Cabinet

Grand Jury Room, Town Hall
12 October 2011 at 6.00pm

The Cabinet deals with
the implementation of all council services, putting into effect the policies agreed by the council and making recommendations to the council on policy issues and the budget.

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COLCHESTER BOROUGH COUNCIL
CABINET
12 October 2011 at 6:00pm

Leader (& Chairman):   Councillor Anne Turrell (Liberal Democrats)
Deputy Chairman: Councillor Martin Hunt (Liberal Democrats)
                             Councillor Nick Barlow (Liberal Democrats)
                             Councillor Lyn Barton (Liberal Democrats)
                             Councillor Tina Dopson (Labour)
                             Councillor Beverley Oxford (The Highwoods Group)
                             Councillor Paul Smith (Liberal Democrats)
                             Councillor Tim Young (Labour)

AGENDA - Part A
(open to the public including the media)

Pages

1. **Welcome and Announcements**

   (a)   The Chairman to welcome members of the public and Councillors and to remind all speakers of the requirement for microphones to be used at all times.

   (b)   At the Chairman's discretion, to announce information on:

   - action in the event of an emergency;
   - mobile phones switched off or to silent;
   - location of toilets;
   - introduction of members of the meeting.

2. **Urgent Items**

   To announce any items not on the agenda which the Chairman has agreed to consider because they are urgent and to give reasons for the urgency.

3. **Declarations of Interest**

   The Chairman to invite Councillors to declare individually any personal interests they may have in the items on the agenda.

   If the personal interest arises because of a Councillor's membership of or position of control or management on:

   - any body to which the Councillor has been appointed or nominated by the Council; or
   - another public body

then the interest need only be declared if the Councillor intends to speak on that item.

If a Councillor declares a personal interest they must also consider whether they have a prejudicial interest. If they have a prejudicial interest they must leave the room for that item.

If a Councillor wishes to make representations on an item on which they have a prejudicial interest they may do so if members of the public are allowed to make representations. In such circumstances a Councillor must leave the room immediately once they have finished speaking.

An interest is considered to be prejudicial if a member of the public with knowledge of the relevant facts would reasonably regard it as so significant that it is likely to prejudice the Councillor's judgement of the public interest.

Councillors should consult paragraph 7 of the Meetings General Procedure Rules for further guidance.

4. Have Your Say!

(a) The Chairman to invite members of the public to indicate if they wish to speak or present a petition at this meeting – either on an item on the agenda or on a general matter not on this agenda. You should indicate your wish to speak at this point if your name has not been noted by Council staff.

(b) The Chairman to invite contributions from members of the public who wish to Have Your Say! on a general matter not on this agenda.

5. Minutes

To confirm as a correct record the minutes of the meeting held on 13 July 2011.

6. Call-in Procedure

To consider any items referred by the Strategic Overview and Scrutiny Panel under the Call-In Procedure. At the time of the publication of this Agenda there were none.

7. Strategy and Performance/Resources and Business

i. 2012/13 Revenue Budget Update   **1 - 11**

See report by the Head of Resource Management

8. Housing and Community Safety

12. **Exclusion of the Public**

    In accordance with Section 100A(4) of the Local Government Act
    1972 and in accordance with The Local Authorities (Executive
    Arrangements) (Access to Information) (England) Regulations 2000
    (as amended) to exclude the public, including the press, from the
    meeting so that any items containing exempt information (for example
    confidential personal, financial or legal advice), in Part B of this
    agenda (printed on yellow paper) can be decided. (Exempt

information is defined in Section 100I and Schedule 12A of the Local Government Act 1972).

COLCHESTER BOROUGH COUNCIL
CABINET
12 October 2011 at 6:00pm

AGENDA - Part B
(not open to the public or the media)

	Cabinet				**Item**
					7(i)
	12 October 2011				

Report of	**Head of Resource Management**	**Author**	**Sean Plummer** ☎ 282347
Title	**2012/13 Revenue Budget Update**		
Wards affected	Not applicable		

> **This report provides Cabinet with an update on the 2012/13 Revenue Budget forecast**

1. Decisions Required

1.1 Cabinet is requested to consider the following items:

i) Note the updated 2012/13 budget forecast as set out at paragraph 6.1 shows a current gap of £742k

ii) Note that officers are working towards delivering a balanced budget and that progress has been made to identify savings to assist with the delivery of the budget strategy. (See section 9).

iii) Determine whether the cost pressures set out at paragraph 7.1 should be included in the 2012/13 budget forecast.

iv) Determine whether the growth items set out at paragraph 8.1 should be included in the 2012/13 budget forecast.

v) Determine whether the provisional savings set out at section 9 should be included in the 2012/13 budget forecast.

vi) Note the potential 2012/13 budget forecast variables and risks set out in Section 10 and agree to include £300k as a contingency at this stage.

2. Reasons for Decisions

2.1 The Council is required to approve a budget strategy and timetable in respect of the year 2012/13.

2.2. This report relates to the budget update and a review of the capital programme.

3. Alternative Options

3.1 There are different options that could be considered and as the budget progresses changes and further proposals will be made and considered by Cabinet and in turn Full Council.

4. Background

4.1 A timetable for the 2012/13 budget process (see Appendix A) was agreed at Cabinet on 13 July 2011.

4.2 At this stage in the budget process it is important to identify the main areas of cost pressure and any planned growth areas together with the approach to balance the budget. Detailed budgets are currently being produced with the aim to complete this task by December. Work is currently progressing well and is in line with the budget timetable.

4.3 The Council's gross General Fund revenue budget is c£112million which translates in to a net revenue budget of £21million. This is the starting point and context in which to view the remainder of this report.

5. Budget 2011/12 - Review

5.1. The Finance and Audit Scrutiny Panel (FASP) reviewed the budget position for the current year including outturn projections on 23 August 2011. The total position reported at what was an early stage showed a potential net overspend of c£1m. The main factor affecting this position is the reduction in income in a number areas, such as car parking. It has also been reported that a contingency of £0.4m is available that could be used in part to mitigate this position.

5.2. Options for reducing the overspend this year are being considered alongside work for the 2012/13 budget. This is expected to highlight in year savings that will assist in minimising any underspend. FASP will receive a report on the half year position in November and this will in turn be reported to the next Cabinet meeting when any impact on balances will be assessed.

6. Summary of 2012/13 Budget Forecast

6.1. Should Cabinet approve the items detailed in this report the current 2012/13 budget forecast shows a current gap of £742k. This reflects an increase in the level of cost pressures, assumptions regarding Government Grant including New Homes Bonus and progress to deliver savings.

	2012/13 £'000	Note
Base Budget	20,255	
Cost Pressures (incl. inflation)	1,487	See paras 7.1
Growth	200	See para. 8.1
Savings	(902)	See para 9.2.
Risk and variables	300	See para 11.3
Forecast Base Budget	**21,340**	
Government Grant – Formula Grant	(8,404)	See para 10.1
New Homes Bonus	(724)	See para 10.2
Council Tax	(11,003)	Based on 2.5% increase and 0.5% increase in taxbase.
Use of Reserves	(467)	Ongoing use to fund community stadium, S106 and pensions increase
Total Funding	**(20,598)**	
Budget Gap	**742**	

6.2. As indicated later in this report, further work is ongoing to fully assess options to balance the budget including completion of remaining budget reviews and developing delivery plans for all savings, completion of detailed budgets and the ongoing assessment of risk areas.

7. Cost Pressures

7.1. The following cost pressures expected in 2012/13 have mostly been previously identified through the Medium Term Financial Forecast (MTFF) process either as specific pressures or as risks areas. The table sets out estimated pressures for next year some of which are indicative provisions which will be revised as more detail becomes known.

	Current allowance £'000	Updated allowance £'000	Comment
Inflationary pressure	140	240	Net inflation impact, including the assumption of a nil pay award for 2011/12 and general increase averaging c1.5% with income rising by c2%. This has been increased by £100k as an indicative provision against expected significant increases in energy prices.
Incremental pension contributions	97	97	Additional cost arising from actuarial review which is being funded from reserve setup in 2011/12.
Minimum Revenue Provision	40	40	Increase in calculated figure based on statutory criteria and decisions taken in respect of borrowing.
Car Parking Income		400	It has been reported that there is an anticipated shortfall of car parking income in 2011/12. Further actions are being undertaken by the service in conjunction with other Council services and partner organisations to increase usage, particularly in those car parks that are under predicted capacity levels. It is considered prudent at this stage to include an allowance for reduced income.
Net interest earnings		300	Interest rates remain at historically low levels. More recently a number of projections for interest rates in the coming year point to the continuation at these very low levels for longer than previously expected. As such, it is considered prudent to revise the forecast for next year by £300k. It is likely that legislative changes as part of HRA self financing reforms will result in a further budget adjustment. This will be assessed as more detail is announced.
Repair & maintenance costs		150	The Council operates a Building Maintenance Programme in addition to other budgets for both planned preventive repairs and responsive repairs. A review is currently in progress to consider how these budgets are managed. It is likely that it will be necessary to allocate additional funds to ensure that the Council can maintain assets in a fit and proper state. An indicative allocation of £150k is therefore proposed.

	Current allowance £'000	Updated allowance £'000	Comment
Delivery of 11/12 budget savings		150	Finance and Audit Scrutiny Panel (FASP) recently reviewed the 2011/12 budget position. This included an assessment of the status of delivering all budget savings included in the 2011/12 budget (c£3.6m in total). At this stage it has been identified that some savings may not be delivered and therefore this will be a pressure for the 12/13 budget.
Insurance Premiums		60	The Council's insurance arrangements were recently put out to tender. The resulting costs are higher than current budgets.
Second Homes		50	Essex County Council (ECC) has given notice that it wishes to terminate the arrangement whereby ECC passes 60% of the additional income received in respect of second homes discount to Colchester. ECC has indicated that an alternative arrangement may be put in place based which would see the contribution reduce to 40%. If this approach were adopted it would result in a cost pressure of c£50k.
Total	**277**	**1,487**	

7.2 Cabinet need to determine whether the cost pressures detailed above should be included within the current 2012/13 budget forecast.

8. Growth Items

8.1. The Council has agreed to allocate funding for a food waste trial to start in 2011/12 for a period of 12 months. The impact of the trial will be assessed and consideration given to the expansion of the scheme to the wider borough. The costs involved in any proposals and benefits will need to be fully considered in due course, however, it is considered appropriate to include a budget provision at this stage of £200k. The actual cost will depend on extent and timetable for any rollout and also any contribution from partners.

9. Savings/Increased Income

9.1. The budget strategy for 12/13 was agreed by Cabinet on 13 July. This included five tracks in our budget strategy:-

- Income generation
- Efficiencies (including but not exclusively FSRs)
- Total Place / community budgets – projects with partners to look at how we reduce duplication
- Shared services
- Cuts and reductions

9.2. Significant progress has been made in identifying budget savings. The following table provides a summary of proposed savings totalling £0.9m including items previously reported to Cabinet.

	£'000	Comment
One-off items	153	Adjustments for non recurring items.
Total Service Items	(629)	Current savings across all services including ongoing impact of items agreed in the 11/12 budget and the ICT contract savings set out on a separate agenda item.
Fundamental Service Reviews	(426)	Additional savings from Revenues and Benefits and Street Services.
Total	**(902)**	

9.3. Further budget saving options have been identified and these are currently being assessed in more detail. This includes consideration of savings arising from the FSR of Sport and Leisure Services.

10.   Government Grants

10.1. When the Government confirmed the 2011/12 formula grant provisional allocations were also provided for 2012/13. These figures showed a cash reduction on the 11/12 grant of £897k (9%). We expect to receive notification of our grant in November / December and no significant changes to the assumed figure are expected.

10.2. The Government has confirmed that alongside the announcement of our formula grant we will also receive notification of the New Homes Bonus grant for 2012/13. It was reported to Cabinet in July that the Council had received a grant of £724k for 2011/12. The methodology of the New Homes Bonus scheme means that this level of payment will be received for 6 years. Therefore the budget forecast now includes assumed income of £724k for 12/13. The actual grant for 12/13 is expected to be higher as this will reflect payments due in respect of growth in new homes between October 2010 and October 2011 and also affordable homes delivered during 2010/11.

10.3. It has been highlighted in previous Cabinet reports that funding allocated by the Government for the New Homes Bonus is insufficient to meet the likely cost of the scheme, therefore the Government has stated that any shortfall will need to be met by the main 'formula grant' allocation. This issue has also been considered as part of the consultation on NNDR retention (see separate paper on agenda). Given this and also the methodology of the scheme which means that annual rewards will last for 6 years it is important that at this stage a prudent and cautious approach to New Homes Bonus is taken.

10.4. The Council receives other Government grants and announcement on the level of these will be made at a similar time as formula grant. Confirmation of the level of grant funding will be an important part of completing the Council's budget. The level of benefit administration grant is one where it is likely that a reduction in funding may be seen. At this stage the budget forecast assumes a standstill position and therefore this will remain a risk area.

10.5. Overall, the updated assumptions for Government grants continue to represent a generally prudent outlook and an update will be provided when grant allocations are made later this year.

11.   Risks and Variables

11.1. On 13 July 2011 Cabinet considered the budget strategy and MTFF. The MTFF set out the key areas that may impact on 2012/13 budget forecast and potentially later years. These have been reviewed and continue to represent the key variables including areas that may have positive or negative affect on the budget forecast. The list is provided at Appendix B and several of these

items are considered within this report and we will continue to review all issues as the budget progresses.

11.2. Some of the key risk and variables at this stage in the budget process are:-

- Completion of detailed budgets (including any impact of changes in costs between the General Fund and HRA)
- Announcement of Government grants
- Current contract / tender negotiations (e.g. arrangements for vehicle fleet)
- Decisions on budget savings
- Proposals in respect of Council Tax

11.2. It should be noted that the Council's general fund balances remain £0.35m above our current assessed recommended level of £1.5m. However, there is currently an estimated overspend in 2011/12 as set out in section 5 and this may therefore impact on the level of balances. This position and that of other reserves will be assessed as part of the budget and reported to Cabinet in December.

11.3 Given the assumptions shown in this report it is considered prudent at this stage to recognise the level of risks and include an indicative budget contingency of £300k. Cabinet is therefore asked to note the potential 2012/13 budget forecast variables and risks set out and agree to include a contingency of £300k.

12. Future Years

12.1 As part of consideration of budget issues facing the Council, SMT and Leadership Team have been considering future year budgets. The Medium Term Financial Forecast (MTFF) reported to Cabinet in July showed an annual increase in the budget gap over the next three years of circa £0.7m to £1m. The current review of Local Government resources and funding arrangements and the Council's own consideration of future priorities will be considered as part of the next update of the MTFF to be reported alongside the 12/13 budget.

13. Proposals

13.1 It is proposed that the budget position should be noted including proposals relating to cost pressures, growth items, savings and risk and variables.

14. Strategic Plan References

14.1. The Council has agreed three Corporate Objectives including the aim to "shift resources to deliver priorities". An exercise is underway to consider priorities for 2012 to 2015, and looking at how this will affect where the budget is spent. The 2012/13 budget and the Medium Term Financial Forecast will be underpinned by the Strategic Plan priorities and will seek to preserve and shift resources where needed to these priorities.

15. Consultation

15.1 The budget strategy report to Cabinet in June has been considered by the Strategic Overview and Scrutiny Panel on 19 July 2011. That Panel will also review an update of the budget later this year and FASP will consider the final budget proposals in January.

15.2. As referred to above the Council is considering future priorities. A consultation exercise is running between 19 September and 2 October 2011 to find out what people feel are the three

most important and the three least important services which we provide and the areas that we influence with key partners.

15.3. Statutory consultation is also due to take place with business ratepayers in December / January.

16. Financial implications

16.1 As set out in the report

17. Equality and Diversity Implications

17.1 Consideration will be given to equality and diversity issues in respect of budget changes proposed as part of the budget process. This will be done in line with agreed polices and procedures including production of Equality Impact Assessments where appropriate.

18. Risk Management Implications

18.1 The strategic risks of the authority will be considered in developing the 2012/13 budget and all forecast savings/new income options will be risk assessed as part of the budget process. This report sets out some of the key risks / variables at this stage in the budget process and as stated earlier this will be refined during the year.

19. Other Standard References

19.1 There are no specific Publicity, Human Rights, Community Safety or Health and Safety implications at this stage.

Background Papers

Report to Cabinet 13 July 2011
Revenue and Capital budget position reported to FASP on 23 August 2011.

2012/13 Budget Timetable	
Budget Strategy March 11 – July 2011	
March – June (SMT and Budget Group)	Budget Group Meetings Agreed Update MTFF /Budget Strategy Review potential cost pressures, growth and risks Consider approach to budget Initial budget reviews started
Cabinet – 13 July 11	• Report on updated budget strategy / MTFF • Timetable approved
SOSP – 19 July 11	Review Cabinet report
Budget Group / Leadership Team - June / July	Consider review of capital programme Consider approach to consultation
Detailed Budget preparation and Budget Setting Consultation	
Budget Group / Leadership Team regular sessions on progress / budget options now - December	Review budget tasks (the 5 tracks) Consider outcomes of Fundamental Service Reviews
Cabinet – 7 September 11	• Budget Update (moved to 12 October meeting)
Cabinet – 12 October 11	• Budget Update • Consultation
Cabinet – 30 November 11	• Budget update • Reserves and balances • Grant settlement
SOSP – 13 December 11	Review Cabinet report / Budget Position (Strategic Review)
FASP – 24 January 12	Review consultation / Budget position (Detailed proposals)
Cabinet – 25 January 12	Revenue and Capital budgets recommended to Council
Council – 22 February 12	Budget agreed / capital programme agreed / Council Tax set

Leadership Team to review budget progress during year.

Ref	Risk / Area of uncertainty	
1	*Government Grant and the Comprehensive Spending Review 10 (CSR10)*	The CSR10 sets out the background to public sector finances over the next 4 years. The grant settlement which followed in December provided grant figures for 2011/12 and 2012/13 showing a reduction of 15.2% and 9% respectively. Further reductions in later years are expected and a provision for cash reductions of 5% in each of the last two years of the MTFF has been included. The Government has recently produced consultation papers setting out proposals relating to NNDR (business rates) and also the localisation of Council Tax benefits. These are likely to be significant issues for district councils such as Colchester and will be considered as part of an update of the MTFF when more detail becomes known.
2	*Government grants and partnership funding*	The Council's budget has changed over recent years with a greater emphasis on funding from both partner organisations and Government bodies. These funding streams can rarely be guaranteed and can therefore add to our cost pressures. Provision has been made in the 2012/13 budget for the New Homes Bonus based on the grant received in 2011/12. Future budget reports will consider this source of funding and the implications for the MTFF. No provision has been made for changes in other Government grants, such as housing benefit administration, and these will be considered as details are announced.
3	*Pensions*	An allowance has been built in for increases in pensions costs based on the results of the recent actuarial review and which therefore are fixed until 2014/15.
4	*Fees and charges and other income*	As has been seen in the past few years we have experienced a number of pressures arising from changes in income levels. In the current year income it has been reported that off street car parks, planning and cemetery and crematorium have all experienced a level of shortfall. Looking ahead to 2012/13 and beyond it is difficult to estimate how income levels may continue to be affected. The 12/13 budget forecast assumes some decrease in revenue from car parking and future updates of the MTFF will consider any other changes to income.
5	*Inflation*	An allowance for general inflation has been built into the 11/12 forecast and MTFF, and specific increases allowed for items such as energy. The current (August 2011) CPI is 4.5% and RPI is 5.2% The economic forecasts published by HM Treasury point to inflation figures for 2012 of 2.2% and 3.2% for CPI and RPI respectively. Not all the Council's costs are directly linked to RPI and therefore we will continue to monitor the impact of inflation on all Council costs. The budget forecast does include an additional provision of £100k in respect of energy costs. An assumption of no annual pay increase has been shown

Ref	Risk / Area of uncertainty	
		for 2012/13 with an increase of 2% pa thereafter. Any changes to this will need to be considered in future updates.
6	*Use of reserves*	The budget position for 2011/12 includes proposals to use certain reserves. The MTFF assumes the ongoing use of the capital expenditure reserve and S106 reserve. The 2011/12 budget includes the proposal to agree that up to £0.6m be made available to meet one-off costs required to deliver the budget savings.
7	*Legislation*	There is likely to be several items of new legislation over the life of the MTFF for which any available funding may not cover costs or which may impact significantly on the Council e.g. universal credit.
8	*Impact of regeneration programme e.g. car park closure and staff resources*	As the regeneration programme progresses there will be an ongoing impact on income from car parks due to temporary and permanent closure of certain car parks and also the introduction of park and ride.
9	*Property review*	A review of our assets was carried out and a 5-year Building Repairs and Maintenance Plan produced. There will continue to be financial implications arising from this for both the revenue budget and capital programme and these will continue to be considered in detail and included in the on-going updates of the MTFF. The 2012 budget forecast includes an additional allocation of £150k in respect of planned repairs and this will be reviewed shortly to consider if it is sufficient to meet ongoing requirements.
10	*Impact of growth in the Borough and demand for services*	A number of Local Authority services are directly impacted by the increase of population in the Borough, such as waste services, planning, benefits etc. As part of the budget it will be necessary to consider whether there is a need for additional resources in these or other areas in order to maintain levels of service. At this stage no allowance for these areas has been provided within the MTFF. Fundamental Service Reviews (FSR) have been carried out or are being implemented on some of the key areas affected by growth and such as benefits, housing and street services. The financial assumption made is that these reviews will assist in identifying efficiencies to cope with changes in demand, however, this will be regularly reviewed.
11	*Delivery of budget savings*	The 2011/12 budget includes a number of budget targets including cross cutting reviews such as ICT and communications as well as FSR and other budget changes. The budget forecast assumes that c£150k of these may not be delivered.
12	*Net Interest earnings and investments*	The budget is influenced by a number of factors including interest rates and cashflow movements. The treasury management strategy for 2011/12 highlighted the outlook for interest rates in the medium-term which pointed to continuation of unprecedented low levels into 2011/12. The budget forecast has been adjusted by £300k to reflect the ongoing impact of low interest rates and the growing

Ref	Risk / Area of uncertainty
	view that these low levels may continue for a significant time to come. No further provision has been made in respect of the Icelandic investment impairment. The situation will be monitored and any changes reported and reflected in the MTFF.

			Item
	Cabinet		**8(i)**

Colchester

Report of	**Head of Strategic Policy and Regeneration**	**Author**	**Tina Hinson** ☎**506903** **Jeanette Smith** ☎ **282538**
Title	**Improving accommodation for older people in Colchester - Review of Council owned sheltered housing.**		
Wards affected	All		

> This report concerns how the Council can improve its housing for older people and make it fit for the future, following a review of sheltered housing.

1. Decision(s) Required

1.1 To agree to make improvements to Harrison Court, Britannia Court, Enoch House and Worsnop House so that in the future no tenant will need to share facilities and will have their own kitchen and bathroom.

1.2 To agree a long term plan of improvements to the Council's sheltered housing schemes so that they better meet the needs of older people now and in the future.

1.3 To dispose of two sheltered housing schemes; Abbeygate House and Joyce Brooks House; change the use of one scheme as sheltered housing (The Dutch Quarter) and explore alternative uses for four sites (Heathfields House, Elfreda House, Maytree Court and Plum Hall).

1.4 To recommend to full Council that the capital receipt generated by any disposal be ring-fenced within the Housing Revenue Account (HRA), to either fund the refurbishment/ conversions costs at the four sites identified, or to repay HRA debt.

1.5 To recommend that the financial implications of the in-principle decisions taken are modelled and reflected in the overall HRA budget setting process to be considered by Cabinet in January 2012.

2. Reasons for Decision(s)

2.1 A review has been carried out of the Council's sheltered housing. The review made a number of recommendations about the Council's sheltered housing. The aim of the review was to improve accommodation for older people in the borough and ensure that our sheltered housing meets the needs of older people now and in the future.

2.2 The review found that changes were needed to address several issues; voids in sheltered housing remain high, yet there are over 500 people on our needs register who are eligible for sheltered housing. Nine out of the 23 sheltered housing schemes do not offer self-contained accommodation. This suggests that the current profile of sheltered schemes Colchester Borough Council offers does not meet the needs or aspirations of older people.

2.3 A long term plan is needed to address some of the issues so that the Council is able to meet the housing needs of the older population now and in the future.

3. Alternative Options

3.1 Not to adopt the recommendations of the review. This would result in not being able to make changes to our sheltered housing to meet the criteria of the Colchester Standard along with DDA requirements and the needs of our tenants who have restricted mobility. This would mean that the Council would retain accommodation that remains 'hard to let' and continue to experience a revenue loss through voids. Maintenance costs would remain high on those schemes deemed to be in the poorest condition. The Council would continue to offer accommodation of a lower standard to that of other providers. The needs and aspirations of older people would not be met. Older people under-occupying social rented homes would continue to have limited housing options and less incentive to encourage them to move to homes which better meet their needs.

4. Supporting Information

4.1 The Council, along with its arms length management organisation, Colchester Borough Homes (CBH) carried out a review of the 23 sheltered housing schemes that are owned by the Council. A full copy of the review report is included as a background paper to this report. The review considered a number of issues including, housing need, demand, supply, scheme comparisons and environmental performance which was used to assess all of the above for each scheme. The review also looked at the accommodation and facilities currently offered at each scheme and the future demand for sheltered housing.

4.2 This information provided the evidence base for the development of the 'Colchester Standard'. This is a set of criteria which Colchester aspires to provide at each of its sheltered housing schemes. It was also used to measure how well each of our sheltered housing schemes meets the standard. From this we were able to identify those schemes not suitable for redevelopment or conversion and those that were.

4.3 The key findings of the review are summarised below.

Housing need: There are 539 people on the housing needs register who are suitable for sheltered housing (although they may not have expressed an interest for this type of housing). A total of 296 of those are in the top priority bands for re-housing but long term voids remain in some of our sheltered housing schemes.

Demand: Many sheltered schemes experience a low demand for properties. Those sheltered homes which had been empty for the longest time were in those sheltered schemes which had bedsit accommodation with shared facilities. Over a quarter (38%) of those registered on the Housing Needs Register who are eligible for sheltered housing are under-occupying their current home.

Supply: Colchester Borough Council has 696 sheltered homes (flats, bedsits and bungalows). There are another 778 sheltered homes (flats, bedsits and bungalows) in Colchester. A total of 455 homes are rented and 323 homes are leasehold for those that wish to purchase a home.

The Colchester Standard: The Colchester Standard was developed by Colchester Borough Council and Colchester Borough Homes to reflect the features we would expect to see in our sheltered housing in the future to ensure that it best met the housing needs of older people. It is based on national standards expected from newly built schemes, national good practice and issues particularly relevant to Colchester. We consulted

CBH's Sheltered Housing Forum about the standard. They supported the standard. The Forum confirmed that self-contained accommodation was the key factor for older people when considering alternative accommodation. They did not wish to add any additional features to the standard.

Meeting the Colchester Standard: We used the criteria to measure each of our sheltered schemes and scored them against how well they met the standard. We currently have nine schemes that offer bedsit accommodation with shared facilities, this suggests that these schemes will increasingly have voids and become 'hard to let.' We also looked at the costs involved in maintaining the accommodation and also bringing it up to the Colchester Standard. We found that some schemes would not be suitable for reconfiguration or redevelopment to meet the aspirations of the Colchester Standard.

Accommodation and facilities: The locality of some of the schemes is difficult to access if tenants or visitors have poor mobility. Issues identified are access to shops, bus stops and local facilities. Features which make mobility difficult in our sheltered housing include; narrow hallways to individual units and raised thresholds within the buildings. Several schemes do not comply with the Disability Discrimination Act and are not suitable for adaptation to meet the requirements as the internal configuration of the buildings does not allow for the required turning points or for lifts to be installed enabling access to all levels of the building. This restricts applicants with housing needs linked to poor mobility applying for this accommodation and does not meet the needs of those residents who have changing health and mobility.

Environmental performance/asset management needs: Energy costs are likely to increase faster than incomes in the future therefore the need to mitigate this impact has been a consideration of the Sheltered Housing Review. It was identified that 22 schemes needed replacement boilers or pumps, of those 6 were classified as urgent and needed replacement of complete systems. Some will not achieve the government targets in the reduction of CO_2 emissions. The above suggests that some of the schemes cannot achieve optimum energy efficiency.

4.4 **Future demand for sheltered housing:** work included a questionnaire to current Council tenants aged 40-50. The questionnaire asked about their future plans and aspirations for housing, and gathered information on likely future demand for sheltered accommodation from this group. Less than half of those who responded would consider moving into sheltered housing in the future. Most respondents would consider moving to a bungalow. Shared bathrooms were not popular and most respondents prioritised separate bedrooms from the living area. This information supported the criteria of the 'Colchester Standard.' The results suggest that current sheltered housing stock will not meet the housing needs or aspirations of future applicants on the housing register.

4.5 **Recommendations of the review:** The review recommended disposing of Joyce Brooks House and Abbeygate House. For Abbeygate House, this scheme received the lowest score in meeting the Colchester standard of all Colchester Borough Council's sheltered housing schemes. It would be difficult and expensive to bring up to DDA standards; it has shared facilities and is unpopular with applicants, having long term empty homes within the scheme. Joyce Brooks House received one of the lowest scores when the facilities were measured against the Colchester Standard, would incur significant costs to bring up to DDA standards, has shared facilities and is unpopular with applicants, having long term empty homes within the scheme. Both schemes are comprised of old buildings with extensions added in the 1970s. Overall the costs and ability to carry out improvements along with the score against the Colchester standard outweighed the benefits of retaining these schemes

4.6 The review recommended that at the Dutch Quarter as properties become empty they are let to a different client group. Current sheltered tenants will not be affected by this change as they will continue to receive support in the same way as they do now. The Dutch Quarter currently has sheltered properties dispersed over 4 roads within this area with general needs properties already situated next to sheltered properties. The Dutch Quarter does not have the features usually associated with sheltered housing such as communal facilities and lifts to upper floors. The properties are within a conservation area which make it difficult to up-grade or structurally change them. Tenants report that the properties are difficult and costly to heat.

4.7 The review recommended that options for alternative use be explored at Elfreda House, Maytree Court, Heathfields and Plum Hall. Alternative uses which could be considered may include; re-development of the whole site to provide extra-care sheltered housing for older people or using the site to provide new affordable housing. All of these schemes received a low score against the Colchester Standard. Elfreda, Maytree and Heathfields are predominantly bedsits with shared accommodation. All have a lack of external space, internal configuration that would not lend itself to reconfiguration, poor communal facilities and would not be cost effective to reconfigure to meet the requirements necessary to enable them to meet the Colchester Standard. Plum Hall has only 3 tenants, access is restricted and would not be suitable for some one with poor mobility. The accommodation would be costly or impossible to improve to bring up to the Colchester Standard.

4.8 Implementation of the recommendations will ensure that all future sheltered housing tenants are offered a standard of accommodation that reflects the markets needs and meets the housing demand of the Borough.

5. Proposals

5.1 In order to provide accommodation for older people that is really fit for the future and improve accommodation that we already own, the Council would retain 16 sheltered housing schemes which best meet the Colchester Standard. Of these 16, improvements would be made to four, so that the Council no longer has bedsit accommodation in any of its sheltered housing schemes. Two sheltered housing schemes, which cannot be bought up to the Colchester Standard would be sold and the proceeds used towards funding the refurbishment and improvement of the four referred to above. A summary of the proposals is included at Appendix 1.

5.2 The Council would explore alternative uses for Elfreda House, Maytree Court, Heathfields House and Plum Hall sheltered housing schemes or the sites they occupy. At the Dutch Quarter we would explore using the accommodation for a different tenant group..

5.3 Implementing a long term plan of improvements will future proof the stock and ensure that it meets the future demand for older people in Colchester.

5.4 Tenants who live in sheltered housing schemes which are going to be sold, redeveloped or changed from bedsit to self-contained accommodation will be fully supported by CBH through the process. They will be offered alternative accommodation of their choice which meets their housing needs, receive financial compensation where they are entitled to it and receive support and help to move.

6.   Strategic Plan References

6.1   Implementation of the recommendations will contribute to the following Council objectives in its strategic plan.

- *Addressing older peoples needs*

We will work with partners to ensure the very best health and wellbeing of our senior people by enabling them to live as independently as possible.

- *Homes for all*

We will work towards providing safe, secure, decent and affordable homes for all.

7.   Consultation

7.1   Local consultation has taken place with sheltered housing residents at the 'Sheltered Tenants Forum.' The Colchester Standard was presented to them and discussions allowed for feedback and input into its final format. There were no new criteria identified and support was given for the standard.

7.2   86 responses have been received so far. Responses are broadly supportive, especially around providing separate bathing facilities in all accommodation. Many residents are concerned about moving, with many requesting to be moved to alternative accommodation near to town or bus routes with proximity to family support also a concern. The vast majority of responses highlighted issues with condition or facilities at their current accommodation which the recommendations of the sheltered review aims to address. 14 responses from residents at Abbeygate House were received with 5 residents happy that facilities would be improved, the rest of the responses concerned fears over moving, and being near town or facilities were especially important to these residents. Residents at Joyce Brooks House are against the disposal.

7.3   Staff working for Colchester Borough Homes were presented with the details of the review and the recommendations.

7.4   Consultation has also taken place with external stakeholders. Essex County Council has given their support to the proposals and Age UK have also received a presentation on the review and its findings. Residents of Joyce Brooks House invited Age UK Colchester to meet with them to express their concerns about its proposed closure and the loss of community at Joyce Brooks House.

8.   Publicity Considerations

8.1   A communications plan will be developed to include communication with tenants of sheltered housing, staff, stakeholders and the media.

8.2   A briefing with the local media was held to coincide with the publication of the Cabinet agenda.

9.   **Financial Implications**

9.1   This review carries a range of financial implications. Given the early stages of the project, and that it is to be delivered over the medium to long-term, it is intended to include the relevant revenue and capital implications in the annual budget setting cycle for the Housing Revenue Account (HRA) and Housing Investment Programme (HIP). Furthermore, ongoing implications will be included in the medium and long-term financial plans which underpin the HRA Business Plan which will be in place to support the new

HRA self-financing regime, along with the inclusion of the full financial implications of any implementation proposals when they are submitted for member approval.

9.2   This project forms part of the overall Business Plan which will be adopted under HRA Self-Financing. It therefore needs to be considered in the context of everything else the Council is trying to achieve with its HRA, such as the provision of new affordable housing, the temporary accommodation and garage sites reviews etc, to ensure that those plans and aspirations are also affordable and can be delivered, especially in the short to medium term. Otherwise there is a risk that financial decisions could be made in isolation, and not be considered in the wider context, hence the recommendation that the financial implications of this report are considered as part of the overall budget setting process considered by Cabinet in January 2012. This will take into account the following that will arise from this project:

- Projected changes in number of rental units;
- Any potential capital receipts;
- Any new borrowing that may be needed to meet any shortfall in funding and associated borrowing costs;
- The impact on rental income and repairs & maintenance costs etc.

Furthermore, the Business Plan will contain the proposals for the first 5 years of the capital investment to the remainder of the stock, along with the standard elements contained within the annual budget setting process. By considering the financial implications of this project at the same time as the rest of the HRA Business Plan, members will have a clear indication on the overall amount of HRA debt the Council is expecting to hold in the early years of HRA Self-Financing, and an indication of when that could possibly be repaid. It will also give an indication of the remaining amount of borrowing headroom that would be available for other projects.

However in the meantime to provide members with some indicative financial information for each of the schemes, a table has been included at Appendix 2.

Revenue Implications

9.3   The revenue implications of the review of sheltered housing primarily revolve around rental income, management and maintenance costs, and borrowing costs. Where there is a net reduction in the number of dwellings, for instance due to converting units of accommodation from bedsits to those with shared facilities, there will be a resultant ongoing loss of income. Conversely, the provision of any new units of accommodation will generate additional rental income. Where refurbishment of schemes is carried out, then there will be an increased loss of rental income from the dwellings being void whilst those works are undertaken, although it is anticipated that this will be partially offset by tenants being decanted into existing void properties. Furthermore, it is anticipated that the void loss from a refurbished scheme would be reduced going forward, on the basis that the improved dwellings would no longer be difficult to let as they would meet customer demand. Finally, any reduction in the number of dwellings which currently receive a charge for the Community Alarm service from Helpline would have an impact upon the income levels received by Street Services.

9.4   A change in the number of units will have an impact upon the revenue Repairs & Maintenance budget, for example a reduction in dwellings would mean less gas boiler services would need to be undertaken. There is the potential that management costs could vary, if significant changes were made to the accommodation. Where works are undertaken which require the decanting of tenants, then there is the possibility that home

loss and disturbance payments will be incurred. Also, there could be a reduction in running costs incurred such as utility costs, although these costs are recovered through service charge income which subsequently could reduce. Finally, any increased investment in the housing stock resulting from this project could lead to additional borrowing costs being incurred, should the work be funded from new borrowing. However, it should be noted that the 30 year asset management strategy already includes provision for investment in the sheltered housing stock, so additional borrowing may not be required, depending on the programme and timing of works agreed.

Capital Implications

9.5   The capital implications of the review of sheltered housing primarily revolve around the costs of any refurbishment/redevelopment work, the provision of any new units of accommodation, along with any capital receipts that may result from the disposal of schemes. As previously stated, the 30 year asset management strategy already includes a provision for investment in the sheltered housing stock, centred around providing for the conversion costs to self contained accommodation of the bedsit units. Furthermore, the cost of elements such as kitchen replacements and other improvements to improve the schemes overall are included within the asset management plan as the elements fail. Therefore, provision has already been included for a proportion of the capital investment required, although it should be recognised that bringing work elements forward may require borrowing to be undertaken in the short term, dependant on the amount of overall resources available at the time.

9.6   No provision has currently been made within the HRA business plan modelling (or within the asset management strategy) for whole scale redevelopments of schemes. Should this be a preferred option for some schemes, the funding of the proposals would be considered at the time. These could include the use of the borrowing headroom within the business plan, the use of capital receipts from other disposals, seeking funding from other organisations, or indeed HRA revenue balances which could be available in the future dependant on the Councils overall approach to managing the HRA debt and the provision for its repayment.

9.7   Under the Government's proposals for HRA Self-Financing, they have stated that they want local authorities to be able to undertake effective asset management, in particular to consider what to do with those dwellings where redevelopment might best meet local need, or whether to continue to maintain a particular dwelling given future maintenance costs etc. They have stated that the regulations governing the pooling of housing capital receipts will be updated to ensure the proposed greater freedom towards disposals will not inadvertently disadvantage any authority. They have however made it clear that any receipts from the sales of vacant land or empty homes will be retained by local authorities provided they are spent on affordable housing. This includes the repayment of HRA debt, which must be considered given any disposal will reduce the number of dwellings available to service the HRA debt, therefore a proportion of any receipt should be set-aside for this purpose. It is also clear that where consideration is given to fund any HRA investment from disposals that those receipts need to be ring-fenced to the HRA, to safeguard the viability of the HRA business plan and also to avoid the requirement to pay a proportion to the Government under the capital receipts pooling arrangements.

9.8   **Risks**

9.9   When undertaking a project where it could mean decanting tenants, there is the potential for the timescale to be extended which can lead to properties being empty for longer than originally intended, hence increasing the amount of rental income lost or incurring further costs. This can be mitigated to a certain extent by the HRA balance, which is currently

above the recommended prudent level partly with the intention of providing a safeguard for any unforeseen costs arising from this project.

9.10   As previously stated within the report, it is essential that any capital receipt arising from disposals is ring-fenced for use within the HRA. The reasons for this are twofold: retention within the HRA will mean we can keep 100% of the receipt, and not pay 75% to the Government as part of the pooling arrangements which otherwise would be the case. Also, consideration should be given to paying off HRA debt with a proportion of any receipt, given that the Council will lose the operating surpluses from those dwellings disposed of. To not reduce debt would place an increased risk on maintaining the ongoing financial viability of the existing stock.

10.   Equality, Diversity and Human Rights implications

10.1   .An Equality Impact Assessment has been prepared and is available to view on the Colchester Borough Council website by following this pathway from the Homepage:

http://www.colchester.gov.uk/servedoc.asp?filename=Equality_Impact_Assessment_for_the__Sheltered_Housing_review.pdf

11.   Community Safety Implications
11.1   There are no community safety implications

12.   Health and Safety Implications

12.1   Consideration during the process will be given to tenants' health and well being. With additional support and help given to those tenants affected by the decision, particularly where they will need to move to alternative accommodation.

13.   Risk Management Implications

13.1.   As outlined above, the financial calculations are based on estimates and will be subject to change.

13.2.   Failure to approve the recommendations will impact on the Asset Management Strategy and the Council's responsibilities' of repair and maintenance to all of its housing stock.

Background Papers

The Sheltered Housing Review Report

Appendix 1

| Dispose to fund improvements | Explore alternative uses | | Retain as sheltered | |
	Alternative use of building or site	Change of client group	Convert bedsits to self-contained	No change/ minor improvements
Abbeygate House Joyce Brooks House	Elfreda House Heathfields House Maytree Court Plum Hall [1]	The Dutch Quarter	Enoch House Britannia Court Harrison Court Worsnop House	The Cannons John LamponCourt Ivor Brown Court Grymes Dyke Court Fairfield Gardens Charles Smith House Cherry Tree Mary Frank House Winstree Court Walnut Tree House Stuart Pawsey Court Oatfield Close Nancy Smith Close[1]

[1] Nancy Smith Close and Plum Hall have always been treated as one sheltered housing scheme even though they occupy 2 separate buildings on the same site. They were treated as one scheme during the review. However, in terms of conclusions and recommendations different recommendations are being made for each separate building.

Appendix 2

Indicative Financial Information – Scheme by Scheme

Expenditure & Income	Abbeygate House	Joyce Brooks House	Harrison Court	Enoch House	Britannia Court	Worsnop House
	£000's	£000's	£000's	£000's	£000's	£000's
Revenue Implications						
Annual Rental Income Due (2011/12)	(67.5)	(45.6)	(67.9)	(85.2)	(35.1)	(83.1)
Annual Void Loss (2010/11)	0.9	1.6	1.9	6.2	0.4	1.3
Estimated HomeLoss Payments	122	85	108	136	56	132
Estimated Disturbance Payments ([1]Based on estimated £500 per dwelling)	13	9	12	15	6	14
Capital Implications						
Cost of Conversion of Bedsits to Self-Contained Units	N/A	N/A	75	325	75	350
Cost of Full Scheme Refurbishment to reach the Colchester Standard	N/A	N/A	1,024	1,871	1,007	1,356
Indicative Capital Receipt if sold for alternative use —[2] exclusive of fees	(1,000)	(950)	N/A	N/A	N/A	N/A
Indicative Capital Receipt if sold as vacant existing use –exclusive of fees	(925)	(650)	N/A	N/A	N/A	N/A

[1] This payment is discretionary and dependent upon individual circumstances
[2] As per independent valuation as at 2009 – exclusive of fees

	Cabinet		Item
	Cabinet		**9(i)**
	12 October 2011		

Report of	Head of Strategic Policy and Regeneration	Author	Karen Syrett ☎ 506477
Title	Draft National Planning Policy Framework		
Wards affected	All		

> **Cabinet is asked to consider the Council's response to the consultation paper on the Draft National Planning Policy Framework.**

1. Decision(s) Required

1.1 To consider the Council's response to the Department of Communities and Local Government in respect of the draft National Planning Policy Framework.

2. Reasons for Decision(s)

2.1 Significant changes are proposed to planning and the consultation provides the Council with the opportunity to influence this change before the national policy is finalised.

3. Alternative Options

3.1 The Council could decide not to respond to the consultation.

4. Supporting Information

4.1 The National Planning Policy Framework sets out the Government's economic, environmental and social planning policies for England. Taken together, these policies articulate the Government's vision of sustainable development, which Local Authorities are expected to interpret and apply locally to produce local and neighbourhood plans, which reflect the needs and priorities of communities.

4.2 The Framework condenses the near 900,000 words of current national planning policies (over 1,000 pages) into a document approximately 50 pages in length. The aim being to make it easily understood and used by everybody who has an interest in shaping the development of their area. The document has been broken down into a number of sections under the themes of Delivering Sustainable Development, Plan Making, Development Management, Planning for Prosperity, Planning for People and Planning for Places. A summary of the document is included below but the key changes of relevance to Colchester are as follows;

- A presumption in favour of development
- A return to a single Local Plan
- A requirement for the Council to obtain a Certificate of Conformity for the adopted LDF documents
- Local authorities to be responsible for setting local standards and policies
- A requirement to provide an additional allowance of at least 20 per cent on top of housing targets to ensure choice and competition in the market for land
- Consideration to be given to allow some market housing in villages where it helps deliver affordable housing

- Greater emphasis on viability and deliverability
- Removal of the town centre first policy for offices
- Reducing the burden – supporting information with applications should be kept proportional; as should the evidence base in plan making and conditions should only be imposed where strictly necessary.

4.3 Delivering Sustainable Development

The Framework introduces a strong presumption in favour of sustainable development. This is a key part of the reforms and is at the heart of the new, streamlined and consolidated policy framework. The Government's top priority in reforming the planning system is to promote sustainable economic growth and jobs. A positive planning framework is also critical to the provision of the infrastructure. The Chancellor made clear in this year's Budget the Government's expectation that the answer to development and growth should wherever possible be 'yes', except where this would clearly conflict with other aspects of national policy. The presumption turns this expectation into policy – a policy that works with the existing plan-led approach, by emphasising the role of up-to-date development plans in identifying and accommodating development needs. Where those plans are not up-to-date, or do not provide a clear basis for decisions, the policy establishes the clear presumption that permission should be granted, provided there is no overriding conflict with the National Planning Policy Framework as a whole.

4.4 Plan Making

Each local planning authority will be required to produce a Local Plan for its area. This can be reviewed in whole or in part to respond flexibly to changing circumstances. Any additional development plan documents should only be used where clearly justified. Supplementary planning documents should only be necessary where their production can help to bring forward sustainable development at an accelerated rate, and must not be used to add to the financial burdens on development. Local Plans should set out the opportunities for development and clear guidance on what will or will not be permitted and where. Only policies that provide a clear indication of how a decision maker should react to a development proposal should be included in the plan. Overall content, the focus on engagement and the 15 year lifespan remains the same although the ability to review parts of such a document must be questioned.

Up-to-date Local Plans, i.e. Local Plans which are consistent with the Framework, should be in place as soon as practical. In the absence of an up-to-date and consistent plan, or when the plan is silent on a particular issue, planning applications will be determined in accordance with the National Framework, including the presumption in favour of sustainable development.

It will be open to local planning authorities to seek a certificate of conformity with the Framework for those LDF documents already adopted. Although recent announcements have suggested that the process of seeking a certificate will not be 'an onerous process' and that the Government 'does not want to put communities through the agonising process of preparing core strategies all over again …we are looking at a fast-track way of adjusting plans rapidly….' the detail is absent.

An evidence base will continue to be required including a Strategic Housing Market Assessment, Strategic Housing Land Availability Study, Employment and Retail Studies, Environmental Assessment and Sustainability Assessment and Infrastructure Planning. Local planning authorities should also either maintain or have access to a historic environment record.

To enable a plan to be deliverable, the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened. To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, local standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and on-site mitigation, provide acceptable returns to enable the development to be deliverable.

There is a greater emphasis placed on local planning authorities working collaboratively with other bodies to ensure that strategic priorities across local boundaries are properly co-ordinated and clearly reflected in individual Local Plans. They should take account of different geographic areas, including travel-to-work areas. Joint working should enable local planning authorities to work together to meet development requirements which cannot wholly be met within their own areas.

The Government are introducing a duty to cooperate through the Localism Bill. It will require local councils, county councils and other public bodies to engage constructively, actively and on an ongoing basis in the planning process. The duty will be a key element of the proposals for strategic working once Regional Strategies are abolished. Local councils will be required to demonstrate compliance with the duty to cooperate as part of the examination of Local Plans. If a local council cannot demonstrate that it has complied with the duty, its local plan will not pass the independent examination.

The Local Plan will be examined by an independent inspector whose role is to assess whether the plan has been prepared in accordance with the Duty to Cooperate, legal and procedural requirements, and whether it is sound. A local planning authority should submit a plan for examination which it considers is "sound" – namely that it is:

- Positively prepared – the plan should be prepared based on a strategy which seeks to meet objectively assessed development and infrastructure requirements, including unmet requirements from neighbouring authorities where it is practical to do so consistently with the presumption in favour of sustainable development
- Justified – the plan should be the most appropriate strategy, when considered against the reasonable alternatives, based on proportionate evidence
- Effective – the plan should be deliverable over its period and based on effective joint working on cross-boundary strategic priorities; and
- Consistent with national policy – the plan should enable the delivery of sustainable development in accordance with the policies in the Framework.

Neighbourhood plans are being introduced through the Localism Bill, and their implementation will be supported by policies in the new Framework. Neighbourhood plans provide an opportunity for communities to have a say in the detailed planning of their area, in the context of national priorities. Communities will be able to use neighbourhood development plans to set policies for the development and use of land in their neighbourhoods and, through the use of neighbourhood development orders, can permit development – in full or in outline. There is potential conflict between paragraph 50 which states 'Neighbourhood Plans therefore must be in general conformity with the strategic policies of the local plan…' and paragraph 51 which states 'When a neighbourhood plan is made the policies it contains take precedence over existing policies in the local plan for that neighbourhood…'

4.5   Development Management
The primary objective of development management according to the Framework is to foster the delivery of sustainable development, not to hinder or prevent development. The planning system will remain plan-led and therefore Local Plans, incorporating neighbourhood plans where relevant, are the starting point for the determination of any

planning application. Having said that, in assessing and determining development proposals, local planning authorities should apply the presumption in favour of sustainable development.

The Government identifies pre-application engagement as being particularly important. This relates to engagement between the developer and Council and the developer and local community. In future the Council should publish a list of information requirements for applications, which should be proportionate to the nature and scale of development proposals.   Only supporting information that is relevant, necessary and material to the application in question should be requested.

In a change of emphasis local planning authorities will be asked to consider whether otherwise unacceptable development could be made acceptable through the use of conditions or planning obligations. Planning obligations should only be used where it is not possible to address unacceptable impacts through a planning condition. The three statutory tests will remain in place. Planning conditions should only be imposed where they are necessary, relevant to planning and to the development to be permitted, enforceable, precise and reasonable in all other respects and the LPA should avoid unnecessary conditions or obligations.

4.6   Business and Economic Development
To help achieve sustainable economic growth, the Government's objectives are to:

- plan proactively to meet the development needs of business and support an economy fit for the 21st century

- promote the vitality and viability of town centres, and meet the needs of consumers for high quality and accessible retail services; and

- raise the quality of life and the environment in rural areas by promoting thriving, inclusive and locally distinctive rural economies.

Investment in business should not be over-burdened by the combined requirements of planning policy expectations. Planning policies should recognise and seek to address potential barriers to investment. Building on current advice in PPS3 the Framework states that planning policies should avoid the long term protection of employment land or floorspace, and applications for alternative uses of designated land or buildings should be treated on their merits having regard to market signals and the relative need for different land uses.

Ensuring the vitality and viability of town centres remains in the Framework and local planning authorities should recognise town centres as the heart of their communities and pursue policies to support their viability and vitality. The sequential approach will continue to apply to planning applications for retail and leisure uses that are not in an existing centre and are not in accordance with an up to date Local Plan. The Council will have the opportunity to set its own floorspace threshold, above which an impact assessment will be required, when assessing applications for retail and leisure development outside of town centres, which are not in accordance with an up to date Local Plan. If there is no locally set threshold, the default threshold is 2,500 sq m.

Planning policies and decisions should assess the impact of retail and leisure proposals, including:
- the impact of the proposal on existing, committed and planned public and private investment in a centre or centres in the catchment area of the proposal; and

- the impact of the proposal on town centre vitality and viability, including local consumer choice and trade in the town centre and wider area, up to ten years from the time the application is made.

One of the crucial policy changes is that office uses are no longer subject to the sequential approach. The Government's impact assessment of the draft NPPF says that office developments will be removed from the "Town Centre First" policy, giving developers a "wider choice over where they can seek planning permission for new office space". The impact assessment notes that there is a risk that more office space provided out of town will mean that workers have to travel further, with an adverse impact on carbon emissions. Lobby group the Campaign for Better Transport shares this concern. But the assessment claims that the risk will be mitigated because "office development will still be subject to the policy requirement that development generating significant people movement should to be located in accessible locations where sustainable transport modes can be maximised".

Planning policies should continue to support sustainable economic growth in rural areas by taking a positive approach to new development.

4.7   Transport
The section on transport has been slimmed down from 42 pages in PPG13 to just over 2 pages, within the section on "planning for prosperity".

The main reduction has been achieved through the reduction in appendices, including the removal of National Parking Standards; less detail on the specific transport solutions and links to different land uses; no reference to planning conditions or obligations; and removal of the Regional Transport Strategy. The transport section is less overt on managing the demand to travel and integration between modes and land use.

The Government recognises that different policies and measures will be required in different communities and opportunities to maximise sustainable transport solutions will vary from urban to rural areas. Where practical, encouragement should be given to solutions which support reductions in greenhouse gas emissions and reduce congestion. The planning system should therefore support a pattern of development which, where reasonable to do so, facilitates the use of sustainable modes of transport. To this end, the objectives of transport policy are to:
- facilitate economic growth by taking a positive approach to planning for development; and
- support reductions in greenhouse gas emissions and congestion, and promote accessibility through planning for the location and mix of development.

Subject to criteria, development should not be prevented or refused on transport grounds unless the residual impacts of development are severe, and the need to encourage increased delivery of homes and sustainable economic development should be taken into account. Planning policies and decisions should ensure developments that generate significant movement are located where the need to travel will be minimised and the use of sustainable transport modes can be maximised.

The NPPF suggests that local standards should be set based on:
- Accessibility
- Land type and mix
- Car ownership
- The need to reduce the use of high emission vehicles

According to the Department for Communities and Local Government's impact assessment of the draft NPPF the draft transport policy streamlines but does not change the core current policy approach, with one policy change to remove the maximum non-residential car parking standards for major developments. The emphasis is on setting local criteria and standards which the Council and Essex County Council, has already done.

4.8   Communications Infrastructure
The Government's objective for the planning system is to facilitate the growth of new and existing telecommunication systems in order to ensure that people have a choice of providers and services, and equitable access to the latest technology.

In preparing Local Plans, local planning authorities should support the expansion of the electronic communications networks, including telecommunications and high speed broadband. The numbers of radio and telecommunications' masts and the sites for such installations should be kept to a minimum consistent with the efficient operation of the network. Existing masts, buildings and other structures should be used, unless the need for a new site has been justified. Where new sites are required, equipment should be sympathetically designed and camouflaged where appropriate. Local planning authorities should not impose a ban on new telecommunications' development in certain areas, or insist on minimum distances between new telecommunications development and existing development. Neither should councils question whether the service to be provided is needed nor seek to prevent competition between operators, but must determine applications on planning grounds.

4.9   Minerals
There is a section on minerals in the framework but this has not been summarised because it remains a county council function.

4.10   Housing
The Government's key housing objective is to increase significantly the delivery of new homes. To boost the supply of housing, local planning authorities should:
- use an evidence-base to ensure that the Local Plan meets the full requirements for market and affordable housing in the housing market area, including identifying key sites which are critical to the delivery of the housing strategy over the plan period
- identify and maintain a rolling supply of specific deliverable sites sufficient to provide five years worth of housing against their housing requirements. The supply should include an additional allowance of at least 20 per cent to ensure choice and competition in the market for land
- identify a supply of specific, developable sites or broad locations for growth, for years 6-10 and, where possible, for years 11-15
- not make allowance for windfall sites in the first 10 years of supply, or in the rolling five-year supply, unless there is compelling evidence of genuine local circumstances that prevent specific sites being identified. Any allowance should be realistic having regard to the Strategic Housing Land Availability Assessment, historic windfall delivery rates and expected future trends
- illustrate the expected rate of housing delivery through a housing trajectory for the plan period and, for market housing, set out a housing implementation strategy describing how delivery of a five-year supply of housing land will be maintained to meet targets
- set out a local approach to housing density to reflect local circumstances; and

- identify and bring back into residential use empty housing and buildings in line with local housing and empty homes strategies and, where appropriate, acquire properties under compulsory purchase powers.

Applications should be considered in accordance with the presumption in favour of sustainable development. Planning permission should be granted where relevant policies are out of date, for example where a local authority cannot demonstrate an up-to-date five-year supply of deliverable housing sites.

The draft policy asks Councils to identify additional 'deliverable' sites for housing as part of their five year supply of deliverable sites. The proposal is for this to be a minimum additional 20% of the five year supply to be added to the five year land supply. For example, in the first five years, local councils should identify sites to meet at least 120% of the **annual** housing requirement. The revised guidance on the NPPF published by the Planning Inspectorate (8.9.11) clarifies that this is not land over and above the local authorities housing target or 15 year supply of developable sites or broad locations but rather a frontloading of supply, ie the trajectory changes but not the overall total.

Where affordable housing is required, policies should be set for meeting the need on site, unless off-site provision or a financial contribution of broadly equivalent value can be robustly justified (for example to improve or make more effective use of the existing housing stock) and the agreed approach contributes to the objective of creating mixed and balanced communities.

In rural areas, local planning authorities should be responsive to local circumstances and plan housing development to reflect local requirements, particularly for affordable housing. Local planning authorities should in particular consider whether allowing some market housing would facilitate the provision of significant additional affordable housing to meet local needs. To promote sustainable development, housing in rural areas should not be located in places distant from local services.

As is set out in existing national policy isolated homes in the countryside should be refused unless there are special circumstances.

4.11 Design
The Government attaches great importance to the design of the built environment. Good design is indivisible from good planning and should contribute positively to making places better for people. The Government's objective for the planning system is to promote good design that ensures attractive, usable and durable places.

Local planning authorities should consider using design codes where they could help deliver high quality outcomes. However, design policies should avoid unnecessary prescription or detail and should concentrate on guiding the overall scale, density, massing, height, landscape, layout and access of new development in relation to neighbouring buildings and the local area more generally. Policies and decisions should not attempt to impose architectural styles or particular tastes and they should not stifle innovation, originality or initiative through unsubstantiated requirements to conform to certain development forms or styles.

Local planning authorities should have local design review arrangements in place to provide assessment and support to ensure high standards of design. In determining applications, significant weight should be given to truly outstanding or innovative designs which help raise the standard of design more generally in the area. Permission should be refused for development of obviously poor design that fails to take the opportunities available for improving the character and quality of an area and the way it functions.

4.12   Sustainable Communities
To achieve strong, vibrant communities the planning system should:
- create a built environment that facilitates social interaction and inclusive communities
- deliver the right community facilities, schools, hospitals and services to meet local needs; and
- ensure access to open spaces and recreational facilities that promote the health and well-being of the community.

Planning policies will be expected to plan positively for the provision and integration of community facilities, allow them to modernise and develop and safeguard against the unnecessary loss of services and facilities. Local authorities should also take a proactive and positive approach to the development of schools. Planning permission for a new school should only be refused if the adverse planning impacts outweigh the desirability of establishing a school.

The existing policy aims set out in PPG17 are retained, although there is far less detail. There is recognition that access to good quality open spaces and opportunities for sport and recreation can make an important contribution to the health and well-being of communities. Planning policies should identify specific needs and quantitative or qualitative deficits or surpluses of open space, sports and recreational facilities in the local area. The information gained from this assessment of needs and opportunities should be used to set locally derived standards for the provision of open space, sports and recreational facilities. Planning policies should protect and enhance rights of way and access. Existing open space, sports and recreational buildings and land, including playing fields, should not be built on unless:
- an assessment has been undertaken which has clearly shown the open space, buildings or land to be surplus to requirements; or
- the need for and benefits of the development clearly outweigh the loss.

A new concept in the Framework is that local communities through local and neighbourhood plans will be able to identify for special protection green areas of particular importance to them. By designating land as Local Green Space local communities will be able to rule out new development other than in very special circumstances. Identifying land as Local Green Space should therefore be consistent with the local planning of sustainable development and complement investment in sufficient homes, jobs and other essential services. Local Green Spaces should only be designated when a plan is prepared or reviewed, and planned so that they are capable of enduring beyond the end of the plan period.

The Local Green Space designation will not be appropriate for most green areas or open space. The designation should only be used:
- where the green space is in reasonably close proximity to a centre of population or urban area
- where the green area is demonstrably special to a local community and holds a particular local significance because of its beauty, historic importance, recreational value, tranquillity or richness of its wildlife
- where the green area concerned is local in character and is not an extensive tract of land; and
- if the designation does not overlap with Green Belt.

4.13   Green Belt
There is a section in the Framework about Green Belt land but this has not been summarised because there is no green belt in Colchester.

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4.14 <u>Climate change, flooding and coastal change</u>

The Government's objective is that planning should fully support the transition to a low carbon economy in a changing climate, taking full account of flood risk and coastal change. To achieve this objective, the planning system should aim to:

- secure, consistent with the Government's published objectives, radical reductions in greenhouse gas emissions, through the appropriate location and layout of new development, and active support for energy efficiency improvements to existing buildings and the delivery of renewable and low-carbon energy infrastructure
- minimise vulnerability and provide resilience to impacts arising from climate change
- avoid inappropriate development in areas at risk of flooding by directing development away from areas at highest risk or where development is necessary, making it safe without increasing flood risk elsewhere; and
- reduce risk from coastal change by avoiding inappropriate development in vulnerable areas or adding to the impacts of physical changes to the coast.

To this end, local planning authorities should adopt proactive strategies to mitigate and adapt to climate change.

The Framework retains the sequential and exception tests related to flood risk which are currently to be found in PPG 25.

In coastal areas, local planning authorities should take account of marine plans and apply Integrated Coastal Zone Management across local authority and land/sea boundaries. Any area likely to be affected by physical changes to the coast should be identified as a Coastal Change Management Area. Planning authorities should:

- be clear as to what development will be appropriate in such areas and in what circumstances; and
- make provision for development and infrastructure that needs to be relocated away from Coastal Change Management Areas.

4.15 <u>Natural Environment</u>

The Government expects the planning system to aim to conserve and enhance the natural and local environment by:

- protecting valued landscapes
- minimising impacts on biodiversity and providing net gains in biodiversity, where possible; and
- preventing both new and existing development from contributing to or being put at unacceptable risk from, or being adversely affected by unacceptable levels of land, air, water or noise pollution or land instability.

In preparing plans to meet development requirements, the aim should be to minimise adverse effects on the local and natural environment. Plans should allocate land with the least environmental or amenity value where practical, having regard to other policies in the Framework including the presumption in favour of sustainable development. Plans should be prepared on the basis that objectively assessed development needs should be met, unless the adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in the Framework taken as a whole. To this end, local planning authorities should set criteria based policies against which proposals for any development on or affecting protected wildlife sites or landscape areas will be judged. Distinctions should be made between the hierarchy of international, national and locally designated sites.

The existing themes of protection of the landscape and minimising impacts on biodiversity and geodiversity remain. There is also a requirement for local policies and decisions to ensure that:

- new development is appropriate for its location, having regard to the effects of pollution on health, the natural environment or general amenity, taking account of the potential sensitivity of the area or proposed development to adverse effects from pollution; and
- the site is suitable for its new use taking account of ground conditions, pollution arising from previous uses and any proposals for land remediation.

There is no longer seems to be a general presumption against development in the countryside.

The NPPF does however make it clear that planning permission should be refused in designated areas (including AONB's) for major developments except in exceptional circumstances where it can be demonstrated that they are in the public interest. This paragraph goes on to identify the criteria that should be applied to the consideration of such applications.

4.16   Historic Environment
The Government's objectives for the historic environment are to:
- conserve heritage assets in a manner appropriate to their significance; and
- contribute to our knowledge and understanding of our past by capturing evidence from the historic environment and making this publicly available, particularly where a heritage asset is to be lost.

In determining applications, local planning authorities should require an applicant to describe the significance of any heritage assets affected, including any contribution made by their setting. The level of detail should be proportionate to the assets' importance and no more than is sufficient to understand the potential impact of the proposal on their significance. Where the application will lead to substantial harm to or total loss of significance of a designated heritage asset local planning authorities should refuse consent, unless it can be demonstrated that the substantial harm or loss is necessary to achieve substantial public benefits that outweigh that harm or loss, or all of the following apply:
- the nature of the heritage asset prevents all reasonable uses of the site; and
- no viable use of the heritage asset itself can be found in the medium term that will enable its conservation; and
- conservation by grant-funding or some form of charitable or public ownership is not possible; and
- the harm or loss is outweighed by the benefit of bringing the site back into use.

Local planning authorities should assess whether the benefits of an application for enabling development, which would otherwise conflict with planning policies but which would secure the future conservation of a heritage asset, outweigh the disbenefits of departing from those policies.

Heritage watchdog English Heritage said the way the bias towards granting permission is currently worded in the draft document "will result in harm being done to the historic environment without a justification being required, when under PPS5 one would be required". It also said that there is no policy to help decision-makers deal with proposals where there is "moderate or minor harm" to heritage assets, such as listed buildings. Most decisions affecting them will fall into these categories.

4.17   As was expected the level of detail previously contained in circulars and planning statements is absent. There have been many organisations expressing views about the NPPF, not least the Royal Town Planning Institute. They have expressed concern that the presumption in favour of sustainable development enshrined in the NPPF could undermine the primacy of locally-led development plans. But, Greg Clarke, the Minister for Planning said up-to-date local plans would have undiminished force, as long as they conformed with the framework. "If a plan is sound, has been adopted and is consistent with national policy, then it should prevail," he said. But planning authorities should obtain one of the new certificates confirming their plan's conformity with national policy "so they can have confidence in those plans", he said. Arrangements for these checks would be announced at the same time as the framework is adopted, Clark said.

4.18   The Government intends to adopt the framework this year. At that time it would be prudent for the Council to submit their adopted documents for the conformity check.

5.   Proposals

5.1   DCLG has published a consultation paper seeking views on the content and format of the new Framework. There are numerous questions both about the Framework itself and the impact assessment. Attached as Appendix 1 is a list of all the policy questions and the relevant questions from the Impact Assessment along with a proposed response.

5.2   It is proposed that Cabinet agree the response and submit it to the Department of Communities and Local Government.

6.   Strategic Plan References

6.1   The Council's vision is for Colchester to be a place where people want to live, work and visit. The National Planning Policy Framework provides the basis on which local planning policies are formulated and planning decisions made which will influence how the borough develops and the Council's ability to achieve the vision.

7.   Consultation

7.1   The consultation is being undertaken by the Department for Communities and Local Government. The consultation runs until 17th October 2011.

8.   Publicity Considerations

8.1   The Council's response to the consultation could generate publicity because of the significant changes proposed to the national policy framework.

9.   Financial Implications

9.1   N/A.

10.   Equality, Diversity and Human Rights implications

10.1   An Equality Impact Assessment has been prepared for the Local Development Framework and is available to view on the Colchester Borough Council website by following this pathway from the homepage: Council and Democracy > Policies, Strategies and Performance > Diversity and Equality > Equality Impact Assessments > Strategic Policy and Regeneration > Local Development Framework.

11.   Community Safety Implications

11.1   None

12.   Health and Safety Implications

12.1   None

13.   Risk Management Implications

13.1   N/A.

Background Papers

Draft National Planning Policy Framework

National Planning Policy Framework: Impact Assessment

Draft National Planning Policy Framework: Consultation

APPENDIX 1 - Consultation Questions

Delivering sustainable development

1a The Framework has the right approach to establishing and defining the presumption in favour of sustainable development.

Disagree

1b Do you have comments? (Please begin with relevant paragraph number)

Ministerial Foreword - The definition of sustainable development is lengthy and complex. There are contradictions between the aims of achieving sustainable development and the presumption in favour of development. The balance is tipped against protection of the environment. The presumption should be for sustainable development as set out in the adopted Local Plan/DPD (which has been subject to sustainability appraisal). The existing plan led system allows local authorities to decide where and how areas are developed. This would be taken away. Colchester has planned for growth but the presumption goes too far.

Plan-making

2a The Framework has clarified the tests of soundness, and introduces a useful additional test to ensure local plans are positively prepared to meet objectively assessed need and infrastructure requirements.

Agree

Do you have comments?

Paragraph 21 - The Council is concerned that the reversion to one local plan will make it a time consuming document to prepare and some doubt has to be cast over the ability to easily review one large document. This suggests the flexibility to respond to change which the Government is seeking will not be in-built in the new system unless the production of other DPDs becomes commonplace. The apparent drive to change from LDFs into Local Plans should be a more gradual process, mainly to spread the cost of change over a longer period. A huge amount of staff time and tax payer's money has been invested in the production of LDFs. This should not be wasted. Transitional arrangements should be put in place where a local authority has already adopted DPDs. Any changes needed to bring a DPD into line with the Framework should take the form of reviews over a period of say 3 years. When reviews have adopted all the necessary changes, it then becomes The Local Plan. For those authorities who are yet to adopt a Core Strategy or other DPDs the change can be quicker by ensuring drafting takes account of the Framework.

Paragraph 21 - At a time when national guidance is being greatly reduced and regional guidance is being revoked the suggested reduction in the use of Supplementary Planning Documents is also of concern. These documents could be used to fill the policy gap and provide useful guidance which offers developers certainty. It could be argued that the role of many SPDs is to assist applicants in achieving 'sustainable development' and therefore help to bring development forward more quickly rather than just add additional burdens as the NPPF suggests. The absence of SPDs will result in a much lengthier Local Plan.

Paragraph 26 - No details have been published of how Councils apply to check the conformity of their adopted plans. This should be in place and Councils allowed to apply for a certificate

before the National Framework is adopted. Failing that a period of time should be allowed after adoption of the NPPF in which Councils can apply for a certificate without the presumption in favour of sustainable development coming into effect. If this is not the case the system cannot be truly plan led as there will be a period when only the NPPF can be used in decision making at a local level. This will result in a presumption in favour of development even for those Councils that have pushed ahead and adopted documents.

Paragraph 48 requires further clarity around the following statement – 'To be sound a Local Plan must be "positively prepared – the plan should be prepared based on a strategy which seeks to meet objectively assessed development and infrastructure requirements, <u>including unmet requirements from neighbouring authorities where it is practical </u>to do so consistently with the presumption in favour of sustainable development." It is not clear whether if a neighbouring authority is not meeting its requirements for housing and/or employment Colchester Borough Council would be required to meet the requirements through the presumption in favour of development, despite having up to date adopted plans.

Paragraphs 49, 50, 51 and 52 – there is concern that neighbourhood plans will be able to set planning policies for the development and use of land. Although they must be in general conformity with the strategic policies of the local plan, once 'made' (the Framework does not even say adopted) neighbourhood plans and the policies within it take precedence over existing policies for that neighbourhood contained in the Local Plan. Neighbourhood plans can be prepared by parish or town council, neighbourhood forums (consisting of 21 local people as a minimum) or local businesses. There is no requirement for these bodies to have any planning expertise or qualifications whatsoever. The Localism Bill is still being drafted so it is not yet clear the procedures that will need to be followed by anyone preparing a Neighbourhood Plan but as a minimum a sustainability appraisal and evidence base should be required. Although plans will have to be assessed by an independent examiner, no detail is provided of who the examiner should be, ie it does not specify a Planning Inspector. If numerous Neighbourhood Plans are produced this will put pressure on local authorities and other public bodies to support their preparation. The resources required could be immense.

The Council is also concerned that communities need to decide where and how development takes places, money should not be used to influence this decision.

Joint working

<u>2c The policies for planning strategically across local boundaries provide a clear framework and enough flexibility for councils and other bodies to work together effectively.</u>

Disagree

<u>2d Do you have comments?</u>
Paragraphs 44 – 46 - The intention of the framework is supported but there is insufficient detail as to how this will work in practice – there cannot always be a meeting of minds. How will joint working be enforced?

Decision taking

<u>3a In the policies on development management, the level of detail is appropriate</u>.

Agree

<u>3b Do you have comments?</u>

Paragraph 62 – The Council welcome the fact that the planning system is plan led and that local plans are the starting point for the determination of any planning application. This should be made clearer in other parts of the document.

Emphasis on a collaborative approach is essential as is the acknowledgement that the planning system can and should actively improve economic, social and environmental opportunities and shape people's lives. Putting good design (in its widest sense beyond just buildings but the interaction between people, spaces, activity and buildings) high on the political agenda is heartening. The principles of good design have been prejudiced in the past in the quest for meeting targets.

<u>4a Any guidance needed to support the new Framework should be light-touch and could be provided by organisations outside Government.</u>

Disagree

<u>4b What should any separate guidance cover and who is best placed to provide it?</u>

In the absence of detail within the NPPF there is a need for comprehensive best practice guidance covering matters such as SHMA, SHLAA, PPG17 studies, flood risk, historic environment etc. It is suggested in answer to question 2a that DPDs and SPDs can be used to provide detail which will be removed under the NPPF. Whilst this is appropriate for much subject matter, there will be areas where national guidance is required to ensure a consistent approach across boundaries. If the Government does not produce this type of guidance, national organisations such as The Planning Officers Society would be best placed to do so.

An appraisal system to measure design quality outcomes which allow effective benchmarking would be of use in raising national standards.

Business and economic development.

<u>5a The 'planning for business' policies will encourage economic activity and give business the certainty and confidence to invest.</u>

Neither Agree or Disagree

<u>5b Do you have comments?</u>
Paragraph 74 – In considering applications for planning permission, local planning authorities should apply the presumption in favour of sustainable development and seek to find solutions to overcome any substantial planning objections where practical and consistent with the Framework <u>and Local Plan</u>. It is suggested that these three words are added to the end of the paragraph to reflect the plan led system.

Paragraph 75 – although it is agreed that planning policies should avoid the long term protection of employment land for the sake of it, there is a need to protect good quality employment land to ensure there is an adequate land supply to enable economic growth to take place. This includes a longer term vision based on economic forecasting. Planning applications should not be the route to consider alternative uses; this should be undertaken as part of an employment land review to inform the preparation of a local plan and proposals map. Economic development may be promoted within Local Authorities, but it should be done in line with the adopted Local Plan and we would seek changes to the Framework along these lines.

<u>5c What market signals could be most useful in plan making and decisions, and how could such information be best used to inform decisions?</u>

No comments

<u>6a The town centre policies will enable communities to encourage retail, business and leisure development in the right locations and protect the vitality and viability of town centres.</u>

Disagree

<u>6b Do you have comments?</u>

The removal of offices as a town centre use will make it difficult to encourage businesses into the town centre. The Council is of the view that there is a risk that more office space provided out of town will mean that workers have to travel further, with an adverse impact on carbon emissions and congestion. Although the impact assessment claims that the risk will be mitigated because "office development will still be subject to the policy requirement that development generating significant people movement should to be located in accessible locations where sustainable transport modes can be maximised" it is still likely that extra trips will be required because out of town sites are not well served by other facilities.

The Framework should clarify that the assessment of other available, suitable and viable sites rests with the developer and should not be a cost the Council has to suffer.

Transport

<u>7a The policy on planning for transport takes the right approach.</u>

Disagree

<u>7b Do you have comments?</u>

There is concern that transport is presented within the "planning for prosperity" section. Transport is about people and places – it is not exclusive to "prosperity"; greater linkages need to be made to the other sections whilst retaining in prosperity the ability to move goods around efficiently. Strong communities are created where people can interact whether this is whilst walking, cycling or using public transport. It has been shown that the car can restrict interaction within communities, and that encouraging walking and cycling can help support the local economy.

Paragraph 86 - There is also concern that 'development should not be prevented or refused on transport grounds unless the residual impacts of development are severe, and the need to encourage increased delivery of homes and sustainable economic development should be taken into account.' This seems to reduce the importance of allocating development in sustainable locations to minimise the need to travel, despite what is inferred in paragraph 87. There is no mention of the environmental impacts of locating development in unsustainable locations.

Paragraph 84 - The current PPG13 objectives give far greater clarity on what was expected from transport in supporting development, and the 3 objectives were compatible. There is tension between the two NPPF objectives and how they are interpreted. The key in the NPPF is the interpretation of "facilitating economic growth" and whether this is continues to be seen as simplistically providing for the motor vehicle with increased road capacity, large car parks etc…To manage congestion transport policy has always been a balance between "sticks and carrots" to promote choice and travel change behaviour. For certain planning applications using the NPPF it would be harder to make a case against the application, especially those in rural areas where it is difficult to serve the development by an affordable public transport service, walking and cycling network.

General Comment - The Council is concerned that other policy changes contained in the draft – in particular the removal of rules that require councils to favour applications for offices in town centres over those in out-of-town locations – would "exacerbate existing congestion problems".

Communications infrastructure

<u>8a Policy on communications infrastructure is adequate to allow effective communications development and technological advances.</u>

Agree

Minerals   No comments

Housing

<u>10a The policies on housing will enable communities to deliver a wide choice of high quality homes, in the right location, to meet local demand.</u>

Disagree

<u>10b Do you have comments?</u>
There are two key changes in the housing section that are of particular concern to Colchester Borough Council;

Paragraph 109 - The first is the requirement to identify 20% extra housing land. This is a significant uplift for an authority such as Colchester where evidence, policy and the existing housing trajectory already shows a requirement for approximately 830 dwellings a year over a 15 year period. The increase would mean an extra 166 per year – 996 in total each year. The way the paper is worded this is not just a contingency but something that should be incorporated in the plan. Whilst this is possible and has been delivered in Colchester some years it is not thought to be sustainable or desirable over a longer period. Colchester has planned positively to accommodate significant growth but it is not considered to be sustainable to deliver almost 1000 new homes each year.

Paragraph 109 – whilst the Council agrees with the need to be able to demonstrate a 15 year supply of housing sites, there is concern about the definition of deliverable sites in the 5 year supply. It is proving to be almost impossible in the current climate to deliver market housing which is viable enough to fund infrastructure requirements and affordable housing. In addition, whilst land can be allocated there is reluctance on the part of housebuilders to develop sites because of the lack of mortgage finance. This matter is outside of planning control.

Paragraph 109 – The Council welcomes the ability to set local density policies.

Paragraph 112 - The second issue relates to the provision of affordable housing in rural areas. The Council is of the opinion, based on information from its parish and town councils, that the current approach to the delivery of affordable housing through exception sites is most appropriate. This delivers adequate affordable housing and there is no need to allow market housing.

Planning for schools   No comments

Design

<u>12a The policy on planning and design is appropriate and useful.</u>

Strongly agree

Green Belt   No comments

Climate change, flooding and coastal change

<u>14a The policy relating to climate change takes the right approach.</u>

Neither Agree or Disagree

<u>14b Do you have comments?</u>
The policy is similar to existing national climate change policy but in line with the reducing the burden theme. It does not really offer support for local authorities that want to secure levels of sustainability in advance of national standards set out in building regulations.

<u>14c The policy on renewable energy will support the delivery of renewable and low carbon energy.</u>

Neither Agree or Disagree

<u>14d Do you have comments?</u>
General comments - Whilst the policy does not include anything that would discourage renewable energy it is not very pro-active and is unlikely to lead to a significant increase in renewable or low carbon energy. Further, it is unclear how LAs will be expected to identify opportunities where development can draw energy from decentralised, renewable or low carbon energy, i.e. should LAs map areas of high heat and electricity demand or should LAs go further and demonstrate viability?

<u>14e The draft Framework sets out clear and workable proposals for plan-making and development management for renewable and low carbon energy, including the test for developments proposed outside of opportunity areas identified by local authorities</u>

Neither Agree or Disagree

<u>14f Do you have comments?</u>
Paragraph 153 – The requirement for renewable energy development outside of opportunity areas to demonstrate that the proposal meets the criteria the LA used to identify opportunity areas is sensible as it ensures consistency and that renewable energy developments are identified in the right locations. However, there may be conflict with the requirement in para 153 to not require applicants to demonstrate need for a proposal as this may be used as a criterion by LAs identifying opportunity areas. As explained above it is not considered that the policy is very proactive and therefore does not set out clear and workable proposals for renewable and low carbon energy.

<u>14g The policy on flooding and coastal change provides the right level of protection.</u>

Neither Agree or Disagree

<u>14h Do you have comments?</u>
Paragraphs 152 – 162 - Whilst the intention is to slim national policy down and make it more usable to the general public this is one of the areas where the lack of detail will actually result in more questions or result in the NPPF being unclear to somebody who is not familiar with planning. Within the flood risk policy the vulnerability classification and definitions of flood zones

seem to have been lost. There will therefore be a need to refer to other guidance or for LPA's to set this out in local policy.

The flood risk policy is very similar to the current national guidance governing flood risk and development. The approach advocated is considered appropriate. The Council supports policy objectives to steer new developments to the lowest flood risk areas to help protect people and buildings. It also however welcomes the flexibility provided by the flooding policy to allow appropriate developments to come forward in areas of higher flood risk where it can be demonstrated that the risks can be reduce to minimised through good design or the implementation of adaptation or mitigation measures such as sustainable urban drainage systems or the provision of appropriate green infrastructure. The Council supports the requirement to prepare a Strategic Flood Risk Assessment (SFRA) to support the Local Plan. There is however potential for overlap and duplication between the SFRA's, Water Cycle Studies and the emerging Surface Water Management Plans and opportunities to integrate these documents should be considered. The Council agrees with the policy requirements for Site Specific Flood Risk Assessments set out in the document. The retention of the need to apply the Sequential and Exceptions Tests to help steer new developments to the most suitable locations, reduce flood risk off site and protect people and property is also welcomed by the Council. The promotion of the use of Sustainable Drainage Systems (SuDS) in the document is positive and supported by this Council.

While it is acceptable in principle that Local Plans should take account of Marine Plans and apply an Integrated Coastal Management approach in reality there may be problems in achieving this due mainly to inconsistencies between the completion timetables for new Local Plans and emerging Marine Plans. A timetable for the delivery of marine plans should be published to ensure that they can be properly considered as part of future Local Plans.

The Council supports the identification of Coastal Change Management Areas (CCMA's) in future Local Plans. The approach advocated i.e setting out the types of development that might be appropriate within a CCMA provides clarity in terms of the scope for developing such areas. It is not immediately clear from the current policy what scale of physical change a coastal area would justify an LA designating a Coastal Change Management Area and more guidance would be welcome regarding this point.

The use of temporary planning permissions for some types of developments is considered appropriate within Coastal Change Management Areas as it will allow coastal communities to benefit from those developments for a limited period of time. This could also be an important mechanism in avoiding blight particularly in those areas subject to change as the use of temporary permissions will enable communities and areas to adapt over time.

Natural and local environment

15a Policy relating to the natural and local environment provides the appropriate framework to protect and enhance the environment.

Strongly Disagree

15b   Do you have comments?
General comment - It is not agreed that the policy relating to the natural and local environment provides the appropriate framework to protect and enhance the environment. There is an inherent incompatibility between the aim to minimise impacts on biodiversity and cultural heritage, particularly outside designated or protected areas and the presumption in favour of delivering sustainable development. The presumption in favour of sustainable development is also potentially in conflict with paragraph 167 which encourages local authorities to plan positively for the creation, protection and management of networks of biodiversity and green

infrastructure. This could be difficult to achieve as most weight is given to protecting biodiversity, geo-diversity, landscapes and cultural heritage assets within international, national and locally sensitive sites. This leaves assets outside such areas more vulnerable to loss from development. Where sites are to be developed the need for environmental enhancement schemes to offset losses needs to be highlighted more strongly in the document.

General comment – there no longer seems to be a general presumption against development in the countryside, unless it is nationally protected. This is of concern to a rural authority such as Colchester and could undermine adopted local policies. There were several references in PPS7 that could be used to ensure the countryside is protected. In addition, Local Wildlife Sites, which have no statutory status and rely on local planning policies to safeguard them, should be recognised in the NPPF.

Furthermore, the framework conflicts with DEFRA's Natural Environment White Paper, and with DEFRA's sponsored National Ecosystem Assessment and its Making Space for Nature report, and that in the case of Colchester's vision to be a place where people want to live, work and visit, a presumption in favour of development is misplaced and a barrier to the towns vision.

Paragraph 164 should include an objective concerned with continued protection of the countryside for the sake of its intrinsic character and beauty, for the benefit of all.

Paragraph 169 - Stronger protection should be given to nationally notified sites (e.g. Sites of Special Scientific Interest). Paragraph 169 states that if significant harm cannot be avoided, mitigated or as a last resort compensated planning permission should be refused. It should be made clear that development that would result in significant harm to a nationally designated site should only be allowed in exceptional circumstances and where it can be demonstrated that the benefits of the development would outweigh the harm caused and where appropriate mitigation and/or compensatory measures are put in place. Para 169 also states that biodiversity enhancement should be encouraged; however this should be expected or required. There is concern that if the default answer to development proposals is "yes" this would result in development proposals that would harm the natural environment. International sites are protected by a number of EU Directives and Conventions and the Habitat Regulations 2010. While the Council welcomes the high level of protection afforded to such sites by the policy, there is concern about the impact this policy would have on national and local sites.

The Council supports the objective of the policy to protect and maintain the character of the undeveloped coast.

Historic environment

16a This policy provides the right level of protection for heritage assets.

Disagree

16b Do you have comments?
General comments; The Framework is likely to reduce the protection of historic assets. PPS5 has only been relatively recently published and was drafted with the intention of condensing national policy to a minimum; the NPPF seeks to further reduce this. The danger with the over simplification of policy advice is that it will be widely interpreted and there will need to be a great deal on reliance on parallel guidance / best practice documents if the protection of historic assets is to be properly achieved. The aim of (further) condensing the national policy guidance whist maintaining a commitment to the historic environment was always going to be difficult to reconcile. It is also important to recognise that there is a fundamental difference in policy regimes between listed building & conservation areas and planning. (Planning applications are decided in accordance with the development plan and material consideration which ultimately

will include the NPPF; listed building and conservation area applications are not decided in accordance with the development plan, although they may be material to listed building consent decisions.)

There is also concern that the value of the historic environment to regeneration and the quality of places is not stated and that conservation is not sufficiently connected to other strands of the proposed policy. There is a strong bias towards giving planning permission for sustainable development and this appears to trump the protection of the historic environment (and the aspirations of local communities expressed in local and neighbourhood plans etc). Including historic environment protection within the definition of sustainable development is vital for the proper positioning of the historic environment planning policies within the overall framework.

The Council shares the view of English Heritage that the way the bias towards granting permission is currently worded in the draft document "will result in harm being done to the historic environment without a justification being required, when under PPS5 one would be required". This should be reconsidered. There is also concern that the value of the historic environment to regeneration and the quality of places is not stated and that conservation is not sufficiently connected to other strands of policy.

Gypsies and Travellers

In addition and as a separate exercise but as part of the consultation on the National Planning Policy Framework, the Government would welcome responses to the following question:

Do you have views on the consistency of the draft Framework with the draft planning policy for traveller sites, or any other comments about the Government's plans to incorporate planning policy on traveller sites into the final National Planning Policy Framework?

The draft planning policy for traveller sites appears to be a lot more detailed than any other part of the National Planning Policy Framework. This inconsistency runs contrary to the Governments aim to 'see fair play in the planning system – everyone being treated equally and even-handedly. We will align planning policy for traveller sites much more closely with the policies for other forms of housing …' The section covering all other housing matters runs to just two and a half pages in the NPPF.

Impact Assessment

The most relevant questions are listed below. General comments on the assessment can be made in response to the following question:

Is the impact assessment a fair and reasonable representation of the costs, benefits and impacts of introducing the Framework?

QB1.1 What impact do you think the presumption will have on:
i. the number of planning applications;
ii. the approval rate; and
iii. the speed of decision-making?

The presumption in favour of sustainable development may lead to an influx of planning applications for unacceptable schemes that have been previously rejected by local authorities for failing to conform to the development plan. These are still likely to be refused where the Council has up to date policies and could lead to an increase in the number of appeals.

QB1.2 What impact, if any, do you think the presumption will have on:
i. the overall costs of plan production incurred by local planning authorities?
ii. engagement by business?
iii. the number and type of neighbourhood plans produced?

Plan production is an expensive process. Those authorities that have already invested in their LDF should not be required to review their adopted documents immediately.

The presumption may mean businesses engage less in the plan making process but instead choose to go down the planning application route as it may be seen as easier and quicker.

Neighbourhood Plans are not intended to prevent development but can promote more development than shown in the local plan. Although communities are unlikely to welcome the presumption, it is not likely to result in an increase in the number and type of neighbourhood plans produced.

QB1.3 What impact do you think the presumption in favour of sustainable development will have on the balance between economic, environmental and social outcomes?
In very simple terms sustainable development is generally considered to be concerned with balancing economic, environmental and social considerations. Clearly this is difficult to do in practice but it does help those involved in the development industry consider the impacts of development holistically and ensure that where possible harm is avoided or mitigated. Paragraph 13 of the NPPF states that there is not a conflict between the three strands of the economy, the environment and society but also states that significant weight should be placed on the need to support economic growth through the planning system. This 'significant weight' will affect environmental and social outcomes by giving them lesser priority.

QB1.4 What impact, if any, do you think the presumption will have on the number of planning appeals?
The number of appeals is likely to go up as the presumption in favour of sustainable development will be challenged.

QB2.3 How much resource would it cost to develop an evidence base and adopt a local parking standards policy?
Colchester Borough Council, working with Essex County Council has already adopted revised, locally set car parking standards. This was a lengthy piece of work involving officers from a number of local authorities.

QB2.4 As a local council, at what level will you set your local parking standards, compared with the current national standards?
Colchester Borough Council, working with Essex County Council has already adopted revised, locally set car parking standards. These increase residential standards for residential uses (using minimum standards) and retain maximum numbers/standards for all other uses.

QB3.1 What impact do you think removing the national target for brownfield development will have on the housing land supply in your area? Are you minded to change your approach?
In recent years Colchester has an extremely good record of delivering new housing on brownfield land, in some years the percentage was over 90%. However it is recognised that this cannot continue and removing the target is appropriate although the presumption that brownfield sites will be developed first where they are available should remain.

QB3.2 Will the requirement to identify 20% additional land for housing be achievable? And what additional resources will be incurred to identify it? Will this requirement help the delivery of homes?

The requirement to identify 20% extra housing land is a significant uplift for an authority such as Colchester where evidence, policy and the existing housing trajectory already shows a requirement for approximately 830 dwellings a year. The increase would mean an extra 166 per year – 996 in total each year. Whilst this is possible and has been delivered in Colchester some years it is not thought to be sustainable or desirable over a longer period. Colchester has planned positively to accommodate significant growth but it is not considered to be sustainable to deliver almost 1000 new homes each year. The local market can only support a certain number of new dwellings each year without saturating supply. To help deliver new homes it is more important for each local authority to be able to demonstrate a 15 year land supply based on robust evidence, including a strategic housing market assessment and strategic housing land availability assessment. If these need to be reviewed significant resources will be required.

QB3.3 Will you change your local affordable housing threshold in the light of the changes proposed? How?
Colchester has already adopted an affordable housing policy with thresholds below the national site size threshold. There is no need to change this although it is proving difficult to secure contributions on small sites.

QB3.4 Will you change your approach to the delivery of affordable housing in rural areas in light of the proposed changes?
No; the existing policy in relation to rural exception sites is considered to work well. There is no need to change existing policies.

QB3.5 How much resource would it cost local councils to develop an evidence base and adopt a community facilities policy?
This could be an expensive task for local councils. Baseline information would need to be established across the borough along with site specifics for each application.

QB3.6 How much resource would it cost developers to develop an evidence base to justify loss of the building or development previously used by community facilities?
It generally costs developers very little as the vendor or the agent selling the property would normally provide the information. However it is a much harder and more expensive task for the burden to be on the LA. Usually the problem for developers is having to wait for the marketing campaign to fail to therefore prove no viability

QB4.1 What are the resource implications of the new approach to green infrastructure?
There are two aspects to be considered regarding resourcing the new approach to delivering green infrastructure. The first is the development of a green infrastructure strategy. Some but not all local authorities will have already completed or be in the process of developing such a strategy. There are the actual costs associated with developing a strategy which may place a new burden on those authorise who do not yet have one. Colchester Borough Council recently commissioned a green infrastructure strategy for the Borough which adopts the approach proposed in the draft NPPF therefore for this authority there will no additional costs incurred for this part of the project.

The implementation of and successful delivery of green infrastructure projects has additional resource implications. The areas where the delivery of green infrastructure initiatives have been most successful are those areas where there has been a dedicated project officer to oversee the implementation of projects. Colchester's Green Infrastructure Strategy advocates this approach. This would increase resourcing costs related to green infrastructure provision for many LA's including Colchester Borough Council.

QB4.2 What impact will the Local Green Space designation policy have, and is the policy's intention sufficiently clearly defined?

The policy for open spaces (para 129) appears to weaken the protection that existing open spaces and recreational facilities currently enjoy. This is of great concern.

The Local Green Space designation policy will enable certain open spaces to have a greater level of protection, which is a positive means of protecting open spaces. However, the policy does state that it is not appropriate for most green/open spaces (para 131) and the criteria for identifying Local Green Spaces could be subjective (i.e. who decides whether the open space is special?). There is insufficient clarity about what could be acceptable as a Local Green Space and once again the expectations of the local community could be raised unrealistically. It should be made clear that where a site has planning permission or is allocated for development in an adopted document, the designation is not appropriate. It should not be seen as a means to stop or delay development.

A more appropriate approach would be for the local planning authority to be able to designate locally important areas through the plan making process. Local Green Breaks for example can be evidence based and serve an important purpose but such local designations were previously discouraged. The current approach of allocating and protecting open space, playing fields etc works well and should be retained. Redevelopment of such space should only be permitted if alternative provision is made nearby.

QB4.3 Are there resource implications from the clarification that wildlife sites should be given the same protection as European sites?
There are not likely to be any additional resource implications associated with the clarification that possible Special Areas of Conservation, potential Special Protection Areas, proposed Ramsar sites or sites required as compensatory measures for adverse effects on European Sites should be given the same protection as designated European Sites. As the framework states candidate sites are already treated informally in the same way as fully designated sites in terms of protection. The approach proposed therefore is merely formalising an existing situation and should not have any additional resource implications.

QB4.4 How will your approach to decentralised energy change as a result of this policy change?

It is not considered that the approach to decentralised energy is significantly different to existing policy.

QB4.5 Will your approach to renewable energy change as a result of this policy?

It is not considered that the approach to renewable energy is significantly different to existing policy. However, as with existing national policy on renewable energy, reference is made to identifying opportunities for renewable energy development and so this may be carried out by Colchester Borough Council in the future. This will have resource implications.

QB4.6 Will your approach to monitoring the impact of planning and development on the historic environment change as a result of the removal of this policy?

The Annual Monitoring Report monitors any loss of listed buildings, scheduled ancient monuments and nationally important archaeological sites. There is no intention to change this.

	Cabinet		**Item** **10(i)**
	12 October 2011		
Report of	Head of Corporate Management	**Author**	Richard Clifford ☎ 507832
Title	**Calendar of Meetings 2012-2013**		
Wards affected	Not applicable		

> **This report proposes a Calendar of Meetings for the 2012-2013 Municipal Year**

1. Decision(s) Required

1.1 Cabinet is requested to approve the draft Calendar of Meetings for the next municipal year from May 2012 to April 2013.

1.2 To delegate authority to cancel meetings to the Chairman of the relevant Committee/Panel in conjunction with the Head of Corporate Management.

2. Reasons for Decision

2.1 The Calendar of Meetings needs to be determined so that decisions for the year can be timetabled into the respective work programmes and the Forward Plan.

2.2 Advance notice of the Calendar of Meetings needs to be made available to external organisations, parish councils and other bodies with which the Council works in partnership and to those members of the public who may wish to attend meetings of the council and make representations.

2.3 The meeting rooms also need to be reserved as soon as possible so that room bookings can be made for private functions by private individuals, external organisations and internal Council groups.

2.4 A formal arrangement needs to be in place for the cancellation of meetings that no longer need to be held.

3. Alternative Options

3.1 This proposal has been largely devised based on the current meeting structure and frequency. It would be possible to devise alternative proposals using different criteria.

4. Proposals

4.1 The attached draft Calendar of Meetings for 2012-13 is based on the current meeting structure and frequency of meetings. The following matters have also been taken into consideration:-

- The Municipal Year to begin with the Annual Meeting on 23 May 2012. In view of the fact that the early May Bank holiday falls after the Borough Elections, the Annual Meeting has been scheduled slightly later to allow sufficient time for the work involved in establishing the administration to take place.

- Where possible there should no more than two evening meetings in any one week, although there are times when this is unavoidable, and no Cabinet meetings in the six weeks before the local elections in May 2013;

- To facilitate the hearing of call ins, a Strategic Overview and Scrutiny Panel meeting to follow after a Cabinet meeting and to alternate with meetings of the Finance and Audit Scrutiny Panel;

- Nine member training days between June 2012 and March 2013;

- Political group meetings on Mondays prior to Council and Cabinet.

4.2   The Calendar of Meetings 2012-13 comprises:-

- Council – the Annual Meeting plus five Council meetings. Council meetings are scheduled for Wednesdays, with the exception of the December meeting, which is scheduled for a Thursday to avoid the difficulties caused by the clash with late night shopping that would ensue if the meeting were held on Wednesday. The dates are timed to facilitate approval of the budget, setting the parish precept and the council tax in February 2013.

- Cabinet – seven meetings on Wednesdays. The dates are timed to facilitate budget planning leading to a recommendation to Council to approve the budget and the level of council tax to be set.

- Strategic Overview and Scrutiny Panel – nine meetings on Tuesdays.

- Finance and Audit Scrutiny Panel – nine meetings on Tuesdays.

- Accounts and Regulatory Committee – four meetings on Tuesdays held immediately after Finance and Audit Scrutiny Panel meetings. The dates are timed to facilitate the approval of the draft Annual Statement of Accounts, auditors report and annual audit letter.

- Policy Review and Development Panel – six meetings on Mondays.

- Planning Committee – twenty four meetings on Thursdays.

- Local Development Framework Committee – six meetings on Mondays.

- Licensing Committee – eight meetings on Wednesdays.

- Standards Committee – four daytime meetings on Fridays.

- Local Highway Panel – four meetings, mainly on Mondays

- Licensing Sub-Committee Hearings – Meetings for sub–committee hearings of the Licensing Committee have been scheduled for the majority of Fridays, to be held during the day. A number of weeks have been left free to enable commercial bookings to be taken. It is not anticipated that a sub-committee meeting will be held on each of the dates scheduled but it is necessary to have the flexibility for meetings to be called at short notice.

- Occasionally it proves necessary to schedule additional meetings of Committee and Panels at short notice. Six "reserve" dates have been included in the Calendar where meeting rooms will be booked. This will facilitate the scheduling of additional/urgent meetings. These meeting dates will not be used unless needed.

- The following Civic events have also been included for completeness:

  Civic Service 27 May 2012
  Opening of the Oyster Fishery 7 September 2012
  Oyster Feast 26 October 2012
  Remembrance Sunday 11 November 2012

5.   Financial implications

5.1   In general terms the costs are those associated with the meetings process such as the number of panels/committee, hallkeeping charges, agenda printing costs and members travelling allowances. The costs are covered by existing budgets.

6.   Consultation

6.1   Consultation has been undertaken with the Mayor, the Deputy Mayor, Executive Management Team and Heads of Service.

7.   Publicity Implications

7.1   The dates of council meetings are published on the Council's website. They are also distributed to parish council and advertised at Council offices and libraries throughout the borough.

8.   Equality and Diversity Implications

8.1   An Equality Impact Assessment covering the Council's decision making and meetings processes has been completed and can be found by on the Council's website www.colchester.gov.uk following the route: Home/Council and Democracy/Polices, Strategies and Performance/Equality and Diversity/Equality Impact Assessments/Decision Making and Attendance at Meetings or by clicking on the link below:-

http://www.colchester.gov.uk/Info_page_two_pic_2_det.asp?art_id=8004&sec_id=1988

9.   Standard References

9.1   It is considered that there are no direct Strategic Plan references, human rights, community safety, health and safety and risk management implications raised by this report.

2012

		May		June		July		August
Mon								
Tue	1							
Wed	2						1	
Thu	3	Elections					2	Planning Committee
Fri	4		1	¹Licensing Sub-Ctte Hearing			3	
Sat	5		2				4	
Sun	6		3		1		5	
Mon	7	*Bank Holiday*	4	*Bank Holiday*	2	Groups	6	Policy Review and Development Panel
Tue	8		5	*Bank Holiday*	3		7	
Wed	9		6	Licensing Committee	4	Cabinet	8	Licensing Committee
Thu	10		7	Planning Committee	5	Planning Committee	9	
Fri	11		8		6		10	¹Licensing Sub-Ctte Hearing
Sat	12		9		7		11	
Sun	13		10		8		12	
Mon	14		11	Local Development Framework Committee	9		13	
Tue	15		12	Strategic Overview and Scrutiny Panel	10	Training	14	Training
Wed	16		13		11	Licensing Committee	15	Reserve Meeting Date
Thu	17		14		12		16	Planning Committee
Fri	18		15	¹Licensing Sub-Ctte Hearing	13	¹Licensing Sub-Ctte Hearing	17	
Sat	19		16		14		18	
Sun	20		17		15		19	
Mon	21		18	Policy Review and Development Panel	16	Groups	20	Local Development Framework Committee
Tue	22		19	Training	17	Strategic Overview and Scrutiny Panel	21	Finance and Audit Scrutiny Panel
Wed	23	Annual Meeting	20		18	Council	22	
Thu	24	Planning Committee	21	Planning Committee	19	Planning Committee	23	
Fri	25	¹Licensing Sub-Ctte Hearing	22	Standards Committee (daytime meeting)	20		24	¹Licensing Sub-Ctte Hearing
Sat	26		23		21		25	
Sun	27	Civic Service	24		22		26	
Mon	28	Groups	25	Local Highway Panel	23		27	*Bank Holiday*
Tue	29		26	Finance & Audit Scrutiny Panel/A & R Committee	24	Finance & Audit Scrutiny Panel	28	
Wed	30	Cabinet	27	Reserve Meeting Date	25		29	Strategic Overview and Scrutiny Panel
Thu	31		28		26		30	Planning Committee
Fri			29	¹Licensing Sub-Ctte Hearing	27	¹Licensing Sub-Ctte Hearing	31	
Sat			30		28			
Sun					29			
Mon					30			
Tue					31			

¹ Daytime meeting   Light shading = Essex school holidays

2012

		September		October		November		December
Mon			1	Groups				
Tue			2					
Wed			3	Cabinet				
Thu			4		1	Planning Committee		
Fri			5	¹Licensing Sub-Ctte Hearing	2	¹Licensing Sub-Ctte Hearing		
Sat	1		6		3		1	
Sun	2		7		4		2	
Mon	3	Groups	8	Local Development Framework Committee	5	Policy Review and Development Panel	3	Groups
Tue	4		9	Training	6	Training	4	
Wed	5	Cabinet	10		7		5	Late night shopping – avoid meetings
Thu	6	¹Licensing Sub-Ctte Hearing	11	Planning Committee	8		6	Council
Fri	7	Opening of the Oyster Fishery	12		9		7	
Sat	8		13		10		8	
Sun	9		14		11	Remembrance Sunday	9	
Mon	10	Policy Review and Development Panel	15	Groups	12		10	Local Highway Panel
Tue	11		16	Finance & Audit Scrutiny Panel/A & R Committee	13		11	Strategic Overview and Scrutiny Panel
Wed	12	Licensing Committee	17	Council	14	Licensing Committee	12	Late night shop[ping – avoid meetings
Thu	13	Planning Committee	18		15	Planning Committee	13	Planning Committee
Fri	14	Standards Committee (daytime meeting)	19	¹Licensing Sub-Ctte Hearing	16	¹Licensing Sub-Ctte Hearing	14	¹Licensing Sub-Ctte Hearing
Sat	15		20		17		15	
Sun	16		21		18		16	
Mon	17	Local Highway Panel	22		19		17	Local Development Framework Committee
Tue	18	Strategic Overview and Scrutiny Panel	23		20	Finance & Audit Scrutiny Panel	18	Training
Wed	19	Reserve meeting Date	24		21	Reserve Meeting Date	19	
Thu	20		25		22		20	
Fri	21	¹Licensing Sub-Ctte Hearing	26	Oyster Feast	23	¹Licensing Sub-Ctte Hearing	21	¹Licensing Sub-Ctte Hearing
Sat	22		27		24		22	
Sun	23		28		25		23	
Mon	24		29		26	Groups	24	
Tue	25	Finance & Audit Scrutiny Panel/A & R Committee	30	Strategic Overview and Scrutiny Panel	27		25	Christmas Day
Wed	26		31		28	Cabinet	26	
Thu	27	Planning Committee			29	Planning Committee	27	
Fri	28				30	Standards Committee (daytime meeting)	28	
Sat	29						29	
Sun	30						30	
Mon							31	
Tue								

¹Daytime meeting Light shading = Essex school holiday; Party conferences: Lib Dems; tbc Cons 8-11 October Lab tbc

2013

		January		February		March		April
Mon							1	Easter Monday
Tue	1	New Years Day					2	
Wed	2						3	Licensing Committee
Thu	3	Planning Committee					4	
Fri	4		1		1	Standards Committee (daytime meeting)	5	¹Licensing Sub-Ctte Hearing
Sat	5		2		2		6	
Sun	6		3		3		7	
Mon	7		4		4	Groups	8	
Tue	8	Training	5	Training	5	Local Highway Panel	9	
Wed	9	Licensing Committee	6		6	Cabinet	10	
Thu	10		7		7	Reserve Meeting Date	11	Planning Committee
Fri	11	¹Licensing Sub-Ctte Hearing	8	¹Licensing Sub-Ctte Hearing	8	¹Licensing Sub-Ctte Hearing	12	
Sat	12		9		9		13	
Sun	13		10		10		14	
Mon	14	Policy Review and Development Panel	11		11	Local Development Framework Committee	15	
Tue	15	Strategic Overview and Scrutiny Panel	12	Strategic Overview and Scrutiny Panel	12	Training	16	
Wed	16	Reserve Meeting Date	13		13	Licensing Committee	17	
Thu	17	Planning Committee	14	Planning Committee	14	Planning Committee	18	
Fri	18		15		15		19	¹Licensing Sub-Ctte Hearing
Sat	19		16		16		20	
Sun	20		17		17		21	
Mon	21	Groups	18	Groups	18	Groups	22	
Tue	22	Finance & Audit Scrutiny Panel	19		19	Strategic Overview and Scrutiny Panel	23	
Wed	23	Cabinet	20	Council	20	Council	24	
Thu	24		21		21		25	Planning Committee
Fri	25	¹Licensing Sub-Ctte Hearing	22	¹Licensing Sub-Ctte Hearing	22	¹Licensing Sub-Ctte Hearing	26	¹Licensing Sub-Ctte Hearing
Sat	26		23		23		27	
Sun	27		24		24		28	
Mon	28	Local Development Framework Committee	25	Policy Review and Development Panel	25		29	
Tue	29		26	Finance & Audit Scrutiny Panel/A & R Committee	26	Finance & Audit Scrutiny Panel	30	
Wed	30		27		27			
Thu	31	Planning Committee	28	Planning Committee	28	Planning Committee		
Fri					29	Good Friday		
Sat					30			
Sun					31			
Mon								
Tue								

¹ Daytime meeting; Light shading = Essex school holidays

2013

		May
Mon		
Tue		
Wed	1	
Thu	2	Elections
Fri	3	
Sat	4	
Sun	5	
Mon	6	
Tue	7	
Wed	8	
Thu	9	
Fri	10	
Sat	11	
Sun	12	
Mon	13	
Tue	14	
Wed	15	
Thu	16	
Fri	17	
Sat	18	
Sun	19	
Mon	20	
Tue	21	
Wed	22	Annual Meeting
Thu	23	
Fri	24	
Sat	25	
Sun	26	
Mon	27	
Tue	28	
Wed	29	
Thu	30	
Fri	31	
Sat		
Sun		
Mon		
Tue		

[1] Daytime meeting   Light shading = Essex school holidays

PETITIONS, PUBLIC STATEMENTS, QUESTIONS

(i) Have Your Say speakers

Date of Meeting	Details of Member of the Public	Subject Matter	Form of Response	Date Completed
Cabinet, 7 September 2011	Jade Hamnett, Fair Access to Colchester	Impact of proposed changes to access to Colchester High Street	Verbal response provided at the meeting by the Leader of the Council and the Portfolio Holder for Strategy and Performance and the Portfolio Holder for Renaissance and meeting held with Head of Strategic Policy and Regeneration..	20 September 2011
Cabinet, 7 September 2011	Jane Clarke	Air quality and noise pollution issues in Brook Street	Verbal response provided at the meeting by the Portfolio Holder for Street and Waste Services. Written response sent by he Portfolio Holder for Street and Waste Services on 28 September2011	28 September 2011
Cabinet, 7 September 2011	Rowena MacAuley	Impact of proposed changes to access to Colchester High Street	Verbal response provided at the meeting by the Leader of the Council and the Portfolio Holder for Strategy and Performance and the Portfolio Holder for Renaissance. Written response to be sent by the Leader of the Council on 28 September 2011.	28 September 2011

(ii) Petitions

Date petition received	Lead petitioner	Subject Matter	Form of Response	Date Completed
9 September 2011	Tricia Holman	Drury Road Allotments	To be reported to future meeting	To be reported at future meeting.
21 September 2011	Iris Thompson	Abbotts Activity Centre	To be considered at Extraordinary Council meeting on 19 October 2011	19 October 2011

			Item
	Cabinet		**11(i)**
	12 October 2011		

Report of	**Head of Resource Management**	**Author**	**Sean Plummer** ☎ **282347** **John Fisher** ☎ **282326**
Title	**Local Government Resource Review: Proposals for Business Rate Rentention and Localising Support for Council Tax**		
Wards affected	Not applicable		

> **This report provides Cabinet with an overview of two consultation papers in respect of proposals for business rate retention and localising support for Council Tax.**

1.   Decisions Required

1.1   Cabinet is requested to
  i)   Note the consultation papers and potential implications for the Council.
  ii)   Agree to submit the response in respect of Localising Council Tax as set out
  iii)   Delegate responsibility to the Portfolio Holder for Resources to respond to the Business Rate Retention Consultation

2.   Reasons for Decisions

2.1.   The Government has issued two important consultation papers that will have significant implications for Local Government finance and therefore Colchester Borough Council's budgets.

2.2.   Cabinet is asked to consider and note issues raised by the proposals and to comment on the draft response to the consultation papers.

3.   Alternative Options

3.1   The consultation set out different options and the Council could either choose to either respond in different ways or to not respond to the consultation.

3.   Background information

3.1   This report comments separately on two consultation papers:-

  - Local Government Resource Review: Proposals for Business Rates Retention
  - Localising Support for Council Tax in England

3.2.   For each consultation paper a summary is provide of key points and issues relevant for Colchester.

4.   Proposals for Business Rates Retention

4.1.   The consultation paper was issued on 18 July with a deadline for responses of 24 October. In addition, 8 technical papers were issues in August. A copy of the full consultation paper is provided as a background paper and this can be found at http://www.communities.gov.uk/localgovernment/localgovernmentfinance/lgresourcereview/. The Local Government Association (LGA) has produced a briefing paper on the consultation paper and this is provided as a baground paper).

4.2.   Appendix A sets out the questions in the main consultation for which the Council's views are specifically invited.   Comments on the implications of each area are shown together with a proposed draft response. Further questions are also raised within the technical papers (for example the technical paper 1 contains a further 19 questions alone) and given the complexity and more technical nature of these issues a response to these issues is not provided here but will be made in line with the comments and suggested response to the overall consultation. The key elements of the proposals are set out in the following paragraphs.

Key Summary

4.3.   Currently business rates are collected by councils from businesses in their areas and paid into a central pot that is then redistributed. For this Council we send bills to all properties in the Borough who are liable for business rates or NNDR as it is know (National Non Domestic Rates).   The level of rates is based on the rateable value of properties and the national multiplier (a rate in the £). As such councils have no say over the rate levied.

4.4.   All funds collected are then paid over to the Government. The Government in turn pays NNDR back to authorities as part of formula grant. Formula grant is the main Government grant to local authorities and comprises NNDR grant and Revenue Support Grant (RSG). The key points to note in respect of the current scheme are that:-

- Business rates are set nationally. We have no local influence over the bill.
- The level of business rates collected in an area (such as Colchester) has no impact on the total level of formula grant received from Government.
- Formula grant is currently based on various complicated formulas that consider the needs and resources of an area.
- There is currently no significance to the spit between NNDR and RSG.

4.5.   It is important to note that the way NNDR bills are calculated and how they are billed and collected are not proposed to change. The main change relates to the link between business rates and our formula grant.

A scheme for business rates retention

4.6.   In future, the majority of business rates collected will be retained 'locally' but will be subject to a "levy" to recoup disproportionate gain and will then be used to fund support for areas suffering from any unforeseen fall in business rates (e.g. caused by the closure/relocation of a major business).

4.7.   The Government has stated that council's initial level of funding will be set using the 2013/14 Formula Grant allocation as the baseline so that at the start of the system the budget will be equivalent to what it would have been under the current system. There is therefore no "new money" and, in theory, 'no council is worse off at the outset'.

4.8. The baseline would be subject to a set of "tariffs" and "top ups" to equalise across the Country any disproportionate effect of councils who have a large or small business rate pool compared to their level of grant funding. The diagram below shows how this process is designed to operate by showing how two councils who each currently receive formula grant of £10m but who collect different levels of business rates (£8m and £12m). This illustrates how a £2m tariff needs to be paid by one authority and the other receives a top up of £2m to ensure they each still keep £10m.
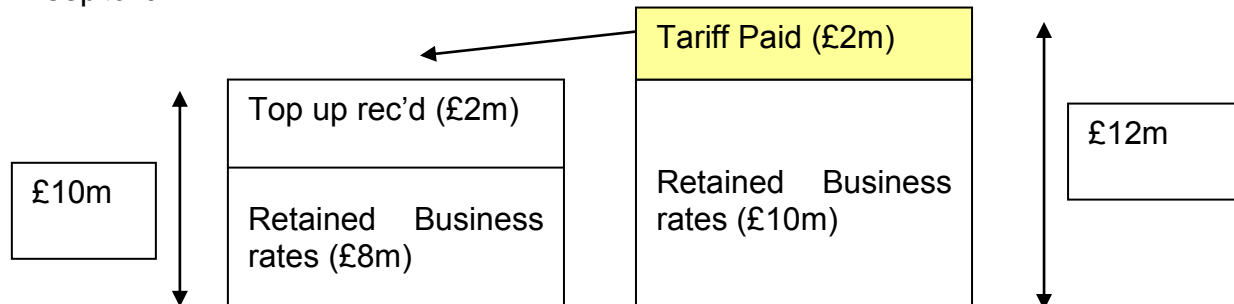
4.9. For Colchester, and for other authorities operating in two-tier counties, the proposals include arrangements for allocating business rate income between district and county. Two different methods are proposed which based on estimated figures would mean that almost 90% of business rates collected would be shared with Essex County Council. This will mean that Colchester is likely to be a 'top up' authority as the level of retained business rate income will be lower than the baseline funding. The table below demonstrates the indicative position using 2010/11 grant and NNDR figures:-

*Illustrative table based on **2010/11** figures*

	£m	
Payments to NNDR Pool	56	Total NNDR collected
Current Arrangements		
Payment from Pool (NNDR Grant)	11	Amount received Back for Government in grant
RSG	2	Additional grant required to provide total level formula grant
Total Formula Grant	**13**	Grant based on current assessment
Proposals		
Proposed retained NNDR	7	Based on 87% being passed to ECC (£56m x 13%)
'Top up' required	6	Difference between formula grant and retained income. Income received from Government
Total retained NNDR	**13**	Funds kept by CBC

4.9. The table shows that although the Council may collect £56m only £7m would be initially kept with the remainder being assigned to Essex CC. As the £7m is lower than the £13m formula grant Colchester would receive a 'top up' of £6m.

4.10. In simple terms the proposals provide for any increase on the baseline figures to be kept. However, this will actually be influenced by three things:-
- The amount of money assigned to ECC (the 87% for example)
- The extent to which the top up is fixed or inflated (which is one of the consultation questions)
- The proposals for operating a levy that reduces any 'disproportionate' growth

4.11. One further important point to note is the proposed option that authorities may establish a "pool". This means that a group of councils can for the purposes of NNDR retention agree to treat themselves as one body. For example all Essex districts and the ECC could agree to form a pool. The overall baseline position for all authorities would be the aggregate of all NNDR retained +/- tariffs and top ups. One of the perceived advantages of this is that it is a way to help all manage volatility across the County and also to have some influence on how the shared funding is used.

4.12. In summary the proposals will in 2013/14 provide local councils with broadly the same level of income from business rates as was intended to be distributed in grant. In future years though whereas the current funding scheme operates on a broadly 'needs basis' future income will depend on growth in business rate income. Overall, the proposals provide mechanisms for incentivising growth whilst ensuring a degree of protection.

4.13. Over time these proposals will impact on the how the Council is funded and the level of funding. When firm proposals are set out it will be necessary to consider how this will impact on the Council's budget and Medium Term Financial Forecast.

4.14. Some of the questions raised by the consultation require some further technical review. Officers are working with other Essex authorities to consider in more detail some of the specific issues raised in the consultation. In order to respond by the deadline it is therefore proposed that it be delegated to the relevant Portfolio Holder to agree the final response.

5. Localising Support for Council Tax in England

5.1. The Government has asked for views about its proposal for localising Support for Council Tax. The deadline for responses is 14 October. A copy of the consultation paper is provided as a background paper and is available at http://www.communities.gov.uk/publications/localgovernment/localisingcounciltaxconsult. This is part of a wider policy of decentralising, for which the Government says it aims to give councils increased financial autonomy and a greater stake in the economic future of the local area. Appendix B sets out the questions asked, issues and proposed response. The consultation sets out key features to:

- help move people back into work, to support positive work incentives
- create stronger incentives for councils to get people back into work
- protect pensioners from any change as a result of the reform
- consider support for other vulnerable groups
- enable local authorities to align support with Council Tax discounts and exemptions
- give authorities control over how a 10% reduction in expenditure is achieved
- help people who might have to pay more than they do currently.

5.2. Principally, the Council will be required to create a local scheme based on a Government framework, setting out how to meet demand within budget; involving consultation and scrutiny, including collaboration with other authorities to the extent of sharing risk.

5.3. Overall, as things stand, there is no clear guidance about how authorities will work out what people are entitled to, despite indications that it should be similar to now, in association with the new Universal Credit. This creates the prospect of different schemes from one council to another, with the potential to cause confusion and disputes, for example between neighbours, or contention and appeals to the council.

5.4.   As referred to earlier the proposed changes to Council Tax benefit (CTB) are happening in conjunction with a reduction of around £500m in total funding, equivalent to 10%. There is no indication of how this 10% reduction will be distributed between authorities and therefore it is possible that there will be different cuts to achieve the average reduction.

5.5.   A 10% reduction for Colchester equates to c£1.2m. The LGA has modelled the impact from a small sample of authorities of the cut in funding on the assumption that protection will be given to pensioners and those on 100% CTB. This showed that the 10% cut would be restricted to 9% of the total paid out, which, as the LGA highlight is financially impossible. Whilst, the situation will differ between authorities, this highlights the important issue that if the ability to make changes to the scheme is limited to a smaller group of claimants then the reduction required for this group must be larger to keep within budgets.

5.6.   The Council's officers are already engaged in research and liaison with other organisations, exploring options such as joint working with other authorities, to help towards efficient preparation and implementation of any new scheme.

6.   Proposals

6.1   It is proposed that the consultation papers be noted and the response set out is agreed.

7.   Strategic Plan References

7.1.   At this stage the proposals are for consultation only. As has been set out both review have the potential to significantly impact on the Council's finances and therefore on resources available to support the council Strategic Plan.

8.   Consultation

8.1.   The report will be considered by the Strategic Overview and Scrutiny Panel on 11 October and the comments will be reported to Cabinet.

8.2.   Discussions have been held with Essex County Council and Essex districts concerning the implications of the different reforms and a working group is to be established to consider the issue of pooling.

8.3.   The issues raised in the consultation will be shared with business ratepayers as part of ongoing dialogue and as part of the budget consultation.

9.   Financial implications

9.1   As set out in this report both these consultations will have implications for the Council's budget and medium term financial plans. These will be considered in more detail as firm proposals are made.

10.   Equality and Diversity Implications

10.1.   As this is currently a Government consultation it is not for the Council to consider any equality and diversity issues at this stage.

11.   Other Standard References

11.1   There are no specific Risk Management, Publicity, Human Rights, Community Safety or Health and Safety implications at this stage.

Background Papers
CLG Consultation papers:
- Local Government Resource Review: Proposals for Business Rate Retention (including plain English guide)
- Localising Support for Council Tax in England

LGA briefing papers on both consultation papers

No.	Question	Issues for Colchester	Proposed Draft Response
	Chapter 3: a Scheme for rate retention **Component 1: Setting the baseline**	The overall baseline refers to the starting point for the scheme. This section refers to the link with overall spending control totals for Local Government.	
1	What do you think the Government should consider in setting the baseline?	The starting point is clearly relevant for Colchester and the whole of Local Government. The existing grant system is predominantly based on 'need' and existing resources.	A change in the system of funding local government could create volatility in the sector. As highlighted by the LGA the model for business rate retention needs to be transparent and ensure that the most of the benefit of incentives for growth go to local people and local businesses.
2	Do you agree with the proposal to use 2012-13 formula grant as the basis for constructing the baseline? If so, which of the two options at paragraph 3.13 and 3.14 do you prefer and why?	It is proposed that the individual formula grant for 12/13 be used as the baseline for each authority. In other words, in changing the funding scheme (from formula grant to NNDR retention) the starting point will be the same basis as formula grant. The two options proposed are to do this without any updating or with some updating for items such as population changes etc. The issue here being whether it is better to have more up to date information or to avoid possible volatility arising from data changes	We acknowledge that using 2012/13 formula grant as a baseline provides the minimum amount of volatility. However, providing an update for more current information would ensure that the starting point was more relevant and takes account of latest information.
	Component 2: Setting the tariffs and top ups	These provide the mechanism for ensuring that when the scheme starts authorities are protected form changes in the first year of the new system.	
3	Do you agree with this proposed component of tariff and top up amounts as a way of re-balancing the system in year one?	Without a system of tariffs and top ups there would be a situation of winners and losers created from day one.	Yes. Tariffs and top ups can work as a system to re balance the system. However, once in place careful consideration needs to be given to how tariffs and top ups are revised each year to ensure that different authorities starting

No.	Question	Issues for Colchester	Proposed Draft Response
			point does not disadvantage them in the future.
4	Which option for setting the fixed tariff and top up amounts do you prefer and why?	The two options proposed are to either apply an increase based on RPI to the tariff / top up or to keep this at the year 1 level. The consultation paper and technical papers highlight that a "top up" authority achieving a RPI increase in the level of business rates without an RPI increase applied to the top up will not achieve an RPI increase in their pre level income. The gearing effect is therefore marked and the incentive to be rewarded for growth is diluted. Colchester will be in a top up situation (as explained within the report).	Tariffs and top ups should be increased by RPI to ensure that all authorities receive as equal an award as possible for delivering growth.
	Component 3: The incentive effect	Providing the mechanism for rewarding authorities who see their NNDR income grow.	
5	Do you agree that the incentive effect would work as described?	The proposals for reform do provide a link between the level of business rates, both the level of business in their area and also the amount collected. However, in two-tier areas (like Colchester) the incentive may be reduced given proposals on how income will be shared.	The proposals will incentivise growth as authorities will all know that the level of business rates will impact on the level of funding retained. However, in two tier areas such as Colchester where almost 90% of the growth generated will be assigned to Essex County Council the link between the billing authority (Colchester) and the local businesses paying NNDR will not be as strong as it might otherwise be.
	Component 4: A levy recouping a share of disproportionate benefit	No cap on the level of business rate growth an area can benefit from is proposed. However, a level is proposed to recoup disproportionate benefit which can occur where an authority has a high gearing of business rates to baseline funding .	
6	Do you agree with our proposal for a levy on disproportionate benefit, and	The intention is that a levy would help to provide funding to authorities that see	A levy will assist in managing volatility and to provide a safety net, however, the

No.	Question	Issues for Colchester	Proposed Draft Response
	why?	unforeseen negative volatility and to provide a 'safety net'. The principal could be viewed as limiting the incentive for growth.	system should be reviewed to ensure that growth is still being rewarded for those that deliver it.
7	Which option for calculating the levy do you prefer and why?	The options proposed are:- 1. Flat rate – all authorities pay a flat % 2. Banded approach - % applied depending on the level of business rate income 3. Individual level – approach whereby all authorities have their own levy rate to allow the retention of growth in an equivalent proportion to its baseline revenue.	Option 3 as it provides a "level playing field" for all thus recognising the gearing effect.
8	What preference do you have for the size of the levy?	The issue of the level of the levy concerns the view on the balance to be struck between rewarding growth and providing funds to aid protection from volatility.	It is difficult to comment on the level of any levy without seeing the impact on all authorities. However, any proposals need to be fair to all and also reward growth.
9	Do you agree with this approach to deliver the Renewable Energy commitment?	It is proposed that new business rates from renewable energy projects could be kept by local authorities (predominantly the local planning authority). This would fall outside the arrangements for the 'levy' (see below)	In general the Council supports the principle of providing a financial incentive to deliver renewable energy projects.
10	Do you agree that the levy pot should fund a safety net to protect local authorities: i) whose funding falls by more that a fixed percentage compared with the previous year (protection from large year to year changes); or ii) whose funding falls by more than a fixed percentage below their baseline position (the rates income floor)?	Option (i) concerns examples whereby the level of business rates collected in a year fall below a fixed % on a year on year comparison. The protection is proposed to last for one year to enable a Council to make budgetary adjustments. Option (ii) recognises an example where a change in business rates revenue could have a longer term effect on retained income (e.g. relocation of major company). This option is based on comparing income to the original baseline figure (possibly subject to RPI increases)	With such a large scale change to how local government is financed it is essential that there is protection from changes to retained income that to large extent are outside the control of the billing authority. Option (ii) recognises that changes can occur for more than one year and this approach is therefore preferred.

No.	Question	Issues for Colchester	Proposed Draft Response
11	What should be the balance between offering strong protections and strongly incentivising growth?	The issue relates to the ability to have an indication of certainty of funding levels due to changes in funding along with a greater share of the benefits of growth. As with most elements of the proposals a critical issue for Colchester is the relationship with ECC which means that a large proportion of any growth would need to be shared. It should be noted that the existing formula grant scheme provides protection to councils through 'damping' or the system of floors.	We support the view of the LGA that the overall design of tariff, top-up, levy and safety net arrangements needs to represent a consistent package that is fair to all types of authority.
12	Which of the options for using any additional levy proceeds, above those required to fund the safety net, are you attracted to and why?	The consultation paper comments that depending on the level of the levy and the resulting methodology for using the levy and the resulting cost of any safety net there may be a balance of funding not used. Various options are suggested such as distributing this to all authorities, holding funds back in higher growth years to support a safety net in more 'lean' years or providing targeted specific grants to "unlock growth and prosperity".	Providing targeted support to unlock growth could help to deliver increased growth and so boost overall NNDR resources.
13	Are there any other ways you think we should consider using the levy proceeds?		The levy proceeds should predominantly be used for protecting authorities from volatility.
	Component 5: Adjusting for revaluation	There is a revaluation every 5 years by the Valuation Office (VO) of all business properties and new RVs are set. The overall process is capped by RPI by resetting the multiplier. Under the new proposals it is possible that revaluation could result in significant volatility.	
14	Do you agree with the proposal to readjust the tariff and top up of each	By adjusting the tariffs and top ups any impact of revaluation can be stripped out and only	Yes.

No.	Question	Issues for Colchester	Proposed Draft Response
	authority at each revaluation to maintain the incentive to promote physical growth and manage volatility in budgets?	physical growth can remain in the system.	
15	Do you agree with this overall approach to managing transitional relief?	Transitional relief tries to ensure that when revaluation creates an increase or decrease in NNDR that the benefit or cost of this is spread over a period of time. It is proposed that this is 'stripped out' of the system which again provides protection from volatility from revaluation changes.	Yes.
	Component 6: Resetting the system	The Government is proposing that the system should include the ability to "reset the system" if it was felt that resources were becoming too divergent from core service pressures. An example given is population movements.	
16	Do you agree that the system should include the capacity to reset tariff and top up levels for changing levels of service need over time?	The issue of resetting the system is that it could remove growth achieved and reduce certainty. It could though clearly be necessary to assess the impact arising from what is a new system of Local Government financing.	It seems sensible to build in the ability to reset tariffs and top-ups.
17	Should the timings of reset be fixed or subject to government decision?	Fixed option provides certainty but does not provide flexibility.	Providing a fixed timescale provides a greater of degree of certainty to enable authorities to make medium term budget plans.
18	If fixed, what timescale do you think is appropriate?	A longer period provides greater stability.	The timescale should be long enough to provide stability whilst provide an opportunity to reassess the outcome of the new proposal. A review within, 5 -10 years would appear appropriate.
19	What are the advantages and disadvantages of both partial and full resets? Which do you prefer?	A partial reset refers to the baseline position only. A full rest refers to the whole system.	Overtime it could be argued that the baseline position loses relevance. A full reset with consultation and adequate notice to local authorities is therefore o balance the preferred option.
20	Do you agree that we should retain	This provides the option for agreeing a new	Flexibility for the Government could result

No.	Question	Issues for Colchester	Proposed Draft Response
	flexibility on whether a reset involves a new basis for assessing need?	basis.	in uncertainty for Local Government. Therefore, any possible changes should be subject to full consultation and an assessment of the impact of any proposals.
	Component 7: Pooling	The proposals include the option that authorities could opt to voluntarily form a "pool" with a single tariff / top up and single levy. Pools could decide how to distribute aggregate revenues.	
21	Do you agree that pooling should be subject to the three criteria listed at paragraph 3.50 and why?	The 3 criteria proposed for pooling are:- 1. Voluntary 2. Subject to assurances around governance and workability 3. If the pool was dissolved the members would return to their individual tariff.	The idea of pooling as an option is supported and the three criteria are reasonable.
22	What assurances on workability and governance should be required?		Assurances would need to include consideration of:- • Rationale for establishing the pool • Proposals for how the pool will operate including governance arrangements • 'Long term' commitment to the pool
23	How should pooling in two tier areas be managed? Should districts be permitted to form pools outside their county area subject to the consent of the county or should there be a fourth criterion stating that there should always be alignment?	The proposal in respect of the County / District split do mean that there the risk / reward of growth in a district is shared between authorities. Should, for example, Colchester wish to consider a 'pool' with councils outside of Essex (e.g. the Haven Gateway area) then a proportion of potential growth achieved in this pool would be shared with ECC.	The concept of pooling should not be limited to County boundaries. However, the practicalities of the system in two tier areas are such it could create unfair risk and rewards with a non-county pool. It should be an option to form a pool outside the county area with the county consent.

No.	Question	Issues for Colchester	Proposed Draft Response
24	Should there be further incentives for groups of authorities forming pools and if so, what would form the most effective incentive?	The issue is whether there should be additional benefits for forming pools. It makes it clear that if this is the case then it would have to be balanced by smaller amounts being levied elsewhere. If Colchester considers that pools are 'a good thing' then further incentives may be welcomed.	Further incentives may encourage pooling, however, for some authorities the idea of a pool may not be practical or logical. If pools are voluntary and are not necessarily an objective of the Government reforms then it is considered that further incentives may not be appropriate.
	Impact on non-billing authorities	Formula grant distributes resources to billing authorities and counties (ECC) and police and fire authorities. The proposals set out that given that county councils "have strong levers for promoting growth across their local area".	
25	Do you agree with these approaches to non-billing authorities?	Two options are set out in the technical papers for how business rates may be shared between county and borough:- (i) fixed national shares (i.e. based on national spending) (ii) tailored based on each district Business Rates yield as a % of the county total. Based on 2010/11 figures it is estimated that these options would result in 88% or 87% (respectively) of business rates revenue being assigned to ECC.	We appreciate the need to decide upon a mechanism for sharing both the opening baseline position and future growth between a district and county. However, we have a concern that even in the case of Colchester, one of the largest boroughs in England, the % of business rates that would be assigned to Essex County Council (before any top up) would be almost 90% under either option. One of the intentions of the reform is to strengthen the link between the local billing council and the business community. Under the proposals only a small part of any growth would be kept in the borough therefore this does not significantly achieve this aim. The New Homes Bonus recognises that both county and district play a part in delivering new homes. The New Homes Bonus though ensures that 80% of the

No.	Question	Issues for Colchester	Proposed Draft Response
	Chapter 4: Interactions with existing policies and commitments **New Homes Bonus**	This concerns existing Government reforms and how these are proposed to be delivered alongside business rate retention.	grant goes to the district.
26	Do you agree this overall approach to funding the New Homes Bonus (NHB) within the rates retention system?	The spending review set aside almost £1bn to fund the NHB scheme. It had previously been stated by the Government that the cost of the scheme above this level would have to be funded from formula grant. It is proposed that an estimate of the total costs of the NHB scheme above the specific allocated funding up to 2014/15 will be made and tariffs and top ups adjusted accordingly. As tariffs and top up are fixed it is explained that a significant part of this NHB 'pot' will not all be needed (especially in the early years).	On the basis that the NHB pot was in sufficient to fully fund the scheme and the balance would have to be funded from Formula Grant it makes sense to include this as proposed.
27	What do you think the mechanism for refunding surplus funding to local government should be?	It is suggested that the surplus NHB could be distributed in proportion to authorities' baselines.	On the assumption that if the New Homes Bonus was not being funded from NNDR then it would have meant that more funds would have been available and opening tariffs and top ups would have been different it seems logical that any surplus funds are returned in proportion to authorities baselines. An alternative would be to consider using this pot alongside the levy.
	Business rates relief	The business rates system contains a number of mandatory and discretionary reliefs. It is proposed that there will be no changes to the current system.	
28	Do you agree that the current system of business rates reliefs should be maintained?	Providing a consistent approach to reliefs ensures that there is no impact on ratepayers.	Yes
	Chapter 5: Supporting local economic growth through new	This chapter covers how the proposals might work alongside Tax Increment Financing (TIF).	

No.	Question	Issues for Colchester	Proposed Draft Response
	instruments	TIF is a mechanism that allows the value of uplift in local taxes that occurs as a result of infrastructure investment to be considered as a source of funding to borrow against. The Government has said that a technical paper setting out more details on TIF will be published following responses to this consultation.	
29	Which approach to Tax Increment Financing do you prefer and why?	Two options are proposed. :- Option 1 – Local authorities would have full discretion to determine whether to invest in a TIF scheme, however, growth would be subject to the levy and would be taken into account in any reset of tops ups and tariffs	Local authorities currently have the ability to determine borrowing needs as part of 'prudential borrowing' powers. Therefore for Government to retain control over schemes as part of TIF would appear a backwards step.
		Option 2 – In effect the opposite of the above with the Government retaining control or approval over any scheme but without the growth restrictions.	Without certainty on how the new business rates retention system will operate in practice, in particular, the levy and tariffs/top-ups, it is difficult to assess how much of an issue this will be in respect of TIF.
30	Which approach do you consider will enable local authorities and developers to take maximum advantage of Tax Increment Financing?		See answer above.
31	Would the risks to revenues from the levy and reset in Option 1 limit the appetite for authorities to securitise growth revenues?		Any uncertainty will be an issue as borrowing decisions will need to be taken based on reliable forecasts. (also see answer to question 29)
32	Do you agree that pooling could mitigate this risk?		Potentially pooling may assist, but again, it is difficult to comment without knowing how the NNDR scheme will work.
33	Do you agree that central government would need to limit the numbers of projects in Option 2? How best might this work in practice?		We can see that potentially Option 2 may impact on NNDR revenues available to support the levy. In practice any controls would need to consider the timescale for projects to come forward.

Appendix A

No.	Question	Issues for Colchester	Proposed Draft Response
			To more fully consider answers to issues relating to TIF we need to see the promised more detailed technical paper and understand more clearly the links with NNDR proposals.

Localising Support for Council Tax in England - consultation questions

Consultation questions	Issues for Colchester	Proposed response
5a: Given the Government's firm commitment to protect pensioners, is maintaining the current system of criteria and allowances the best way to deliver this guarantee of support?	Variation from the current system will create a need for new procedures and policies, at a considerable cost to the authority to create in terms of resources such as staff time and bespoke software; with a risk of causing contention and dispute by people comparing us with other authorities. The government has stated they will impose a 10% reduction to fund Council Tax Support, by which it will impossible to avoid current recipients losing out, unless the council funds shortfalls. Presently this would cost £1.2 million.	Retaining the current system of complicated regulations would seem contrary to the government's aims of its welfare reforms, but would seem the simplest way to avoid disputes, limiting the impact of start up costs such as new software, and avoid the effort and difficulty to create new processes or programmes. This would prompt the need for a level to indicate full council tax support, as now for 'passported' claims, especially for people paid Universal Credit.
5b: What is the best way of balancing the protection of vulnerable groups with the need or local authority flexibility?	The government has promised to protect pensioners from any change, thereby restricting the 10% spend reduction to 58% of our caseload (who are working age). It's then left to the council to decide who else to protect, with an emphasis of protecting vulnerable people; but also that claimants should be encouraged to work. The simplest fairest way may be to pay the same levels (before and after the change) to pensioners and others whose benefit presently meets their Council Tax in full; leaving 21% of the caseload (currently) receiving 17% of overall expenditure (£2.3million). On average, weekly support paid to 2800 people would reduce from £14 to £5. For information and for example, the collection fund would increase by £5.2 million by the abolition of single person	Getting Council Tax Benefit is presently regarded an indication of vulnerable status, that people would otherwise be unable to pay their bills. Unless the government reduction of funding is met another way, it is certain vulnerable people will be effected. Increased government funding for additional Discretionary Housing Payments could mitigate effects, as the current DHP is not sufficient, otherwise authorities will have to decide whether to meet shortfalls from their budget or how to deal with the consequences. A means to enable authorities to spend more, and target those most in need, would be to enable authorities to vary discounts and exemptions, for example to give a lower or no reduction to people living alone. The government grant reduction is equivalent to about a quarter of income that could be generated by withdrawing single person

Question	Response (cont.)	Response (cont.)
	discounts, most of which is presently given to people better able to pay.	discounts, allowing for mitigating cost of benefit (support), enabling the council (in agreement with county authorities) to offset or better the government's grant reduction. A change to national legislation is required to do this.
6a: What, if any, additional data and expertise will local authorities require to be able to forecast demand and take-up?	Reliable predictions of future national benefit caseloads based on local demography, with estimates of future ongoing take-up.	Current forecasts and government expectations of its welfare reforms are too vague and unreliable to use as the basis to properly plan for change.
6b: What forms of external scrutiny, other than public consultation, might be desirable?	Existing facilities should continue including auditors and the ombudsman's power to investigate. Claimants' right of appeal to an independent tribunal will maintain transparency and confidence.	The government propose public scrutiny or challenge, including stake holder consultation and publicising base information.
6c: Should there be any minimum requirements for consultation, for example, minimum time periods?	Yes. This council already has rigorous publicised procedures directing how it creates and changes policies and practices; which should be sufficient to avoid unnecessary bureaucracy.	Initially and annually, scope for consultation should allow for the timing of tax setting and billing. More consultation than happens now will cost more in terms of resource and facilities.
6d: Do you agree that councils should be able to change schemes from year to year? What, if any restrictions, should be placed on their freedom to do this?	Yes. Council's should have the option to change schemes at any time, to provide scope to quickly solve any difficulties, particularly if anybody is unfairly treated; based on a requirement that changes to existing council policies are subject to existing sufficient procedures, to insure proper scrutiny and provide appropriate opportunities for consultation and challenge.	Changes to a scheme would be difficult to administer and defend within the same financial year, and would be costly to amend documents and software; and depend on the council's procedure to make changes in terms of scrutiny and political challenge.
6e: How can the Government ensure that work incentives are supported, and in particular, that low earning households do not face high participation tax rates?	The government could extend it's proposal of a gradual reduction or withdrawal of state support for people finding work under Universal Credit , to enable councils to do the same, by gradually reducing Council Tax Support; guaranteeing authorities with a specific form subsidy, supporting the interaction with Universal Credit, limiting the culture shock for people to be faced with a large	Generally, the government's welfare reforms are intended to create work incentives, concentrated at those with lowest incomes. As such, it would seem counter productive and discouraging for these people to pay more Council Tax because of the 10% funding reduction. The government say they desire no more than a 20% variation of peoples benefit (comparing before and after). A

Question	Response	
(continued)	strategy would be to reduce overall expenditure, relying on people's waged income will stop their need for support. People could be encouraged to work by improving existing incentives.	household bill they're not used to. In addition , practical steps would be to: • cut qualifying time for run-ons to 3 months, • extend run-ons to 3 months, • increase the wages disregard temporarily or permanently, • Separate (higher) disregards for spouses to give incentive to all earners.
7a: Should billing authorities have default responsibility for defining and administering the schemes?	The council may wish to prioritise or tailor support for the local community depending on local events or circumstances. Current renowned experience and expertise has built up over decades and could be jeopardised if transferred elsewhere. The cost of radical change to administration could be considerable, and could affect service and performance.	Yes. By setting out to have an effective local scheme, the government is dependent on the efficiency and reliability of the local authority; and should therefore empower authorities to exercise judgement and expertise to match the need of its community; without the need for the authority to have to request special permission or authority.
7b: What safeguards are needed to protect the interests of major precepting authorities in the design of the scheme, on the basis that they will be a key partner in managing financial risk?	As the billing authority, the council has to guarantee 87% of the collection fund to the county council, fire and police; each of whom directly answers to residents or electorate. It is therefore essential to insure and maximise Council Tax income, which could be effected if a section of the community found they could not afford to pay or refused to in protest.	Unless, the design of the Collection Fund is changed, there is no or low risk to other precepting authorities' income, but it is reasonable they should be included and consulted in the design of a new scheme, and participate in any subsequent changes; to understand and support it, particularly to be able to justify if challenged.
7c: Should local precepting authorities (such as parish councils) be consulted as part of the preparation of the scheme? Should this extend to neighbouring authorities?	A unique new scheme may be unpopular or felt to be unfair, if residents felt they would be better off elsewhere, thinking another scheme by another authority is more favourable.	Yes – fully. Credibility of schemes may be enhanced by collaboration, to the extent that a consistent approach to separate policies and procedures could avoid dispute or perception of not being treated fairly.
7d: Should it be possible for an authority (for example, a single billing authority, county council in a two-tier area) be responsible for the scheme in an area for which it is not a billing authority?	Presently, our same team of staff award benefit to reduce Council Tax as well as collect it. This avoids duplication of effort and channels expertise, giving a locally based support to residents. Separation of roles is possible and	Yes. Authorities have made use of alternative separate solutions, as a means to improve performance and efficiency; for which the right to do so may or may not be necessary.

Question		
7e: Are there circumstances where Government should require an authority other than the billing authority to lead on either developing or administering a scheme?	feasible, whether by councils or firms, which may be desirable to improve performance or achieve savings. As a matter of experience, locally and nationally, it is unlikely a need would arise for the government to intervene. This authority is and has been working closely with other authorities to develop schemes and practices, as the best way to make progress. Despite this, it may be prudent to have an option for intervention.	Yes – although it is difficult to conceive when or why government intervention should be necessary. Experience and expertise is generally sufficient for effective collaboration.
8a: Should billing authorities normally share risks with major precepting authorities?	The government propose shared form of risk management policy between the preceptors to limit us from un-budgeted expenditure. This is not current practice, and could be a major risk and not affordable, unless financial provision is made as a contingency, creating a need to raise revenue to fund it, by increasing bills in general.	Yes – as a form of protection for billing authorities, but which could have a considerable impact on other authorities, especially if they have to cut services, to meet unexpected expense to provide financial support.
8b: Should other forms of risk sharing (for example, between district councils) be possible?	It is unlikely that financial contingency between districts will be viable based on available budgets. Risk management already takes place, with shared arrangements to insure resources and IT system availability.	Financially no but otherwise yes. Whilst it is unlikely district councils could provide financial support or contingency for one another; collaboration for risk management is viable, to safeguard resources and other facilities.
8c: What administrative changes are required to enable risk sharing to happen?	As a new concept, the major preceptors would have to be willing to act as underwriters, and may not be prepared to do so, or would require certain guarantees about performance.	Discussion between partners to discuss risk sharing would have to start, as the basis for an agreement or commitment to provide support, especially financial from other preceptors; with some process for remediation and repayment.
8d: What safeguards do you think are necessary to ensure that risk sharing is used appropriately?	As a new concept, new guidelines or protocols would be required, setting out justification and authority to make decisions, and measures for scrutiny.	We propose specific procedures based on a risk assessment, setting out possible courses of remedial action and about how officers should act; based on political scrutiny by existing processes; which can be monitored and demonstrated to auditors.

9a: In what aspects of administration would it be desirable for a consistent approach to be taken across all schemes?	It would seem best to have consistent policies and practices across authorities, to avoid complexity and disputes, caused mainly by comparison to detect unfairness; as well as to enable resources such as software to be produced and maintained cost effectively.
The government says a new scheme has to help make work pay, whilst being fair and easy. Right of appeal is an example of how different schemes across authorities will add complexity and confusion, creating cause for dispute by comparison, by perception some are fairer than others.	
9b: How should this consistency be achieved? Is it desirable to set this out in Regulations?	The easiest solution would be a framework or national procedures, of guidelines and best practice, similar to exiting ones, written in collaboration with authorities and stake holders, covering basic directions for eligibility. Regulations could provide a legal basis for doing this, setting out specific objectives and criteria.
The present benefit system is based on national procedures or caselaw, which would be difficult and thereby costly to vary and replace, especially if these were unique or separate from one authority to another, with no prospect from government to help authorities fund the effort or expenses.	
9c: Should local authorities be encouraged to use these approaches (run-ons, advance claims, retaining information stubs) to provide certainty for claimants?	Yes. Scope for authorities to build in these options, to allow flexibility, would seem sensible.
Run-ons is mainly a feature caused by the current scheme, by taking income into account for the period paid, not from when it's received, such as wages. It could be argued a change to use income received rather than theoretical would be fairer, and provide more reliable encouragement to work.	
9d: Are there any other aspects of administration which could provide greater certainty for claimants?	Yes. Simplicity and transparency of policies procedures would underpin the credibility and effectiveness of a scheme, geared more to people's needs, by removing the complexity of the current system.
Run-ons, advance claims and other variations of the main scheme, create uncertainty and complication; as well as add to effort and complexity of process and administration, and thereby affect cost and performance. The current system relies on people to remember and act quickly to meet their obligations, for example to report changes of their circumstances, often at times of emergency or upheaval; causing overpayments and financial hardship, creating debt rather than making life easier or simpler; adding to the council's administration costs.	The way income is calculated could be changed, to be based on when income is received and can be spent, instead of the current system of calculating in retrospect. This would help to meet clear and present need. Benefit periods could be fixed for several months, by which people would report changes less often, avoid uncertainty and overpayments, and reduce administration costs.

Question	Response
9e: How should local authorities be encouraged to incorporate these features into the design of their schemes?	The government expect consultation with stakeholders, by which any scheme would have greater credibility and public confidence; to be part of the costs already suggested to be borne by the council.	If schemes are to be local, to meet local needs, authorities should be free to establish appropriate solutions, subject to mechanisms for scrutiny, to insure effectiveness and fairness.
9f: Do you agree that local authorities should continue to be free to offer discretionary support for council tax, beyond the terms of the formal scheme?	In practice, presently, the bulk if not all Discretionary Housing Payments help tenants pay their rent, not Council Tax. The entire budget is spent in year, meaning extra spend to help people pay their Council tax, would either have to be funded as extra by the government or extra met by the council, or reduce help to tenants.	Yes. Authorities should have the continued scope to help people pay their Council Tax, to be able to decide whether to make provision in the authorities budget. Given the probability that a new scheme will cause financial difficulty to many, the government should commit to funding part or all demand in the first year at least.
9g: What, if any, circumstances merit transitional protection following changes to local schemes?	The council has considerable experience of transitional schemes, to know they are difficult to understand, administer and justify; and rarely support those most affected, or at least sufficiently.	None. Transitional schemes tend to presume need, thereby diverting funds to people who don't need it. Discretionary Housing Payments, based on demand and justification, would target extra support to those who need it most, tiding people over.
9h: Should arrangements for appeals be integrated with the new arrangements for council tax appeals?	The current system, as we operate it works well, as a form of check and balance; encountering difficulty and delays with the external independent tribunal system, which is also now responsible for valuation tribunals. The Appeals Service is under resourced, using slow and inefficient systems, causing delayed results; but is more objective and technically better than the old system of local review boards.	Yes. The current system of independent tribunals is well established as robust and fair, but needs investment to modernise and speed up decisions. An efficient national service would help the credibility of a new support scheme, with consistent procedures, saving people nuisance where their appeals is the same about several benefits at the same time.
9i: What administrative changes could be made to the current system of council tax support for pensioners to improve the way support is delivered (noting that factors determining the calculation of the award will be prescribed by central Government)?	Pensioner's claims for pension credits already give sufficient information for us to use to assess Council Tax Benefit, received by us as form to be input.	The authority would benefit by the Pension Service sending electronic data in a format that could be downloaded, to cut down on manual inputting by staff, improving efficiency.

Question		
10a: What would be the minimum (core) information necessary to administer a local council tax benefit scheme?	Direct means are already in place to received data from the DWP & HMRC. This is currently mostly limited to a person's entitlement, without details used to assess it.	Authorities will need at least the current means to transfer data or better, showing welfare benefit entitlement and basic details such as start dates and national insurance numbers.
10b: Why would a local authority need any information beyond this "core", and what would that be?	This would depend on the basis of a new scheme, as to whether people are entitled to support based on relative levels or types of benefits, or entirely dependant on their income and savings. The latter would be more complicated compared to now, as 64% currently receive full benefit based on them getting a 'passporting benefit' such as Income Support.	Extension of the present systems to transfer data, to include details such as income and savings, would enable authorities to download data to assess claims and changes; reducing the need to rely on claimants and resultant delays, and generally more efficient.
10c: Other than the Department for Work and Pensions, what possible sources of information are there that local authorities could use to establish claimants' circumstances? Would you prefer to use raw data or data that has been interpreted in some way?	HMRC data about Tax Credits is received electronically and downloaded, to be assessed almost immediately. This is being extended to receive more DWP information. HMRC and DWP assess benefit entitlement following the same principles as us which, if this remains consistent, should be sufficient.	Depending on the authority continuing to use the same principles to assess income and savings, we would prefer interpreted data, to avoid us duplicating effort already carried out elsewhere, and to be consistent if challenged if people compare.
10d: If the information were to be used to place the applicants into categories, how many categories should there be and what would be the defining characteristics of each?	This would be necessary to follow the government's priority to safeguard pensioners, support people to move into work, and help other vulnerable people.	• Pensioners. • People expected to work, receiving Universal Credit, specifying self employment. • Other people getting Universal Credit, stating whether sick or low income. • Other people identified as vulnerable, stating reason or cause.
10e: How would potentially fraudulent claims be investigated if local authorities did not have access to the raw data?	The government are currently determined to transfer local authority fraud investigators to a single national service, reducing it's' administration grant to authorities by a corresponding (as yet unknown) amount.	Authorities would not be able to properly investigate allegations without full information relevant to the offence. It is probable no charge could be pursued or prosecuted, as a justified defence that evidence is not sufficient. Disclosure or access to raw data is essential.

Question	Response
10f: What powers would local authorities need in order to be able to investigate suspected fraud in council tax support?	The authority would either have to use the new service, or retain staff paid for out if its' own budget. If the latter, existing powers for the authority to investigate would have to be reinstated, as it intended this is withdrawn, limiting the authority's scope.	The same powers as now, amended to provide for the new scheme. Assuming the number of local investigations will be few, and supposing instances where no other benefit is paid, authorities should be allowed to share resources and facilities.
10g: In what ways could the Single Fraud Investigation Service support the work of local authorities in investigating fraud?	It is presently common for fraud to involve several welfare benefits paid to the same person. The stated purpose of the new national service is to avoid duplicating or jeopardise investigations. Legal provision for council to investigate fraud for Council Tax Support is being repealed, leaving theft as the potential offence. This could be difficult to pursue if councils have different local schemes.	The single investigation service should deal with allegations involving welfare benefits and Council Tax Support, to avoid duplication and to safeguard potential sanctions such as prosecution; with a continuation of current provisions and powers, for investigators to investigate and prosecute fraud.
10h: If local authorities investigate possible fraudulent claims for council tax support, to what information, in what form would they need access?	Existing powers enable investigators to access a variety of sources, such as obtaining wages and savings information, and data direct from the DWP and HMRC.	Authorities will need existing powers, to access the same sources and type of information as we do now.
10i: What penalties should be imposed for fraudulent claims, should they apply nationally, and should they relate to the penalties imposed for benefit fraud?	The current range and types of sanctions are established and credible, including criminal court proceedings, with the potential for imprisonment if so serious. Alternative financial penalties act as a deterrent, providing authorities a sufficient variety of measures.	The current range and variety of sanctions and penalties should continue, consistent for welfare benefits and Council Tax Support.
10j: Should all attempts by an individual to commit fraud be taken into account in the imposition of penalties?	The council's fraud policy sets out procedures for investigation, penalties and proceedings, taking full account of the nature and severity of an offence.	Yes – so as to decide how to investigate an offence and appropriate proceedings.
11a: Apart from the allocation of central government funding, should additional constraints be placed on the funding councils can devote to their schemes?	The emphasis of the new support scheme is for authorities to decide what level or how much support to give to its' residents, whether this means matching current entitlements, or to pay more or less.	No. Based on the aim for local responsibility and accountability, authorities should have the scope to decide the level or amounts of support it awards; even if this means meeting a shortfall of government funding from other sources.

Question	Response
11b: Should the schemes be run unchanged over several years or be adjusted annually to reflect changes in need?	It is not unusual for the current (Housing and Council Tax) benefit scheme to change in year, when found necessary by the DWP. Especially given potential for difficulty initially, the council could incur considerable expense without flexibility to solve problems, and which could result in people being treated unfairly or by them abusing the scheme.
	No. Authorities should have the scope to change their schemes at least annually, if not more frequently; based on due process for consultation and scrutiny. This would enable authorities to adapt to local difficulties or pressures, perhaps to tailor its' budget provision or rules to meet changes in demand or local emergencies.
12a: What can be done to help local authorities minimise administration costs?	Administration costs generally reflect complexity, either to adhere to rules or difficulties arising. The main costs are for computer systems and staff, which would reduce if a support scheme is simple, with little or no reason for dispute or abuse.
	A new scheme provides an opportunity to radically simplify the basis for support, for example to award full support to people getting certain welfare benefits; to pay other people with other low incomes (and savings) for fixed periods, avoiding the need for frequent reassessments. Claimants could generally be expected to interact with the authorities online, to give and receive information such as bills and details of entitlement.
12b: How could joint working be encouraged or incentivised?	The council is already seeing savings and efficiencies from its' own fundamental service reviews, which include plans to look at possibilities for joint ventures.
	Local authorities already constantly strive to improve performance at low cost, exploring joint or joined up initiatives as a way of doing this; which would benefit from government funding in the form of venture capital or spend to save.
13a: Do you agree that a one-off introduction is preferable? If not, how would you move to a new localised system while managing the funding reduction?	The government intends to introduce Universal Credit from 2013, in effect transferring Housing Benefit from the council on a phased basis, starting the new support scheme at the same time; at a time of continuing turbulence in the local and national economy, with other increasing demand from local house building. This has the prospect of adding considerable effort for our service, already slimmed down after its' fundamental review, which may need extra capacity to cope.
	Ideally no, given the effort involved with preparation and transfer of work to Universal Credit, the Council Tax Support scheme should be part of a second phase to start in 2014, so that available resources can cope effectively; for the benefit grant to also reduce in 2014 (not 2013). Otherwise, understanding the scheme and funding will change in 2013 – yes, so as to minimise the effect and upset on residents.

Question	Answer
13b: What information would local authorities need to retain about current recipients/applicants of council tax benefit in order to determine their entitlement to council tax support?	The government sets out information held by the authority about people already getting Council Tax Benefit will be used to work out their new support. In any event, this information will be necessary to cross reference, particularly to do work retrospectively. As things stand, not knowing the rules for a new scheme, it's prudent to assume information presently on record will be needed. Everything currently on record, to be retained in line with authority's document and data retention policies.
13c: What can Government do to help local authorities in the transition?	The main advantage for the council would be to have sufficient information about the new scheme well in advance, to be able to plan, consult and budget with enough time to coordinate with the established processes for main billing for 2013. 1. Decide the framework or rules for the new scheme before February 2012. 2. Provide details of any funding, both for administration and subsidy by February 2012. 3. Establish and enable all facilities to assist administration by October 2012, such as fraud powers and IT links, to provide for sufficient testing and development; in particular in relation to Universal Credit. 4. Pay start up grant funding, to enable procurement and implementation of new systems, particularly bespoke software; and create capacity to wind down old schemes in tandem with the new one.
13d: If new or amended IT systems are needed what steps could Government take to shorten the period for design and procurement?	Software suppliers will charge to redesign existing systems or produce new ones, which will cost more if local schemes vary; or if solutions are needed urgently or adapted late on. Software suppliers will need as long as possible to design and refine solutions, allowing authorities to test and adapt to meet their needs; for which a framework or rules should be published as early as possible, by February 2012.
13e: Should applications, if submitted prior 1 April 2013, be treated as if submitted under the new system?	Any form of review or requirement to reapply for the new scheme would effect 13,000 people presently. To be valid or relevant to the new scheme, people would have to be contacted close to April 2013, but before February when Yes. Entitlement under the new support scheme should be based on previous applications, based also on entitlement to Council Tax Benefit, to be decided when authorities run processes for annual up-rating and annual billing, on or about 1

main billing takes place. This would seem unnecessary, depending on the basis for awarding support under the new scheme, and could considerably increase footfall (enquiries) by raising alarm at one of the council's busiest times of the year.	March (each year), effective 1 April. Applications received from January 2013 should be assessed for benefit or support under both the old and new schemes.
13f: How should rights accrued under the previous system be treated?	
Rights, such as the ability to appeal, make a backdated application, or a run-on having found work, are established in the present scheme. Presently people have a maximum of over a year to appeal to the independent tribunal. It could seem unfair if these facilities were removed straight away by the new scheme, especially if otherwise a person had good cause and lost out, and had to pay more Council Tax.	New rules or regulations should provide for people to solve issues about Council Tax Benefit retrospectively, for example to be able to appeal within the current time allowed, and otherwise bring forward any rights, so they get their entitlement under either the old or new schemes, to avoid suffering by the transition.

Supporting notes about the Government's proposals

- Ministers state a 10% reduction of grant to pay benefits will be met from reduced demand, mainly by encouraging people to work, creating less unemployment. Housing Minister Grant Shapps is reported as saying that saving 10% is "relatively straightforward."
- The number of people unemployed in Colchester district rose 1,500 in the 3 months to July, up 3.3% nationally. Colchester's benefit caseload has increased by 3.6% since August 2010, up 516 to 14,868.
- 13,035 people presently get Council Tax Benefit in Colchester.
- Software companies responding to the government's consultation have said that it is unlikely they can meet a start in 2013. Companies also believe that they will have a window of 2 weeks to develop programmes, supposing councils create and approve policies and procedures quickly; indicating a schedule to work in 2013 may already be a risk.
- The potential cost of software could be higher than now, as IT companies may have to produce bespoke systems to enable various local schemes.
- Community Charge (from 1990 to 1993) required unemployed people and students to pay 20%. Resultant administration caused a considerable increase of staff, mainly for recovery and enforcement of bad debts; with protracted payment plans with people unable to pay, effecting cash flow. Although a reduction of support for people presently getting Council Tax Benefit will impact on fewer people (than in 1990), it is likely to have similar effects, of people evading payment or unable to pay; increasing individual financial hardship, requiring extra resources to help and administer.
- The Government has not given any firm indication of funding arrangements. There is speculation reduced funding to pay for Council Tax Support may vary from one council to another, some getting a greater reduction than others, to achieve 10% on average. The suggestion of fixed funding over several years would provide little scope for councils to tailor or improve their scheme, to rectify faults or meet additional demand.

- Reduced support for people presently getting Council Tax Benefit, to pay something instead of nothing, could effect collection.
- The Government propose a window for councils to implement a new scheme starting in Autumn 2012, , once primary and secondary legislation is passed; at the same time as budget setting, in the lead up to main billing In February 2013.

	Cabinet		**Item**
			11(ii)
	12 October 2011		

Report of	**Head of Resource Management**	**Author**	**Hayley McGrath 508902**
Title	**2010/11 Year End Review of Risk Management**		
Wards affected	Not applicable		

> **This report reviews the Risk Management work undertaken for the period 1 April 2010 to 31 March 2011.**

1. Decision(s) Required

1.1 Note the risk management work undertaken during 2010/11.

1.2 Note the current strategic risk register.

1.3 Approve the proposed risk management strategy for 2011/12 and refer it to full Council for inclusion in the Council's Policy Framework.

2. Reason for Decision(s)

2.1 Cabinet has overall ownership of the risk management process and is responsible for endorsing its strategic direction. Therefore the risk management strategy states that Cabinet should receive an annual report on progress and should formally agree any amendments to the strategy itself.

2.2 During the year quarterly progress reports are presented to the Finance and Audit Scrutiny Panel detailing work undertaken and current issues. This report was presented to FASP on 26 July 2011 where they approved it's referral to this meeting. The minute of FASP's consideration of the report is attached as appendix 4.

2.3 The Risk Management Strategy is one of the key Corporate Governance documents that supports the Constitution of the Council and is within the Policy Framework. Accordingly any amendments have to be approved by full Council.

3. Key Messages

  ➢ The economy and cuts in public spending continue to have had a significant impact on the key risks during the year. The highest risk on the year end strategic register relates to the potential impact of future central government decisions to reduce public funding, including that of the Council's partners.

  ➢ As well as having a direct effect on resources, cuts in public spending are also influencing non-financial risk areas, such as staff motivation, as a result of implementing required savings.

  ➢ The 2009/10 Annual Governance Report, issued by the Audit Commission in September 2010, stated that "The Council has an effective risk management system that is embedded within the organisation". This is demonstrated by the 2010/11 internal audit review which gave a substantial assurance rating.

4.   Supporting Information

4.1   The aim of the Council is to adopt best practices in the identification, evaluation, cost-effective control and monitoring of risks across all processes to ensure that risks are properly considered and reduced as far as practicable.

4.2   In broad terms risks are split into three categories:
   ➢   Strategic – those risks relating to the long term goals of the Council
   ➢   Operational – risks related to the day-to-day operation of each individual service
   ➢   Project – consideration of the risks relating to specific initiatives

4.3   Strategic risks are essentially those that threaten the long term goals of the Council and therefore are mainly based around meeting the objectives of the Strategic Plan. They may also represent developing issues that have the potential to fundamentally effect service provision, such as proposals to dramatically change the corporate assessment process. Strategic risks are owned by members of the Senior Management Team.

4.4   Operational risks are those that threaten the routine service delivery of the Council. Each service area has their own operational risk register that details the risks associated with providing the service. These registers are reported, in summary format, to the Senior Management Team and committee on an annual basis. High risks and the success in controlling them are reported to Senior Management Team on a quarterly basis, as these assist in the formulation of the strategic risk register.

4.5   Project risks are those that relate solely to the successful delivery of that specific project. They tend to be quantifiable issues, such as resource or time related, and constantly change and develop over the course of the project as each stage is completed. The lead on the project is responsible for ensuring that there is an appropriate risk register and high level issues are reported to the senior management team.

5.   Summary of 2010/11

5.1   Effective management of risk is one of the key principles of corporate governance and the primary focus for 2010/11 has been to strengthen the links between the corporate governance framework and the risk management process. Risk Management has become a fundamental part of the management processes of the Council and there is a general understanding of it throughout the authority. However it was recognised that there was not the same level of awareness when it came to Corporate Governance. Therefore the Risk and Resilience Manager has been working with the Monitoring Officer to develop the Corporate Governance framework, which has been published on the Councils website and training has been delivered to Members and Officers.

5.2   There were no fundamental changes to the risk management function, or the processes used to identify and control risk, during 2010/11.

5.3   The internal audit of the risk management function, carried out in January 2011 gave a substantial assurance and produced two level 2 recommendations and one level 3, these related to the way that information was shown on the registers and developing an information area on the Hub. The changes to the registers have been made and the information area is being developed.

5.4 Detailed risk registers have been developed for Joint Museum Service and the North Essex Parking Partnership. Both services now have their own strategies and registers that are reported to the joint committees.

5.5 The strategic risk register has been reformatted so that the action plan for each group of risks is clearly defined.

6. Strategic Risk Register

6.1 During 2010/11 the strategic risk register was reviewed every quarter and reported to the Finance and Audit Scrutiny Panel. During May 2011 the Performance Management Board carried out a fundamental review of the strategic risks and approved the base register for 2011/12, the current version of which is attached at appendix 1. These risks have been mapped onto a risk chart as shown at appendix 2.

6.2 The review has not had a significant impact on the risks and the issues relating to the uncertainties around the economic climate continue to be the highest risks.

7. Risk Management Strategy for 2011/12

7.1 The Council's approach to managing risk was fundamentally reviewed in 2006/07 and a revised strategy was produced. A requirement within the strategy, and also of the annual audit assessment, is an annual review of the strategy to ensure that it is still appropriate to the Council's needs.

7.2 Therefore a review has been undertaken and the strategy has been updated for 2011/12. The revised strategy is attached at appendix 3. There are no fundamental changes proposed to the risk process with amendments only to the areas of external review comments and work plans.

8. Proposals

8.1 To note and comment upon the Councils progress and performance in managing risk during 2010/11 and the current strategic register and endorse the submission of the revised Risk Management Strategy to full Council for inclusion in the Policy Framework.

9. Strategic Plan References

9.1 The strategic risk register reflects the objectives of the strategic plan and the actions have been set with due regard to the identified key strategic risks. Therefore the risk process supports the achievement of the strategic objectives.

10. Risk Management References

10.1 The failure to adequately identify and manage risks may have an effect on the ability of the Council to achieve its objectives and operate effectively.

11. Other Standard References

11.1 There are no direct Publicity, Financial, Consultation, Human Rights, Equality and Diversity, Community Safety or Health and Safety implications as a result of this report.

Quarter 2 2011/12
Colchester Borough Council – Corporate Strategic Risk Register
July 2011 – September 2011

1. AMBITION							
Specific Risks		**SCORE**					**Consequence**
		Current			Previous		
		P	I	o	P	I	o	
1a	In a period of public sector resource reductions the ability to have ambition and to deliver on that ambition.	3	2	6				Major changes needed to the town of Colchester would not be delivered thus affecting the quality of life of its residents and businesses.
1b	Unrealistic internal and external expectations on the speed of delivery.	3	3	9				Major economic downturn in public sector resourcing over the next few years will hamper the speed of delivery across the services provided.
1c	The Council is unable to effectively respond to changes in the Borough economy.	2	4	8	2	5	10	Poorer external assessments by independent agencies and loss of Council reputation.
1d	Over reliance on a limited number of key personnel to deliver the ambition.	3	3	9	2	3	6	The Borough Council loses its status and influencing ability at sub-regional, regional and national levels.

ACTION PLAN – AMBITION		
Action	**Owner**	**Review**
Constantly challenge the ambition shown by the Council and look for new and innovative ways of delivering that ambition.	Chief Executive / Executive Directors / Heads of Service	October 2011
To make the most of Information and Communication Technology; continue the process of Fundamental Service Reviews; and concentrate on the core strategic, tactical and operational services.	Executive Management Team	October 2011
Continue internal assessment of service effectiveness and seek external assessments for continuous improvement purposes.	Senior Management Team	October 2011
Consider longer term impacts of short-term decisions in staffing reductions.	Senior Managers and Human Resources function	October 2011

2. CUSTOMERS							
Specific Risks		SCORE					Consequence
		Current			Previous		
		P	I	o	P	I	o	
2a	The increasing expectations of our customers, set alongside the financial challenges to service delivery may pose some challenges to customer excellence, service and delivery and the reputation of the authority.	4	3	12	3	3	9	The Authority fails to deliver the high standards of service and delivery which our customers expect, especially in relation to self service and the reliance on IT capabilities.

ACTION PLAN – CUSTOMERS		
Action	Owner	Timing
A programme of engagement and consultation is put in place to ensure customers are able to inform service priorities and delivery	ED Customer Excellence	October 2011

3. PEOPLE							
Specific Risks		SCORE					Consequence
		Current			Previous		
		P	I	o	P	I	o	
3a	Unable to update skills at a time when we need a changing skill set to deliver in a different economic climate	3	3	9				Decline in service performance
3b	Failure to sustain adequate resource to support Training and Development because of the financial situation	3	3	9				Disengaged and demotivated staff Efficiency and productivity reduction
3c	Declining number of staff affects our capacity and impacts on our ambitions	3	4	12				Inability to meet changing requirements and needs
3d	Failure to provide effective and visible political and managerial leadership.	3	3	9				Customer perceptions decline as we deliver less
3e	Staff motivation declines with impact of fundamental service reviews and implementation of other budget efficiencies	4	4	16				Loss of key staff

Consequence (spanning): Decline in service performance / Disengaged and demotivated staff / Efficiency and productivity reduction / Inability to meet changing requirements and needs / Customer perceptions decline as we deliver less / Loss of key staff

ACTION PLAN – PEOPLE		
Action	Owner	Timing
Ensure effective communications strategy around budget implications with staff	ED People & Performance	October 2011
Ensure people strategy is updated to reflect changing needs as appropriate	ED People & Performance	October 2011
Continue to recognise the importance of training and development budgets and use more innovative methods to keep skills up to date	ED People & Performance	October 2011
Ensure performance management process is effectively implemented and monitored to include development needs and plans	ED People & Performance	October 2011
Active promotion and use of Colchester Learning Managers programme and development to meet evolving needs	ED People & Performance	October 2011
Ensure outcomes of fundamental service reviews reflect training and development needs to support changes in services.	ED Customer Excellence	October 2011

4. HORIZON SCANNING							
	SCORE						
Specific Risks	Current			Previous			Consequence
	P	I	o	P	I	o	
4a To continuously assess future challenges to ensure Council is fit for future purpose	2	4	8				If not properly managed then either the Council will lose the opportunity to develop further or will have enforced changes to service delivery.
4b Not taking or creating opportunities to maximize the efficient delivery of services through shared provision, partnerships or commercial delivery	4	3	12				Adverse impact on local residents / resources. Missed opportunities to boost local economy.
4c Failure by the Council to spot / influence at an early stage the direction of Central Government policies / new legislation.	3	3	9	2	3	6	Conflict between Council / Government agendas. Reduction in levels of service provision and potential withdrawal of services.
4d Potential impact of future central government decisions to reduce public funding, including that of our partners	4	5	20	3	5	15	

ACTION PLAN – HORIZON SCANNING		
Action	Owner	Timing
Ensure organisational readiness to respond to external challenges through the Way We Work programme strands: - People - Transformation - Customer Excellence - Leadership of Place	EMT	October 2011
Supported by a robust Medium term Financial strategy and organisational development strategy.	EMT	October 2011
Continuous review of strategies and policies to reflect changing context.	EMT	October 2011
The budget situation is under constant review, including the impact of decisions from central government. Additional actions and areas for spending reviews are being identified.	EMT	October 2011

5. PARTNERSHIPS							
Specific Risks		**SCORE**					**Consequence**
		Current			**Previous**		
		P	**I**	**o**	**P**	**I**	**o**	
5a	Failure or inappropriate performance management of one or more strategic partnerships or key contracts E.g. Haven Gateway, RCE, Serco, CBH	4	3	12				The cost of service delivery is increased however quality decreases.

Failure to deliver key priorities.

Reputational and financial loss by the Authority.

Failure to deliver expected outcomes through partnerships |
| 5b | Change of direction / policy within key partner organisations and they revise input / withdraw from projects. | 3 | 3 | 9 | 3 | 2 | 6 | Requirement to repay external funding granted to partnership – taking on the liabilities of the 'withdrawn' partner.

External assessment of the Councils partnerships are critical and score poorly. |
| 5c | Potential inability to agree shared outcomes/ agendas with partners and the Council's ability to influence partner's performance. | 3 | 3 | 9 | 3 | 2 | 6 | |

ACTION PLAN – PARTNERSHIPS		
Action	**Owner**	**Timing**
Assess proposed strategic partnerships to ensure that they will satisfy the Council's objectives before commitment to new partnerships is made.	EMT	October 2011
Define a relationship / performance management process for partnerships	ED People & Performance	October 2011
Ensure that there is a mechanism to review partnerships and assess the value added.	ED People & Performance ED Leadership of Place	October 2011

6. ASSETS & RESOURCES

Specific Risks		Current			Previous			Consequence
		P	**I**	**o**	**P**	**I**	**o**	
6a	Failure to protect public funds and resources – ineffective probity / monitoring systems	2	4	8	2	5	10	Service delivery failure Financial and reputational loss by the Authority
6b	Risk that Asset Management is not fully linked to strategic priorities and not supported by appropriate resources	3	4	12				Personal liability of Officers and Members. Legal actions against the Council
6c	Inability to deliver the budget strategy in the current economic climate	3	5	15				Loss of stakeholder confidence in the Borough Inability to sustain costs
6d	Failure to set aside sufficient capital funds for strategic priorities	3	4	12	3	2	6	Failure to deliver a balanced budget Required to use Reserves & Resources to fund services and capital priorities Severe impact on cash-flow leading to negative effect on performance targets

ACTION PLAN – ASSETS & RESOURCES

Action	Owner	Timing
Ensure that there is a robust system of internal control that encompasses all assurance systems including Internal Audit, Risk Management, Budget process, Corporate Governance and performance management. This must be reported to senior officers and members on a regular basis to ensure that it is fully embedded	EMT / Head of Resource Management	There is cycle of reviewing and reporting including internal Audit, Risk management and the AGS Review October 2011
Continue to ensure that the budget monitoring process is reflective of finances across the whole Council not just individual service areas	Head of Resource Management	Regular reporting to PMB. & FASP. Review October 2011
Develop the annual budget strategy to ensure it has controls built in to be able to respond to changes in the strategic objectives and is innovative to reflect the current climate and emerging options	Head of Resource Management	Annual exercise. Council approves budget in Feb 2011
Review the medium term financial outlook and capital programme processes to ensure they are kept up to date and realistic	Head of Resource Management	MTFS is part of the budget strategy & considered during the process. Capital programme reported to FASP quarterly Review January

SCORE DEFINITIONS	1 Very Low	2 Low	3 Medium	4 High	5 Very High
Impact	Insignificant effect on delivery of services or achievement of Strategic Vision & Corporate Objectives.	Minor interruption to service delivery or minimal effect on Corporate Objectives.	Moderate interruption to overall service delivery/effect on Corporate Objectives or failure of an individual service.	Major interruption to overall service delivery or severe effect on Corporate Objectives.	Inability to provide services or failure to meet Corporate Objectives
Probability	10% May happen – unlikely	10 -25% Possible	26 – 50% Could easily happen	51 – 75% Very likely to happen	Over 75% Consider as certain

RISK MATRIX QTR 2 2011/12

| Low Risks | Medium Risks | High Risks |

Scoring 1-5

Risk Tolerance Line

Probability of Occurance

		1 Very Low	2 Low	3 Medium	4 High	5 Very high
5 Very High						
4 High				4b 5a 2a	3e	4d
3 Medium			1a	1b 1d 3a 3b 3d 4c 5b 5c	3c 6b 6d	6c
2 Low					1c 4a 6a	
1 Very Low						

Severity of Impact

RISK MANAGEMENT STRATEGY

This document outlines the Council's commitment to managing risk in an effective and appropriate manner. It is intended to be used as the framework for delivery of the Risk Management function and provides guidance on developing risk management as a routine process for all services.

INTRODUCTION

The Council undertakes that this strategy will ensure that:

1. The management of risk is linked to performance improvement and the achievement of the Council's strategic objectives.

2. Members and the Senior Management Team own, lead and support on risk management.

3. Ownership and accountability are clearly assigned for the management of risks throughout the Council.

4. There is a commitment to embedding risk management into the Council's culture and organisational processes at all levels including strategic, programme, project and operational

5. All members and officers acknowledge and embrace the importance of risk management as a process, by which key risks and opportunities are identified, evaluated, managed and contribute towards good corporate governance.

6. Effective monitoring and reporting mechanisms are in place to continuously review the Council's exposure to, and management of, risks and opportunities.

7. Best practice systems for managing risk are used throughout the Council, including mechanisms for monitoring and reviewing effectiveness against agreed standards and targets.

8. Accountability to stakeholders is fully demonstrated through periodic progress reports and an annual statement on the effectiveness of and the added value (benefits) from the Council's risk management strategy, framework and processes.

9. The Council's approach is regularly assessed by an external, independent body against other public sector organisations, national standards and Best Practice.

10. The Risk Management Strategy is reviewed and updated annually in line with the Council's developing needs and requirements.

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Endorsement by Adrian Pritchard, Chief Executive

"*Colchester Borough Council is committed to ensuring that risks to the effective delivery of its services and achievement of its overall objectives are properly and adequately controlled. It is recognised that effective management of risk will enable the Council to maximise its opportunities and enhance the value of services it provides to the community. Colchester Borough Council expects all officers and members to have due regard for risk when carrying out their duties.*"

A.R.Pritchard.

WHAT IS RISK MANAGEMENT

Risk Management is the control of business risks in a manner consistent with the principles of economy, efficiency and effectiveness. It is an essential performance management process to ensure that both the long and short term objectives of the Council are achieved and that opportunities are fully maximised.

Risk Management is not about eliminating risk, as this would limit the ability of the organisation to develop and deliver its ambitions. Its purpose is to recognise the issues that could effect the achievement of our objectives and develop actions to control or reduce those risks. Acknowledgement of potential problems and preparing for them is an essential element to successfully delivering any service or project. Good management of risk will enable the Council to rapidly respond to change and develop innovative responses to challenges and opportunities.

'The Good Governance Standard for Public Services' issued by The Independent Commission on Good Governance in Public Services states that there are six core principles of good governance including 'Taking informed, transparent decisions and managing risk'. The document goes on to state 'Risk management is important to the successful delivery of public services. An effective risk management system identifies and assesses risks, decides on appropriate responses and then provides assurance that the chosen responses are effective'.

BACKGROUND

The first Risk Management Strategy was adopted by the Council in September 2003 and incorporated in the Council's policy framework. This introduced the concept of risk and identified the process to be followed.

In broad terms risks are split into three categories:
➢ Strategic – those risks relating to the long term goals of the Council
➢ Operational – risks related to the day-to-day operation of each individual service
➢ Project – consideration of the risks occurring as a result of the Council's involvement in specific initiatives

The following are some of the practical ways that risks are managed and how effectiveness is measured.:
➢ Creation of an overall strategic register.
➢ Creation of operational risk registers for all service areas.
➢ Consideration of risk in Committee reports.
➢ Development of a comprehensive risk register for the regeneration programme and consideration of risk as a project management tool.
➢ Successful internal and external assessment.
➢ Provision of advice to other authorities regarding our management of risk.

The Audit Commission, in their 2009/10 Annual Governance Report stated that "The Council has an effective risk management system that is embedded within the organisation".

This is an endorsement that we have devised a practical and workable approach to managing risk. This has resulted in the Council becoming more risk aware and actually taking more risks, as demonstrated by the comprehensive risk register for the renaissance projects. Colchester is also highly regarded for managing risk by both our insurers and other authorities.

The 2010/11 internal audit of risk management gave a substantial assurance opinion. Some recommendations were raised during this audit and these mainly related to how the information was shown on the risk registers.

OWNERSHIP

The responsibility to manage risk rests with every member and officer of the Council however it is essential that there is a clearly defined structure for the co-ordination and review of risk information and ownership of the process.

Appendix D is from the CIPFA/SOLACE risk management guide, Chance or Choice. It is a generic map of responsibility for each part of the risk management process.

The following defines the responsibility for the risk management process at Colchester:

Cabinet – Overall ownership of the risk management process and endorsement of the strategic direction of risk management.

Portfolio Holder for Resources & ICT – Lead member for the risk management process

Finance & Audit Scrutiny Panel (FASP) – Responsible for reviewing the effectiveness of the risk management process and reporting critical items to cabinet as necessary.

Performance Management Board (PMB) – Ownership of the strategic risks and overview of the operational risks. Actively support the Risk Management Strategy and framework.

Executive Director – People & Performance – Lead officer for the risk management process, demonstrating commitment to manage risk

Head Of Resource Management – Responsible for co-ordination of the risk management process, co-ordinating and preparing reports and providing advice and support.

Heads of Service – Ownership, control and reporting of their service's operational risks. Contribute to the development of a risk management culture in their teams.

All Employees – To understand and to take ownership of the need to identify, assess, and help manage risk in their individual areas of responsibility. Bringing to the management's attention at the earliest opportunity details of any emerging risks that may adversely impact on service delivery.

Internal Audit, External Audit and other Review Bodies – Annual review and report on the Council's arrangements for managing risk throughout the Council, having regard to statutory requirements and best practice. Assurance on the effectiveness of risk management and the control environment.

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AIMS & OBJECTIVES

The aim of the Council is to adopt best practices in the identification, evaluation, cost-effective control and monitoring of risks across all processes to ensure that risks are properly considered and reduced as far as practicable.

The risk management objectives of Colchester Borough Council are to:

➢ Integrate risk management into the culture of the Council
➢ Ensure that there are strong and identifiable links between managing risk and all other management and performance processes.
➢ Manage risk in accordance with best practice
➢ Anticipate and respond to changing social, environmental and legislative requirements
➢ Prevent injury, damage and losses and reduce the cost of risk
➢ Raise awareness of the need for risk management by all those connected with the Council's delivery of services.
➢ Ensure that opportunities are properly maximised through the control of risk.
➢ Reduce duplication between services in managing overlapping risks and promote 'best practise'.

Risk Management forms an important part of the Council's system of Internal Control and is therefore one of the Use of Resources Key Lines of Enquiry. The Risk Management function was assessed at level 3 in 2008/09. The objectives outlined above have been set to ensure that the function can maintain this assessment level. Currently, however, the Use of Resources assessment has been discontinued but the criteria laid down for each assessment level , set out in Appendix C, still provides a robust framework for delivering an effective service.

STRATEGIC RISK MANAGEMENT

Strategic risks are essentially those that threaten the long term goals of the Council and therefore are mainly based around meeting the objectives of the Strategic Plan. They may also represent developing issues that have the potential to fundamentally effect service provision, such as proposals to dramatically change the corporate assessment process.

Strategic risks will be controlled using a register that will detail the risks and associated controls. The register will be owned by the Senior Management Team, with ownership for risks being assigned to individual officers, and will be reviewed every quarter. The strategic risks will be reported to F.A.S.P. every quarter.

OPERATIONAL RISK MANAGEMENT

Operational risks are those that threaten the routine service delivery of the Council. Each service area will have their own operational risk register that details the risks associated with providing the service. These registers will be reported, in summary format, to the Senior Management Team and committee on an annual basis. High risks and the success in controlling them will be reported to Senior Management Team on a quarterly basis, as these will help in the formulation of the strategic risk register.

LINKS

It is essential that risk management does not operate in isolation to other management processes. To fully embed a risk management culture it has to be demonstrated that risk is considered and influences all decisions that the Council makes. It is essential that there is a defined link between the results of managing risk and the following:

➢   The Strategic Plan
➢   Service Plans
➢   Revenue and Capital Budgets
➢   Annual Internal Audit Plan

ACTION REQUIRED

The following actions will be implemented to achieve the objectives set out above:

➢   Considering risk management as part of the Council's strategic planning and corporate governance arrangements.
➢   Ensuring that the responsibility for risk management is clearly and appropriately allocated
➢   Maintaining documented procedures for managing risk
➢   Maintaining a corporate approach to identify and prioritise key services and key risks across the Council and assess risks on key projects.
➢   Maintain a corporate mechanism to evaluate these key risks and determine if they are being adequately managed and financed.
➢   Establish a procedure for ensuring that there is a cohesive approach to linking the risks to other management processes
➢   Including risk management considerations in all committee reports
➢   Providing risk management awareness training to both members and officers.
➢   Developing risk management performance indicators.
➢   Establishing a reporting system which will provide assurance on how well the Council is managing its key risks and ensures that the appropriate Members and officers are fully briefed on risk issues.
➢   Preparing contingency plans in areas where there is a potential for an occurrence to have a significant effect on the Council and its business capability.
➢   Regularly reviewing the risk process to ensure that it complies with current national Governance Standards and Best Practice.
➢   Creation of an annual 'Action Plan' that details particular areas of development for the coming year, including details of the value added and how they will be embedded.

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REVIEW

To ensure that the risk management process is effective it will need to be measured and reported to P.M.B., F.A.S.P. & Cabinet. As well as a structured reporting process of risks and controls during the year there will need to be an annual review demonstrating the success of the following:

➢ The inclusion of risk management principles within Service Plans and budgets.

➢ The development of the Internal Audit plan based on the risk issues.

➢ Achievement against identified performance indicators.

➢ Members consistently ensuring managing risk is considered as part of the decision making processes within the Council.

➢ Service managers making recommendations that regard risk as an opportunity as well as a threat .

➢ Risk management principles being considered in service reviews, for example in areas such as options for change and service improvements.

➢ Changes in risk being independently identified and assessed by Service Managers

➢ Compliance with the use of resources criteria and self assessment requirements.

Suitable opportunities to benchmark the risk management service against other organisations should also be explored to ensure that it is effective and the work carried out by the Council conforms to best practise.

The four appendices attached give greater detail of key issues:

Appendix 1 – Outline of the risk management process
Appendix 2 – Details of how Risk Management will be reported.
Appendix 3 – The 2007 Use of Resources Criteria for Risk Management
Appendix 4 – CIPFA guidance on Risk Management Responsibilities

The Risk Management Process

Risk Management is a continual process of identifying risks, evaluating their potential consequences and determining the most effective methods of controlling them and / or responding to them. The risks faced by the Council are constantly changing and the continual process of monitoring risks should ensure that we can respond to the new challenges. This process is referred to as the risk management cycle.

Stage 1 – Risk Identification
Identifying and understanding the hazards and risks facing the council is crucial if informed decisions are to be made about policies or service delivery methods. There is detailed guidance available on how to identify risks which includes team sessions and individual knowledge. Once identified a risk should be reported to the Head of Service who will consider its inclusion on the relevant risk register. If the risk is identified in between register reviews then it is reported to the Risk & Resilience Manager for information and the Head of Service is responsible for managing the risk.

Stage 2 – Risk Analysis
Once risks have been identified they need to be systematically and accurately assessed. If a risk is seen to be unacceptable, then steps need to be taken to control or respond to it.

Stage 3 – Risk Control
Risk control is the process of taking action to minimise the likelihood of the risk event occurring and / or reducing the severity of the consequences should it occur.

Stage 4 – Risk Monitoring
The risk management process does not finish with the risk control procedures in place. Their effectiveness in controlling risk must be monitored and reviewed. It is also important to assess whether the nature of the risk has changed over time.

APPENDIX B

Reporting

No matter how good the process to identify and control risks is, it will not be effective unless the information gained from it is reported and used to influence other management issues / processes. Therefore it is essential that there is a defined process and timetable for reporting the results of the risk management process to both members and officers.

Types of Report

➢ The strategic risk register needs to be reviewed on a quarterly basis by P.M.B.

➢ Six monthly review of the operational risk registers and a summary report of these reviews to P.M.B.

➢ A six monthly report needs to be provided to Committee (F.A.S.P.) detailing the current strategic and high level operational risks and the progress made in controlling them.

➢ An annual report reviewing Risk Management activity and an action plan for the coming year - taking into account changes in methodology and results of internal and external reviews. Going to P.M.B., FASP and Cabinet. This needs to cover all of the three areas of risk

➢ Ad-hoc reports need to be provided to P.M.B. when new, significant risk issues arise.

The reports can be summarised as follows:

	Service's	P.M.B.	F.A.S.P.	Cabinet
Quarterly		Review of strategic risk register		
6 Monthly	Review of operational risk register	Summary of operational review from services	Progress report of strategic & high level operational risks	
Yearly		Scrutiny of annual progress report to cttee on R.M. & action plan for coming year.	Endorsement of annual progress report on R.M. & action plan for coming year	Summary of past years work on R.M. and agreement of action plan for the coming year.

Appendix C
Audit Commission Key Line of Enquiry Criteria

4. INTERNAL CONTROL
How well does the council's internal control environment enable it to manage its significant business risks?

Key line of enquiry
4.1 The council manages its significant business risks

Audit Focus
Evidence that:
the council has a risk management process in place
the risk management system covers partnership working

Criteria for Judgement

Level 2	Level 3	Level 4
* **The council has adopted a risk management strategy/policy that has been approved by members.** * **The risk management strategy/policy requires the council to:** ● **identify corporate and operational risks** ● **assess the risks for likelihood and impact** ● **identify mitigating controls** ● **allocate responsibility for the mitigating controls.** * **The council maintains and reviews a register of its corporate business risks linking them to strategic business objectives and assigns named individuals to lead on the actions identified to mitigate each risk.** * **Member responsibility for corporate risk management is identified in the terms of reference of one or more committees as appropriate.** * **Reports to support strategic policy decisions, and project initiation documents, include a risk assessment.**	1.1.2 * **The risk management process is reviewed and updated at least annually.** * **The risk management process specifically considers risks in relation to significant partnerships and provides for assurances to be obtained about the management of those risks.** * **All appropriate staff are given relevant training and guidance to enable them to take responsibility for managing risk within their own working environment.** * **The members with specific responsibility for risk management have received risk management awareness training.** * **Members with responsibility for corporate risk management receive reports on a regular basis and take appropriate action to ensure that corporate business risks are being identified and effectively managed, including reporting to full council as appropriate.**	* A senior officer and member jointly champion and take responsibility for embedding risk management throughout the council. * The council can demonstrate that it has embedded risk management in its business processes, including: ● strategic planning ● financial planning ● policy making and review ● performance management * All members receive risk management awareness training appropriate to their needs and responsibilities * The council considers the opportunity side of innovative and challenging projects. * Reports to support strategic policy decisions, and initiation documents for all major projects, require a risk assessment including sustainability impact appraisal.

Appendix D
Risk Management Responsibilities – CIPFA / SOLACE Guidance

	Framework, Strategy and Process	Identifying risk	Analysing Risk	Profiling risk	Prioritising action based on risk appetite	Determining action on risk	Controlling risk	Monitoring & Reporting	Reporting to external stakeholders.
Members	Agreeing the Framework, Strategy and Process Determined by Officers	Identifying risk	Analysing Risk	Profiling Risk	Determining the risk appetite and prioritising risk. Agreeing the priorities determined by officers			Reviewing the effectiveness of the risk management process.	Reporting to external stakeholders on the framework, strategy, process and effectiveness .
Risk Management Team	Providing advice And support to the executive Management Team and Members	Providing advice and support.	Providing Advice and support	Providing advice and support	Providing advice and support			Co-ordinating the results for reporting to the corporate management team and members	
Senior Management Team	Determining the framework, Strategy and Process	Identifying strategic and cross-cutting issues	Analysing Strategic and cross-cutting issues.	Profiling strategic and cross-cutting issues.	Determining the risk appetite and prioritising strategic and cross-cutting issues	Determining action on strategic and cross-cutting issues. Delegating responsibility for control.		Monitoring progress on managing strategic and cross-cutting risks and reviewing the implementation of the risk management framework, strategy and process. Reporting to members.	Reporting to external stakeholders on the framework, strategy, process and effectiveness.
Head of Resource Management	Providing Advice and Support	Providing advice and support	Providing advice and support	Providing advice and support	Providing advice and support	Providing advice and support	Providing advice and support	Co-ordinating the results for reporting to the executive management team and members	Preparing draft reports for the corporate management team and members to issue.
Service Managers / G.M.T'ss		Identifying service Risks	Analysing Service risks.	Profiling service risks.	Prioritising action on service risks.	Determining action on service risks. Delegating responsibility for control.		Monitoring progress on managing service risks. Reporting to the group management team	
Employees, contractors And partners		Maintaining awareness of risks and feeding these into the formal process.	Maintaining awareness impact of risks and feeding information into the processes				Controlling risk in their jobs.	Monitoring progress on Managing job related risks Reporting to the service manager.	

Extract from the minutes of the Finance and Audit Scrutiny Panel meeting on 26 July 2011

11.   2010/11 Year End Review of Risk Management

Ms. Hayley McGrath, Risk and Resilience Manager introduced the report on the 2010-11 Year end review of Risk Management, which reviewed significant areas of risk management and corporate governance, plus the risks for policies and procedures for the Council's joint partnerships, e.g. Colchester and Ipswich Joint Management Committee and the North Essex Parking Partnership.

Ms. McGrath said this had been a good year, with the risk process embedded in the Council's culture. The draft 2011 Risk Management Strategy, with some minor changes to the wording from 2010, was included within the appendices to the report, and this would be submitted to Cabinet for approval.

In response to Councillor Feltham, Ms. McGrath said since the introduction of the strategy in 2003 it had developed beyond all recognition. Risks are still taken, but the process is more calculated with officers having a greater understanding of the management of risk. Ms. Wain, Executive Director, said an example of a large risk was the Fundamental Service Reviews (FSR), showing significant savings, but with a smaller number of staff there was a calculated risk. The risk process however enabled officers to have the appropriate level of confidence that the service would still be delivered successfully. In respect of the specific risk 3f 'staff motivation declines with the impact of FSR and implementation of other budget efficiencies', Ms. Wain said that as was mentioned on a previous occasion, staff remained positive about FSR and the 2010 'Best Council' staff survey had produced a marginal improvement in previous year's results. Management organise regular staff performance meetings and it is recognised that there is more pressure on staff. The public's perception of staff given the national publicity on public sector remuneration is evident, and the up and coming survey in August / September will be a good measure of staff morale.

Ms. Wain responded to Councillor Willetts on where specific risks had not been identified, saying a supplier of a small but fundamentally important piece of Council software had recently gone into liquidation, endangering the support of this system. A good relationship with the company had provided the Council with some forewarning and enabled officers to address the problem. This had however highlighted the need to revisit a whole host of small supplier risks in a different way.

RESOLVED that the Panel considered and noted the risk management work undertaken during 2010/11, the current strategic risk register and proposed risk management strategy for 2011/12, to be reported to Cabinet.

	Cabinet			**Item**
	12 October 2011			**11(iii)**

Report of	**Lee French, ICT Manager**	**Author**	**Lee French, ICT Manager**
			☏ 2822217
Title	**Award of Contract for ICT Services for the Period 2012 -2017.**		
Wards affected	**Not applicable**		

> **This report concerns the award of contract for the continuation of ICT Services on expiry of the current contract**

1. Decision(s) Required

1.1 Cabinet are asked to agree the recommendations concerning the award of a contract for the supply of ICT Services to the Council, initially for five years, as follows:

1.1.1 That Colchester Borough Council award the contract to Supplier A on the basis of Lot 5 as tendered, subject to confirmation of costs with other partners in this procurement

1.1.2 That Colchester Borough Council award the contract to Supplier A on the basis of Lot 3 as tendered, should any of the other partner authorities in this collaboration withdraw for any reason, or fail to award a contract by 30 November 2012.

2. Reasons for Decision(s)

2.1 To ensure that the Council's ICT service provision is initially maintained at the end of the current contract, and to ensure its future development to support the organisation

2.2 To ensure that the Council achieves maximum value for money in the provision of ICT support to the organisation.

2.3 To ensure that a fallback position is in place should it become impossible to progress the primary decision, due to other partners withdrawing from the process.
.

3. Alternative Options

3.1 The ICT Service could be taken back in-house at the end of the current contract. This was rejected as an alternative due to the cost of recruiting and maintaining a workforce adequate to the task, the high cost of maintaining an in-house team with the breadth of knowledge to support all elements of the service, and the time it would take to set up such a team.

4. Supporting Information

4.1 The current contract for the provision of ICT support services expires on 31 March 2012, after being in operation for ten years. The Council has been seeking a new contract to follow on seamlessly from the existing one, to ensure that ICT services to the organisation are not disrupted and that they are positioned to take advantage of technological advances.

4.2   Three other Essex authorities, who have also outsourced the majority of their ICT services and whose contracts expire between March 2012 and March 2013, have joined with Colchester in a joint procurement exercise to seek new contracts. It was felt that in doing so, considerable economies of scale could be achieved, and in the event we were able to attract investment from Improvement East to support the specialist legal and IT advice needed, given the complexity of the joint procurement, for what is seen as an innovative and leading edge approach to shared services.

4.3   The new contract length has been set at five years with the option to extend twice for a further two years each time. The length has been considered as offering the optimum to enable all participants to take maximum advantage of changing technology and market trends should they wish to progress this unencumbered by an contract supplier.

4.4   The four authorities – Braintree, Castle Point, Rochford and Colchester – have worked together closely over the past year in order to establish as far as possible a joint specification and tender. This was undertaken with the support of external consultants and the Braintree Procurement hub, and following a successful tender process and evaluation, we have now reached the position where a preferred supplier is clearly identified.

4.5   This approach to the procurement was reported to Members in May this year and since then, the Portfolio Holder has been kept appraised of progress.

4.6   Our incumbent supplier withdrew from the process at the prequalification stage.

4.7   The method employed has been to split the procurement into five lots within a single tender. Lots 1-4 have been for each Authority on its own (Colchester has been lot 3) and a Lot 5 should a single supplier prove to be the most advantageous for all four. This lot 5 is similar to the individual lot, but has further discounts because of the economies of scale which a supplier can bring to bear to reduce costs, and share those costs with the Authorities. Lot 5 would only be available if all participants opted for it. Should any one authority not choose this, each would be required to consider its most advantageous individual lot 1-4.

4.8   Alongside this a framework has been established which will bring further reductions should any of the four other authorities named in the framework choose to join at a later date. Each of the original partner authorities would gain a further discount of 5% for each additional authority which joins via this framework, which is valid for four years in accordance with OGC procurement rules.

4.9   The specification and services have been broken down into individual sections, and units have been established on which to base the costs (for example in the case of help desk support a unit is defined as a single service request)

4.10   Each authority has independently evaluated the tender submission for its own lot and has arrived at a conclusion which offers the best value for that authority. As we anticipated, this has opened the way for the award of the contract for each authority to the same supplier as a joint lot, which has the potential to generate further discounts on price for all, as well as laying the groundwork for greater future savings in the form of shared infrastructure, software and facilities.

4.11   Each participating authority is now to report back to their Members to seek approval to award contracts as a joint lot to a single supplier.

5. Proposals

5.1 In the event, bids were received from two established suppliers of ICT Services. Both bids were valid and complete, and both were evaluated against a comprehensive set of criteria contained in an evaluation matrix. Weightings were applied to the criteria, grouped into the following categories: Price (40%), Technical (30%), Efficiency (20%) and Commercial (10%),

5.2 The weighted outcome of the evaluation (subject to final confirmation) has resulted in the following scores out of 100 for each lot in which Colchester are involved.

	Supplier A	Supplier B
Lot 1		
Lot 2		
Lot 3 (Colchester)	67.3	54.4
Lot 4		
Lot 5	71.0	59.6

5.3 On the basis of price alone, the cheapest option, and therefore the most obvious choice would be for Colchester to opt for its own individual lot., However, Supplier A Lot 5 represents by far the best outcome in terms of price for the other three authorities, and therefore, in the interest of a) helping the other authorities to achieve an even lower bid than their other options indicate, and b) working together with other councils to have a mutual partner and c) enabling all four authorities to take joint advantage of technical opportunities in the future, we have indicated that we are willing to adopt the Supplier A Lot 5 bid on the basis that the additional benefits are shared.

5.4 In this way Colchester will achieve the optimum price irrespective of which option we take, and will not be disadvantaged in terms of cost. It also enables the other participants to improve their saving levels, as well as providing a successful outcome in terms of partnership working, and the good publicity this will generate. Losing the opportunity of a combined lot will however be most disappointing in terms of future sharing of services, affecting the potential for further savings by such as shared data centres, and progression towards shared ICT applications or adoption of both infrastructure and software on demand.

6. Strategic Plan References

6.1 There are links to the strategic plan in terms of the objectives to be cleaner and greener, and to shifting resources to deliver priorities. This project provides for innovation in the future for ICT service delivery which could lead to reduced infrastructure, and therefore reductions in power consumption and carbon emissions, in accordance with the objective to be cleaner and greener. The savings envisaged in the report will have a direct connection to the objective to shift resources to deliver priorities

7. Consultation

7.1 There has been no external consultation on this proposal

8.   Publicity Considerations

8.1   This is not likely to be controversial, and will be a positive message for Colchester in the case of award of an individual contract and even more so if done in the form of a partnership. Publicity will have to be a joint effort in liaison with the other authorities and with Improvement East as a funding stakeholder.

9.   Financial implications

9.1   The impact on future budgets will be considerable, cutting the costs of ICT services by around 33% in year 1, and around 50% over the life of the contract, compared to the current contract. These figures are subject to change during due diligence period following award of the contract.

9.2   The final agreed savings from the award of the contract will be built into the 2012/13 budget for both the General Fund and the Housing Revenue Account and will also be reflected in the Medium Term Financial Forecast (MTFF)

10.   Equality, Diversity and Human Rights implications

10.1   The procurement process was itself referred for an Equality Impact Assessment at early stages, but a full assessment was deemed to be unnecessary, given the nature of the project. The Project and any contract award are not considered to have any equality, diversity or human rights implications, beyond the application of the TUPE regulations which will apply in transferring human resources from one incumbent to another.

11.   Community Safety Implications

11.1   There are no community safety implications contained in this report

12.   Health and Safety Implications

12.1   There are no Health and Safety implications beyond those associated with a contract of this nature. There are none related to the general public.

13.   Risk Management Implications

13.1   Should no decision be reached on the way forward, there is a risk that no contract will be in place to succeed the current contract when it expires in March 2012. Such a risk is also mitigated by reserving a fall back position as described in the report.

Background Papers

ICT Prequalification documentation
ICT Invitation to Tender documentation
Tender Evaluation matrix