised estimates.
SC221b	Lion Yard - Contribution to Works - Phase 2	P Doggett	638	80	56	(24)	24	0							The construction costs for the scheme are likely to be incurred in the 2012/13 financial year. Budget of £24k needs to be re-phased to the 2012/13 financial year for future scheme costs.
SC391	La Mimosa Punting Station	P Doggett	10	10	0	(10)	10	0							Investigating possible match funding by punt operators.
SC458	Capita Re-Licence	J James	0	1	1	0	0	0							Scheme completed.
SC509	Electric Courier Van	J James	14	0	0	0	0	0							Scheme completed.

## Customer Services &amp; Resources Portfolio / Strategy &amp; Resources Scrutiny Committee

## Capital Budget 2011/12 - Outturn

Capital Ref	Description	Lead Officer	Original Budget		Final Budget		Outturn		Variance - Outturn compared to Final Budget		Re-phase Spend		Over / (Under) Spend		Variance Explanation / Comments
			£000		£000		£000		£000		£000		£000		
SC427	Oracle Financials Server	J Minns	0		50		44		(6)		6		0		The new server was commissioned during May and the remaining budget will be required to meet SERCO implementation support charges. Commissioning of the new server was delayed so as to have minimum impact on 2011/12 accounts closure work.
SC329	Corporate Document Management (DIP & EDRM)	J Nightingale	358		104		19		(85)		85		0		The programme of work is approaching the end of its first major phase, with the completion of customer access related services. It had always been planned to re-examine the project timetable at this time, and to determine the priority services for the next phases. Work on the remainder of the programme is therefore being re-planned, and will lead to spend later in the programme than originally forecast.
SC429	Telephony System Upgrade	J Nightingale	20		23		23		0		0		0		Scheme completed.
SC338	Customer Access Strategy - Web Development	A Perry	12		0		0		0		0		0		Scheme completed.
SC312	Automated Energy Monitoring System	J Stocker	23		23		0		(23)		23		0		Issues to be resolved regarding contractual obligations for data collection and monitoring.
SC507	Visit Cambridge Website	E Thornton	30		30		20		(10)		10		0		Project well underway and on programme to be completed by end May/early June.
<b>Total Projects</b>			<b>1,545</b>		<b>668</b>		<b>258</b>		<b>(410)</b>		<b>379</b>		<b>(31)</b>		

## Customer Services &amp; Resources Portfolio / Strategy &amp; Resources Scrutiny Committee

## Capital Budget 2011/12 - Outturn

Capital Ref	Description	Lead Officer	Original Budget		Final Budget		Outturn		Variance - Outturn compared to Final Budget		Re-phase Spend		Over / (Under) Spend		Variance Explanation / Comments
			£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000		
PR020	ICT Infrastructure Programme	J Nightingale	642	879	375	(504)	504	0							The programme is dependent on input from a range of suppliers. Technical delays and resourcing issues have caused parts of the programme of work to slip. Work is underway on all components.
PR023	Admin Buildings Asset Replacement Programme	J Stocker	68	58	35	(23)	23	0							The variance is due to minor timing differences to the work programme.
PR024	Commercial Properties Asset Replacement Programme	J Stocker	306	63	11	(52)	52	0							The variance is due to timing differences to the work programme.
PR003	City Centre Management Programme	E Thornton	20	20	11	(9)	0	(9)							Underspend due to two potential schemes not coming forward. The programme will continue to be promoted amongst the business community through the Love Cambridge Partnership.
<b>Total Programmes</b>			<b>1,036</b>	<b>1,020</b>	<b>432</b>	<b>(588)</b>	<b>579</b>	<b>(9)</b>							
<b>Total for Customer Services &amp; Resources Portfolio</b>			<b>2,581</b>	<b>1,688</b>	<b>690</b>	<b>(998)</b>	<b>958</b>	<b>(40)</b>							

Changes between original and final budgets may be made to reflect:

- re-phased capital spend from the previous financial year
- re-phased capital spend into future financial periods
- approval of new capital programmes and projects

and are detailed and approved:

- in the June/July committee cycle (outturn reporting and carry forward requests)
- in September (as part of the Medium Term Strategy (MTS))
- in the January committee cycle (as part of the budget setting report)



To: Executive Councillor for Customer Services and Resources: Councillor Julie Smith

Report by: Alison Cole - Head of Revenues and Benefits Services

Relevant scrutiny committee: Strategy & Resources Scrutiny Committee 9/7/2012

Wards affected: All Wards

## **LOCALISATION OF COUNCIL TAX SUPPORT Key Decision**

### **1. Executive summary**

- 1.1 The Government has decided that there will no longer be a national council tax benefit system from 1 April 2013. Instead the Council will need to introduce its own local council tax support system in the form of a council tax reduction scheme.
- 1.2 Following the last comprehensive spending review, the Government intends to reduce expenditure by 10% based on forecast council tax benefit expenditure for 2013-14. It will be for each local authority to decide how to manage the funding reduction. Cambridge City Council will receive approximately £0.63m less money from the Government as a result of this change.
- 1.3 The Council will need to review a wide range of policy and financial issues in the design of the new system. There are important links to wider welfare reforms at a national level and existing Council policies such as the Child Poverty Strategy, Housing Strategy, Financial Advice and Inclusion, Customer Access and Digital Inclusion. It also has a significant bearing on the Council's corporate plan objective of reducing inequality.
- 1.4 The timelines set by the Government to develop and implement a new system are very challenging and there are a number of constraints on the choices available to the Council, which are outside the Council's control. This report highlights some of the key issues that need to be considered and starts a process of strategic planning and widespread engagement and consultation to support the more detailed decisions that will be taken later in the year.

## **2. Recommendations**

The Executive Councillor is recommended to:

- 2.1 Agree to seek to achieve the 10% reduction in Government grant by reducing discounts allowed for second homes and using new local powers to charge up to 100% on empty homes and up to 150% on long-term empty homes.
- 2.2 Agree that officers should develop a draft local council tax reduction scheme for consultation in line with the recommendation set out in Appendix A.
- 2.3 Note the provisional timeline for decisions as set out in section 4.
- 2.4 Note that there is key information and legislation that will not be available from the Government for many months meaning the timelines and assumptions in this report are provisional only and will be updated and improved as the year progresses.
- 2.5 Agree the initial programme of engagement and consultation on the key issues set out in section 6.
- 2.6 Agree that the initial £84,000 (and any subsequent payments) new burden Government funding towards implementation costs of the local scheme (already received) be fully utilised for that purpose.

## **3. Background**

- 3.1 The Government is making major changes to the welfare benefits system. As part of this, housing benefit and council tax benefit are to be abolished; to be replaced with the centralised universal credit system and a localised system of council tax support respectively.
- 3.2 Currently, any award of council tax benefit is paid for by a subsidy grant from Central Government. However, as part of the comprehensive spending, review the Government's announced plans to reduce expenditure for localised systems of council tax support by 10% from 1<sup>st</sup> April 2013.
- 3.3 In Cambridge City Council, there were 7112 recipients of council tax benefit in 2011-12, for which £6.3M was received in Government subsidies. Therefore, the proposed 10% reduction equates to £0.63M. However, it is unclear at the present time what the actual reduction will be as consultation is still taking place and this report is based on the best estimates currently available.



## **Legalities**

- 3.4 The Local Government Finance Bill, which is currently working its way through Parliament, will provide the structure for the new localised council tax support scheme.
- 3.5 Each billing authority in England must design and provide a council tax reduction scheme for people of working age for the financial year 2013-14 by 31 January 2013. Failure to do so will mean the Government will impose a default scheme that does not allow for the 10% savings.
- 3.6 The decision to introduce or revise a local scheme must be taken by full Council; the decision may not be delegated to committee or to cabinet members. It is suggested that authorities will probably want to amend schemes of delegation under their constitutions to make this clear.
- 3.7 The Secretary of State has the power to alter the commencement of these provisions.
- 3.8 A detailed impact assessment will be required to be considered alongside the new scheme. There will also be a need for an internal and external appeals system.

## **Pensioners Protection**

- 3.9 The Government has stated that council tax support for people of state pension credit age will not be reduced because the Government does not expect work to increase their income. Legislation will be provided to protect pensioners by keeping in place national rules.

## **Vulnerable Groups**

- 3.10 The Council is required to protect vulnerable groups when designing the local scheme. The Government does not intend to prescribe how this is achieved, rather the Government draws the Council's attention to existing responsibilities including the Child Poverty Act 2010, the Disabled Person Act 1986 and the Housing Act 1996 as well as the public sector equality duty in section 149 of the Equality Act 2010.
- 3.11 The decision about vulnerability will have to be made in the broader context of welfare reform. The Council will need to decide the benefits or not of a single view of vulnerability that is compatible with other national benefits. The Council will also need to look at other services that provide emergency payments, e.g. for the prevention of homelessness, support for vulnerable families and to prevent children entering the care system.
- 3.12 The proposed approach to community engagement and consultation and Equalities Impact Assessment will be an important part of this process.

- 3.13 The consequences of protecting pensioners and the vulnerable means that the 10% savings will have to come from less than half of those currently claiming council tax benefit.

### **Work incentives**

- 3.14 The Council is required to take account of work incentives when designing the local scheme, which the Government expects to help move local taxpayers into work by complementing the universal credit scheme.
- 3.15 There are a number of ways that the Council could support work incentives, see Appendix A, however the Council will need to balance the financial cost of supporting incentives to work with the additional savings this would require from claimants out of work and its duties towards vulnerable groups. Understanding the options in this area and the potential consequences will be part of the next stage of analysis.

### **Designing the scheme**

- 3.16 The scheme needs to be simple, transparent and fair and have regard to:
- Government requirements
  - Local economic conditions
  - Local policy priorities
  - Demographic changes
  - Compliance with legal duties and risk of legal challenge
  - Software constraints, particularly in the short term
  - The consequences of behavioural change by individuals
- 3.17 The timescales for implementation are extremely challenging and there will be limits on the scheme design choices available to the Council at least in the short term. It will be important for the Council to closely monitor the impact of its first scheme in order to ensure it can be refined and improved over time.
- 3.18 Three high level options have been identified:
1. Retain the current scheme and absorb the 10% reduction, or
  2. Retain the current scheme and realise the 10% reduction from the council tax reforms for exempt dwellings and second homes, or
  3. Reduce levels of support and increase certain parameters to increase work incentives
  4. A combination of options 2 and 3 above.

These are explained in more detail in Appendix A.

## **Working with neighbouring authorities**

- 3.19 Officers are liaising closely with neighbouring authorities; however, there are significant differences in the demographics and policy priorities in Cambridge City to those of our more rural neighbours. Given the complexity of precepting arrangements it is proposed that the Council designs its own scheme, at least initially.

## **4. Timetable**

- 4.1 Provisions for council tax support are included in the Local Government Finance Bill. Detailed draft regulations on the scheme were expected in June or July, with the regulations provisionally timetabled for autumn, however there are reports to suggest that this may be delayed further.
- 4.2 The Finance Bill states that the Council must have a scheme in place by 31<sup>st</sup> January 2013. In practice this means an agreed scheme will need to be in place by the beginning of December 2012, not least due to software testing.
- 4.3 A high level timetable for formal decision making and public engagement and consultation is proposed as follows:
- July 2012 - Proposed draft scheme to be agreed by the Executive Councillor for Customer Services and Resources
  - July/August 2012 - Formal consultation with precepting authorities on draft scheme
  - August 2012 – Publish draft scheme
  - August/September 2012 - Formal public consultation on proposed scheme
  - October 2012 - Final scheme agreed by full Council
  - November/December 2012 - Software and systems design and Final financial implications included in budget planning for 2013/14
  - January 2013 - Testing for annual billing run - council tax base set - specific communication with affected households setting out changes
  - February 2013 - Council sets its budget
  - March 2013 - Council tax bills issued

There is a detailed project plan that incorporates a wide range of other tasks.

## **5. Implications**

### **Financial Implications**

- 5.1 The proposed changes in council tax support will have a significant affect on the income received by the authority. It may lead to council tax being collected from some of the most vulnerable members of our community who have not had to pay any council tax in the past at a time of reductions in welfare benefits and lower wages. This in turn is likely to lead to higher collection costs and the need for an increased write-off provision.
- 5.2 It is not possible to quantify the full financial impact as it will be partly dependant on the impact on council tax collection levels. Any loss of income from reduced collection levels will be partly borne by the precepting authorities.
- 5.3 The introduction of council tax support represents a significant transfer of “financial risk” from Central Government to Local Government.
- 5.4 It should be noted that failure to make a scheme by 31<sup>st</sup> January 2013 in the manner prescribed will lead to a default Government scheme being imposed upon the Council that takes no account of the 10% reduction in Government funding.

### **Risk Management**

- 5.5 The Government has concluded in its own impact assessment that the key risks surround future need for council tax support. If demographic changes or economic circumstances mean that eligibility for council tax support increases significantly then the consequence of switching from a national to a local system will be that authorities bear more of the risk of a shortfall in funds.
- 5.6 The Council will need to closely monitor local social and economic changes to ensure that increased income from council tax reforms provides a surplus sum as a contingency for possible future shortfalls in funding and/or design a local scheme to allow for savings in excess of 10%.

### **Funding Arrangements**

- 5.7 Government funding for the localisation of council tax reduction schemes will be cut by 10%. This will be based on 90% of forecast council tax benefit expenditure for 2013-14. The funding will be an up-front allocation for all billing and major precepting authorities, and will not be ring-fenced.
- 5.8 No account of unforeseen increased demand for support is taken into account when allocating the grant. The proposed fixed grant to local authorities represents a significant financial risk, as it will not include any provision to manage increased take up and demand.

- 5.9 The Council will also receive funding for the administration of the new council tax reduction scheme. There will be an increase in the administration costs for the Council of the new scheme and it is not clear whether this will be fully funded.
- 5.10 The Council will have to design a new council tax reduction scheme that achieves a balance between delivering the expenditure reductions required and managing any adverse financial consequences on other council budgets, for example homelessness.

### **Staffing Implications**

- 5.11 Current levels of staff will need to be maintained initially.

### **Equal Opportunities Implications**

- 5.12 Careful consideration will need to be given to the assessment of the equalities implications throughout the design and implementation of the new scheme. A thorough consultation and engagement process is being designed to support this. A full Equalities Impact Assessment will be prepared to support the decision on the proposed scheme and this will be refined following feedback from the formal consultation process and used to inform the decision on the final scheme.

### **Environmental Implications**

- 5.13 Nil.

### **Community Safety**

- 5.14 Any reduction in council tax support will lead to a reduced income for those already in financial difficulty; which may have an impact upon crime and disorder.

## **6. Consultation**

- 6.1 Before the new scheme is made, the Council must in the following order:
- consult any major precepting authority which has power to issue a precept to it, and
  - publish a draft scheme in such manner as it thinks fit, and
  - consult such other persons as it considers are likely to have an interest in the operation of the scheme.
- 6.2 These basic obligations may be supplemented by more detailed regulations, which impose requirements as to the preparation of a scheme, in particular for the publication of documents.
- 6.3 A full consultation process is currently being prepared in accordance with legislative requirements, as they become known. In the event that the Council's consultation policy is inconsistent with the legislative

requirements, full compliance will be given to the definition of a process of consultation as set out in *R a Brent LBC ex p Gunnint*.

## **7. Background papers**

These background papers were used in the preparation of this report:

Localising Support for Council Tax: A Statement of Intent

Localising Support for Council Tax: Funding arrangements consultation

Localising Support for Council Tax: Vulnerable people – key local authority duties

Localising Support for Council Tax: Taking work incentives into account

All of which may be found on here:

[Communities and Local Government/Localising Council Tax Support](#)

Local Government Finance Bill, which may be found here:

[Local Government Finance Bill.pdf](#)

Technical Reforms to Council Tax

[Communities and Local government/Technical Reform to Council Tax](#)

## **8. Appendices**

Appendix A – Localised Council Tax Reduction – Scheme Options

## **9. Inspection of papers**

To inspect the background papers or if you have a query on the report please contact:

Author's Name: Alison Cole

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## Appendix A - Localised Council Tax Reduction - Scheme Options

Financial support for council tax will no longer be part of the Social Security system; it will not become part of the universal credit, it will instead become a localised “benefit” in the form of a council tax reduction and be a local authority responsibility.

Council tax support for pensioners is to be protected at existing levels with existing rules and will not be affected by this cut in spending. Local authorities will administer the scheme for pensioners using national rules.

Local authorities have full discretion to design a scheme of their own choosing for working age people taking into account protection for vulnerable groups and local policies.

The new local council tax reduction scheme must be in place by 31<sup>st</sup> January 2013.

### Designing the scheme

In designing the working age scheme, the Council is required to ensure vulnerable groups are protected and that no group is discriminated against due to disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, and sexual orientation, and to:

- comply with its general duties under:
  - The Equalities Act 2010, where the obligation is to "have due regard" to the need to tackle discrimination and not to eliminate discrimination to achieve results, and
  - The Child Poverty Act 2010, which imposes a duty on local authorities and their partners to have regard to and address child poverty, to reduce and mitigate the effects of child poverty in their local areas, and
  - The Disabled Persons (Services, Consultation and Representation) Act 1986, and Chronically Sick and Disabled Persons Act 1970, which include a range of duties relating to the welfare needs of disabled people, and
  - The Housing Act 1996, which gives local authorities a duty to prevent homelessness with special regard to vulnerable groups, and
- increase work incentives, and
- make 10% savings on the level of support offered or to realise those savings through the council tax base or absorb the 10% into the council's budget.

Additionally the Council will need to:

- limit the impact on council tax collection, and
- effectively manage the financial risks that will inevitably be increased due to the introduction of this new scheme, and
- consider software limitations, given the limited timescales to introduce the scheme.



## **Appendix A - Localised Council Tax Reduction - Scheme Options**

### **Local scheme options - working age only**

#### **Option 1 - Retain current scheme and absorb 10% reduction**

Theoretically, the Council could decide upon a scheme, which retains the current level of outgoings and absorbs the 10% (£630k) reduction, although this would still have its own financial pressures and need its own criteria. This would also mean that the precepting authorities would also need to absorb their share of the 10% reduction in funding (Cambridge City's reduction equates to approximately 11% of the overall reduction).

Advantages of retaining most of the features of the current council tax benefit scheme is that:

- it makes provision for many vulnerable groups through higher personal allowances and income disregards, and
- it has also withstood equality challenges thus far, and
- the software is already in place and has user defined parameters that allow for some minor adjustments to the scheme to be made without difficulty.

Disadvantages of retaining most of the features of the current council tax benefit scheme is that:

- it is complex, and
- it acts as a disincentive to work, and
- the reduction would have financial implications to other Council services.

#### **Option 2 - Retain current scheme and realise the 10% reduction from the council tax reforms for exempt dwellings and second homes**

Technical reforms to council tax contained in the Local Government Finance Bill will, if implemented, provide significant income so that it may be possible to continue with the same level of support for council tax as the current scheme.

#### **Technical reforms of Council Tax**

The Government is making some technical reforms to council tax from 2012-13 that it says will enable local authorities to compensate the required 10% saving, these are:

- to allow billing authorities to levy up to 100% council tax on second homes, and
- abolish class A exemption for empty dwellings under repair and class C exemptions for vacant dwellings and to allow a billing authority to instead give a discount of between 0% to 100% in each case, and
- the option to levy an empty homes premium of up to 50% where a dwelling has been empty for at least two years. This means the maximum council tax could be



## Appendix A - Localised Council Tax Reduction - Scheme Options

150% for long-term empty dwellings. Further financial modelling is required pending availability of software.

For illustration purposes, the following amounts were awarded as council tax discounts and exemptions during 2011/12:

- Class A = £68,304, empty dwellings under repair
- Class C = £847,759 plus an additional £257,844 for unfurnished and unoccupied properties after 6 months
- Second homes = £149,955 - furnished and not a sole or main residence

It is envisaged that some form of council tax discount scheme will need to be retained for vacant dwellings. Therefore only a percentage of the above income levels may be realised.

The discount for unfurnished and unoccupied dwellings will remain for a period of up to six months. However, there will be flexibility to reduce the existing 100% discount to any value between 0% and 100%.

This may also encourage property owners to bring their properties back into use as quickly as possible. This potential change in behaviour may lead to a reduction in empty dwellings.

Although new residents will be liable for council tax, it is possible that a number of new residents may be dependent on a level of council tax support, thereby reducing income from council tax from these dwellings in future years.

Further financial modelling will need to be carried out in order to identify the short-term empty periods. It is anticipated that the software will be available within the next 6-8 weeks.

The Local Government Association is currently liaising with the relevant Government departments with regard to the potential impact on the calculation of the New Homes Bonus due to the council tax reform of discounts and exemptions.

The advantages are as option 1 with the added advantage that the potential income from the council tax reforms is far in excess of the 10% reduction.

The disadvantage of option 2 is that, like option 1, there is a lack of work incentives.

It should also be noted that where the required savings can be achieved from the technical reforms alone; it does not detract from the Council's obligation to make a council tax reduction scheme.

### **Option 3 - Reduce levels of support and increase certain parameters to incentivise work**

There are many possibilities open to the council when considering a council tax reduction scheme with the aim of reducing levels of support currently provided, by:

1. amending various conditions to the means test in the current scheme, such as
  - a. increasing non-dependant reductions, and/or
  - b. reducing the capital disregard, and/or
  - c. reducing personal allowances, and/or

## **Appendix A - Localised Council Tax Reduction - Scheme Options**

2. removing second adult rebate, and/or
3. not allowing backdating and providing a one off hardship payment in only the most exceptional of circumstances, and/or
4. removing underlying entitlement from the calculation of overpayments, and/or
5. setting a minimum payment, such as £10 pw, so if entitlement was assessed at a level below this sum then no benefit would be payable, and/or
6. setting a maximum eligible amount, e.g 80% of liability, or
7. reducing the level of support by adding an extra final step into the calculation that make a further reduction of a set percentage across-
  - a. all working age at say 18%, regardless of vulnerability, or
  - b. all those receiving jobseekers allowance or employment and support allowance (work-related activity group only) at say 25%, and/or
8. set a maximum period of say 12 months (could be longer) entitlement for those fit enough to work, and/or
9. excluding certain groups, home owners and the self-employed are two groups that have been mentioned.

### **Work Incentives**

A key part of the welfare reform is to encourage people to go back into work or to increase the number of hours that they currently work to reduce the burden on the welfare state.

The Council is required to take this into consideration when designing the local council tax support reduction scheme.

The amount of earned income taken into account when calculating entitlement to council tax benefit has remained at the same level since the current scheme was introduced in 1988. It is recommended that earned income disregards be increased to increase the financial benefit of finding or increasing work.

### **Conclusions**

In Cambridge, if the proposed reduction of 10% were spread equally across all working age claimants they would receive a reduction of 18% in their current level of support. This could easily be achieved by opting for 5, 6 or 7a above; this approach is often referred to as “equal pain”.

However, this would mean starting to collect council tax from people who currently pay nothing because they qualify for a means-tested benefit, which is paid at safety net levels. Trying to collect small amounts of money from people in poverty often costs more to collect than the sum being collected.

Furthermore, the Council has a duty to protect the vulnerable so this would see the remaining working age group losing up to 25% of their current support.

The Government has also made it very clear that work incentives should be at the heart of any scheme design; which makes it very difficult to reduce levels of support

## Appendix A - Localised Council Tax Reduction - Scheme Options

to those who are in work. Indeed, improvements to work incentives such as an increase in the earned income disregards mean costs are likely to rise for this group of people rather than reduce.

The last group, people receiving some council tax benefit who are not in work, do not receive enough council tax benefit in total to make it possible to reach the 10% savings target even if support were withdrawn completely.

It is therefore necessary to in some way reduce the current level of support for working age claimants getting full CTB.

Time limiting council tax reduction for those who are capable of work is perhaps an incentive for people to search for work or to take work that they would previously have refused to accept. It should be noted that if such a rule was accepted as part of the local scheme the Council could be expected to provide additional assistance with helping people to find work, especially those who have been long term unemployed. It can be difficult to persuade employers to take on the extra risk that come with employing certain people. This could potentially cost more in financial and human resources than is saved.

The suggestion of excluding certain groups such as the self-employed or homeowners' is fraught with difficulties. It might be necessary to "force" people to sell their home to realise some capital; that can take time and is controversial. It could mean those with little or no equity have no choice but to rent in the private sector, meaning both housing benefit and council tax reduction will be required at the new rented home.

To avoid making more people homeless, it would be necessary to carry out a property valuation and ascertain the value of any equity before deciding if it was cost effective in each case to restrict council tax support. This would be erroneous and costly.

It may also increase the burden on the Council of finding homes for families who become homeless due to such a policy, which would have an adverse effect on child poverty strategies.

It does not appear however to be an equalities issue, but it could be open to challenge under the Human Rights Act.

To exclude the self-employed would go against the Government's policy of providing incentives for those who have been unemployed to start up their own business.

If any of the above options for reducing the level of support were taken it would mean some very difficult decisions would have to be made.

### Recommendations

It is shown above that:

- option 2 potentially provides the:
  - financial savings without introducing further "austerity" measures on those who claim help with their council tax, and
  - financial resources to fund the required work incentives, and
- option 3 provides additional contingency savings to allow for:

## **Appendix A - Localised Council Tax Reduction - Scheme Options**

- possible changes in Government policy intentions as the legislation passes through Parliament, or
- forecasts that may be less than accurate due to the lack of current data in some areas, or
- future changes in behaviour that may reduce the income from the council tax reforms

It is therefore recommended that the Council adopt a combination of options 2 and 3, which includes some achievable amendments to the current scheme that would increase work incentives.



To: Executive Councillor for Strategy and Resources:  
Councillor Julie Smith

Report by: Alan Carter – Head of Strategic Housing

Relevant scrutiny committee: Strategy and Resources Scrutiny Committee 9/7/2012

Wards affected: All Wards

## CAMBRIDGE CITY COUNCIL AFFORDABLE HOUSING AT CLAY FARM Key Decision

### 1. Executive summary

- 1.1 The main purpose of this report is to highlight that under the new 'self-financing' regime, the City Council now has the opportunity to retain ownership and management of the Affordable Housing on its land at Clay Farm. As this opportunity was not available when officers were given the approval to proceed with the project to dispose of its land in July 2011 it is appropriate to bring forward this report now.
- 1.2 The report also provides an up-date to members of the Committee with progress on the project.

### 2. Recommendations

The Executive Councillor is recommended:

- 2.1 To approve, in principle, for the Council to own and manage up to 104 Affordable Housing dwellings on the Council's land at Clay Farm.
- 2.2 To delegate authority to the Director of Resources in liaison with the Director of Customer and Community Services and the Head of Legal Services to agree the transfer of land between the General Fund and the Housing Revenue Account under appropriate terms and conditions.
- 2.3 To note progress with the project to dispose of the Council's land at Clay Farm.

### 3. Background

- 3.1 Cambridge City Council General Fund owns the freehold of approximately 2.73 hectares of land within the wider Clay Farm development area on the Southern Fringe. This land will provide up to 209 dwellings.
- 3.2 In July 2011 the Executive Councillor gave approval for officers to pursue the disposal of the City Council's land at Clay Farm with conditions placed on the sale in respect of quality design and higher standards of environmental sustainability and potentially the delivery of up to 50% Affordable Housing. Delegated authority was given to the Director of Resources and the Head of Legal Services to agree a procurement process to select a preferred partner to dispose of the land following consultation with the Leader; relevant Executive Councillors; and Opposition Spokespersons.

A report is required to be brought back to the Committee at the end of the procurement process to authorise that a contract be entered into with the preferred partner. Appendix 1 is a copy of a briefing paper sent recently to the Executive Councillor and Opposition Spokespersons that provides a progress report on the project.

- 3.3 The main purpose of this report is to highlight that under the new 'self-financing' regime, the City Council now has the opportunity to retain ownership and management of the Affordable Housing itself and that this *is due to be/has been* considered by the Customer and Community Resources Committee on 28 June 2012 and the Executive Councillor for Housing *has been requested to approve/has approved* delegated authority to pursue this option subject to the financial viability of the option.
- 3.4 Under this option the Housing Revenue Account will purchase the Affordable Housing dwellings from the organisation selected through the procurement process. This, in turn, will contribute to the land value the General Fund will receive from that organisation.

## 4) Implications

### a) Financial Implications

When a house-builder or developer brings forward a development proposal that is required through planning policy to include Affordable Housing it will offer the opportunity to Registered Providers (housing associations) to buy the Affordable Housing. These deals can take many forms and academically the value of the Affordable Housing land is assumed to be nil as part of the financial equation to keep the rents affordable.

If the City Council is to provide the Affordable Housing on its land at Clay Farm it should be noted that the organisation that is selected through the procurement process will not have the opportunity to offer the Affordable Housing to the Registered Provider market. Therefore, independent validation of the price the Housing Revenue Account will pay for the Affordable Housing will be required to ensure that the General Fund receives the best value for its land taking in to account the conditions that have been applied by the Council to its sale.

### (b) Staffing Implications

There are no staff implications associated with this report. The project to dispose of the Council's land at Clay Farm is being taken forward by a officer project group.

### (c) Equal Opportunities Implications

There are equal opportunities implications associated with this report.

### (d) Environmental Implications

There are no environmental implications associated with this report. The main project requires the Council's land at Clay Farm to be developed as an exemplar in terms of environmental sustainability.

### (e) Consultation

Not applicable to this report.

### (f) Community Safety

Not applicable to this report.

## **5. Background papers**

Community Services Scrutiny Committee Report. Cambridge City Council Affordable Housing at Clay Farm. 28 June 2012.

## **6. Appendices**

Appendix 1 – Member Briefing Paper : Progress Report on Project to Dispose of the Council's Land at Clay Farm.

## **7. Inspection of papers**

To inspect the background papers or if you have a query on the report please contact:

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## **Appendix 1**

### **Clay Farm – Land Disposal Project**

#### **Briefing Note – June 2012**

The Council's ambitions for its land at Clay Farm

- a development of quality design
- that sets exemplar sustainability standards
- with 50% of the housing as Affordable Housing
- that generates a capital receipt for the Council
- with risk to the Council kept to a minimum

#### **1. The Project Group**

A Project Group has been established with core membership of me (Project Lead); Sabrina Walston (Project Manager and Affordable Housing link); Emma Davies (Environmental Sustainability and Planning link); Phil Taylor (Property Service link); Debbie Quincey (Procurement); Chris Humphris (Principal Finance Officer) and Claire Walden (Legal link). Corresponding members include Glen Richardson (Urban Design); Patsy Dell (Head of Planning); Stephanie Fisher (Internal Audit); Chris Humphris (Principal Finance Officer); and Simon Pugh (Head of Legal). David Horspool is the 'Project Champion'.

The Project Group has met on a monthly basis since July 2011.

#### **2. Project Timeline**

Sabrina has worked up a detailed timeline for the project and this is monitored at monthly project meetings.

Our key dates are

early June – issue OJEU Notice  
mid July – deadline for Pre-Qualification Questionnaire  
early August – issue Invitation to Tender  
early November – closing date for Tenders  
early February - award

### **3. Collaboration Agreement**

In 2006 it was approved we should enter into a Collaboration Agreement with Countryside Properties Limited whereby they, in effect, facilitate the outline planning approval and servicing of our site so that it fits with the rest of their Clay Farm development. Under the Collaboration Agreement we are due to pay Countryside Properties an estimated £5.4 million as our share of the costs of bringing the overall Clay Farm site forward for development.

The Collaboration Agreement was first drafted before the completion of the section 106 agreement and the major planning appeal by Countryside in 2010 and prior to any start of works on-site. A good deal of time has been spent over the last few months bringing the Collaboration Agreement up-to-date and it is important that the Agreement is signed off before we go much further with the land disposal project.

Two particular areas of attention have been;

- a. Negotiating with Countryside the upper limit of homes that can be provided on our land. If we were limited to 7% of the upper limit of 2250 homes that are due to be provided across the whole of Clay Farm as in the original draft of the Collaboration Agreement, we would only have been able to build 161 homes. The minimum density parameter for our site for planning purposes requires a development of a minimum of 191 homes to achieve a planning approval and we have agreed a limit of 209 homes.
- b. Understanding the different options to pay our 7% contribution to the infrastructure costs and the detail behind what makes up the infrastructure costs.

Agreement has now been reached with Countryside on all of the main points and we are aiming to sign the Collaboration Agreement shortly. We have clarified that there is no restriction in either the section 106 agreement or the Collaboration Agreement that would prevent the Council, as landowner, requiring 50% Affordable Housing on our land. Also that if we do, other house-builders will not be able 'benefit' by providing less than 40% Affordable Housing.

#### **4. Critical Friends**

In view of the Council's high aspirations for the project we have felt it important to engage specialist external input to bring expert analysis to the project. To this end we have been working with three external consultants/organisations

##### **EYE (Lead Contact - Jon Sawyer)**

EYE is a small development and asset management consultancy that has gained a good reputation in facilitating award winning regeneration and new quality projects. When we met Jon Sawyer we were impressed with his sharp grasp of the main issues associated with our project and Eye have clear experience of delivering complex public sector projects. More information can be found on their web-site.

[www.thisiseye.com](http://www.thisiseye.com)

EYE has already been extremely helpful in providing us with the framework for our PQQ and ITT documents and examples of similar documents for similar projects.

##### **Simon Carne**

Simon is a member of the Cambridgeshire Quality Panel. Simon is an architect and has agreed to spend two days to critique our initial draft tender documents and also to review the final draft documents. Simon has also offered to be part of the Evaluation Panel to look at the final submissions later this year.

Glen Richardson has helped us get to know the above contacts and confirm that they are the right people to work with.

##### **Building Research Establishment (Lead Contact – Kevin Scobell)**

Emma Davies has facilitated this contact and Kevin is interested in working with us to provide added expertise in respect of environmental sustainability. As former Chief Executive of the Hive, Kevin also has local contacts that should be helpful in developing our project.

## 5. Legals

With the help of our internal legal colleagues we have secured the services of a single legal consultant, Sharpe Pritchard, to provide advice on the various dimensions to this project eg

- provide an option appraisal of the legal routes to enforce our conditions on the land sale summarising the benefits and risks of each option
- advise on VAT; Stamp Duty Land Tax and State Aid
- advise on and action the consents we need from the government to dispose of the land
- provide advice regarding procurement regulations
- advise and action the final land transactions

As Sharpe Pritchard has already acted on our behalf to develop the Collaboration Agreement and the section 106 planning agreement they are ideally placed to ensure there is no contradiction between these legal documents and any other that may be required to conclude the project.

In going through the selection process to commission Sharpe Pritchard it became clear that disposal of the site by way of a Development Agreement and a build lease or licence was cited by most as the best way to meet our aspirations.

## 6. Procurement Process

We have begun to work up the tender documents. There will be three main stages to the Restricted Procedure tender process.

**Issue of the OJEU Notice.** In effect the advertisement that will openly announce our project and invite organisations to register their interest.

**Pre-qualification Questionnaire (PQQ).** The short-listing process. All interested organisations will submit information in a prescribed form to allow consistent analysis and evaluation. At this stage we are in particular testing bidders:

- Commitment to high quality and sustainable development
- Delivery skills and experience
- Financial strength

We feel it would add weight to the PQQ if the covering letter is issued in the name of the Leader of the Council.

**Invitation to Tender (ITT).** 5 organisations will be invited to submit their final costed bid. We still need to do more work on this document but in outline we will be testing organisations

*Initial design proposal, for example;*

- A masterplan for the site, a design for across section of the development incorporating both residential and commercial uses and unit typologies.
- A proposed phasing plan

*Financial Proposal, for example;*

We are anticipating two options, either 100% up front or structured land payments.

*Development Agreement*

- A mark up of our Development Agreement, in each case explaining the rationale for the change. The Council will have absolute requirements within this document that cannot be changed.

The production of the tender documents has been and will remain a team approach with input from legal, procurement, urban design and planning colleagues and external 'critical friends'.

## **6. Up-front Costs**

A budget of £117,000 has been approved to cover up-front costs such as legal costs; external specialist advice; procurement administration; quantity surveying; site surveys and other investigations.

## **7. Member Engagement**

Sabrina and I have found it helpful to have Member engagement at various stages of the project and we will strive to continue to do so in a way that is sensitive to the political balance of the Council. Our main briefings to date have been with the Leader and the Executive Councillor and I have also had one briefing with the Labour Group outside of any formal committee process. Recently we have briefed the Executive Councillor and Opposition Spokespersons on the terms and conditions of the Collaboration Agreement and took the opportunity to up-date them on progress with the project. We will continue to seek guidance from Members on when and how they would like to be briefed as we move forward with the project.

**Alan Carter**  
**Project Lead**

**Sabrina Walston**  
**Project Manager**



To: Executive Councillor for Customer Services and Resources: Councillor Julie Smith  
Report by: Director of Resources  
Relevant scrutiny committee: Strategy & Resources Scrutiny Committee 9/7/2012  
Wards affected: All Wards

## **THE PUBLIC SERVICES (SOCIAL VALUE) ACT 2012 AND RESPONSE TO COUNCIL MOTION ABOUT THE COUNCIL'S USE OF CONTRACTORS**

### **Not a Key Decision**

#### **1. Executive summary**

The purpose of this report is to advise the Executive Councillor and the Committee about an imminent change in legislation affecting procurement by the City Council, to recommend for approval the Council's approach to fulfilling the new duty placed upon it by the Public Services (Social Value) Act 2012 and to respond to the Notice of Motion (11/48b/CNLb) to Council on 21 July 2011 concerning the employment of contractors.

#### **2. Recommendations**

The Executive Councillor is recommended:

2.1 To approve the process set out in this report to satisfy the duty placed on the Council by the Public Services (Social Value) Act 2012.

2.2 For services procurements to which the Public Contracts Regulations 2006 apply ie services procurement above the EU threshold, to instruct officers to:

2.2.1 Identify ways in which the procurement might improve the economic, social and environmental well-being of Cambridge, when seeking authority to go out to tender;

2.2.2 Conduct procurement processes with a view to securing the identified improvements;

2.2.3 Take account of the Council's Vision Statement, Environmental Objectives and Strategic Objectives identified in Portfolio Plans in considering how the "Social Value" duty is discharged.

2.3 Instruct officers to consider the issues referred to in the Notice of Motion (11/48b/CNLb) in the light of the Public Services (Social Value) Act 2012 and to recommend appropriate provisions in the new Procurement Strategy which will be reported to the Strategy and Resources Scrutiny Committee in October 2012.

### **3. Background**

3.1 The Public Services (Social Value) Act 2012 ("the Act") places a duty on public authorities to consider how a procurement for services might improve the economic, social and environmental well being of the "relevant area", in our case, Cambridge ("the social values"). This consideration has to be exercised in advance of the formal start of the procurement (ie before the OJEU notice or any other advertisement is published). There are no penalties for non-compliance.

3.2 The Act has not yet come into force but the Commencement Order is expected in the near future – together, we hope, with some clear guidance notes about the detailed application of the provisions of the Act.

3.3 The Act only applies to services contracts to which the Public Contracts Regulations 2006 apply ie those above the EU threshold (currently £173,934 over the life of the contract) but does not apply to service contracts that are "called off" from Framework contracts or to Works or Supplies contracts. To give members an idea about the sort of contracts to which the Act applies, in the current year, if the Act is brought into effect, relevant procurements would be the ICT Management Contract, the Leisure Management Contract and the Cleaning Contract. The Act is therefore limited in application.

3.4 The extent to which the Act can be applied to contracts is also limited by the requirements in the legislation for the economic, social and environmental improvements (the Social Value improvements) to be directly relevant to the subject matter of the contract and proportionate to its value. Establishing this direct connection will be essential to the legitimacy of any requirement and the extent to which it can be defended in the face of any challenge.



### 3.5 The Act does not override either:

- the requirement on the Council to achieve value for money; or
- the requirements of public procurement law (as set out in the relevant EU Directives and the Public Contracts Regulations 2006). Therefore we must always act in ways that are non-discriminatory, fair and transparent when we conduct procurement exercises and award contracts.

These requirements, together with the restrictions in the legislation mean that some of the aspirations that members have for procurement – the use of local suppliers and local employees or, as can be seen below, trying to regulate a contractor’s staff terms and conditions of employment - are likely still to be difficult to realise unless clear connectivity between such requirements and the purpose of the contract can be clearly established.

3.6 The Act does relax, to some extent, the rules about “non-commercial considerations” rules set out in s.17 of the Local Government Act 1988 (“section 17”) and it is this relaxation that officers will explore in responding to the Notice of Motion referred to in the Executive Summary above.

3.7 Section 17 places a specific duty on local authorities when awarding contracts for works, services or supplies, to exercise that function without reference to matters that are “non-commercial matters”. The most significant non-commercial matters, as far as previous procurements have been concerned, have been those relating to the terms and conditions of employment by contractors of their workers and the country of or territory of origin of supplies to contractors.

3.8 Consideration of Social Values under the 2012 Act will not now be automatically treated as taking into account a prohibited non-commercial matter under the 1988 Act but only insofar as this is necessary to meet the duty under the Act to achieve the Social Value improvement in a way that is proportionate and relevant to the subject matter of the contract.

As an example, if we were able to identify a direct relationship between an economic or social value improvement to Cambridge and the subject matter of a services procurement we might seek to regulate the contractor’s employee terms to achieve the improvement. However the regulated terms would only apply to those employees of the contractor directly employed in the delivery of the service. It would not apply to all of that contractor’s employees.

3.9 We could choose to apply the principles of the Act voluntarily to more than the large services procurements but we could not rely on the protection given by the Act in the same way. We would not have the freedoms with regard to the consideration of non-commercial matters referred to below for anything other than the large services procurements that are caught by the Act.

#### **4. Examples of Social Value improvements**

4.1 There is no definition of “social value” given in the legislation but in simple terms it means that the delivery of a service on behalf of the Council will leave the community in Cambridge better off, in economic, social and/or environmental terms than it was before contracted service was delivered.

4.2 Social Value improvements can be achieved through our procurements in two ways.

4.2.1 The first way, that we currently use, is to design the project procurement strategy appropriately. For example, if one of our Social Value improvements for a project is to increase the involvement of smaller companies in the delivery of a service we could structure our procurement to make a large contract more accessible eg:

- By dividing it into specialist Lots so that small specialist companies could apply for that Lot only; or
- By dividing it into smaller, eg area based Lots, so that small companies could tender for a part of a contract only.

Dividing a contract into Lots does not guarantee that a small company will succeed. Such companies would have to compete on a level playing field with other, potentially larger, bidders but an appropriate structure increases the opportunity for smaller company participation. The practical consequences of having a number of smaller contracts to manage has to be considered by the procuring service.

4.2.2 The second way, and the one to which the new Act refers, is to use a contractor to deliver the identified economic, social or environmental improvement through a contract.

4.3 The idea of securing what has previously been called “added value” through large procurements is not new to the Council. Most recently, Apollo, (the Planned Maintenance Contractor), has given commitments to provide the following:

- The creation of one apprentice per £2million annual spend.
- One, two- week work placement per £1million of work per year. Working with local schools to improve interview techniques and job applications in general
- A four-day Red Cross first training course for tenants. One person per £1million of work per year.

4.3 Other examples of Social Value improvements cited in information about the new Act have included:

- Local employment and/or employment from particular groups eg unemployed or disadvantaged groups
- Sourcing of materials and goods from the local area
- Improving employment standards and practices (eg the Living Wage).

What we might or might not be able to pursue as social value improvements will have to be considered on a case by case basis but it is likely that radical attempts to influence or regulate where a contractor recruits staff or sources materials from or how it employs its staff will fail for want of a clear, proportionate connection with the contract and therefore be open to challenge on the basis of anti-competitiveness.

## **5. What we need to do**

5.1 In preparation for the Act coming into force the Council needs to do the following:

- Be clear about the process that we will go through to satisfy the duty placed on us by the new Act;
- Identify the basis for economic, social and environmental value improvements that the Council will pursue through its services procurements;
- Review our Contract Procedure Rules and Procurement Strategy to incorporate reference to the duty, agreed process and basis for identifying project specific economic, social and environmental value improvements;
- Update the Equalities Impact Assessment template to reflect the requirement of the new duty.
- Update procurement guidance – particularly relating to the evaluation of social value improvement commitments/projects and to the means of securing the improvement through the procurement process
- Update appropriate report templates
- Provide briefing/training to colleagues/Members as required.

5.2 The Contract Procedure Rules (part 4G of the Constitution) will be reviewed as part of the bureaucracy busting work that is currently underway and the new draft Procurement Strategy (to replace the existing one that expires at the end of November 2012) will be reported to the next cycle of meetings. Subject to the 2012 Act being effective, the new strategy will set out the Council's corporate social values and the procedure for setting project specific values for its major services procurements as set out below.

## **6. The proposed process**

6.1 The following process is suggested for identifying the relevant Social Value improvements for each service procurement:

a. Prior to the publication of the OJEU notice or other advertisements, the relevant project team will identify ways in which the procurement might improve the economic, social and environmental well-being of Cambridge and consult as required;

b. The project team will consider whether the initiatives to deliver the improvement will be specified by the Council or whether bidders will be left to identify them;

c. The report seeking authority from the Executive Councillor (via the Scrutiny Committee) to go out to tender for a service will include recommendations for approval for the project specific Social Value improvements to be sought and the approach to be taken in the procurement;

d. The project team will incorporate appropriate provisions in the tender documents and contract to make delivery of the improvement a contractual commitment.

e. The contract manager will monitor achievement of the improvement and report outcomes as part of the contract management monitoring process.

6.2 It is recommended that the City Council's corporate economic, social and environmental values, from which project specific improvements can be drawn, are as set out in the Vision Statement and the Strategic Objectives in each Portfolio Plan.

6.3 For example only, to show how the above process might work in relation to the forthcoming Leisure Management services procurement, one of our Social Value improvements could be "to enhance leisure and sports opportunities for disadvantaged young people in Cambridge" (derived from Vision Statement "A city which celebrates its diversity, unites in its priority for the disadvantaged and strives for shared community well being" and

Community Development and Health Strategic Objective 2 “Provide a high quality, universal service for children and young people of Cambridge”). We could identify the bidders’ contribution to this eg:

- By providing free first aid training to a number of parents attending play groups in the City; or
- By providing signing or other specialist training opportunities to swimming teachers to encourage attendance of hard of hearing children at swimming lessons.

In both cases, the number of courses/individuals trained would be linked to the value of spend on contract services to satisfy the requirement for proportionality.

Alternatively we could leave bidders to identify their own ideas but making it clear that initiatives need to contribute to achieving the improvement and be measurable and monitorable.

## **7. Response to the Council Motion about the use of Contractors.**

7.1 A Notice of Motion was considered by Council at the meeting on 21 July 2011, as set out below.

“The Council is committed to employing Contractors who treat their staff well, and who consistently and fully meet expected employment and health and safety standards.

The Council calls on the Executive Councillor for Customer Services and Resources to bring forward a report to the Strategy and Resources Scrutiny Committee to review its existing standards for contractors seeking future contracts, including,

- appropriate pay rate policies
- pension scheme entitlement for all staff
- health and safety, including provision and wearing of Personal Protective Equipment
- trade union recognition
- regular reporting of compliance with equalities and employment legislation, and

- appropriate wider terms and conditions for the work involved and to also minimise all inappropriate use of agency workers, whether by Contractors or by the Council.”

## 7.2 The current position

Other than provisions relating to Health and Safety (including PPE), equalities and other relevant employment matters where there is a strong legislative framework, (and some limited exceptions referred to below), the current legal position is quite restrictive with regard to the extent to which a local authority can take account of a contractor’s terms and conditions of employment for their staff and sub-contractors because these are deemed to be ”non commercial matters”.

As explained above, a council’s power to take account of non-commercial matters in carrying out it’s procurement activities are substantially restricted by the provisions of the 1988 Act.

The position with regard to non-commercial matters was relaxed to some extent by legislation in 2001 and these are the exceptions referred to above. This legislation made it clear that workforce considerations could be considered in two cases – but two cases only.

The first case is where workforce issues are relevant to the cost and quality of services to be provided. Guidance makes it clear that we can only consider such issues where they relate directly to “best value and the delivery of the contract”. Case law has limited application of this but it does enable us to look, for example, at how (where/what and frequency) staff are trained to deliver the particular service in question.

The second case is where the Transfer of Undertakings (Protection of Employment” Regulations 2006 (TUPE) applies.

## 7.3 The current position and the future

As suggested above the 2012 Act may give more scope for consideration of Social Value improvements but the extent of this is far from certain.

Set out below is a statement of the current position in relation to each item listed in the Motion. The limited potential for the position to be reviewed with regard to some of these matters in the light of the 2012 Act is considered at the end of this section:



### a. Appropriate Pay Policies

The council does not have pay rate policies applicable to contractors. The requirement to pay the minimum wage is enforced by national legislation. The payment rates of a contractor's employees are non-commercial matters.

Going forward there may be scope (depending upon guidance when published) for project specific requirements about pay policies to be developed for major services procurements if such requirements are demonstrably relevant and proportionate to the subject matter of the procurement. If a connection can be made, any requirement would only apply to employees employed on the contract and not the contractor's workforce as a whole.

The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) protects terms and conditions of employees at the point of transfer when transferring between service providers. When a TUPE transfer takes place, the new employer inherits the contracts of employment of the transferring staff existing immediately before the transfer took place. This includes pay related matters. As part of the contract award negotiations matters relating to the current contracts of employment, terms and conditions and collective bargaining agreements are discussed with the new employer and any proposed changes, referred to as 'measures' are subject to consultation with the trade unions.

For temporary agency workers, the Agency Worker Directive 2011 requires equal treatment in respect of the 'relevant terms and conditions' ordinarily incorporated into the contracts of those working for the hirer. This means the relevant terms and conditions in collective agreements, relevant pay scales and terms generally included in employees' contracts of employment. 'Relevant terms and conditions' are defined as:

- pay (pay, plus any fee, bonus, commission, or other payment directly referable to the employment, such as overtime or unsocial hours payments);
- the duration of working time, night work, rest periods, rest breaks and annual leave.

These rights are subject to a 12-week qualifying period.

### b. Pension Scheme entitlement for all staff

Pensions are non-commercial matters, except where TUPE applies. Current legislation requires, where TUPE applies, that contractors must have either Admitted Body Status or a GAD (Government Actuarial Department) certified scheme.

For temporary workers or consultants we are not required to consider pension requirements.

Changes to pension law mean that employers will be required to auto-enrol certain workers into a qualifying pension scheme and make contributions to the scheme on the workers' behalf. The auto-enrolment rules will be phased in from 1 October 2012, beginning with the largest employers.

Employers will be required to register with the Pensions Regulator and will have a duty to provide certain information to their workers about the changes to workplace pensions and how they will be affected.

Workers will be able to opt out of the pensions scheme once they have been automatically enrolled. Employers will have a duty to re-enrol those workers automatically every three years.

The pensions auto-enrolment provisions affect 'eligible jobholders', who satisfy certain requirements by reference to their age and earnings i.e aged between 22 and the state pension age, working or ordinarily working in the UK; and earning above a certain amount (currently set as £8,105 per annum).

#### c. Health and safety, including provision and wearing of Personal Protective Equipment

Health and safety matters are covered by extensive legislation. As part of the procurement process for contracts, health and safety matters are explored either at PPQ stage, or at tender stage through consideration of method statements. Appropriate terms and conditions are included in individual contracts. Health and safety considerations, including use of PPE where appropriate are monitored throughout the life of a contract.

Where temporary workers or consultants are working on behalf of the council, a first day health and safety induction process should be undertaken and arrangements are monitored through the assignment.

#### d. Trade union recognition

This is currently a non-commercial matter. For contracts where TUPE applies trade union recognition and arrangements are considered and agreed as part of the 'measures' discussions.



e. Regular reporting of compliance with equalities and employment legislation, contract stage

Equality and employment matters are covered by extensive legislation. As part of the procurement process for contract, equality and employment matters are explored either at PPQ stage, or at tender stage through consideration of method statements.

For contracts where TUPE applies employment matters are considered as part of the 'measures' discussions.

f. Appropriate wider terms and conditions for the work involved and to also minimise all inappropriate use of agency workers, whether by Contractors or by the Council.

Any requirements relating to the terms on which an employer employs his staff that are additional to the current legislative requirements, are non commercial matters that, for the reasons set out above, cannot be taken into account by procuring authority and cannot be enforced.

Going forward there may be scope (depending upon guidance about the implementation of the 2012 Act) for project specific requirements about pay policies, pension policies and terms and conditions to be incorporated if such requirements are demonstrably relevant and proportionate to the subject matter of the procurement. As explained above, such regulation would only apply to the contractor's employees directly involved in the delivery of the contract services. Establishing a strong link between the matters referred to in this section and the subject matter of the contract is not always going to be easy or obvious.

Even if connections can be made Members will, on each occasion, want to balance the financial and non-financial advantages and disadvantages of any particular approach when determining the most appropriate package to put to the market.

## **8. Implications**

### **(a) Financial Implications**

There are no financial implications arising from this report. However, the financial implications arising from a decision to pursue certain economic, social or environmental improvements through a procurement for services will need to be considered when reports seeking authority to go out to tender are put forward for approval.

In addition to the implications for the Council, the procuring service and Members will have to consider what impact improvement initiatives might have on the market, in particular on small/medium enterprises.

(b) **Staffing Implications** (if not covered in Consultations Section)

None.

(c) **Equal Opportunities Implications**

An Equality Impact Assessment has been conducted on the process recommended in this report.

(d) **Environmental Implications**

As part of this section, assign a climate change rating to your recommendation(s) or proposals.

- Nil: the proposal has no climate change impact.

(e) **Consultation**

The Head of Legal Services, the Head of Human Resources and the Strategic Procurement Adviser have been consulted about this report.

There will be consultation about the Procurement Strategy prior to reporting this to Strategy and Resources Committee in October.

This report recommends the consultation to be undertaken in connection with each relevant procurement affected by this report.

(f) **Community Safety**

There are no community safety implications

**9. Background papers**

These background papers were used in the preparation of this report:

The Public Services (Social Value) Act 2012

The Public Contracts Regulations 2006

The Local Government Act 1988

Equality Impact Assessment

<http://www.cambridge.gov.uk/public/docs/Social-Value-Act-EqIA-June2012.pdf>

## 10. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

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**To:** Executive Councillor for Customer Services and Resources: Councillor Julie Smith

**Report by:** Alison Cole - Head of Revenues and Benefits Services

**Relevant scrutiny committee:** Strategy & Resources Scrutiny Committee 9/7/2012

**Wards affected:** All Wards

## **Risk Based Verification**

### **1. Purpose of Report**

This report is intended for the Strategy and Resources Scrutiny Committee. Its purpose is to seek approval for the adoption of the Risk Based Verification (RBV) Policy in determining evidence requirements for the assessment of new Housing Benefit and Council Tax Benefit claims.

Appendices to Report:

Appendix A – Evidence requirement for each risk category

Appendix B – Department for Works and Pensions (DWP) Circular

Appendix C – Legal framework

### **2. Executive Summary**

**2.1** The Verification Framework Policy was initially introduced by the Department for Work and Pensions as guidance in line with the Social Security Administration Act 1992 for administering Housing and Council Tax Benefit claims. It recommended that local authorities obtain a substantial amount of documentary evidence, carry out numerous pre-payment checks and visits before making any payment. Although the old Framework policy was formally abandoned in 2006 (it had been shown to be both costly and the cause of significant delays in the processing of claims), Authorities still have a duty to secure the

gateway against fraud and error and provide assurances to Department for Work and Pensions and Auditors alike that measures are in place. So the old framework was retained, almost in its entirety, within Housing and Council Tax Benefits.

**2.2** In 2011 the DWP piloted a new scheme – Risk Based Verification – with a small number of authorities. This concentrates on the risk profile of each claimant, so that resources can then be targeted at the higher risk groups where most of the fraud and error occurs.

**2.3** The success of the pilot resulted in the DWP confirming that all authorities can now adopt this approach from April 2012 (Housing Benefit and Council Tax Benefit Circular S11/2011, attached at Appendix B).

**2.4** It is intended that RBV will only apply to new Housing Benefit claims at the moment. However, discussions are taking place nationally with DWP about widening the approach to include changes in circumstances. The process can also be applied to reviews, overpayments and other similar processes within Housing Benefit and Council Tax Benefit. The DWP has recently stated, “we are trying to release the shackles and allow benefits services to do what they’ve sought to do for many years”. It is expected that RBV will continue to be used when Council Tax Benefit is replaced in April 2013 by a new scheme to be known as The Localisation of Council Tax Support.

**2.5** The experience of those local authorities involved in the pilot scheme showed that it reduced the burden on customers to provide excessive evidence and also reduced the cost of administering claims. The latter was achieved because there was not the same level of need to write to customers pursuing excessive evidence and the scanning of that evidence. Furthermore, it identified higher levels of error and potential fraud from some cases.

### **3. Recommendation**

The Executive Councillor is recommended to –

**3.1** Approve the RBV Policy and agree that RBV is implemented for new claims by the Council following consultation with External Audit, (start date to be agreed pending full testing) and for changes in circumstances when approval for this is given by DWP.

## **4. Background**

**4.1** Cambridge City Council must adhere to Housing Benefit and Council Tax Benefit legislation. The regulations within the legislation do not specify what information and evidence they should obtain from a benefit customer. However, it does require an authority to have information that allows an accurate assessment of a claimant's entitlement, both when a claim is first made and when the award is reviewed. The legislation is supplemented by detailed guidance from Government and this must be applied. Failure to do so would lead to an adverse inspection report, possible audit sanctions and loss of subsidy.

**4.2** Given those requirements, quality assurance and detection of fraud are key aspects of the assessment process. This has led over a period of time to a complex and demanding process of verification.

## **5. Risk Based Verification**

**5.1** Risk Based Verification is a method of applying different levels of checks to different circumstances depending on a complex mathematical risk profile given to each customer. The associated risk matrix is based on many years of experience and statistical information about what type of claim represents what type of risk. The higher the deemed risk, the more resources that will be allocated to establish that the claim is genuine.

**5.2** The pilots have demonstrated that this type of approach is very effective in identifying higher levels of fraud and error and reducing the overall cost of verifying claims. It has had an immediate impact on work processes in that resources can be better targeted. Overall timescales for processing new claims have improved in the pilots, including those deemed to be higher risk. DWP intend to use a similar RBV process when Universal Credit is introduced in late 2013.

## **6. How Cambridge City Council Will Apply Risk Based Verification**

**6.1** It is intended to implement an IT solution for Risk Based Verification. The provider of the software is Coactiva Aspiren Ltd who already provide the software to the 16 local authorities currently using RBV. This will establish the level of risk for verification purposes and

rank this risk into one of three categories – these being Low, Medium or High Risk. The table at Appendix A shows the requirement to be upheld dependent on the risk grouping. In all cases, irrespective of the risk group, evidence of a person’s National Insurance number and identity must be provided.

### **Low Risk**

The only checks that need to be carried out on such a case are evidence of identity, confirmation of a National Insurance number and, if they are a student, formal confirmation of that status would be required.

### **Medium Risk**

Claims in this category must have the same checks as low risk claims, plus documentary evidence of every type of income and capital is also required.

### **High Risk**

All high risk claims must have the same checks as low risk and medium risk. In addition, all claims will have a Credit Reference Check (CRA) completed to determine if there are any discrepancies between the information provided by the customer and the information available via CRA checks. Assessment Officers who will be trained to analyse the information from these checks will carry out the CRA checks. Additionally, 10% of the high risk claims will have a visit.

## **7. Recording, Monitoring and Training**

**7.1** In line with the Department of Work and Pensions guidance, it is expected that around 55% of claims could be Low Risk, 25% Medium and 20% High.

**7.2** Detailed records of all risk scores will be maintained and reviewed to ensure compliance with the Regulations and that the Council is maintaining proper quality control and fraud interventions and for audit inspection.

**7.3** Risk scores cannot be downgraded at any time by an Assessment Officer, but they can be upgraded with approval from a Team Leader. All cases that are upgraded will be recorded along with an explanation for this, so that this information can be fed through to the software parameters if errors are found. Reasons for upgrading a claim may



include previous fraud, previous late notification of changes in circumstances, or where there is good reason to doubt the veracity of the information provided.

**7.4** The Council will monitor the effect of RBV on the fraud and error rates by comparing it to the current baseline rate. It is expected that the levels of fraud and error will be small in the Low Risk group, increasing in the Medium Risk group and then further increasing in the High Risk group. Furthermore, Cambridge City Council also undertakes a minimum of **4%** checks across all assessments to make sure guidance is adhered to correctly.

**7.5** Training will be provided for all officers using RBV to ensure the agreed processes, procedures and guidelines are adhered to. Discussions will take place with all internal and external stakeholders, including fraud staff, housing staff, social landlords and the voluntary sector so that they are fully aware of the change.

**7.6** In terms of audit requirements, the DWP has confirmed that RBV, properly applied, will meet audit requirements. We shall maintain a dialogue with our external auditors to ensure that we are not placing the Council at risk through the adoption of this policy. Internal audit processes will also have to be amended.

## **8. Financial Implications**

**8.1** The cost of the software is £14,500 per annum for an initial two-year period. This will cover the Council up to the point at which Universal Credit is due to be introduced and this sum can be found within the existing budget for Revenue and Benefit Services.

**8.2** The experience of other local authorities that have adopted Risk Based Verification is that more fraud and error has been identified at the Benefits Gateway. This is fraud and error that would otherwise have entered the Benefits system. This could then become subject to investigative work and result in the need to collect overpayments. Alternatively it could remain unidentified at an ongoing cost to the public purse. By identifying more fraud and error at the gateway we reduce these costs, and risk based verification provides the means to achieving this result. The solution we adopt will allow us to quantify the result of this approach.

**8.3** In addition to the above benefits, introducing RBV and the software that will facilitate it, can also be used for the new Council Tax Support Scheme.

## **9. Staffing Implications**

**9.1** Nil.

## **10. Environmental Implications**

**10.1** Nil.

## **11. Equalities Impact**

**11.1** Risk Based Verification will apply to all New Claims for Housing Benefit and Council Tax Benefit. A mathematical model is used to determine the Risk score for any claim. This model does not take into account any of the protected characteristics dealt with by the Equalities Act.

**11.2** The course of action to be taken in respect of the risk score is governed by this policy and as such there should not be any equalities impact.

**11.3** It is possible that people with certain protected characteristics may be over or under represented in any of the risk groups. As such monitoring will be carried out to ascertain whether this is the case. As this is a new approach to verifying benefit claims, there is no baseline monitoring we can use as a comparison.

## **12. Legal Implications**

**12.1** The Risk Based Verification Policy we are proposing to adopt, complies with the recommendations from the Department of Works and Pensions (DWP) outlined in Housing Benefit and Council Tax Benefit Circular HB/CTB S11/2011. This Circular can be found at Appendix B. It should be noted that this policy will be the basis on which we are audited in the future. Providing that we comply with this policy, we will be deemed to be verifying claims in the correct way. For this reason, the Council's Section 151 Officer must approve the policy. In the

Circular the DWP also require this policy be approved by Elected Members.

**12.2** The relevant legal framework for verification of Housing Benefit and Council Tax Benefit claims is provided in Appendix C.

### **13. Inspection of Papers**

**13.1** To inspect the background papers or if you have a query on the report please contact:

**Name and contact details of author: -**

Alison Cole

Head of Revenue and Benefit Services

Tel No. 01223 457701

Email: Alison.cole@cambridge.gov.uk

## Appendix A – Evidence Checklist

Type of Evidence	Sub-category of evidence	Low Risk	Medium Risk	High Risk
<b>Identity and S19</b>	Identity	Originals or Photocopies	Originals or Photocopies	Originals required
	S19	Originals or Photocopies accepted	Originals or Photocopies accepted	Originals required
<b>Residency/Rent</b>	Private Tenants		Originals or Photocopies accepted	Originals required
	Social Landlords		Originals or Photocopies accepted	Originals required
	Public Sector			
	Registered		Originals or Photocopies accepted	Originals required
<b>Household Composition</b>	Partner ID/S19/Income/Capital	Originals or Photocopies accepted	Originals or Photocopies accepted	Originals required
	Dependants under 18		Originals or Photocopies accepted	Originals required
	Non-dependants - remunerative work		Originals or Photocopies accepted	Originals required
	Non-dependants – passported benefit			
	Non-dependant - student		Originals or Photocopies accepted	Originals required
	Non-dependant - not in remunerative work/other		Originals or Photocopies accepted	Originals required
<b>Income</b>	State Benefits			
	Earnings/SMP/SSP		Originals or Photocopies accepted	Originals required
	Self employed earnings		Originals or Photocopies accepted	Originals required
<b>Child Care Costs</b>			Originals or Photocopies accepted	Originals required
<b>Student Status</b>	Income also required	Originals or Photocopies accepted	Originals or Photocopies	Originals required
<b>Capital</b>	Below lower capital limit		Originals or Photocopies accepted if over £5500 for Working Age or over £9500 for Elderly - not required if under these amounts	Originals if over £5500 for Working Age or over £9500 for Elderly - not required if under these amounts
	Above lower capital limit		Originals or Photocopies	Originals required
	Property		Originals or Photocopies accepted	Originals required

## Appendix B – DWP Housing Benefit & Council Tax Benefit Circular S11/2011

### **Risk-Based Verification of HB/CTB Claims Guidance**

#### **Introduction**

1. This guidance outlines the Department's policy on Risk-Based Verification (RBV) of Housing Benefit and Council Tax Benefit (HB/CTB) claims.

#### **Background**

2. RBV allows more intense verification activity to be focused on claims more prone to fraud and error. It is practiced on aspects of claims in Jobcentre Plus (JCP) and the Pension Disability and Carers Service (PDCS). Local authorities (LAs) have long argued that they should operate a similar system. It is the intention that RBV will be applied to all Universal Credit claims.

3. Given that RBV is practised in JCP and PDCS, the majority (up to 80%) of HB/CTB claims received in an LA may have been subject to some form of RBV. Already 16 LAs operate RBV. Results from these LAs have been impressive. In each case the % of fraud and error identified has increased against local baselines taken from cells 222 and 231 of the Single Housing Benefit Extract (SHBE), monthly data collection regime to DWP. In addition, in common with the experience of JCP and PDCS there have been efficiencies in areas such as postage and storage and processing times have improved.

4. We therefore wish to extend RBV on a **voluntary basis** to all LAs from April 2012.

This guidance explains the following;

What is RBV?

How does RBV work?

The requirements for LAs that adopt RBV.

How RBV claims will be certified.

What are the subsidy implications?

### **What is RBV?**

5. RBV is a method of applying different levels of checks to benefit claims according to the risk associated with those claims. LAs will still be required to comply with relevant legislation (Social Security Administration Act 1992, section 1 relating to production of National Insurance numbers to provide evidence of identity) while making maximum use of intelligence to target more extensive verification activity on those claims shown to be at greater risk of fraud or error.

6. LAs have to take into account HB Regulation 86 and Council Tax Benefit Regulation 72 when verifying claims. The former states:

*“a person who makes a claim, or a person to whom housing benefit has been awarded, shall furnish such certificates, documents, information and evidence in connection with the claim or the award, or any question arising out of the claim or the award, as may reasonably be required by the relevant authority in order to determine that person’s entitlement to, or continuing entitlement to housing benefit and shall do so within one month of being required to do so or such longer period as the relevant authority may consider reasonable.”*

Council Tax Benefit Regulation 72 is similar.

7. These Regulations do not impose a requirement on authorities in relation to what **specific** information and evidence they should obtain from a claimant. However, it does require an authority to have information which allows an **accurate assessment** of a claimant’s entitlement, both when a claim is first made and when the claim is reviewed. A test of reasonableness should be applied.

## How does RBV work?

8. RBV assigns a risk rating to each HB/CTB claim. This determines the level of verification required. Greater activity is therefore targeted toward checking those cases deemed to be at highest risk of involving fraud and/or error.

9. The classification of risk groups will be a matter for LAs to decide. For example, claims might be divided into 3 categories:

**Low Risk Claims:** Only essential checks are made, such as evidence of identity. Consequently these claims are processed much faster than before and with significantly reduced effort from Benefit Officers without increasing the risk of fraud or error.

**Medium Risk Claims:** These are verified in the same way as all claims currently, with evidence of original documents required. As now, current arrangements may differ from LA to LA and it is up to LAs to ensure that they are minimising the risk to fraud and error through the approach taken.

**High Risk Claims:** Enhanced stringency is applied to verification. Individual LAs apply a variety of checking methods depending on local circumstances. This could include Credit Reference Agency checks, visits, increased documentation requirements etc. Resource that has been freed up from the streamlined approach to low risk claims can be focused on these high risk claims.

10. We would expect no more than around 55% of claims to be assessed as low risk, with around 25% medium risk and 20% high risk. These figures could vary from LA to LA according to the LA's risk profiling. An additional expectation is that there should be more fraud and error detected in high risk claims when compared with medium risk claims and a greater % in medium risk than low risk. Where this proves not to be the case the risk profile should be revisited.

11. LAs may adopt different approaches to risk profile their claimants. Typically this will include the use of IT tools in support of their policy, however, the use of clerical systems is acceptable.

12. Some IT tools use a propensity model<sup>1</sup> which assesses against a number of components based on millions of claim



assessments to classify the claim into one of the three categories above. Any IT system<sup>2</sup> must also ensure that the risk profiles include 'blind cases' where a sample of low or medium risk cases are allocated to a higher risk group, thus requiring heightened verification. This is done in order to test and refine the software assumptions.

13. Once the category is identified, individual claims cannot be downgraded by the benefit processor to a lower risk group. They can however, exceptionally, be upgraded if the processor has reasons to think this is appropriate.

### **The requirements for LAs that adopt RBV**

14. RBV will be voluntary. However, all LAs opting to apply RBV will be required to have in place a **RBV Policy** detailing the risk profiles, verification standards which will apply and the minimum number of claims to be checked. We consider it to be good practice for the Policy to be examined by the authority's Audit and Risk Committee or similar appropriate body if they exist. The Policy must be submitted for Members' approval and sign-off along with a covering report confirming the Section 151 Officer's (section 85 for Scotland) agreement/recommendation. The information held in the Policy, which would include the risk categories, should not be made public due to the sensitivity of its contents.

15. The Policy must allow Members, officers and external auditors to be clear about the levels of verification necessary. It must be reviewed annually but not changed in-year as this would complicate the audit process.

16. Every participating LA will need a robust baseline against which to record the impact of RBV. The source of this baseline is for the LA to determine. Some LAs carry out intensive activity (along the lines of the HB Review) to measure the stock of fraud and error in their locality. We suggest that the figures derived from cells 222 and 231 of SHBE would constitute a baseline of fraud and error currently identified by LAs.

17. Performance using RBV would need to be monitored monthly to ensure its effectiveness. Reporting, which must be part of the overall Policy, must, as a minimum, include the % of cases in each risk category and the levels of fraud and error detected in each.



## **How RBV claims will be certified?**

18. Auditors will check during the annual certification that the subsidy claim adheres to the LA's RBV Policy which will state the necessary level of verification needed to support the correct processing of each type of HB/CTB claim. The risk category will need to be recorded against each claim. Normally the LA's benefit IT/clerical system will allow this annotation.

## **Other considerations**

19. The sample selection for HB/CTB cases will not change i.e. 20 cases will be selected for each headline cell on the claim form. The HB COUNT guidance used by the external auditors for certification will include instructions for how to deal with both non-RBV and RBV cases if selected in the sample. For non-RBV cases, the verification requirements will remain the same i.e. LAs will be expected to provide all the documentary evidence to support the claim.

## **What are the subsidy implications?**

20. Failure by a LA to apply verification standards to HB/CTB claims as stipulated in its RBV Policy will cause the expenditure to be treated as LA error. The auditor will identify this error and if deemed necessary extrapolate the extent and, where appropriate, issue a qualifying letter. In determining the subsidy implications, the extrapolation of this error will be based on the RBV cases where the error occurred. For this reason, it is important that RBV case information is routinely collected by ensuring that LA HB systems incorporate a flag to identify these RBV cases. If sub-populations on RBV cases can not be identified, extrapolations will have to be performed across the whole population in the particular cell in question.

21. We will now work with the respective audit bodies to incorporate this into the COUNT guidance. If you have any queries please contact Manny Ibiayo by e-mail [HBCTB.SUBSIDYQUERIES@DWP.GSI.GOV.UK](mailto:HBCTB.SUBSIDYQUERIES@DWP.GSI.GOV.UK)

## Appendix C – Legal Framework

Housing Benefit Regulation 86 states (CTB equivalent is 72);

*“a person who makes a claim, or a person to whom housing benefit has been awarded, shall furnish such certificates, documents, information and evidence in connection with the claim or the award, or any question arising out of the claim or the award, as may reasonably be required by the relevant authority in order to determine that person’s entitlement to, or continuing entitlement to housing benefit and shall do so within one month of being required to do so or such longer period as the relevant authority may consider reasonable.”*

Furthermore, Section 1 of the Social Security (Administration) Act 1992 dictates a National Insurance number must either be stated or enough information provided to trace or allocate one. This legislation applies to both customers and their partners.

*(1A) No person whose entitlement to any benefit depends on his making a claim shall be entitled to the benefit unless subsection (1B) below is satisfied in relation both to the person making the claim and to any other person in respect of whom he is claiming benefit.*

*(1B) this subsection is satisfied in relation to a person if–*

*(a) The claim is accompanied by–*

- (i) a statement of the person’s national insurance number and information or evidence establishing that that number has been allocated to the person; or*
- (ii) information or evidence enabling the national insurance number that has been allocated to the person to be ascertained; or*

*(b) the person makes an application for a national insurance number to be allocated to him which is accompanied by information or evidence enabling such a number to be so allocated.*

These requirements are at the core of the process for administering claims and so shall, of course, be adhered to at all times. They therefore needed to be integrated into the Quality Assurance checks completed on benefit claims assessed.

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**Cambridge City Council**

**Item**

**To:** **Executive Councillor for Customer Services and Resources: Councillor Julie Smith**  
**Report by:** **Jonathan James / Chris Bolton**  
**Relevant scrutiny committee:** **STRATEGY AND RESOURCES**  
**Wards affected:** **All**

**Project Appraisal and Scrutiny Committee Recommendation**

**Project Name: Revenues & Benefits, eRevenues and eServices modules**

**Recommendation/s**

**Financial recommendations:**

- The Executive Councillor is asked to approve the commencement of this project, which is already included in the Council's Capital & Revenue Project Plan (SC335).
- The total capital cost of the project is £59,000 funded from the Technology Investment Fund and repairs and renewals fund contributions.
- The ongoing revenue costs of the project are £10,750 funded from the Customer Service Centre's existing budget provision.

**Procurement recommendations:**

- The Executive Councillor is asked to approve the carrying out and completion of the procurement of eRevenues and eServices modules for the Northgate Revenues & Benefits IT system.
- Serco will carry out the procurement of the replacement server in accordance with the provisions of its contract with the Council.
- If the quotation or tender sum exceeds the estimated contract value by more than 15% the permission of the Executive Councillor and Director of Resources will be sought prior to proceeding.

## 1 Summary

The purchase and installation of the eRevenues and eServices online self-service modules for the Northgate Revenues & Benefits IT system.

Full background details and a more detailed explanation are provided within section 2.1.

### 1.1 The project

Target Dates:	
Start of procurement	July 2012
Award of Contract	August 2012
Start of project delivery	September 2012
Completion of project	November 2012

### 1.2 The Cost

Total Project Cost	<b>£ 59,000</b>
--------------------	-----------------

Cost Funded from:

Funding:	Amount:	Details:
Reserves	<b>£</b>	
Repairs & Renewals	<b>£6,000</b>	Customer Service Centre Repairs and Renewals Fund
Developer Contributions	<b>£</b>	
Other	<b>£53,000</b>	Technology Investment Fund

### Ongoing Revenue Cost

Year 1	<b>£10,750</b>	£8,750 Northgate costs £2,000 Serco costs
Ongoing	<b>£10,750</b>	

The ongoing revenue costs of the project will be funded from the Customer Service Centre's existing budget provision.

Future savings are not quantifiable at this stage, but will be reviewed on completion of the capital project.

### 1.3 The Procurement

The Northgate eRevenues and e-Services modules will be procured via Northgate Information Solutions through Serco. However, Northgate will be responsible for the installation, testing and set-up of the modules with Serco supporting the implementation project.

The estimated total cost of the purchase of the Northgate eRevenues and eServices modules is £47,000 with ongoing annual support and maintenance charges of £8,750. (We have negotiated a £10,000 discount on the products list price a saving of 22% on the original quote.)

Following the implementation of the scheme, the cost of the annual support and maintenance charges will be funded from the Customer Service Centre's existing budget provision.

The total value of the Northgate procurement is £90,750. (Northgate capital cost of £47,000 plus 5 years annual support and maintenance charges totalling £43,750). The Director of Customer and Community Services will be asked to approve an exemption of the requirement in the Contract Procedure Rules to go out to tender on the grounds set out in Rule 5.1.5C that the new software and maintenance can only be provided by Northgate as the additional modules (and maintenance) relate to software systems provided by Northgate and the systems need to integrate.

The estimated Serco capital costs are £12,000 and will be purchased via existing contract arrangements. The estimated ongoing Serco revenue support costs are £2,000 and will be funded from existing budget provision.



## 2 Project Appraisal & Procurement Report

### 2.1 The Project

Customers have higher and higher self-service expectations than ever. They want more control over their own accounts and activities. They want to choose how and when they receive account information and perform sophisticated transactions without the need to talk to someone. They expect 24/7 availability and no constraints on access. Many commercial organisations already use e-billing and customers are increasingly expecting self-service interactions to make the user experience more convenient.

The project is for the procurement of software (Northgate eRevenues and e-Services modules). The Northgate eRevenues and eServices modules are designed to assist claimants and Customer Services Advisors to receive applications for Council Tax and to carry out benefits assessment interviews more quickly at the first point of contact.

The provision of eServices has been identified as a key enabler by the Head of Customer Services in the 2012 Customer Services service plan, in providing customers of Cambridge City Council the choice of how they access Council services and opt for ebilling. It will also enable staff and administration savings to be made by reducing customer contact and paper billing.

The Cambridge city eServices will give access to a full range of features and interactive services to residents and customers giving them greater choice between face to face or undertaking the transactions themselves in their own time, reduce queuing times and speeding up transaction times. Residents will be able to set up direct debits, check council tax/business rates balances, pay and request paperless billing.

eRevenues is a rule-based system that lets non-experts conduct Revenues interviews, and get all the information right first time.

It shortens interview time by prompting the interviewer to ask only relevant questions.

In terms of the efficiencies gained it will:

- Reduce supplies and services costs including expenditure on agency staff.
- Eliminate the need to scan paper claim forms.
- Cut the cost of producing paper forms
- Reduce the likelihood of errors caused by the re-keying of data.
- Speed up processing times as the need for scanning and re-keying of data is eliminated.

- It lets you assess new liabilities for Council Tax, and check discounts and exemptions that might apply.
- It allows changes in circumstances to be updated.
- Improve customer satisfaction; using the customer satisfaction tool GovMetric will test this.
- Provide for greater flexibility with service delivery, as claims can be taken face-to-face or via the telephone.
- Extend access to the system for staff [back & front office], claimants, housing, housing associations and welfare support groups.
- Integrate directly with our Northgate back office benefits system, which will speed up our average processing time for new claims and changes in circumstance.

The benefits of e-billing include:

- Convenience - bills can be viewed securely at one or more locations, such as home, at work or on a laptop.
- Unlimited Access - You can access your bills 24 hours a day, 365 days a year.
- Flexibility - While viewing your bill, you have the option of: printing a hard copy, retrieving an archived copy of the bill.
- Timeliness - e-bills are available almost the instant they are produced.
- Security - e-bills are available via your e-billing account. Unlike paper bills that could be lost, destroyed or temporarily misplaced, e-bills can be viewed securely online, 24 hours a day.
- Environmentally friendly - e-billing reduces the use of paper, envelopes, toner and inks along with the associated delivery and staff costs.

Whilst the Council is committed to providing a choice of access channels for customers, we will also need to encourage customers to use access channels that are more appropriate to the transaction and cost effective for the Council.

The eRevenues and e-Services modules will provide a more customer-friendly effective and efficient service, which will help to further improve our processing times.

## **2.2 Aims & objectives**

- Investing in projects to reduce our carbon footprint and our energy bills;
- Improving the efficiency of council services to maintain high standards and value for money;

Customer Services and Revenues & Benefits Services are looking to deliver the following overall outcomes:

- Improved customer experience for all.
- Reduce staff costs.
- Alignment of Council, agencies and partner services – seamless delivery of services.

- Implementation of technology and communication to allow self-service.
- Services accessible by all.
- Innovation in service delivery.

We also need to maximise the efficiency of our ICT systems and projects such as transactional web portal, e-council tax and cashiering kiosks will all help in moving customer to self serve which is the cheapest form of transaction.

The introduction of the eRevenues & eServices modules will: -

- Minimise customer waiting times.
- Reduce pressure on cashiers.
- Provide choice for customers.
- Allow the reallocation of resources in the customer service centre.

### **2.3 Major issues for stakeholders & other departments**

Other Sections [Customer Services & City Homes] will be able to provide online support to claimants from any location, completing applications online and submitting the data into the Northgate core Revenue & Benefits Services application.

### **2.4 Summarise key risks associated with the project**

- Availability of resources to project manage, competing demands of other projects.
- Staff and/or customers not adapting to new ways of working and the use of technology.
- Proposed savings would be compromised if delays in project implementation occur
- Individuals will be able to authenticate themselves and be able to communicate securely with the authority. It is essential therefore that the authentication process is robust and secure before use. We are using known standardised technology in order to minimise the risks.
- Insufficient marketing of the new e-billing functionality limits take up and delays payback of investment and the making of staff savings. Marketing of the new functionality is essential for the enhanced web services to be a success.

### **2.5 Financial implications**

- a. Appraisal prepared on the following price base: 2012/13
- b. Specific grant funding conditions are: N/A

### c. Other comments

As part of the overall project, Northgate will lead in terms of the implementation to include the full testing of interfaces with the Northgate core product used within the authority. Serco will have a support role.

It is estimated there will be no requirement for additional internal staffing resources from the Customer Services or Revenue & Benefit Services. Training on the use of the new Northgate eRevenues and e-Services modules to non Housing & Council Tax Benefit staff will be carried out from within existing resources using a train the trainer model.

## 2.6 Capital & Revenue costs

(See also Appendix A for spread across financial years)

<b>(a) Capital</b>	<b>£</b>	<b>Comments</b>
Building contractor / works		
Purchase of vehicles, plant & equipment		
Professional / Consultants fees	12,000	Serco support costs
IT Hardware/Software	47,000	
Other capital expenditure		
<b>Total Capital Cost</b>	<b>59,000</b>	

<b>(b) Revenue</b>	<b>£</b>	<b>Comments</b>
Maintenance per annum	10,750	£8,750 Northgate costs £2,000 Serco costs
<b>Total Revenue Cost</b>	<b>10,750</b>	

The ongoing revenue costs of the project will be funded from the Customer Service Centre's existing budget provision.

## 2.7 VAT implications

This scheme will not present the Council with any VAT issues.

## 2.8 Environmental Implications

Climate Change impact	+H
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The ability of residents to be able to use the online eRevenues and eServices modules will: -

- Reduce the City Council's energy consumption and reduce energy consumption by others in Cambridge, as documents such as Council Tax bills will not now have to be printed off in bulk and delivered to residents.
- Reduce the level of work related motor vehicle use by City Council staff commuting or operations and reduce the level of motor vehicle journeys by others in Cambridge, as residents will be able to complete any applications for Council Tax etc online and not have to travel to the Customer Service Centre.
- Reduce the amount or increase the level of recycling of the City Council's own waste and reduce the amount of waste or increase the level of recycling by others in Cambridge as form will be available, completed and sent electronically.

## 2.9 Other implications

Council Tax services will still be available to those that are not web enabled via the telephone or face to face, these could be among some of the most disadvantaged groups in the City. An EQIA has been undertaken.

## 2.10 Staff required to deliver the project

Implementation of the project is expected to be completed using current resources.

## 2.11 Dependency on other work or projects

Not applicable

## 2.12 Background Papers

Briefing Note June 2012

## 2.13 Inspection of papers

Author's Name	Jonathan James / Chris Bolton	
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Date prepared:	30 <sup>th</sup> May, 2012	

## Capital Project Appraisal – Capital Costs and Funding Profiling

### Appendix A

	2012/13	2013/14	2014/15	2015/16	2016/17	Comments
	£	£	£	£	£	
<b>Capital Costs</b>						
Building contractor / works						
Purchase of vehicles, plant and equipment						
Professional / consultants fees	12,000					
Other capital expenditure	47,000					Serco support costs
<b>Total Capital Cost</b>	<b>59,000</b>					
<b>Capital Income/Funding</b>						
Government Grant						
Developer Contributions						
R&R funding	6,000					Customer Service Centre repairs and renewals fund 01089
Earmarked funds	53,000					Technology Investment Fund 24613
Existing capital programme funding						
Revenue contributions						
<b>Total Income</b>	<b>59,000</b>					
<b>Net Capital Bid</b>	<b>0</b>					

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To: Executive Councillor for Customer Services and Resources  
Report by: James Nightingale, Head of ICT Client Services  
Relevant scrutiny committee: Strategy and Resources Scrutiny 9<sup>th</sup> July 2012 Committee  
Wards affected: All

## ICT Facilities Management Contract Re-Tender

### Key decision

#### 1. Executive summary

Cambridge City Council has an ICT support contract with Serco, which runs until the end of June 2013. A project team has been set up to undertake the work of re-tendering the contract. This paper seeks approval to progress with the project, to agree member input to the process and to obtain the appropriate authority to award the contract.

#### 2. Recommendations

The Executive Councillor is recommended:

- To authorise the procurement of a new corporate ICT contract for a term of up to 10 years if required.
- To agree proposals for member involvement.
- To delegate authority to the Director of Resources in consultation with the Executive Councillor, Chair and Spokes of the Strategy and Resources Scrutiny Committee to identify relevant social value improvements for the service if the Public Services (Social Value) Act 2012 is implemented before any public procurement commences
- To agree authority for the Director of Resources to authorise award of the contract, in consultation with the Executive Councillor and the Head of Legal Services.

### 3. Background

#### Background

The ICT FM contract was last let in 2006, and the award was made to Serco for five years with an optional two year extension. Following a review in 2011 the additional two years were also agreed, but no further extension is now possible, so a new arrangement must be in place by July 2013.

Two options are being explored: a full EU tender with a commercial partner and a possible shared service arrangement with other authorities. Both are being explored in parallel, due to the timescales involved.

The shared services option would require specific decisions to be agreed by the Council, and so would be presented back to committee for decision. The commercial contract will require the ability to award the contract, subject to the appropriate consultations and approvals

The value of the current service contract is circa £950,000, excluding additional project work.

Objectives for the project are contained in the Project Brief document.

The scope of the current contract includes the following items. The detailed scope of the new contract or service is being reviewed as part of the project work, but is expected to be broadly similar.

- Helpdesk support
- Server Operational Support
- Network Support
- Database Administration
- Desktop Support (including hardware support)
- Application Support and Development
- Telephone Services and PABX Operational Support
- Project Management and Consultancy
- Administration/Procurement
- Training

#### Work to date

A project team has been set up to run the project, with representatives from departmental service users, Legal, Procurement and Finance. External support is also being provided from ESPO for support of the EU tender process, and Mouchel Consulting for market analysis and

requirements specification. The Project Champion is the Director of Resources.

The project team will assist with the evaluation of both shared service and commercial options.

This is a mature contract has been tendered on more than one occasion previously and the broad scope is fairly well defined. An initial review of the services provided have indicated that the scope is likely to remain largely the same.

The opportunity for inclusion of other services has been reviewed as part of the Council's work on resource optimisation, and no other services have been identified for inclusion in the procurement exercise.

Two potential routes for delivery of the required services have been identified: a commercial contract or shared services with other authorities.

A broad market analysis is underway using external consultants. The aim is to use the market analysis to provide context for any decision on shared services and for any commercial tender.

Various discussions have taken place over the past year with potential shared service partners, and proposals are being drawn up with one possible partner.

### Proposals for member involvement

It is proposed that the project team continue this work, which is necessary to ensure a new contract is in place in time. Member involvement will be included in the process through:

- A briefing session being arranged for interested members, to outline key features of the proposed contract and the procurement process.
- Progress reports being copied to the Executive Councillor, Chair and Spokes for Strategy and Resources on a monthly basis throughout the duration of the project, and at key stages of the project, (such as final supplier selection).
- The Executive Councillor, Chair and Spokes are invited to supplier presentations as part of final selection.

## The Public Service (Social Value) Act 2012

This new Act has not yet come into effect but this is expected imminently. Once the Act is effective the Council will be under a duty to consider how a procurement for services that is covered by the Public Contracts Regulations 2006, such as this one, might improve the economic, social and environmental well being of the relevant area (Cambridge).

It is proposed in another report on this agenda, that, in identifying how the Council's social value duty is met for individual service procurements, officers should take account of the Council's Vision Statement, Environmental Objectives and the Strategic Objectives. As, at the time of writing this report, the operational date for the new Act is not known, it is proposed that authority to identify the social value improvements to be sought for this procurement (if any) is delegated to the Director of Resources if necessary.

### **4. Implications**

#### **(a) Financial Implications**

The maximum value of the contract will be around £2m per annum, over a potential 10 year period.

#### **(b) Staffing Implications (if not covered in Consultations Section)**

See below

#### **(c) Equal Opportunities Implications**

None identified.

#### **(d) Environmental Implications**

No direct implications

#### **(e) Consultation**

A project team has been set up with representatives from across the Council, to seek input to scope and requirements

#### **(f) Community Safety**

No direct implications

### **5. Background papers**

## Project Brief

### **6. Appendices**

None

### **7. Inspection of papers**

To inspect the background papers or if you have a query on the report please contact:

Author's Name:	James Nightingale
Author's Phone Number:	01223 457641
Author's Email:	James.nightingale@cambridge.gov.uk

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To: Executive Councillor for Customer Services and Resources : Councillor Julie Smith  
Report by: Director of Resources  
Relevant scrutiny committee: Strategy and Resources Scrutiny 9 July 2012  
Wards affected: All Wards

## URBAN BROADBAND FUND – PHASE 2 GRANT APPLICATIONS

### Key decision

#### 1. Executive summary

Cambridge City Council is one of 27 cities which has been identified as eligible to bid for funding under Phase 2 of the Urban Broadband Fund Super-Connected Cities Initiative – designed to create cities with ultrafast broadband and ubiquitous high-speed wireless connectivity. The recent publication of guidance on this round of funding has identified that bids need to be submitted by 17 September 2012.

This paper outlines the background to the initiative and the key aspects of the initial guidance, and seeks to put in place appropriate arrangements to determine if the City should submit a bid and, if so, the content of that bid.

#### 2. Recommendations

The Executive Councillor is recommended:

- To authorise officers to undertake work to determine the opportunities and implications of submitting a bid under Phase 2 of the Urban Broadband Fund.
- To agree to proposals outlined for Member involvement.
- To delegate authority to the Chief Executive in consultation with the Executive Councillor, Chair and Spokes of the Strategy and Resources Scrutiny Committee to determine whether the Council should submit a bid for Phase 2 funding and, if so, what the basis of the bid should be.

### 3. Background

#### The National Broadband Strategy

The Government's National Broadband Strategy: "Britain's Superfast Broadband Future" was launched on 6 December 2010. This strategy set out the Government's vision for broadband in the UK – this being to ensure that the UK has the best superfast broadband network in Europe by 2015. This was based on the belief that an excellent communications network is an essential element of recovery and will help grow the economy, as well as enabling more efficient and cost effective delivery of public services and increased inclusivity.

The Government has committed £530m of funding, administered by its broadband delivery arm – Broadband Delivery UK (BDUK), towards delivering this broadband vision for the UK; as well as encouraging further investment by the public and commercial sectors.

#### Superfast Broadband Projects

A key objective of the strategy is to ensure a framework is in place which will better support the roll-out of Superfast Broadband (SFBB) and improved basic broadband. The vision for this is that:

- a) the majority of residential and business premises are able to receive broadband services with speeds of more than 24Mbits/s, targeting as many premises as possible to have Next Generation Access (NGA) capable of delivering access line speeds in excess of 30Mbits/s; and
- b) there is a Universal Service Commitment (USC) to provide access line speeds of at least 2Mbits/s to every premise

Within Cambridgeshire a 'Connecting Cambridgeshire' project has been created in response to this challenge. The project recognises the need for the socio-economic benefits that broadband access brings to the region, whilst also acknowledging that the market, under normal conditions, is unlikely to deliver SFBB to 100% of the premises in the region as it may not prove commercially attractive to do so.

The project seeks to deliver superfast broadband to at least 90% of premises in the Cambridgeshire and Peterborough area and basic broadband (at least 2Mbits/s) to all premises. To achieve this funding of up to £23m of funding from the local authority partners has been



committed, together with £6.75m of funding which has been awarded by BDUK. Funding is also anticipated from the private sector.

The project will seek to influence and, where permitted, intervene in the market to ensure that its objectives can be delivered by 2015. The project seeks to create an open access infrastructure, and will be technology-neutral.

The project has included work to identify both current and expected NGA broadband provision within the area. This has identified areas based on the European Commission definitions of:

- a) Black – where more than one NGA operator exists now, or are planned to exist by 2015.
- b) Grey – where one NGA operator exists now, or is planned to exist by 2015
- c) White – where no NGA operator exists now, or is planned to exist by 2015

The White category identifies areas where there is market failure to provide broadband to the specified levels, and where there is no evidence to suggest that this would happen by 2015 without intervention. These are the areas targeted by the project.

There are limited 'White' areas within Cambridge City, these areas mostly occurring in the more rural parts of the county area. This is demonstrated in the maps attached as Appendices A and B.

These improvements to broadband provision are anticipated to:

- a) Support economic growth
  - Supporting small businesses growth
  - Supporting the rural economy
  - Improving inward investment
  - Improving business productivity
  - Supporting low carbon growth
  - Supporting key growth sectors
- b) Facilitate the transformation of public services
  - education and skills support
  - business support
  - delivering telehealth in rural communities
- c) Increase social inclusion
  - reducing digital exclusion
  - building new communities and sustainable developments

## Ultrafast Broadband

The 2011 Autumn Statement by the Chancellor announced the creation of a new £100m Urban Broadband Fund (UBF), the aim of which was to create up to 10 Super-Connected Cities across the UK with Ultrafast (80-100Mbits/s) broadband connectivity.

The Super-Connected Cities initiative is designed to help UK cities to become highly connected at ultrafast speeds to facilitate correspondingly innovative business, public sector and social environments; thus driving economic growth.

Ultrafast broadband is being targeted as it has several potential advantages over standard and superfast broadband. The guidance specifically highlights:

- faster download speeds meaning that larger volumes of data can be transmitted and managed;
- greater symmetry between upload and download speeds so that active two-way communication is facilitated;
- users experience the faster speeds as lower latencies or delays, which allows more rapid reaction to changes in data.

The Government has targeted cities on the basis that they provide excellent prospects for creating and tapping new productive networks and offer:

- the scope for significant economies of scale in investment
- as large population of business and residential customers, so that benefits of scale can accrue and be widely shared
- an area sufficient to attract multiple businesses in different sectors who would benefit from improved connectivity and with the potential to develop innovation clusters, stimulating economic growth
- a high density of citizens, allowing the public sector to leverage their demand for services to best effect and achieve economies of scale in the provision of new, high quality services delivered online

The announcement identified 10 cities as being eligible to apply for the funding, with Belfast, Cardiff, Edinburgh, London, Birmingham, Bradford, Bristol, Leeds, Manchester and Newcastle being successful in receiving funding approvals.

These cities are aiming to maximise the availability of ultrafast broadband by adding to the planned roll-outs of commercial communications providers, in much the same way as the earlier superfast broadband projects. They are also seeking to achieve city-wide high-speed wireless connectivity. In doing this they are developing detailed plans to drive take-up from both residents and businesses, with a focus on Small / Medium Enterprises (SMEs) and strategic employment zones to support economic growth.

In Budget 2012, the Chancellor announced an extension to the Fund with a further £50m of funding for Phase 2 with the aim of enabling smaller cities to become super-connected. Eligibility for this phase was restricted to cities with Royal Charters and more than 45,000 core urban dwellings – this included Cambridge (and Peterborough), among a group of 27 cities.

The Government has now published the Guidance and template for cities which wish to submit a bid under Phase 2 of the Super-Connected Cities Programme.

Bids must plan to deliver connectivity across the whole of the urban area, offering:

- fixed ultrafast broadband at headline download speeds as close to 80-100Mbits/s as is currently possible – or higher. These areas must add to, not overlay, the published roll-outs by broadband suppliers); and
- high speed wireless (mobile) connectivity

Bids must relate to contiguous urban areas inside the city boundary. Areas which have already received funding under the BDUK Rural Programme cannot be included for funding.

Bids will be based on submission of a Local Broadband Plan. The amount of resources that cities undertake to commit as part of their plans (funding and other contributions) will form part of the assessment process, with cities bringing more resources to their projects being scored more highly.

Bids must relate to contiguous areas, therefore although both Cambridge and Peterborough are eligible to bid a combined bid would not be possible.

The timescale for the submission of bids is very tight, compared with previous rounds. BDUK are holding a workshop on 14 June and a workshop / surgery session on 5 July to help support cities who are

exploring and developing potential bids. Final completed bids must be submitted by 17 September 2012.

It is expected that the outcome of the bidding will be announced as part of the Autumn Statement (i.e. in late November / early December 2012).

Successful cities will then be required to complete the procurement and delivery of the plan by 31 March 2014.

### Issues for Consideration

Whilst there are significant benefits to be obtained by making a bid, the Council will also need to consider a significant number of issues which will need to be addressed. These include:

- research of the current and future roll-out plans by providers needs to be undertaken, identifying the degree of under-provision by the market
- how would this project most effectively relate to the work already planned across the county area as a whole
- opportunities afforded by the provision of ultrafast broadband would need to be determined (economic, social as well as for the City and other public sector bodies)
- UBF funding is for capital expenditure only, so any bid would need to demonstrate how revenue consequences could be funded
- a procurement route would need to be identified which takes into account any requirements to demonstrate competition from a State Aid perspective
- opportunities for collaboration in the approach to obtaining State Aid clearance
- education, profile-raising and demand stimulation options
- the Government timetable does not allow consideration of whether to submit a bid, or its details, through the normal scrutiny committee arrangements

The bidding guidance issued to date is still quite limited, and it is hoped that the forthcoming workshops will help to provide greater detail and clarity, enabling consideration of the full implications of a bid by the City.

Whilst the guidance makes it clear that Phase 2 funding is only available to the named eligible cities and that the funding must be clearly separated from that awarded under earlier initiatives, a joined-up approach across the County area (building on the work done through

Connecting Cambridgeshire) in terms of public and business consultation and awareness would offer advantages.

Also, given the pressures resulting from the Government's timescales it would seem sensible to ensure that any duplication of time or costs with work already being undertaken through the Connecting Cambridgeshire initiative is avoided. Officers have already undertaken outline discussions with lead officers on this project to identify relevant issues and opportunities.

It is recommended that officers continue to develop the outline of a potential bid, based on the guidance published and the additional information available from the DCMS workshops.

This can then be considered in determining whether a formal bid is to be submitted by the required date of 17 September 2012. As this does not allow for Member consideration through the normal scrutiny committee process it is intended that a briefing session be arranged for interested Members, to outline key features of the proposed bid.

Authority would then be delegated to the Chief Executive in consultation with the Executive Councillor, Chair and Spokes of the Strategy and Resources Scrutiny Committee to determine whether the Council should submit a bid for Phase 2 funding and, if so, what the basis of the bid should be.

### Future Cities

In addition to the UBF Phase 2 grants, the Technology Strategy Board is also running a competitive process to support its stated intention to invest up to £25m in a large-scale demonstrator for future cities.

The project will demonstrate at scale, and in use, the additional value that can be created by integrating city systems. The project will enable businesses to test, in practice, new solutions for connecting and integrating city systems, and will allow UK cities to explore new approaches to delivering a good local economy and excellent quality of life, whilst reducing the environmental footprint and increasing resilience to environmental change.

This will be a two-stage competition process, and cities have been invited to bid for funding to carry out a feasibility study and develop their demonstrator project proposal. Up to 20 grants of £50k will be available and will be funded at 100% of eligible costs. A requirement of the 100%

public funding is that a publicly available report is produced on the results of the feasibility study.

In the second stage, cities will then complete their feasibility study report and can also submit a proposal for the large-scale demonstrator. Up to £24m is available for the project. The demonstrator will attract 100% public funding of eligible costs. To achieve the scale required to effectively test the value of integrating city systems, the TSB intends to fund a single demonstrator project. A requirement of the 100% public funding is that the results of the demonstrator project are made publicly available and are widely disseminated.

This is a competition for cities, and is subject to even tighter timescales. With Stage 1 having been launched on 11 June 2012, applications had to be submitted by noon on 5 July 2012. Feasibility study reports and full stage 2 applications from successful applicants would then be required to be submitted by noon on 14 November 2012.

At time of report publication, officers are working with partners to develop a Stage 1 application. As the timescales involved do not permit a Member decision through the normal scrutiny committee process, if the work recommends that a bid is submitted this will need to be authorised through Urgency Action; but will be reported to the scrutiny committee as appropriate.

## 4. Implications

### (a) **Financial Implications**

The assessment of any bid for Urban Broadband Fund support would include consideration of the scale of its own capital, revenue and non-cash resources that the City will include. The level of funding required to deliver the Plan for the City will only become clear once detailed research work has been undertaken, and the potential to draw-in private sector funding has been considered.

The guidance also notes that funding is only available for capital expenditure, and so alternative funding sources would need to be identified for any associated revenue costs.

### (b) **Staffing Implications** (if not covered in Consultations Section)

Resources would need to be identified to undertake the initial project work to formulate a bid, if this is approved, including specialist support in a number of professional areas.

### (c) **Equal Opportunities Implications**

A key aim of the project would be to seek to improve digital inclusion.

### (d) **Environmental Implications**

Innovation in online and remote digital services should serve to contribute to the City's Carbon Management Plan, and have wider environmental benefits for the City.

### (e) **Consultation**

Consultation and registration of demand would be an important indicator to potential suppliers in terms of the existence of a sustainable and commercially viable market for their investment.

### (f) **Community Safety**

No direct implications

## 5. Background papers

DCMS Papers:

- Super-Connected Cities Initiative (December 2011).
- Super-Connected Cities Programme: Guidance (May 2012)
- Super-Connected Cities Programme: Template (May 2012)

## **6. Appendices**

Appendix A - Connecting Cambridgeshire: Basic Broadband Coverage

Appendix B – Connecting Cambridgeshire: Superfast Broadband Coverage

## **7. Inspection of papers**

To inspect the background papers or if you have a query on the report please contact:

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Figure A.2: Basic broadband Black Grey White (BGW) map [Source: Analysys Mason, Operators, BDUK, 2012]

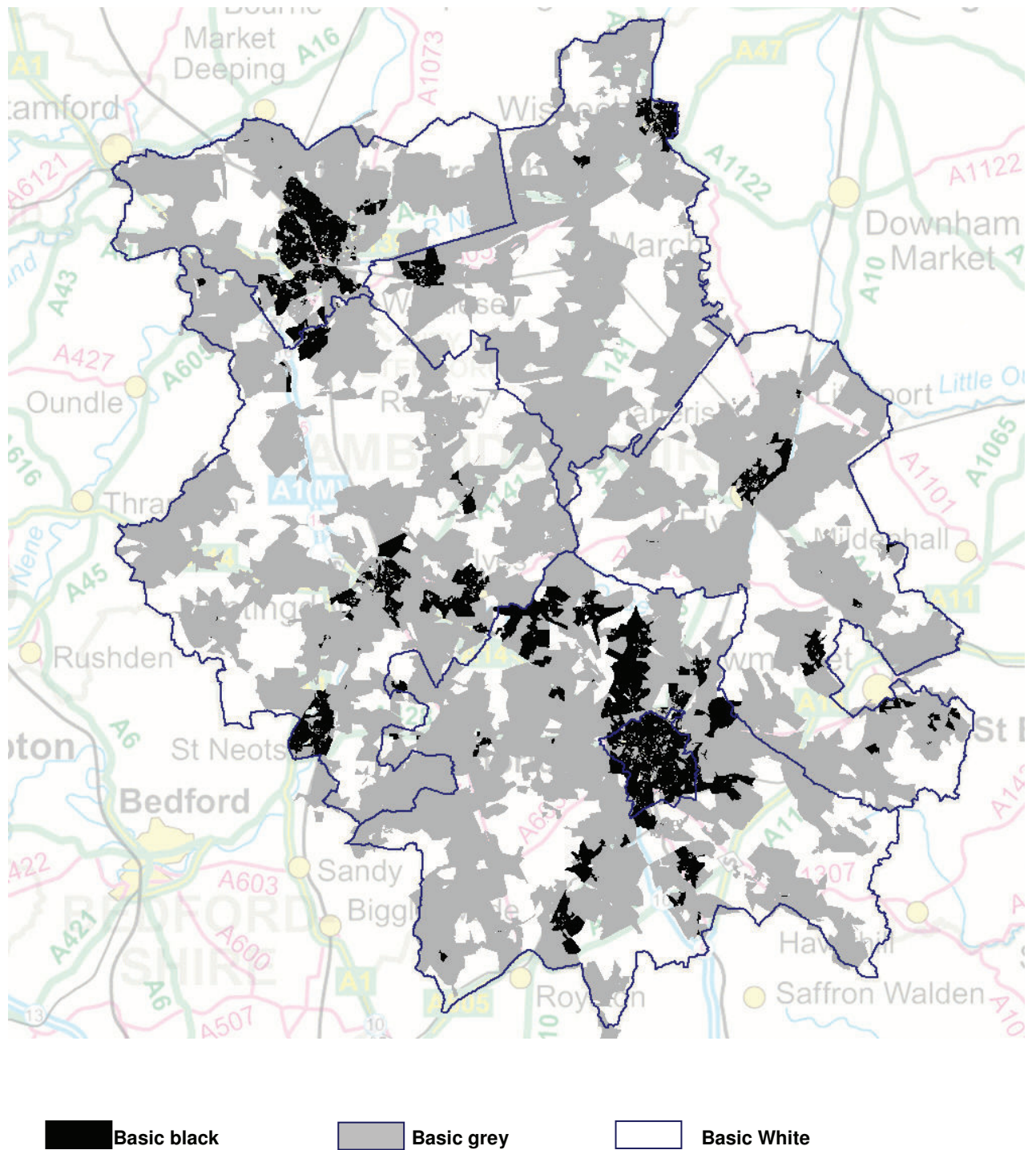
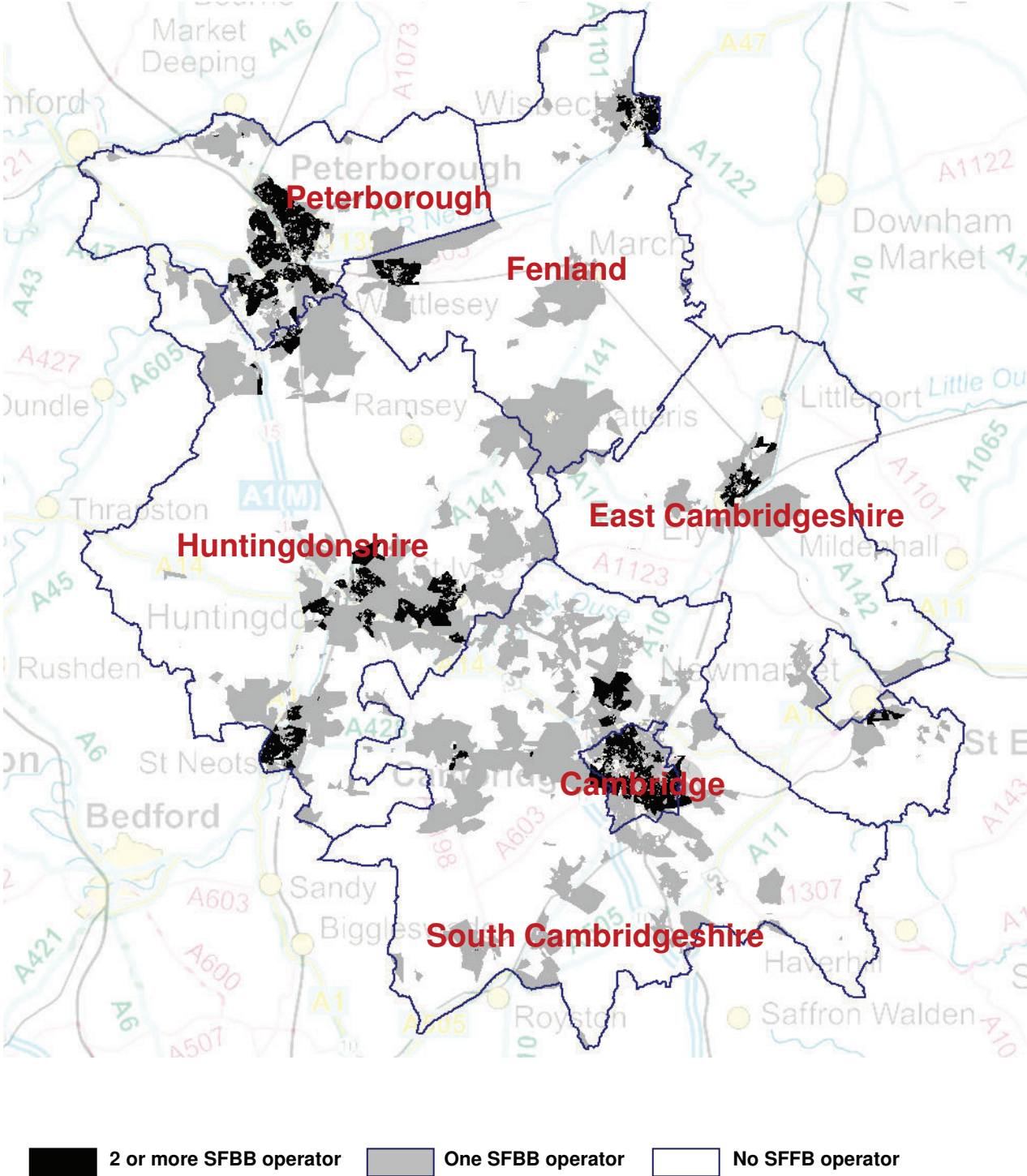


Figure A.3: NGA Black Grey White (BGW) map [Source: Analysys Mason, Operators, BDUK, 2012]







Love  
Cambridge

# Agenda Item 14 Annual Review 2011/2012

Love Cambridge has just completed its third year of operation and this document reviews the successes of 2011/12 and looks forward to upcoming projects in 2012/13. It has been a busy year for Love Cambridge, in which the partnership has delivered a very comprehensive work programme, working with an increasing number of businesses.







Picture courtesy of Cambridge News

I am delighted to welcome you to the third annual review of Love Cambridge. This review sets out how Love Cambridge operates, highlights the successes of the past year and outlines the path forward to future success. Love Cambridge is the trading name for the Cambridge City Centre Partnership. Our membership is steadily growing and derived from a diverse range of organisations all with one purpose in mind, to improve the experience of all users of the city of Cambridge.

Love Cambridge is dynamic, inclusive and action orientated, consistently delivering results against an ever expanding business plan that is developed after consultation with our members and agreed by the Board.

In our third year, we have not only built upon the firm foundations laid down in our first two years, but with limited resources we have gone on to deliver an even greater number of projects, all of which have had a positive impact on Cambridge.

I am happy to be able to say that our membership continues to grow and each month we receive new applications from organisations wanting to get involved and be part of Love Cambridge. In this year we have secured record levels of investment into Love Cambridge through sponsorship opportunities and worked with many new businesses, all of whom have received clear benefits from being involved in our projects.

One of the key successes during the year was the Community Fund we organised to help us deliver the Big Switch On in Cambridge at Christmas 2011. Working mainly with

organisations new to Love Cambridge we secured 7 community fund partners that enabled us to deliver a fantastic community event and turn our Christmas Lights on using Orange's quick tap technology – certainly a first for Cambridge and, we believe nationally.



Over the last year we have added two significant projects into our work programme, the Fashion & Beauty Weekend and the Spring & Summer Publication, both of which have provided our members with a number of ways to raise their profile and attract new business.

**The energy and commitment of our members at a local level has once again enabled us to have a very successful year and more importantly allows us to set an ambitious programme of delivery for next year and beyond.**

Moving into 2012/13 Love Cambridge will continue to deliver a very ambitious programme of project delivery, attract new members and ensure that we continue to attract investment into the organisation to allow us to do this. A key project which Love Cambridge will be supporting this year is the CBBid Business Improvement District project. It has been part of the Partnership's medium term strategy to explore the feasibility of a Business Improvement District for Cambridge as a mechanism for delivering a long term sustainable model for City Centre Management in Cambridge.

Above all we will continue to strive for project delivery that meets our core objective to improve the experience of all users of the city of Cambridge'

Signed

**Ian Sandison**  
Chairman

## Membership

The Love Cambridge membership has grown over the past 12 months and is made up of a broad range of interest groups across the city including:

- Cambridge City Council
- Cambridgeshire County Council
- Independent and Multiple Retailers
- Shopping Centres
- Residents Associations
- University of Cambridge
- Anglia Ruskin University
- University Colleges
- Further Education Colleges
- Property Owners
- Sports Clubs
- Local Community Groups
- Music Groups
- Hotels
- Theatres
- Transport Companies
- Local Media
- Museums
- Professional Services
- Night-time economy

## Project Delivery in 2011/12

Building on the success of the project delivery in 2010/11 Love Cambridge has continued to work with members to ensure the projects we deliver meet their needs and the needs of the city users. The following sets out an overview of the projects that we have worked on in the past 12 months:

### Marketing & Communications

#### 1. Family of Guides

The Family of Guide Project was launched in 2009 and is one of Love Cambridge's most visible outputs, consisting of 5 individual

guides covering the Day & Night offer, Shopping, Transport, Markets and, in 2011/12 a brand new 5th Guide, The Love Cambridge Voucher Book. The guides have proved very successful and are available on free pick up across a network of hotels and accommodation providers, shopping centres, visitor attractions, colleges and conference venues to name but a few.



In 2011/12 Love Cambridge has successfully delivered edition 2 of the Day & Night Guide, with support from Visit Cambridge and also edition 2 of the Shopping Guide. In addition we have also developed a new 5th guide to replace the original City Circle publication as the service ceased operation. The new 5th Guide is the Love Cambridge Voucher Book, produced in partnership with Cambridge News and containing a great mix of offers designed to encourage people to spend more time in Cambridge.



Love Cambridge was also delighted when this project was announced as the winner in the Marketing, Promotions and Events category at the Association of Town Centre Management (ATCM) awards held during their national conference in Cambridge in June 2011.

#### 2. E Bulletin

The free monthly E-bulletin continues to be a popular resource for LC members to share their news, offers and events. Published at the start of every month and emailed to all members, it is a great mechanism for Love Cambridge to update members on our activity and also for our members to update each other. It is growing in popularity and during 2011/12 we have had a steady stream of people signing up to receive it each month. We continue to post the E Bulletin onto the Love Cambridge Facebook page and post stories to twitter each month to increase readership.

#### 3. Social networking

During this year we have continued to use the Love Cambridge facebook and twitter accounts to raise the profile of Love Cambridge and communicate our key messages. During our Fashion & Beauty Weekend in March 2012 we used facebook and twitter heavily to update on what was happening. The number of followers we have increases daily therefore giving us a wider audience to communicate with.

#### 4. Website

During 2011/12 Love Cambridge made improvements to our website to make it more user friendly. We installed new home page icons to enable users to quickly access the area they wanted and all our main publications, the family of guides, our Christmas publication and our Spring & Summer magazine are all available to download through our website

We have worked hard to keep the site up to date and to ensure it is content rich so it continues to be a very good source of information for our members and users of the city. During 2011/12 we saw increased traffic through our website when we ran competitions in our Christmas and Spring & Summer publications as competitions entries were done online. Improving the usability of our website and increasing visitor numbers will continue to be a key priority for 2012/13.

#### 5. Cambridge Markets

During 2011/12 Love Cambridge continued to support Cambridge Markets through a number of marketing and promotional activities. Cambridge Markets featured heavily, both locally and through product placements, within the Christmas Publication and also the Spring & Summer publication. We have also reprinted the Markets leaflet, that is part of the Family of Guides project, during 2011/12 to ensure copies are readily available.

Over the last year Love Cambridge has also produced banners advertising Cambridge Markets which are currently displayed at all Park & Ride sites and in some of the city centre car parks.

#### 6. Fashion & Beauty Weekend

The Love Cambridge Fashion & Beauty Weekend in partnership with Style Magazine ran from 30th March – 1st April 2012. This years event built upon the concept developed in 2011 by Cambridge News, Working in partnership with Style Magazine. Love Cambridge created a coordinated marketing platform which businesses could take advantage of at no cost.

We produced 80,000 copies of the Fashion &



Beauty Weekend leaflet and these were distributed with the March edition of Style Magazine and with the Love Cambridge Spring & Summer Publication. A dedicated Fashion & Beauty Weekend website [www.fabweekend.co.uk](http://www.fabweekend.co.uk) was created and hosted

through the Love Cambridge site. This contained a full listings guide for the 3 days. As a partnership we also ran a series of strip adverts with selected Cambridge News titles during the month of March to raise awareness and increase footfall to the website. Overall the weekend was a huge success with over 40 participating businesses and lots of positive feedback. We are looking to grow the event year on year and the Fashion & Beauty Weekend has now been added to the annual Love Cambridge business plan and will be delivered again in 2013.

#### 7. Spring & Summer Publication

Produced in partnership with Cambridge News the first Edition of the Spring & Summer publication was published in March 2012. The guide was planned and delivered as a 'sister' publication to the Love Cambridge Love Christmas magazine which is in its 4th year and hugely successful. The Spring & Summer publication pulls together a comprehensive list of what is happening in Cambridge over the summer period and is designed to encourage people to come into Cambridge throughout the summer period. With strong editorial content and themed product placements the Spring & Summer Publication was very well received in the marketplace. Entries to the competitions was good and showed breadth of readership across the distribution area.

Overall a strong first edition that gave Love Cambridge increased brand awareness during a historically quieter time of year. The Spring & Summer guide has also now been added to the Love Cambridge annual business plan and will be delivered again in 2013.

#### Access & Environment

##### 1. Skillsmart Location Model

Love Cambridge was delighted to secure a £25k investment for supporting independent businesses through the Skillsmart retail location model. Skillsmart Retail is the Sector Skills Council for Retail, which operates under Government licence. The purpose of the Location Model is to give independent retailers, and a range of stakeholders, the right intelligence and a series of practical recommendations to contribute to the development of a diverse retail sector.

The Location Model programme of research in Cambridge comprised two waves of mystery shopping, covering 30 independent retailers, 4 market traders and six hospitality establishments plus 105 street interviews with members of the public, conducted with shoppers in the town centre and finally a town centre assessment, conducted by a trained researcher,

taking into account various aspects of the town's retail offer.

Cambridge Independent retailers' average mystery shopping score (90.8%) ranked 1st against 82 benchmarked mystery shopping studies from other UK towns and cities which was a fantastic accolade for Cambridge

In addition the verbatim summary from the town centre assessor was: 'Overall, Cambridge is a town that I would want to return to and would recommend. It feels as if it would be a great location to explore as a tourist, to shop in, and to go out for food. The end-to-end experience in town was a pleasant one.'

##### 2. Love Cambridge Awards

In September 2011 Love Cambridge hosted our annual Awards Ceremony, as part of our AGM, at the Royal Cambridge Hotel. In early 2010 Love Cambridge introduced the Love Cambridge Charter which is aimed at encouraging city centre organisations to commit to delivering excellent customer service, taking pride in the area surrounding their organisations and to contribute positively to reducing the city's carbon footprint. This Charter then developed an awards scheme that recognises individuals and businesses that excel in certain areas. This year the Love Cambridge awards consisted of four categories, which were:

- Best Ambassador for Cambridge
- Best Overall Customer Experience for an Independent Business
- Best Overall Customer Experience for a Non-Independent Business
- Contribution to reducing the city's carbon footprint

The Awards ceremony also includes the Way to Be Awards, which are run by Cambridge City Council, and an established way in Cambridge to recognise good service towards disabled people.

Our annual Awards ceremony received great publicity through the local media and is a well established event in the Love Cambridge calendar. Recipients of our awards have displayed them in their business' premises which is a great testimony to how well they are received.

#### 3. Communication

Love Cambridge works with public bodies like Cambridge City Council and Cambridgeshire County Council to provide our members and users of the city with information about consultations that are being undertaken. Our website and bulletin, plus regular emails to Members, remain key sources of information about on going consultations and how members can have their say.

#### CAMBAC



CAMBAC launched in August 2007 and membership has since doubled. CAMBAC attracts membership from a variety of sectors, not just retailers and licensees. In 2011/12 CAMBAC has attracted over 25 new members including 9 with radios and 20 from Ely Pubwatch.



In July 2011 CAMBAC launched and now manage Nightsafe which gives licensees the ability to ban troublesome individuals on the spot for 6 months via the online crime system SIRCS.



During 2011 CAMBAC has also launched and managed the pilot of the Safety Guardian patrol which is an evening patrol between 9-11pm on international student nights in the city centre that provides help and assistance to lost and vulnerable young people. This work still continues in late night venues on international students nights and is organised and managed by the licensee of Nusha Bar.

Over the last year CAMBAC has organised a number of training session for members including sessions on Raising the Bar, Managing Conflict, Counter-terrorism and loss prevention.

CAMBAC has been instrumental in organising and managing a number of personal safety and sensible drinking campaigns and continues to manage the Loss Prevention Team and the Taxi Marston projects in the city centre.

CAMBAC has provided assistance and guidance to set up Business Crime Reduction Partnerships in Peterborough and Ely with the aim of all similar partnerships in Cambridgeshire operating to the same protocols and procedures. In the future the partnerships will be looking into the possibility of countywide civil banning orders for persistent thieves and troublemakers.

CAMBAC are also recognised at a national level, representing the east Region on the National Retail Crime Steering Group, led by the Home Office and British Retail Consortium.

For more information please visit [www.cambac.co.uk](http://www.cambac.co.uk)



## Christmas

### 1. The Big Switch On

Held on Sunday 20th November 2011, the Big Switch On attracted thousands of people into the city centre to enjoy the entertainment provided. The Big Switch on 2011 could not have happened without the support of our Community Fund partners, John Lewis, Cambridge Building Society, Cambridge Water Company, Skanska Residential UK, Orange, Cheffins and Dime Events. Working in partnership with our Community Fund members, Cambridge City Council and Heart

The Big Switch On saw great community engagement with entertainment throughout the city across 4 stages located within the city centre. As a first for Cambridge and indeed we believe nationally, the 2011 Big Switch On happened using Orange's quick tap technology which led to increased publicity for both the Switch On and Cambridge as a destination, during this critical trading period.

### 2. Christmas Marketing Campaign

Drawing on the success of previous years, Love Cambridge again partnered with Cambridge News to produce Love Cambridge Christmas 2011. The guide is a key communication tool to promote Cambridge as the city of choice over the festive period. Over 200,000 copies of the guide are printed with 85% of them delivered through letterboxes alongside the Cambridge News titles.

The guide showcases all that is happening across the city during the festive season and the focus of the publication is on strong editorial and product placements.

This year, for the first time, we included 7 competitions within the Christmas Publication

and received over 2200 entries through the Love Cambridge website. Those placing the competitions were very pleased with the level of responses and the increased footfall to our website meant increased visibility overall for our Christmas pages.

### 3. 4th Annual Sparkle & Shine Ball

In November 2011 Love Cambridge hosted the 4th annual Sparkle & Shine Ball at the Crowne Plaza Cambridge. Crowne Plaza both hosted and sponsored the event and they chose Whizzkidz as their chosen charity. This year's ball was the most popular to date with all but a handful of tickets being sold. The ball raised over £3000 for Love Cambridge, which was reinvested into the Cambridge at Christmas campaign. On the night we had a target of £6000 to raise for Whizzkidz and we achieved this, enabling them to purchase a motorised wheelchair.

The event is now firmly established in the Cambridge calendar and not only provides Love Cambridge with a great opportunity to raise necessary funds for the Christmas campaign but also ensures that funds are raised for a local charity. The event also provides a great networking opportunity for city centre organisations and provides a great platform from which Love Cambridge can launch Christmas in Cambridge.

### 4. Window Dressing Competition

In partnership with Cambridge News, Love Cambridge ran a Window Dressing competition in December for Independent Businesses across the city. Love Cambridge invited Independents to register to be involved and then a team of judges took to the streets to judge the window displays. The 8 shortlisted windows were then published in the Cambridge News who ran an online competition with the general public to choose the winning window. Breeze on Trinity Street won in 2011 and received great coverage in the Cambridge News. This competition is very popular amongst Independents and in 2011 we had a record number register their interest. Looking forward to 2012 we aim to run the competition in the same format again.

### CBbid – Business Improvement District Project

The Love Cambridge Partnership successfully secured ERDF (European Regional Development Fund) in the spring of 2011 to give local businesses the opportunity to explore the potential of a BID in Cambridge.

Whilst the Love Cambridge Partnership has increased the level of private sector funding significantly since it was established in 2009, as a voluntarily funded model its position is still vulnerable. It has been part of the Partnership's medium term strategy to explore the feasibility of a Business Improvement District for Cambridge as a mechanism for delivering a long term sustainable model for City Centre Management in Cambridge.

The Business Improvement District (BID) model is a relatively new and innovative approach. BID legislation was introduced in England and Wales in 2004 and to date there have been over 170 successful BID ballots. A BID is a mechanism that allows businesses to pool resources and collectively focus on specific projects to improve their trading environment. The recent Portas Review – An independent review into the future of our high streets, identified BIDs as a key model and recommended their further development.

The Love Cambridge Partnership successfully secured EU funding to give local businesses the opportunity to explore the potential of a BID in Cambridge. A BID Development Manager was appointed in January 2012 and work is underway to identify the issues and priorities for businesses and develop potential projects and services that could be delivered through the BID model.

An initial BID study area was identified and every business was sent a questionnaire in summer 2011. We had good feedback from these surveys, which showed that there are positive views on the city but that there are still improvements to be made. A workshop attended by over 60 businesses was held in October with presentations from the National BIDs Advisory Service and CBBid.

In January full consultation activity began. Analysis from the surveys and workshops were used to develop potential work streams for a BID. Two focus group meetings, with around 20 businesses at each event, were held to test the work streams. Key areas of focus were agreed as: Safe and Clean, Friendly and Vibrant; Pride and Promotion; Business Support.

A BID Task Force was formed in February.

This group is made up of 13 businesses/ stakeholders representing different sectors and areas of the BID area. The Task Force meets monthly and oversees the BID development work. Individual meetings with businesses and further business group events took place in February and March and a full programme of consultation is planned before a BID Business

Plan is developed in August and it is currently anticipated that the BID proposal will be put to a formal ballot in October 2012.

The future role of the Love Cambridge Partnership will be reviewed along side the development of the BID.

## Looking forward to 2012/13

2011/12 has seen Love Cambridge deliver a number of new initiatives alongside the regular projects. Looking forward to 2012/13 there are a number of new initiatives that we will be working on in addition to those projects we have already committed to delivering. 2012/13 promises to be the busiest year for Love Cambridge to date so we look forward to working with you on it. Some of the new initiatives you should look out for include:

### 1. Independents Week

Independents' Day is a national initiative launched by Skillsmart Retail last year to promote Independent Businesses on the 4th July. Inspired by this national initiative Love Cambridge, in partnership with Cambridge Edition and Independent Cambridge are launching Independents' Week to celebrate the diverse range of Independents we have here in Cambridge.

Running from 4th – 10th July Love Cambridge will provide a coordinated marketing platform from which we can promote activities being organised by Independent Businesses. Love Cambridge will invite all Independents, including Market Traders, to get involved by holding events, running special offers, sales promotions or anything else they wish to showcase their business and encourage people to shop, explore and celebrate our Independents.

A full list on what is happening will be available on the Love Cambridge website – [www.love-cambridge.co.uk](http://www.love-cambridge.co.uk)

### 2. Love your local Market Campaign

Love your Local Market is a national initiative developed to promote local Markets and running from 23rd June – 8th July, Love Cambridge will work closely with the Markets team at Cambridge City Council to develop a marketing plan that promotes Cambridge Markets during this period.

Together we are hoping to launch a quiz, a loyalty card for Cambridge Markets and also run a competition asking how you see Cambridge Markets. More information will be available on [www.cambridge.gov.uk/markets](http://www.cambridge.gov.uk/markets) and [www.love-cambridge.co.uk](http://www.love-cambridge.co.uk)

### 3. Best of British Summer Promotion

To celebrate all things British during the Summer of 2012 Love Cambridge will be creating a dedicated area of our website to promote products, special menus, and events that are happening. Love Cambridge will then use the ebulletin, facebook and twitter to promote this activity.



## Financial Summary

1st April 2010 – 31st March 2011

	2011/12	2010/11	2009/10
<b>Income</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Core Funding</b>	<b>91,820</b>	<b>91,820</b>	<b>98,820</b>
from a number of public & private sector partners across the city			
<b>Project Funding</b>	<b>53,090</b>	<b>8,698</b>	<b>33,145</b>
from a number of public & private sector partners across the city			
Christmas Lights/Tree Contributions	32,041	34,446	25,475
Fundraising Ball	9,610	6,581	5,720
<b>Total Income</b>	<b>186,561</b>	<b>141,545</b>	<b>163,155</b>
<b>Expenditure</b>			
<b>Projects</b>			
Marketing & Communications	29,527	2,652	24,657
Transport & Access	-	-	224
Environment & Public Realm	1,248	4,234	5,333
Performance & Evaluation	-	762	96
Christmas	63,630	60,934	57,629
Design	-	-	860
Other Projects	48,965	1,035	-
<b>Sub total - project expenditure</b>	<b>143,370</b>	<b>69,617</b>	<b>88,799</b>
Expenditure Administration/Personnel	49,722	43,482	59,042
Other Expenses	6,762	10,182	9,922
<b>Subtotal- other expenditure</b>	<b>56,484</b>	<b>53,664</b>	<b>68,964</b>
Surplus carried forward – before tax	-13,293	18,264	5,392
Surplus carried forward – after tax	-13,293	14,429	4,260

Love Cambridge would like to thank the following organisations for their ongoing support

### Love Cambridge,

The Guildhall  
Market Square  
Cambridge  
CB2 3QJ

Tel 01223 457198  
info@love-cambridge.co.uk



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To: Executive Councillor for Customer Services and Resources  
Report by: Emma Thornton- Head of Tourism and City Centre Management  
Relevant scrutiny committee: Strategy and Resources Scrutiny Committee  
Wards affected: Market Ward

CBbid- Business Improvement District Project  
**Key Decision**

## 1. Executive summary

1.1 The report provides the background to, and an update on, the CBbid Business Improvement District Project (BID). It sets out a proposal for the introduction of a Business Improvement District in Cambridge and the opportunities for increased investment in the management of the city centre. It also sets out the timeline that will lead to the BID ballot in October 2012.

## 2. Recommendations

2.1 Following receipt of an update on the CBbid project the Executive Councillor is recommended to:

- Support the Council's continued engagement in this project, pending a full report and recommendations coming to Committee on 15<sup>th</sup> October 2012 shortly before the BID ballot.
- To agree the mechanism through which the Council will exercise its vote.

## 3. Background

### 3.1 The BID model – The National context

3.1.1 BIDS legislation was introduced in 2004 following a successful pilot scheme and in response to the need to develop a long-term sustainable model for delivering effective town and city centre management. This was required because to date Town and City Centre Management Partnerships had depended on voluntary funding

which could not be guaranteed, and there was a need to develop a more equitable funding model. This voluntary model is the one that has been in use in Cambridge since the first Council- led, City Centre Partnership was established in 1995, and subsequently with Love Cambridge since April 2009.

3.1.2 A BID (Business Improvement District) is a defined geographical area within which businesses/ stakeholders vote to pay an additional levy for the delivery of projects and services to improve their trading environment. The projects and services are defined by the businesses/ stakeholders and can include anything provided that it is additional to any services provided by public agencies.

3.1.3 The BID legislation states that BID status will be determined by a BID Ballot. Ballot arrangements are defined in the 2004 BID Regulations and are conducted through a 28-day postal ballot. If the majority vote in favour of the BID the levy is compulsory for all eligible businesses. To secure a positive BID ballot, of those that vote, it is necessary for over 50% of the rateable value and 50% of the business rate payers within the BID area to vote in favour. This double trigger ensures that the vote is representative of businesses of all sizes. A separate BID company limited by guarantee is set up to deliver the BID Business Plan and the levy is collected by the Local Authority and passed to the BID company.

3.1.4 There have been over 170 successful BID ballots since the legislation was introduced in 2004. Over 40 of these have been renewal ballots where a BID has delivered its first BID Business Plan and businesses have voted a second time in favour of a second term of 5 years. The recent “Portas Review” – an independent review into the future of our high streets, commissioned by Government, identified BIDs as an important model for improving our town and city centres, and recommended support for their further development.

## **3.2 Background to the CBbid project and progress to date**

3.2.1 The Love Cambridge Partnership successfully secured ERDF (European Regional Development Fund) funding in the spring of 2011 to give local businesses the opportunity to explore the potential of a BID in Cambridge. Cambridge is one of 3 locations ( Norwich and Lowestoft are the other 2) that are involved in this ATCM ( Association of Town Centre Management) led project to support BID development in the Eastern region.

- 3.2.2 The Love Cambridge Partnership was formally established in April 2009. One of the key objectives in establishing this arms length public private sector partnership was to strengthen the previous model and to provide a structure, which would enable all stakeholders to have a say in how the city centre evolved. Another key objective was to attract increased private sector investment to the partnership.
- 3.2.3 Whilst the Love Cambridge Partnership has increased the level of private sector funding significantly since it was established in 2009, as a voluntarily funded model its position is still vulnerable. It has been part of the Partnership's medium term strategy to explore the feasibility of a Business Improvement District for Cambridge as a mechanism for delivering a long term sustainable model for City Centre Management in Cambridge.
- 3.2.4 The future role of the Love Cambridge Partnership will be reviewed along side the development of the BID. No detailed discussion on its future can take place until there is much greater clarity on the projects that a BID might deliver.
- 3.2.5 The CBbid project began in June 2011. An initial BID study area was identified and every business in the BID study area was sent an initial questionnaire in the summer of 2011. There was good feedback from these surveys, which showed that there were positive views of the city but that there were areas where businesses were keen to see improvements. A workshop attended by over 60 businesses was held in October 2011. A BID Development Manager was then appointed in January 2012 to lead on the project.
- 3.2.6 Careful consideration has been given to defining the proposed BID area. This is very important in ensuring that the area is not so large that the benefits of the projects become diluted, or that the number of businesses included is not so great that effective ongoing communication and engagement is difficult to achieve. It is important to recognise that if the CBbid project is supported there could be the potential for subsequent BIDs in other parts of the city in the future.
- 3.2.7 In January 2012 full consultation activity began. Analysis from the surveys and workshops were used to develop potential work streams for a BID. Two focus group meetings, with around 20 businesses at each event, were held to test the work streams. Key work streams were agreed as: Safe and Clean; Friendly and Vibrant; Pride and Promotion; Business Support.

3.2.8 Individual meetings with businesses and further business groups took place in January, February and March this year and will continue throughout the summer. In April, 15 business meetings were held across the city and all businesses within the BID area were invited to participate in one of these meetings. There has been excellent input from those businesses that have participated in the consultation to date and four themes have been agreed together with a list of potential projects that could be delivered through the BID model.

### 3.3 Proposed themes for the BID:

- Delivering a coordinated and effective approach, to ensure a safe and pleasant experience for all users of the city centre
- Creating a welcoming and well-managed and vibrant street scene encouraging visitors to stay longer and spend more (maximising the economic benefits of our visitor economy).
- Marketing and promotion
- Ensuring the BID provides on going support to local businesses developing projects that help them to remain competitive and sustainable.

3.3.1 The proposed BID area has now been further defined and is shown in **Appendix 1**. The BID area will not be finalised until the publication of the Business plan in August.

### 3.4 Potential projects:

- Evening wardens & taxi marshalling
- Evening Economy Manager
- Steam cleaning & chewing gum removal
- Street Ambassadors/ Rangers
- Focussed promotion of our independent businesses highlighting the diversity of the retail offer
- Events
- Christmas Lights
- Customer facing website
- Advertising/radio campaigns
- Voucher scheme/loyalty card
- Sector promotions e.g. dining week, hair & beauty
- Collaborative Procurement
  - Reduced utility bills
  - Trade waste removal

- Recycling
- Delivery service plans (coordination and consolidation of deliveries for small businesses)

### **3.5 Who is overseeing the development of the BID?**

3.5.1 A BID Task Force was formed in February. This group is made up of 13 businesses/stakeholders representing different sectors and areas of the BID area. The Task Force meets monthly and oversees the BID development work.

3.5.2 In addition to the consultation undertaken to date, a full programme of consultation is planned before a BID Business Plan is developed in August. It is currently anticipated that the BID proposal will be put to a formal ballot in October 2012. The ATCM led ERDF project is a 3 year project and has set out that the BID ballots should take place in the summer/ autumn of 2012.

### **3.6 How will the BID be funded?**

3.6.1 Businesses/stakeholders pay an agreed levy based on the rateable value of the premises. This is proposed at 1% for Cambridge for all properties with a rateable value above £20,000. This pooled business resource will be managed by a newly setup Cambridge BID company. The Board will be made up of levy payers (which would include the City Council) and the company will be responsible for implementing the BID business plan and will be accountable to the BID levy payers.

3.6.2 Businesses/stakeholders within the identified BID area will pay the levy so that everyone who benefits will have paid towards the BID services. This ensures a fair and equitable funding model.

### **3.7 Summary of CBbid key milestones and development timetable**

3.7.1 August 2011 - Businesses surveyed  
 October 2011 – CBbid Business Workshop  
 November 2011 – First CBbid Newsletter circulated  
 January 2012 – CBbid Business Focus Groups  
 February 2012 – CBbid Task Force formed  
 April 2012 – 15 Business meetings  
 May to July 2012 – Business consultation/Business Plan development  
 September 2012 – Business Plan Launched  
 October 2012 – BID Ballot

Once the BID business plan is published in September it will be important to identify any implications/ opportunities for the City Council. For example, should the BID be supported, it might be beneficial to the City Council to tender for the delivery of additional services to the BID company and this would need to be built into the Council's 2013/14 budget process.

A summary of the CBbid project and its progress to date has recently been published in an Information booklet for businesses. This is included as **Appendix 2** to this report.

## **4. Implications**

### **4.1 Financial Implications**

4.1.1 Based on the current proposed BID area and an exemption threshold of £20,000, the total income generated by the BID levy would be in the region of £800,000 and would include around 750 businesses. This represents a significant private sector investment in the management of the city centre. Taking into account the rateable value of City Council owned/ occupied properties within the proposed area, the anticipated financial liability for the City Council would be around £40,000 and provision would need to be made within the Council's ongoing budget to meet this additional cost. This will need to be considered in the MTS and as part of the 2013/14 budget process.

4.1.2 It is proposed that a full report will be brought back to Committee on 15<sup>th</sup> October 2012, which will include the published BID business Plan. It is at this point that the City Council will be asked to confirm its support for the BID. It is proposed that this decision will be made by the Executive Councillor for Customer Services and Resources in consultation with the Leader.

### **4.2 Staffing implications**

4.2.1 There are currently 2 PTE members of City Council staff who are seconded to the Love Cambridge Partnership. If businesses/stakeholders vote in favour of the BID it is likely that the role of Love Cambridge Partnership will change. In this event any implications for these members of staff will be handled in line with the City Council's organisational change policy. If a BID were to be supported it is likely that there will be opportunities within the new BID company, which would be open to them.



### **4.3 Equal opportunities implications**

4.3.1 If a positive BID ballot is secured a full Equalities Impact Assessment will be undertaken ahead of the launch of the BID company in 2012.

### **4.4 Environmental Implications**

4.4.1 A key strand of the CBbid project has been a focus on sustainable procurement. The ERDF funding has provided support from both LRS, a specialist environmental consultancy that works with businesses and organisations to improve sustainable resource management, and the University of Westminster to investigate the development of delivery service plans (DSPs - coordinating deliveries for businesses in order to reduce delivery traffic in the city centre). At this stage it is not possible to classify the climate change rating for the CBbid project but this should be possible once the business plan is published and will be detailed in the report, which will come to committee in October.

### **4.5 Consultation**

4.5.1 A summary of the consultation undertaken to date and the consultation planned is set out in sections 3.2.5, 3.2.7 and 3.2.8.

### **4.6 Community Safety**

4.6.1 Through the consultation undertaken to date it is clear that businesses are keen to see projects that will improve the management of the nighttime economy in Cambridge. In other BID locations this has been delivered in a variety of ways including the introduction of a night time economy manager and/ or taxi marshalls. The detail of the projects that the BID could deliver, and how this could significantly improve community safety in Cambridge will become clear once the business plan is published in August.

### **4.7 Other**

4.7.1 In this extremely challenging and uncertain economic climate, the CBbid project offers a real opportunity for the City Council to collaborate with the private sector and to develop a long-term sustainable model for effective on going City Centre Management. The CBbid project, if supported, will result in significant investment in the management of the city centre and the potential for subsequent BIDs in other parts of the city.

4.7.2 The growth agenda for Cambridge present some real challenges for the city as it adapts to meet the needs of its growing population. In recognition of the worldwide reputation of Cambridge for its high technology cluster and as a centre of innovation, it is essential that we maintain and strengthen the local economy's competitive edge. We need to ensure that Cambridge continues to be an attractive place in which to live and work, and to visit. The CBbid Project will help the City Council to achieve this.

## **5. Background papers**

None

## **6. Appendices**

Appendix 1 - Map of the proposed BID area

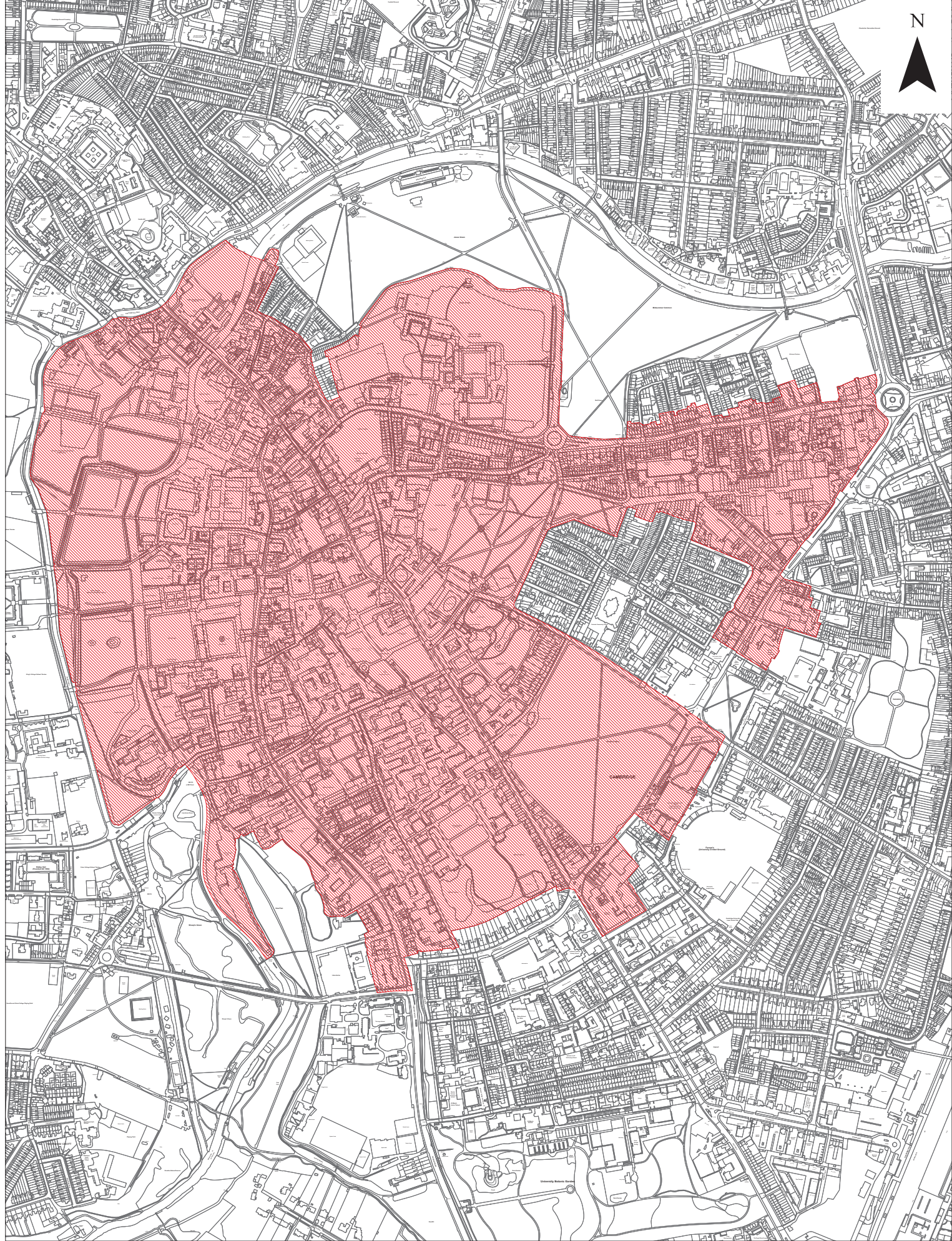
Appendix 2 -CBbid Information booklet – June 2012

## **7. Inspection of papers**

To inspect the background papers or if you have a query on the report please contact:

Author's Name:	Emma Thornton Head of Tourism and City Centre Management
Author's Phone Number:	01223 457464
Author's Email:	Emma.thornton@cambridge.gov.uk





# Initial Business Improvement District Area

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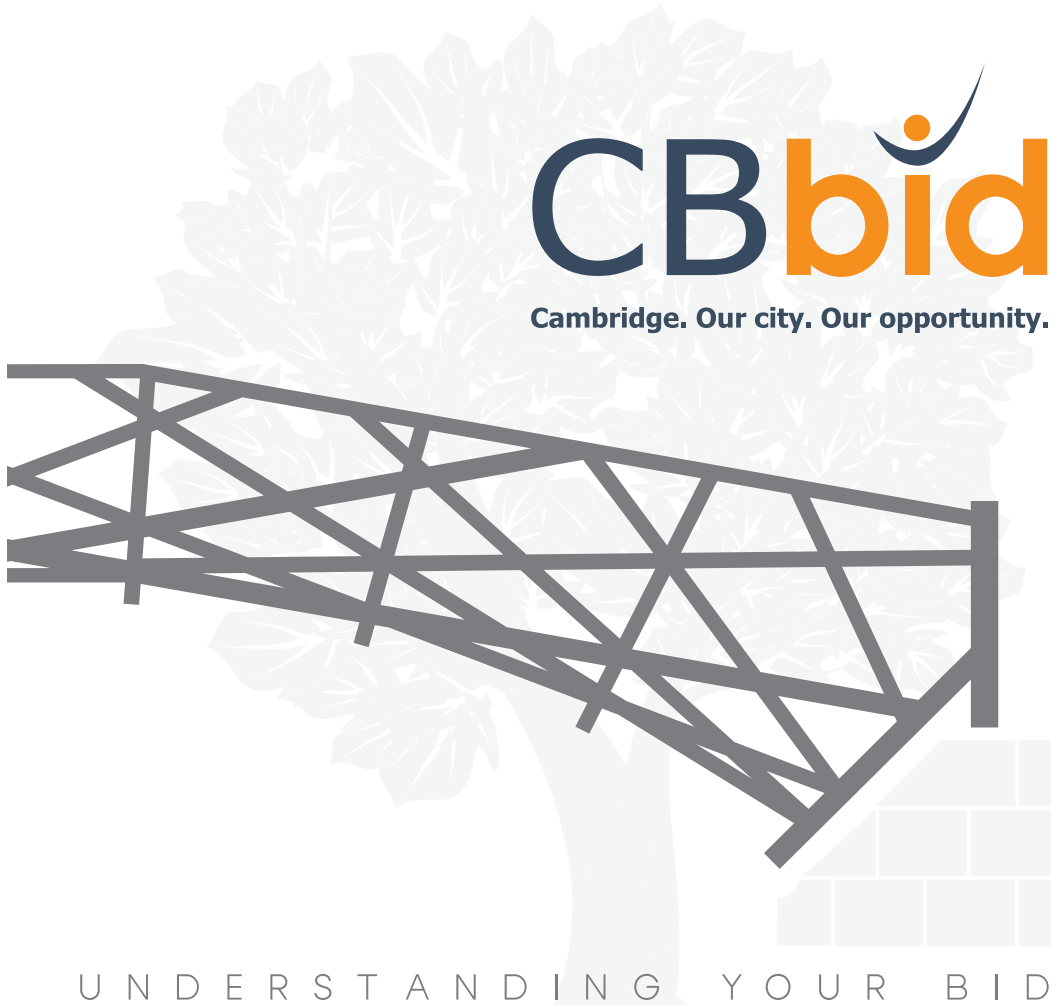
Date: 11th June 2011  
Produced by: Timothy Cliff  
Section/Department: Information Systems, Environment Dept  
Scale: 1:2,500 @ A0



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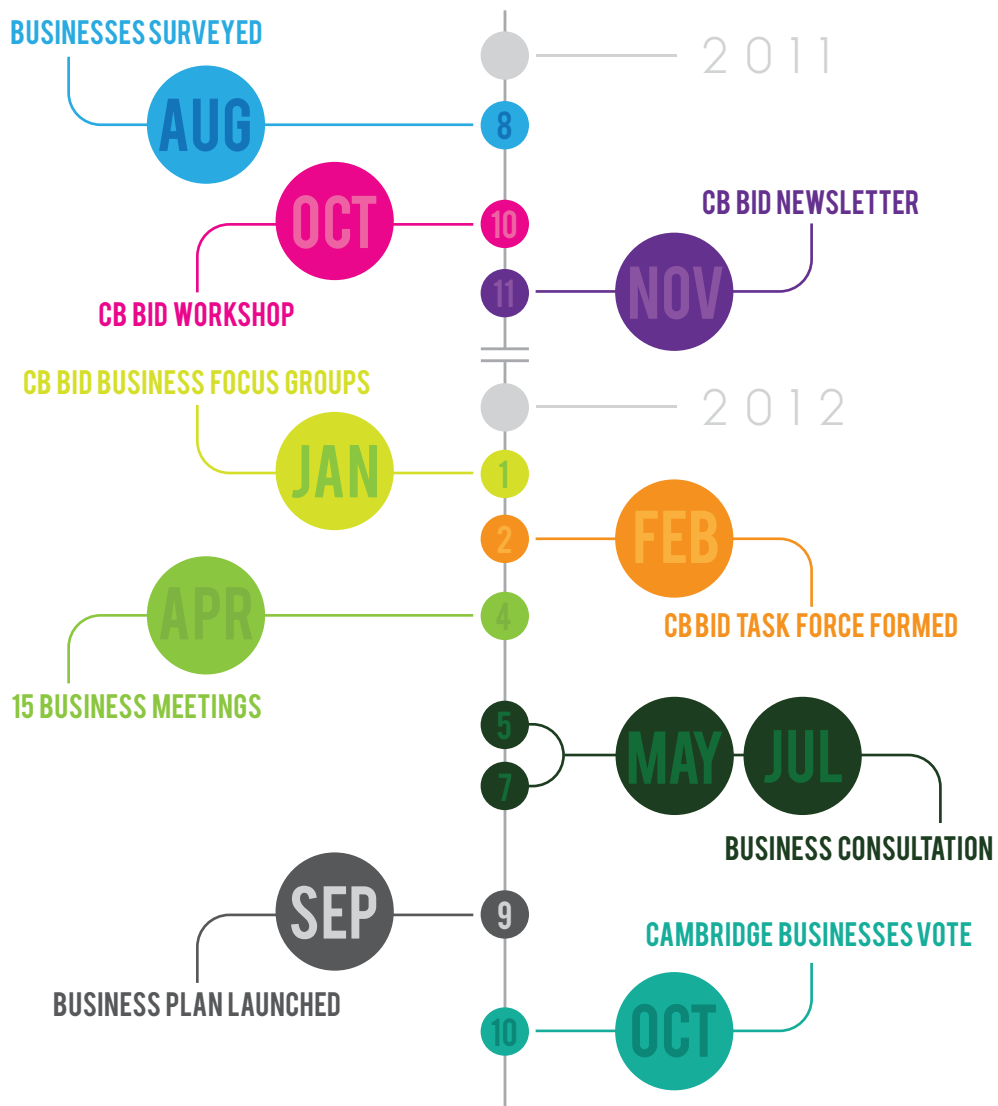
Cambridge. Our city. Our opportunity.



U N D E R S T A N D I N G   Y O U R   B I D



# BID TIMELINE



# WHAT IS A BID?



“A BID (Business Improvement District) is an opportunity for Cambridge businesses to pool their resources, agree activities and make them happen.”

The BID area is defined geographically (see map on pages 8-9 ). Cambridge businesses / stakeholders within this area will vote on whether they wish to invest collectively in local improvements to enhance the Cambridge trading environment. Cambridge businesses / stakeholders will agree the projects and have control of the delivery organisation.

3

# WHAT BIDS ARE DOING ELSEWHERE



## 170 SUCCESSFUL BID BALLOTS SINCE THE INTRODUCTION OF BIDS IN 2004

Examples of projects businesses support in other BIDs including; Bath, Worcester, Solihull, Lincoln, Camden, Leamington, Bury St Edmunds, Bristol, Winchester and many more locations.

### NIGHT TIME ECONOMY

- Evening Economy Manager
- Evening Wardens
- Retail Radio
- Pub Watch Schemes

### MARKETING & PROMOTION

- Fashion week
- BID area app (for smart phones)
- Events Calendar; including festivals, markets, ice rink
- Street Manager and City Centre Wardens
- Food and drink sector promotion (e.g. Dining week)
- Pop up shops - for vacant shops
- Christmas lights / campaigns
- Street entertainment
- Advertising campaigns for businesses on the radio / newspaper / bus backs / posters
- Independence Day / Totally Locally - promoting independent businesses



## **CLEAN & SAFE**

- Retail Radio Schemes
- Pub Watch Schemes
- Rapid Response Clean Team
- Graffiti and chewing gum removal
- Steam cleaning streets

## **BUSINESS SUPPORT**

- Shop front grants for independent businesses
- BID business insurance scheme
- Customer Service training and Mystery Shopper
- Footfall counters
- Car sharing website - finding car share partners for people regularly travelling to work by car
- Trade waste / recycling for BID businesses
- Discount card for city centre employees
- BIG Bus Deal - discounted bus pass for levy payer employees



# WHAT DOES CBBID WANT TO ACHIEVE?



## WE WANT TO MAKE A TANGIBLE DIFFERENCE TO YOUR BUSINESS BY:

**DELIVERING A COORDINATED AND EFFECTIVE APPROACH,  
TO ENSURE A SAFE AND PLEASANT EXPERIENCE FOR  
YOUR CUSTOMERS.**

**CREATING A FRIENDLY WELL MANAGED AND  
VIBRANT STREET SCENE FOR YOUR CUSTOMERS TO  
ENJOY ENCOURAGING VISITORS TO THE CITY CENTRE  
TO STAY LONGER AND SPEND MORE.**

**ENSURING THAT THE BID PROVIDES ON-GOING  
SUPPORT TO CAMBRIDGE BUSINESSES CONTINUALLY  
DEVELOPING NEW PROJECTS SO THAT YOU REMAIN  
COMPETITIVE AND SUSTAINABLE.**





## PROJECTS COULD INCLUDE:

- Evening wardens & taxi marshalling
- Evening Economy Manager
- Steam cleaning & chewing gum removal
- Street Ambassadors
- Events
- Christmas Lights
- Customer facing website
- Advertising / radio campaigns
- Voucher scheme / loyalty card

## SECTOR PROMOTIONS

- Restaurant week
- Hair & beauty promotion
- Boutique quarters

## COLLABORATIVE PROCUREMENT TO SAVE YOU MONEY

- Reduced utility bills
- Trade waste removal
- Recycling
- Business Insurance

## PROMOTING OUR INDEPENDENT BUSINESSES, EMPHASISING THE DIVERSITY OF THE CAMBRIDGE RETAIL OFFER

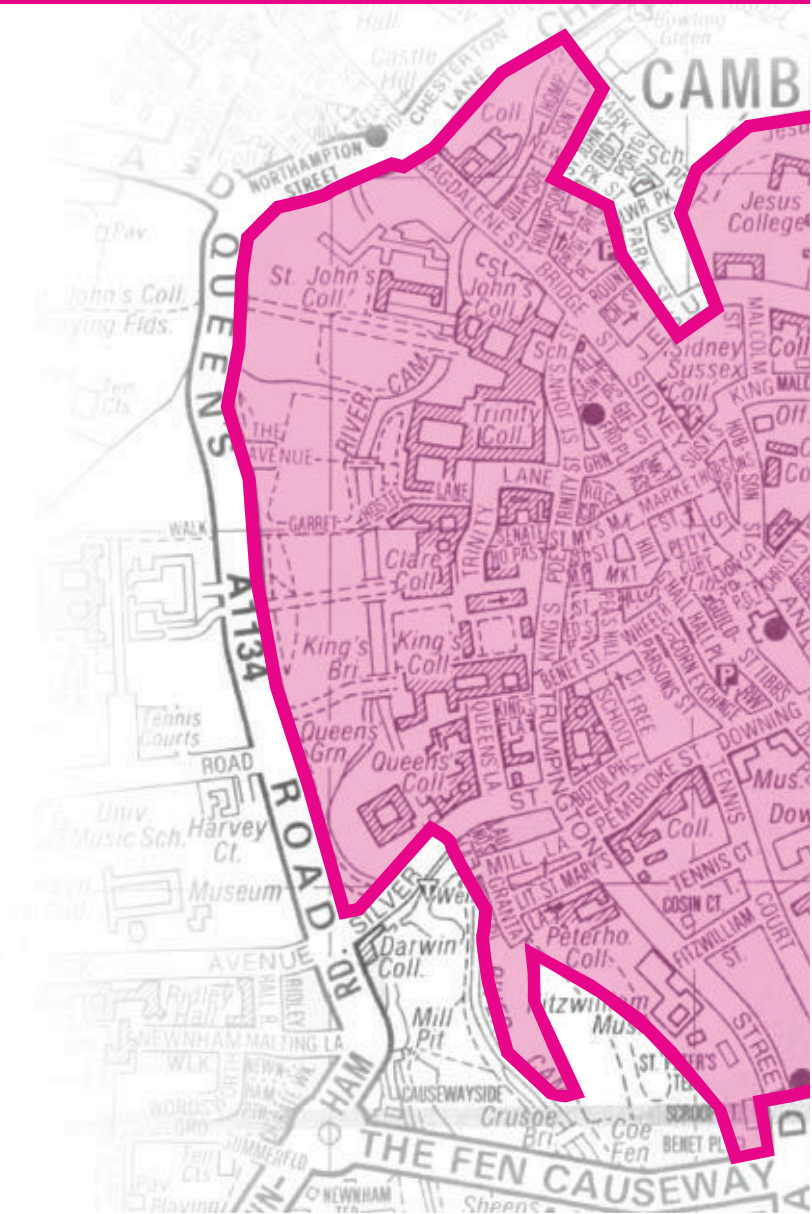
THESE ARE PROJECTS THAT  
HAVE BEEN SUGGESTED BY  
LOCAL BUSINESSES SO FAR.

WHAT ARE YOUR THOUGHTS?

LET US KNOW

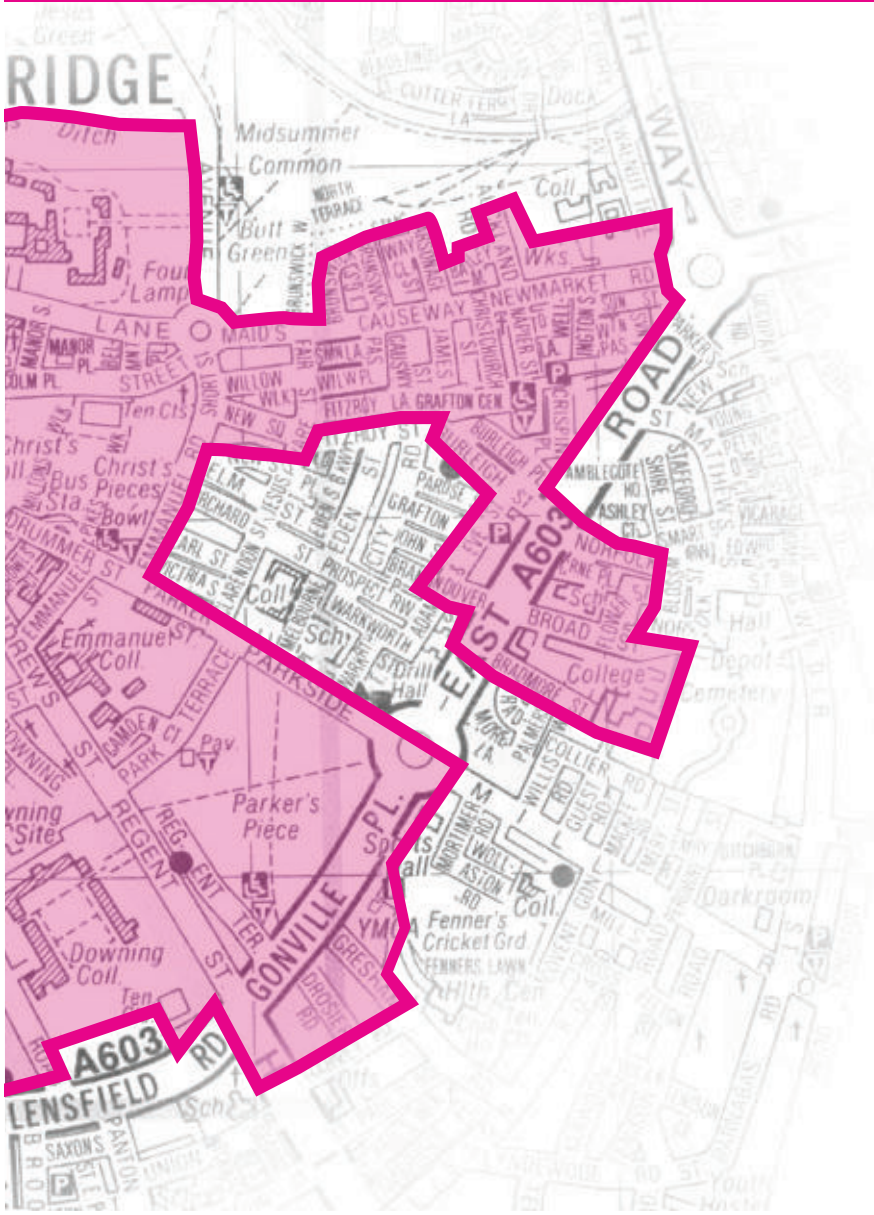
CONTACT LUKE CRANE  
INFO@CBBID.CO.UK

# MARKET BID AREA PETY CURY CAMBRIDGE



# HILL MAGDALENE S

BRIDGE STREET ST ANDREWS STRE  
TRINITY STREET



# JESUS LA ROSE CRESCENT CAMBRIDGE

## CB BID FAQ

### WHO WILL DECIDE IF THE BID GOES AHEAD?

A BID proposal is put to businesses and the businesses decide whether or not they want to support this. All businesses / stakeholders who will pay the BID levy will receive a postal ballot and the ballot will be conducted through a regulated electoral ballot procedure. The Cambridge BID proposal will be for a 5 year period and a further full ballot process will be required if the BID wishes to continue beyond the 5 years.

### HOW MANY OTHER BUSINESS COMMUNITIES HAVE VOTED FOR A BID IN THEIR LOCATION?

There have been over 170 successful BID ballots since the legislation came in 2004. Over 40 of these have been renewal ballots where a BID has delivered its first BID Business Plan and businesses have voted a second time in favour of a further 5 years.

### DOES THIS MEAN THE LOCAL AUTHORITY WILL STOP DELIVERING SERVICES?

NO. BID money can only be used to carry out projects/services ADDITIONAL to those that public agencies have to provide. Cambridge City Council is supportive of the BID development process and is taking a proactive role in supporting businesses and stakeholders in investigating a BID for Cambridge.

### HOW WILL THE BID BE FUNDED?

Businesses pay an agreed levy based on the rateable value of the premises. This is proposed at 1% for Cambridge for all properties with a rateable value above £20,000. This pooled business resource will be managed by a newly setup Cambridge BID company. The Board will be made up of levy payers and the company will be responsible for implementing the BID business plan and will be accountable to the BID levy payers. Businesses within the identified BID area will pay the levy so that everyone who benefits will have paid towards the BID services and it is fair and transparent and avoids “freeloading”.



## **WHAT ARE THE BENEFITS OF A BID?**

BIDs can deliver any projects or services that are agreed by the businesses in the BID area. In most cases they include marketing and promotion activities, increasing safety and security for businesses and customers and enhancing the customer experience. The important thing is that the BID is focused on delivering operational projects, which have a visible and tangible impact.

## **WHAT IS THE PROCESS FOR DEVELOPING A BID IN CAMBRIDGE?**

A business Task Force was set up early in 2012 to oversee the development of a BID. Views and ideas from surveys, individual and group business meetings will be fed into a BID Business Plan and the plan will then be put to businesses. The businesses will vote on whether or not they wish to support the plan.

## **HOW WILL LOCAL BUSINESSES BE ENGAGED IN THE PROCESS?**

Every business in the BID study area was sent an initial questionnaire in summer 2011. We had good feedback from these surveys, which showed that there are positive views on the city but that there are still improvements to be made. A workshop attended by over 60 businesses was held in October. Individual meetings with businesses and further business groups took place in January, February and March and will continue through spring and summer. In April, 15 business meetings were held across the city and all businesses within the BID area were invited to participate in one of these meetings. We've had excellent input from those businesses that attended and we're looking to build on this to make sure we deliver a Business Plan that you, the businesses want to support. For a copy of newsletters and further details we have a website at [www.cbbid.co.uk](http://www.cbbid.co.uk).

**WWW.CBBID.CO.UK**

11

# BID TASK FORCE

## Catherine Bolton – Sticky Beaks

“I set up Stickybeaks Café with my business partner, Lucy Robinson, in December 2010, and we've been working hard to play our part in increasing the reputation of Cambridge as a centre for great independent enterprises. The BID is a brilliant opportunity for the business community in Cambridge to pool resources to achieve tangible benefits for the city, and we're very pleased to be a part of it.”

## Michael Wiseman – The Grafton Centre

“I have been the Centre Director of The Grafton for the last eleven years and in a previous existence worked for a local independent based retailer for another eleven years. I am also chair of CRACA (Cambridge Retail & Commercial Association) and play an active role in both the Kite area of the city and the historic city centre. I am passionate about our dynamic city centre and feel that the CBBid will enhance the attraction of Cambridge to both local residents and visitors alike.”

## Anne Bannell – Breeze

“My husband and I have been trading in Cambridge since 1985. We have two shops, Breeze and Giles & Co, both on Trinity Street. As an independent I am pleased to be part of this opportunity for Cambridge businesses, large and small, to make a difference to our city.”

## Nick Allen - Sidney Sussex College

“I have been the Bursar at Sidney for the last 4 years and represent the Colleges on the Task Force. Twice I have lived in areas with a BID, in London & New York, and found it made for a more vibrant, cleaner and safer area. I think a BID is a great way for businesses and Colleges to work together to improve the city centre.”

## John O'Shea, General Manager - Grand Arcade

“My 20 year retail career began as a Sales Assistant in Cambridge M&S and it's great to be working again in our beautiful city. After 7 years in store management with M&S, I have spent the last 13 years managing shopping centres.”

## Charlie Anderson – La Raza/Ta Bouche

“I own La Raza and Ta Bouche I've owned restaurants/bars and clubs in the city centre for the last 10 years. Representing both the night time and daytime economy I believe the BID has great potential to benefit both.”

## Nicola Buckley, Head of Public Engagement - University of Cambridge

“I'm pleased to be on the Task Force and I look forward to seeing project ideas being developed which enrich the social and cultural life of the City.”

## Adrian Kyndt – John Lewis

“John Lewis started trading in Cambridge in 1942 since when we have supported different organisations to generate growth in Cambridge. John Lewis will support the BID as we have done in all the areas that we trade where a BID exists, it is our view that the BID's have been a real benefit for people who trade and visit our cities.”



## THE BID TASK FORCE IS OVERSEEING THE DEVELOPMENT OF THE BID BUSINESS PLAN.

THE BID TASK FORCE IS MADE UP OF BUSINESSES / STAKEHOLDERS FROM DIFFERENT SECTORS AND AREAS WITHIN THE BID BOUNDARY. ALL MEMBERS OF THE BID TASK FORCE WILL BE BID LEVY PAYERS IF THE BID GOES AHEAD.

### John Dix – Hewitsons

“Hewitsons’ origins were on Kings Parade and we are now one of the larger private sector employers in the BID area. A great many of our clients and staff use Cambridge city centre often and in many capacities. We are committed to keeping our city centre clean, safe, and vibrant for businesses, residents and visitors alike. While our city is a complex environment with many stakeholder interests, the BID nonetheless represents an opportunity not to be missed to make further targeted improvements for the city which will benefit all.”

### Christopher Powell – Powell and Bull

“I have been involved in retailing and jewellery design since moving to Cambridge in 1972. Based in Magdalene Street, the original Silver and Leather Workshop was one of first shops in Cambridge to offer handmade original designer jewellery and leather accessories. A move to a larger shop in Bridge Street ended in 1998 when the original business partnership ceased trading. The experience of setting up and running the Bridge Street shop taught me an enormous amount about the retail environment in Cambridge, a city with unique problems and opportunities in the business sector. When the current shop in Magdalene Street became available I decided to create Powell and Bull with the objective of a return to the ethos of The Workshop of the 70’s and 80’s, namely good design and craftsmanship with workshop facilities on site to provide a bespoke service in a retail environment with a unique ambience. I have always taken an interest in the independent sector in Cambridge and was on the steering committee of Cambridge City Centre Management, an active member of CRACA and a founding member of The Magdalene Street Association.”

### Emma Thornton – Cambridge City Council

“I returned to work in Cambridge in 2006 first as the City Centre Manager and then my role developed further to include tourism when I took on the role of Head of Tourism and City Centre Management in 2007. I am passionate about the difference that effective partnership working can make to improving town and city centres and as such am also a Board Director for the Association of Town Centre Management (ATCM) representing England. The City Council is supportive of providing the city centre business community with the opportunity to explore a Business Improvement District for Cambridge as a mechanism for delivering a sustainable model for city centre management.”

### Roger Musgrove, Goldsmith 14 years - Cellini Jewellers

“Here at Cellini, we have been running the Rose Crescent Association for over the past thirty years. This organisation has been a template for co-operation from the local community. I passionately believe that the BID will extend this spirit of co-operation throughout the city, by delivering the extra services that Cellini, and local businesses alike, benefit so greatly from.”

### Gayle Martin – Double Tree – Hilton

“DoubleTree by Hilton Cambridge has been part of the Cambridge landscape for many years and plays an active role within the hospitality arena of the city of Cambridge. We would like to see the opportunity to deliver new marketing and promotion activities, increasing safety and security of our guests as well as enhancing the customer experience so that the Cambridge residents and visitors will enjoy and revisit the city time and time again.”

# WHAT WILL IT COST?



Businesses within the BID area pay an agreed levy based on your rateable value, not your business rates. This is proposed at 1% for Cambridge and below are examples of what you could expect to pay based on a range of example rateable values.

RATEABLE VALUE OF PROPERTY	GROSS BUSINESS RATES PAYABLE	ANNUAL BID LEVY	WEEKLY COST	DAILY COST
£20,000	£9,160	£200	£3.85	£0.55
£50,000	£22,900	£500	£9.62	£1.37
£100,000	£45,800	£1000	£19.23	£2.74
£250,000	£114,500	£2500	£48.08	£6.85
£500,000	£229,000	£5000	£96.15	£13.70

Properties with a rateable value of or below £20,000 will be exempt from the BID levy.



**CONTACT**



**WHAT DO I DO NOW?**

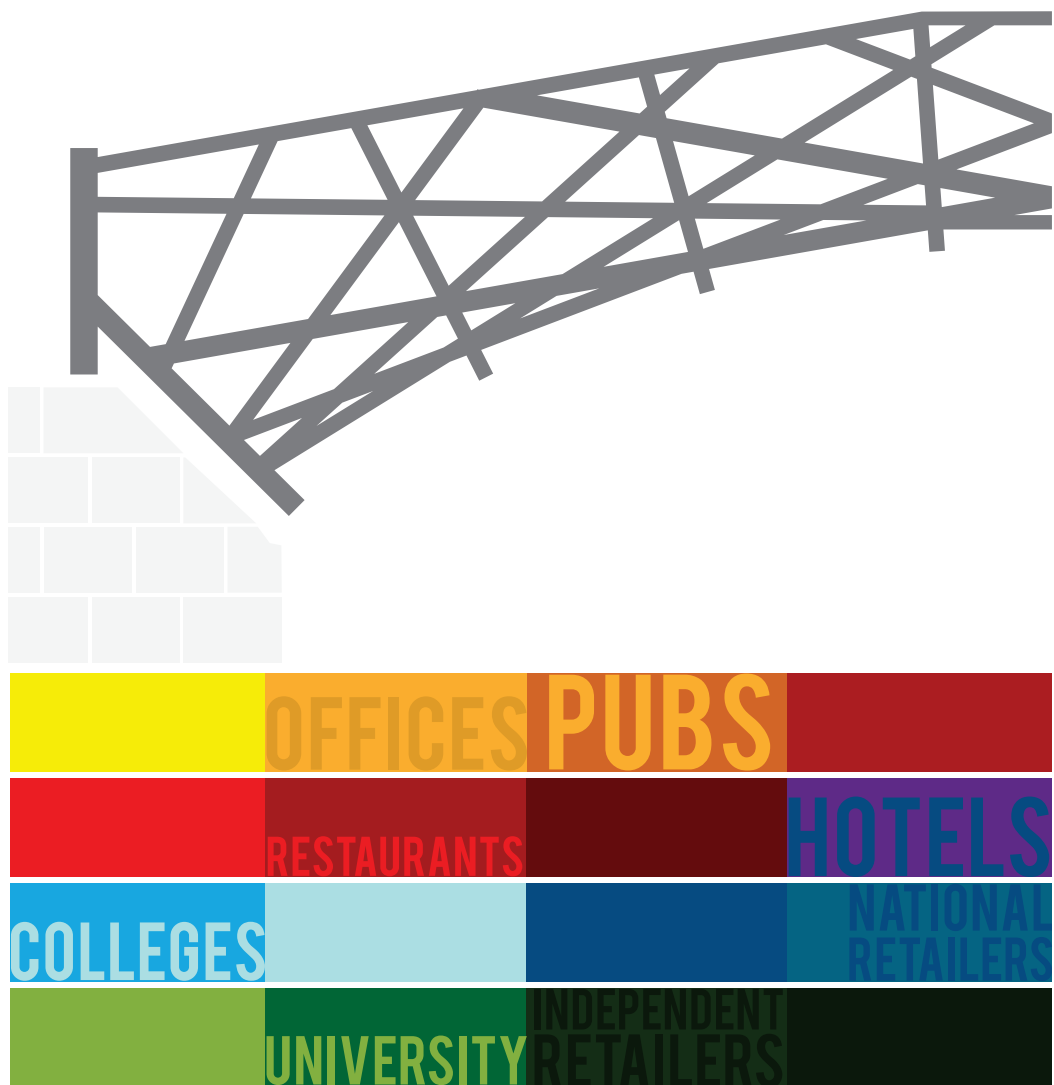
**YOUR VIEWS  
ARE IMPORTANT**

**CONTACT LUKE CRANE  
TO ARRANGE A MEETING**

**BID DEVELOPMENT  
MANAGER**

**INFO@CBBID.CO.UK**

15





**Cambridge City Council**

**Item**

**To:** Executive Councillor for Customer Services and Resources: Councillor Julie Smith  
**Report by:** Andy Muggeridge  
**Relevant scrutiny committee:** STRATEGY & RESOURCES SCRUTINY COMMITTEE 9 July 2012  
**Wards affected:** All

## **Project Appraisal and Scrutiny Committee Recommendation**

**Project Name: Large Hall – Leaded Window Refurbishment – Phase 1**

### **Recommendation/s**

#### **Financial recommendations –**

- The Executive Councillor is asked to approve the commencement of this scheme, which is already included in the Council's Capital & Revenue Project Plan (PR023 Admin Buildings Asset Replacement Programme).
- The total cost of the project is £87,500 funded from repairs and renewals fund contributions.
- The ongoing revenue costs of the project are £1,000, funded from existing budget provision.

#### **Procurement recommendations:**

- The Executive Councillor is asked to approve the carrying out and completion of the procurement of the refurbishment of the leaded windows to one side of the Large Hall within The Guildhall.
- Subject to:
  - The permission of the Director of Resources being sought prior to proceeding if the quotation or tender sum exceeds the estimated contract.
  - The permission from the Executive Councillor being sought before proceeding if the value exceeds the estimated contract by more than 15%.

## 1 Summary

Refurbishment of five large stained glass windows to one side of the Large Hall located within the curtilage of The Guildhall.

### 1.1 The project

Target Dates:	
Start of procurement	July 2012
Award of Contract	August 2012
Start of project delivery	August 2012
Completion of project	January 2013

### 1.2 The Cost

Total Project Cost	<b>£ 87,500</b>
--------------------	-----------------

Cost Funded from:

Funding:	Amount:	Details:
Reserves	£	
Repairs & Renewals	£87,500	27717 Admin Buildings Repairs and Renewals Fund
Developer Contributions	£	
Other	£	

Ongoing Revenue Cost

Year 1	£1,000	Maintenance contribution towards redecoration.
Ongoing	£1,000 pa	Maintenance contribution towards redecoration.

The ongoing revenue costs of the project will be funded from existing budget provision.

### **1.3 The Procurement**

The procurement of the project will be in accordance with the Council's Procurement strategy with three Contractors invited to tender for the works.

The estimated costs are £85,000 for the refurbishment work, consisting of £75,000 for the work to the windows, £10,000 for scaffolding and £2,500 in the form of consultancy expertise to ensure the project is correctly specified.

## **2 Project Appraisal & Procurement Report**

### **2.1 The Project**

The project is required to refurbish the leaded windows to one side of the Large Hall.

It appears that very little maintenance has been carried out to the windows for a significant number of years. This has led to the deterioration of the timber window frames. Access to carry out the work to this side of the Large Hall is very restrictive and therefore also a contributing factor.

It has become apparent that work is urgently required to prevent the lead lights from actually falling out.

Work will be carried out with guidance from the Senior Conservation & Design Officer to ensure that the work is carried out within the guidelines of a Grade 2 listed building.

The 2<sup>nd</sup> phase of the refurbishment will be planned for the near future together with the long term maintenance of The Guildhall. There has been work to these windows in the past, thus the refurbishment is not as urgent as the Phase 1 works.

### **2.2 Aims & objectives**

The Refurbishment of the windows to the Large Hall meets with the Council's vision for:

'A city which draws inspiration from its iconic historic centre and achieves a sense of place in all of its parts with generous urban open spaces and well-designed buildings.'

### **2.3 Major issues for stakeholders & other departments**

The refurbishment to the windows in The Guildhall would increase the opportunity for hiring out the rooms and increasing the potential income for the City Council.

*Failure to carry out the improvements could result in the Council not being able to capitalise on the usage of one of the Council's prime community assets due to windows potentially being boarded up.*

## 2.4 Summarise key risks associated with the project

Failure to carry out the works will lead to the continual deterioration of the windows, in time they will become unsafe and will have to be removed and the opening potentially boarded up. In turn this could lead to the closure of the Large Hall at the worst and a loss of revenue as potentially unsightly boarded up windows could deter hirers.

This would also portray a less than satisfactory image during civic events and functions

## 2.5 Financial implications

- a. Appraisal prepared on the following price base: 2012/13
- b. Specific grant funding conditions are:
- c. Other comments

## 2.6 Capital & Revenue costs

(See also Appendix A for spread across financial years)

<b>(a) Capital</b>	<b>£</b>	<b>Comments</b>
Building contractor / works	75,000	Window refurbishment
Purchase of vehicles, plant & equipment		
Professional / Consultants fees	2,500	Professional advice/consultation.
IT Hardware/Software		
Other capital expenditure	10,000	Scaffolding hire
<b>Total Capital Cost</b>	<b>87,500</b>	

<b>(b) Revenue</b>	<b>£</b>	<b>Comments</b>
Maintenance	1,000	
<b>Total Revenue Cost</b>	1,000	

The ongoing revenue costs of the project will be funded from existing budget provision.

## 2.7 VAT implications

There are no adverse VAT implications to this project

## 2.8 Environmental Implications

Climate Change impact	
-----------------------	--

There is nil affect on Climate change by carrying out these works.

## 2.9 Other implications

Potentially there is a serious health and safety issue, should any part of the window fall out it could hit someone. However the external area of the building where the windows are located is a restricted are and no members of the public or staff should be in this area.

There is a metal brace to the inside of the window that should prevent the glass/window falling inwards. However the window frames have rotted significantly and the potential risk has to be acknowledged.

## 2.10 Staff required to deliver the project

Staffing will be required from Asset Management team to manage the works.

*It is also anticipated that a certain amount of consultation will be required to ensure that the correct option is selected to meet the various requirements.*



### 2.11 Dependency on other work or projects

There is no dependency on other works in order to complete these works, however there are works planned to the Large Hall balcony. Ideally these would take place at the same time in order to reduce any disturbance.

### 2.12 Background Papers

None

### 2.13 Inspection of papers

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Date prepared:	8/6/2012

**Capital Project Appraisal – Capital Costs and Funding  
Profiling**

**Appendix A**

	2012/13	2013/14	2014/15	2015/16	2016/17	Comments
	£	£	£	£	£	
<b>Capital Costs</b>						
Building contractor / works	75,000					
Purchase of vehicles, plant and equipment	0					
Professional / consultants fees	2,500					
Other capital expenditure	10,000					
<b>Total Capital Cost</b>	<b>87,500</b>					
<b>Capital Income/Funding</b>						
Government Grant	0					
Developer Contributions	0					
R&R funding	87,500					Admin Buildings Repairs and Renewals Fund 27717
Earmarked funds	0					
Existing capital programme funding	0					
Revenue contributions	0					
<b>Total Income</b>	<b>87,500</b>					
<b>Net Capital Bid</b>	<b>0</b>					

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To: The Leader and Executive Councillor for Strategy :  
Councillor Tim Bick  
Report by: Director of Resources  
Relevant scrutiny Strategy & Resources Scrutiny 09/7/2012  
committee: Committee  
Wards affected: All Wards

### **ANNUAL TREASURY MANAGEMENT REPORT 2011/12**

#### **1. Executive summary**

This Council is required through regulations issued under the Local Government Act 2003 to produce an annual treasury report reviewing treasury management activities and the actual prudential and treasury indicators for 2011/12. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code 2011).

#### **2. Recommendations**

The Executive Councillor is asked to recommend this report, which includes reporting of the Council's actual Prudential and Treasury Indicators for 2011/12, for approval by Council.

#### **3. Background**

This report provides information on:

- Capital expenditure and financing activity during the year;
- The impact of this activity on the Council's underlying indebtedness (the Capital Financing Requirement);
- The overall treasury position identifying how the Council has borrowed in relation to this indebtedness, and the impact on deposit balances;
- The required prudential and treasury indicators;
- Interest rate movements in the year;
- Borrowing activity relating to the Self-Financing of the Housing Revenue Account (HRA); and

- Detailed deposit activity

### 3.1 The Council's Capital Expenditure and Financing 2011/12

The Council undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply such resources, the capital expenditure will give rise to a borrowing need.

The actual capital expenditure forms one of the prudential indicators required to be reported. The table below shows the Council's actual capital expenditure and how this was financed.

	2010/11 £000 Actual	2011/12 £000 Revised Estimate (*)	2011/12 £000 Actual
Non-HRA capital expenditure	5,032	15,260	8,194
HRA capital expenditure	9,514	20,669	9,917
HRA Reform	-	-	213,572
<b>Total capital expenditure</b>	<b>14,546</b>	<b>35,929</b>	<b>231,683</b>
Resourced by:			
• Capital receipts	3,296	6,227	4,093
• Other contributions	11,250	29,702	14,018
• Borrowing for HRA Reform	-	-	213,572
<b>Total available resources for financing capital expenditure</b>	<b>14,546</b>	<b>35,929</b>	<b>231,683</b>
<b>Un-financed capital expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>

(\*) Per Medium Term Strategy Agreed on 20 October 2011

### 3.2 The Council's overall borrowing need

External borrowing for 2011/12 was undertaken for a capital purpose due to HRA Reform amounting to £213.572m. This borrowing was from the Public Works Loans Board (PWLb) and benefited from the availability of preferential loan rates specifically for this Self-Financing

transaction. The loan portfolio consists of 20 maturity loans each for £10,678,600. The first loan will mature on 28 March 2038 and the last on 28 March 2057. A table setting out the PWLB borrowing portfolio is included in the Treasury Management Position Statement as at 31 March 2012 included as Appendix A.

### 3.3 Treasury Position as at 31 March 2012

The Council's debt and deposit position is organised by the Council's own treasury management staff in order to ensure adequate liquidity for revenue and capital activities, security for deposits and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through Member reporting (as outlined in the summary) and through officer activity detailed in the Council's Treasury Management Practices.

The table below shows comparative deposit outturn for 2011/12 against 2010/11.

Deposit Type	2010/2011			2011/2012		
	Average Deposits	Rate of Return	Benchmark Return	Average Deposits	Rate of Return	Benchmark Return
<b>1. Internally Managed Funds</b>						
Fixed Short-Term (<365 days)	£56.84m	0.55%	0.61%	£63.08m	0.75%	0.94%
Call/Overnight Accounts	£3.82m	0.28%	0.43%	£6.52m	0.38%	0.48%
Fixed Long-Term (>365 days)	-	-	-	-	-	-
<b>2. Externally Managed Funds</b>						
Managed Funds	-	-	0.61%	-	-	0.48%
<b>3. Overall Deposit Return</b>						
	£61.34m	0.60%	-	£69.60m	0.72%	-

#### Notes:

- The 'Benchmark Return' figures are based upon Sector Treasury Management's average money market 3-month London Interbank Bid

Rate (LIBID), for the Council's Fixed Short-Term deposits and their average money market Overnight Rate, for the Council's Call/Overnight deposits;

- All deposits were under one year.
- The Council's performance against the national benchmark is lower than average. However, this is mainly due to the restrictions that the Council had adopted on the total balances that can be deposited with an individual institution or group. (These totals were increased by Council on 23 February 2012 to enable the authority to receive a better rate of return on its deposits.) In addition, the requirement to determine a suitable borrowing strategy for the HRA led to a decision to restrict the periods for which funds would be deposited to the short term. This action was taken in order to retain flexibility should internal borrowing be utilised. This policy had an impact on the interest rate received on deposits.

3.4 Interest of £494,000 has been earned on the Council's deposits during 2011/12 at an average rate of 0.72%. This return compares favourably with the average 7 day London Interbank Offered Rate (LIBOR) rate of 0.61% as at 30 March 2012. The original budget for interest earned in 2011/12 was £312,000. Interest yield has therefore been over-achieved by £172,000 for the year 2011/12 although this was in part due to higher levels of deposit than originally forecast.

3.5 Appendix A to this report shows the Treasury Management Position Statement as at the end of the financial year.

### **3.6 Borrowing**

On 28 March 2012, the Council undertook borrowing of £213.572m in order to finance the one-off payment to central government in relation to the introduction of a new HRA Self-financing regime with effect from 1 April 2012. The overall borrowing need was detailed in paragraph 3.3 above. This was the only external borrowing undertaken in the year.

### **3.7 The Economic Background**

The Council's Treasury Management advisors, Sector, provide information on the national and world economy. This information is provided below to give context to the current Treasury Management strategy and practices, based on the position at March 2012.

The outlook for the global economy remains clouded with uncertainty. The UK economy has struggled to generate a sustained recovery so this offers little hope for a strong recovery in 2012, and possibly even into 2013. Consumer and business confidence levels are generally low and it is not easy to see potential for a significant increase in the growth rate in the short term.

- The Eurozone Sovereign debt crisis has abated following agreement on a second bailout package of €130bn for Greece in mid February;
- The European Central Bank provided c. €1trn of 3yr funding to EU banks at 1%;
- Eurozone banks used this financing at 1% to buy new sovereign debt issues yielding significantly higher rates; this has pushed some Eurozone sovereign yields down below 'panic' levels – notably Spain and Italy;
- One potential problem on the horizon is various national elections; Germany in 2013; French presidential election result in May 2012, where Sarkozy lost to the Socialist front runner Francois Hollande;
- Major uncertainties surround future prospects for the Eurozone.

## US

- Economic prospects have been encouraged by some positive news, but improvement is still limited;
- The likelihood of a weak rate of growth going forward will mean slow progress in reducing the high level of unemployment which is acting as such a dampener on the economy;
- Ben Bernanke (the Chairman of the Federal Reserve) has hinted at the possibility of another round of Quantitative Easing (QE) aimed at encouraging a strong enough rate of growth to reduce the total level of unemployment significantly;
- The US still has to address reducing the huge total of public debt and annual deficits by adopting austerity measures;
- Presidential elections are due in November 2012.

## China

- Falling inflation has opened the way for relaxing credit restrictions to boost growth, which has been flagging;
- However, current expectations are that it will maintain a reasonable rate of growth, though less than in previous years.

## UK

- Austerity measures, aimed at getting the public sector deficit into order over the next four years, have yet to fully impact on the economy;



- However, it looks likely that the private sector will not make up for the negative impact on employment in the public sector over the next year;
- Lack of significant progress in generating a rebalancing of the UK economy to manufacturing from services and an export led recovery - albeit some upbeat data in April has been received;
- The housing market, a gauge of consumer confidence, remains weak and the outlook is for house prices to be little changed for a prolonged period;
- Economic forecasts for 2012 and beyond have been revised lower on a near quarterly basis;
- Bank of England embarked on a £75bn second round of QE to stimulate economic activity in October 2011. Another £50bn was added to the programme in February 2012. The Bank of England Monetary Policy Committee is currently split on whether there needs to be another increase in QE in 2012, after some reasonably encouraging economic statistics, indicating that the fall in GDP in Q4 2011 looks like being a one off, rather than the start of a new trend towards recession;
- Inflation has eased from its peak of 5.2% (Consumer Price Index [CPI]) in September 2011, with strong expectation that CPI will hit the 2% target rate within the MPC's two year time horizon;
- The UK's AAA rating was put on negative outlook by Moody's in February 2012 and by Fitch in March. Concerns over growth outlook and potential shocks from the Eurozone combine to also depress growth;
- However, "safe haven" status has underpinned demand for gilts and kept yields at historic lows. Unlikely to see material change in near term.

Given the volatile nature of the global economy this information is constantly changing. The above paragraph includes the position reported by Sector in March 2012, reflecting the end point of the period reported on. The Council will be reviewing the latest position as part of the forthcoming Medium Term Strategy, together with any resulting amendments to treasury management practice which are deemed appropriate.

### **3.8 Sector's forward view**

Economic forecasting remains difficult with so many external influences weighing on the UK. Key areas of uncertainty include:

The potential for the unravelling or failure of implementation of the second Greek bailout package causing a worsening of the Eurozone debt crisis. The failure of Greece to form a coalition government in May 2012.

Inter-government agreement on how to deal with the Eurozone debt crisis could fragment, particularly as a result of upcoming national election results;

The impact of the Eurozone crisis on financial markets and the banking sector;

The impact of the UK Government's austerity plan on confidence and growth;

Potential for failure of UK inflation to fall back to near the 2% target;

Monetary policy action failing to stimulate growth in western economies;

- The potential for weak growth or recession in the UK's main trading partners - the EU and US;
- High oil prices depressing world growth and stoking inflation;
- The political situation in the Middle East, particularly over Iran's nuclear ambitions;
- Potential for protectionism i.e. an escalation of the currency war / trade dispute between the US and China;
- A hard landing for slowing growth in China.

Sector believes that the longer run trend is for gilt yields and PWLB rates to rise due to the high volume of gilt issuance in the UK, and the high volume of debt issuance in other major western countries.

Given the weak outlook for economic growth, Sector sees the prospects for any interest rate changes before late 2013 as very limited. There is potential for the start of Bank Rate increases to be even further delayed if growth disappoints.

### 3.9 Interest rates

Sector provide the following forecast for UK interest rates:

	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
<b>Bank rate</b>	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.25%	1.25%	1.50%
<b>5yr PWLB rate</b>	2.00%	2.10%	2.20%	2.20%	2.30%	2.40%	2.50%	2.60%	2.80%	3.00%	3.20%	3.40%
<b>10yr PWLB rate</b>	3.00%	3.00%	3.20%	3.30%	3.40%	3.50%	3.60%	3.70%	3.80%	4.00%	4.20%	4.40%

<b>25yr PWLB rate</b>	4.20%	4.20%	4.30%	4.30%	4.40%	4.50%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%
<b>50yr PWLB rate</b>	4.30%	4.30%	4.40%	4.40%	4.50%	4.60%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%

The Sector central forecast is for the first increase in bank rate to be in March 2014. With low growth predictions for the U.K, and financial markets unconvinced that politicians have resolved the Eurozone sovereign debt crisis, we are likely to continue to experience high levels of volatility.

### 3.10 Icelandic Bank Deposits

This authority had the following short term deposits in Icelandic banks and their UK subsidiaries at the time of the collapse of Icelandic banking institutions in 2008/09.

<b>Counterparty</b>	<b>Principal</b>	<b>% Rate</b>	<b>Deposit Date</b>
Heritable Bank Limited	1,000,000	5.65000%	09-Jan-08
Heritable Bank Limited	1,000,000	6.21000%	13-Jun-08
Landsbanki Islands hf	2,000,000	6.22000%	30-Jun-08
Heritable Bank Limited	2,000,000	6.00000%	05-Sep-08
Landsbanki Islands hf	1,000,000	6.35000%	01-Jul-08
Landsbanki Islands hf	2,000,000	6.42000%	01-Jul-08
Deposits placed in 2008/09	9,000,000	6.14041%	

The Icelandic Government has stated its intention to honour all its commitments as a result of their banks being placed into receivership. The U.K. Government is working with the Icelandic Government to help bring this about. At the current time, the process of recovering assets is still ongoing with the respective administrators and winding up boards. The Local Government Association is co-ordinating the efforts of all UK authorities with Icelandic deposits.

Based on the latest CIPFA Local Authority Accounting Panel (LAAP) Bulletin 82 (revised 14th May 2012), the Council is anticipating that it will recover between 86% to 90% of its claim against Heritable Bank Ltd and 100% of its claim against Landsbanki Islands hf. Provisions have been made as part of the Council's accounts to reflect this basis.

#### **Heritable Bank Limited**

At the end of 2011/12, the total of dividends received from the administrators of Heritable Bank Plc equating to a payment of £2.766m which represented 67.90 pence in the pound of the total claim. In addition £154,328 has been received in the current financial year, bringing the total dividends to date to £2,920,348 (71.69 pence in the pound)

## **Landsbanki Islands hf**

The Landsbanki test case appeal hearings took place in the Supreme Court of Iceland on 14 and 15 September 2011. On 28 October 2011 the Icelandic Supreme Court ruled that the deposits placed by the test case UK local authorities and other wholesale depositors in Landsbanki hf have priority status over other creditors in the winding up of the bank.

On 19 January 2012 the Icelandic Supreme Court approved settlement of the claims placed by the non-test case UK local authorities in Landsbanki hf

At the end of 2011/12, the Council had received one dividend of £1.518m from the winding-up board in respect of Landsbanki Islands hf, equating to approximately one third of the Council's claim. A further distribution was received on 29 May 2012 increasing the percentage recovered to approximately 40%.

### **3.11 Compliance with Treasury Limits**

During the financial year the Council operated within the 'authorised' and 'operational' borrowing limits contained within the approved Prudential Indicators set out in the Council's Treasury Management Strategy Statement. For information, the outturn for the Prudential Indicators are shown in Appendix B.

## **4. Background papers**

These background papers were used in the preparation of this report:

Treasury Management Strategy Statement & Annual Deposit Strategy – Budget Setting Report to Council 23rd February 2012; and;

Sector Treasury Services Ltd - Annual Treasury Management Report (template) April 2012.

## **5. Appendices**

Appendix A – Treasury Management Position Statement for March 2012  
Appendix B – Prudential Indicators – outturn for 2011/12 and the PWLB Borrowing Portfolio for HRA Reform

## 6. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

Author's Name:	Steve Bevis
Author's Phone Number:	01223 - 458153
Author's Email:	Stephen.bevis@cambridge.gov.uk

**TREASURY MANAGEMENT**  
**POSITION STATEMENT AS AT : 31 MAR 2012**

**[1] CURRENT DEPOSITS**

The Council's current deposits are summarised (by counterparty) in the table below:

<b>Counterparty</b>	<i>Principal</i> <b>(£)</b>	<b>*Dividends Received (£)</b>
Bank of Scotland Plc	1,000,000	
Bank of Scotland Plc	3,000,000	
Bank of Scotland Plc	2,000,000	
Lloyds TSB Bank Plc	3,000,000	
National Westminster Bank Plc	4,000,000	
Nationwide BS	1,000,000	
National Westminster Bank Plc	2,000,000	
Heritable Bank Limited	4,000,000	2,766,020
Landsbanki Islands hf	5,000,000	1,518,168
Lloyds TSB Bank Plc	3,000,000	
Nationwide BS	1,000,000	
National Westminster Bank Plc	2,000,000	
Nationwide BS	1,000,000	
Nationwide BS	2,000,000	
Nationwide BS	1,000,000	
Barclays Bank plc	4,000,000	
Barclays Bank plc	1,000,000	
Nationwide BS	1,000,000	
Barclays Bank plc	2,000,000	
Midlothian Council	3,000,000	
National Westminster Bank Plc	2,000,000	
Bank of Scotland Plc	3,000,000	
Nationwide BS	3,000,000	
Barclays Bank plc	3,000,000	
Blaenau Gwent Council	2,000,000	
Peterborough City Council	3,000,000	
Dumfries & Galloway Council	3,000,000	
The Royal Bank of Scotland Plc	3,000,000	
HSBC Bank Plc <i>[Deposit a/c]</i>	1,380,000	
<b>TOTAL DEPOSITED</b>	<b>69,380,000</b>	<b>4,284,188</b>

\*The dividends received include both principal and interest, and relate to the impaired deposits held with Icelandic banks and their subsidiaries.

The above deposits include any forward-deals that have been agreed (i.e. deals with a deposit start date that is forward of the agreement date).

The total of dividends now received from the administrators of Heritable Bank Plc represents 67.90 pence in the pound of the total claim. The next dividend has been forecast for April 2012.

## [2] CURRENT MARKET EXPERIENCE

### a) Treasury Activity

For overnight and very short-term deposits the Council continues to make more use of the HSBC Deposit A/c in preference to the Government DMADF\*, as the interest rate is marginally higher on the HSBC Deposit A/c.

### b) Interest Rates

A number of short-term and mid-term deposits have been placed in March, at rates in the range 0.32% - 1.75%.

Counterparty	Principal (£'s)	% Rate	Maturity Date	Broker	Deposit Date	Period (Days)
Nationwide BS	2,000,000	1.00000%	01/06/2012	Direct	02/03/2012	91
Nationwide BS	1,000,000	1.00000%	07/06/2012	Direct	07/03/2012	92
National Westminster Bank Plc	2,000,000	0.96000%	15/06/2012	Direct	15/03/2012	92
Bank of Scotland Plc	3,000,000	1.75000%	17/09/2012	Direct	16/03/2012	185
Nationwide BS	3,000,000	0.52000%	19/04/2012	Direct	21/03/2012	29
Barclays Bank Plc	3,000,000	0.45000%	12/04/2012	Direct	21/03/2012	22
Bank of Scotland Plc	3,000,000	0.63000%	23/04/2012	Direct	22/03/2012	32
Barclays Bank Plc	4,000,000	0.73000%	22/05/2012	Direct	22/03/2012	61
National Westminster Bank Plc	2,000,000	0.59000%	24/04/2012	Direct	22/03/2012	33
Dumfries & Galloway Council	3,000,000	0.35000%	03/04/2012	Martins	22/03/2012	12
Lloyds TSB Bank Plc	3,000,000	1.40000%	22/06/2012	Direct	23/03/2012	91
Blaenau Gwent Council	2,000,000	0.32000%	12/04/2012	Martins	23/03/2012	20
Nationwide BS	1,000,000	0.98000%	22/06/2012	Direct	23/03/2012	91
Midlothian Council	3,000,000	0.45000%	03/05/2012	Tradition	26/03/2012	38
Bank of Scotland Plc	1,000,000	1.75000%	26/09/2012	Direct	26/03/2012	184
Lloyds TSB Bank Plc	3,000,000	1.40000%	04/07/2012	Direct	29/03/2012	97
National Westminster Bank Plc	4,000,000	0.96000%	04/07/2012	Direct	29/03/2012	97
Nationwide BS	1,000,000	0.98000%	29/06/2012	Direct	29/03/2012	92
Peterborough City Council	3,000,000	0.50000%	12/04/2012	Direct	30/03/2012	13

## [3] DEPOSIT STRATEGY & COUNTERPARTY LIST

The current practice of restricting all deposits with non-nationalised banks and building societies to a maximum of three months is to be continued.

## [4] PWLB BORROWING PORTFOLIO FOR HRA REFORM

In order to meet the required payment to the Department for Communities and Local Government (DCLG) in relation to the self-financing of the HRA the following debt portfolio was determined by the Director of Resources under the appropriate delegated authority.



Loan Ref:	Start Date	Principal (£)	Interest	Maturity Date	Term (Years)
1	28-Mar-12	10,678,600	3.46%	28-Mar-38	26
2	28-Mar-12	10,678,600	3.47%	28-Mar-39	27
3	28-Mar-12	10,678,600	3.48%	28-Mar-40	28
4	28-Mar-12	10,678,600	3.49%	28-Mar-41	29
5	28-Mar-12	10,678,600	3.50%	28-Mar-42	30
6	28-Mar-12	10,678,600	3.51%	28-Mar-43	31
7	28-Mar-12	10,678,600	3.52%	28-Mar-44	32
8	28-Mar-12	10,678,600	3.52%	28-Mar-45	33
9	28-Mar-12	10,678,600	3.52%	28-Mar-46	34
10	28-Mar-12	10,678,600	3.52%	28-Mar-47	35
11	28-Mar-12	10,678,600	3.53%	28-Mar-48	36
12	28-Mar-12	10,678,600	3.53%	28-Mar-49	37
13	28-Mar-12	10,678,600	3.53%	28-Mar-50	38
14	28-Mar-12	10,678,600	3.53%	28-Mar-51	39
15	28-Mar-12	10,678,600	3.52%	28-Mar-52	40
16	28-Mar-12	10,678,600	3.52%	28-Mar-53	41
17	28-Mar-12	10,678,600	3.51%	28-Mar-54	42
18	28-Mar-12	10,678,600	3.51%	28-Mar-55	43
19	28-Mar-12	10,678,600	3.51%	28-Mar-56	44
20	28-Mar-12	10,678,600	3.50%	28-Mar-57	45
<b>Total:-</b>		<b>213,572,000</b>	<b>-</b>	<b>-</b>	

This debt was financed entirely by fixed rate maturity loans from the Public Works Loan Board (PWLB). The Council's Authorised Borrowing Limit is currently set at £250,000,000, this debt leaves the Council with £36,428,000 headroom to incur further debt if required.

The borrowing transactions with the PWLB and payment of the HRA Self-Financing settlement to the DCLG were successfully undertaken within the timescales required by the Government.

## PRUDENTIAL &amp; TREASURY MANAGEMENT INDICATORS

	Actual 2010/11 £'000	Original 2011/12 £'000	Revised 2011/12 £'000	Actual 2011/12 £'000
<b><u>PRUDENTIAL INDICATORS</u></b>				
<b>Capital expenditure</b>				
- General Fund	5,032	7,177	15,260	8,194
- HRA	9,514	10,953	234,241	223,489
<b>Total</b>	<b>14,546</b>	<b>18,130</b>	<b>249,501</b>	<b>231,683</b>
<b>Incremental impact of capital deposit decisions on:</b>				
Band D Council Tax (City element)	0.00	0.00	0.00	0.00
Average weekly housing rent	0.00	0.00	0.00	0.00
<b>Capital Financing Requirement (CFR) as at 31 March</b>				
- General Fund	(894)	(894)	(1,177)	(1,177)
- HRA	893	1,176	215,031	215,031
<b>Total</b>	<b>(1)</b>	<b>282</b>	<b>213,854</b>	<b>213,854</b>
<b>Deposits at 31 March</b>	<b>(56,437)</b>	<b>(57,233)</b>	<b>(63,903)</b>	<b>(63,903)</b>
<b>Net borrowing Requirement</b>	<b>(56,438)</b>	<b>(56,951)</b>	<b>149,951</b>	<b>149,951</b>
<b>Change in the CFR</b>	<b>0</b>	<b>283</b>	<b>213,572</b>	<b>0</b>
<b>Maturity structure of new fixed rate borrowing during 2011/12</b>				
10 years and above (PWLB borrowing for HRA Reform)		Upper Limit 100%	Lower Limit 100%	
<b>Ratio of financing costs to net revenue stream</b>				
-General Fund	(1.93%)	(1.70%)	(1.50%)	(2.46%)
-HRA	(0.12%)	(0.07%)	(0.06%)	0.05%
<b>Total</b>	<b>(2.05%)</b>	<b>(1.77%)</b>	<b>(1.56%)</b>	<b>(2.41%)</b>

Note: 'Original' refers to the Council's Treasury Management Strategy Report (MTS) of October 2011 and 'Revised' to the BSR of February 2012.

**APPENDIX B CONTINUED**

**PRUDENTIAL & TREASURY MANAGEMENT INDICATORS**

	<b>Actual 2010/11 £'000</b>	<b>Original 2011/12 £'000</b>	<b>Revised 2011/12 £'000</b>	<b>Actual 2011/12 £'000</b>
<b><u>TREASURY INDICATORS</u></b>				
<b>Authorised limit</b>				
for borrowing	10,000	10,000	250,000	250,000
for other long term liabilities	0	0	0	0
<b>Total</b>	<b>10,000</b>	<b>10,000</b>	<b>250,000</b>	<b>250,000</b>
<b>HRA Debt Limit</b>	<b>0.00</b>	<b>0.00</b>	<b>230,839</b>	<b>230,839</b>
<b>Operational boundary</b>				
for borrowing	3,000	3,000	213,854	213,854
for other long term liabilities	0	0	0	0
<b>Total</b>	<b>3,000</b>	<b>3,000</b>	<b>213,854</b>	<b>213,854</b>
<b>Upper limit for total principal sums deposited for over 364 days</b>	5,000	5,000	5,000	5,000
<b>Upper limit for fixed &amp; variable interest rate exposure</b>				
Net interest on fixed rate borrowing/deposits	(320)	(400)	(412)	(448)
Net interest on variable rate borrowing/deposits	(120)	(375)	(23)	(23)
<b>Maturity structure of new fixed rate borrowing during 2011/12</b>		Upper Limit	Lower Limit	
10 years and above (PWLB borrowing for HRA Reform)		100%	100%	

Note: 'Original' refers to the Council's Treasury Management Strategy Report (MTS) of October 2011 and 'Revised' to the BSR of February 2012.



To Executive Councillor for Strategy  
Leader: Councillor Tim Bick

Report by Chief Executive and Director of Resources

Relevant Scrutiny  
Committee

Strategy & Resources

9 July 2012

## **2011/12 Revenue and Capital Outturn, Carry Forwards and Significant Variances**

### **Not a Key Decision**

#### **1. Executive summary**

1.1 This report presents a summary of the 2011/12 outturn position (actual income and expenditure) for services within the Strategy (previously “& Climate Change”) portfolio, compared to the final budget for the year. The position for revenue and capital is reported and variances from budgets are highlighted, together with explanations. Requests to carry forward funding arising from certain budget underspends into 2012/13 and future years are identified.

1.2 It should be noted that this report reflects the reporting structure in place prior to the recent changes in Executive reporting responsibilities.

#### **2. Recommendations**

The Executive Councillor is recommended:

- a) To agree that the carry forward requests totalling £99,950, as detailed in Appendix C, are to be recommended to Council for approval.

#### **3. Background**

##### **Revenue Outturn**

3.1 The outturn position for the Strategy (previously “& Climate Change”) portfolio, compared to the final revenue budget, is presented in detail in Appendix A.

- 3.2 Appendix B to this report provides explanations of the main variances.
- 3.3 Appendix C sets out the final list of items, for this portfolio, for which approval is sought to carry forward unspent budget from 2011/12 to the next financial year, 2012/13.
- 3.4 The overall revenue budget outturn position for the Strategy (previously “& Climate Change”) portfolio is set out in the table below:

<b>Strategy (previously “&amp; Climate Change”) 2011/12 Revenue Summary</b>	<b>£</b>
Final Budget	(3,128,320)
Outturn	(2,716,949)
Variation – (Under)/Overspend for the year	(411,371)
<b>Carry Forward Requests:</b>	99,950
<b>Net Variance</b>	<b>(311,421)</b>

The variance represents 9.95% of the overall portfolio budget for the 2011/12 financial year.

### **Capital Outturn**

- 3.5 There are now no schemes and programmes for 2011/12 within the Strategy (previously “& Climate Change”) portfolio and therefore no requirement for explanations of variances.

## **4. Implications**

- 4.1 The net variance from the final budget, after approvals to carry forward budget of £99,950 from 2011/12 to the next financial year, 2012/13, would result in a reduced use of General Fund reserves of £311,421.
- 4.2 In relation to anticipated requests to carry forward revenue budgets into 2012/13, the decisions made may have a number of implications. A decision not to approve a carry forward request will impact on officers’ ability to deliver the service or scheme in question and this could have staffing, equal opportunities, environmental and/or community safety implications.

## 5. Background papers

These background papers were used in the preparation of this report:

- Closedown Working Files 2011/12
- Directors' Variance Explanations – March 2012
- Capital Monitoring Reports – March 2012
- Budgetary Control Reports to 31 March 2012

## 6. Appendices

- Appendix A - Revenue Budget 2011/12 - Outturn
- Appendix B - Revenue Budget 2011/12 - Major Variances from Final Revenue Budgets
- Appendix C - Revenue Budget 2011/12 - Carry Forward Requests
- Appendix D – Not applicable (Capital Budget 2011/12 – Outturn)

## 7. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

Authors' Names:	John Harvey
Authors' Phone Numbers:	Telephone: 01223 - 458143
Authors' Email:	john.harvey@cambridge.gov.uk

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## Strategy &amp; Climate Change Portfolio / Strategy &amp; Resources Scrutiny Committee

## Revenue Budget 2011/12 - Outturn

Service Grouping	Original Budget £	Final Budget £	Outturn £	Variation Increase / (Decrease) £	Carry Forward Requests - see Appendix C £	Net Variance £
<b>Chief Executive</b>						
Corporate Strategy	474,330	484,510	448,038	(36,472)		(36,472)
Corporate & Democratic Services	2,160,840	2,063,010	2,006,757	(56,253)		(56,253)
<b>Central Services</b>						
Central Provisions and Centrally allocated costs	(1,503,980)	177,050	(88,819)	(265,869)		(265,869)
Pensions - Early Retirements capitalised costs	142,270	234,220	194,599	(39,621)	99,950	60,329
Sustainability City and Grants	188,100	169,530	156,374	(13,156)		(13,156)
<b>Total Strategy Services Net Budget</b>	<b>1,461,560</b>	<b>3,128,320</b>	<b>2,716,949</b>	<b>(411,371)</b>	<b>99,950</b>	<b>(311,421)</b>

Changes between original and final budgets may be made to reflect:

- portfolio and departmental restructuring
- approved budget carry forwards from the previous financial year
- technical adjustments, including changes to the capital accounting regime
- virements approved under the Council's constitution
- additional external revenue funding not originally budgeted for

and are detailed and approved:

- in the June committee cycle (outturn reporting and carry forward requests)
- in September (as part of the Medium Term Strategy (MTS))
- in the January committee cycle (as part of the budget setting report)
- and via technical adjustments/virements throughout the year

## Strategy &amp; Climate Change Portfolio / Strategy &amp; Resources Scrutiny Committee

Revenue Budget 2011/12 - Major Variances  
from Final Revenue Budgets

Service Grouping	Reason for Variance	Amount £	Contact
<b>Central Provisions, Centrally allocated costs and Corporate &amp; Democratic Services</b>	<p>Net effect of variances on centrally allocated costs includes variances on IT underspending on consultancy services and development days £69k, clearing residual balance on various ex City Services rechargeable cost centres (including Streets, Grounds Maintenance) £38k, Legal services (note that charges for Legal Services have been changed from a historic Service Level Agreement to an actual time-recording basis for 2011/12 so, although these charges have been met from Council budgets overall, there may be variances within individual services) and in this case the charges appear as a budget variance of £75k, Corporate Strategy £36k, Net Central overheads &amp; Support Services (recharged from other services) £140k.</p> <p>Customer Service Centre and Other Support Services are reported to Customer Services &amp; Resources.</p>	(358,594)	John Harvey
<b>Pensions - Early Retirements</b>	<p>The underspend is net of £59k in relation to departmental restructuring (so will offset underspends on other services). Of the gross underspend £69,200 is for the capitalised costs for Community Development restructuring which was not required in 2011/12 and, in addition, a £30,750 provision which was met from Human Resources in 2011/12 to fund redundancy / retirement costs arising from restructuring. There is a carry forward request for these provisions which will be required when the restructuring is implemented (anticipated in 2012/13).</p>	(39,621)	John Harvey



## Strategy & Climate Change Portfolio / Strategy & Resources Scrutiny Committee

### Revenue Budget 2011/12 - Carry Forward Requests

Request to Carry Forward Budgets from 2011/12 into 2012/13 and future years

Item		Amount £	Contact
1	<p><b>Director of Customer &amp; Democratic Services</b></p> <p><b>Director of Finance</b></p> <p><b>Pensions - Early Retirements</b></p> <p>Provision for capitalised costs carried forward for Community Development restructuring not required in 2011/12 and, in addition, a £30,750 provision met from Human Resources in 2011/12 to fund redundancy / retirement costs arising from restructuring. Request to carry forward these provisions will be required when the restructuring is implemented (anticipated in 2012/13).</p>	99,950	J Harvey
	<p><b>Total Carry Forward Requests for Strategy &amp; Climate Change Portfolio / Strategy &amp; Resources Scrutiny Committee</b></p>	99,950	



To: Leader: Councillor Tim Bick

Report by: Director of Resources

Relevant scrutiny committee: Strategy & Resources 9 July 2012

## **2011/12 Revenue and Capital Outturn, Carry Forwards and Significant Variances - General Fund - OVERVIEW**

### **Key Decision**

#### **1. Executive summary**

- 1.1 This report presents a summary of the 2011/12 outturn position (actual income and expenditure) for all portfolios, compared to the final budget for the year. The position for revenue and capital is reported and variances from budgets are highlighted. Explanations have been reported to individual Executive Councillors / Scrutiny Committees and are reproduced here.
- 1.2 It should be noted that this report reflects the reporting structure in place prior to the recent changes in Executive reporting responsibilities.
- 1.3 Requests to carry forward funding arising from certain budget underspends into 2012/13 are identified.
- 1.4 The outturn position for Housing Revenue Account (HRA) has been reported to Housing Management Board and the Executive Councillor for Housing on 19 June 2012.

#### **Revenue Outturn**

- 1.5 The 2011/12 final revenue budget for all portfolios is £20,728,840. The final outturn for the year is now £18,588,884 giving an overall under-spend of £2,139,956. Of this total under-spend requests for carrying forward budgets into the next financial year are being sought for £632,970, as detailed in Appendix C.

## **Capital Outturn**

- 1.6 The latest approved capital budget for all portfolios is £27,344,000. Actual expenditure on capital schemes and programmes during 2011/12 is £18,092,000 giving an overall under-spend of £9,252,000. Of this net underspend £8,872,000 is due to net slippage and Council approval is sought to rephase the required capital resources from 2011/12 into 2012/13.

## **2. Recommendations**

The Executive Councillor is recommended:

### **Revenue:**

- a) To agree which of the final carry forward requests, totalling £632,970, as detailed in Appendix C, are to be recommended to Council for approval, subject to the final outturn position.

### **Capital:**

- b) To seek approval from Council to carry forward (net) capital resources to fund re-phased capital spending of £8,872,000 as shown in Appendix D - Overview.

## **3. Background**

### **Revenue Outturn**

- 3.1 The revenue budget for 2011/12, initially approved by Council on 17 February 2011, was considered in the January 2012 Committee cycle and revised as appropriate. The final outturn position for all portfolios, compared to final revenue budget, is presented in detail in Appendix A.
- 3.2 Explanations for the main variances from the final budget for 2011/12 have been reported to appropriate Executive Councillors / Scrutiny Committees and are reproduced as Appendix B.
- 3.3 Appendix C sets out the list of items, for all portfolios, for which approval is sought to carry forward unspent budget from 2011/12 to the next financial year, 2012/13.

- 3.4 A summary of the final revenue outturn position for all portfolios is shown below:

<b>2011/12 General Fund Revenue Summary</b>	<b>£</b>
Original Budget	18,672,260
Adjustments	2,056,580
Final Budget	20,728,840
Outturn	18,588,884
Net Variation / underspend for the year	(2,139,956)
Carry Forward Requests:	632,970
Net Variance and reduced use of General Fund Reserves	(1,506,986)

### **Capital Outturn**

- 3.5 All capital schemes were reviewed in detail in January 2012 and the Capital Plan amended to account for rephasing and anticipated over/underspends on individual schemes.
- 3.6 Appendix D - Overview summarises the final outturn position against 2011/12 final capital budgets. Explanations for the main variances from final budgets for 2011/12 have been reported to appropriate Executive Councillors / Scrutiny Committees and are reproduced as Appendices D (General Fund Detail) and Appendix E (Housing). The net under-spend of £9,252,000 is mainly due to slippage.
- 3.7 The Capital Plan will be updated as necessary to reflect changes in the phasing of capital projects.

### **4. Implications**

- 4.1 The net variance from final revenue budget, after approvals to carry forward £632,970 reserves from the current year into 2012/13 will result in a reduced use of General Fund reserves of £1,506,986.

4.2 In relation to requests to carry forward either revenue or capital budgets into 2012/13 the decisions made may have a number of implications. A decision not to approve a carry forward request will impact on officers' ability to deliver the service or scheme in question and this could have staffing, equal opportunities, environmental and/or community safety implications.

## 5. Background papers

These background papers were used in the preparation of this report:

- Closedown files 2011/12
- Directors variance explanations - March 2012
- Capital Monitoring Report – March 2012
- Budgetary control reports to 31 March 2012

## 6. Appendices

- Appendix A - Revenue Budget 2011/12 - Outturn
- Appendix B - Revenue Budget 2011/12 - Major Variances from Final Revenue Budgets
- Appendix C - Revenue Budget 2011/12 - Carry Forward Requests
- Appendix D - Capital Budget 2011/12 - Outturn – Overview
- Appendix D - Capital Budget 2011/12 - Outturn – Detail (General Fund)
- Appendix E - Capital Budget 2011/12 - Outturn – Detail (HCIP)
- Appendix E - Notes to the Housing Capital Investment Plan (HCIP)

## 7. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

Author's Name: Contact: John Harvey  
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## General Fund Overview / Strategy &amp; Resources Scrutiny Committee

## Revenue Budget - 2011/12 Outturn

Committee	Original Budget £	Final Budget £	Outturn £	Variation Increase / (Decrease) £	Carry Forward Requests - see Appendix C £	Net Variance £
Community Services						
Arts, Sports & Public Places	5,984,240	5,721,870	6,031,447	309,577	<b>59,270</b>	368,847
Community Development and Health	3,687,930	3,794,630	3,736,832	(57,798)	13,180	(44,618)
Housing	2,612,470	2,936,530	2,826,942	(109,588)	128,260	18,672
Total	12,284,640	12,453,030	12,595,221	142,191	200,710	342,901
Environment						
Environmental & Waste Services	7,869,810	8,492,090	8,013,477	(478,613)	76,610	(402,003)
Planning & Sustainable Transport	2,276,370	1,726,490	1,627,398	(99,092)	30,270	(68,822)
Total	10,146,180	10,218,580	9,640,875	(577,705)	106,880	(470,825)
Strategy & Resources						
Customer Services and Resources	(5,220,120)	(5,071,090)	(6,364,161)	(1,293,071)	225,430	(1,067,641)
Strategy & Climate Change	1,461,560	3,128,320	2,716,949	(411,371)	99,950	(311,421)
Total	(3,758,560)	(1,942,770)	(3,647,212)	(1,704,442)	325,380	(1,379,062)
<b>Total Portfolios / Committees</b>	<b>18,672,260</b>	<b>20,728,840</b>	<b>18,588,884</b>	<b>(2,139,956)</b>	<b>632,970</b>	<b>(1,506,986)</b>
Capital Accounting Adjustments	(3,260,880)	(4,565,050)	(4,683,287)	(118,237)		
Capital / Revenue Projects Expenditure Financed from Revenue	3,682,000	4,511,000	2,043,794	(2,467,206)		
Contributions to/(from) Earmarked Reserves	1,427,710	1,619,660	1,815,610	195,950		
Contributions to/(from) Reserves	(3,654,720)	(5,044,370)	(391,626)	4,652,744		
	<b>(1,805,890)</b>	<b>(3,478,760)</b>	<b>(1,215,509)</b>	<b>2,263,251</b>		
<b>Net General Fund Spending</b>	<b>16,866,370</b>	<b>17,250,080</b>	<b>17,373,375</b>	<b>123,295</b>		
<b>Financed by:</b>						
Government Formula Grant	(9,515,100)	(9,515,100)	(9,515,106)	(6)		
Other Government Grants (includes Freeze Grant and New Homes Bonus)	(606,950)	(990,660)	(1,113,952)	(123,292)		
Council Tax	(6,785,900)	(6,785,900)	(6,785,900)	0		
Collection Fund (Surplus)/Deficit	41,580	41,580	41,583	3		
<b>Total Financing</b>	<b>(16,866,370)</b>	<b>(17,250,080)</b>	<b>(17,373,375)</b>	<b>(123,295)</b>		
<b>Net Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		

**General Fund Overview / Strategy & Resources Scrutiny Committee**

**Revenue Budget - 2011/12 Outturn**

Changes between original and final budgets may be made to reflect:

- portfolio and departmental restructuring
- approved budget carry forwards from the previous financial year
- technical adjustments, including changes to the capital accounting regime
- virements approved under the Council's constitution
- additional external revenue funding not originally budgeted for

and are detailed and approved:

- in the June/July committee cycle (outturn reporting and carry forward requests)
- in September (as part of the Medium Term Strategy (MTS))
- in the January committee cycle (as part of the budget setting report)
  
- and via technical adjustments/virements throughout the year

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**Arts, Sport & Public Places Portfolio / Community Services Scrutiny  
Committee**

**Revenue Budget 2011/12 - Major Variances  
from Final Revenue Budgets**

Service Grouping	Reason for Variance	Amount £	Contact
<b>Corn Exchange Technical</b>	<p><b>Arts &amp; Recreation</b></p> <p>A&amp;R restructure has resulted in shortfall of £15,000 in staffing costs in this area. Underachievement of temporary technical staff recharges to events - £18,000 lower than targeted. Utility costs are £5,000 higher than budgeted.</p>	36,833	Steve Bagnall
<b>Corn Exchange Administration</b>	Restructuring costs - consultancy and legal.	60,163	Steve Bagnall
<b>Corn Exchange Front of House</b>	Overachievement of temporary staff recharges to events.	(20,638)	Steve Bagnall
<b>Box Office</b>	£18,000 overspend on temporary staff following implementation of A&R restructure. Online booking has significantly overachieved whilst payment by other payments has declined.	21,777	Neil Jones
	<p><b>Streets &amp; Open Spaces</b></p>		
<b>Arboriculture</b>	Temporary staff costs during a period of absence	22,463	Alistair Wilson
<b>Environmental Projects</b>	Will be funded by managed underspend in other areas of Streets and Open Spaces	99,338	Andy Preston
<b>Grants - Leisure</b>	<p><b>Community Development</b></p> <p>Variance due to an underspend on Area Committee grants.</p>	(22,012)	Jackie Hanson



## Community Development and Health Portfolio / Community Services Scrutiny Committee

### Revenue Budget 2011/12 Major Variances from Final Revenue Budgets

Service Grouping	Reason for Variance	Amount £	Contact
Community Centres	<p><b>Customer &amp; Community Services - Community Development</b></p> <p>Various small variances over the ten community facility cost centres.</p>	(27,536)	T Woollams
Grants	<p>Grants budget held pending final outcome from the ChYpPS review and approval of new Youth Officer post. Request to carry forward of £13,180 from Community Development Youth Work fund for the purpose of funding for the newly appointed youth officer post to generate projects in local areas. Base budget for 2012/13 will be available through area committees grants.</p>	(19,081)	J Hanson
Bereavement Services Central Costs	<p><b>Customer &amp; Community Services - Bereavement Services</b></p> <p>Charges for Legal Services have been changed from a historic Service Level Agreement to an actual time-recording basis for 2011/12 so, although these charges have been met from Council budgets overall, there may be variances within individual services and in this case the charges appear as a budget variance of £20k which accounts for the major variance on this service.</p>	25,293	T Lawrence
CCTV	<p><b>Environment - CCTV</b></p> <p>Savings as a result of our new maintenance contract, proposed renegotiation of our cleaning contract, late bills on purchases and communications.</p>	(15,297)	M Beaumont
Community Safety	<p><b>Customer &amp; Community Services - Housing General Fund</b></p> <p>There is a net underspend in grants money in the year. There is no request to carry this forward.</p>	(16,586)	L Kilkelly
	Other minor variances	(4,591)	
	<b>Total</b>	<b>(57,798)</b>	

## Housing Portfolio / Community Services Scrutiny Committee

### Revenue Budget 2011/12 - Major Variances from Final Revenue Budgets

Service Grouping	Reason for Variance	Amount £	Contact
<b>Customer &amp; Community Services - Housing Strategy, Development, Housing Aid / Needs, Private Sector Housing and Miscellaneous Housing</b>			
CLG Homelessness Grant	Underspending in DCLG Homelessness Grant for 2011/12, with some further expenditure committed, but not realised in respect of meeting identified priorities in homelessness prevention and support. The DCLG grant totalled £575,470 for 2011/12 and is part of a 4 year settlement for the spending review period. Local authorities are free to carry over underspent sums between financial years. A carry forward of this external grant balance is requested to allow use of the monies in line with DCLG expectations and existing commitments in respect of homelessness prevention work and support activity to be fully met.	(100,447)	D Greening
Home Aid	Underspending in 2011/12 was predominantly associated with the creation of a Shared HIA Service with South Cambridgeshire and Huntingdonshire District Councils. Fee income was over-achieved as fees were claimed on all work in progress by each authority before transfer of services. Not all of the costs of restructure have been fully met, with the need to carry forward £20,000, identified to meet redundancy costs, into 2012/13 when the cost will be incurred.	(67,896)	D Irving
Strategic Housing Overheads	Overhead costs were greater than anticipated as the charges for Legal Services have been changed from a historic Service Level Agreement to an actual time-recording basis for 2011/12 so, although these charges have been met from Council budgets overall, there may be variances within individual services and in this case the charges appear as a budget variance of £51,670. This is partially offset by underspending in other general overheads.	46,157	A Carter
Homelessness Costs	Spending on bed and breakfast provision was higher than anticipated in 2011/12, despite the introduction of alternative provision using our own housing stock. Spending at the higher level was due to a marked increase in people presenting as homeless.	23,938	D Greening
Minor Variations		7,261	
<b>Total</b>		<b>(90,987)</b>	
<b>Environment - Refuse and Environment</b>			
Minor Variations		(18,601)	
<b>Total</b>		<b>(18,601)</b>	
<b>Total for Housing Portfolio / Community Services Scrutiny Committee</b>		<b>(109,588)</b>	

**Environmental & Waste Services Portfolio / Environment Scrutiny  
Committee**

**Revenue Budget 2011/12 - Major Variances  
from Final Revenue Budgets**

Cost Centre	Reason for Variance	Amount £	Contact
	<b>Environment - Environmental Services</b>		
Scientific Team	The underspend is due to the delay of the appointment of a new air quality equipment maintenance contractor. The negotiations were lengthy resulting in a period when we were not under contract and thus payments were not made resulting in an underspend of £11.6k. There were other minor variances of £8.8k.	(20,371)	J Dicks
Food and Occupational Safety	There has been a delay in spending the budget of £16,000 for the public health agenda. It is requested that this budget is carried forward to 2012/13. There are also minor underspends of £9,443.	(25,443)	F Harrison
	<b>Environment - Streets and Open Spaces</b>		
Rangers	Underspend in salaries due to vacant posts in restructure	(45,810)	Y Collins
Public Realm Enforcement	Underspend in salaries due to vacant posts in restructure	(54,706)	Y Collins
Street Cleansing	Underspend in salaries due to vacant posts in restructure	(67,016)	B Carter
	<b>Environment - Waste &amp; Recycling</b>		
Trade Refuse	Reduced expenditure due to vacant posts in advance of route optimisation project, reduced landfill costs due to increased recycling, the reduction in bin purchases due to an increase in refurbishment work plus additional income due to success of University of Cambridge waste and recycling contract has resulted in this underspend.	(150,994)	C Hipwood
Recycling Strategy	The underspend is partly due to additional income of £31.8k plus the underspend of the Waste Analysis and Campaign to promote recycling budgets of £36,610. A request for the carry forward of these budgets is included in appendix C.	(64,072)	R Weymouth-Wood
	<b>Environment - Central Support &amp; Overheads</b>		
Recharges - Refuse & Environment	The underspend is due to the recharge of expenditure from this budget to the taxis and private hire cost centres.	(21,743)	J Lally
Recharges - Streets & Open Spaces	Charges for Legal Services have been changed from a historic Service Level Agreement to an actual time-recording basis for 2011/12 so, although these charges have been met from Council budgets overall, there may be variances within individual services and in this case the charges appear as a budget variance of £58,700.	58,660	T Ainley
	<b>Environment - Central Support &amp; Overheads</b>		
Refuse & Environment Operational Support	In previous years IT budgets were split over different services within Refuse and Environment. Due to the amalgamation of these budgets an overall underspend of £26.7k is now shown within this cost centre. The overall budget is greater than is required and as a result will be reviewed as part of the revised budget. There is also an underspend on staff recruitment budgets of £12.6k and minor overspend variances of £5.2k	(34,177)	J Lally

## Planning & Sustainable Transport / Environment Scrutiny Committee

### Revenue Budget 2011/12 - Major Variances from Final Revenue Budgets

Service Grouping	Reason for Variance	Amount £	Contact
Car Parks	<p><b>Environment - Parking Services</b></p> <p>Parking Services were almost within target for 2011/12 with a net overall underachievement of £21,434. Income was impacted by the general downturn and also adversely affected particularly by the road works during March in East Road (Grafton East), Parkside closure for refurbishment and loss of the ice skating rink (Queen Anne Terrace). This was offset to a large degree by increased income arising from changes in the County parking arrangements and charges at Castle Hill Car Park, whilst generally containing expenditure within planned budgets.</p> <p>Note that charges for Legal Services have been changed from a historic Service Level Agreement to an actual time-recording basis for 2011/12 so, although these charges have been met from Council budgets overall, there may be variances within individual services and in this case the charges appear as a budget variance of £20,400.</p>	41,834	Paul Necus
Recharges - Head of Planning	<p><b>Environment - Planning</b></p> <p>Note that charges for Legal Services have been changed from a historic Service Level Agreement to an actual time-recording basis for 2011/12 so, although these charges have been met from Council budgets overall, there may be variances within individual services and in this case the charges appear as a budget variance of £60,320.</p>	(60,320)	Patsy Dell

## Planning & Sustainable Transport / Environment Scrutiny Committee

### Revenue Budget 2011/12 - Major Variances from Final Revenue Budgets

Service Grouping	Reason for Variance	Amount £	Contact
Building Control - Fee Earning	<p>The Building (Local Authority Charges) Regulations 2010 state that where there are no surpluses held in the Building Control earmarked reserve to fund an in-year deficit, this must be met from General Fund reserves and 'replenished' the following year. Therefore the 2011/12 surplus offsets the deficit made in 2010/11. Fee income was within 1% of the budget forecast. Variance due to underspend on salaries &amp; employee costs (vacancy of 0.3 FTE) consultant fees, publicity, office supplies and IT services.</p>	(40,409)	Patsy Dell
Building Control - Other	<p>Due to underspend on salary and employee costs, consultant costs, office supplies and IT services. Income was also greater than forecast due to higher than expected income from new Street Name and Numbering Charges and receipt of legal costs following successful prosecution in 2011.</p>	(44,063)	Patsy Dell

## Planning & Sustainable Transport / Environment Scrutiny Committee

### Revenue Budget 2011/12 - Major Variances from Final Revenue Budgets

Service Grouping	Reason for Variance	Amount £	Contact
City Development	<p>Variance partly due to underspends on employee costs, as the Principal Enforcement Officer post remained vacant and new vacancies have arisen. Temporary staff and recruitment costs have exceeded budgets, because it has proven difficult to recruit to vacant posts, despite the buoyant job market. Savings due to vacancies in the Business and Information Services team (BIS) have resulted in a reduced recharge of nearly £35k. Note that charges for Legal Services have been changed from a historic Service Level Agreement to an actual time-recording basis for 2011/12 so, although these charges have been met from Council budgets overall, there may be variances within individual services and in this case the charges appear as a budget variance of £40.5k.</p>	(110,281)	Patsy Dell
New Neighbourhoods	<p>Under-achievement against fee income projections mainly due to delayed submission of three large reserved matters applications for Clay Farm (x2) and Bell School (due to appeal). However, these will still be submitted during early-mid 2012/13.</p>	176,939	Patsy Dell
Urban Design & Conservation	<p>Underspend mainly due to delays in completion of the Pro-Active Conservation programme. A request to carry forward the unspent budget is included in Appendix C.</p>	(27,899)	Patsy Dell

**Customer Services & Resources Portfolio /  
Strategy & Resources Scrutiny Committee**

**Revenue Budget 2011/12 - Major Variances  
from Final Revenue Budgets**

Service Grouping	Reason for Variance	Amount £	Contact
<b>Resources</b> Finance - General	This variance is made up as follows: £25,139 reduction in the contribution required for sundry debtor bad debt provision; £25,401 reduction in bank, giro and credit card charges compared with budget; £46,021 net overspend in relation to legal costs primarily in connection with The Belvadere S106 action; £365,317 reduction in the impairment previously provided for in respect Icelandic Bank deposits (reflecting the latest Local Authority Account panel guidance on the timing of repayments and an anticipated 100% recovery of deposits with Landsbanki islands hf). The remaining variance, £160,622 reflects additional income earned on investments as a consequence of higher levels of investment during the year and slightly higher interest levels achieved in the latter part of the year.	(530,458)	Julia Minns
General Properties and Grand Arcade	The underspend is mainly due to the receipt of backdated rental income following the completion of rent reviews and audits during the final quarter of the 2011/12 financial year. Note that charges for Legal Services have been changed from a historic Service Level Agreement to an actual time-recording basis for 2011/12 so, although these charges have been met from Council budgets overall, there may be variances within individual services and in this case the charges appear as a budget variance of (£63,670).	(239,200)	Phil Doggett
Land Charges and Searches	The variance is mainly due to over achievement of Land Charges fee income, which fluctuates with property market activity.	(24,529)	Simon Pugh
<b>Customer and Community</b> Customer Access Strategy	Payment protection continues into 2012/13 and final redundancies not yet agreed. Balance to be carried forward as agreed by Council 22.7.10: item 10/41/CNLa.	(112,986)	Jonathan James
Revenue and Benefit Services	The main variances are due to minor net subsidy differences of (£111,431) within overall expenditure of £41.4 million, unspent Homelessness Prevention Funding of (£44,440) for which a carry forward of budget is requested (see Appendix C), higher than forecast recovery of benefit overpayments from claimants no longer claiming benefits (£36,882) and higher than forecast Court costs recovered of (£70,742) - £252,252 collected against forecast of £181,510 (a one-off increase of £70,742).	(297,660)	Alison Cole

**Customer Services & Resources Portfolio /  
Strategy & Resources Scrutiny Committee**

**Revenue Budget 2011/12 - Major Variances  
from Final Revenue Budgets**

<b>Service Grouping</b>	<b>Reason for Variance</b>	<b>Amount £</b>	<b>Contact</b>
<b>Environment</b> Markets	Variance due to an overachievement in income of £5.7k and an underspend on a variety of revenue codes; including cleaning costs where wash downs of the market have not been undertaken due to bad weather or staff shortages and savings on electricity costs as the Council has agreed a more competitive tariff.	(22,754)	Emma Thornton
<b>Support Services</b> Accountancy and Support Services	This variance relates to a net underspending on employee budgets as a result of not covering for staff vacancies / reduced working hours and an underspending of the recruitment budget.	(23,468)	Julia Minns
Human Resources	The HR service underspend includes the balance of a corporate budget earmarked to support organisational change and there is a request to carry forward the balance of £68k to complete the programme. The remaining £67k arose mainly due to vacant posts and holding open posts that were subject to restructuring. Earlier implementation of the restructuring resulted in £28k of the £100k anticipated savings being delivered ahead of schedule.	(130,575)	Deborah Simpson
IT	The variance is mainly due to minor underspends on IT Contract costs.	(24,177)	James Nightingale
Property and Building Services	The main variance relates to an over achievement of rental income.	(43,470)	Jim Stocker



## Strategy &amp; Climate Change Portfolio / Strategy &amp; Resources Scrutiny Committee

Revenue Budget 2011/12 - Major Variances  
from Final Revenue Budgets

Service Grouping	Reason for Variance	Amount £	Contact
<b>Central Provisions, Centrally allocated costs and Corporate &amp; Democratic Services</b>	<p>Net effect of variances on centrally allocated costs includes variances on IT underspending on consultancy services and development days £69k, clearing residual balance on various ex City Services rechargeable cost centres (including Streets, Grounds Maintenance) £38k, Legal services (note that charges for Legal Services have been changed from a historic Service Level Agreement to an actual time-recording basis for 2011/12 so, although these charges have been met from Council budgets overall, there may be variances within individual services) and in this case the charges appear as a budget variance of £75k, Corporate Strategy £36k, Net Central overheads &amp; Support Services (recharged from other services) £140k.</p> <p>Customer Service Centre and Other Support Services are reported to Customer Services &amp; Resources.</p>	(358,594)	John Harvey
<b>Pensions - Early Retirements</b>	<p>The underspend is net of £59k in relation to departmental restructuring (so will offset underspends on other services). Of the gross underspend £69,200 is for the capitalised costs for Community Development restructuring which was not required in 2011/12 and, in addition, a £30,750 provision which was met from Human Resources in 2011/12 to fund redundancy / retirement costs arising from restructuring. There is a carry forward request for these provisions which will be required when the restructuring is implemented (anticipated in 2012/13).</p>	(39,621)	John Harvey

## Arts, Sport & Public Places Portfolio / Community Services Scrutiny Committee

### Revenue Budget 2011/12 - Carry Forward Requests

#### Request to Carry Forward Budgets from 2011/12 into 2012/13

Item		Request £	Contact
1	<p><b>Streets &amp; Open Spaces - River Frontage Management</b></p> <p>Business Rates are yet to be assessed on the City's moorings</p>	12,130	Alistair Wilson
2	<p><b>Streets &amp; Open Spaces - Arboriculture</b></p> <p>Tree programme funds unspent</p>	25,100	Alistair Wilson
3	<p><b>Arts &amp; Recreation - Leisure Contract - Client costs</b></p> <p>Balance of PPF funds for consultancy support during the Leisure Contract tender</p>	11,250	Ian Ross
4	<p><b>Arts &amp; Recreation - Arts &amp; Events</b></p> <p>Sponsorship for November 5 Fireworks carried over from 2011 display at sponsors request.</p>	7,290	Elaine Midgley
5	<p><b>Community Development - Grants</b></p> <p>Leisure Youth Work Grants unspent to fund a youth officer post to generate projects in local areas</p>	3,500	Trevor Woollams
<p><b>Total Carry Forward Requests for Arts &amp; Recreation Portfolio / Community Services Scrutiny Committee</b></p>		<b>59,270</b>	

## Community Development and Health Portfolio / Community Services Scrutiny Committee

### Revenue Budget 2011/12 - Carry Forward Requests

Request to Carry Forward Budgets from 2011/12 into 2012/13 and future years

Item		Request £	Contact
1	<p><b>Customer &amp; Community Services - Community Development</b> Grants budget held pending final outcome from the ChYpPS review and approval of new Youth Officer post. Request to carry forward of £13,180 from Community Development Youth Work fund for the purpose of funding for the newly appointed youth officer post to generate projects in local areas. Base budget for 2012/13 will be available through area committees grants.</p>	13,180	T Woollams
2	<p><b>Environment - Bereavement Services</b>  No carry forwards requested</p>		T Lawrence
3	<p><b>Environment - CCTV</b>  No carry forwards requested</p>		M Beaumont
4	<p><b>Customer &amp; Community Services - Housing Strategy</b>  No carry forwards requested</p>		L Kilkelly
5	<p><b>Environment - Streets and Open Spaces</b>  No carry forwards requested</p>		
	<p><b>Total Carry Forward Requests for Community Development Portfolio / Community Services Scrutiny Committee</b></p>	<b>13,180</b>	

## Housing Portfolio / Community Services Scrutiny Committee

### Revenue Budget 2011/12 - Carry Forward Requests

Request to Carry Forward Budgets from 2011/12 into 2012/13 and future years

Item		Request £	Contact
	<b>Director of Customer &amp; Community Services</b>		
1	CLG Homelessness Grant - A carry forward of this external grant balance is requested to allow existing commitments in respect of homelessness prevention work and support activity to be fully met. This grant is no longer ring-fenced, but local authorities are strongly encouraged to utilise the resource for the purpose it was awarded.	100,440	D Greening
2	Following the creation of a new Shared HIA Service with South Cambridgeshire and Huntingdonshire District Councils, a resulting restructure will incur redundancy costs, which will not now be realised until early in 2012/13.	20,000	A Carter
	<b>Director of Environment</b>		
3	A carry forward of the underspend of the Housing Management Orders budget to 2011/12 is requested in order to carry out CPO work, if necessary, next year.	7,820	R Lord
	<b>Total Carry Forward Requests for Housing Portfolio / Community Services Scrutiny Committee</b>	<b>128,260</b>	

## Environmental & Waste Services Portfolio / Environment Scrutiny Committee

### Revenue Budget 2011/12 - Carry Forward Requests

Request to Carry Forward Budgets from 2011/12 into 2012/13

Item		Final Request £	Contact
	<b>Director of Environment</b>		
1	Food and Occupational Safety - The Health Improvement Strategy is to accommodate the council's foreseeable requirements when the legal responsibilities for public health are transferred from the Health Protection Agency to us. Although this transition has been in the public domain for sometime, the details of the movement or when it will finally occur is not yet known. It is requested that this budget is carried forward to 2012/13	16,000	F Harrison
2	Recycling Strategy - The waste analysis and door-knocking project work began in March 2012 but will not be completed until September 2012. Therefore a carry forward of the balance of the budget to 2012/13 is requested.	36,610	J Robertson
3	Head of Streets and Open Spaces - Planned training did not take place in 2011/12 due to continuing restructure issues. Training will take place in 2012/13 and therefore a carry forward of this budget is requested.	24,000	T Ainley
	<b>Total Carry Forward Requests for Environmental &amp; Waste Services Portfolio / Environment Scrutiny Committee</b>	<b>76,610</b>	

## Environmental & Waste Services Portfolio / Environment Scrutiny Committee

### Revenue Budget 2011/12 - Carry Forward Requests

Request to Carry Forward Budgets from 2011/12 into 2012/13

Item		Final Request £	Contact
	<b>Director of Environment</b>		
1	Food and Occupational Safety - The Health Improvement Strategy is to accommodate the council's foreseeable requirements when the legal responsibilities for public health are transferred from the Health Protection Agency to us. Although this transition has been in the public domain for sometime, the details of the movement or when it will finally occur is not yet known. It is requested that this budget is carried forward to 2012/13	16,000	F Harrison
2	Recycling Strategy - The waste analysis and door-knocking project work began in March 2012 but will not be completed until September 2012. Therefore a carry forward of the balance of the budget to 2012/13 is requested.	36,610	J Robertson
3	Head of Streets and Open Spaces - Planned training did not take place in 2011/12 due to continuing restructure issues. Training will take place in 2012/13 and therefore a carry forward of this budget is requested.	24,000	T Ainley
	<b>Total Carry Forward Requests for Environmental &amp; Waste Services Portfolio / Environment Scrutiny Committee</b>	<b>76,610</b>	

## Planning & Sustainable Transport / Environment Scrutiny Committee

### Revenue Budget 2011/12 - Carry Forward Requests

Request to Carry Forward Budgets from 2011/12 into 2012/13 and future years

Item		Final Request £	Contact
1	<p><b>Director of Environment</b></p> <p>Pro-Active Conservation -To complete the remaining priorities of the work programme as at agreed at Environment Scrutiny Committee in March 2012 ref 12/123/ENV (improved use of IT for cataloguing Listed Building information, Conservation Area reviews, wall painting signage)</p>	30,270	Patsy Dell
<p><b>Total Carry Forward Requests for Planning &amp; Sustainable Transport Portfolio / Environment Scrutiny Committee</b></p>		30,270	

**Customer Services & Resources Portfolio /  
Strategy & Resources Scrutiny Committee**

**Revenue Budget 2011/12 - Carry Forward Requests**

Request to Carry Forward Budgets from 2011/12 into 2012/13 and future years

Item	Reason for carry forward request	Carry Forward Requests £	Contact
1	<p><b>Customer Access Strategy</b> To meet the remaining estimated costs of redundancy, pay protection and early retirement (approved by Council on 22.7.10).</p>	112,990	Jonathan James
2	<p><b>Revenue and Benefit Services</b> Request to carry forward unspent Homelessness Prevention funding of £44,440.</p> <p>After the Budget announcement about Discretionary Housing Payment (DHP) funding, the Government announced some transitional protection measures to mitigate the effects of the Housing Benefit reforms. This, in turn, has led to less demand for DHPs in 2011/12 than originally envisaged and more demand in 2012/13.</p> <p>The DWP accepts that, in these circumstances, there is a case for carry-over from 2011/12 to 2012/13.</p>	44,440	Alison Cole
3	<p><b>Human Resources</b> The HR service underspend includes the balance of a corporate budget earmarked to support organisational change and there is a request to carry forward the balance of £68k to complete the programme.</p>	68,000	Deborah Simpson
	<b>Total Carry Forward Requests for Customer Services &amp; Resources Portfolio</b>	<b>225,430</b>	



## Strategy & Climate Change Portfolio / Strategy & Resources Scrutiny Committee

### Revenue Budget 2011/12 - Carry Forward Requests

Request to Carry Forward Budgets from 2011/12 into 2012/13 and future years

Item		Amount £	Contact
1	<p><b>Director of Customer &amp; Democratic Services</b></p> <p><b>Director of Finance</b></p> <p><b>Pensions - Early Retirements</b></p> <p>Provision for capitalised costs carried forward for Community Development restructuring not required in 2011/12 and, in addition, a £30,750 provision met from Human Resources in 2011/12 to fund redundancy / retirement costs arising from restructuring. Request to carry forward these provisions will be required when the restructuring is implemented (anticipated in 2012/13).</p>	99,950	J Harvey
	<p><b>Total Carry Forward Requests for Strategy &amp; Climate Change Portfolio / Strategy &amp; Resources Scrutiny Committee</b></p>	<b>99,950</b>	

**Overview (Committees and Housing Capital Investment Plan) /  
Strategy & Resources Scrutiny Committee**

**Capital Budget 2011/12 - Outturn**

<b>Committee</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Outturn</b>	<b>Variance</b>	<b>Rephase</b>	<b>Over / (Under) Spend</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Community Services:</b>						
Arts, Sports & Public Places	3,419	2,585	1,905	(680)	708	28
Community Development and Health	2,396	2,596	2,198	(398)	156	(242)
Housing	515	72	72	0		0
<b>Total Community Services</b>	<b>6,330</b>	<b>5,253</b>	<b>4,175</b>	<b>(1,078)</b>	<b>864</b>	<b>(214)</b>
<b>Environment:</b>						
Environmental & Waste Services	1,157	634	151	(483)	469	(14)
Planning & Sustainable Transport	1,468	448	332	(116)	135	19
<b>Total Environment</b>	<b>2,625</b>	<b>1,082</b>	<b>483</b>	<b>(599)</b>	<b>604</b>	<b>5</b>
<b>Strategy &amp; Resources:</b>						
Customer Services & Resources	2,581	1,688	690	(998)	958	(40)
Strategy & Climate Change	224	0	0	0	0	0
<b>Total Strategy &amp; Resources</b>	<b>2,805</b>	<b>1,688</b>	<b>690</b>	<b>(998)</b>	<b>958</b>	<b>(40)</b>
<b>Total Committees</b>	<b>11,760</b>	<b>8,023</b>	<b>5,348</b>	<b>(2,675)</b>	<b>2,426</b>	<b>(249)</b>
Housing Revenue Account (HRA)	10,953	15,764	10,347	(5,417)	5,372	(45)
Housing General Fund	2,977	3,557	2,397	(1,160)	1,074	(86)
<b>Total for Housing Capital Investment Programme</b>	<b>13,930</b>	<b>19,321</b>	<b>12,744</b>	<b>(6,577)</b>	<b>6,446</b>	<b>(131)</b>
<b>Total Capital Plan</b>	<b>25,690</b>	<b>27,344</b>	<b>18,092</b>	<b>(9,252)</b>	<b>8,872</b>	<b>(380)</b>

Changes between original and final budgets may be made to reflect:

- rephased capital spend from the previous financial year
- rephased capital spend into future financial periods
- approval of new capital programmes and projects

and are detailed and approved:

- in the June committee cycle (outturn reporting and carry forward requests)
- in September (as part of the Medium Term Strategy (MTS))
- in the January committee cycle (as part of the budget setting report)

The above figures exclude:

- schemes transferred to the Hold List in the Budget Setting Report 2012/13
- schemes devolved to Area Committees in the Budget Setting Report 2012/13

## Arts, Sport &amp; Public Places Portfolio / Community Services Scrutiny Committee

## Capital Budget 2011/12 - Outturn

Capital Ref	Description	Lead Officer	Original Budget £000	Final Budget £000	Outturn £000	Variance - Outturn compared to Final Budget £000	Re-phase Spend £000	Over / (Under) Spend £000	Variance Explanation / Comments
<b>Customer &amp; Community</b>									
SC072	Poster Boards	N Jones	0	4	3	(1)	1	0	Final element to be completed 2012/13
SC210	Hard Surface Cherry Hinton Hall Car Park	I Ross	4	0	0	0	0	0	Project complete
SC282	Kettle's Yard	D Kaye	40	0	0	0	0	0	Budget rephased to 2012/13 at January 2012 committee.
SC348	Allotment Improvements (S106)	A Wilson	17	0	0	0	0	0	Budget rephased to 2012/13 at January 2012 committee.
SC350	Improvements to pump out facility at Jesus green	I Ross	4	0	0	0	0	0	Project complete
SC396	Ravenworth Gardens - Remedial & Improvement Work	D Kaye	25	0	0	0	0	0	Budget rephased to 2012/13 at January 2012 committee.
SC405	Improvements to play areas & open space at land behind St Matthews Street (S106)	I Ross	61	3	3	0	0	0	Project complete
SC434	Floodlit Astro turf - Chesterton Community College and Netherhall School (S106)	I Ross	200	200	200	0	0	0	Project complete
SC436	Pye's Pitch Rec Facilities (S106)	I Ross	0	45	0	(45)	45	0	Works continuing pending meeting with Environment Agency to conclude
SC441	Sheeps Green Canoe Clubhouse Extension (S106)	I Ross	195	175	201	26	0	26	Project complete subject to contract retentions
SC452	Climbing Wall at Kelsey Kerridge Sports Centre (S106)	I Ross	90	52	52	0	0	0	Project complete
SC460	Kings Hedges Learners Pool Electricity	I Ross	25	0	0	0	0	0	Budget rephased to 2012/13 at January 2012 committee.
SC461	Jesus Green Skatepark Upgrade (S106)	I Ross	65	60	61	1	0	1	Project complete subject to contract retentions
SC469	Vie Public Open Space (S106)	I Ross	0	114	89	(25)	25	0	Project almost complete subject to contract retentions
SC471	Parkside Changing Rooms	D Kaye	350	390	392	2	0	2	Project complete subject to contract retentions
SC474	Cherry Hinton Hall Grounds Improvements - Phase 1 (S106)	A Wilson	5	0	35	35	(35)	0	Project started ahead of schedule
SC476	Water Play Area Abbey Paddling Pool (S106)	I Ross	125	75	0	(75)	75	0	Pending further allocations of available S106 funding Project planned for Winter 2012 / Spring 2013
SC477	Coleridge Paddling Pool Enhancement (S106)	I Ross	85	50	0	(50)	50	0	Pending further allocations of available S106 funding Project planned for Winter 2012 / Spring 2013
SC478	Water Play Area Kings Hedges "Pulley" (S106)	I Ross	125	50	0	(50)	50	0	Pending further allocations of available S106 funding Project planned for Winter 2012 / Spring 2013
SC512	Hobbs Pavilion Refurbishment (S106)	I Ross	158	100	0	(100)	100	0	Procurement complete - contract awarded - Works to start September 2012 after cricket season concludes.
SC518	Corn Exchange Lighting Improvement	D Kaye	0	25	25	0	0	0	Project complete
-	Small Projects (under £15k) (S106)	I Ross	0	0	7	7	(7)	0	Section 106 funds to be allocated
<b>Environment</b>									
SC215	Christ's Piece - Trees/Landscaping (S106)	A French	9	6	6	0	0	0	Project complete
SC234	Histon Road Cemetery Landscaping (S106)	A Wilson	0	5	0	(5)	5	0	Projects to be identified
SC347	Histon Road - Refurbishment of play area (S106)	A Preston	12	0	0	0	0	0	Project complete
SC410	Mill Road Cemetery	A Wilson	35	27	2	(25)	25	0	Links with SC432. Benches ordered, path works to be completed and website updates progressing

## Arts, Sport &amp; Public Places Portfolio / Community Services Scrutiny Committee

## Capital Budget 2011/12 - Outturn

Capital Ref	Description	Lead Officer	Original Budget £000	Final Budget £000	Outturn £000	Variance - Outturn compared to Final Budget £000	Re-phase Spend £000	Over / (Under) Spend £000	Variance Explanation / Comments
SC432	Mill Road Cemetery Memorial Artwork (S106)	A Preston	62	6	4	(2)	2	0	Continuous issues being experienced with the Faculty Application to the DAC which are causing significant delays to the delivery of this project which are outside our control.
SC433	Snowy Farr Memorial Artwork (S106)	A Preston	70	24	23	(1)	1	0	Planning approval now granted. Fabrication of the artwork is now complete installation planned in July.
SC435	Biodiversity Projects Year 2&3	G Belcher	0	0	(1)	(1)	0	(1)	Project complete
SC454	Logans Meadow Swift Tower (S106)	G Belcher	0	31	31	0	0	0	Project complete
SC456	Coldhams Common LNR Extension (S106)	G Belcher	46	0	0	0	0	0	Budget rephased to 2012/13 at January 2012 committee.
SC479	Abbey Pool Play Area Facilities (S106)	A Preston	110	0	1	1	(1)	0	Work undertaken by the Project Delivery team in advance of project
SC492	Jesus Green Play Area (S106)	A Preston	175	0	1	1	(1)	0	Specific S106 contributions yet to be received from CB1 development. Were due in January 2012. Invoice currently being contested by developer. Potential to use S106 from NIAB instead to be investigated. ESPO call off play contract will be advertised from 18th May 2012.
SC493	Jesus Green Tennis Court (S106)	A Preston	90	1	8	7	(7)	0	Project on programme to be complete by the end of May.
SC494	Kings Hedges "Pulley" Play Area (S106)	A Preston	73	0	1	1	(1)	0	Specific S106 contributions yet to be received from NIAB development. Were expected to be due in March 2012. Invoice was issued on 3rd May 2012.
SC496	Petersfield Play Area (S106)	A Preston	76	0	1	1	(1)	0	ESPO Play contract to be advertised from 18th May 2012.
SC497	Pevalar Road Play Area (S106)	A Preston	85	0	1	1	(1)	0	ESPO Play contract to be advertised from 18th May 2012.
SC499	Outdoor Fitness Equipment in Parks (S106)	A Preston	120	0	0	0	0	0	Budget rephased to 2012/13 at January 2012 committee.
SC500	Trumpington Rec Outdoor Space (S106)	A Preston	46	0	1	1	(1)	0	Capitalised costs of project delivery team
SC519	Wulfstan Way Art Project (S106)	N Black	0	0	2	2	(2)	0	Project on programme for completion by the end of the Summer.
SC520	Community Olympic Public Art Commission (S106)	N Black	0	0	23	23	(23)	0	Project on programme and within budget.
SC521	Creation of New Allotment Site	A Wilson	0	0	1	1	(1)	0	Capitalised costs of project delivery team
SC544	Coleridge Recreation Ground Improvements (S106)	A Wilson	281	0	0	0	0	0	Budget rephased to 2012/13 at January 2012 committee.
PR010	Environmental Improvements Programme	D Foley-Norman	200	0	0	0	0	0	Budget now allocated to Area Committees
PR010a	Environmental Improvements Programme - North Area	D Foley-Norman	49	86	66	(20)	20	0	
PR010b	Environmental Improvements Programme - South Area	D Foley-Norman	83	113	1	(112)	112	0	Due to the transfer to a new capital programme, the adoption process for new schemes was not complete until half way through the programme year. As such the completion of all schemes has not been possible before the end of the year. It is envisaged that the outstanding projects will be complete by the end of the Summer.
PR010c	Environmental Improvements Programme - West/Central Area	D Foley-Norman	85	125	18	(107)	107	0	

## Arts, Sport &amp; Public Places Portfolio / Community Services Scrutiny Committee

## Capital Budget 2011/12 - Outturn

Capital Ref	Description	Lead Officer	Original Budget £000	Final Budget £000	Outturn £000	Variance - Outturn compared to Final Budget £000	Re-phase Spend £000	Over / (Under) Spend £000	Variance Explanation / Comments
PR010d	Environmental Improvements Programme - East Area	D Foley-Norman	97	267	208	(59)	59	0	
PR010di	Environmental Improvements Programme - Riverside/Abbey Road Junction	D Foley-Norman	0	307	282	(25)	25	0	Project complete
PR010j	Environmental Improvements Programme - Fitzroy/Burleigh Street	D Foley-Norman	0	87	0	(87)	87	0	Remaining tree planting and replacement work is due to start imminently along with the remaining highway maintenance work by the County.
PR010k	Environmental Improvements Programme - Wulfstan Way Local Centre (S106)	A Preston	41	157	157	0	0	0	Project complete
<b>Total for Arts &amp; Recreation Portfolio</b>			<b>3,419</b>	<b>2,585</b>	<b>1,905</b>	<b>(680)</b>	<b>708</b>	<b>28</b>	

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- approval of new capital programmes and projects

and are detailed and approved:

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- in September (as part of the Medium Term Strategy (MTS))
- in the January committee cycle (as part of the budget setting report)

The above figures exclude:

- schemes transferred to the Hold List in the Budget Setting Report 2012/13
- schemes devolved to Area Committees in the Budget Setting Report 2012/13

## Community Development &amp; Health Portfolio / Community Services Scrutiny Committee

## Capital Budget 2011/12 - Outturn

Capital Ref	Description	Lead Officer	Original Budget £000	Final Budget £000	Outturn £000	Variance - Outturn compared to Final Budget £000	Re-phase Spend £000	Over / (Under) Spend £000	Variance Explanation / Comments
<b>Customer &amp; Community Services - Community Development</b>									
SC283	City Centre Youth Venue (S106)	T Woollams	100	0	0	0	0	0	
SC385	Energy Efficiency Programme - Meadows	T Woollams	0	6	5	(1)	1	0	Project ongoing. Remaining £1k to be rephased to 2012/13
SC440	King George Vth Rec Ground Pavilion Redevelopment - Consolidated Scheme (S106)	T Woollams	0	0	1	1	(1)	0	Additional works to be specified with Trumpington Residents Association. £1k spent earlier than anticipated. Budget to be rephased to cover this.
SC426	Clay Farm Community Centre - Phase 1 (S106)	A Carter	0	0	6	6	0	6	
PR005	New Town Community Development Capital Grants Programme (S106)	T Woollams	124	10	8	(2)	2	0	Project ongoing. Remaining £2k to be rephased to 2012/13
PR026	Community Development Grants Programme (S106)	T Woollams	0	127	71	(56)	56	0	Project underway but further invoices not expected until 2012/13. Rephase remaining £56k to 2012/13
<b>Environment - Bereavement Services</b>									
SC351	Memorial Choice	T Lawrence	0	5	5	0	0	0	Project completed
SC379	Mercury Abatement	T Lawrence	2,005	1,995	1,683	(312)	100	(212)	Project complete subject to retention
SC513	Crematory Refurbishment	T Lawrence	0	206	206	0	0	0	Project completed
SC523	Refurbishment of Newmarket Rd Cemetery Buildings	T Lawrence	0	0	2	2	(2)	0	Project expected to be completed by end of March 2013

## Community Development &amp; Health Portfolio / Community Services Scrutiny Committee

## Capital Budget 2011/12 - Outturn

Capital Ref	Description	Lead Officer	Original Budget £000	Final Budget £000	Outturn £000	Variance - Outturn compared to Final Budget £000	Re-phase Spend £000	Over / (Under) Spend £000	Variance Explanation / Comments
<b>Environment - CCTV</b>									
SC503	CCTV Technology Upgrade	M Beaumont	150	160	155	(5)	0	(5)	Project completed under budget as a result of keen tendering exercise
SC515	Replacement CCTV cameras	M Beaumont	0	70	43	(27)	0	(27)	Project completed under budget as a result of keen tendering exercise
<b>Customer &amp; Community Services - Housing Strategy</b>									
PR006	Safer City Programme	L Kilkelly	17	17	13	(4)	0	(4)	
<b>Total for Community Development &amp; Health Portfolio</b>			<b>2,396</b>	<b>2,596</b>	<b>2,198</b>	<b>(398)</b>	<b>156</b>	<b>(242)</b>	

## Housing Portfolio / Community Services Scrutiny Committee

## Capital Budget 2011/12 - Outturn

Capital Ref	Description	Lead Officer	Original Budget £000	Final Budget £000	Outturn £000	Variance - Outturn compared to Final Budget £000	Re-phase Spend £000	Over / (Under) Spend £000	Variance Explanation / Comments
SC163	Compulsory Purchase Orders (CPOs)	R Lord	400	0	0	0	0	0	Currently no properties are prioritised for CPO action. Revising policy and reviewing long term vacants.
SC386	HMOs - Management Orders	R Lord	50	0	0	0	0	0	No properties are currently identified for action. Basis of protocol agreed with City Homes who will manage properties where action is taken
SC14	Property Accreditation Scheme	J Dicks	65	72	72	0	0	0	
<b>Total Projects</b>			<b>515</b>	<b>72</b>	<b>72</b>	<b>0</b>	<b>0</b>	<b>0</b>	
N2 PR01	Housing Capital Investment Programme	J Hovells	13,930	19,321	12,744	(6,577)	6,446	(131)	See Appendix E and associated notes in respect of the Housing Capital Investment Plan
<b>Total Programmes</b>			<b>13,930</b>	<b>19,321</b>	<b>12,744</b>	<b>(6,577)</b>	<b>6,446</b>	<b>(131)</b>	
<b>Total for Housing</b>			<b>14,445</b>	<b>19,393</b>	<b>12,816</b>	<b>(6,577)</b>	<b>6,446</b>	<b>(131)</b>	

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- approval of new capital programmes and projects

and are detailed and approved:

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- in the January committee cycle (as part of the budget setting report)



**Environmental and Waste Services Portfolio / Environment Scrutiny Committee**  
**Capital Budget 2011/12 - Outturn**

Capital Ref	Description	Lead Officer	Original Budget £000	Final Budget £000	Outturn £000	Variance - Outturn compared to Final Budget £000	Re-phase Spend £000	Over / (Under) Spend £000	Variance Explanation / Comments
PR016	Public Conveniences	B Carter	350	6	14	8	(8)	0	Silver Street refurbishment project is underway and in its early stages. Fisher Square toilet refurbishment is on hold until the Lion Yard redevelopment and associated planning issues are resolved.
PR017	Vehicle Replacement Programme	D Cox	612	450	21	(429)	429	0	The underspend is due to the delay with vehicle orders. It is asked that the budget is rephased to 2012/13. This includes £160K for the replacement of a RCV but this may not be used to due to the route optimisation project.
SC423	Recycling Bins for Flats	J Robertson	75	85	37	(48)	48	0	Work on covering the remainder of flats without recycling is almost complete. It is asked that the budget is rephased to 2012/13 in order to convert flats with segregated recycling to commingled (ie blue bins).
SC466	Air Monitoring Equipment	J Dicks	120	85	71	(14)	0	(14)	Project complete. Budget greater than required.
SC511	Route Optimisation Software	C Hipwood	0	8	8	0	0	0	
<b>Total for Environmental and Waste Services Portfolio</b>			<b>1,157</b>	<b>634</b>	<b>151</b>	<b>(483)</b>	<b>469</b>	<b>(14)</b>	

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- rephased capital spend into future financial periods
- approval of new capital programmes and projects and are detailed and approved:
- in the June committee cycle (outturn reporting and carry forward requests)
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- in the January committee cycle (as part of the budget setting report)

## Planning and Sustainable Transport Portfolio / Environment Scrutiny Committee

## Capital Budget 2011/12 - Outturn

Capital Ref	Description	Lead Officer	Original Budget £000	Final Budget £000	Outturn £000	Variance - Outturn compared to Final Budget £000	Re-phase Spend £000	Over / (Under) Spend £000	Variance Explanation / Comments
SC366	Green Parking Bays	S Cleary	3	0	2	2	(2)	0	Project complete.
SC368	GIS Phase 2 & 3	P Boucher	0	1	0	(1)	0	(1)	Project complete.
SC416	UNIFORM e-consultee Access Module	P Boucher	0	2	0	(2)	2	0	Awaiting final invoice for Phase 1 - supplier has been chased. Phase 2 to be programmed, awaiting IDOX development.
SC417	Development of UNIFORM System	P Boucher	12	0	0	0	0	0	Budget repensed to 2012/13 at January 2012 committee.
SC420	Corrosion Monitoring System at Park Street	S Cleary	0	1	1	0	0	0	Project complete. Results of monitoring to be delivered over next 9 months.
SC439	LED Lighting - Grand Arcade Annex Car Park	S Cleary	120	115	100	(15)	15	0	Lights installed, awaiting final invoices from contractors.
SC445	Monitors for use with Document Management System	P Boucher	0	6	4	(2)	2	0	Project expected to be completed by end of May 2012.
SC448	Rebuild Grafton West Car Park Wall at Salmon Lane	S Cleary	100	77	94	17	0	17	Project complete.
SC449	Holy Trinity War Memorial Shelter	G Richardson	0	23	12	(11)	11	0	Project has commenced. Contractors on site. Works will take twelve weeks. Project completion will be into next financial year.
SC505	Land Explorer Software	G Richardson	10	0	0	0	0	0	Budget repensed to 2012/13 at January 2012 committee.
SC506	Replacement Grand Arcade Car Park Pay on Foot Machines	S Cleary	0	0	3	3	(3)	0	Project commenced and on schedule.
SC510	Chip & Pin Upgrade in Car Parks	S Cleary	40	77	80	3	0	3	Project complete.

## Planning and Sustainable Transport Portfolio / Environment Scrutiny Committee

## Capital Budget 2011/12 - Outturn

Capital Ref	Description	Lead Officer	Original Budget £000	Final Budget £000	Outturn £000	Variance - Outturn compared to Final Budget £000	Re-phase Spend £000	Over / (Under) Spend £000	Variance Explanation / Comments
SC516	Relocation Grand Arcade Car Park Control Room	S Cleary	0	70	25	(45)	45	0	Project due to be completed by June 2012.
	<b>Total Projects</b>		<b>285</b>	<b>372</b>	<b>321</b>	<b>(51)</b>	<b>70</b>	<b>19</b>	
PR007	Cycleways	A Preston	240	7	7	0		0	A Project Appraisal will be submitted to Asset Management Group (AMG) and Environment Scrutiny Committee for approval in June to commence the implementation of the Downhams Lane and Perne Rd/Radegund Road schemes, totalling £140k.
PR014	Environmental Safety Fund	D Foley- Norman	0	5	0	(5)	5	0	£5k to be used for Rackham Close Project in 2012/13. Further projects suggested as part of this years EIP programme are eligible for funding should they be adopted by the Area Committee in question.
PR018	Bus Shelters	A Preston	221	64	4	(60)	60	0	Current resource levels mean that this project has been delayed and will not be able to start until the Project Delivery team is fully resourced. Completion therefore now envisaged by April 2013.
PR019	Car Parks Infrastructure and Equipment Replacement Programme	S Cleary	722	0	0	0	0	0	Budget rephased to 2012/13 at January 2012 committee.
	<b>Total Programmes</b>		<b>1,183</b>	<b>76</b>	<b>11</b>	<b>(65)</b>	<b>65</b>	<b>0</b>	

## Planning and Sustainable Transport Portfolio / Environment Scrutiny Committee

### Capital Budget 2011/12 - Outturn

Capital Ref	Description	Lead Officer	Original Budget £000	Final Budget £000	Outturn £000	Variance - Outturn compared to Final Budget £000	Re-phase Spend £000	Over / (Under) Spend £000	Variance Explanation / Comments
<b>Total for Planning and Sustainable Transport</b>			<b>1,468</b>	<b>448</b>	<b>332</b>	<b>(116)</b>	<b>135</b>	<b>19</b>	

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## Customer Services &amp; Resources Portfolio / Strategy &amp; Resources Scrutiny Committee

## Capital Budget 2011/12 - Outturn

Capital Ref	Description	Lead Officer	Original Budget		Final Budget		Outturn		Variance - Outturn compared to Final Budget		Re-phase Spend		Over / (Under) Spend		Variance Explanation / Comments
			£000		£000		£000		£000		£000		£000		
SC361	Disabled Access and Facilities - Guildhall Halls	S Bagnall	80	0	0	0	0	0	0	0	0	0	0	0	Budget re-phased to the 2012/13 financial year.
SC335	Customer Access Strategy - IT Workstream	C Bolton	0	122	23	(99)	76	(23)							Carry forward of budget of £76k required for remaining projects that will be implemented during the 2012/13 financial year. Any remaining funds will be given back to CAS business case at the end of the 2012/13 financial year.
SC508	E-Benefits	A Cole	0	17	12	(5)	5	0							Carry forward of £5k required to meet remaining project management fees.
SC517	Re-Line Fuel Tanks	D Cox	0	30	22	(8)	0	(8)							Scheme completed.
SC192	Development Land on the North Side of Kings Hedges Road	P Doggett	360	178	38	(140)	140	0							The variance relates to expenditure profiling differences from the managing agent's original estimates for the 2011/12 financial year. Budget of £140k needs to be re-phased to the 2014/15 financial year to correspond with the managing agent's revised estimates.
SC221b	Lion Yard - Contribution to Works - Phase 2	P Doggett	638	80	56	(24)	24	0							The construction costs for the scheme are likely to be incurred in the 2012/13 financial year. Budget of £24k needs to be re-phased to the 2012/13 financial year for future scheme costs.
SC391	La Mimosa Punting Station	P Doggett	10	10	0	(10)	10	0							Investigating possible match funding by punt operators.
SC458	Capita Re-Licence	J James	0	1	1	0	0	0							Scheme completed.
SC509	Electric Courier Van	J James	14	0	0	0	0	0							Scheme completed.

## Customer Services &amp; Resources Portfolio / Strategy &amp; Resources Scrutiny Committee

## Capital Budget 2011/12 - Outturn

Capital Ref	Description	Lead Officer	Original Budget		Final Budget		Outturn		Variance - Outturn compared to Final Budget		Re-phase Spend		Over / (Under) Spend		Variance Explanation / Comments
			£000		£000		£000		£000		£000		£000		
SC427	Oracle Financials Server	J Minns	0		50		44		(6)		6		0		The new server was commissioned during May and the remaining budget will be required to meet SERCO implementation support charges. Commissioning of the new server was delayed so as to have minimum impact on 2011/12 accounts closure work.
SC329	Corporate Document Management (DIP & EDRM)	J Nightingale	358		104		19		(85)		85		0		The programme of work is approaching the end of its first major phase, with the completion of customer access related services. It had always been planned to re-examine the project timetable at this time, and to determine the priority services for the next phases. Work on the remainder of the programme is therefore being re-planned, and will lead to spend later in the programme than originally forecast.
SC429	Telephony System Upgrade	J Nightingale	20		23		23		0		0		0		Scheme completed.
SC338	Customer Access Strategy - Web Development	A Perry	12		0		0		0		0		0		Scheme completed.
SC312	Automated Energy Monitoring System	J Stocker	23		23		0		(23)		23		0		Issues to be resolved regarding contractual obligations for data collection and monitoring.
SC507	Visit Cambridge Website	E Thornton	30		30		20		(10)		10		0		Project well underway and on programme to be completed by end May/early June.
<b>Total Projects</b>			<b>1,545</b>		<b>668</b>		<b>258</b>		<b>(410)</b>		<b>379</b>		<b>(31)</b>		

## Customer Services &amp; Resources Portfolio / Strategy &amp; Resources Scrutiny Committee

## Capital Budget 2011/12 - Outturn

Capital Ref	Description	Lead Officer	Original Budget		Final Budget		Outturn		Variance - Outturn compared to Final Budget		Re-phase Spend		Over / (Under) Spend		Variance Explanation / Comments
			£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000		
PR020	ICT Infrastructure Programme	J Nightingale	642	879	375	(504)	504	0							The programme is dependent on input from a range of suppliers. Technical delays and resourcing issues have caused parts of the programme of work to slip. Work is underway on all components.
PR023	Admin Buildings Asset Replacement Programme	J Stocker	68	58	35	(23)	23	0							The variance is due to minor timing differences to the work programme.
PR024	Commercial Properties Asset Replacement Programme	J Stocker	306	63	11	(52)	52	0							The variance is due to timing differences to the work programme.
PR003	City Centre Management Programme	E Thornton	20	20	11	(9)	0	(9)							Underspend due to two potential schemes not coming forward. The programme will continue to be promoted amongst the business community through the Love Cambridge Partnership.
<b>Total Programmes</b>			<b>1,036</b>	<b>1,020</b>	<b>432</b>	<b>(588)</b>	<b>579</b>	<b>(9)</b>							
<b>Total for Customer Services &amp; Resources Portfolio</b>			<b>2,581</b>	<b>1,688</b>	<b>690</b>	<b>(998)</b>	<b>958</b>	<b>(40)</b>							

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## 2011/12 Housing Capital Investment Plan - HRA &amp; GF

	Original Budget £000's	Current Budget £000's	Outturn £000's	Variance £000's	Re-phase Spend £000's	Notes	2012/13 £000's
<b>General Fund Housing Capital Spend</b>							
Investment in Affordable Housing	0	0	0	0	0		0
Other General Fund Housing	2,977	3,557	2,397	(1,160)	1,074	1	1,876
<b>Total General Fund Housing Capital Spend</b>	<b>2,977</b>	<b>3,557</b>	<b>2,397</b>	<b>(1,160)</b>	<b>1,074</b>		<b>1,876</b>
<b>HRA Capital Spend</b>							
Decent Homes Programme	4,907	5,806	4,337	(1,469)	1,144	2	10,198
Other Spend on HRA Stock	3,029	3,550	2,003	(1,547)	1,980	3	5,190
HRA New Build	1,047	1,771	1,103	(668)	663	4	5,751
Cambridge Standard Works	200	455	140	(315)	306	5	506
Sheltered Housing Capital Investment	1,440	3,780	2,557	(1,223)	1,226	6	4,450
Other HRA Capital Spend	330	402	207	(195)	53	7	952
<b>Total HRA Capital Spend</b>	<b>10,953</b>	<b>15,764</b>	<b>10,347</b>	<b>(5,417)</b>	<b>5,372</b>		<b>27,047</b>
<b>Total Housing Capital Spend</b>	<b>13,930</b>	<b>19,321</b>	<b>12,744</b>	<b>(6,577)</b>	<b>6,446</b>		<b>28,923</b>
<b>Housing Capital Resources</b>							
Right to Buy Receipts	(327)	(344)	(488)	(144)	0	8	0
Other Capital Receipts (Land and Dwellings)	0	0	(37)	(37)	0	8	0
MRA / MRR	(5,119)	(5,119)	(5,119)	0	0		(7,673)
Client Contributions	0	0	(63)	(63)	0	9	0
Direct Revenue Financing of Capital	(2,021)	(2,972)	(1,823)	1,149	(1,149)	10	(10,482)
Other Capital Resources (Grants / Shared Ownership / Loan Repayments)	(562)	(611)	(437)	174	0	11	(3,769)
Section 106 (Affordable Housing)	(331)	(331)	(158)	173	(68)	12	(68)
Prudential Borrowing	0	(283)	(283)	0	0		0
<b>Total Housing Capital Resources</b>	<b>(8,360)</b>	<b>(9,660)</b>	<b>(8,408)</b>	<b>1,252</b>	<b>(1,217)</b>		<b>(21,992)</b>
<b>Net (Surplus) / Deficit of Resources</b>	<b>5,570</b>	<b>9,661</b>	<b>4,336</b>	<b>(5,325)</b>			<b>6,931</b>
<b>Capital Balances b/f</b>	<b>(13,794)</b>	<b>(13,794)</b>	<b>(13,794)</b>				<b>(9,877)</b>
<b>Use of / (Contribution to) Balances in Year</b>	<b>5,570</b>	<b>9,661</b>	<b>4,336</b>	<b>(5,325)</b>			<b>6,931</b>
Ear-Marked for Future Investment in HRA stock	0	0	0	0			0
Ear-Marked for Future Investment in Affordable Housing	(903)	(903)	(419)	484		13	(484)
<b>Capital resources remaining to fund future Housing Investment Programme</b>	<b>(9,127)</b>	<b>(5,036)</b>	<b>(9,877)</b>	<b>(4,841)</b>			<b>(3,430)</b>



### Notes to the Housing Capital Investment Plan

Note	Reason for Variance
1	<p>The underspending of £1,160,000 is a combination of lower demand than anticipated in respect of Disabled Facilities Grants and Private Sector Housing Grants and Loans (£66,000), no requirement for use of the funding to tackle unfit housing in the private sector and underspending against the profile to date for the creation of the Assessment Centre on East Road (£1,074,000)</p> <p>Work to create the Assessment Centre is now nearing completion, with a request to rephase £1,074,000 of resource into 2012/13, to meet a revised anticipated practical completion date of June 2012.</p>
2	<p>Overspending predominantly in kitchens, bathrooms and heating installations due to the work package given to the new planned maintenance contractor for the first year of the contract from July 2011. Overspending was more than offset by underspending in other areas of the decent homes programme, where re-phasing of resources is required to allow completion the annual programme to July 2012, which currently spans two financial years. This includes re-phasing in respect of PVCU (£33,000), re-wiring (£47,000), re-roofing works (£144,000), roof structures (£80,000), door (£163,000) wall finishes (£447,000), energy works (£8,000), damp works (£4,000), sulphate works (£102,000) and health and safety standard works (£116,000).</p>
3	<p>Re-phasing is requested in relation to garage improvement works (£16,000), tenants incentive schemes (£7,000), hard surfacing works on HRA land (£62,000), hard surfacing works for recycling areas (£198,000), works to communal flooring (£176,000), works to balconies (£460,000), works to the laundry at Hanover Court (£3,000), asbestos removal (£60,000), lifts (£13,000) and disabled adaptations (£46,000), where works had begun but not been completed by 31st March 2012 due to implementation of a new contractor and a change in contract year. Resources of £939,000 are also required to be re-phased in respect of fire safety works, where a large proportion of the works will be carried out by the secondary planned maintenance contractor.</p>
4	<p>Resources of £554,000 are requested to be re-phased into 2012/13 in respect of the project to re-develop the Seymour Court site, where work was delayed while vacant possession of the site was achieved. Resources of £114,000 are requested to be carried forward in respect of the redevelopment of the Roman Court site, where preliminary works and discussions with a registered provider are progressing well. Re-phasing of the final fees and retention sums due in respect of the new build dwellings in Church End and Teversham Drift is also required, with £16,000 and £4,000 required respectively. The above is partially offset by the authority incurring up front costs in respect of Latimer Close, where £25,000 of resource was required earlier than profiled, with less now needed in 2012/13.</p>
5	<p>Approval was given for the 2010/11 and 2011/12 Cambridge Standard allocations to be spent on a variety of environmental and parking projects across the city. Some of these projects are yet to be completed and resources of £306,000 are requested to be carried forward into 2012/13 to allow this to take place.</p>

6	<p>Re-phasing of £508,000 in respect of the refurbishment of Brandon Court is requested to allow completion of the scheme in early 2012/13. The remaining allocation for upgrading the emergency alarm systems in sheltered schemes (£96,000) and the final sum for residual works to Talbot House (£4,000) are also requested to be carried forward into 2012/13. Initial funding in respect of the refurbishment of Ditchburn Place, profiled to be spent in 2011/12, is now required to be re-phased in part (£618,000) into 2012/13. This will allow an appropriate decision to be made in respect of the refurbishment of the scheme following a period of planning and option appraisal, taking into consideration any potential alternative use for the site if required.</p>
7	<p>Capital resources of £38,000, identified to meet the costs of upgrading the hardware and software that deploys the Orchard Housing Management Information System to pc's and the server associated with the reporting software that operates alongside, were not fully spent in 2011/12, with a requirement to re-phase £21,000 into 2012/13 to complete both projects.</p> <p>Resources of £32,000 are also requested to be rephased to complete the work to convert ECCHO House, an ex-estate office which has been let for many years generating minimal return, into a dwelling that can be let within the HRA as an affordable housing unit.</p>
8	<p>Capital receipts from right to buy sales were higher than anticipated, with 12 properties sold during 2011/12. Unanticipated receipts of £37,000 were also received, in respect of the granting of an easement over housing land.</p>
9	<p>Income was due from leaseholders in 2011/12 in relation to their share of the cost of major improvements undertaken as part of the decent homes programme (£28,000) and was also received from private residents in relation to contributions towards, or repayments of, private sector housing repair grants (£33,000). Other small sums of unanticipated income totalling £2,000 were also received in year.</p>
10	<p>Due to slippage in the housing capital plan in 2011/12, the use of revenue funding for capital purposes was significantly less than anticipated. A request to increase the use of revenue funding of capital expenditure in 2012/13 by the £1,149,000 not required in 2011/12, will ensure that there is sufficient funding to meet the rephased expenditure requested above.</p>
11	<p>The authority was able to retain less resource in respect of shared ownership sales than anticipated in 2011/12, with both staircasing payments (sales of additional property shares) and the outright sale of the balance of any share owned by the Council to the resident, being required to be paid to CLG as part of the capital receipts pooling arrangements.</p>
12	<p>Due to the need to repay an element of the interest relating to a developer contribution during 2011/12, funding available to be re-phased into 2012/13 will be less than anticipated, with £68,000 anticipated to be used towards the cost of the Seymour Court development, where the scheme has been delayed while vacant possession of the site was achieved.</p>
13	<p>The reduced level of resource ear-marked for future investment in affordable housing remains committed to meet the cost of the redevelopment of the Seymour Court / Street site to deliver 20 units of additional affordable housing. The current resource is anticipated to be fully utilised by the completion of this project.</p>

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To: Leader and Executive Councillor for Strategy:  
Councillor Tim Bick

Report by: Director of Resources

Relevant scrutiny committee: Strategy and Resources Scrutiny 9 July 2012

Wards affected: All Wards

## **LOCAL GOVERNMENT RESOURCE REVIEW – BUSINESS RATES RETENTION POOLING OPTIONS**

### **Key decision**

#### **1. Executive summary**

One of the outcomes of the Local Government Resource Review has been proposals for the reform of the current system of business rates, with an element of business rates collected locally being retained by local authorities.

Following consultation, the Government published its plans for a scheme of business rates retention in December 2011; with the scheme scheduled to come into force from 1 April 2013.

As part of this reform the Government has included an option for authorities to come together to form 'pools'. This was the subject of a 'Pooling Prospectus', issued by DCLG in May 2012. This requires initial expressions of interest to be submitted to DCLG by 27 July 2012, although final confirmation will not be required until later in the year.

This paper outlines the potential implications of pooling, based on the information available to date, and whether being part of a countywide pool could be beneficial to the City Council.

#### **2. Recommendations**

The Executive Councillor is recommended:

- To confirm that the City will join with other Cambridgeshire authorities in submitting an expression of interest to DCLG by 27 July 2012.

- To instruct officers, in conjunction with other authorities, to work up arrangements for governance, transparency, investment and distribution of revenues and dissolution of a Cambridgeshire pool – enabling a final decision on whether to take forward a pooling arrangement in time for the Government’s November 2012 deadline.

### **3. Background**

#### Local Government Resource Review and Business Rates

Business Rates retention was one of the key proposals resulting from the Government’s Local Government Resource Review which was considered as part of the February 2012 Budget-Setting Report (Section 3).

On 18 July 2011, CLG published proposals for Business Rates retention, as part of the Local Government Resource Review, for consultation. This was followed by a series of eight technical papers, published on 19 August 2011, which provided further detail. The Government’s response to the consultation was published on 19 December 2011.

This has been confirmed as one of the features of the Local Government Finance Bill, currently going through Parliament, i.e. the retention of a proportion of the business rates revenue generated in a local area by the relevant local authorities.

Business Rates retention is intended to provide incentives for local authorities to drive economic growth, as the authorities will be able to retain a share of any growth that is generated in Business Rates revenue in their areas, as opposed to the current system where all Business Rates revenues go to central Government for distribution.

The proposals do not include any changes to the system of business rates, such that businesses will not see any change to the way that the rates are set or how they pay. Rate-setting powers will remain under Central Government control and the revaluation process will remain unchanged.

Under the proposals the overall level of funding to each authority from Central Government for 2013/14 will reflect the amount which would have been receivable from Formula Grant (i.e. grant and share of redistributed business rates) had there been no change to the system.

This is achieved by first splitting the business rates collected in each 'collection authority' (in Cambridgeshire the District Councils, such as the City) in the following proportions:

- 50% - to Central Government
- 10% - to the County Council
- 1.25% - to the Fire Authority
- 38.75% - retained by the District (the District's Business Rates Baseline')

The amount represented by the 38.75% to be retained is then compared against the authority's 'Spending Baseline' (i.e. the level of support that the Government has determined that authority should receive at the transition point). If the Business Rates Baseline is greater than the Spending Baseline then the difference will have to be paid to the Central Government as a 'Tariff'. Conversely, if the Spending Baseline is higher then the Government will pay the authority the difference through a 'Top Up' payment. The Top Ups and Tariffs will automatically increase for inflation. This effectively gives Top Up authorities a guaranteed increase on part of their resources, but means that a Tariff authority would effectively face a fall in resources if the business rate base falls (as the rate poundage is set to rise by the level of inflation).

Authorities would then be able to keep part of any increase in growth in the business rates base, going forward. Conversely, they would face a fall in resources if the business rate base declines.

The system includes a 'Levy' on "disproportionate growth" which will be used to provide a safety net for those authorities experiencing little or negative growth, and allow the Treasury to top-slice business rates income.

The rate of the Levy is defined as:

$$1 - (\text{Spending Baseline} / \text{Business Rates Baseline})$$

This means that instead of keeping a 38.75% share of all growth in business rates a District would only get to keep a relatively small proportion, whilst it would lose the full 38.75% for any reduction – unless protected by the Safety Net.

The Safety Net is a threshold set by Central Government designed to ensure that no authority can lose more than a predefined percentage of its Spending Baseline. The Government is currently indicating that it intends to set the Safety Net between 7.5% and 10% below the Spending Baseline.

A reset mechanism will be in place with a period of ten years between resets (although expected to be 7 years to 2020 in the first instance) but with flexibility for more frequent resets in exceptional circumstances. “Economic action zones” and large pre-agreed tax increment financing schemes are to be excluded from the reset mechanism and the levy.

### Pooling Arrangements

The Local Government Finance Bill also allows local authorities to form pools for the purposes of business rates retention. It is expected that pooling will offer many local authorities an opportunity to retain more of the rates generated in their areas, due to the way in which the process is expected to operate, and to use that revenue more effectively to drive economic growth.

When authorities decide to enter into a pooling arrangement, a single funding baseline and single business rates baseline will be calculated for the whole pool, meaning that a combined tariff and levy is applied to the pool’s rates revenue as opposed to this being applied to each individual authority.

If a pool is dissolved then the member authorities would revert to their individual baselines, tariffs and levies.

### Potential Benefits of Pooling in Cambridgeshire

The County Council has undertaken modelling which demonstrates that, under the majority of scenarios, a pool that incorporates all 6 Cambridgeshire local authorities would see a greater total amount of business rates revenue retained than if no pool were formed.

In general terms, the key benefits to local authorities of pooling business rates are that it can:

- provide a new tool to deliver what is needed to promote growth and jobs, allowing investment decisions to support economic priorities;
- encourage collaborative working across local authorities, rather than constraining activity within administrative boundaries;



- allow the benefits from investment in economic growth to be shared across the wider area, providing a growth dividend to the partners; and
- help local authorities to manage volatility in income by sharing fluctuations across budgets.

Pooling would also place authorities in a more beneficial collective position than would otherwise be the case as it would see the Tariffs and Levy rates reduced, allowing the members of the pool to benefit from additional retained income.

The modelling that officers have carried out for Cambridgeshire (Appendix A) demonstrates that, if all six local authorities in Cambridgeshire form a pool, the Levy on business rates growth that is payable to central government would be 36%, rather than around 75% without pooling.

Under a 0% growth scenario, modelling shows that such a pool would be £0.363m better off in 2013/14 compared to the sum of individual authorities – using the growth assumptions from Insight East’s last forecasts this would increase to around £4.5m. This additional revenue would benefit all residents and businesses in Cambridgeshire and would suggest an improved position to drive future sustainable economic growth than if each authority were to go it alone.

The current Government proposals are that the funding baseline for each authority would be reviewed every 10 years. This means that consideration needs to be given to the potential trend in terms of growth over that period. However, it is not easy to accurately assess the potential for increases and decreases over such a period from the information readily available to authorities at present. It should also be noted that this would make it most advantageous for authorities to have growth in business rates in the early years of each revaluation period and least towards the end (when it would be quickly removed through rebasing). The opposite would, of course, be true for reductions in the base position.

The modelling shows that, as long as Cambridgeshire can at least retain business rates at their existing levels, the county would benefit from pooling. As the county is expected to experience economic growth, there is a strong case for the six local authorities to form a pool and benefit from this additional revenue.



## Safety Net

As part of the new business rates retention regime, an authority whose rates drop below a set percentage of their funding baseline (likely to be 90%) would trigger a 'Safety Net' payment from central government to make up the difference to that set percentage. This would be funded through national Levy revenue.

Under a pooling arrangement, a Safety Net payment will be triggered according to the baselines of the pool rather than the individual authorities, so it is important to consider the costs and benefits of this where an authority would be eligible for a Safety Net payment. Since none of the Cambridgeshire authorities are expected to trigger a Safety Net payment, this should not be an issue for a Cambridgeshire pool.

## Issues Concerning the Operation of a Pool

### *Geographical coverage*

Pools are expected to operate on the basis of a whole local authority area – an authority cannot be in two pools. The most obvious geographic alignment in a two-tier area such as Cambridgeshire this could be to operate a countywide pool. A smaller pool, say of the County Council and some District Councils, could however still be beneficial. It could also be possible, though complex, to operate on a different area, e.g. a LEP-wide basis.

### *Investment and distribution of revenues*

Under pooling arrangements, it will be left to the pools themselves to decide how to invest and distribute revenues within the pool, and how best to support shared economic priorities across the pool. This is likely to be a key factor in determining the acceptability of any pooling proposal.

### *Lead authority*

Under pooling arrangements, one member authority must be nominated to act as a lead authority. Payments from and to the pool would be channelled through this lead authority, and the lead authority would be responsible for supplying any information on behalf of the pool in connection with the operation of the rates retention regime.

## *Dissolution*

If any of the conditions set when a pool is designated are breached, DCLG will be able to dissolve a pool, following consultation with its members and other relevant people. DCLG must dissolve a pool when a member authority requests its dissolution. A pool will only be dissolved at the end of the financial year in which such a request is made. Provision for dissolution is expected to be made as part of pooling proposals.

## *Transparency*

In any pooling arrangement, transparency will be important. As such, Government expects pools to publish their pooling arrangements along with financial information on the operation of the pool.

## Process

Local authorities are invited to submit expressions of interest to DCLG by Friday, 27 July 2012. However, this is not binding and can be withdrawn over the months preceding the designation of pooling proposals if it is subsequently not considered to be appropriate.

DCLG will have to make a pooling designation for a pool to come into effect before local authorities are notified of the basis on which they intend to calculate tariffs and top-ups – i.e. before the publication of the draft Local Government Finance Report, which is expected to be published in late November or early December.

In order to ensure that pools come into effect in time for the start of the business rates retention regime, the timetable anticipated by DCLG for pooling is:

- 17 May 2012: Invitation to bring forward pooling proposals
- 27 July 2012: Deadline for submission of expressions of interest
- September 2012: Develop proposals for consultation
- October 2012: Consult on pooling proposals
- November 2012: Designation of pooling proposals
- April 2013: Business rates retention begins

Following submission of an expression of interest, a formal pooling proposal would need to be submitted based on a template form.

The key questions that are asked in the template application form, and will therefore need to be considered, are:

- What is the aim/rationale for the pool?
- How, if at all, does the pool support the area's growth priorities (including LEP strategy and priorities)?
- Is there a pooling agreement setting out governance structures for management of the pool, decision making structures, how investment decisions will be made, and how the pool will handle dissolution?
- Has the pooling agreement been signed off by the Chief Executive and Section 151 officer for each local authority within the pool?
- Is there a lead authority that has been agreed by the pool? If so, which?
- Briefly set out how the pool will provide transparency to its decision making.

There is time between submitting an expression of interest and committing to a pooling arrangement to work through these questions and come up with a governance arrangement that would be fit for purpose.

### Conclusion

Based on the modelling work and other evidence available to date it would appear to be beneficial to Cambridgeshire authorities to consider further the creation of a countywide pool.

On this basis, and to facilitate that consideration, it is recommended that:

- the City joins with other Cambridgeshire authorities in submitting an expression of interest to DCLG by 27 July 2012.
- officers are instructed, in conjunction with other authorities, to work up arrangements for governance, transparency, investment and distribution of revenues and dissolution of a Cambridgeshire pool – enabling a final decision on whether to take forward a pooling arrangement in time for the Government's November 2012 deadline.

## **4. Implications**

### **(a) Financial Implications**

Initial modelling indicates that pooling would be financially advantageous for a countywide pool as a whole. Further detailed work will be required, based on the development of a mutually agreed investment and distribution mechanism for the pool to determine the specific financial implication for the City under a range of realistic scenarios.

### **(b) Staffing Implications** (if not covered in Consultations Section)

Resources will need to be committed to ensure that appropriate work can be completed within the Government's timescales.

### **(c) Equal Opportunities Implications**

No direct implications..

### **(d) Environmental Implications**

No direct implications.

### **(e) Consultation**

Consultation would be a formal part of any final pooling proposal.

### **(f) Community Safety**

No direct implications.

## **5. Background papers**

DCLG Papers:

- Business rates retention scheme: The economic benefits of local authority rates retention (May 2012).
- Business rates retention scheme: Pooling Prospectus (May 2012)

## **6. Appendices**

Annex A – LGSS Modelling Report

## 7. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

Author's Name: David Horspool  
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## Annex A : LGSS Modelling Report

### Pooling – To pool or not to pool

#### Introduction

This paper looks at how levies and safety nets operate for single authorities and then how they would operate in a pooling scenario. It will look at the potential benefits or disadvantages of pooling with some basic scenario modelling to illustrate where a pool would be beneficial for the county.

#### Calculating the Levy for Individual Authorities.

The Levy is calculated as follows:

$$1 - (\text{Spending Baseline} / \text{Business Rates Baseline})$$

So for an authority with a spending baseline of £3.614m and a business rates baseline of £20.408m their levy rate would be calculated as

$$1 - (3.614 / 20.408) = 82.3\%$$

This means that everything that the authority collects (and keeps – after the central share, any precepting authority payments and their tariff payment) would be subject to the levy. In other words, they could only keep 17.7% of any increases above their spending baseline.

#### **For example:**

If this authority grew their rates by 10% from £20.408m to £22.449m, an increase of £2.041m, they would pay 82.3% of the increase as a levy and keep just 17.7%

$$\begin{aligned} 82.3\% \text{ of } £2.041\text{m} &= £1.680\text{m: Given to Central Government} \\ 17.7\% \text{ of } £2.041\text{m} &= £0.361\text{m: Kept by the authority} \end{aligned}$$

We know this is correct as £0.361m is 10% of their spending baseline (£3.614m) and enforces the levy rule that a 10% increase in business rates must not exceed 10% of spending baseline.

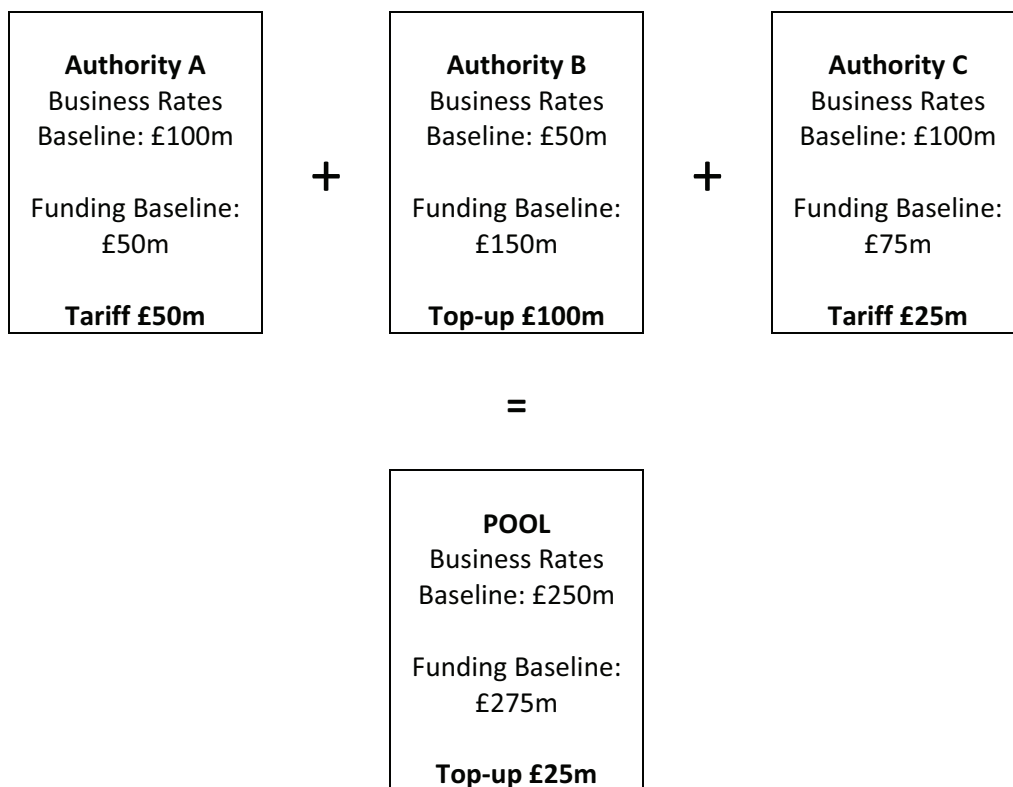
#### **Calculating the Safety Net for Individual Authorities**

The Safety Net is only triggered when an authority's business rates income (i.e. after central share, precepting authority payments and tariff/top-up) falls by more than x% below the baseline funding level.

So, for the above example authority, assuming an 8% safety net, they would only receive a safety net payment if their income fell below £3.325m (£3.614 minus 8%).

#### **What Happens When You Form a Pool?**

When authorities decide to enter a pooling arrangement the DCLG will calculate a single funding baseline and a single business rates baseline for the whole pool. This will simply be a sum of all the pool members' individual baselines.



In this example, local authorities A and C benefit by being part of the pool as the pool becomes a top-up authority so local authorities A and C no longer pay a tariff.

**Cambridgeshire example;** if the county council and all the districts in Cambridgeshire decided to form a pool the new baselines would be as follows:

Authority	Business Rates Baseline	Spending Baseline	Tariff (Red) / Top-up
	£m	£m	£m
Cambridgeshire	25.950	61.740	35.791
Cambridge City	34.958	4.689	-30.269
East Cambridgeshire	6.957	2.747	-4.210
Fenland	8.812	3.897	-4.915
Huntingdonshire	23.202	5.166	-18.036
South Cambridgeshire	26.626	2.951	-23.675
<b>POOL</b>	<b>126.505</b>	<b>81.191</b>	<b>-45.314</b>

Calculation of baselines are shown in Appendix A below.

The Pool's Business Rates Baseline would be £126.505m, the Pool's Funding Baseline would be £81.191m and then the Pool would be required to pay a tariff of £45.314m to Central Government.

### Calculating the Levy for the Pool

For the purposes of calculating the levy (and eligibility for receiving any safety net payments) the pool is treated as a single entity by Central Government. Therefore, using the same formula as before, the pool's levy rate would be:

$$1 - (81.191 \div 126.505) = 36\%$$

This means that 36% of any growth in income above £81.191m must be paid to Central Government as a levy.

Comparing the pool's levy rate with some of the individual authorities' previous levy rates it becomes clearer where some of the financial benefit of forming a pool comes from.

Authority	Business Rates Baseline	Spending Baseline	Tariff (Red) / Top-up	Levy Rate
	£m	£m	£m	%
Cambridgeshire	25.950	61.740	35.791	
Cambridge City	34.958	4.689	-30.269	-87%
East Cambridgeshire	6.957	2.747	-4.210	-61%
Fenland	8.812	3.897	-4.915	-56%
Huntingdonshire	23.202	5.166	-18.036	-78%
South Cambridgeshire	26.626	2.951	-23.675	-89%
<b>POOL</b>	<b>126.505</b>	<b>81.191</b>	<b>-45.314</b>	<b>-36%</b>

Rather than pay a levy on growth of around 75% the rate falls to just 36%.

Depending on the make-up of the growth patterns in the pool's authorities it may be possible to have some authorities growing very healthily whilst others grow at a slower pace or decline and not result in any levy payment.

However, this does mean that the county council, who never paid a levy (as a top-up authority) will now become levy-able.

### Calculating the Safety Net for the Pool

As explained above, for the purposes of levy and safety net calculations a pool is treated as a single body. The result is that the pool will only receive a safety net payment if the pool's income falls more than x% below £81.191m.

Individual authorities will not receive safety net payments if they see significant decline – only if it is enough to push the whole pool below the safety net threshold.

### Pooling – Positives and Negatives

There are some rough guidelines to forming pools:

- Authorities who tend to pay high tariffs (frequently districts) will need to pool with a top-up authority (frequently a county council) in order to see the significant reduction in the levy rate
- Authorities who would have received a safety net payment will need to consider whether the benefits of joining the pool would outweigh the loss of the safety net payment
- Similarly, authorities forming a pool will also need to consider whether they are able to “support” an authority who would individually have triggered the safety net
- The only direct financial benefit to shire counties to forming a pool is any agreement reached within the pool to share some of the gains with the upper tier authority.

Depending on the growth predictions in each area there could be significant gains to pooling – aside from the obvious benefits of joint working and collaboration. As illustrated above, much of these gains will tend to come from the reduced levy rate.



However, if it is felt that the pool's area, or some members of a pool, could be heading for significant falls in income then it may be worth carefully considering whether they and the pool are better off separate, at least until the period of decline has passed.

This means that growth forecasting will be a key factor in deciding whether areas will benefit from pooling.

The tables in Appendix B show the potential gains / losses that could be expected from pooling across Cambridgeshire for growth levels of 0%, 2%, 5% and 10% over the 4 years. The appendix also shows the impact of pooling using growth figures obtained from Insight East which were used for the modelling exercise undertaken in October last year.

### **Risks**

These figures come with some very large caveats.

- There are still many unknowns and decisions to be made nationally which will impact on the outcome of future modelling.
- The figures have been calculated using the Society of County Treasurers model which is yet to be updated following the announcements from 17<sup>th</sup> May. (This should be ready shortly).
- Impact of Enterprise Zones could be significant but have not been included here for simplicity's sake.
- A risk analysis has not been undertaken to determine the potential impact of an authority in the pool losing a large employer which forms a large proportion of their collected business rates.

**These figures come with some very large caveats (see risks above). Taking those into account this basic modelling exercise shows that as long as Cambridgeshire can retain business rates close to their existing levels the county would benefit from pooling.**

Sharon Gregory  
Group Accountant  
LGSS  
30<sup>th</sup> May 2012



To: LEADER: TIM BICK  
Report by: HEAD OF PLANNING SERVICES  
Relevant scrutiny committee: STRATEGY AND RESOURCES 9 July  
committee: SCRUTINY COMMITTEE 2012  
Wards affected: CASTLE/ALL AND GIRTON PARISH

**NORTH WEST CAMBRIDGE DEVELOPMENT – MANAGEMENT STRATEGY FOR OPEN SPACES, SPORTS AND COMMUNITY FACILITIES**

**Key Decision**

**1. Executive summary**

- 1.1 The outline planning applications for the North West Cambridge development were submitted to Cambridge City Council and South Cambridgeshire District Council (SCDC) in September 2011. The proposed development straddles the district council boundary between the two local authority areas. Negotiations on the planning applications are now at an advanced stage and it is hoped to report the application to the Joint Development Control Committee (JDCC) in the near future.
- 1.2 This is a mixed use development, comprising a mixture of market and University key worker housing, student accommodation, academic, research and development uses. A number of new open spaces, sports and community facilities are included and it is important that the management strategy agreed for these provides the maximum benefits and degree of public access for all types of residential occupiers of the development and the wider Cambridge community.
- 1.3 Following negotiations over several months, the University of Cambridge has agreed in principle a proposal to set up a Joint Management Vehicle (JV) with the City Council for the management of Storey's Field open space (which includes the SSSI) and the proposed North West Cambridge community centre, both of which lie within the City boundary part of the development. Subject to the principle of the establishment of a JV being formally agreed by Members, further negotiations will be necessary to finalise the detailed arrangements.

1.4 The University propose that the remainder of the open space, sports and community facilities within the development would be managed by the University itself, subject to the detailed provisions being agreed and finalised through the S106 agreement associated within the planning applications.

## **2. Recommendations**

The Leader is recommended to agree:

- a) The principle of the City Council entering into a Joint Management Vehicle arrangement with the University of Cambridge for the management of Storey's Field informal open space (including the SSSI) and the North West Cambridge community centre, on the basis of the objectives as set out in 3.4 to 3.8 of this report.
- b) That the Chief Executive should be delegated to agree and finalise the details of the proposed JV arrangements, including that the JV meets the objectives and principles set out in paragraphs 3.4 –3.8 of this report.
- c) To recommend that Council on 19 July approve a budget allocation for the proposed Joint Vehicle of up to £100k from 2027 onwards and that this be included in the Council's Medium Term Strategy.
- d) The University should manage the remaining open space, sports and community facilities within the North West Cambridge development, according to the principles set out in paragraphs 3.9 – 3.11 of this report, subject to the detailed provisions being agreed and finalised within the S106 agreement associated with the outline planning applications.

## **3. Background**

### **The outline planning application**

3.1. The outline planning applications for the North West Cambridge development were submitted to Cambridge City Council and South Cambridgeshire District Council (SCDC) in September 2011. The proposals are for a mixed use urban extension development, comprising 3000 dwellings (1500 market and 1500 key worker), 2,000 student units, 100, 000m2 of research and academic uses. The development straddles the administrative boundaries of the City and SCDC.

### **Open Space, sports and community facilities provision**

- 3.2. A number of new open spaces, sports and community facilities are included within the proposed development. These comprise informal open spaces, play areas, allotments, indoor sports facilities (at West Cambridge), sports pitches and a community centre. For further details refer to Appendix 1.

### **University management approach**

- 3.3. Whilst most developers prefer to transfer open spaces and community facilities (either on a freehold or long leasehold basis) to the City Council to adopt, then manage and maintain thereafter, along with a 12 year commuted sum, the University has expressed a strong wish to retain ownership of its community assets and to manage and maintain these itself. Land transfer in these circumstances can only take place when both parties are in agreement and the Council cannot therefore compel the University to transfer the community assets to the local authority. This is not unusual and is the approach that has been agreed with the new country park associated with the Trumpington Meadows development that forms part of the Southern Fringe.
- 3.4. Given the large scale of the development and the need to ensure that key facilities located within the City boundary are managed to ensure optimum benefits and access for all sectors of the residential population of the development and the wider community, extensive negotiations have been taking place with the University over the last six months to ensure that the City Council achieves an appropriate level of democratic control and influence over the use and management of the large open space known as Storey's Field and the community centre, both within the City boundary.

### **Strategic Management Objectives**

- 3.5. Discussions with relevant City Council Executive Councillors in relation to securing the best management strategy for Storey's Field and the community centre have established a number of key objectives that need to be met:
- Equality of access for all type of residents within the development;
  - Access to facilities for the wider Cambridge community in the same way that they have access to other comparable open spaces and community facilities/public assets within the City;
  - Facilities that are sustainable in the long-term;
  - Facilities managed and maintained to a good standard comparable to at least the standard that the City Council manages and maintains equivalent facilities;

- Management and maintenance arrangements that are cost-effective but which avoid large service charges being imposed on residents of the development to fund the ongoing revenue costs.

3.6. It is within this context that the proposal has emerged to set up a Joint Management Vehicle (JV) with the City Council for Storey's Field and the proposed community centre.

### **Proposed Joint Management Vehicle Arrangements for Storey's Field and Community Centre and associated principles**

The JV would potentially take the form of a company limited by guarantee or most probably a charitable company and would be a legal entity separate from the Council. It is proposed that the JV body would have control over the two assets, based on a 50: 50 split of governance control between the University and the City Council and that a 101 year lease of the assets would be vested in it, at a peppercorn rent. In terms of the ongoing costs of the managing and maintaining the JV assets (less income generated), it has been agreed between the parties that they would be split 50:50, (including the administrative costs associated within the set up and running of the JV) but that the City Council would not contribute towards the costs until Year 13, so that the structure agreed effectively provides for a twelve year commuted sum period, similar to more standard management and maintenance arrangements where assets are transferred to the City Council. The University would therefore cover all the costs for the first twelve years.

In addition it is important that the following principles are addressed through the further detailed negotiations between the parties in due course:

- Both parties would have the right to leave the agreement by giving their shares to the other party.
- Appropriate mechanisms will need to be put in place for resolving disputes between the JV partners.
- The JV would need to submit a business plan to both parties for agreement given that they will be underwriting the costs of the JV.
- The structure will need to address public accountability and transparency requirements.
- There needs to be a means for the JV to engage with other stakeholders, particularly SCDC and Girton Parish Council.

- 3.7. Fall back arrangements for the management of the facilities would still need to be provided for through the S106 agreement, in the event that the JV arrangements are disbanded.
- 3.8. Before proceeding with any further detailed negotiations on the structure and funding of the JV, agreement is therefore being sought to the principle of the proposed arrangements. The timing of this is key given that the outline planning application is due to be reported to the JDCC in the near future and the agreed principles of the proposed management strategy for the community facilities need to be included in the officer report and S106 heads of terms that will be appended to it.

### **Management strategy for other open space, sports and community facilities**

#### University Community Strategy

- 3.9. Extensive negotiations have been taking place over several months to make sure that the University management proposals for the remainder of the open spaces and sports facilities meet as many of the Council's strategic objectives (as set out in paragraph 3.4. above) as possible. In this respect, the University has submitted a Community Strategy document to support the outline planning application that sets out key principles in relation to each type of facility proposed. This has been subject to review and negotiation with the City Council's Heads of Community Development, Arts and Recreation and Streets and Open Spaces, as well as relevant officers from SCDC. The final agreed version of Strategy would be appended to the S106 agreement. Appendix 1 provides a breakdown of the proposed management approach by type of facility.

#### Indoor sports strategy

- 3.10. Originally, the University proposed new indoor sports provision within the development site itself. This strategy has now been amended so that the indoor sports provision for the North West Cambridge development would be provided as part of the University's previously approved West Cambridge indoor sports facilities development currently being progressed. This would provide a wide range of indoor sports facilities, including a swimming pool in Phase 2. Although no additional facilities are being created within the West Cambridge development to serve North West Cambridge, more extensive public access is to be secured to the facilities which would secure increased benefits for the community in this area of the City and SCDC, as well as the wider City and SCDC as a whole. The details of the proposed West Cambridge strategy are still being finalised. The City Council's Head of Arts and Recreation is broadly supportive of the approach, subject to some points of detailed clarification in relation to public



access. Once agreed, the details would be secured through a Deed of Variation to the existing West Cambridge S106 agreement (which would need to be reported to the City Council's Planning Committee) and via the discharge of condition attached to the 2010 West Cambridge permission. Improved access arrangements, in terms of enhanced walking and cycling routes between North West Cambridge and the West Cambridge site are also being negotiated through the S106 process. There would, however, still need to be a fall back requirement within the NWC S106 agreement to provide indoor sports facilities on site, in the event that the West Cambridge facilities were not completed.

### Funding arrangements

- 3.11. The University proposed to fund a significant proportion of management and maintenance costs through an estate management charge that will be levied on most types of occupiers of the development, including the University and commercial elements as well as the housing elements. See Appendix 1 for funding approach to each type of community infrastructure provision. Following negotiations, it has been agreed that the community centre, primary school and proposed police offices will not be subject to the estate management charge and the Community Strategy document has been amended to reflect this.
- 3.12. All the detailed provisions would be secured through the S106 agreement associated with the outline planning applications.

### **S106 obligations**

- 3.13. The S106 agreement would include obligations associated with the community infrastructure provision as follows:
- Space requirements (hectares) and standards to be adhered to.
  - Timing and phasing of provision.
  - Contributions to local authorities in relation to provision of community development workers, sports development workers and community chest.
  - Terms of hire of community centre.
  - Community access agreement to be appended to the S106, including opening hours, prioritisation if any, bookings policy, events management.
  - Management and maintenance specifications
  - Design brief, procurement and delivery process for community centre
  - Fall back provisions for indoor sports
  - Community engagement strategy
  - JV principles
  - Fall back provisions should JV be disbanded

## **Conclusions**

- 3.14. Negotiations over an extended period in relation to the proposed NWC community infrastructure provision have sought to secure optimum benefits and maximum public access for the residents of the development itself and the wider community.
- 3.15. In the context of the University's preferred approach to "self-manage" facilities within the development, negotiations have focused on ensuring that the University's management approach will result in community provision that will be managed and maintained to a standard and include a degree of public access that are comparable to other similar facilities within the City, managed by the City Council. In addition, to ensure that the City Council secures a greater degree of influence and control over key facilities within the City, namely Storey's Field and the community centre. This could be achieved through the proposed JV arrangements.
- 3.16. The Leader's agreement is therefore now sought to the principle of the City Council setting up a JV for Storey's Field and the community centre, subject to further detailed negotiations with the University on the structure and funding of it.
- 3.17. In addition, the Leader is asked to agree that University should manage the remaining open space, sports and community facilities within the North West Cambridge development, according to the principles set out in paragraphs 3.9 – 3.11 of this report, subject to the detailed provisions being agreed and finalised within the S106 agreement associated with the outline planning applications.

## **4. Implications**

### **(a) Financial Implications**

It is proposed that the revenue costs associated with the JV facilities are split between the JV parties on a 50: 50 basis but that the University will fund the total costs for the first twelve years and the City Council contributing towards 50% of costs from Year 13 onwards.

The approximate completion date for the open space, Storey's Field, is the end of 2014. The trigger for the opening of the community facility is still being negotiated but potentially at 250 residential occupations (mid 2014). This would make year thirteen of the agreement 2027.

Estimated management and maintenance costs for the proposed JV Facilities, including the costs associated with the JV itself, are estimated to



be within the range of £160,000 to £200,000 (net of income). The Council's contribution would therefore be between £80,000 to £100,000. Actual net cost will depend upon the design of the building and the type of use/ activities that are promoted at the centre. Both of these elements will be informed by stakeholder and community engagement and agreed by the JV partners.

On average, the Council-run community facilities generate an income of around 30% of their costs depending on their location and community focus. In 2011-12 Brown's Field Youth and Community Centre generated an income equivalent to 8% of its total running cost. This is primarily due to its focus on youth and its location in an area of relatively low income. In contrast, Ross Street Community Centre generated an income equivalent to 61% of its total running cost. The income projection for the North West Cambridge facility is based on 35% of its estimated cost.

The model also assumes that activities at the centre will receive some support in the short term from the Community Development Workers paid for by the University.

Although it has been agreed between the parties that the City Council will not incur any expenditure in relation to the JV until Year 13, the budget allocation will still need to be agreed by Council in July in order to feed into the Medium Term Strategy now, so that financial assumptions can be made on the basis of the future expenditure that will be incurred in due course.

Further detailed advice on any VAT and tax implications will be taken before the final arrangements are put in place.

It is therefore recommended to Council that a provisional revenue budget allocation of up to £100k is made for this purpose.

#### **(b) Staffing Implications**

There will be no additional staffing implications for the local authority arising from these proposals.

There will be a need for the local authorities to monitor compliance with the S106 obligations and any associated planning conditions imposed on the University relating to the provision of and delivery of open space, sports and community facilities over the build out period of the overall development. However, S106 monitoring contributions have been agreed for this purpose through the negotiations on the outline planning applications.

In addition, contributions towards the provision of community development workers and sports development workers are also being negotiated through the S106 agreement.

These will all be set out in the draft S106 heads of terms that will form part of the outline planning application Committee report that will be determined by the Joint Development Control Committee in due course.

**(c) Equal Opportunities Implications**

The negotiations on the management strategy for the proposed community infrastructure within the NWC development have had equality of access for all types of residents within the development and access for the wider Cambridge community as key strategic objectives.

The principles agreed so far are therefore aimed at ensuring the maximum degree of public access both for all types residents within the development and the wider community.

An Equality Impact Assessment has not been carried out.

**(d) Environmental Implications**

There are no direct environmental implications. However, the JV arrangements will secure a greater degree of control and influence for the City Council over the management and maintenance of Storey's Field and the community centre that would include environmental standards, strategy and policy. This is therefore considered to have a LOW positive rating.

**(e) Consultation**

There has been extensive public consultation on the outline planning application.

The JV facilities are located within the City boundary but would serve the whole development, including those areas of the development within SCDC. SCDC officers have been closely involved in negotiations with the City Council and the University on the submitted Community Strategy document.

SCDC and Girton Parish Council would need to be involved in future detailed discussions on the community centre design and management arrangements generally.

A community engagement strategy for the North West Quadrant developments as a whole has been developed, informally agreed by relevant City and SCDC chief officers and discussed with relevant portfolio holders within both local authorities. The final structure and resource implications associated with this will be the subject of a separate report to Community Services Scrutiny Committee later this year.

#### **(f) Community Safety**

There are no community safety implications arising from the proposals set out in this report.

#### **(g) Legal Implications**

Legal advice will be taken by officers as required.

### **5. Background papers**

None.

### **6. Appendices**

Appendix 1 –schedule of community facilities and management proposals  
Appendix 2 –site plans showing locations of key community facilities

### **7. Inspection of papers**

To inspect the background papers or if you have a query on the report please contact:

Author's Name: Patsy Dell  
Author's Phone Number: 01223 457103  
Author's Email: Patsy. Dell@cambridge.gov.uk

## **Appendix 1**

### **Schedule of community infrastructure within North West Cambridge development**

#### a) Storey's Field informal open space (including SSSI but excluding cricket pitch and pavilion)

Location –City

Management strategy –proposed JV

Funding arrangements –University and City Council

Public access – general public access to informal open space elements.

#### b) Other informal open spaces

Location –throughout the development, both City and SCDC.

The large Western Edge informal open space lies within SCDC.

Management strategy –University led

Funding arrangements –estate management charge (except Western Edge landscaping)

Public access –general public access

#### c) Sports pitches (including cricket pitch) and pavilions

Location -City

Management strategy –University led by University Sports Syndicate via a Sport Management Company

Funding arrangements – University to cover costs

Public access -general public access but prioritisation to occupiers of development. Booking arrangements to be put in place.

#### d) Play areas

Location –throughout the development, both City and SCDC.

Management strategy –University led

Funding arrangements – estate management charge

Public access –general public access

#### e) Allotments

Location -largest area within City, smaller area within SCDC.

Management strategy –University led, in accordance with Cambridge Allotments Management Policy for Growth Areas.

Funding arrangements – University to cover costs

Public access – in accordance with the above policy.

f) Community centre

Location –City

Management strategy –proposed JV

Funding arrangements –University and City Council

Public access – general public access. Booking and prioritisation to be agreed through S106/JV arrangements.

g) Indoor sports facilities (including swimming pool provision)

Location City, West Cambridge site

Management strategy –University led/strategy to be agreed through discharge of condition to W Cambridge planning permission

Funding arrangements – University will cover costs.

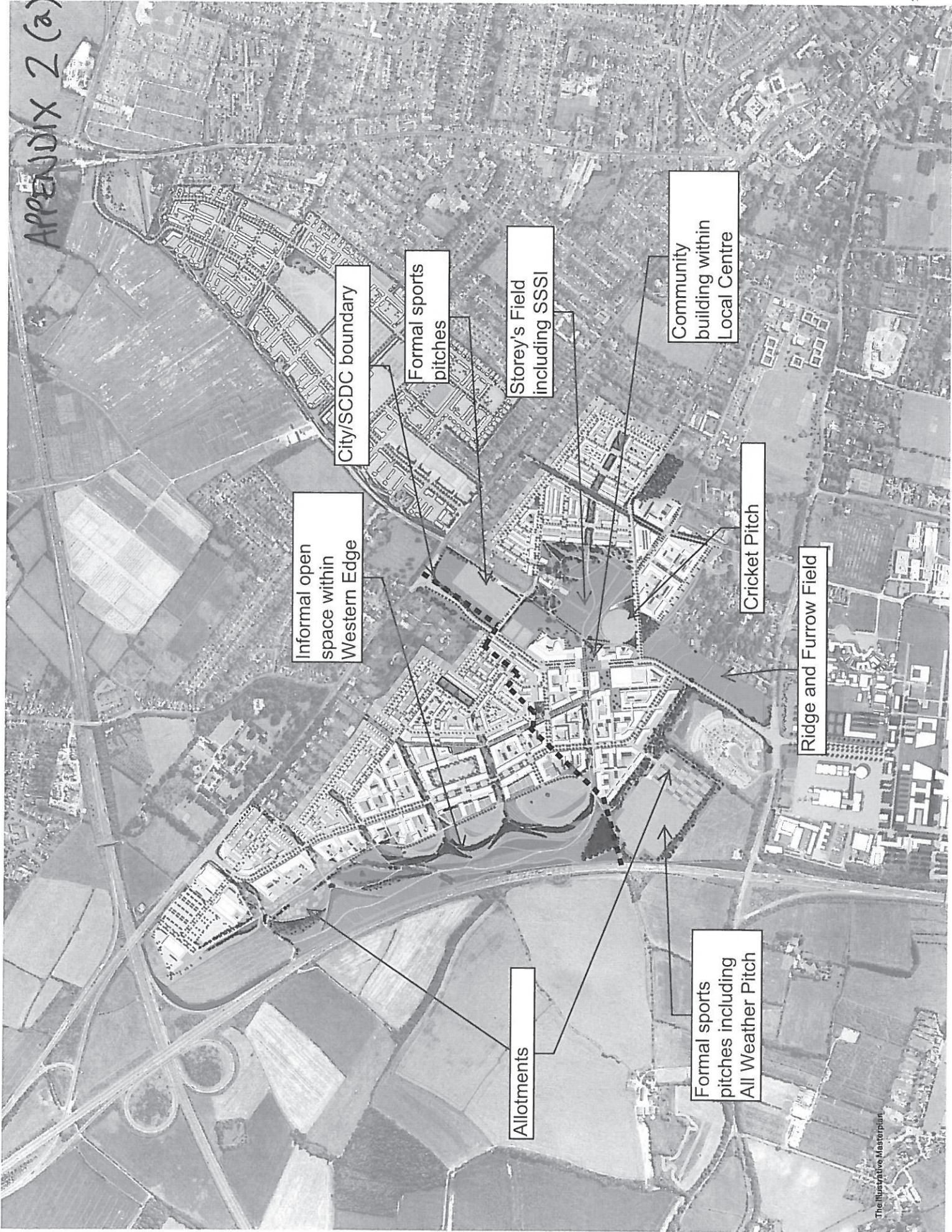
Public access – To be secured through Deed of Variation to existing West Cambridge S106. Prioritisation to NWC occupiers but facilities accessible to general public.

**Appendix 2 –Site location plans showing locations of community infrastructure**

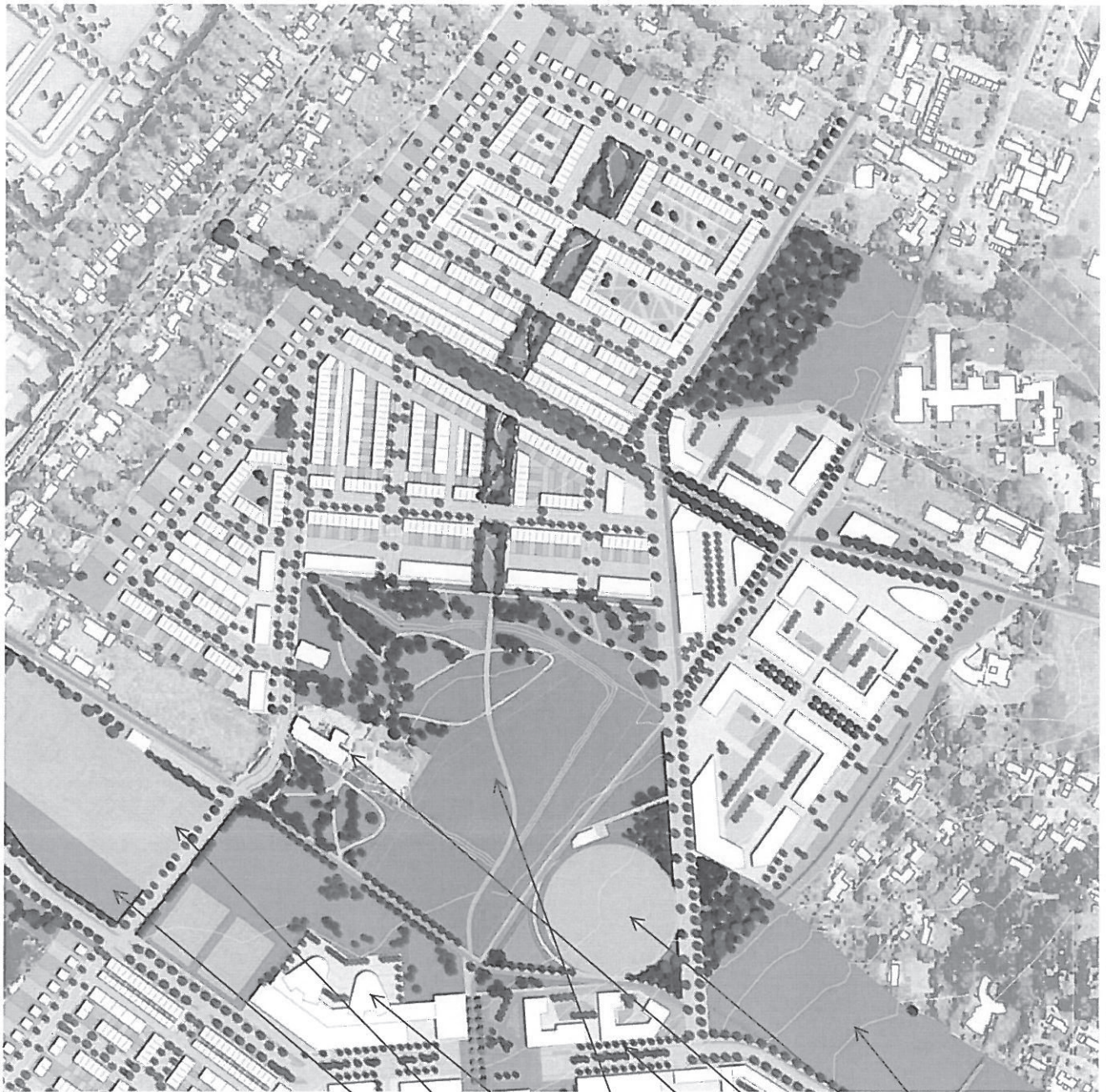
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APPENDIX 2 (a)







Storey's Field - Illustrative Masterplan



- Informal Open Space
- Formal Sports Pitches
- Primary School
- Travellers Rest Site of Special Scientific Interest (SSSI)
- Edge of Local Centre
- World Conservation Monitoring Centre
- Cricket Pitch
- Ridge and Furrow Field



To: Leader of the Council Tim Bick  
Report by: Liz Bisset  
Relevant scrutiny committee: Strategy and Resources Scrutiny Committee 09/07/2012  
Wards affected: All Wards

## **RESTORATIVE JUSTICE SCHEME FOR CAMBRIDGE Not a Key Decision**

### **1. Executive summary**

In the report presented on 15 March 2012 to the then Executive Councillor for Community Development and Health, it was agreed that a further report would be made in due course detailing the progress made to establish the restorative justice scheme for Cambridge.

This report advises on the progress made between the date of that earlier report and the present time. The detail can be found in Appendix 1.

Members are requested to note that a further, final, report will be made following the conclusion of the extensive programme of consultation with internal and external parties that is presently underway.

### **2. Recommendations**

The Leader of the Council is recommended:

1. to take note of the report attached as Appendix 1; and
2. to note the steps taken so far to establish the scheme and endorse the actions proposed in the report that will conclude the preparatory stages of the scheme.

### **3. Background**

Please see Appendix 1.

## **4. Implications**

### **(a) Financial Implications**

None

### **(b) Staffing Implications (if not covered in Consultations Section)**

None

### **(c) Equal Opportunities Implications**

An equalities impact assessment has been carried out and has found that, with appropriate mitigation, there are no differential impacts on any of the protected categories of people.

### **(d) Environmental Implications**

A climate change impact assessment has been carried out on this project and it has been rated as having a **NIL** impact.

### **(e) Consultation**

Please see Appendix 1

### **(f) Community Safety**

As shown in Appendix 1, it is anticipated that this project will have a positive impact on community safety.

## **5. Background papers**

None

## **6. Appendices**

Appendix 1: Restorative Justice: A proposal for Cambridge

Appendix 2: Restorative Justice – Neighbourhood Resolution Panels: A leaflet for prospective volunteer facilitators

## 7. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

Author's Name: James McWilliams  
Author's Phone Number: 01223 - 457838  
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## **APPENDIX ONE: Restorative Justice - Neighbourhood Resolution Panels**

### **Progress report**

#### **1.0 Introduction**

1.1 At the community services scrutiny committee held on 15 March 2012, the committee endorsed the scheme for a restorative justice project as outlined in the paper accompanying the committee report.

1.2 In the period since, considerable progress has been made toward the realisation of the scheme.

1.3 This document details that progress and, in a final section, says what steps yet need to be taken.

#### **2.0 Consultation, and work with partners**

2.1 Good progress has been made with regard to shaping the detail of the scheme in consultation with partners.

2.2 In April a presentation was made before the Cambridgeshire criminal justice board. The board is composed of all the agencies working within the criminal justice system in Cambridgeshire and includes the police, the probation service and the youth offending service. The board is chaired by the chief constable for Cambridgeshire. The board expressed considerable interest in the Cambridge scheme and was supportive of the scheme's two principal aims, that is, to give victims of crime a greater voice within the criminal justice system and to reduce the rate of re-offending. An invitation was extended to report back on the scheme once sufficient cases had been referred and completed to enable a proper evaluation of the scheme.

2.3 An outline programme of work has been drawn up and agreed between the Cambridge safer neighbourhoods inspector (for the police) and the council. The principal items agreed are as follows:

- the kinds of offences that will be eligible to be referred to the scheme. (i.e. offences suitable for a reprimand or a final warning for a minor, or a caution for an adult and which have a score of 1 – 2 on the police gravity matrix);
- the process for receiving and returning referrals;
- the need for a service level agreement between police and council;
- the need for, and the broad composition of, an advisory board.

2.4 The Cambridgeshire restorative approaches group is made up of all the county agencies with an active or developing restorative justice scheme. It includes the youth offending service (YOS) and officers with a variety of educational and other social responsibilities from the Cambridgeshire children and young people's service (CYPS). The Cambridge scheme co-ordinator is a member of this group and through it has ensured that the Cambridge scheme is complementary to these other schemes and is benefiting from their experience.

2.5 Consultation is underway with City Homes and the council's anti-social behaviour team with a view to establishing the scheme as the default approach for dealing with suitable ASB, neighbour nuisance and neighbour dispute cases as a complement to using the Mediation Service.

2.6 Consultation is underway with other sections within the council with a view to realising the objective of the council's enforcement policy to consider the use of restorative justice "where appropriate and available".

### **3.0 Staffing**

3.1 A scheme co-ordinator has been appointed, and started in post on 1 June 2012.

### **4.0 Advisory board**

4.1 It is proposed to form a Board constituted of individuals bringing a mix of the key relevant perspectives and/or expertise which can add value to the management of the scheme. It is anticipated that the board will meet to monitor and advise the scheme on a quarterly basis and on any other

occasions in the interim when it is necessary. It will contribute to an annual report on the progress of the scheme to the scrutiny committee. In keeping with the tenor of the scheme, governance arrangements will be comprehensive but also "light touch" so that the scheme proceeds with the minimum of bureaucracy and the maximum 'ownership' by victims and ordinary members of the community.

4.2 The board will necessarily include representatives of criminal justice partners, organisations running complementary RJ schemes and referral bodies. Accordingly approaches will shortly be made to the Police, the Youth Offending Service, the Probation Service and the county Children and Young People's Service. Discussions are also proposed to gain representation from housing providers, local businesses and Victim Support and to establish whether the scheme might benefit from an academic in the field of Restorative Justice, which is an area of expertise in the city's universities.

4.3 The terms of reference for the board have been drafted and will be presented for discussion at the inaugural meeting of the board planned for September 2012. The terms will then be presented to committee for final approval.

## **5.0 Recruitment and training of volunteer facilitators**

5.1 Neighbourhood resolution panels will be conducted by volunteer facilitators. An advert has been placed on the volunteer website *Do It* and applications are being received and logged. It is anticipated that interviews will be carried out during August and early September.

5.2A leaflet for would-be facilitators has been prepared and is included here as Appendix Two as general information about the scheme.

5.3 Free training for 22 people has been secured through a bid to the Ministry of Justice. It will be provided by Restorative Solutions, a social enterprise. Training will be for one day with an option for a further two days training for 12 of the 22. Three-day training and the satisfactory completion of several cases will enable people to undertake further training that will equip



them to train another cohort of facilitators. In this way we anticipate that the scheme will become self-sustaining.

5.4 Training will commence in late September and will complete (for three-day trainees) in October.

5.5 It is anticipated that the first restorative conferences will take place in October 2012.

## **6.0 Other areas of progress**

6.1 A session has been arranged that will explain the scheme to local housing associations with a view to associations referring both 'at fault' and 'no fault' cases into the scheme. The initial emphasis will be on seeking the referral of 'at fault' cases.

## **7.0 Next steps**

7.1 The following work will be carried out in the coming period:

- Further consultation within the council with City Homes and the various services with an enforcement duty, with a view to adding a restorative option to the range of currently existing options.
- Agree a formal launch date for the scheme with attendant publicity.
- Complete the resource pack for facilitators. (This is a major piece of work which will include instructions about receiving and processing referrals; how to set up meetings, ensuring the personal safety of facilitators and participants, the limits to the facilitator's authority and the scope of their responsibility, preserving confidentiality, the limits to any reparation that may be agreed; writing up and delivering case notes, claiming necessary expenses, and so on).

# Restorative Justice



## What is restorative justice?

'Restorative justice' (or RJ) is the name usually given to an approach to criminal justice that provides a person who has suffered harm with an opportunity to tell the wrongdoer about the damaging effects of their actions. In some cases the wronged person can get to have a say in what the perpetrator can do to make amends. As the Home Office paper *Restorative Justice: An overview* puts it:

*'Restorative justice is a process whereby parties with a stake in a specific offence collectively resolve how to deal with the aftermath of the offence and its implications for the future.'*

Restorative justice is an approach rather than a rigid system. It has been shown to work in many different kinds of situation, from minor anti-social behaviour through to serious criminal offences that end in a prison sentence. RJ is used in schools (where it has been very successful in dealing with bullying);

in the workplace; in neighbour disputes and at every level within the criminal justice system, including post-sentence in cases of the most serious kind. Where RJ has been tried in criminal cases there is evidence it has resulted in greater satisfaction for the victim of crime and a reduced likelihood that the perpetrator will re-offend.

## What is a neighbourhood resolution panel?

Cambridge city will be the first district in the county, and one of the first in the country, to use the 'neighbourhood resolution panel' model.

A neighbourhood resolution panel is not a decision-making forum: it is not the role of the panel to decide guilt (this has already been admitted in 'at fault' cases), nor is there a 'decision maker' or 'judge' deciding the appropriate penalty. Instead, a panel is a meeting where the harmed person and wrongdoer decide between themselves an outcome they agree is fair and reasonable. In

# Neighbourhood Resolution Panels



a criminal case that is referred to the Cambridge scheme, this might be anything from a simple apology through to agreeing to do something to put things right or otherwise compensate for the harm done. In a neighbour dispute the outcome might be an apology and a written undertaking.

Each neighbourhood resolution panel will be organized and overseen by a trained community volunteer facilitator. The main job of the facilitator will be to create a calm and dignified atmosphere in which people are able to express themselves without aggression or fear. It will also be the job of the facilitator to write up the notes of the meeting and record the outcome. A scheme coordinator (a council employee) will formally register the outcome and monitor compliance. A failure to comply with any undertaking will result in the case being sent back to the referring agency as unresolved. In such failed criminal cases the police will apply one of the other options available to them.

### **What kinds of cases will the Cambridge scheme deal with?**

The Cambridge scheme will deal with the following kinds of cases:

1. Criminal cases where the offence would otherwise result in a caution for an adult offender, or a reprimand or final warning for a minor. The wrongdoer must have admitted the offence and both parties must have agreed to meet face-to-face. No inducements to take part are offered to either party and there is no advantage to the perpetrator in terms of how the offence is treated or recorded.

These kinds of cases will be referred to the scheme by the police.

2. Anti-social behaviour where there is a clear perpetrator and the perpetrator has admitted fault. These kinds of cases will be referred to the scheme by housing providers and the Council's anti-social behaviour

team and, as with criminal cases, participation is voluntary.

3. Minor disputes between neighbours where no party admits fault. In this context it is more correct to speak of a 'restorative solution' rather than restorative justice, but there is the same RJ focus on face-to-face discussion about what each party needs to do (or not do) to stop the problem. The outcome will usually be a written agreement.

If the scheme follows the same pattern as existing schemes, we anticipate that between fifty and seventy percent of cases will be police referrals and that 'no fault' cases will, at least to begin with, form a minor part of total non-police referrals.

We would also like eventually to include cases that arise from the Council's criminal enforcement duty for matters like littering, fly-tipping and vehicle offenses, and this will be a subject for consultation and discussion in the coming period.

If you have any questions about the Cambridge neighbourhood resolution panel project, please contact:

**The Neighbourhood Resolution  
Panel Coordinator  
Cambridge City Council  
PO Box 700  
CB1 0JH**

**01223 457838**

**[james.mcwilliams@cambridge.gov.uk](mailto:james.mcwilliams@cambridge.gov.uk)**

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To: The Leader and Executive Councillor for Strategy:  
Councillor Tim Bick

Report by: Director of Community Services

Relevant scrutiny committee: Strategy & Resources Scrutiny Committee 9/7/2012

Wards affected: All Wards

## **APPOINTMENT TO THE CAMBRIDGESHIRE POLICE AND CRIME PANEL Not a Key Decision**

### **1. Executive summary**

The Leader is asked to make decisions concerning the establishment of, nomination to, and arrangements for the Cambridgeshire Police and Crime Panel required under the Police Reform and Social Responsibility Act 2011. This report is being submitted for consideration and decision in June and July to the seven local authorities of Cambridgeshire (Cambridge City, East Cambridgeshire, South Cambridgeshire, Fenland, Huntingdonshire, Peterborough and Cambridgeshire County).

### **2. Recommendations**

The Leader is recommended to:

- (i) agree to establish the Cambridgeshire Police and Crime Panel as a joint committee of the local authorities as defined in Section 28 of the Police Reform and Social Responsibility Act 2011 and set out in this report.
- (ii) nominate and appoint one member and one substitute member to the panel.
- (iii) agree the panel arrangements in accordance with schedule 6 of the Police Reform and Social Responsibility Act 2011 and set out in this report.
- (iv) agree that the panel when convened should ensure that its proceedings are open to the public (see 4.2).

### 3. Background

- 3.1 The Police Reform and Social Responsibility Act 2011 introduced significant changes in police governance and accountability, in particular replacing the Police Authorities with directly elected Police and Crime Commissioners (commissioners).
- 3.2 The public accountability for the delivery and performance of the police service within each force area will be placed into the hands of the commissioner on behalf of their electorate. The commissioner will draw on their mandate to set and shape the strategic objectives of their force area in consultation with the chief constable. The commissioner will be accountable to their electorate; the chief constable will be accountable to the commissioner.
- 3.3 The Act also requires the local authorities in each police force area to establish a police and crime panel (panel), as a joint committee, primarily to scrutinise the commissioner. The Act also prescribes many of the arrangements with regard to the panel and the way in which it conducts its business.
- 3.4 According to the Home Office, "Panels are not a replacement for the police authority. They will fulfil an important role in scrutinising the commissioner but we need to be clear that this reform is about reconnecting the police and the people. This will be achieved through a directly elected police and crime commissioner not through the police and crime panel. The panel will have an important scrutiny role in relation to the commissioner, however it is the commissioner who is taking on the role of the police authority and who the public will hold to account for the performance of their force."
- 3.5 The panel will have the following duties and powers which must be exercised in accordance with the Act and associated Regulations:
  - the power of veto, by two-thirds majority, over the commissioner's proposed budget and precept;
  - the power of veto, by two-thirds majority, over the commissioner's proposed candidate for chief constable;
  - the power to ask Her Majesty's Inspectorate of Constabulary (HMIC) for a professional view when the commissioner intends to dismiss a chief constable;
  - the power to review the commissioner's draft police and crime plan and make recommendations to the commissioner who must take account of them;

- the power to review the commissioner's annual report and make reports and recommendations at a public meeting, which the commissioner must attend;
- the power to require any papers in the commissioner's possession (except those which are operationally sensitive);
- the power to require the commissioner to attend the panel to answer questions;
- the power to appoint an acting commissioner (from within the commissioner's staff) when the elected commissioner is incapacitated or suspended (until she/he is no longer incapacitated or suspended), or resigns or is disqualified (until a new commissioner is elected); and
- responsibility for all complaints about the commissioner, although serious issues must be passed to the Independent Police Complaints Commission (IPCC).

3.6 Terms of reference for the panel are included at **appendix 1** however until the commissioner takes office on 22 November 2012, following the election on 15 November 2012, the panel's powers will be limited to those necessary to prepare itself. The various constitutions of the Cambridgeshire authorities will require amendment in due course to incorporate the terms of reference although this will be a subsequent decision for Council

3.7 The Home Secretary has reserve powers to establish a panel and to appoint members to the panel, if any local authority fails to do so. The authorities are required to notify the Secretary of State of their nominations and appointment of their various councillors to the panel by 16 July 2012.

#### **4. Developing the panel arrangements**

4.1 It is proposed in this report that the seven Cambridgeshire local authorities each agree the panel arrangements, establishing it as a joint committee, and appoint their member(s) of the panel in accordance with the panel arrangements. This will allow time for the panel, before the commissioner is elected, to appoint co-opted independent members; agree the panel's rules of procedure; be briefed on relevant issues; and agree the panel's work programme for its first year.

4.2 This Council would wish to make it clear that the panel holds its meetings in public. Officers have been advised by the Head of Legal Services at Peterborough City Council (the Host Authority) that meetings of the (shadow) panel between now and the appointment of the Police Commissioner are likely to be a mixture of formal and



informal hearings to ensure that its membership is properly inducted. The detailed arrangements for the panel's meetings are not yet agreed and will be a matter for the panel itself to determine. From November, it would be expected that its meetings will be in public (including, for the first time, confirmatory hearings of appointment to senior posts, such is the move towards openness and transparency).

- 4.3 The arrangements for the Cambridgeshire Police and Crime Panel take the form of an agreement setting out the manner in which the authorities will provide support to the panel and are included at **appendix 2**. Schedule 6 of the Police Reform and Social Responsibility Act 2011 largely prescribes the terms of the panel arrangements

## **5. Panel membership**

- 5.1 The lead local authority for this process, Cambridgeshire County Council, has facilitated discussions between the local authorities to enable them to fulfil their duty to secure (as far as is reasonably practicable) that the appointed members represent the political make-up of the local authorities within the police area (when taken together).
- 5.2 In Cambridgeshire, it has been agreed that the panel should comprise eleven councillors: one from each of the district or borough councils, three members each from the County and Peterborough City Council.
- 5.3 Under the terms of the Act if the panel is greater than the 10 members required, the additional member is considered to be a co-opted members and will require the approval of the Secretary for State. If approved, a subsequent resolution of the panel will also be required. Cambridgeshire County Council and Peterborough City Council are making a joint application for consent for the additional member to the Secretary for State.
- 5.4 A further two independent members (not councillors) must be co-opted by the panel. When co-opting the independent members, the panel must ensure that, as far as is reasonably practicable, the appointed and co-opted members together have the skills, knowledge and experience necessary for the panel to discharge its functions effectively.

5.5 The proportionality arrangements proposed after discussions between Cambridgeshire authorities and the proposed panel agreement envisage that the City Council will appoint a member from the largest group on the Council in accordance with political balance principles, although these do not apply as a matter of law to the City Council's appointment of a representative.

## **6. Support for the Panel**

6.1 It has been agreed that Peterborough City Council will be the host local authority for the panel and, within the overall budget agreed annually by the seven local authorities, will support the panel and its members. This support will be led by a lead officer from the host authority supplemented as required by additional specialist officers (eg finance officers when advising the panel on the commissioner's proposed budget and precept, legal officers when advising the panel on dealing with any complaints against the commissioner).

6.2 It is proposed that the costs of the panel, including support for the panel, will be contained as far as possible within the grant to be provided by the Home Secretary to the host local authority but if that grant is exceeded the excess be shared equally. The annual grant will be £53,330 plus £920 towards expenses per panel member, subject to review by the Home Secretary in future. The LGA has lobbied the Home Office to make a transparent level of funding available on a permanent basis to ensure that there is no burden on local authorities. However, the Act requires that panel arrangements make provision about how the local authorities are to share the costs of the panel.

6.3 To avoid a burden on the budget of the panel it is proposed that each authority determine whether and if so what allowance should be paid to its representative on the panel.

6.4 The Act requires that the panel arrangements set out how support and guidance will be given to elected members and officers of the local authorities in relation to the functions of the panel. It is proposed that this will comprise initial briefing sessions for all elected members and relevant officers of the local authorities before the commissioner is elected and annual briefing sessions in each following year

## 7. Implications

(a) **Financial Implications** and (b) **Staffing Implications**

These are both covered in the report.

(c) **Equal Opportunities Implications**

No Equality Impact Assessment has been conducted by the City Council. The Council is required to comply as required under the Police Reform and Social Responsibility Act 2011

(d) **Environmental Implications**

- Nil: to indicate that the proposal has no climate change impact.

(e) **Consultation** - none

(f) **Community Safety**

These proposals are part of the Government's changes to policing in England and Wales.

## 8. Background papers

These background papers were used in the preparation of this report:

Draft report by the Head of Legal Services of Peterborough City Council  
19.6.12

## 9. Appendices

Appendix 1 – proposed Terms of Reference of Police and Crime Panel  
Appendix 2 – Panel arrangements and Schedule

## 10. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

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## **Cambridgeshire police and crime panel**

### **TERMS OF REFERENCE**

- 1) To review and make a report or recommendation on the draft police and crime plan, or draft variation, by the Police and Crime Commissioner.
- 2) To review, put questions to the Police and Crime Commissioner at a public meeting, and make a report or recommendation (as necessary) on the annual report.
- 3) To hold a confirmation hearing and review, make a report, and recommendation (as necessary) in respect of proposed senior appointments made by the Police and Crime Commissioner.
- 4) To review and make a report on the proposed appointment of the Chief Constable.
- 5) To review and make a report and recommendation (as necessary) on the proposed precept.
- 6) To review or scrutinise decisions made, or other action taken, by the Police and Crime Commissioner in connection with the discharge of the commissioner's functions.
- 7) To make reports or recommendations to the Police and Crime Commissioner with respect to the discharge of the commissioner's functions.
- 8) To support the effective exercise of the functions of the Police and Crime Commissioner.
- 9) To fulfil functions in relation to complaints about conduct matters, in accordance with the responsibilities accorded to the panel by the Police Reform and Social Responsibility Act 2011.
- 10) To appoint an Acting Police and Crime Commissioner if necessary.
- 11) To suspend the Police and Crime Commissioner if it appears to the panel that the Commissioner has been charged in the United Kingdom or Isle of Man with an offence which carries a maximum term of imprisonment exceeding two years.

## CAMBRIDGESHIRE POLICE AND CRIME PANEL - PANEL ARRANGEMENTS

This Agreement is dated the \_\_\_\_\_ day of July 2012

The Agreement is made between the following:

1. Cambridge City Council
2. Cambridgeshire County Council
3. East Cambridgeshire District Council
4. Fenland District Council
5. Huntingdonshire District Council
6. Peterborough City Council
7. South Cambridgeshire District Council

In this Agreement the above Councils are referred to together as 'the Authorities'.

Interpretation:

*"Act"*

means the Police Reform and Social Responsibility Act 2011

*"Host Authority"*

means Peterborough City Council

*"Lead Authority"*

means Cambridgeshire County Council

*"Panel"*

means the Police and Crime Panel

*"Panel Arrangements"*

means the arrangements set out in this Agreement

*"PCC"*

means the Police and Crime Commissioner

## **1.0 Background**

- 1.1 The Act introduces new structural arrangements for national policing, strategic police decision making, neighbourhood policing and police accountability.
- 1.2 The Act provides for the election of a PCC for a police force area, responsible for securing an efficient and effective police force for their area, producing a police and crime plan, recruiting the Chief Constable for an area, and holding him/her to account, publishing certain information including an annual report, setting the force budget and police precept and requiring the Chief Constable to prepare reports on police matters. The PCC must co-operate with local community safety partners and criminal justice bodies.
- 1.3 The Act requires the local authorities in each police force area to establish and maintain a Panel for its police force area. It is the responsibility of the Authorities for the police force area to make Panel Arrangements.
- 1.4 Cambridgeshire is a multi authority police force area. The Authorities, as the relevant local authorities within the area must agree to the making and modification of the Panel Arrangements.
- 1.5 Each Authority and each Member of the Panel must comply with the Panel Arrangements.
- 1.6 The functions of the Panel (to be known as the Cambridgeshire Police and Crime Panel) must be exercised with a view to supporting the effective exercise of the functions of the PCC for that police force area.
- 1.7 The Panel must have regard to the Policing Protocol issued by the Home Secretary, which sets out the ways in which the Home Secretary, the PCC, the Chief Constable and the Panel should exercise, or refrain from exercising, functions so as to encourage, maintain or improve working relationships (including co-operative working); and limit or prevent the overlapping or conflicting exercise of functions.
- 1.8 The Panel is a scrutiny body with responsibility for scrutinising the PCC and promoting openness in the transaction of police business in the police force area.
- 1.9 The Panel is a joint committee of the Authorities.

1. 10 The Authorities agree the Panel Arrangements.

## **2. 0 Functions of the Police and Crime Panel**

2. 1 The Panel may not exercise any functions other than those conferred by the Act.

2. 2 The functions of the Panel set out at paragraphs 2.3 - 2.8 below may not be discharged by a Committee or Sub-Committee of the Panel.

2. 3 The Panel is a statutory consultee on the development of the PCC's Police and Crime Plan and must:

- a) review the draft Police and Crime Plan (and a variation to it);
- and,
- b) report or make recommendations on the draft Plan which the PCC must take into account.

2. 4 The Panel must comment upon the Annual Report of the PCC, and for that purpose must:

- a) arrange for a public meeting of the Panel to be held as soon as practicable after the Panel is sent an Annual Report under Section 12 of the Act;
- b) ask the PCC at that meeting such questions about the Annual Report as the Members of the Panel think appropriate;
- c) review the Annual Report; and,
- d) make a report or recommendations on the Annual Report to the PCC.

2. 5 The Panel must undertake a review of a precept proposed by the PCC in accordance with the requirements set out in Schedule 5 of the Act, and will have a right of veto in respect of the precept in accordance with the Act and Regulations made under the Act.

2. 6 The Panel must review, make a report to and make recommendations to the PCC in relation to the appointment of a Chief Constable by the PCC in accordance with the requirements set out in Schedule 8 of the Act and will have a right of veto in respect of the appointment in accordance with the Act and Regulations made under the Act.

2. 7 The right of veto in paragraphs 2.5 and 2.6 will require that at least two-thirds of the persons who are Members of the Panel at the time when the decision is made vote in favour of making that decision.



2. 8 The Panel must review, make a report to and make recommendations to the PCC in relation to the appointment of the PCC's Chief Executive, Chief Finance Officer and the Deputy Police and Crime Commissioner in accordance with the requirements set out in Schedule 1 of the Act.
2. 9 The following functions must also be undertaken by the Panel but may be delegated to a Sub-Committee of the Panel:
2. 10 The Panel shall receive notification from the PCC of any suspension of the Chief Constable, or any proposal to call upon a Chief Constable to retire or resign, and in the case of the latter must make a recommendation to the PCC as to whether or not the PCC should call for the retirement or resignation in accordance with the procedures set out in Schedule 8 of the Act.
2. 11 The Panel must review or scrutinise the decisions or actions of the PCC in the discharge of his/her functions and make reports or recommendations to the PCC with respect to the discharge of the PCC's functions. The Panel may carry out investigations into the decisions of the PCC, and into matters of particular interest or public concern.
2. 12 The Panel must publish any reports or recommendations made by it to the PCC in a manner which the Panel will determine and must also send copies to the Authorities.
2. 13 The Panel may require the PCC or a member of his/her staff to attend the Panel to answer questions necessary for the Panel to undertake its functions, provided that such questions shall not:
  - a) relate to advice provided to the PCC by his/her staff;
  - b) in the view of the PCC:
    - i) be against the interests of national safety;
    - ii) jeopardise the safety of any person; or,
    - iii) prejudice the prevention or detection of crime, the apprehension or prosecution of offenders, or the administration of justice; or,
  - c) be prohibited by any other enactment.



2. 14 If the Panel requires the PCC to attend the Panel, the Panel may (at reasonable notice) request the Chief Constable to attend before the Panel on the same occasion to answer any question which appears to the Panel to be necessary in order for it to carry out its functions.
2. 15 The Panel may require the PCC to respond in writing to a report or recommendation from the Panel to the PCC.
2. 16 The Panel may suspend the PCC if he/she is charged with an offence carrying a maximum term of imprisonment exceeding two years.
2. 17 The Panel will have any other powers and duties set out in the Act or Regulations made in accordance with the Act.

### **3. 0 Membership**

#### **General**

3. 1 Cambridgeshire is a police force area comprising seven (7) Authorities. The Authorities have each agreed to provide one elected member together with the Lead Authority and the Host Authority having the power to appoint the extra Members of the Panel.
- 3.2 Appointments of elected members to the Panel shall be made by each of the Authorities in accordance with their own procedures and with a view to ensuring that the balanced appointment objective is met so far as is reasonably practicable.
- 3.3 The Lead Authority has taken steps to coordinate the Authorities with a view to ensuring that the balanced appointment objective is achieved. The balanced appointment objective requires that the local authority Members of the Panel (which includes Members appointed by the Authorities and co-opted Members who are elected Members of any of the Authorities) should:
  - a) represent all parts of the police force area;
  - b) represent the political make-up of the Authorities; and,
  - c) taken together have the skills, knowledge and experience necessary for the Panel to discharge its functions effectively.
3. 4 The Authorities have agreed that the Panel shall consist of eleven (11) Members appointed by each of the Authorities as set out in the attached Schedule.

- 3.5 The appointment of the eleventh Member requires
  - (a) the consent of the Secretary of State and
  - (b) resolution of the Panel
- 3.6 The Lead Authority and the Host Authority have jointly agreed to seek the consent of the Secretary of State to the appointment of the eleventh Member
- 3.7 The Panel shall also include two (2) independent Members co-opted by the Panel.
- 3.8 In appointing co-opted Members who are not elected members of any of the Authorities the Panel must secure, so far as is reasonably practicable that the appointed and co-opted Members of the Panel, together have the skills, knowledge and experience necessary for the Panel to discharge its functions effectively.
- 3.9 The Panel may also resolve to co-opt further Members provided that
  - (a) the further agreement of the Secretary of State is sought, and
  - (b) the number of co-opted Members included in the Membership of the Panel shall not exceed twenty (20) in total.
3. 10 Authorities may appoint a named substitute Member for each nominated Member in the event that their Appointed Member is unable to attend a meeting.

### **Appointed Members**

3. 11 If a nominated Member agrees to the appointment the Authority may appoint the Member as a Member of the Panel.
- 3.12 In the event that an Authority does not appoint a Member in accordance with these requirements, the Secretary of State must appoint a Member to the panel from the defaulting authority in accordance with the provisions in the Act.
3. 13 With a view to ensuring continuity of membership as far as possible, an appointed Member shall be a Member of the Panel for four years unless s/he ceases to be an elected Member, or is removed by their Authority.
3. 14 An Authority may decide in accordance with their procedures to remove their appointed Member from the Panel at any point and on doing so shall give notice to the Solicitor to the Council at the Host Authority.

3. 15 An appointed Member may resign from the Panel by giving written notice to the Solicitor to the Council at the Host Authority on behalf of the Panel and to the proper officer at their Authority.
3. 16 In the event that any appointed Member resigns from the Panel, or is removed from the Panel by an Authority, the Authority shall immediately take steps to nominate and appoint an alternative Member to the Panel.
3. 17 Members appointed to the Panel may be re-appointed to the Panel for a further term of four years.

### **3. 18 Co-opted Members**

3. 19 The following may not be co-opted Members of the Panel:

- a) the PCC for the Police Area.
- b) a member of staff of the PCC for the area.
- c) a member of the civilian staff of the Police Force for the area.
- d) a Member of Parliament.
- e) a Member of the National Assembly for Wales.
- f) a Member of the Scottish Parliament.
- g) a Member of the European Parliament.

3. 20 An elected member of any of the Authorities may not be a co-opted Member of the Panel where the number of co-opted Members is two.

3. 21 If the Panel has three or more co-opted Members an elected member of any of the Authorities may be a co-opted Member of the Panel provided that at least two of the other co-opted Members are not elected members of any of the Authorities.

3. 22 A co-opted Member shall be a Member of the Panel for four years.

3. 23 The Panel shall put in place arrangements to ensure that appointments of co-opted Members are undertaken following public advertisement in accordance with the following principles:

- a) The appointment will be made on merit of candidates whose skills, experience and qualities are considered best to ensure the effective functioning of the Panel;
- b) The selection process must be fair, objective, impartial and consistently applied to all candidates who will be assessed against the same pre determined criteria; and,

- c) The selection process will be conducted transparently with information about the requirements for the appointment and the process being publicly advertised and made available with a view to attracting a strong and diverse field of suitable candidates.
3. 24 A co-opted Member of the Panel may resign from the Panel by giving written notice to the Solicitor to the Council at the Host Authority on behalf of the Panel.
3. 25 The Panel must from time to time decide whether the Panel should exercise its power to change the number of co-opted Members of the Panel to enable the balanced appointment objective to be met, or be more effectively met, and if so, it must exercise that power accordingly.
3. 26 The Panel may decide to terminate the appointment of a co-opted Member of the Panel if at least two-thirds of the persons who are Members of the Panel at the time when the decision is made vote in favour of making that decision at any time for the reasons set out below and on doing so shall give written notice to the co-opted Member:
- a) if the co-opted Member has been absent from the Panel for more than three months without the consent of the Panel;
  - b) if the co-opted Member has been convicted of a criminal offence but not automatically disqualified;
  - c) if the co-opted Member is deemed to be incapacitated by physical or mental illness or is otherwise unable or unfit to discharge his or her functions as a co-opted Member of the Panel; or,
  - d) if the co-opted Member's membership of the Panel no longer achieves the balanced appointment objective.
3. 27 In the event that a co-opted Member resigns from the Panel or is removed from the Panel following a decision of the Panel, the Panel shall ensure that at least two independent co-opted Members remain appointed to the Panel, and in the absence of two such Members shall make arrangements to ensure that two co-opted Members are appointed.
3. 28 Co-opted Members appointed to the Panel may be re-appointed for a further term of four years provided that the balanced appointment objective is met by that re-appointment.

#### **4.0 Budget and Costs of the Panel**

- 4.1 The annual costs of the Panel, reduced by the figure of any grant from the Home Office or any other source, shall be borne between the Authorities equally.
- 4.2 A draft budget for the operation of the Panel shall be drawn up by the Host Authority in February each year, and shall be approved by the Authorities. All costs will be contained within the budget.

#### **5.0 Host Authority**

- 5.1 A Host Authority shall be determined by mutual agreement of the Authorities for the Panel and shall provide such administrative and other support as will be necessary to enable the Panel to undertake its functions. The Host Authority may be changed by agreement of the Authorities providing 12 months notice expiring on 31 March in any year is given.

#### **6.0 Rules of Procedure**

The Panel shall determine its Rules of Procedure which shall include arrangements in relation to the:

- a) the appointment and removal of the Chairman;
- b) the formation of sub-committees;
- c) the making of decisions;
- d) the arrangements for convening meetings; and,
- e) the circulation of information.

#### **7.0 Allowances**

- 7.1 Members shall be entitled to claim expenses incurred as a result of membership of the Panel in accordance with the allowances appendix.

#### **8.0 Promotion of the Panel**

- 8.1 The Panel arrangements shall be promoted by:
  - a) the establishment and maintenance of a dedicated open-access website including information about the role and work of the Panel, Panel Membership, all non-confidential Panel and sub-

committee meeting papers, press releases and other publications;

- b) the issuing of regular press releases about the Panel and its work; and,
- c) the Authorities will each include information about the Panel on their websites, and will also include a link to the Panel website.

8.2 Support and guidance shall be provided to executive and non-executive elected members and officers of the Authorities in relation to the functions of the Panel as follows:

- a) by the provision of initial briefing sessions for elected members and relevant officers of the Authorities before the election of the PCC, and the provision of annual briefing sessions following the PCC's appointment; and,
- b) by the provision of written briefing notes for elected members and relevant officers of the Authorities at least three times per year.

## **9.0 Validity of Proceedings**

9.1 The validity of the proceedings of the Panel shall not be affected by a vacancy in the Membership of the Panel or a defect in appointment.

9.2 The conduct of the Panel and the content of these arrangements shall be subject to the legislative provisions in the Police Reform and Social Responsibility Act 2011, and any Regulations made in accordance with that Act, and in the event of any conflict between the Act or Regulations, and these arrangements, the requirements of the legislation will prevail.

## **SIGNED BY THE AUTHORITIES AS FOLLOWS:**

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SCHEDULE

CAMBRIDGESHIRE POLICE AND CRIME PANEL

Assumes PCP size = 13 Members made up of 11 elected members\* + 2 co-optees (non-councillors)

Elected Members	Total Members	Cons	%	L/D	%	Lab	%	UKIP	%	Green	%	Ind	%	PCP Seats	Political Split
Cambs CC	69	41	59.4	21	30.4	3	4.3	2	2.9	1	1.4	1	1.4	3	2Cons + 1L/D
Camb City	42	1	2.4	21	50.0	19	45.2		0.0		0.0	1	2.4	1	1L/D
S Cambs	57	33	57.9	16	28.1	1	1.8		0.0		0.0	7	12.3	1	1Cons
Hunts	52	38	73.1	7	13.5	1	1.9	3	5.8		0.0	2	3.8	1	1Cons
Fenland	40	34	85.0	3	7.5		0.0		0.0		0.0	3	7.5	1	1Cons
East Cambs	39	25	64.1	10	25.6		0.0		0.0		0.0	4	10.3	1	1Cons
Pet'boro CC	57	32	56.1	4	7.0	10	17.5	5	8.8	1	1.2	11	19.3	3	2Cons + 1other
Total seats & avge %	356	204	56.9	82	23.2	34	10.1		1.2		0.2	29	8.1	11	

\* requires Secretary of State consent



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To: The Leader and Executive Councillor for Strategy:  
Councillor Tim Bick

Report by: Chris Williams, Strategy Officer

Relevant scrutiny committee: Strategy & Resources Scrutiny Committee 9/7/2012

Wards affected: All Wards

## **CODE OF BEST PRACTICE ON CONSULTATION AND COMMUNITY ENGAGEMENT**

### **Not a Key Decision**

#### **1. Executive summary**

1.1 Understanding the needs of our communities and residents is essential to sound decision-making and the provision of efficient and effective public services. Consultation and community engagement can increase our understanding of community needs.

1.2 In July 2011 the City Council approved a Code of Best Practice on Consultation and Community Engagement in order to establish clear principles to guide council departments to ensure a more structured, proportionate and appropriate approach to consultation. This report reviews the impact that the Code of Practice has had on the way the City Council conducts consultation.

#### **2. Recommendations**

2.1 The Executive Councillor is recommended:

- a) To endorse this review of the progress made with the implementation of the Code of Practice.

#### **3. Background**

3.1 The intention to develop a Code of Best Practice on Consultation and Community Engagement was announced in Cambridge City Council's annual statement 2010-11.

3.2 This intention was consistent with both local and national political ambitions to improve decision making by increasing transparency and involving service users and residents more actively in the policy-formation and decision-making processes.

3.3 The Council has been carrying out consultation work and engaging with the community for many years, and there is much good practice to learn from and build on within the authority. The purpose of developing a code was to ensure a more structured, proportionate and appropriate approach to consultation across the organisation. It would support the delivery of the Council's vision of:

'A city whose citizens feel they can influence public decision making and are equally keen to pursue individual and community initiatives.'

3.4 The City Council approved a Code of Best Practice on Consultation and Community Engagement in July 2011. At the time officers committed to reviewing the impact and content of this Code of Practice after one year of operation, in consultation with ward councillors, council staff, partner organisations, residents and community groups.

### **Implementation of the Code of Practice**

3.5 All staff and councillors involved in consultation and community engagement are required to have regard to the Code of Practice. In order to ensure the successful implementation of the Code, the following steps have been taken:

- a) Copies of the Code have been sent to relevant staff and councillors, and the document is available on the Council's intranet and website. An article was included in the staff newsletter 'Insight' to raise the awareness of staff.
- b) The officer working group on consultation has continued to meet in order to share and compare experience of consultations, learn lessons from each other and in particular to identify and address any unnecessary inconsistencies in the ways that we consult.
- c) The officer consultation toolkit that was developed by the Community Services department in 2009 has been reviewed, refreshed and promoted to staff across the Council.

- d) A managers briefing on 'Good Consultations' was held in February 2012. Case studies were used to promote examples of good practice, explore lessons learnt, share tips and set out the benefits of consultation to managers.
- e) Training on how to write effective questions for surveys and consultations has been held for staff working in different services across the organisation.
- f) A forward plan of consultations has been produced so that officers can identify opportunities for working together, rather than consulting the same people twice.
- g) The consultation database, which includes contact details for residents associations and community groups, has been updated and promoted to staff.
- h) A range of Facebook pages and a Twitter account have been established to improve how we communicate with residents, and they have been used to promote consultations.
- i) North Area Committee has tried new ways of engaging and consulting residents, including through social media. Nearly 700 people input into the North Area Committee pilot consultation, which included engagement with young people and minority groups. Members used the consultation responses to agree local priorities and the City Council has developed a plan to address the issues that were raised. It has also been agreed to delegate further decisions to the Area Committees, for example Safer City Grants and elements of priority setting and decisions for capital work to develop community facilities.

### **Impact of the Code of Practice**

- 3.6 The purpose of developing a code was to ensure a more structured, proportionate and appropriate approach to consultation across the organisation. It was not expected that the number of consultations run by the City Council would change significantly as a result of the introduction of the Code of Practice, and this has so far proved to be the case. The more important question is whether there has been an improvement in the way in which the authority conducts consultation.
- 3.7 A range of methods have been used to assess the impact of the Code of Practice, including: a self-assessment by officers, the use of case studies and the feedback from two focus groups that were held to discuss the City Council's approach to consultation. The first focus

group was held with residents associations on the 16<sup>th</sup> of June and the second was with representatives of community groups on the 18<sup>th</sup> of June. In total, 30 people shared their views and experiences with us.

- 3.8 The impact of the code has been assessed against the guiding principles for undertaking consultation and community engagement, which are set out in the Code of Practice. These guiding principles are openness, accessibility and inclusiveness, and transparency and accountability.

## **Openness**

- 3.9 The City Council recognises it must be clear about which decisions and actions have already been decided and which are open to consultation and debate. The Code of Practice guides officers to be clear at the outset about how and when residents and community groups can get involved and make their views known; how their views will be used; and (wherever possible) how the decision will be made, when and by whom.
- 3.10 Feedback from the focus groups was that there is still more to do on this. Whilst there are some examples of good practice such as the case study of the Waste Strategy below, it is not always clear to residents what is within the scope of a consultation. Attendees at the focus groups cited some examples where the authority has published a long document and asked at the end of it whether the reader agrees or not. They asked that the authority consistently adopts a more sophisticated approach that makes it clearer what is open for debate and asks relevant questions that elicit responses which then inform council decisions. The Consultation Working Group will continue to highlight to colleagues throughout the organisation the importance of producing clear consultation documents that ask appropriate questions.

## Case study: Waste Strategy

**Purpose:** To find out what residents thought about possible changes to their bin collections, and to find out what would encourage residents to recycle more.

**Methodology:** telephone survey of 1,000 residents, across all wards and socio-economic groups within the city, and a survey on our website.

In line with the Code of Practice we asked questions around where there was a choice to be made, and on a subject that residents were interested in. The consultation has enabled us to improve the service we provide and make significant savings in a way that the majority of residents consulted will support. As a result of the feedback received we won't collect bins on a Sunday, and we will continue to collect the different bins that resident's have on the same day.

The local media took an interest in the consultation which generated increased public debate on the matter. This provided the City Council with an opportunity to promote how people could have their say, and after the consultation had closed, to feedback to residents how they had influenced the final decision.

One lesson that was learnt from the consultation was the importance of ensuring that web versions of surveys are tested robustly before being promoted to the public.

## **Accessibility and inclusiveness**

3.11 It is paramount that all our residents and community groups have the opportunity to take part in our consultation and community engagement activities, regardless of their background. This means ensuring that the venues used are accessible to all who wish to participate. The times when consultation activities take place and the time given to respond to consultations must also be reasonable and appropriate.

3.12 The Code of Practice encourages officers to engage residents and community groups sufficiently early in the decision-making process to enable their views to genuinely inform the final decision. The Code and the toolkit direct officers to pay particular attention to methods likely to engage vulnerable and socially excluded residents or groups where those groups are potentially affected by decisions.

- 3.13 The focus groups highlighted the success of the approach that has been adopted by the City Council's North Area Committee to engage with a wider range of people living and working in Cambridge. The changes that have been made were felt to have encouraged greater and more direct interaction between residents and councillors. The agenda has been focussed more on issues that really matter to local people, and this in particular was stressed as a real achievement.
- 3.14 The feedback included that consultation does not always have to involve big set piece events, but that more regular engagement works well, for example the way the North Area Committee has operated recently. Attendees at the focus groups encouraged the City Council to make greater use of a community engagement approach alongside consultation techniques, and to utilise the skills of the Community Development officers. It was suggested that using this approach more consistently would enable the authority to engage with an even wider range of people. The Consultation Working Group will continue to highlight to colleagues the need to use a range of methods to ensure that the authority is obtaining, and listening to, the views of people from all the different communities of Cambridge.

Case study: CB4 consultation

Purpose: To better understand the views and priorities of residents living in North Area.

Methodology: distributed freepost postcards with two key questions on; went to community events, such as the Arbury Carnival; targeted hard to reach groups, such as young people by using the Dec Bus; and attended meetings of community groups, such as an Asian women's group.

The approach was centred on the principle that people don't have to go to a City Council meeting to have their say. We combined a variety of methods to get a more complete picture of local priorities, so that we could use our resources to make improvements that really matter to the people living in the area.

Over 650 people responded. Councillors used the consultation to agree local priorities. Street scene issues were a clear priority, and the Head of Streets and Open Spaces recently fed back to the North Area Committee on the significant progress in tackling the issues raised, in order to maintain the 'You said, we did' approach.



## Case study: Parkside Pools changing facilities

**Purpose:** To shape the £350,000 refurbishment of Parkside Pools changing facilities, and in particular to inform the tender specification.

**Methodology:** information and paper based copies of consultation documents around the pool, at reception and in the foyer; online survey available to anyone and promoted to the pools clients, including clubs and schools; face-to-face consultation with users, clubs and staff; and targeted consultation with equalities groups.

The local media took an interest in the consultation, which was successful at engaging with a wide range of stakeholders. For example, feedback from the city's transgender community revealed that some individuals felt uncomfortable changing in the family cubicles or the disabled changing rooms as they did not fall into either category. Consequently the refurbished changing area now consists of cubicles allocated within male, female and gender neutral areas. The new layout also takes into account the needs of the city's Muslim women, who would not want to change in a unisex area.

## Transparency and accountability

- 3.15 It is important that information provided to support consultation and community engagement is clear, accessible and tells people how and when they can get involved and make their views known; how their views will be used; and (wherever possible) how the decision will be made, when and by whom.
- 3.16 The City Council ensures that all consultations we run provide clear contact details so that people can find out further information or ask questions. Wherever possible, officers are setting out when and where the consultation results will be considered and who will make the final decision about the issue.
- 3.17 We updated our consultation toolkit in September 2011. The document supports City Council staff consult and involve communities effectively. It is located on the Council's intranet and has been promoted to staff, including at the Manager's Briefing in February 2012. Training has also been provided to help officers to develop the appropriate skills, for example training on writing effective questions was commissioned and delivered in April 2012. The Consultation Working Group will continue to promote the Code of Practice and the toolkit, as well as identify any training needs.



- 3.18 The consultation database, which includes contact details for residents associations and community groups, has been updated and promoted to staff. However, feedback from the focus groups included that we need to do more to ensure that people are aware of the consultations we are running, in particular the smaller, more local consultations. The redevelopment of the City Council's website will offer new opportunities for achieving this, for example it will include the functionality to enable people to sign up to receive regular emails about current and upcoming consultations. It is recognised though that the authority cannot rely on technology to make people aware of what it is doing, so officers will need to continue to consider different ways of promoting consultations.
- 3.19 Key to successful consultation is to ensure that feedback is available to participants on the results of their involvement and the decisions made, as well as to keep them informed of progress in implementing the decisions. The consultation section on our website now includes links from each closed consultation to the reports showing the findings, and where possible, the appropriate committee report. As well as putting the results of consultations on our website and in committee reports, officers are, with increasing consistency, sharing these directly with the people that have been consulted. Feedback from both focus groups was that this is of paramount importance; otherwise people will stop responding to consultations if they cannot see what difference sharing their views makes.

Case study: Single Equality Scheme 2012-15

Purpose: To shape the new Single Equality Scheme, which incorporated the City Council's equality objectives that are required by the Equality Act 2010.

Methodology: discussion at the City Council's Diversity Forum with a wide range of relevant local organisations; online consultation response form promoted to local equality groups; and consultation with partner organisations.

The consultation was promoted on our website and in an article in Cambridge Matters. The consultation ran for thirteen weeks – the additional week was included to take into account that the consultation ran over Christmas.

In line with the Code of Practice we produced a summary of the consultation responses received and explained how these responses were used to influence the final document. The summary was not only published on our website, but also sent to everyone that had responded to the consultation. To keep residents informed we will be providing regular updates to the people that responded to the consultation on the progress with implementing the Single Equality Scheme.

## **Conclusions and next steps**

- 3.20 Overall, the Code of Practice and accompanying consultation toolkit have supported officers to conduct, in many instances, high quality consultation and community engagement activity. The case studies outlined in this report demonstrate good practice from across the organisation. The challenge for the City Council, as for any other public body, is to ensure that the public involvement work it undertakes is consistently of a high standard and appropriate to the matter at hand.
- 3.21 The authority continues to learn lessons from the consultation and engagement activity that it carries out in order to improve what it does next time. For example, in response to a need identified by officers from different parts of the organisation, the training on how to write effective questions for surveys and consultations was commissioned. The Consultation Working Group will give serious consideration to the feedback obtained from residents associations and community groups, and put in place actions to respond to the areas for improvement that were identified, within the resources available.
- 3.22 The consultation register provides a way for officers to share the consultation activity they are planning, so that services can identify opportunities to work together. It is felt that further work needs to be done to ensure this tool is utilised and that we work as one Council when consulting. Similarly, we need to ensure that we work with our partner organisations to undertake consultation and community engagement activities when this is the most appropriate and efficient way of using our collective resources. The City Council must also ensure that the results of our consultations are widely shared and acted upon in order to ensure that we achieve the best value for money from our consultation and engagement activity.

- 3.23 Officers need to continue to work to ensure that all councillors are notified of all major consultations, and that ward councillors, as representatives of their communities, are advised of any consultation or community engagement activities that affect their wards.
- 3.24 The Code of Practice will continue to be promoted to officers and the Consultation Working Group will continue to meet to share best practice. The Strategy and Partnerships team will be reviewing options for the City Council's corporate consultation programme in the coming months. This work will include exploring alternative approaches to public consultation on budget issues and satisfaction with Council services.

## **4. Implications**

### **(a) Financial Implications**

- 4.1 Few services have dedicated consultation budgets. It was estimated that in the 2010-11 the City Council spent approximately £77,000 on specific consultation activity across a wide range of services. The bulk of this was statutory consultation on planning matters, including advertising costs. This figure does not include the costs associated with consultation on conservation areas. Nor does it include the cost of staff time for managing these exercises or for undertaking the wide variety of informal consultation that takes place as part of officers' normal duties.
- 4.2 Council Departments need to be conscious of cost when planning consultations, and take care to be proportionate and appropriate in what they plan, taking advantage of low cost options wherever possible, including existing fora such as ward councillor surgeries, area committees, Cambridge Matters and the Council's website.

### **(b) Staffing Implications (if not covered in Consultations Section)**

- 4.3 All staff and councillors involved in consultation and community engagement are required to have regard to the code of practice. A number of staff in the Council are highly skilled at consultation and community engagement, and the network of officers with experience of consultation provides a fora for sharing experience and expertise to raise the quality of consultation and community engagement across the Council.

(c) **Equal Opportunities Implications**

4.4 An equality impact assessment of the Code of Practice was completed. In summary, the Code of Practice was intended to have a positive impact by ensuring that the Council considers (and takes steps to address) accessibility issues when undertaking consultations. All the case studies in this report demonstrate the accessibility and inclusiveness are being considered in our consultation and community engagement activity.

(d) **Environmental Implications**

4.5 There are limited environmental implications resulting from the Code of Practice. Engaging through face-to-face meetings or providing paper copies of consultation documents, for instance, may consume more resources than relying solely on electronic forms of consultation, but the social benefits are considered to outweigh any environmental disbenefits.

(e) **Consultation**

4.6 Consultation is the subject of this report.

(f) **Community Safety**

4.7 There are no direct implications for community safety arising from this report.

**5. Background papers**

5.1 These background papers were used in the preparation of this report:

- Code of Best Practice on Consultation and Community Engagement and its Equality Impact Assessment.

**6. Appendices**

Appendix A: Code of Best Practice on Consultation and Community Engagement

## 7. **Inspection of papers**

To inspect the background papers or if you have a query on the report please contact:

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## **CODE OF BEST PRACTICE ON CONSULTATION AND COMMUNITY ENGAGEMENT**

### **1. Purpose**

1.1 Understanding the needs of our communities and residents is essential to sound decision-making and the provision of efficient and effective public services. Consultation and community engagement can increase our understanding of community needs.

1.2 This code of practice aims to establish clear principles to guide Council Departments in ensuring a more structured, proportionate and appropriate approach to consultation.

### **2. What is Community Engagement?**

2.1 Community engagement is the active participation of our local residents and community groups in the decisions that affect their lives. These decisions may include issues related to the improvement, delivery and evaluation of services. They can also be about giving our residents a voice both as individuals within their communities and by building sustainable and empowered community groups.

2.2 Community engagement is about listening and learning, engaging in meaningful dialogue with our residents and community groups, including those people who are already using our services and those who are not.

2.3 It is an opportunity to find out what is important to them and to explore more fully why they feel the way they do about their lives, their neighbourhood, their local area, their city.

### **3. What is Consultation?**

3.1 Consultation is the process by which the Council will seek advice, information and opinions about strategies, policies and services to inform our decision-making and help design good services.

3.2 Consultation may include, for example, surveys, questionnaires, focus groups, public meetings, user and resident forums - different techniques will be appropriate in different circumstances. Consultation is a key process in community engagement.

### **4. Why does Community Engagement matter?**

4.1 Establishing effective working relationships between the Council and its residents and local community groups will ensure that the aspirations and needs of local people are understood and, where possible, acted upon.

4.2 Strengthened relationships with the Council and its partners may also lead to an increase in local citizen activity and active democracy, building a sense of civic responsibility in those who get involved.

4.3 Effective community engagement and consultation can help ensure the Council is providing the services that residents really need, in the way that residents want to access them. It can help inform investment and spending decisions to help make sure services and scarce resources are targeted most effectively where need and demand exist.

### **5. The Duty to Involve**

5.1 Section 138 of the Local Government and Public Involvement in Health Act came into effect on 1 April 2009. It imposes a duty on all councils to involve 'local representatives' when carrying out any of its functions by providing information, consulting or 'involving in another way'.

## **6. Statement of Community Involvement**

6.1 The Planning and Compulsory Purchase Act 2004 made it a requirement for local authorities to prepare a Statement of Community Involvement. The Council introduced its statement called '[A Consultation Strategy for Planning in Cambridge](#)' in 2007.

6.2 This Code of Practice is intended to complement and not override this statement of community involvement or the legal requirements to consult on planning policies and applications, or any other statutorily determined consultation processes and requirements, for instance those relating to the Council's tenants and its housing and planning functions.

## **7. The Cambridgeshire Compact**

7.1 In February 2007 the City Council signed up to the Cambridgeshire Compact. This is a partnership agreement between statutory bodies and the voluntary and community sector designed to improve relationships and set a framework for effective consultation, representation and partnership working. This Code of Practice is intended to complement and not override the Compact.

## **8. The Council's Vision**

8.1 The Council introduced a new vision for the future of the City in 2010, which we share with Cambridge citizens and with partner organisations. In particular, two elements of this vision relate to the Council's approach to consultation and community engagement:

- *A city whose citizens feel they can influence public decision-making and are equally keen to pursue individual and community initiatives.*
- *A city which is diverse and tolerant, values activities which bring people together and where everyone has a stake in the community.*

8.2 More effective consultation and community engagement is one important strand of the Council's ambitions to be transparent and accountable to Cambridge's residents.



## **9. Guiding principles for undertaking Consultation and Community Engagement**

9.1 In conducting consultation and engaging with the community the City Council will focus on openness; accessibility and inclusiveness; and transparency and accountability. The City Council will:

### **Openness**

- i. be clear about which issues/decisions/actions are already decided and which are open to consultation and debate (and on which we are therefore seeking residents', community groups' and other stakeholders' views).
- ii. be clear at the outset about how and when residents and community groups can get involved and make their views known; how their views and involvement will be used; and (wherever possible) how the decision will be made, when and by whom
- iii. engage residents and community groups sufficiently early in the decision-making process to enable their views to genuinely inform the final decision, wherever possible

### **Accountability**

- iv. provide a named contact person for further information
- v. ensure that all councillors are notified of all major consultations, and that ward councillors, as representatives of their communities, are advised of any consultation or community engagement activities that affect their wards
- vi. work jointly with our partner organisations to undertake consultation and community engagement activities when this is the most appropriate and efficient way of using collective resources

### **Accessibility and inclusiveness**

- vii. ensure that all our residents and community groups have the opportunity to take part in our consultation and community engagement activities regardless of age, gender, gender reassignment, disability, ethnicity, race, religion or belief or sexual orientation

- viii. listen to, learn from, respect and value the views of all participants
- ix. make paper copies of consultation documents available at council buildings and not rely solely on electronic methods of consulting and reporting consultation results
- x. ensure that the venues used for consultation and community engagement activities are accessible to all who wish to participate
- xi. ensure that the times when consultation and community engagement activities take place and the time given to respond to consultation are reasonable and appropriate
- xii. use appropriate consultation and community engagement methods, including electronic methods where appropriate, according to the issues being addressed and the nature of the consultee group. We will pay particular attention to methods likely to engage vulnerable and socially excluded residents or groups where those groups are potentially affected by decisions.
- xiii. aim for our consultation and community engagement to be participant-driven whenever possible

### **Transparency**

- xiv. be able to explain why consultation was undertaken in a certain way (or not undertaken), making this clear for instance in committee reports where appropriate.
- xv. support Council staff involved in planning and running consultation and community events to develop the appropriate skills to do so effectively
- xvi. ensure that information provided to support community engagement in decision-making is clear, accessible and sufficient to tell people what they need to know, promoting consultations through press notices, the Council's website and other media as appropriate.

- xvii. publish a summary of consultation responses received and explain how these responses have been used in informing the final decision (and if not, why not) as far as possible.
- xviii. ensure that feedback is available to participants on the results of their involvement and the decisions made and keep them informed of progress in implementing the decisions

9.2 In certain circumstances it may not be appropriate for the City Council to undertake consultation or community engagement activities. Such circumstances include:

- if the decision(s) has actually already been made
- if the decision(s) relate to things that the law requires that the Council does in a particular way (i.e. where the Council has no choice on whether / how something is done)
- if the Council needs to make decisions very quickly and does not have time for consultation and engagement
- if limited resources mean that the Council has little or no option about a decision or course of action
- if the size or nature of the decision is such that consultation or community engagement would not be cost effective, proportionate or reasonable
- if the Council's purpose is simply to convey information and it is not seeking a response.

9.3 The Council will make it clear why it is not consulting in any circumstances where it might decide it would not be proportionate or appropriate to consult widely on decisions with a significant impact on residents.

## **10. Reviewing the Implementation of the Code of Practice**

10.1 The Council will review the impact and content of this Code of Practice after one year of operation, in consultation with Ward Councillors, council staff, partner organisations and residents and community groups.

## **11. For Further Information**

Section 138 of the Local Government and Public Involvement in Health Act 2007

<http://www.legislation.gov.uk/ukpga/2007/28/section/138>

'A Consultation Strategy for Planning in Cambridge' - September 2007

<http://www.cambridge.gov.uk/ccm/content/planning-and-building-control/planning-policy/local-development-framework/statement-of-community-involvement.en>

The Cambridgeshire Compact – February 2007

<http://www.cambridgeshire.gov.uk/council/depts/community/engagement/compact/>

HM Government Code of Practice on Consultation – July 2008

<http://www.berr.gov.uk/files/file47158.pdf>

This Code of Practice has been prepared in consultation with a variety of consultees including Ward Councillors, council staff, partner organisations and residents and community groups.

**June 2011**

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To: The Leader and Executive Councillor for Strategy:  
Councillor Tim Bick

Report by: Andrew Limb

Relevant scrutiny committee: Strategy & Resources Scrutiny Committee 9/7/2012

Wards affected: All Wards

## **AREA WORKING: REVIEW OF PARTICIPATION PILOT Key Decision**

### **1. Executive summary**

1.1 This report reviews progress made with area working during the year of the participation pilot, and sets out the next steps. It describes the approaches to community engagement that were piloted with the North Area Committee, and assesses which have proved most fruitful. It describes in broad terms the process to devolve further decision making to area committees. And it suggests how the Council can build on these developments to further the goal of greater community involvement in decisions that affect local areas.

### **2. Recommendations**

- 2.1 The Executive Councillor is recommended to:
- i. endorse the assessment of the North Area Committee participation pilot set out in Appendix 1;
  - ii. promote area committee member and community engagement with devolved decision making particularly in relation to the development of the Area Needs Assessment and prioritisation of related local priority projects; and
  - iii. support the proposed community engagement mapping exercise.

### **3. Background**

3.1 The participation pilot covering North Area Committee in 2011-12 set out to explore ways of engaging residents further in the business of the committee and its decision making. Officers were also tasked with exploring options for devolving further decisions to area committees.

3.2 Officers and leading members invested considerable time over the course of the year developing and trialling a variety of approaches to community engagement and meeting organisation. The key aim was to ensure that the meetings gave opportunities for residents to raise issues of genuine local concern, and to discuss them in a more engaging and inclusive way with members, stakeholders and other residents.

### **Learning the lessons**

3.3 Some approaches were more successful than others, and Appendix 1 contains an assessment of

- what we set out to achieve;
- what we did;
- what worked well;
- what have we learned; and
- how have we said this could be rolled out.

3.4 What is clear is that the feel of the meetings evolved over the course of the year, with the January and March meetings having a significantly more engaging feel to them with many residents attending and participating. It is important to note that developing these more complex and inclusive meetings did require significantly more officer time than the previous style of meetings, particularly (but not exclusively) on the part of the committee manager and senior lead officer (as well as the Chair).

3.5 An interim review of the Participation Pilot was presented to Strategy and Resources Scrutiny Committee on 10 October 2011. It showed what the pilot had set out to achieve, both in reshaping the meetings and engaging people outside of meetings; what had been done and worked well in practice; the learning we had gained; and how the project could be developed over the remainder of the year.

3.6 Views were gathered from those attending the meeting throughout the year, via feedback sheets and other less formal contact. A Facebook page and web page were also developed during the year to help communicate with residents. Committee members were asked at the March meeting to provide their views on the effectiveness of the pilot.

## Successes and Challenges

- 3.7 For the January and March meetings, the Committee moved to a different venue (Shirley School), which seemed to be more amenable to a larger number of residents to attend. Crucially, the main agenda items for those two meetings (Fen Road and the Science Park station) seemed to capture the public's interest and generated very well attended meetings with vibrant public discussion.
- 3.8 The May meeting moved back to the previous venue (Manor Community College), as this was felt to be appropriate for the issues being discussed (which included youth engagement). This venue now has a strict finish time for room bookings, and the May meeting demonstrated the need for active agenda management in such circumstances.
- 3.9 Over the course of the year of the pilot, people attending North Area Committee meetings generally said that they preferred the new approach and found it more welcoming, informal and interesting. Numbers at meetings increased for the later meetings, where it became clear that the issues on the agenda were key to increased attendance and engagement.
- 3.10 Once people had come to meetings, they expected agenda to be well managed and not to have to stay too long before their issue was dealt with. Efforts were made to finish meetings earlier during the pilot period and this was generally achieved for most, although not all, meetings. The principle of running agenda more efficiently, including the timing of items, was adopted by the area committee, partly to improve its capacity but also to signal to people what it wanted to achieve.
- 3.11 The role of the lead officer (Jonathan James, Head of Customer Services) and his relationship with the chair was important in the success that was achieved on agenda management. As mentioned above, the May meeting further highlighted the importance of this discipline. It is now proposed that a lead officer be appointed for each area committee, to assist the Chair and committee manager in agenda management and related issues.



## **Engaging the communities**

- 3.12 The Pilot has not been all about getting people to formal committee meetings. A good deal of officer work on the pilot has been about engaging residents outside of meetings during the pilot to try and raise awareness of the committee's work and to allow people to shape the meetings and contribute without having to attend.
- 3.13 One important factor that influences people's perceptions about engagement, revealed in previous Citizen's Surveys, is that having an opportunity to get involved is highly valued, so that if an issue does arise they have an outlet where it can be aired and addressed.
- 3.14 One of the most significant innovations during the year was the community engagement activity brigaded around the "CB4" survey of residents' priorities.
- 3.15 The discussion at the March meeting of how the Streets & Open Spaces service had sought to respond to the priorities raised through this consultation illustrated that these street scene-type matters were indeed issues of significant importance to residents. However, the engagement process had been very resource-intensive, and relied to some extent on community infrastructure that is not replicated to the same degree in other areas of the city.

## **Working with partners**

- 3.16 The County Council have engaged in the pilot process, with cabinet members and/or senior officers attending to speak and take questions on key topics such as libraries, Fen Road, the Science Park Station, primary school places and transport investment projects.
- 3.17 The Police have continued to attend to discuss community safety priorities, and their engagement evolved during the year as differing approaches were tried. This has generally been successful in providing a more effective way of highlighting and agreeing issues, although the May meeting was not successful in this respect.

## **Summary**

- 3.18 Overall, looking at what we set out to achieve, it does seem that the Pilot has been broadly successful in finding ways to engage and involve more residents, particularly in the January and March meetings. The crucial importance of agenda management and chairing skills has been re-emphasised.

## **Transferability**

- 3.19 Individual Area Committee Chairs have the discretion to choose the successful aspects of the Pilot, that could be “rolled out”, recognising that what might be appropriate for one area committee may not be appropriate for another – this has been one of the learning points during the pilot year.
- 3.20 These themes have been discussed both at the October Strategy & Resources committee meeting and at subsequent member working group meetings. Area Committee chairs may wish to discuss with officers whether they would like to trial any of the approaches piloted at North Area, although the resource constraints need to be borne in mind (as noted above the more engaging approaches in the North have required significant additional input of officer time).

## **Looking Forward**

### ***Devolved decision-making***

- 3.21 As part of the pilot project, officers agreed a set of principles for devolving decision making with Executive Councillors and Area Committee Chairs. These principles were applied to the decisions that had been taken by the council in preceding years, and a group of decisions that could be devolved was agreed with the relevant Executive Councillors.
- 3.22 As a result, the Council has agreed a process for devolving decision-making for projects to be funded by particular types of developer contributions from Section 106 agreements. The aim is for area committees, in consultation with residents, to identify local needs through Area Needs Assessments and then produce a list of priority projects to address those needs within funding available.
- 3.23 Through the Local Government Association and its “*Keeping it Real*” initiative, the Council is hoping to receive additional support to strengthen the inclusiveness and impact of the Area Needs Assessment and devolved decision-making process.

3.24 Following a report to Community Services Scrutiny Committee on 12 January on the broad approach to devolved decision-making, the same committee on 28 June 2012 has considered more detailed proposals over the funding from developer contributions to be devolved, the transitional arrangements for developing needs assessments and priority projects, and the process for this devolved decision-making.

### ***Community engagement***

3.25 A new community engagement officer post has been created and filled. One of the aims for the post is to make connections between local voluntary sector and community groups, in the areas where less engagement activity currently takes place, and the area committees.

3.26 This could include raising awareness about the area committee's work and suggesting issues that the area committee could look at (subject to agenda management considerations) and will help promote community interest in meetings. The post will also have a role in ensuring that council services engage with area committees and local residents, and respond to local priority issues, subject to capacity and any other constraints on variance of service.

### **Community Mapping**

3.27 One key piece of work over the next few months will be in understanding the community engagement opportunities in each area (e.g. community centres, community forums, ChYPPS activity etc.). The product of this work will be an "engagement map" that gives a snap-shot picture of engagement activity in each of the four areas.

3.28 This will help area committees and stakeholders set their formal decision-making role, and community involvement in the context of a wider set of community engagement and participation activities. It will also identify any gaps in engagement which the Council may seek to address, subject to resources and capacity.

## Community Rights

3.29 In connection with Community Rights under the Localism Act, Area committees may also wish to take a view about what community assets they have in their areas, who delivers services to the community and who is best equipped to ensure benefits are provided to the local community. We will need to ensure this process dovetails with the Area Needs Assessment process as far as appropriate, as we come to understand more about the Community Rights approach.

## Conclusions

3.30

- The North Area Pilot has helped the Council to learn some useful lessons about making meetings more engaging and participative, and ended the pilot year with two very successful meetings in January and March. The role of the committee chair was key. The May meeting continued in a similar vein, but also reinforced the importance of effective agenda management.
- The issues which matter most to residents are not exclusively those within the gift of the City Council, but area committees can provide a useful forum for community debate, if the relevant partners are willing to participate and engage, as the County Council have done on libraries, Fen Road and the Science Park Station. We should continue to engage partners in area committee discussions (and/or other community engagement opportunities) as appropriate.
- The Council should map community engagement opportunities in each area, to identify any gaps.
- The Council needs to ensure the process for decisions on developer contributions (and other devolved decision processes) are clear, consistent and not unnecessarily bureaucratic. This is being addressed, not least via the report to Community Services Scrutiny Committee on 28 June 2012.
- We need to continue to monitor emerging policies such as community rights and neighbourhood plans to spot and exploit any synergies with the work of area committees, both to ensure efficiency and transparency of process, and to extend community engagement wherever appropriate.

## **4. Implications**

### **(a) Financial Implications**

The Community Engagement post was supported in the budget process, and creates capacity to support an extension of some of the engagement approaches trialled in the North Area participation pilot.

The proposed community engagement mapping work can be undertaken within existing resources, but consideration of resources would be required if this work identified any major gaps in engagement activity in the city.

Any new meetings or engagement activity (such as additional committee meetings, area committee sub-groups or working groups) that require venues, minute-takers and other support also need to be monitored to ensure they can be resourced adequately.

### **(b) Staffing Implications**

The primary implications are for committee managers, senior lead officers, the community development service and those working with area committees on providing local services and facilities, particularly those funded by developer contributions.

### **(c) Equal Opportunities Implications**

The intention of the pilot has been to increase engagement with (and access to) decision-making processes at the local level. This report recommends a continuation of that direction of travel, and is not expected to have adverse impacts on any section of the community.

### **(d) Environmental Implications**

The issues raised in this report are not expected to have significant environmental implications.

### **(e) Consultation**

Residents of the North area were consulted during the participation pilot primarily through the “CB4” community priorities process, which asked people to say what they liked most about the area and what they wanted to see changed. Around seven thousand postcards were distributed at a range of venues and events, and nearly seven hundred replies were received.

These replies were analysed and informed the development of an “action plan” – progress on key actions, for instance on street scene, have been reported to the committee meetings subsequently.

The open forum section of the meetings also provided a consultation route, ensuring there was space in the meetings for residents to raise issues and ask questions of officers and members.

During the pilot, evaluation forms were distributed at each meeting. At the March meeting, Committee members were asked to provide their views. Feedback was also sought through a North Area Facebook page and web page. Replies received have helped shape the development of the pilot through the year, and informed the assessments in this report.

Lead Executive Councillors and area committee chairs were consulted as the pilot developed through an informal member working group. Their input helped shape the development of the pilot and prompted some discussions about different approaches in other area committees.

**(f) Community Safety**

During the pilot, the regular discussions of community safety priorities continued, and various ways of making these discussions more businesslike, engaging or inclusive were trialled. It was through this process that the strength of community feeling around Fen Road issues was highlighted, leading to the most participative meeting of the pilot year.

## **6. Appendices**

Appendix 1      Summary of North Area Committee pilot lessons learned

## **7. Inspection of papers**

If you have a query on the report please contact:

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## North Area Committee Participation Pilot: Final Review

North Area Committee has been trying out new approaches over the past year as a “participation pilot” for the Council. This has been about running the meetings in a different way but also looking to engage people outside of the meetings, to increase engagement and participation.

### What did we set out to achieve with the Pilot?

- Provide positive experiences for local people by making the meetings more informal, welcoming and interesting
- Provide more opportunities for local people to have their say by introducing a community forum
- Improve the management of agenda, so people know what to expect and the meetings don't go on too long
- Engage the local community outside of meetings, so that they can help shape the work of the committee
- Devolve more decision-making to area committees
- Work closer with partners to help set agendas.

### What have we done in the Pilot?

- Partitioned agenda into distinct, timed, sections so that people can attend the part that interests them
- Moved members out from behind the “top table” to join local people around tables in discussions in a “community forum”, encouraging emphasis on listening
- Tried to manage meetings more efficiently, sometimes restricting feedback from table discussions to one person per table, reducing repetition and giving more space for local people to have a say
- Assigned a lead officer to give more support to the chair
- Carried out a “CB4” survey so that the committee's future work (forward plan) can be shaped by local people – trying to get issues that interest people onto agenda
- The “CB4” work involved:
  - ◆ Face-to-face conversations with local people
  - ◆ Discussions with groups in community centres
  - ◆ Stalls at Arbury Carnival and Chesterton Festival
  - ◆ A ‘CB4’ postcard survey, which attracted over 600 responses.
  - ◆ Use of ‘The Dec’ bus to involve and consult young people
  - ◆ A community event at The Meadows Community Centre where attendees were asked to prioritise the issues arising from the CB4 survey.



- Encouraged local partners to contribute to the meetings, in the spirit of the pilot
- Given local people opportunities to follow the area committee's work without having to attend meetings by improving the committee's web-page, setting up a Facebook page and a contact list
- Trialled a Customer Services desk in the foyer of the committee
- Ensured refreshments are available to promote informality and a more welcoming atmosphere.

### **What has worked well in the Pilot?**

- The portioning of the agenda does seem to have lead to less confusion overall about the type of engagement being offered. The pilot considers planning at the start of the meetings, so it feels like a separate meeting.
- Members in the committee have supported the approach - moving out from behind the "top table" and joining local people in discussions during the community forum, which has allowed more of a listening / engaging approach. Some members would welcome greater differentiation between these discussion sessions and the decision-taking items on the agenda.
- The Chair has exercised facilitation skills in controlling the sessions and summarising contributions and the lead officer has been able to improve the management of meetings, albeit with some specific challenges in the May 2012 meeting.
- Local residents attending the meetings have generally found the meetings more welcoming, have had a greater opportunity to contribute and found the content of the meetings interesting.
- Partners from the county council, police and health services have actively contributed to community forum sessions and found the views expressed by residents useful in assessing local need (although the May 2012 meeting highlighted the need to ensure sufficient time is allowed for proper discussion of partner items).
- The CB4" consultation led to a forward plan based on what local people are interested in. This helped shape the agenda of future committee meetings and led to some service improvements.
- The webpage and Facebook page for the Committee has been developed and allows people to contribute outside of meetings, although not greatly used by residents to date
- Some meetings have been well-attended, in particular those which discussed the future of the library service, issues at Fen Road, the proposed Science Park station, street scene & trees, youth engagement, primary school capacity and proposed transport projects. These issues involved and engaged local people.



### **What have we learnt from the Pilot?**

- It can take a lot of effort to attract a limited number of additional people to evening meetings – people will come to meetings if the items are of particular interest to them.
- Community engagement outside of the meetings has allowed a more diverse range of people than currently attend Area Committee meetings, including young people, to inform debate at meetings. This has consumed a significant additional amount of officer time for the pilot, so there would be resource implications of extending this approach. The new Community Engagement Officer will have a key role.
- The open forum and community forum need to be well-managed to ensure each contribution adds new / relevant input to the debate.
- The role of the senior lead officer for the Committee has proved valuable, particularly in supporting the Chair in facilitating and preparing for the meeting.
- The open forum elements of the meeting worked best when members adopted a listening and facilitating approach, to create a setting where residents felt able to bring ideas and issues forward.
- To ensure business can be conducted promptly and efficiently may require robust agenda management to ensure that only essential items come forward onto area committee agendas, and may require chairs enforcing agenda timing strictly (potentially guillotining speakers on individual items where there is a risk of over-run).

### **How have we said the Pilot could be “Rolled Out”?**

Whilst recognising that area committees rightly have autonomy in how they operate, officers recommended that:

- Each Area Committee be offered a senior lead officer;
- The lead officer support the chair in ensuring agendas are kept to relevant and essential items, providing more effective forward planning of area committee agendas, and following-up actions;
- Committee chairs chair the meetings in a manner which balances the aspiration for greater public participation with the need to conclude business at a reasonable hour;
- Area committees consider how / whether to develop more inclusive modes of operating for the non-regulatory discussions (bearing in mind space constraints in some venues and time constraints on busy agendas).



To: The Leader and Executive Councillor for Strategy:  
Councillor Tim Bick

Report by: Andrew Limb, Head of Corporate Strategy

Relevant scrutiny committee: Strategy & Resources Scrutiny Committee 9/7/2012

Wards affected: All Wards

## **THE COMMUNITY RIGHT TO CHALLENGE**

### **Key Decision**

#### **1. Executive summary**

1.1 The Localism Act includes a new 'Community Right to Challenge', which came into force on 27 June 2012. The Right to Challenge will allow voluntary and community bodies, charities, parish councils, and groups of 2 or more local authority staff to express an interest in the running of services that the Council currently provides. This report sets out a proposed process for responding to Expressions of Interest (EOIs) from relevant bodies. There is limited scope for local flexibility in implementing the Right to Challenge, other than in setting a 'window' when the authority will accept the submission of EOIs. It is recommended that the Council adopts an annual window in June and July, commencing in 2013.

#### **2. Recommendations**

2.1 The Executive Councillor is recommended to:

- a) Approve the process set out at Appendix 2 for responding to Expressions of Interest under the Right to Challenge.
- b) Agree an annual window in June and July for accepting submission of Expressions of Interest under the Right to Challenge, commencing in June 2013.

### **3. Background**

#### **The Community Right to Challenge**

- 3.1 The Localism Act became law in November 2011. The Act includes a new 'Community Right to Challenge', which will allow voluntary and community bodies, charities, parish councils, and groups of 2 or more local authority staff to bid to express an interest in the running of services that the Council currently provides.
- 3.2 The proposed implementation date for the Right to Challenge has changed on a number of occasions, but the Department for Communities and Local Government (DCLG) announced on 27 May 2012 that the Right will come into force on 27 June 2012. On the same date it published statutory guidance and laid regulations Parliament, which define key aspects of the scheme.
- 3.3 Under the Right to Challenge, relevant bodies can submit a written Expression of Interest (EOI) in running a service, which the local authority is required to consider and respond to. If the local authority accepts the EOI, it must run an open procurement exercise, which the challenging body can participate in, alongside other organisations, including private companies. This procurement exercise must comply with existing legislation and requirements regarding procurement.
- 3.4 The Right to Challenge applies to both services that a local authority delivers directly itself and those which it delivers through contracts with external providers. The Right to Challenge applies to all local authority services, with the exception of:
- services provided by the authority for named individuals with complex individual health or social care needs.
  - services commissioned in conjunction with the health service and services commissioned by an NHS body on behalf of the local authority, which are excluded until April 2014 to allow NHS commissioners to become operational.
- 3.5 The statutory guidance draws a distinction between services provided by local authorities, which are subject to the Right, and statutory decision-making functions, which are not. It gives the example of the determination of planning applications as a function that would be excluded, but suggests that the processing of planning applications would not be.

- 3.6 The legislation permits challenges relating to whole services or elements of existing services. Challenges could therefore relate to parts of a service, services delivered within a specific geographical area, or services accessed by particular user groups.
- 3.7 The regulations specify a number of grounds under which a local authority can reject an EOI, and defines the information that must be provided in an EOI to enable the Council to reach a decision. These are listed at Appendix 1.
- 3.8 If the local authority believes it would otherwise reject an EOI, it can ask for further information to inform its decision or seek to agree a modification to the EOI with the challenging body. For example, if the EOI includes an element of a service that the Council has already agreed to stop, the Council may wish to modify the EOI so that it relates to those elements of the service that will be continued.

### **A Cambridge City Council approach to the Right to Challenge**

- 3.9 The Right to Challenge coincides with the interest the Council has had in strengthening local communities by devolving responsibilities to them for managing community facilities. On this basis, for example, the Trumpington Residents Association currently manages King George V Pavilion on behalf of the Council. The Council will continue to explore such opportunities in future and the Right to Challenge may help to highlight the potential for other similar ventures.
- 3.10 The Council has also historically chosen to invite tenders from the open market, i.e. from commercial and not-for-profit providers, for the delivery of selected other services, where the overall gain in terms of cost, service or the access to specialist expertise has been judged to justify it. Such proactive initiatives remain open to the Council in the future. EOIs under the Right to Challenge have the potential to trigger a process of open-market tendering in the same way, but only if the instigating organisation (which must be a voluntary or community body, charity or group of local authority employees) has the necessary capacity and financial resources to deliver the service, which will require careful evaluation first.
- 3.11 Further to this, the Right to Challenge regulations require EOIs to include details of how the proposal will "promote the social, economic or environmental wellbeing of the authority's area", which must be taken into account both in considering whether to accept an EOI, and as part of any procurement process which may follow. Local authorities are already obliged to consider social, environmental and economic impacts under the existing Best Value Duty and the Public

Services (Social Value) Act 2012 allows Councils to include these benefits in tender specifications.

3.12 As has been the case in the past, the Council will carefully consider the potential impact of an EOI on its ability to achieve Best Value, taking into account the council-wide costs that could result from any fragmentation of individual services or operations.

### **A process for responding to the Right to Challenge**

3.13 The provisions relating to the Right to Challenge are very prescriptive and there is limited scope for local flexibility in implementing the scheme. One area where the legislation allows the Council discretion is in specifying periods when it will accept the submission of EOIs. If a local authority does not specify such a 'window', then it must consider challenges whenever they are submitted. The Council can specify a single window for all services, or different windows for different services.

3.14 It is recommended that the Council should specify an annual window for all services, because this would:

- provide clarity for challenging bodies and Council services on when EOIs will be accepted.
- allow the Council to manage the flow of EOIs that it receives and ensure that it has the capacity to respond to them.
- ensure that the decision-making timetable for EOIs is aligned with the Council's budget setting, decision-making and procurement cycles.
- allow services to consider the merits or impact of all the EOIs alongside one another. This would be particularly important in the event that a number of EOIs are submitted for the same service, or different elements of the same service.

3.15 Following consideration of a number of options, it is recommended that the annual window should be in June and July, as this would align best with existing budgetary, procurement and decision-making cycles. It is proposed that the first 'window' would be in June and July 2013, as it is too late to set window in June and July 2012, and this will give the Council and challenging bodies an opportunity to prepare.

3.16 More detailed proposals for a process for responding to Expressions of Interest are set out at Appendix 2, but it is recommended that the key stages would include:

1. An annual two-month window for submission of EOIs in June and July.
2. Decisions to be reached on EOIs by the Executive Councillor in the following January Committee cycle. For simpler EOIs, it may be possible to reach a decision sooner than this, potentially in the October Committee cycle. This decision-making timetable would allow consideration of an EOI to be factored into the budget process during the Autumn.
3. If an EOI is accepted in the January Committee cycle for a service which is currently delivered directly by the Council, the procurement exercise would begin in the following April. Where the Council has an existing contract with a third party to deliver the service on its behalf, the procurement exercise would begin at an appropriate date before the end of the contract. Depending on the length of the contract, there might be a period of a number of years between the decision to accept an EOI and the commencement of a procurement exercise.

3.17 In the event that a procurement process is triggered for a service that the Council currently provides directly, the existing service will not be able to submit a legal tender or enter into a contract with the council because it is not an independent legal entity. However, in this situation, Council services will be advised to submit a proposal setting out how they would meet the criteria in the tender specification for the new service. This will enable tenders from other providers to be compared with the cost and standards of service offered by the existing Council-run service.

## **4. Implications**

### **(a) Financial Implications**

4.1 The Right to Challenge could have significant financial implications for the Council. Depending on the number of EOIs that the Council receives, a large amount of staff time could be devoted to processing and assessing EOIs and administering procurement exercises resulting from the acceptance of EOIs. The Right to Challenge could also result in a greater number of Council services being subject to procurement exercises in which external providers are able to bid. It is difficult to predict the financial impact of accepting any of these tenders, but as outlined at 3.12, the Council would need to give due



consideration to achieving Best Value when making decisions on future service delivery.

**(b) Staffing Implications**

4.2 As outlined at 4.1, depending on the number of EOIs that the Council receives on an annual basis, a significant amount of staff time could be required to process and assess EOIs and administer procurement exercises resulting from the acceptance of an EOIs. If the Council adopts an annual window for accepting submissions, this would particularly impact on staff capacity across the organisation, as all EOIs would need to be assessed over the same period.

4.3 If an EOI submitted under the Right to Challenge is accepted, it will be important to engage with local authority employees in the existing service. Existing staff communication and engagement channels would need to be used and the level of engagement would need to be proportionate to the size of the service and number of employees potentially affected.

**(c) Equal Opportunities Implications**

4.4 An Equality Impact Assessment has been carried out and no specific negative impacts have been identified for the proposed process for responding to the Right to Challenge. The key assessment findings included:

- The equalities impacts of individual EOIs will need to be considered on a case-by-case basis. As part of the decision-making process for each proposal an EqlA will be completed which would include an assessment of the proposed changes to a service.
- Some voluntary and community bodies will have greater expertise and capacity to submit EOIs than others, so the Council will need to work with some groups that submit EOIs to improve them.
- The proposed two-month annual window for submission of EOIs would not disadvantage particular equalities groups. It would not come into effect until June 2013, which will allow all interested groups enough time to prepare responses.
- The proposed administrative processes would not impact disproportionately on any equalities groups. All guidance and forms will be made available via the Council's website and in hard copy, in alternative formats or in community languages on request. Any correspondence with relevant bodies will also be made available in alternative formats or community languages on request.

#### (d) **Environmental Implications**

4.5 The proposed process for responding to the Right to Challenge will have a low environmental impact.

#### (e) **Consultation**

4.6 The proposed process for responding to the Right to Challenge has been developed in consultation with the Leader and Executive Council for Strategy and Council Officers, including members of the Strategic Leadership Team, the Head of Legal Services and the Strategic Procurement Advisor. Once the Right to Challenge has been implemented, Council officers will attend relevant voluntary and community sector events to outline the City Council's approach.

#### (f) **Community Safety**

4.7 There are no direct community safety implications of the proposed process for responding to the Right to Challenge, but there is the potential for relevant bodies to express an interest in delivering community safety services provided by the Council.

### **5. Background papers**

5.1 These background papers were used in the preparation of this report:

- The Localism Act
- Community Right to Challenge Statutory Guidance
- The Community Right to Challenge (Fire and Rescue Authorities and Rejection of Expressions of Interest) Regulations 2012
- The Community Right to Challenge (Expressions of Interest and Excluded Services) (England) Regulations 2012

### **6. Appendices**

Appendix 1 - Key regulations relating to the Right to Challenge

Appendix 2 – Proposed process for responding to the Right to Challenge

### **7. Inspection of papers**

To inspect the background papers or if you have a query on the report please contact:

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## **Appendix 1 – Key regulations relating to the Right to Challenge**

### Grounds for rejecting an Expression of Interest (EOI)

- The local authority considers that the EOI is frivolous or vexatious.
- The service is integrated with a service provided by the NHS and the continued integration of the service is critical to the well-being of service users.
- The service is already the subject of a procurement exercise.
- The local authority has entered into negotiations with a third party to provide a service, and at least part of these negotiations has been conducted in writing.
- The service has been stopped, or a decision has been taken in writing to do this.
- The local authority considers, based on the information in the EOI, that the relevant body or any sub-contractors are not suitable to provide or assist in the provision of the service.
- The relevant body provides inadequate or incorrect information in the expression of interest.
- The local authority considers that accepting the EOI would contravene the rule of law or a breach of a statutory duty.

### Information that must be contained in an EOI

- Information about the financial resources of the relevant body submitting the expression of interest.
- Evidence that demonstrates that by the time of any procurement exercise the relevant body submitting the EOI will be capable of providing or assisting in providing the relevant service.
- Information about the relevant service and the geographical area that the EOI relates to.
- Information about the outcomes to be achieved by the relevant body, including:
  - How the provision will promote or improve the social, economic or environmental well-being of the relevant authority's area
  - How it will meet the needs of the users of the relevant service.
- Where the relevant body consists of local authority employees, how the relevant body proposes to engage other employees of the local authority who are affected by the EOI.

Cambridge City Council "Community Right to Challenge" Process.



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To: The Leader; Executive Councillor for Planning and Climate Change and the Executive Councillor for Community Development and Health

Report by: Patsy Dell, Head of Planning Services

Relevant scrutiny committee: Strategy and Resources Scrutiny Committee 09/07/2012

Wards affected: All

## Localism Act 2011: Community Right to Bid

### Key Decision

#### 1. Executive summary

1.1 Using new community rights enabled under the Localism Act 2011, local community, voluntary bodies and parish councils will be able to identify land and buildings such as a:

- Local shop
- Local pub
- Community centre
- Library
- Swimming pool
- Playground

1.2 These can then be nominated for inclusion on a list of assets maintained by the City Council. If an asset on the list comes up for sale, community groups will be able to trigger a pause for up to six months, in order to raise capital and bid to purchase the asset before it goes on to the open market.

1.3 The City Council is responsible for operating the Right to Bid for assets of community value process. Much of the process will be determined by Government Regulations but some elements of the process can be locally determined. These are discussed and recommendations made in the body of this report.

## **2. Recommendations**

### **2.1 The Leader is recommended:**

- 1) To note the new requirements under the Localism Act;
- 2) To agree the Council's approach to this new duty as set out in the report;
- 3) To delegate responsibility for determining whether assets are listed on the register of assets or not to a panel of three senior officers from Property Services, Planning and Community Development convened by the Head of Planning Services;
- 4) To delegate responsibility for determining reviews against listing of assets by the owners concerned jointly to the Head of Planning Services and the Head of Community Development (or deputy);
- 5) To delegate approval to the Head of Planning Services, in consultation with the Executive Councillor for Planning and Strategic Transport and the Executive Councillor for Community Development and Health, to amend and agree the Council's final approach to this duty once Regulations have been published.

## **3. Background**

### Introduction

- 3.1 It is expected that Government will shortly publish Regulations to enable new community rights under the Localism Act 2011. This will allow local community, voluntary organisations, neighbourhood forums and parish councils to identify land and buildings that provide an important service in their community and nominate these for inclusion on a list of assets of community value maintained by the City Council. If an asset on the list comes up for sale, these organisations will have up to six months in which to raise capital and bid to buy the asset, before it goes on to the open market. This new right is called the 'Community Right to Bid'.
- 3.2 These new provisions do not restrict in any way decisions by the owner of the asset about whom they can sell their property to, or at what price, and they do not confer a right of first refusal to community interest groups.

## The Role of the City Council

3.3 Under the 'Community Right to Bid' provisions, the City Council is required to:

- Set up a process to enable local community and voluntary groups to nominate assets;
- To adjudicate in accordance with Government Regulations on whether the assets can be included in a list of assets of community value;
- Publish the list of assets of community value and also details of those assets that were nominated but unsuccessful, including the reason why the nomination was unsuccessful;
- Implement an internal review process should the owner of the nominated asset disagree with the Council's decision that the nomination be successful;
- Set up and monitor a moratorium process so that when an asset from the list comes on to the market, community groups have time to register their intent to bid and raise the necessary capital, and preventing the owner from selling the asset during the moratorium period; and
- Operate a compensation scheme to compensate owners for loss or expense incurred as a result of listing and complying with any of the procedures required by the scheme.

3.4 It is proposed that the Community Right to Bid scheme will be managed and administered by Planning Services within the Environment Department.

3.5 Much of the fine detail of how the Community Right to Bid is to be operated will be set out in Regulations. These are not now anticipated to be published until September. Given that community and other groups are already preparing for the commencement of the provisions it is considered appropriate that work starts on the internal preparation for the procedures. There are, however, some aspects of the process where the Council may make it's own decisions. These are as follows:

- 1) An asset is of community value if the Council judges that;
  - a. Current use of the building or land, or its use in the recent past, furthers the social well-being or social interests of the local community;
  - b. That use is the main one and not ancillary; and

- c. It is realistic to think that the building or land will continue to be used in a way which will further the social well-being and social interests of the community; and
- d. It does not fall within the list of exemptions

The Council may determine its own definition of 'recent past'. Officers recommend that this be defined as 'in the past five years prior to the 'date of nomination''. This period might reasonably cover any building or land that was previously in community use but that is now empty or derelict and those assets that may temporarily have had some other use, such as a former library that had been used for office accommodation. Officers also consider it reasonable for the City Council to have accurate records of property usage and to be able to check this over a five year period without this being an undue administrative burden.

- 2) The Council has to publish a list of both 'successful' and 'unsuccessful' nominations to the list of assets of community value. These may be published as a single list or two separate lists. It is recommended that the asset register be published as a single list on a City Council 'Community Right to Bid' web page. This will enable community groups who wish to propose an asset for inclusion to see more easily which assets are already on the list and which have already been proposed but were unsuccessful.

The frequency of publication can also be locally determined and it is recommended that the Council update the list of assets of community value monthly. Experience with the publication of Freedom of Information requests has shown that monthly publication is sufficiently frequent to meet public information needs and is not unduly administratively burdensome.

- 3) The Council may choose how the decision-making process, with regard to a nomination, is made. The criteria for inclusion are defined in detail by Government Regulation and the decision-making is, therefore, essentially an administrative process but with judgement being made in the application of the criteria for inclusion on the nomination list. Officers propose that a decision-making panel of three senior officers (one each from Planning, Community Development and Property Services) be convened on a regular basis to review nominations.

The owner of the asset has the right of appeal against the City Council's decision to include an asset on the assets of community value list. Officers recommend that the review be an officer process delegated jointly to the Head of Planning Services and the Head of Community Development.

- 4) Arrangements for the adjudication and payment of any compensation claimed by owners for loss or expense incurred as a result of listing and complying with any of the procedures required by the scheme are to be administered by the City Council. The scheme must include an initial decision-making process and an internal review process.

## 4. Implications

### ***Financial Implications***

- 4.1 The Government recognises the Community Right to Bid provisions place an administrative burden on Local Authorities required to maintain a list of assets of community value and is committed to meeting these costs. No indication of what this means in practice has been published to date.

### ***Staffing Implications***

- 4.2 The Community Right to Bid provisions are largely an administrative process that will be managed and administered by the Planning Service with the day-to-day administration undertaken by the Guildhall Business Administration Unit. At this stage, it is unclear as to the staffing capacity that will need to be put towards this activity. It is expected that there will be a significant number of initial nominations that will need to be processed.

### ***Equal Opportunities Implications***

- 4.3 ***Equalities Impact Assessment:*** Not applicable. The Community Right to Bid scheme is primarily an administrative process defined by legislation and regulation with very little scope for the Council to exercise discretion or introduce change,

### ***Environmental Implications***

- 4.4 Climate change rating: Nil.

### ***Consultation***

- 4.5 Consultation has been undertaken with officers from the Planning Service, Community Development, Property Services, Legal Services and Corporate Strategy on those aspects of the Community Right to Bid provisions that are at the discretion of the Council as to how they are implemented.



## ***Community Safety***

4.6 There are no community safety implications.

## **5. Background Papers**

5.1 These background papers were used in the preparation of this report:

a) Localism Act 2011

## **6. Appendices**

6.1 Appendix A – Frequently Asked Questions

## **7. Inspection of Papers**

7.1 To inspect the background papers or if you have a query on the report please contact:

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## **Appendix A – Community Right to Bid – Frequently Asked Questions**

### **What does “nominating” an asset of community value mean?**

Nominating an asset of community value means proposing that a building or land is included in a list of buildings and land of community value maintained by the local authority. This type of listing should not be confused with the listing of buildings of special architectural or historic interest. Local authorities will be required to maintain a list of land and buildings which meet the definition of an ‘asset of community value’.

### **What is an ‘asset of community value’**

An ‘asset of community value’ is an asset that furthers the social well-being or social interests of the local community (or has done in the recent past). ‘Social Interests’ can include cultural, recreational and sporting interests. So, for example, sets of community value could be village pubs and shops, community centres and library buildings.

### **Can any local community group nominate assets?**

Groups nominating an asset should be local and should be a parish council or a voluntary or community body with a local connection. Regulations will define the types of voluntary and community body that can nominate assets.

### **What does the Localism Act mean by disposal?**

Disposal means either a freehold sale or disposal on a long lease of more than 25 years or more. Shorter leases do not count as disposal.

### **If an asset is surplus to the council’s requirements, why does the council need to look at options? Surely there is only one option – getting the best price?**

In reviewing the future of any asset, it is important to look at all the options, to be sure that the council gets best value. Options include using it in a different way, disposing of it on the open market or transferring it to a voluntary or community organisation at less than best consideration to achieve wider social benefits.

**Surely it's only fair to our council taxpayers that the council sells any surplus assets for the best price it can get?**

Local authorities are usually required to dispose of land and building on the basis of the best 'consideration' reasonably obtainable. However, best consideration means achieving maximum 'value' from the disposal, not just maximum price. Disposal at less than market value must contribute to the 'promotion or improvement of the economic, social or environmental wellbeing of the area'.

**Why should we assume that a community organisation can run a building profitably, when the Council isn't able to?**

Community organisations operate on a different business model, often using volunteer effort, community intelligence about local needs and sources of funding not available to local authorities. They are in a position to run a community asset as a social enterprise. The business plan for the community asset transfer should demonstrate financial viability.

**The council offers the same terms and conditions to all leaseholders. Why should it treat community organisations differently?**

A community asset transfer brings benefit to the council, which makes it value for money. To gain those advantages, the lease terms need to be appropriate and proportionate.

**How should the Council deal with competing interests in respect of a particular asset?**

The first test is which proposals are viable and sustainable in the long term. Community asset transfer should contribute to the policies and targets of your authority. Deal with competition for a specific building by identifying the Council's key objectives in that area –using, for example, deprivation indices, local priorities and the current mix of buildings and services in the area – and assess which bid best meets those objectives. Many authorities use a scoring system.

### **Should there be a competitive process for every asset transfer?**

Some local authorities advertise all community asset transfer opportunities to ensure fairness. Others will consider transfer requests from organisations, which currently manage a property without seeking other bids. The council's approach should be set out in its Community Asset Transfer Strategy.

### **Why should the Council develop a Community Asset Transfer strategy?**

Developing a strategy should ensure consistency and fairness. Linked processes should detail the application process and likely timescales. Consultation with the local community and voluntary sector on the development of the strategy should ensure that it meets local needs.

### **How can the Council be sure it's getting value for money if it transfers an asset at less than market value – Why should it forego a capital receipt?**

The Government's Best Value guidance recognises the importance of social as well as economic and environmental value in the achievement of best value. Community asset transfer can contribute to achieving the policy objectives of the local authority. Disposal to secure a capital receipt must therefore be considered alongside other options in order to secure best value.

### **How do we know the community organisation won't just collapse, and hand the building back, when the current leaders move on?**

Any disposal carries risk – but the risks can be minimized through good policies, procedures and support. Robust assessment of the business plan for a community asset transfer will give confidence about financial sustainability, management and community support. Maintaining a supportive long-term partnership with transfer organisations will enable problems to be identified early and dealt with.

**How do we know that an organisation will not simply sell the asset on and pocket the proceeds? How do we protect against that?**

Community asset transfers are usually only made to organisations which have an 'asset lock' – that is a clause in their governance which restricts asset disposal. Generally this would apply to registered charities, community interest companies and charitable community benefit societies (a type of Industrial & Provident Society). Restrictions may also be written into the lease.

**We have requested a community asset transfer. The local authority has agreed but will only offer us a 5-year lease. We think it should be longer. What can we do?**

Find out why the council is offering a 5-year lease – this will allow you to address any issues. Length of lease can be very important if you need to raise capital funding. Many funders will expect a lease of 20 or 25 years – some even longer. Some councils offer a short lease so that the community or voluntary organisation can test out managing the building with the option of moving to a longer lease if it works well.

**Our local authority has suggested that we take a community asset transfer of our local resource centre but we are worried about taking on more responsibility. What are the key issues that we should be thinking about?**

You need to consider whether your organisation has the skills, enthusiasm and person power to own and manage the building and whether there is strong community support. You will need to look at the finances – what is the likely income, what are the running costs, how will you repair and refurbish the building in the long term. There is extensive written information to help you to think through these issues.

**What is an exempt disposal?**

An exempt disposal is exempt from the moratorium periods set out in the Act. It is the responsibility of the owner not the local authority to decide whether a particular disposal is exempt.

**Does listing an asset place a restriction on what the owner can do with it, while it remains in his ownership?**

No, because planning policy determines permitted uses for particular sites. However, the fact that the site is listed may affect planning decisions – it is open to the Local Planning Authority to decide that listing as an asset of community value is a material consideration if an application for change of use is submitted, considering all the circumstances of the case.

**What happens if an asset is nominated which includes land within more than one local authority area?**

The Act requires the local authorities concerned to co-operate in fulfilling the requirements of the Act, but leaves it to their discretion to decide how to do this in their local situation. It is likely that one of the authorities will act as the lead and manage the nomination process.

**What does the Localism Act mean by the owner?**

The owner is the person who holds the freehold unless there is a long leasehold in place, in which case the long leaseholder would be seen as the owner in terms of the Act.

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