

Cabinet

**Old Library, Town Hall
28 November 2012 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.

Information for Members of the Public

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COLCHESTER BOROUGH COUNCIL CABINET

28 November 2012 at 6:00pm

Leader (& Chairman): Councillor Anne Turrell (Liberal Democrats)
Deputy Chairman: Councillor Martin Hunt (Liberal Democrats)
Councillor Lyn Barton (Liberal Democrats)
Councillor Tina Bourne (Labour)
Councillor Annie Feltham (Liberal Democrats)
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 interests they may have in the items on the agenda. Councillors should consult Meetings General Procedure Rule 7 for full guidance on the registration and declaration of interests. However Councillors may wish to note the following:-

- Where a Councillor has a disclosable pecuniary interest, other pecuniary interest or a non-pecuniary interest in any business of the authority and he/she is present at a meeting of the authority at which the business is considered, the Councillor must disclose to

that meeting the existence and nature of that interest, whether or not such interest is registered on his/her register of Interests or if he/she has made a pending notification.

- If a Councillor has a disclosable pecuniary interest in a matter being considered at a meeting, he/she must not participate in any discussion or vote on the matter at the meeting. The Councillor must withdraw from the room where the meeting is being held unless he/she has received a dispensation from the Monitoring Officer.
- Where a Councillor has another pecuniary interest in a matter being considered at a meeting and where the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice the Councillor's judgment of the public interest, the Councillor must disclose the existence and nature of the interest and withdraw from the room where the meeting is being held unless he/she has received a dispensation from the Monitoring Officer.
- Failure to comply with the arrangements regarding disclosable pecuniary interests without reasonable excuse is a criminal offence, with a penalty of up to £5,000 and disqualification from office for up to 5 years.

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

1 - 6

To confirm as a correct record the minutes of the meeting held on 5 October 2012.

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/Customers

i. Fundamental Service Review of Customer Contact

7 - 87

See report by the Executive Director and draft minute 16 of the meeting of the Strategic Overview and Scrutiny Panel on 30 October 2012.

8. Strategy/Business and Resources

i. 2013/14 Revenue Budget, Capital Programme and Financial Reserves

88 - 109

See report by the Head of Resource Management

9. Business and Resources

i. Localised Council Tax Support 2013-14

110 - 155

See report by the Head of Resource Management and draft minute 17 of the Strategic Overview and Scrutiny Panel meeting on 30 October 2012.

ii. Depot and Offices, 123 Gosbecks Road, Colchester - Supermarket Proposal

156 - 160

See report by the Head of Strategic Policy and Regeneration

iii. Future Use of the Magistrates' Court Task and Finish Group // Final Report

161 - 164

See report by the Task and Finish Group

10. Housing

i. Colchester Borough Council's Strategic Tenancy Strategy 165 - 191

See report by the Head of Strategic Policy and Regeneration

11. Planning, Community Safety and Culture

i. Police and Crime Panel Arrangements 192 - 204

See report by the Head of Corporate Management

12. General

i. Appointment of Deputy Mayor

To consider any recommendations put forward to this meeting for recommendation to Council

ii. Amendment to Scheme of Delegation to Officers 205 - 207

See the report from the Monitoring Officer

iii. Progress of Responses to the Public 208 - 209

To note the contents of the Progress Sheet

13. 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

28 November 2012 at 6:00pm

AGENDA - Part B

(not open to the public or the media)

Pages

14. Strategy/Customers

i. Universal Customer Contact Fundamental Service Review: Approval of Full Business Case

The following report contains exempt information (financial/business affairs of a particular person, including the authority holding information) as defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972.

See Appendix E to report by the Executive Director

15. Business and Resources

i. Depot and Offices, 123 Gosbecks Road, Colchester - Supermarket Proposal

The following report contains exempt information (financial/business affairs of a particular person, including the authority holding information) as defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972.

See report by the Head of Strategic Policy and Regeneration

ii. Future Use of the Magistrates' Court Task and Finish Group // Final Report

The following report contains exempt information (financial/business affairs of a particular person, including the authority holding information) as defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972.

See report by the Head of Corporate Management and the Head of Resource Management

CABINET

3 OCTOBER 2012

Present :- Councillor Anne Turrell (the Leader of the Council)
(Chairman)
Councillors Lyn Barton, Tina Bourne, Annie Feltham,
Martin Hunt (Deputy Leader) , Beverley Oxford and
Paul Smith

Also in Attendance :- Councillor Marcus Harrington
Councillor Pauline Hazell
Councillor Sonia Lewis
Councillor Sue Lissimore
Councillor Will Quince
Councillor Colin Sykes
Councillor Laura Sykes
Councillor Dennis Willetts

30. Minutes

The minutes of the meeting held on 5 September 2012 were confirmed as a correct record.

31. Apologies

Councillor T. Young's apologies were received. The Chief Executive indicated that Councillor Young was attending the Labour Party conference. Important meetings were not normally scheduled in the main party conference season and efforts would be made to avoid potential clashes in future.

32. Have Your Say!

Nick Chilvers addressed the Cabinet pursuant to the provisions of Meetings General Procedure Rule 5(2). He requested an assurance that as part of the new bus station development there would be a highly visible safe route from the lift in Vineyard Street car park, across Vineyard Street and onto a made up area. He also requested confirmation from Councillor Feltham, Portfolio Holder for Communities and Leisure Services, that she had seen the full correspondence from the Chair of the Management Committee at Abbots Activity Centre with Matt Sterling, Housing and Communities Manager at Colchester Borough Council. The correspondence raised issues about the future of many items of equipment at the Activity Centre. He expressed support for comments made by Councillor T. Young about the art displays in the Visual Arts Facility, which he considered were a reflection of the views of the wider public. He asked what pressure he would bring to bear on firstsite to ensure a change of direction to make the displays more inclusive.

Councillor Barton, Portfolio Holder for Renaissance, indicated that white markings

would be placed across Vineyard Street to ensure the area was safe for users of the new bus station. Written responses would be sent to the other points raised.

33. Supporting Customers in Welfare Reform

The Executive Director, Ann Hedges, submitted a report a copy of which had been circulated to each Member.

Councillor Quince attended and, with consent of the Chairman, addressed the Cabinet. He accepted that welfare reform would have an impact on both the Council's customers and the Council as a whole. The Council was taking the right approach by taking proactive action to help its customers. He thanked the Council's officers for the work they had undertaken on this issue.

Councillor Willetts attended and, with the consent of the Chairman, addressed the Cabinet. He considered that the report dwelt on customers who were disadvantaged and did not explain the benefits welfare reform would bring to the majority. As a consequence of the reforms, benefits would be delivered in a more targeted way. He welcomed the increase in the number of residents who would pay Council tax. This would give more residents a better understanding of how the Council was seeking to manage its budget. He expressed concern that some residents on benefits could receive more than those in work. He expressed support for the proposals in the report which sought to improve the incentives for working and to improve the balance of fairness in the welfare system.

Councillor Smith, Portfolio Holder for Business and Resources, Councillor Felltham, Portfolio Holder for Communities and Leisure Services and Councillor Bourne, Portfolio Holder for Housing, responded. It was important to ensure residents were properly supported as the reforms were introduced. Council officers were working together across services to help residents and ensure they understood how the reforms would impact on them and their families. Councillor B. Oxford, Portfolio Holder for Customers, reminded Councillors that it was Customer Service week and invited Councillors to take the opportunity to shadow staff in the Customer Service Centre to see the problems residents were facing and how staff were helping resolve these issues.

RESOLVED that the actions being taken to support customers through Welfare Reform be noted.

REASONS

An innovative intervention is being undertaken to help support customers through the very significant changes that will take affect from April 2013 in Welfare to help to mitigate the impact for the Council and our customers.

ALTERNATIVE OPTIONS

No alternative options were presented to the Cabinet.

34. Supporting Families with Complex Needs

The Executive Director, Ann Hedges, submitted a report a copy of which had been circulated to each Member. Ann Hedges also made a presentation to Cabinet, which explained the background to the Life Programme that had been established in Colchester with Participle. The programme was designed to offer direct support to families with complex needs. A multi agency team will support families in a very different way from current practices and the programme aims to cut across traditional organisational boundaries. Good progress had been made in setting up the programme in Colchester, with a steering group and team in place and the first families to benefit from the programme had been identified.

Councillor Bourne, Portfolio Holder for Housing, Councillor Feltham, Portfolio Holder for Communities and Leisure Services and Councillor Turrell, Leader of the Council and Portfolio Holder for Strategy, indicated their support for the programme and their pride at being involved in such an innovative scheme. As well as supporting families with complex needs, the programme would benefits communities as a whole and participating organisations would also gain from the improvements in working practices that would result.

RESOLVED that the work being undertaken to improve the lives of families with complex needs be noted.

REASONS

A previous decision committed the Council and a range of partners to work with Participle on a new model for families with complex needs. The presentation to Cabinet provided more detail on the programme and the Council's progress to date.

ALTERNATIVE OPTIONS

No alternative options were presented to Cabinet.

35. 2013/14 Revenue Budget

The Head of Resource Management submitted a report a copy of which had been circulated to each Member.

Councillor Willetts attended and, with the consent of the Chairman, addressed the Cabinet. He noted the inclusion of an assumption of a 2.5% Council Tax rise in the report. Given previous statements in Council meetings about the impact of elections by thirds in keeping Council tax low he wondered whether the lack of borough elections in May 2013 had encouraged a Council tax rise. If the administration did not intend to raise Council tax it was misleading to include an assumption of a rise within the report. Concern was also expressed about the dependency on car parking income and the

impact that Park and Ride may have on car parking income. Clarification was sought on what the Council was doing to reduce this dependency. The inclusion of borough wide food waste collections was welcomed but he considered this was a necessity given Colchester's fall in the Essex league tables for recycling.

Councillor Quince attended and, with the consent of the Chairman, addressed the Cabinet. He noted the saving identified in the report from the fact that there were no borough elections in May 2013 and sought clarification as to whether this was the level of saving that would be achieved each year, bar election years, if the Council moved to four yearly elections. Colchester Borough Council had taken a political decision not to support the Inter Authority Agreement and therefore had brought the issues about funding from the County Council on waste issues on itself. He also sought clarification as to where the savings and risks associated with the recent decision on Abbots Activity Centre were reflected in the budget.

Councillor Turrell, Leader of the Council and Portfolio Holder for Strategy, indicated that no decision had been taken at this stage on whether to include a Council Tax increase in the budget. The assumptions underpinning the budget process changed frequently and it was only as the budget neared completion that an informed decision could be taken. Councillor Smith, Portfolio Holder for Business and Resources, indicated that car parking income had been reduced in the last budget. He confirmed that the cost for the elections given in the report was accurate as an approximate cost of each year's election, although this could fluctuate slightly. The costs relating to the decision on Abbots Activity Centre would be met from this year's budget, but £400 000 had been made available to cover a number of future risks factors.

Councillor Hunt, Portfolio Holder for Street and Waste Services, stressed that the decision not to sign the Inter Authority Agreement had been an environmental, rather than a political decision. Authorities that had signed the agreement had not received as many benefits from the agreement as expected. The key factor in respect of waste and recycling was that the Council had reduced the amount of waste that was sent to landfill.

Councillor Smith, Portfolio Holder for Business and Resources, introduced the report and stressed that savings of £1.67 million had been identified, without a significant impact on front line services. The budget gap of £374,000 was manageable and the administration was confident that a balanced budget could be achieved. A recurring risk factor of £400,000 had been included in the budget in respect of various potential risks arising from Government reforms and other budget issues such as inflation. This reflected a general trend for risk to be transferred from central government to local government. Without this risk factor, the budget would show a small surplus.

RESOLVED that:-

(a) The updated 2013/14 budget forecast as set out at paragraph 6.1 of the Head of Resource Management's report showing a current gap of £374k be noted.

(b) It be noted 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 of the Head of Resource Management's report).

(c) The cost pressures set out at paragraph 7.1 of the Head of Resource Management's report be included in the 2013/14 budget forecast.

(d) The growth items set out at paragraph 8.1 of the Head of Resource Management's report be included in the 2013/14 budget forecast.

(e) The provisional savings set out at section 9 of the Head of Resource Management's report be included in the 2013/14 budget forecast.

(f) The potential 2013/14 budget forecast variables and risks set out in section 11 of the Head of Resource Management's report be noted.

REASONS

The Council is required to approve a budget strategy and timetable in respect of the year 2013/14. The Head of Resource Management's report gives an update on the budget and a review of the capital programme.

ALTERNATIVE OPTIONS

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.

36. Calendar of Meetings 2013-2014

The Head of Corporate Management submitted a report a copy of which had been circulated to each Member.

It was noted that a meeting of the Strategic Overview and Scrutiny Panel was scheduled for 17 September 2013, which clashed with the Liberal Democrat Party Conference. It was agreed that this meeting be rescheduled. The Conservative Group were invited to let the relevant officer know of any potential difficulties with the meeting dates.

RESOLVED that:-

(a) The draft Calendar of Meetings for the municipal year from May 2013 to April 2014 as set out in the Head of Corporate Management's report be approved subject to the Strategic Overview and Scrutiny Panel meeting on 17 September 2013 being rescheduled.

(b) Authority to cancel meetings be delegated to the Chairman of the relevant Committee/Panel in conjunction with the Head of Corporate Management.

(c) The possibility that the 2013-14 Municipal Year may be extended in view of the European elections to be held in June 2014 be noted and authority be delegated to the Leader of the Council and Portfolio Holder for Strategy to agree revisions to the

Calendar of Meetings in these circumstances.

REASONS

(a) 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.

(b) 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.

(c) 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.

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

ALTERNATIVE OPTIONS

The proposals set out in the Head of Corporate Management's report were largely based on the current meeting structure and frequency. It would be possible to devise alternative proposals using different criteria.

37. Progress of Responses to the Public

The Head of Corporate Management submitted a progress sheet a copy of which had been circulated to each Member.

RESOLVED that the contents of the Progress Sheet be noted.

REASONS

The progress sheet was a mechanism by which the Cabinet could ensure that public statements and questions were responded to appropriately and promptly.

ALTERNATIVE OPTIONS

No alternative options were presented to the Cabinet.



Cabinet

28 November 2012

Item
7(i)

Report of	Executive Director	Author	Pam Donnelly Georgina Blakemore ☎ 282212
Title	Fundamental Service Review of Customer Contact		
Wards affected	All		

**This report concerns the Fundamental Service Review of Customer Contact
and the business case arising from this review**

1. Decision Required

- 1.1 To approve the attached business case resulting from the Fundamental Service Review of Customer Contact, and authorise the implementation planning stage of the review.
- 1.2 To recommend to full Council the inclusion and subsequent release of £2.366 million from the Council's capital programme to fund the estimated capital costs set out in the Financial Summary (Appendix I, page 2).

2. Reasons for Decision

- 2.1 To allow the implementation of the main recommendations to begin and the subsequent delivery of a transformed organisation to enable an improved customer experience.

3. Alternative Options

- 3.1 The alternative option would be not to approve the business case or to ask for changes to be made to the proposals set out in the business case. In either scenario, the delivery of an improved customer experience and greater efficiency and effectiveness could be delayed or not delivered. The business case is the result of considerable research, analysis and consultation on the part of a core project team, led by the Executive Management Team

4. Supporting Information

- 4.1 The business case outlines the overall proposal for the Fundamental Service Review of Customer Contact. The business case is a complex document that amalgamates the organisational philosophy, a new operating model and nine themes of work. Each theme is appended to the business case. There are a set of recommendations and decisions emerging from individual themes that will help to shape the implementation planning and subsequent delivery of a transformed organisation.

5. Proposals

5.1 The Fundamental Service Review of Customer Contact will:

- deliver an easy and positive customer experience – consistently
- improve our efficiency
- enable the organisation to be more resilient and sustainable by taking a more commercial approach.

5.2 The recommendations being proposed in addition to the overall decision as shown at paragraph 1 above are:

5.2.1 Approve the operating model.

5.2.2 Appendix A - Journey Management

Agree the customer journey approach on which the operating model is built.

5.2.3 Appendix B - Commercial

Agree the commercial ethos and purpose of the trading arm.

5.2.4 Appendix C - Changing Behaviour

Agree the principle of changing behaviour – our own, and our customers – as a tool to manage demand up and down.

5.2.5 Appendix D - ICT

Agree the content of the theme is worked up into a programme and timetabled.

5.2.6 Appendix E - Locations

- Libraries - continue to progress the option confirming the basis on which it would work and firm up costs.
- Re-evaluate our office requirements.

5.2.7 Appendix F - Cultural Change

Agree the proposals for managing our staff and supporting our councillors through significant and ongoing change.

5.2.8 Appendix G – Organisational governance

Approve the implementation of the new governance structure.

5.2.9 Appendix H - Organisational shape

Agree the new shape will be developed following the Cabinet decision in November 2012.

5.2.10 Appendix I – Financial summary

- Approve the revenue impact shown on page 1 of Appendix I.
- Approve the capital investment shown on page 2 of Appendix I.

6. Strategic Plan References

6.1 The proposals outlined in this business case contribute to the vision and broad aims set out in the Strategic Plan 2012-15, and the priority areas of enabling local communities to help themselves, and supporting vulnerable groups.

7. Consultation

- 7.1 Customers, staff, external stakeholders and Unison have played an important part in the development of this business case.

8. Publicity Considerations

- 8.1 This review has been shaped and based on what our customers have told us about their experience of doing business with us. This will help to ensure the review will lead to services that offer a better customer experience at every level. The overall aim is make it quicker and easier for customers to access Council services and deliver efficiencies for the Council during difficult financial circumstances.
- 8.3 A news release has been issued to the local media and put on the Council's website to coincide with the publication of the business case - see page 4.
- 8.4 Media coverage included "Colchester Council has made a persuasive case for change. More and more people feel comfortable getting the support they need via the internet – a much cheaper method. In addition, plans to set up a trading company to make the most of Colchester's assets should also be welcomed".

9. Financial implications

- 9.1 The business case sets out the full financial implications of proposals. These are shown within Section 3 of the business case, and in more detail within the financial summary at Appendix I.
- 9.2.1 The financial picture includes implications for both the revenue budget and capital programme. This includes a need for an initial capital investment and associated revenue costs in ICT of which a significant element is unavoidable if the Council is to simply maintain existing operating systems.
- 9.2.1 In terms of the revenue budget, an initial cost in Year 1 (2013/14) is shown with net recurring savings of £1.4 million in year 4, and a further anticipated net income from more commercial activities of £0.9 million by the same stage.
- 9.4 The financial implications of this review need to be viewed in the context of the challenging financial climate and the Council's financial strategies. They will therefore be reflected within the capital programme and the 2013/14 revenue budget and Medium Term Financial Forecast.

10. Equality and Diversity Implications

- 10.1 The screening stage for an Equality Impact Assessment has been carried out, and is available by [clicking this link](#), or following this pathway from the homepage of www.colchester.gov.uk: Council and Democracy>Policies, Strategies and Performance>Equality and Diversity>Equality Impact Assessments>Corporate Management>Customer Contact – Business Case.

11. Other Standard References

- 11.1 There are no specific Human Rights, Community Safety or Health and Safety implications at this point. As with Equality and Diversity above, the implications for these areas will be considered at the implementation stage.

12. Risk Management Implications

- 12.1 The high-level risks associated with this review have been identified in section 5 of the business case.

Background Papers

- The business case with appendices is provided with this report.
- The Equality Impact Assessment screening document is available online (see paragraph 10.1 above) or in the Members' Room.
- Strategic Overview and Scrutiny Panel report and minutes – 30 October 2012, and three items of additional information requested by the Panel.
- News release issued with 30 October Panel report – the text as shown below:

“Council service review planned to improve customer experience

Customers have told us we need to let them do more for themselves, they expect to be able to book and pay online and find information more easily.

A report planned for discussion at the Council's Scrutiny meeting on 30 October outlines plans for significant changes to the way the Council works and a complete review of the customer experience. The review involves all areas of the organisation and the services it provides as part of the Council's continual improvement programme.

If the new approach is adopted, customers could see changes across all service areas and in the way the Council communicates with them. This review builds on previous reviews which saw Street Services launch online reporting of graffiti and fly-tipping and at Leisure World which will see the introduction of an online membership portal as well as major building transformation to provide more in-demand sports facilities.

Proposals outlined in the business case will look at investment in technology to make life simpler for our customers and to give them choice, flexibility and the ability to self serve. This will bring the Council's infrastructure up to date and shape future service delivery. All Council locations are also being reviewed to establish whether they are fit for purpose and best meet the needs of both customers and employees.

The Council recognises that it needs to change the way it works and how it delivers services to create efficiencies and direct services to those most in need of support. The proposals outlined contribute to the broad aims set out in the Strategic Plan and in particular to enable local communities to help themselves and support vulnerable groups.

Councillor Anne Turrell, Leader of Colchester Borough Council, said: “In the current economic climate it is important for us to look at new ways to deliver the best possible service according to what our customers need.”

“The Council is being pro-active and making changes that will improve services and ensure we deliver the best value for money from our resources. We have been working with our staff to find practical solutions that will improve the customer experience.”

When the proposals are scrutinised by Strategic Overview and Scrutiny Panel and then if approved by Cabinet in November, the business case will be implemented and take into account a number of elements such as structure, costs, savings and timescales in more detail and is subject to a consultation period with Council staff and Unison.

Notes to Editors:

- *According to the latest SOCITM research the difference in the cost of a local authority servicing contacts via different channels are 15p web, £2.83 by phone and £8.62 for face-to-face.*
- *The Council's website receives over 65,000 hits per month.”*



Fundamental Service Review of Customer Contact

- Customers – how and where our customers contact us.
- Community – how we deliver frontline services to our customers.
- Commercial – how we achieve a sustainable financial future.

Universal Customer Contact – Fundamental Service Review (UCC FSR)

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Appendices

Summaries of each of the themes:

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1. Executive summary

The business case presents an opportunity for the Council to:

- drive through a radical and ambitious change based on our experience of delivering fundamental service-based transformation
- renew and extend our commitment to customer excellence
- deliver services in the most effective way for our customers
- provide resilience for the organisation through the delivery of efficiencies and managed demand
- respond to the changing needs of a growing and diverse population for effective and efficient service delivery based on the standards of the best providers
- transform the organisation in a way which supports our organisational philosophy
- create a sustainable commercial services arm governed by a trading board
- deliver a positive cumulative revenue impact over four years of £3.95 million, from a total capital investment of £2.84 million.

The business case highlights:

- The opportunities to be delivered through a model which will focus on the needs of our customers, community and commercial opportunities.
- Some of the risks associated with major organisational change and the risk of staying as we are
- The scale of cultural change which will be needed to succeed
- The need for investment in our ICT infrastructure and our people
- The challenges presented by the rapidly changing information landscape and opportunities created by our digital strategy
- The need to phase change to manage risk.

The business case presents our thinking on a range of themes:

- operating model and customer behaviour:
 - journey management, commercial and behaviour change
- enablers:
 - ICT, locations and cultural change
- decision-making and benefits:
 - organisational governance, shape and financial summary.

The delivery of the business case will be phased in line with the financial projections.

2. Introduction

The world around us has fundamentally changed in recent years. The fiscal deficit at global and national level has meant a significant reduction in all public sector spend. New, innovative and creative ways of working will be needed if we are to match reduced resources with rising expectations and customer demand.

The UCC FSR is our response to these challenges, and builds on previous FSRs which have delivered almost £4 million of savings and significant improvements to the customer experience over the last three years.

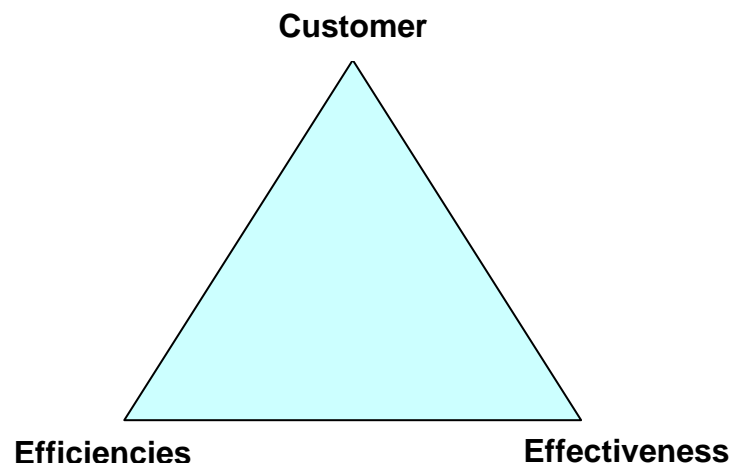
The UCC FSR will develop and apply a unified model for managing customer contact, and therefore will have a significant impact on the organisation itself and the way it delivers services to customers and the community.

The UCC FSR is looking to secure long-term resilience for the Council so that it can continue to serve the needs of a growing and ever changing population.

Our work to date

Over the last three years, the FSR model has been used as a basis for delivering customer-led efficiencies across significant parts of the organisation including Street Services, Housing, Revenues and Benefits, and Sport and Leisure to achieve significant improvements in the customer experience, whilst saving the Council money and delivering value for our residents.

Our model is based on three important drivers, which are customers, efficiency and effectiveness



This approach has been an important part of our overall budget strategy and has helped us steer through some difficult financial circumstances without sacrificing frontline service delivery. We have identified some common themes, consistent opportunities and the chance to deliver even more improvements and efficiencies for the whole organisation. We want to go much further and build on this so that we can continue to deliver high quality services to our customers in an environment where resources are stretched.

We will achieve this by consolidating our work to date, transforming the organisation and commercialising some opportunities by extending the FSR methodology to the whole organisation through the UCC FSR.

2.1 Our vision and philosophy

Our vision is for a Universal Customer Environment which enables:

- Our staff to deliver customer excellence as determined by our customers, not us.
- Positive behaviour change amongst our residents to reduce demand on our resources and make for a better place.
- A significant channel shift to empower our customers to self-serve when and where it is appropriate.
- Efficient service delivery which helps anxious and frustrated customers, and avoids waste.
- A high standard of complex case management for our most vulnerable customers in an appropriate face-to-face environment.
- A more efficient and effective customer journey to make life simple for our customers.
- A commercial philosophy to evolve that secures organisational resilience and service delivery.

To deliver the vision, our underpinning organisational philosophy will change to reflect the business-critical areas for the successful delivery of efficient service provision, namely:

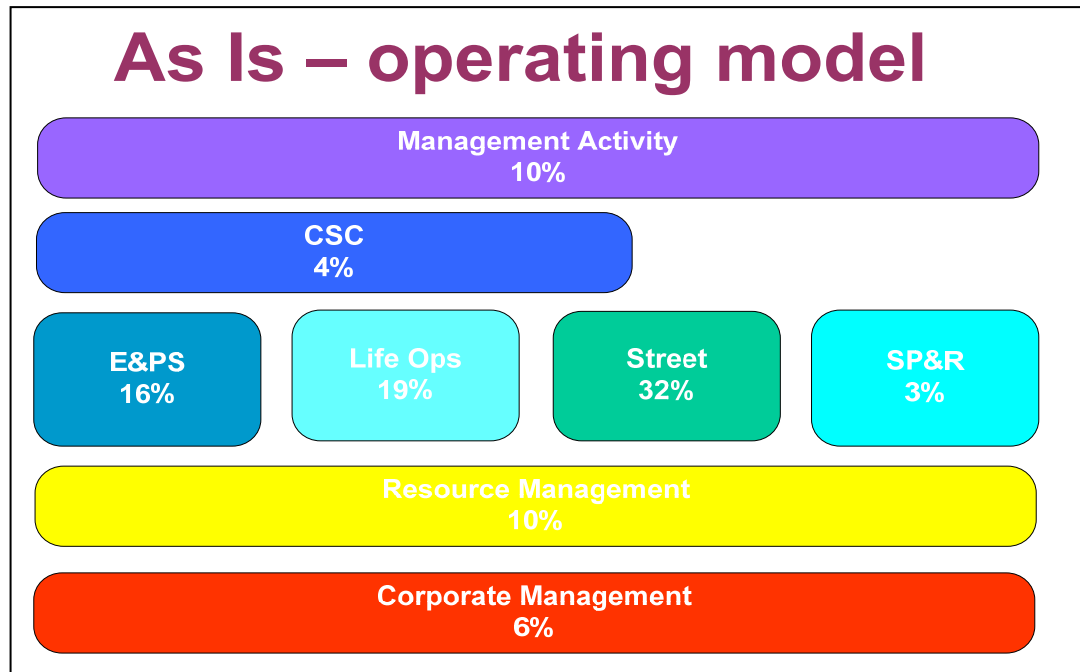
- Universal Customer Environment
- Service Delivery
- Policy, Trading and Business services.

We have a real opportunity to reshape the organisation around three key priorities - our **customers**, our **community** and to give more emphasis to our **commercial** work. This will provide a way forward for us which will enable us to respond positively to some of the external challenges ahead, and provide the resilience we need as an organisation to deliver our strategic priorities.

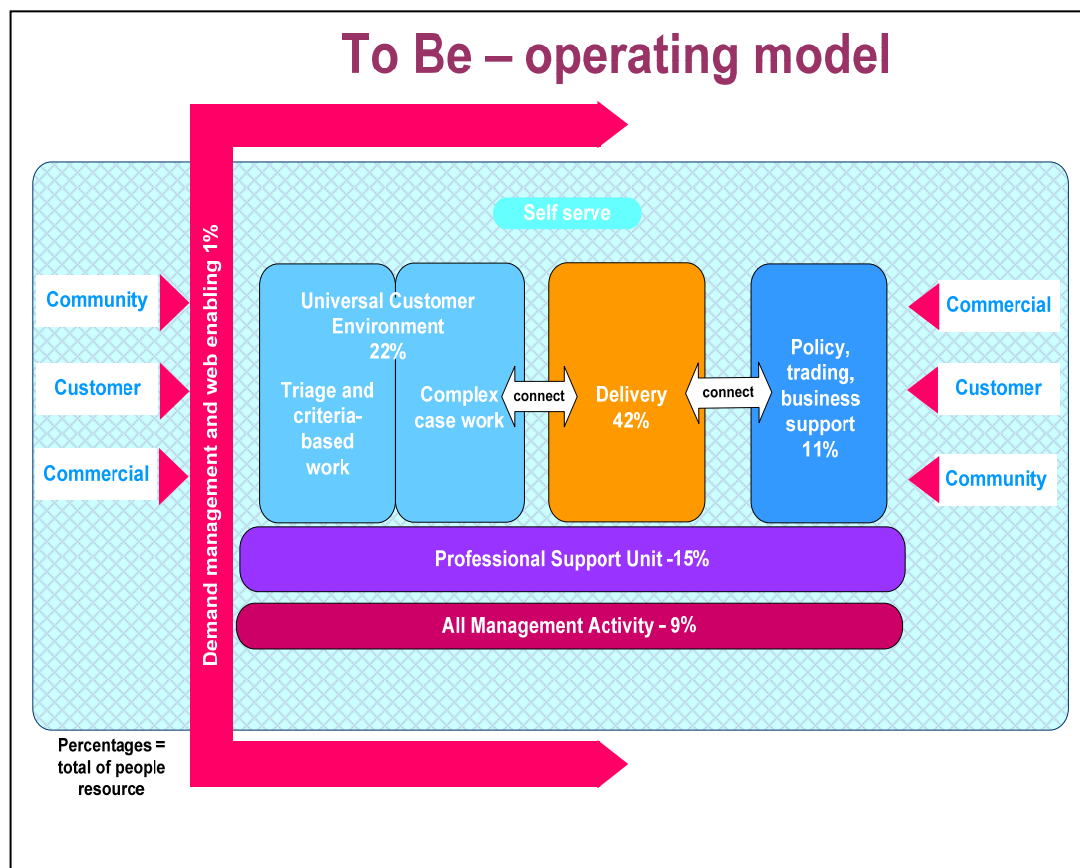
2.2 Operating model

To deliver the philosophy, the organisational operating model needs to reflect the significant shift being proposed toward the improved customer experience.

This is the current model of (permanent) people resources:



The proposed model reflects the new philosophy, and shows a consolidation of customer contact in the new Universal Customer Environment.



2.3 Our customers

Customer insight – what our customers are telling us

The views of our customers underpin the Universal Customer Environment. This has been achieved through a systematic approach to gathering customer insight using a range of insight tools. A wide range of customer insight sources collected between 2008 and 2011 for the UCC FSR have given us a picture of current customer views relating to:

1. overall customer contact - how many customers contact us, how do they contact us and what they contact us about
2. the views and experiences of customers who are contacting us
3. what we know about our customers and their expectations of us.

To date, our customer insight findings show that:

- 83% of current CSC contact is through face-to-face and phone. This equates to 369,380 of the 445,036 customers contacting the CSC.
- Housing, Revenues, Benefits and Street Services are the main services being accessed at the CSC.
- There is a considerable amount of contact with customers outside of the CSC including 201,624 contacts via our rule-based processes and over 5 million contacts through service delivery to the community.
- Customer satisfaction and experience with our staff is good with customers finding staff polite friendly and helpful.
- Customers are less satisfied with the time we take to deal with enquiries, the difficulty they have in contacting the right person, the knowledge staff have and the quality of information available to them.
- A customer's likelihood to self-serve will vary depending on the service they are accessing.
- Customers who are average, high or very high in their likelihood to self-serve are currently contacting our offices.
- Mobile technologies are currently absent from our channel portfolio, but many customer groups visiting the CSC are receptive to mobile channel options.

Customer behaviours and expectations of us are changing rapidly, with more customers taking up online options for payments and expecting to be able to self-serve. Customers are viewing the availability and use of self-serve and the personalisation of services as a logical next step.

What our staff are telling us

The views of staff reflect those of our customers. Our 2011 staff survey highlights the difference between staff responses from companies which are 'the ones to watch' and those of the Council. In each response, our employees expressed a lower level of confidence in our current ability to deliver excellent customer service than staff at similar organisations. Our employees clearly recognise the importance of customer service and want to improve our approach.

The Universal Customer Environment – what does it mean for our customers?

We will offer our customers the opportunity to interact with us in a way that encourages self-sufficiency, but ensures access to expertise when the need arises. Our customers will be able to make enquiries, bookings, applications, requests for services and payments easily.

The availability and easy access to information via self-service is the key to this significant change. A customer will be able to serve themselves either by mobile technology, kiosks, touch phone or online. This will bring the Council in line with many other sectors and organisations that have already made significant shifts toward self-service such as banking, supermarkets and central government (for example car tax, tax returns).

The key to delivering this shift will be technology, cultural change and a robust approach to business process.

Underpinning the customer environment will be an enhanced and secure approach to data management. This supports the 'one customer record' approach that is required to deliver a joined-up view across our organisation of customer contact and activity. The data must be central and remain accurate. This will mean less flexibility around data entry in back-end systems, and the need for all customer contact to be routed into one function responsible for customer excellence and therefore data accuracy.

Organisationally, mechanisms need to be put in place that will deliver changes to incoming post, e-mail, text and phone contact as well as ensuring that our own outbound communication to our customers does not generate incoming contact that is paper-based, or indeed unnecessary in the first place.

We will also need to shift our focus to improve online information, application, payment and progress of work so the customer has the ability to access information about their particular need in their own time, without making a contact that has to be handled by a person in the organisation. This is a significant shift in culture, technology and resources and will require a corporate approach across many processes.

There are many services that customers pay for such as car parks and leisure services where we would want to see an increase in customer demand.

Ease of use and an efficiency of process are entirely consistent with driving demand up, just as it is with driving demand down. Therefore, we will look to divert resources used up on demand that can be avoided towards providing an improved first contact. This may extend the first contact time, but will ensure less contact further down the line and give us the opportunity to join up services for customers – for example a customer requesting a premises licence may also require food hygiene, planning consent, links into business enterprise, tourist services and a trade waste service.

Our customers will also be able to access our services in their communities and across various locations in the borough. The opportunity to share an existing town centre location with another partner has been pursued, and there is a realistic possibility that Council customers will be able to access services through the main library in Colchester town centre.

The borough's library network also offers opportunity to have a council presence in a variety of ways, mainly via self-serve but we could extend technology that supports 'live chat' such as Skype, and use the library base to deliver mobile services which are tailored more to their local communities.

The longer term aspiration for our customer experience is to ensure we are enabling customers to help themselves prior to our services even being required. This is the opportunity to look at activity and resource to implement specific interventions that are measureable and help manage future demand

The behaviour change work is one way of 'future-proofing' the organisation against unknown levels of rising demand – the accuracy of being able to measure the success of behaviour change is difficult because of this rise. We will never be quite sure how much demand that was coming in has been proactively diverted or prevented by behaviour change work.

The Universal Customer Environment will have strategic influence, deliver operational excellence and be accountable for the customer experience. It will comprise of a triage function where customers (physically present or not) will get a resolution, or be referred quickly and with all relevant information already gathered into a more complex case management environment.

Teams, processes and technology will be configured around customer journeys and be simpler for the customer and more efficient for the Council. There are three scenarios in the journey management theme (Appendix A), where the improvements for the customer and the efficiencies for the Council are clearly shown.

Another example would be the billing, invoicing and debt collection function. Currently activity happens across many services and is not joined up. We have no single picture of a customer's total debt, as records are within back-end systems and there is no single view by customer.

At the first contact point with customers who need to make a payment arrangement with us, we only ask 9% of customers to make a payment at that point as they set up their agreement with us, and only 16% of these conversations result in a direct debit being set up. There is no system that helps our frontline take the appropriate action or any knowledge bank that would help to guide advisors through the process.

The solution to this is a single customer record so any debt could be seen by the person dealing with the first contact, and to increase income collected and increase the likelihood of regular payments being made. It needs a knowledge management system that, together with the technology, facilitates advisors through the rule-based process of taking a payment, record keeping and setting up payment arrangements by direct debit.

Our real opportunity to be more efficient would be around looking further forward at the process of billing and invoicing, the wording on our bills and the ease of making payments. If customers can pay but won't, they need to be moved quickly toward recovery action. This is the work of the corporate debt team. Customers who can't pay need to be recognised early, and quickly routed to appropriate help and advice. The first stages of this process remain within the Universal Customer Environment, mainly as triage.

2.4 Our communities

Frontline delivery of services to our customers is an important element in the UCC model, where it is expressed in terms of a community-based approach. It also has strong links into the Universal Customer Environment, through effective demand management and customer enabling.

We already deliver street-based services through a community-based zone approach. This is working well, and provides a real opportunity for us to adapt our existing service delivery in ways that respond to the changing needs of our communities and enables residents to co-deliver services, facilitated by our staff and councillors.

There are also other significant areas of location-based community delivery such as cemetery and crematorium, sport and leisure, and Colchester and Ipswich museums. Generic services such as recycling and waste will continue to be delivered borough-wide.

All frontline service delivery will be strategically led, giving customers a consistent experience whatever service they are receiving. This approach will ensure consistency across Zones, location-based services and borough-wide generic service delivery.

We are looking to secure the delivery of high quality services in the future by developing our commercial activities. This will allow for commercial surpluses to be reinvested in frontline service delivery, enabling us to become more sustainable in the future.

2.5 Our commercial approach

The generation of commercial income will be vital to the future resilience of the Council in delivering excellent frontline services during a time of reducing government grant. We have an opportunity to build a sustainable commercial services arm which will create a focus for commercial activities that will grow over time to support the political aspirations of the administration expressed through the Strategic Plan.

A commercial arm is a vital and integral part of the operating model which delivers our vision for an organisation with a strong customer, community and commercial focus.

The trading company or companies will always:

- operate within the framework of the Constitution
- be commercially sound
- and not compromise the Council's reputation.

An example of this approach would be the creation of [BBC Worldwide](#) – the commercial arm of the BBC.

We would expect our focus to be in the following areas:

- better and improved procurement
- enhancement of existing income streams
- developing our assets into sustainable revenue streams
- providing services to others
- commercialising the UCC concept
- managing services for others
- pursuing shared management arrangements.

A trading board is proposed to ensure all future planning and decision making is properly supported and challenged, and to ensure through recommendations to Full Council and Cabinet that the Council is getting value for money and is entering into sound commercial arrangements.

The commercial theme will encompass a number of potential trading opportunities, but the most financially rewarding is likely to be based around the use of our property and land assets. Work is already progressed for the use of the Northern Gateway, and Cabinet has recently approved a vision for this area and agreed terms for the first specific site to come forward. Key to this will be the delivery mechanisms that allow a capital asset to be turned into a sustainable source of revenue.

2.6 Increasing customer and financial demand for 24/7 online options

The following figures were compiled by Society of Information Technology Management (SOCITM) and published on the Government Digital Service in July 2012.

“Two-thirds of the 600 million+ customer contacts received by local authorities each year are now coming in through digital channels. Nearly a quarter of all visits to council websites involve transactions like paying for services or reporting faults. Customer demand for self-serve, online 24/7 options continues to rise.”

“According to the latest SOCITM research the difference in the cost of a local authority servicing contacts via different channels are 15p web, £2.83 by phone and £8.62 for face-to-face.”

3. Financial implications

The financial picture can be described across four areas:

- investment (mainly capital)
- costs (revenue budget)
- savings (revenue budget)
- income (revenue budget).

Investment

£1.3 million of the ICT investment proposals would have to be delivered whether we implement the UCC FSR or not, to keep our ICT at an acceptable level.

The investment would improve efficiency to a degree but the real opportunities are enabled by the new operating model underpinned by business rules. This transformation requires an additional £1.54 million of capital investment, and is anticipated to return £1.97 million of cumulative revenue savings over four years.

Costs

Costs identified around behaviour change for the new operating model total £350k over four years and return £750k cumulative savings plus a positive impact on demand management.

Additional revenue costs for ICT reflect the higher dependency and profile of technology as an enabler of the organisation to deliver. There is also a cost of change, reflecting the importance of taking people through transformation by supporting and developing skills for the new way of working.

Savings

If we invest in behaviour change (customers), ICT and change management (our people, including councillors) and deliver services via a new operating model, there is an estimated positive revenue impact of £1.97 million over four years.

Income

The commercial opportunity being pursued is an integral part of the organisational philosophy, and is the vehicle for sustainable service delivery in the future.

The financial picture for the commercial arm can be summarised as break-even in Year 2 with a cumulative commercial surplus of £1.985m over four years. The annual surplus for reinvestment back into council services is estimated at £935k by year 4 (see appendix B).

Summary tables

- **Revenue**

The table below illustrates the summary revenue cost and savings/income assumptions which underpin the business case.

Recurring revenue costs / savings / income	Year 1	Year 2	Year 3	Year 4	Total Years 1-4 cumulative
Theme	2013/14	2014/15	2015/16	2016/17	
	£'000	£'000	£'000	£'000	£'000
Sub-total – eight themes (all bar commercial theme) - net revenue impact	310	(180)	(680)	(1,420)	(1,970)
Sub-total – commercial theme - net revenue impact	30	(295)	(785)	(935)	(1,985)
TOTAL - revenue impact	340	(475)	(1,465)	(2,355)	(3,955)

- **Capital**

The table below illustrates the capital investment required to enable the business case to be delivered.

Capital investment	Year 1	Year 2	Year 3	Year 4	Total Years 1-4 cumulative
	2013/14	2014/15	2015/16	2016/17	
	£'000	£'000	£'000		£'000
Investment required without the FSR	800	500	0	0	1,300
Additional investment	920	575	0	50	1,545
TOTAL	1,720	1,075	0	50	2,845
Available in the capital programme	479	0	0	0	479
Funding gap - capital	1,241	1,075	0	50	2,366

Please also see the revenue and capital summary in Appendix I.

4. Communication and engagement

Communication and engagement is central to the successful implementation of the UCC FSR. It will focus on the transformation needed to deliver a major shift in the way we work and how we deliver services to our customers.

Communication and engagement will reflect the emerging operating model and will target four major groups:

- customers
- staff
- councillors
- partners.

The approach will be based on an interactive approach to secure the level of engagement we need to work effectively with these four groups.

Communication and engagement will be ongoing, reflecting the key milestones in the timetable and will support the UCC FSR through the implementation and development stages.

5. Risks

There are four strategic risks identified at this stage, although each theme will continue to work on risk registers throughout implementation planning and implementation.

The cross-cutting strategic risks are:

1. ICT
2. cultural change
3. financial
4. external factors.

A high level description of the risks is below with some risk mitigation described for the two biggest challenges, namely ICT and cultural change.

1. ICT

We have to deliver the change and improvement to our ICT. There are risks specific to ICT, but these should be viewed and mitigated as a business risk to ensure integration and business engagement.

These risks identified from within the ICT theme are more detailed because of the reliance of the FSR and 'business as usual' on the delivery of the ICT proposals.

There is also a need to deliver this theme ahead of many other changes as it is an enabler.

These ICT risks are as follows:

ICT	Risk description	Risk mitigation
1.	There is a risk that ICT is seen as distinct from business transformation, and is therefore run as a separate programme.	A single transformation programme that includes ICT.
2.	The technology transformation required to support UCC FSR is large and complex.	Strong leadership and good programme management to reduce and where possible manage, eliminate, share or transfer the risks.
3.	The outcomes from the UCC FSR will lead to an increased reliance on ICT. There is a risk that ICT's importance will not be recognised, and that our Corporate ICT will not be sufficiently resourced to meet the increasing and changing demands from the Council, customers and communities.	Must first identify strategic ICT skills and competences, and then retain sufficient capacity in those skills and competences.
4.	UCC FSR requires a step-change in integration and coordination across the Council, which must define and implement mandatory 'corporate' requirements, covering aspects such as security, integration, data and technologies, to enable that integration and coordination.	Need to define these new corporate requirements, implement associated governance arrangements and have an overall solution design before starting to procure any new application systems.
5.	Unilateral ICT decisions by services undermine applications and data integration.	Implement governance arrangements.
6.	The Council suffers a significant security breach that leads to reputational damage, reduces customer confidence, undermines channel shift.	Review security arrangements and policies. Implement a security design that handles the new threats. Implement governance arrangements so that policies, practices and their ICT underpinnings remain fit-for-purpose.
7	Involvement of third parties.	Engage early in the process and have strong project management.

2. Cultural Change

The degree of cultural change is significant and affects everybody in the organisation. People are busy now, so how do we embark upon a major change as well?

Cultural change	Risk description	Risk mitigation
1.	The scale of change is significant and touches everybody.	Good communications, programme management and appropriate leadership.
2.	New skills and knowledge will be required.	A learning and development plan, and an early start on skills and development for implementation so that people are ready.
3.	Lack of organisational capacity to move from business case to implementation.	Create a leadership group around implementation with remit to secure resources and start implementation work. Make decisions around what work can stop and communicate them.
4.	Maintaining service delivery during a period of major change.	Focus specific resources on delivery, and manage the improvement within the FSR implementation.

3. Financial

The financial investment, cost, savings and income predictions are based on a series of assumptions. Although they are calculated on this basis at this stage, we anticipate changes up and down as the implementation work gets underway.

4. External factors

There is a risk around the changing external environment and the implications this will have on the services we need to provide. These risks could be any combination of factors - political, economic, social, technological, environmental or legal.

In addition to the four cross-cutting strategic risks set out in this section, any commercial proposals would be the subject of an individual business case and risk assessment. A Trading Board is proposed to ensure all future planning and decision making is properly supported and challenged.

6. Implementation

The implementation challenge is significant. It is therefore recommended that an Implementation Group is established. This Group will be led by the Chief Executive and supported by senior officers, and be tasked with the successful implementation of the new way of working.

The Implementation Group will consider a wide range of issues including people, customer, ICT and performance – and the development of new financial arrangements to support the new operating model.

In addition, an Implementation Board will be established. This will be politically led and representative of all political groups. Its purpose will be to hold the Implementation Group to account for the delivery and implementation of the UCC FSR.

7. Work to date

The business case is a summary of our work to date; to understand the complete picture it must be read alongside the appendices which follow.

They set out a number of critical success factors namely:

- the importance of simplifying the ways in which our customers do business with us to improve customer experience and deliver efficiencies (Appendix A)
- the development of a sharper commercial focus (Appendix B)
- the need for major changes to the ways in which our customers behave and interact with us (Appendix C)
- a substantial investment in ICT to enable change (Appendix D)
- the role of physical locations in the customer journey (Appendix E)
- a recognition of how important cultural change will be (Appendix F)
- new organisational governance arrangements (Appendix G)
- the need for a new organisation shape (Appendix H)
- a strong underpinning financial model. (Appendix I).

8. Next steps

If the business case is approved by the Cabinet, the next stages are:

- to move forward to the implementation planning stage of the review
- to recommend to full Council the inclusion and subsequent release of £2.366 million from the Council's capital programme.

The implementation planning stage, including proposed timescales over the next four years, will be co-ordinated by the Implementation Group and reported to the Implementation Board.

Theme summary - Journey management – Appendix A

The journey management theme for this business case has emerged from earlier work which has enabled a high level operating model to be more clearly defined, and for the pathways through the organisation for customers to be better understood.

The new organisational philosophy focuses on further improvement to the customer excellence programme that has been developed in Colchester; the journey management theme has taken the organisational philosophy and translated the customer journey principles of how a new organisation may operate to deliver that philosophy, and then modelled it.

The Universal Contact Environment (UCE) is described below:

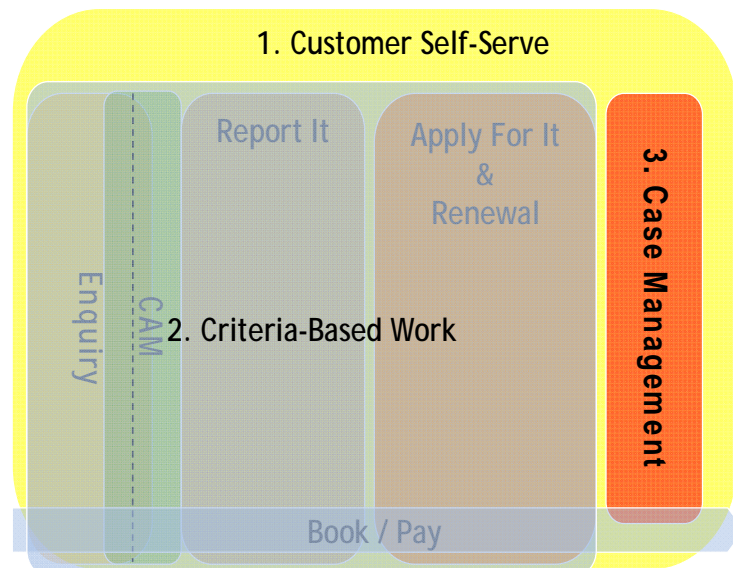
CBC Universal Contact Environment (UCE)

The Universal Contact Environment – consists of three primary capabilities:

1. Customer Self-Serve
2. Criteria-Based Working - Triage
3. Case Management Working.

All customer self-serve capability enables avoidance of unnecessary contacts – creating capacity within Triage.

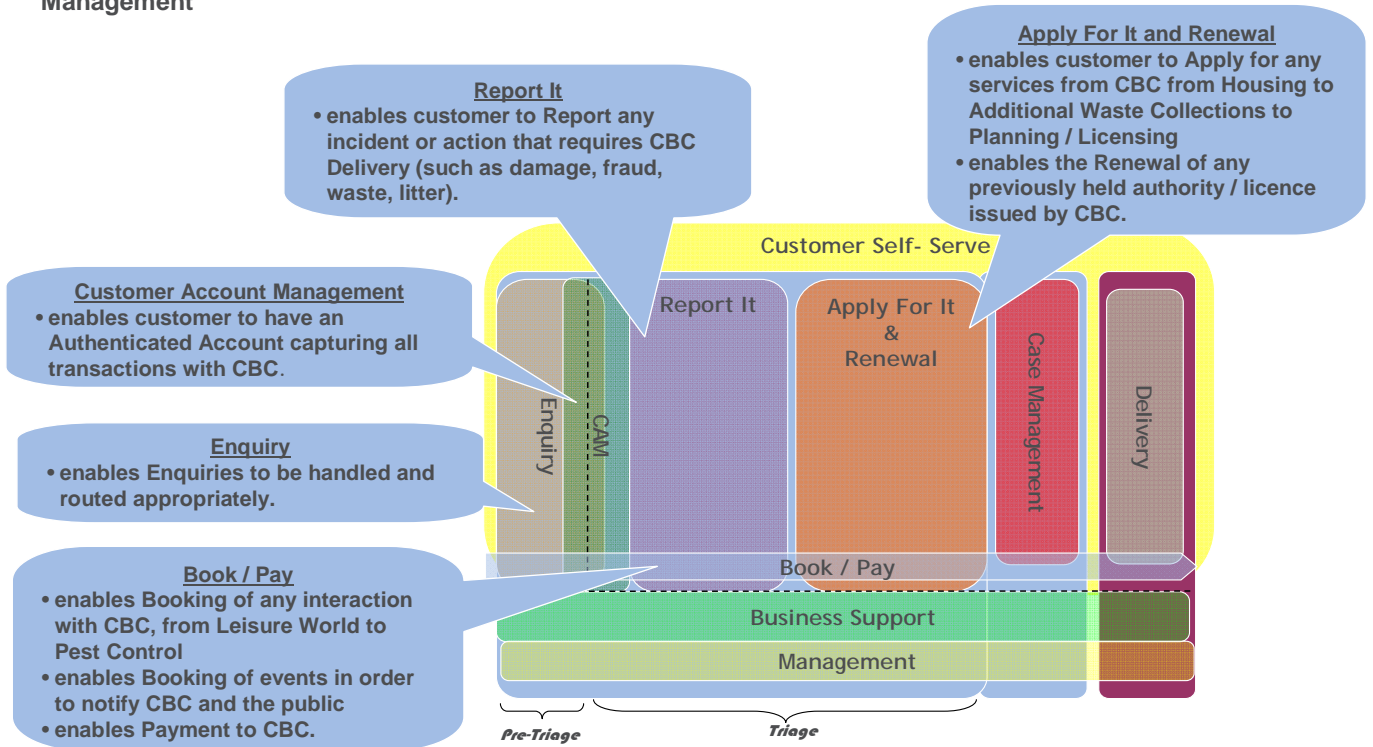
The criteria-based capability (Triage) enables the capacity for case management to support more complex and challenging interactions.



The following illustration expands on the three capabilities shown on page 1:

CBC UCE - Criteria-Based Work and Customer Journeys

- Criteria-Based Work falls into specific customer journeys
- Enquiries, Report It and Apply For It will, where required, be resolved as part of Triage and/or Case Management



This work, based on examining 360 service processes, has allowed us to standardise our processes and define a new set of business rules to allow for this work to be developed further.

The Approach

A small working group was set up to help inform the business case. The group has worked within a tight framework to produce an informative and innovative journey mapping of the Council's activity.

The group brought together resources from across the Council to inform the process, and invited representatives of services or activities to help build a complete picture.

The group was tasked with:

1. identifying the building blocks of customer journeys for Colchester:

Customer Account Management	- a single accessible customer record
Enquire	- any question a customer may have
Report it	- anything a customer wants to inform us about
Book and pay for it	- anything that needs a timeslot or paying for
Apply for it	- anything where we need information to proceed to a decision (maybe preceded by 'enquire').

2. taking as many service processes as could be identified, and running them through the building blocks to ensure no exceptions.
3. establishing high-level principles that would need to be in place to achieve the outcomes for the customer.
4. translating and further testing the theory into scenarios that are real, and then describing the benefits.
5. outlining a model of operating that would enable and support the principles underpinning the journey management theme.

The results of that work show how the building blocks map across the emerging operating model which will deliver the UCC FSR outcomes.

The Principles

The team applied key principles across all the customer journeys examined, and these are listed below:

- Customers can use a range of channels although our default will be digital (online or telephony).
- Our channels take varying levels of need / accessibility into consideration.
- Processes are customer-centric – that is, they are shaped by the ideal customer journey.
- Processes are quick and uncomplicated, and take as few steps as possible.
- Information is easy to find and understand.
- We don't ask customers what we already know and don't ask for details we don't really need.
- Single entry of data to avoid customers having to repeat themselves, for example to transfer name / address record.
- Customers are advised what to expect during the process and are kept up-to-date along the way.
- It is easy for customers to track the progress and status of any transaction or process.
- Customers are helped with reminders and checklists, but remain responsible.
- Where we can, we allow customers to book convenient time slots.
- We resolve things for customers at their first point of contact wherever possible, keeping internal handoffs to a minimum.
- When contacting us, customers get through quickly to the right person to handle their query.

The principles and assumptions that have been made need to be carried forward to the implementation 'planning' stage, as the foundation of the model and resulting improvements and efficiencies are based upon them all being achieved.

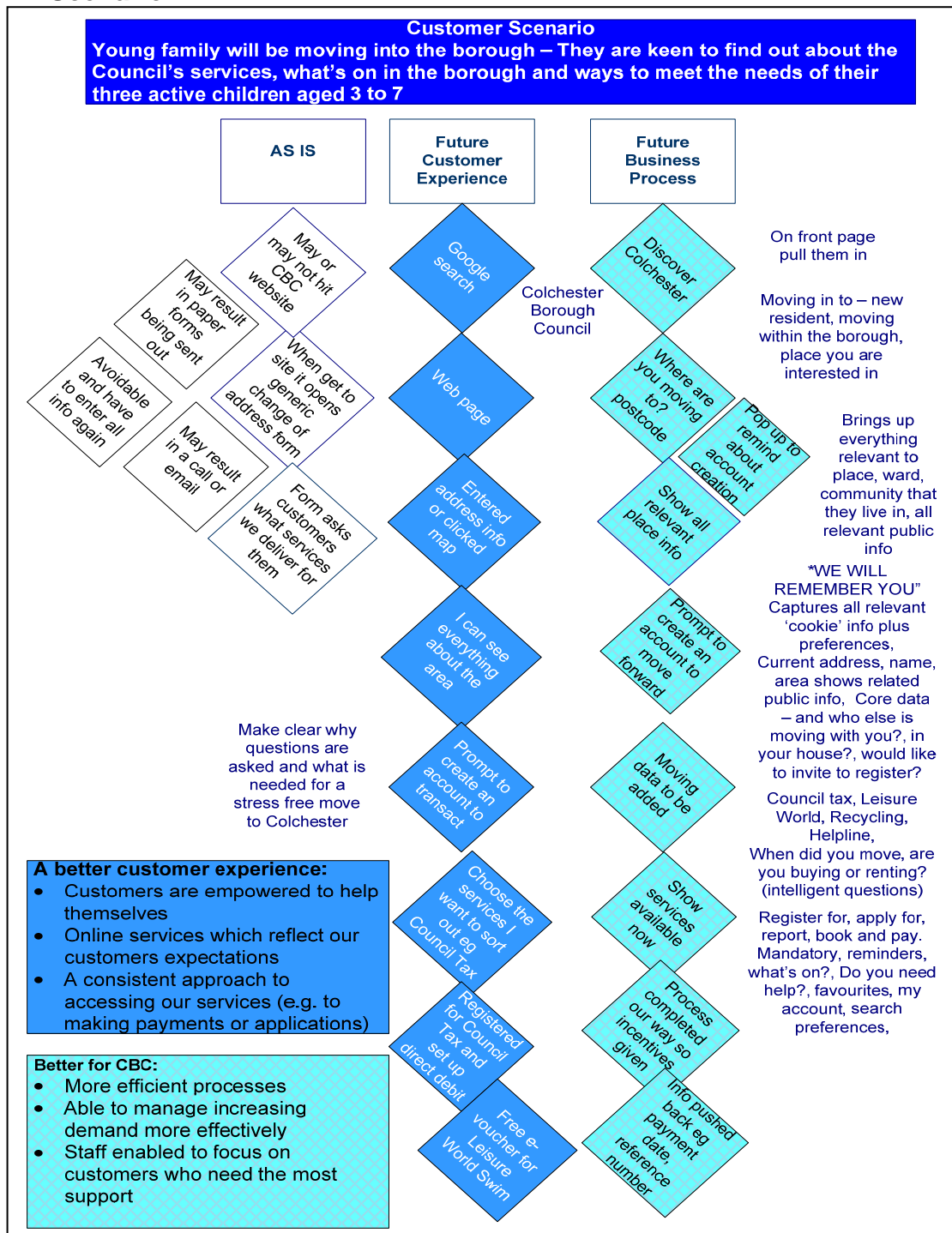
Scenarios

To illustrate how the customer experience would look distinctly different in the UCE, and how significant efficiencies for the Council will be delivered, a number of scenarios have been developed to present an 'as is' view of how something would work today, a 'to be' picture of how it would work in the future and clearly describe the customer benefits resulting in the change.

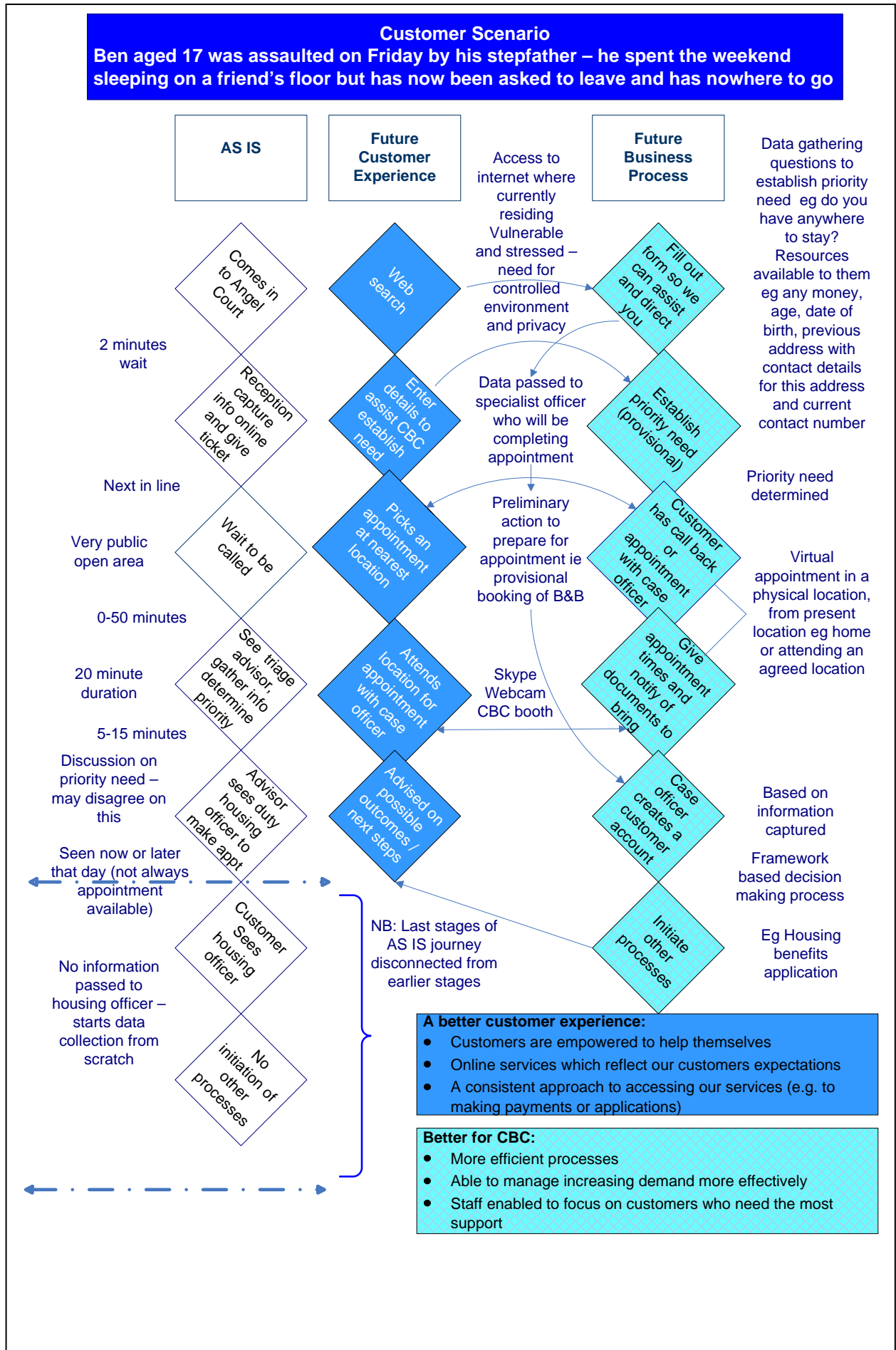
The three scenarios are:

1. Young, vulnerable and potentially homeless customer.
2. Family moving into the borough.
3. Customer wanting to sign up for a market stall.

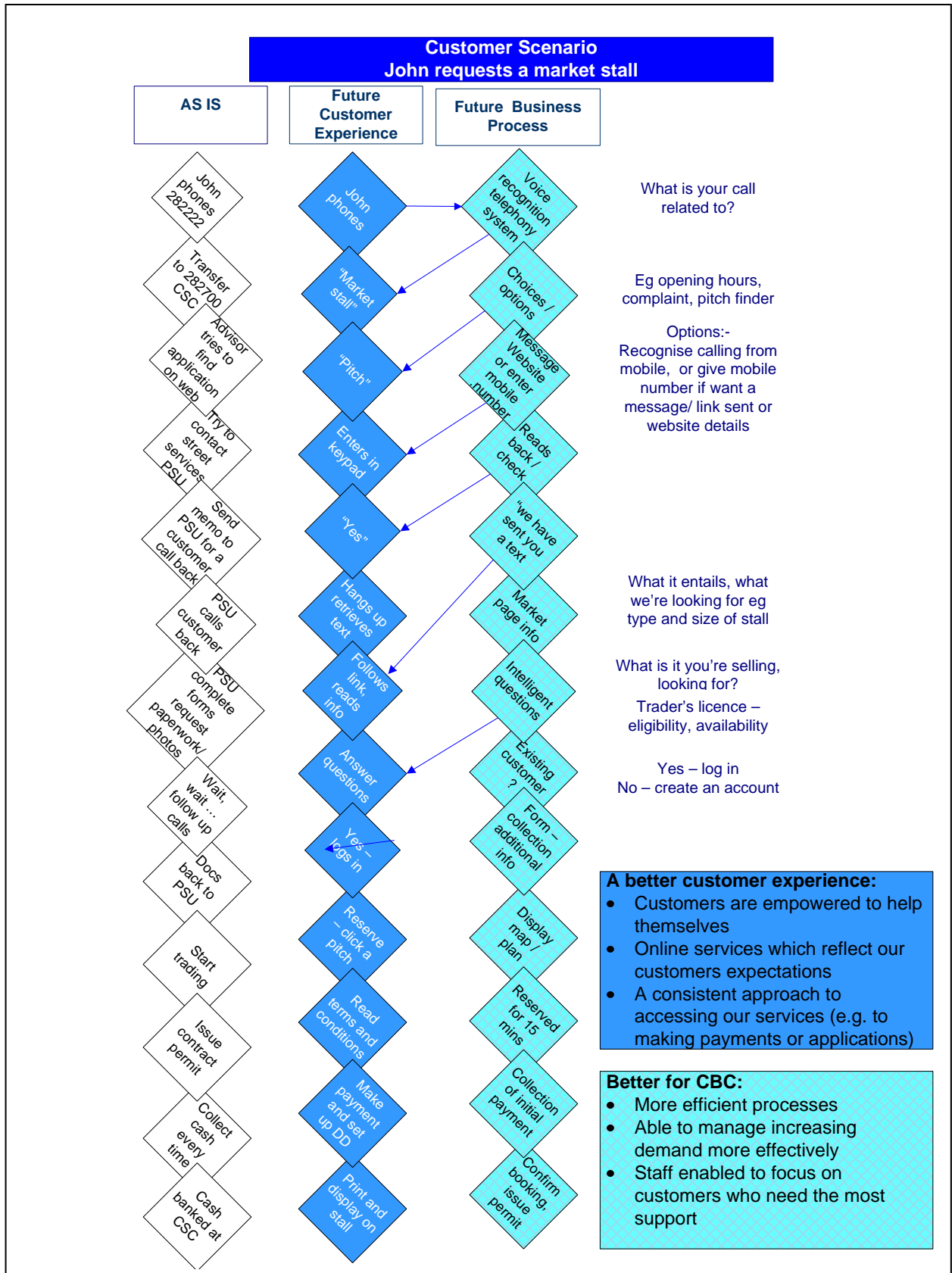
Scenario 1



Scenario 2



Scenario 3



Further work and implementation

This scenario can be read as a generic "book and pay" customer journey.

Implementation

There is a significant quantity of information and work available to be handed across to an implementation team from the journey management theme.

This includes:

- Job Accountability Statements for the triage area have been drafted.
- a 99-point list of 'Challenges, Issues and Priorities' that needs editing and to have owners assigned to work up resolution of the list.
- the next level of process and journey mapping
- further focus on areas identified where more work is needed, for example planning services.

The framework and principles used to map business processes to customer journeys will be used in implementation to ensure consistency, customer focus and a direct translation to the new operating model.

Conclusion

The changes to journey management arrangements are predicated upon a major investment in enabling technologies.

Upfront investment in technology will be needed to deliver substantial improvements to the customer journey, which our customers, staff and councillors tell us are much needed.

This facilitates significant changes to the way in which organisational resources are deployed.

These efficiencies are reflected in the financial summary at Appendix I, with the journey management theme content highlighted below:

Recurring revenue costs / savings / income		Year 1	Year 2	Year 3	Year 4
Theme	Type	2013/14	2014/15	2015/16	2016/17
		£'000	£'000	£'000	£'000
Journey management	saving	nil	(300)	(700)	(1,000)

Note: Costs associated to the delivery of journey management are shown in ICT and culture change (appendices D and F).

Theme summary – Commercial – Appendix B

The generation of commercial income will be vital to the future resilience of the Council in delivering excellent frontline services during a time of reducing government funding. We have an opportunity to build a sustainable commercial services arm, which will create a focus for commercial activities that will grow over time to support the political aspirations of the administration expressed through the Strategic Plan.

A commercial arm is a vital and integral part of the operating model which delivers our vision for an organisation with a strong customer, community and commercial focus.

A clear purpose and mission for this activity is important to ensure that the commercial business reflects a public service ethos, whilst freeing up resources to maximise commercial income and help us to improve our financial position. This will help us continue to provide public sector services in the future which can never be commercial such as welfare, housing and homelessness, in addition to some of the statutory activities which we are required to undertake such as crime and disorder and some health outcomes.

We will work towards arrangements for a commercial arm for the Council which will be owned by the Council. Its sole purpose will be the generation of revenue by creating surpluses from commercial activities, which will be reinvested in frontline service delivery.

This will be achieved by setting high level criteria which the trading arm will undertake, namely that it:

- reflects the requirements of the Constitution
- is commercially sound
- does not compromise the Council's reputation.

Our mission will be to deliver high quality services across a range of categories. We will achieve this by:

- understanding who our customers are
- being responsive to their changing needs
- delivering services and products that reflect these needs
- being alert to changes in the environment
- being as efficient as possible in our use of resources including people, buildings and money to generate surpluses
- aiming for excellence in all that we do.

Our vision is for a trading company(ies) that will become a dynamic and successful arms' length organisation(s), and will provide growing and sustainable revenue streams for the Council to enable the delivery of its priorities as expressed in the Strategic Plan.

It will be based on some important principles, namely:

- to serve the people of Colchester
- be open to opportunities wherever they occur
- develop the full potential of our people
- be open and transparent
- to challenge existing ways of working
- to protect the reputation of the Council.

We expect our focus to be in the following areas:

- better and improved procurement
- enhancement of existing income streams
- developing our assets into sustainable revenue streams
- providing services to others
- commercialising the UCC concept
- managing services for others
- pursuing shared management opportunities.

Delivery of income will be dependent on the costs incurred in delivering sustainable revenue streams. In addition, the current market conditions will determine our revenue priorities. A financial assumption about cost and income for the commercial theme is shown on the next page, and is also reflected in the financial summary at Appendix I.

The commercial theme will encompass a number of potential trading opportunities, but the most financially rewarding is likely to be based around the use of our property and land assets. Work is already progressed for the use of the Northern Gateway, and Cabinet has recently approved a vision for this area and agreed terms for the first specific site to come forward. Key to this will be the delivery mechanisms that allow a capital asset to be turned into a sustainable source of revenue.

A trading board is proposed to ensure all future planning and decision making is properly supported and challenged, and to ensure through recommendations to Full Council and Cabinet that the Council is getting value for money and is entering into sound commercial arrangements.

We need to consider the nature of the operating model we currently use for other aspects of our business, for example Colchester Borough Homes and Colchester Community Stadium Company, and those that will be most appropriate in the future so that we can put in place the most efficient tax and profit arrangements possible.

To ensure that the decision-making process is sound, we need to obtain external commercial advice. A workshop has been scheduled for October to this end, so that all of the issues are fully explored before formal recommendations are made to Cabinet.

In the meantime our financial aspiration remains as follows:

Theme	Type	Year 1	Year 2	Year 3	Year 4
		2013/14	2014/15	2015/16	2016/17
		£'000	£'000	£'000	£'000
Commercial	cost	330	415	525	525
Commercial	income	(300)	(710)	(1,310)	(1,460)
TOTAL		30	(295)	(785)	(935)

There is also related information about this commercial theme in Appendix F Cultural change (page 4), and Appendix G Organisational governance (pages 2-4).

Theme summary - Behaviour change – Appendix C

Introduction

This theme is critical to the successful implementation of the FSR in that it seeks to respond to some uncomfortable facts. We are seeing an unprecedented rise in customer demand and in customer needs. The growing population of the borough and the increased expectations and needs of residents will, if nothing is done, lead to an exponential increase on demand for customer services from the Council at the very time that resources are seeing a real reduction.

Influencing people's behaviour is critical to reducing growth in demand for Council services where we want to reduce it and even to prevent it. In some cases we may wish to increase demand. In an ideal scenario we could, by the way we frame and apply policy, information and education, make customers more self-sufficient to the point that their specific demand or need never comes to fruition in the first place.

So could you prevent a teenager from becoming homeless in the first place so that need does not present itself to the Council? Can you reduce levels of littering so that the cost of cleaning streets reduces?

What we know is that prevention is not necessarily an easy option. It requires upfront resources and a long term strategy as well as a degree of patience: this is not an easy win. However, examples are emerging where organisations are taking new approaches to impacting demand by a proactive approach, based on understanding their customers to a point of being able to identify the nudges and incentives which, through careful planning and targeted action, can have a significant impact on demand.

In addition, many authorities are undertaking more fundamental community development projects where customers are empowered to assist in service redesign and involvement in provision, as part of Big Society and Localism initiatives. There is widespread recognition that although in the past education and information has been directed at changing behaviours, this new approach can have a much greater impact on demand.

The various opportunities need to be further explored to understand how preventative and marketing work can be planned to predict and deliver quantified results, but we are already getting indications of the savings that could be made across the Council.

Description of the task

The task is to develop a structured framework to build the capacity and capability of staff to undertake behaviour change work embedded in service design and delivery. This will include measures to ensure that insight and customer data are used throughout the organisation to shape policy, services and manage customer behaviour. The framework would target services and communications with a raft of measures including formalised training, clear governance arrangements and protocols, including systematic measurement of behaviour change initiatives, through regular monitoring and evaluation.

There would be a programme developed on the basis of identifying those initiatives with the biggest impact.

This is likely to be delivered in the shape of an enabling team who set up this framework and facilitate staff to carry out projects with a behaviour change or demand management impact.

The Challenge

The challenge is to ensure the behaviour change is built into the culture and business of the organisation. The team will enable staff to undertake customer engagement, insight and marketing exercises and other interventions, but within a managed framework where impact is measured and recorded. This will ensure customers' needs, wants and behaviours are used to shape services and to empower customers in order to manage demand. In addition, engaging with customers and empowering them to be involved in service redesign and provision is key to demand management in the long term.

Behaviour change pilots

To start the process a number of pilot projects in key areas have been identified with the intention of understanding what has the best impact.

1 - Community Empowerment

Community empowerment is one of three initial sub-themes being developed as part of the behaviour change theme. There are two specific opportunities taking shape under this sub-theme:

1 - Food waste incentive scheme

Based on three sample groups taken from the existing food waste trial (7,100 households), the aim of the project will be to encourage food waste participation, and ultimately reduce the amount of black bag weight sent to landfill.

2a) Helping communities to help themselves build resilience and play a part in the customer 'frontline'.

A 'community triage' service using community volunteers.

2b) Helping communities to lead and direct the regeneration and renewal of their local area

It is proposed that the 'Hythe Forward' project is an ideal opportunity to test the principles of behaviour change and community empowerment in one of Colchester's regeneration areas.

3 - Essex Family – 'Colchester Delivers'

Essex Family concentrates on finding better solutions for families with the most complex needs. The work will require long-term behaviour change, for the families, for public sector organisations, the way we work in partnership, and for communities.

Behaviour change pilots – others

It is recognised that a further pilot about increasing income growth would be valuable in understanding the full opportunity that this might have for the Council. This work is already being considered as part of the implementation of the Sport and Leisure FSR.

Further work to understand the scale of the potential impact has been undertaken in a couple of specific ways. Using the advice of the Cabinet Office's own behaviour change team, workshops with all Council services have been undertaken to identify a list of potential projects. There has also been an assessment undertaken of the potential impact using 'top down' Council budgets to estimate the potential savings that could be achieved (work undertaken by 'Impower'). Clearly this work is at an early stage, and some of the results can only be quantified as projects are actually rolled out, but there is increasing confidence in the real value of this work.

The Costs

Although some elements of this programme are successfully being put in place, to extend the framework, costs would include initial upfront investment.

This could be in the form of an ongoing resource (which would be expected to come from existing resources), with a new limited budget to implement the strategic framework outlined above. It would be set the objective of embedding its work into service delivery within three years. Costs of software and the development of the web engagement hub will need to be identified.

The costs of the team would not include the upfront costs of each separate initiative. Estimates from Impower suggest a notional £50k per major service which would have to be deducted from any actual saving. Nevertheless, the early work by Impower suggests a net saving to the Council of £1.9 million* (£0.5 million from Housing Revenue Account/HRA). In practice, the savings would build up over time but could reach a net saving of £300k a year.

You would expect that the impact of one initiative would begin to tail off over time, so the framework envisages new initiatives continually being brought forward. A difficult issue is to estimate any net benefit calculation in assessing how the behaviour change initiatives are affecting the trends of growing demand. Will they just reduce the impact of those trends or will they actually remove demand to the extent that there are real savings relative to today's base budget?

This work on potential impact against growing demands will need to be reviewed through the implementation stage. However, current indications suggest there should be a potential three to ten-fold return on the three-year set up costs of a behaviour change team.

The relevant section of Appendix I financial summary shows:

Recurring revenue costs / savings / income		Year 1	Year 2	Year 3	Year 4
Theme	Type	2013/14	2014/15	2015/16	2016/17
		£'000	£'000	£'000	£'000
Behaviour change	cost	50	100	100	100
Behaviour change	saving	nil	(150)	(200)	(400)
Total		50	(50)	(100)	(300)

* not all delivered in four years

Theme summary – ICT – Appendix D

Introduction

Even if we do nothing we need to spend £1.3 million on our ICT in order to keep us up-to-date. We are entirely dependent on effective ICT to deliver our services and meet customer expectations.

This theme highlights the improvements we now need to make to our ICT to support the rest of the change.

The changes represent the biggest jump forward in ICT that we have ever seen, and many of the savings identified in other themes will be largely dependent on the success of ICT.

Ten core areas have been identified that pull together the outline from the initial business case:

1. IDOX document management and workflow
2. Customer index
3. iConnect
4. Unified communications
5. Upgrade operating system
6. Move to data centre
7. Self-serve and information provision
8. Hardware
9. Infrastructure and connectivity
10. Skills development.

Capita were asked to undertake a piece of work to further develop these areas for the full business case, to look at how they might be delivered and to provide some more robust costing.

At present, the work suggests that we require a capital sum of £2.7 million and a revenue increase of around £220k a year.

Aspirations

We all know some of the limitations with our current ICT.

While we have invested over the years, the last two years have seen little additional money for ICT. Our systems are starting to groan under the strain of what we are asking them to do.

People's expectations - staff, councillors and customers - are rising, and we need to deliver to this agenda. New technologies are also emerging that will allow us to make the next leap forward.

The expectation and aspiration should be for quick, reliable systems that facilitate our work and enable customers to self-serve as far as possible.

Some of the key advances we want to deliver include:

- customers should be able to access all services in one place
- good, consistent customer experience across all channels
- transition to customer self-service, then telephone and face-to-face only when needed
- single view of customer
- end-to-end processes are the basis for service / function design
- staff and councillors also have access to quick, reliable information and systems.

We have a complicated infrastructure and a number of applications that are not delivering what we require. The recommendations from Capita are that we need to look at this to see how we can improve, either by tackling specific applications or, where needed, to replace with industry standard.

Our ICT will have to deliver across a wide range of services and as such will always have a level of complexity. However, we have made this more complicated than it needs to be; we need to ensure a corporate approach to ICT to ensure that the full implications are taken into account.

Security of systems will also need to be improved as more information is available to a greater number of people.

Background

ICT has been the catalyst for significant changes over the years, both to how services are delivered to the customer, and to how people work to deliver services. We are now in a position where we need to transform our existing systems, and embrace new technologies to support the services going forward, reduce costs and provide the tools to help deliver the UCC FSR.

With the UCC FSR, the organisation is set to change significantly over the next two to three years, and the ICT systems need to change with it to continue to provide the appropriate support to this new organisation in delivering services differently to our customers, who are themselves demanding that we change.

In order to evaluate the gap between where we are now in terms of ICT, and where we will need to be to support the FSR, we engaged external consultants to help us establish a model architecture we feel would be best suited to support the delivery of the FSR outcomes, such as they are currently known. Since 2009, there has been little capital investment in the underlying technology, and what has been spent has been largely to deliver the specific outcomes of service-based FSRs.

We have generally refrained from refreshing the hardware in accordance with the three-year timeframe recommended by manufacturers and industry guidelines, preferring to make the assets work harder for longer, and much of this equipment is now four to five years old.

This has meant the infrastructure – servers, network, storage devices, desktop machines and the respective operating system software - has stood still, and is now reaching the end of its useful life.

When the current VDI system was put in place in 2009 it was designed for a specific organisation: directorate-based, with specific ICT applications geared to that service, plus a number of corporate-wide applications.

The aim of the ICT strategy at the time was to maintain this, whilst delivering the flexibility and improvements to meet the accommodation strategy, and at the same time improve services to customers. Although steps are being taken to switch more and more services online, IT Systems remain mostly geared to individual services and service areas. The ICT strategy for 2010-13 acknowledged that some consolidation was desirable.

Going forward

The UCC FSR is set to change how the organisation functions and looks. This means that if our ICT infrastructure is left 'as is', it will no longer be best suited to support the delivery of services in the new world.

We need to make our ICT services as flexible and as current as we can, so that they are robust, yet adaptable enough that they can be quickly aligned with changing organisational needs. Bringing our ageing infrastructure up-to-date means it too will be designed to take advantage of changes in technology, and introduces the greatest degree of flexibility so that it does not constrain the FSR.

The FSR gives us the opportunity to look at the number of corporate and directorate applications we currently use and see where economies and efficiencies can be made. It is possible that some systems could be integrated with others, or where this is not possible to introduce links between them so that they all use the same set of data which is consistent, accurate and reliable.

We have concentrated on areas we know will deliver improvements and/or cost savings over time and technologies or strategies which we feel we need to embrace to take the ICT services forward for the next few years.

We have therefore looked at both the software elements and the hardware, and identified those elements which require investment immediately, those which will deliver the basics of the UCC FSR, those which will deliver all the FSR, and those which will provide added value to the organisation over and above this. This is detailed in the Capita report.

These are the key areas identified:

Software

- a) Document management
- b) iConnect
- c) Customer Data management
- d) Improved office systems.

Hardware

- a) Location and management
- b) Integration of user's own equipment
- c) Unified communications
- d) Upgraded operating systems.

A summary of the detail is set out below:

Software

a) Document Management

However the organisation develops, it is essential that we have a secure, reliable and robust system for electronically storing and moving documents across the organisation. This will enable us to maintain compliance with legislation (Freedom of Information, Data Protection), access customer and case documentation easily, reduce physical storage space, and remove old documents in a timely fashion. We currently use a product called IDOX for this, but this is set up to support a departmental-based organisation – Benefits for instance have their own set up, as do Planning. This corporate application need to be reviewed and enhanced to deliver a more holistic service or, if the supplier is not able to deliver to our new specification, then replaced with a more adaptable solution. Alongside this, we need to consider how useful or acceptable the operation to scan documents into the system has been. We know that the current system and how it works is not delivering effectively for even our current requirements.

b) iConnect

This is our flagship customer access service, though which a number of online services are already available, and which will be our branding for all online transactions going forward. It will enable a customised “my view” active view and is designed to improve and extend self-service, allow seamless mobility between services and reduce officer involvement, offering the ability for the customer to book, pay, inform or check online. It needs further development and a decision needs to be taken on how this is taken forward. Again, the supplier needs to commit to delivering to our changing needs or be replaced.

In addition, further development of software will be needed to ensure that the customer journey is rewarding, and that the elements of triage are supported. To this end, an automated system should be introduced to separate out and deal with those contacts which do not require judgement decisions, leaving advisers free to deal with more complex cases. A corporate workflow capability is also necessary to ensure that cases are managed and directed to the right person and complement the customer journey.

c) Customer Data management

This we feel will be the key element in delivering improved online and self-service to our customers, and enable us to manage the customer journey across the organisation. This relies on a single, master record being established and managed for each customer so that we record and maintain the customer detail accurately, consistently and use this master record to ensure all other systems use the same information. We are developing this Customer Master Index now, although we need closer engagement from the current supplier to move this forward. This is also an opportune time to consider whether a supplier change is desirable.

In order to maintain this data, in which there must be a high degree of confidence as to consistency and reliability, there must be some additional investment in data management tools.

d) Improved Office Systems

We currently use Microsoft products, which are now out of date, and which Microsoft will soon no longer support. In particular, our level of the MS Office suite is now nearly ten years old and we urgently need to upgrade this software to the most recent version (Office 2010) and if possible put ourselves in a position to adopt Office 2013 when it is released early next year. These are essential tools which will improve productivity.

We urgently need to upgrade our Microsoft desktop operating system, which is due to be abandoned by Microsoft in early 2014. Windows XP has been the platform of choice for many organisations, and its life has already been extended by the refusal of many Microsoft customers to upgrade to Windows Vista. However, with the successful rollout of Windows 7, shortly to be upgraded to Windows 8, Microsoft has announced that Windows XP is to be de-supported. Again, this means no further development or upgrades, and as such, a growing list of security vulnerabilities. Continued use of this past the end date would be very risky, and would also put us in breach of the GCSx code of connection resulting in the Council being refused access to government databases such as the DWP CIS system.

As we have other licensing arrangements with Microsoft, as well as upgrade needs, it is strongly suggested that we enter a three-year Enterprise Agreement which would cover all licensing costs and enable access to all upgrades for the duration. This would be a cheaper option than to purchase the licences for each element separately and it would allow for some future-proofing.

Hardware

a) Location and Management

There are several compelling reasons to consider moving our entire ICT system offsite, into a purpose-built data centre.

With advances in ICT and networking, there is no longer any imperative to have the servers located on-site, and location independence would enable us to seek out the most financially advantageous offering. With our main server room in Angel Court, there is an increasing risk of outages due to either air condition failure (the units are around 15 years old and in urgent need of replacement) or of power failure (due to the ageing electrical infrastructure in the town centre). In addition, it will enable 24/7 monitoring of the systems and enable the development of a robust disaster recovery/business continuity solution for the ICT systems.

The Angel Court Server room is physically full, and with the Rowan House room having only limited space, there is little room for expansion or to accommodate new or additional equipment. Finally, there will be a significant reduction in carbon emissions locally as our power and air conditioning requirements would be greatly reduced, whereas an overall increase in emissions at a data centre to cope with the increased load is likely to be relatively small.

It is strongly recommended that the server environment continues to be managed under the ICT contract, but that the servers are relocated out of the existing server rooms into a managed data centre. In addition, this would best position us to take advantage of a future cloud computing environment which could lead to us divesting ourselves of the hardware altogether in the future.

b) Integration of User's Own Equipment

Often referred to as Bring Your Own Device or BYOD, this is a direct result of the consumerisation of ICT, the development of smart devices and a growing understanding of technology by the general public.

It represents a significant change in how organisations view connection to their systems, making them more accessible rather than confining access to them to specific organisation-supplied devices. This is reducing support and equipment costs by using emerging technologies to securely link the devices people use at home or in their daily lives to corporate work systems.

People are in the main more comfortable doing this, using the devices with which they are familiar rather than using work- provided equipment which is often older or less effective, or at best duplicates what they already have and increases the number of devices they have to carry. We must as an organisation encourage users to connect using their own devices and enable as wide a variety as possible to be connected without compromising on security.

c) Unified Communications

This is an emerging trend aimed at improving productivity and enabling our customers to speak to the right person with the minimum delay. It makes use of several technologies beyond telephony and e-mail; integrating video, instant messaging, ICT systems, mobile telecommunication services, videoconferencing and personal availability monitoring (telepresence) systems to generate fast communication between workers, thus reducing communication response times and directing customers to the right place quicker. Voicemail into e-mail integration is also an option.

In order to improve the customer experience of how quickly and efficiently we respond to their calls, it will be necessary to invest further in this evolving technology, either expanding on the facilities we already have or purchasing new solutions.

The Council has a contract for telephony services which runs until 2014, which integrates Voice telephony with The ICT VDI desktop. However, there are shortcomings in the current system which means we have as yet been unable to take full advantage of the VoIP telephone system. In particular, integrating VDI and VoIP for normal telephony when working from home, and home videoconferencing and video have always been problematic. As a result, there needs to be further investment into resolving this aspect, and as a first step, the VDI environment needs upgrading to enable inclusion of the voice software into the VDI environment for home use.

d) Upgrading Operating Systems

Our VDI environment needs to be refreshed as it has now grown beyond its original specification, and as demand for it continues to grow this has introduced some instability, causing confidence in the solution to drop. Issues include slowed system response, unexpected errors at start-up, difficulties in adding new users, and lack of space.

Most importantly, we need to review the solution generally and see where the inherent problems lie, and address those areas which still work less well for the users of the council systems. There are several elements to upgrading the environment, but the basis of this will be to upgrade to the latest versions of the software which enables VDI to work. At the same time, we need to revisit the virtualisation of the server hardware and improve the level of virtualisation, thus reducing the physical number of servers we have to maintain.

Conclusion

ICT is a key enabler to the successful delivery of services, but it will not be able to support a changing organisation unless it too changes. Although this will require considerable investment now, it should be balanced against the minimal capital spend on corporate ICT systems over the past three years.

Although there are risks associated with taking on such a large-scale project to transform our ICT systems, the risk to the success of the UCC FSR is even greater if we do not take the opportunity to align systems more closely with the business need of the organisation going forward.

Cost Summary – ICT theme

Capital		Year 1	Year 2	Year 3	Year 4	Cumulative total for Years 1-4
		2013/14	2014/15	2015/16	2016/17	
		£'000	£'000	£'000	£'000	£'000
ICT – needed without the FSR	*see note	800	500	0	0	1,300
ICT – additional	below	900	500	0	0	1,400
TOTAL		1,700	1,000	0	0	2,700

* £1.3 million of the proposals would have to be delivered whether we implement the UCC FSR or not to keep our IT at an acceptable level.

Recurring revenue costs / savings / income	Year 1	Year 2	Year 3	Year 4	Cumulative total for Years 1-4
Theme	2013/14	2014/15	2015/16	2016/17	
	£'000	£'000	£'000	£'000	£'000
ICT	220	220	220	220	880
TOTAL - revenue impact	220	220	220	220	880

Implementation is a large proportion of these costs, and there may be cheaper ways of delivering this work. However, this is also the highest risk to implementation and if we try to strip too much cost out then projects could fail to be delivered effectively.

Revenue costs are estimated at £400k, however £180k is already in budgets. The additional revenue cost is £220k.

£1.3 million of the proposals would have to be delivered whether we implement the UCC FSR or not to keep our IT at an acceptable level.

Virtually none of the savings from the UCC FSR will be delivered without the investment in IT.

Theme summary – Locations – Appendix E

Introduction

We have worked towards looking at options to deliver against two objectives:

- Reducing the amount of space we occupy to reduce costs and/or using excess space to generate income
- Making our services accessible to customers in the places they want.

The interim business case for locations was based on two key recommendations:

1. That we move our face-to-face contact to the Main Library
2. That we revisit our office space across a range of buildings to ensure we have only the space we require in the future.

Options

There remain a number of options that still need to be fully explored. They are not all standalone options, but present some mix-and-match opportunities dependent on the overall approach. We anticipate that we should be able to reduce the space we occupy in the medium term to make some savings.

We know that we want to deliver our front-facing services differently, and that this will also mean changes to the back office services. We will need less formal office desk space, but need to enable new ways of working and the office environment is critical to this.

In addition, we are now talking to Colchester Borough Homes about how they will participate in the UCC FSR. Accommodation decisions will also need to consider appropriate space to make this happen.

Co-location with Libraries

Discussions have continued on moving our front-facing service to the Main Library and are very positive. At this stage we still have to have detailed discussions about cost. However, based on early indications these could be as low as £10k a year for mainly shared space. We are talking about how this would work and how far we want to integrate services. At the moment this is based on mainly shared space, retaining our staff.

Technology will enable a different way of working but we will always need to see some customers face-to-face. The service provided in the Library will enable us to support customers to self-serve and offer the triage service in an appropriate environment. We would also offer private appointment space for some of the more complex case management.

Summary of costs and savings

Location	Year 1	Year 2	Year 3	Year 4	Comment
	2013/14	2014/15	2015/16	2016/17	
Capital costs – reconfiguration of Main Library	£20k	0	0	0	It is anticipated that a small contribution will be requested by ECC for changes in the Library. This is likely to be fairly modest.
One-off costs / furniture purchase - capital	0	£75k	0	£50k	Costs to refurbish current accommodation.
Main Library - revenue	0	£10k	£10k	£10k	These numbers are still being negotiated, but this looks like the maximum cost.
Angel Court	£40k	£40k	£40k	£40k	Income pressure – loss of payment from ECC.
Savings	0	0	0	(£290k)	Savings from reduction in the number of buildings we occupy.
TOTAL - revenue only	£40k	£50k	£50k	(£240k)	

Theme summary - Cultural change – Appendix F

The culture of any organisation must be considered as part of any major change process. Culture is determined by both formal and informal processes; procedures; values and decision making within an organisation.

The formal arrangements begin to set the culture. It determines how decisions are taken in an organisation; how the organisation responds to external environmental factors; how it approaches internal issues; the structure and working practices that are employed; and how it manages its use of resources; its view of risk; and its ambition for opportunity.

The informal arrangements also dictate an organisation's culture. The values which are held and practised by individuals; the approach of senior management; the symbols and folklore which are seen and talked about; the respect given to customers; the way in which people work together; and whether the organisation is seen as one organisation or a collection of functions and services all working in their own silos and on their own projects.

You can quite often find that formal processes are in conflict with the internal symbols and workings or vice-versa. Being less risk averse brings with it its own risks, of getting things wrong or by developing a blame culture. Managing resources at the micro level may mean that you stifle creativity and innovation. Constant and detailed monitoring of performance may result in not seeing the bigger picture or joining up initiatives which make better use of resources or better outcomes for customers.

It is difficult to describe easily in words or a picture what the culture of the organisation is or should be. However you get a feel for the culture of the organisation every time you interact with it. The first time you enter a customer access point (web, phone, face-to-face). Every time you look to do business with the organisation. Each time you read or hear about the organisation.

The existing culture of the organisation is one which has evolved into a more customer-centred organisation with its front-facing customer service centre, which looks to resolve 80% or more enquiries at the first point of contact. It delivers good performing services in the main, and has embraced new technology without exploiting the full potential of that new technology. Its approach to savings and income is to seek new ways of working to gain efficiencies and thus savings, but has a traditional feel to it when it comes to income generation. Increase in charges, traditional income streams and a history of in-house service provision rather than outsourcing. It has ambition for its place, the borough of Colchester whilst providing community-focused services rather than community-led services.

The Council has some way to travel if it wants to be truly centred on the customer. Some of the customer journey processes are more centred on the needs of the professional staff rather than those of the customer, with parts of the organisation still using very traditional, time consuming and outdated ways of providing information and basic 'book and pay' interactions.

Although the senior management team operates collectively with budget setting and cost control being managed as one organisation, the services are still provided in silo-type vertical structures creating some silo mentality and empire protectionism. This is likely to remain the case as some services will always be delivered on a borough-wide or zoned basis. Vertical structures will be necessary to ensure service delivery and efficient working. Part of the cultural change will be further reduction in silo working and protectionism of resources if the Council is to truly operate as one organisation.

The cultural change required for the new organisational philosophy is to continue on the journey already set but to instil a new vigour and passion when dealing with customers. It will need to provide a more business-focused approach to many of our dealings including a more commercial philosophy for those services we charge for, and to take advantage of further opportunities in a commercial manner.

In order to achieve the cultural change necessary and ultimately the organisational philosophy described, we will need to concentrate our formal and informal processes on four key areas:

- **Customer Excellence**

Customer excellence is achieved by putting the customer at the heart of what we do and more importantly how we do it. Currently the customer comes into the organisation at the front end, and individual services are provided through vertical service delivery mechanisms:

Service Delivery	
Customer Contact	→
Individual Services	→
Collective Services	→
Information and Support	→
Case Management	↓

The horizontal customer journey comes up against vertical service delivery, which is based more on professional processes than customer experience. Rather than this horizontal front-end customer experience and a vertical set of delivery mechanisms, the customer journey needs to be created from the front end to final service delivery:

Service Delivery	
Customer Contact - Report it	→
Individual Services - Book it	→
Collective Services - Pay for it	→
Information and Support - Self-serve	→
Case Management - Complex need	→

This will require a different managerial and supervisory model with all staff taking responsibility for the customer as they go through various stages of service delivery.

The customer ends their customer journey when they have reached the point at which they are no longer a customer with a need, rather than the professional processes dictating how far the customer gets in their quest to have their need satisfied.

In the future, the organisational structure will enable this philosophy rather than hinder it.

In addition, customer excellence must be underpinned by the full use of technology including investment in hardware, software and skills together with a constant drive for ongoing simplification of our customer journey work.

Whether it is self-serve or self-reporting; assisted help with technological processes; or individual case management for customer with complex and multiple needs, the cultural change is one of the right skills, attitudes and abilities to deliver excellent customer service throughout the organisation.

- **Place**

The culture of the organisation needs to be one which has ambition and aspiration for the borough as a whole. In order to achieve this we need to view the town of Colchester as the hub for employment, leisure, arts, retail, urban living and a real sense of regional place with regional facilities and services.

The Council also needs a cultural shift in seeing its smaller towns (Wivenhoe, Tiptree and West Mersea) as needing the combination of some urban facilities without losing the rural feel of smaller market towns. A new relationship needs to be forged with these three towns, so that ambition and aspiration can be matched between the Council and the Town and Parish Councils which are at the heart of their communities.

The borough also has many rural villages which again have their own combination of needs for some local housing and employment opportunities tempered by rural living and both tourist and local enjoyment.

- **Creativity and Commercial**

If the Council is not only to survive but to thrive over the coming years, then it must foster and embrace creativity in its dealings with customers and its delivery of borough-wide services. Creativity needs to be encouraged and nurtured, but in a framework of a public sector body which has a political leadership with political priorities.

Creativity can take many forms, but within the Council its bedrock is that of value for public sector money providing services to customers, some of whom do not have a choice in customer terms. The Council also operates on the basis of demand-led need for people with complex and multiple requirements to live in society and to fulfil their potential. Creativity cannot create the 'haves' and 'have nots'; cannot exclude those without the technology or wherewithal for seeking assistance from the public sector 'system'; and must not return to the mentality of the 'professional knows best'.

Used in the right way creativity can enhance people's life opportunities and can liberate residents and customers from their problems and their issues.

Commercial is an interesting concept for a public sector body. Commercial in this context is not looking to create an organisation which is driven purely for profit or 'bottom line' motives. Many staff came into the public sector to give a public service. However, service comes with a price. The price of how much the service costs to provide per resident or per contact. The price of how much people are able or prepared to pay for certain services. The price one pays for not managing demand for services, or the opportunity price of not using finite resources to provide other services.

Commercial in this context and the cultural change required is one of being more commercially and business-focused in those areas that can make a significant contribution to the future provision of public sector services which cannot themselves be commercial – for example, welfare reform; housing and homelessness; some enforcement activities; reducing crime and disorder; improving health outcomes; provision of social housing and so on.

Commercial is about a range of business-focused activities which enhance the overall resources of the Council.

- better and improved procurement of things and services
- more sophisticated consideration to enhancing existing income streams
- turning existing owned assets into new and lasting revenue contributions
- exploiting new ways of working or service delivery to provide contractually for others
- offering the Universal Customer Contact concept to other organisations for a management fee
- more managing of services on behalf of other organisations
- pursuing shared management or specialisms with other local authorities.

This is the commercial cultural change required if the Council is to enhance its future revenue opportunities, and to respond to future demand for services which will be with us for a number of years to come. This will require dedicated resources; a new operating model to take advantage of the commercial opportunities created or presented; and a recognition of the contribution that the commercial philosophy of the organisation can make to the wider Council and its activities.

- **Skills, Growth and Choice**

With any organisational and cultural change process, the skills of people in the organisation are paramount. Skills of learning a new role or a new way of working; ICT skills which underpin the new philosophy; and instilling the right attributes and attitudes to make the changes in working effectively.

Managerial and leadership skills will also need to be developed to create the right atmosphere for change and to express the vision which is compelling for others to want to work in a new way.

Additional skills and support will be needed to engender the right commercial philosophy to have a successful commercial approach. Perhaps the most fundamental and important aspect is belief in why change is needed; how change will occur; and what change looks like when it is successful.

The people strand of our current cultural change programme is currently developing the skills programme for the future.

The growth part of the cultural change programme comes in the growth of our people to deliver customer excellence or service delivery in new and innovative ways. It also comes in the form of the organisation which, as it grows, it becomes more confident in the new approach and more adept at adapting to changing circumstances.

All of us prefer choice in our lives and to make our own decisions at major times throughout our careers. By adopting the new organisational philosophy; the skills being offered and the growth in personal effectiveness so comes choice. Choice to change roles, face new challenges, work in a broader spectrum of the Council, and ultimately a choice to stay or to leave for other organisations and other challenges.

The cultural change programme is paramount to the effectiveness of the organisational change proposed. An initial working budget of £50,000 is proposed to implement the cultural change programme. This will be in addition to reshaping existing resources which contribute to change in the organisation and to skilling the staff who are employed by the organisation.

The relevant extract from Appendix I financial summary shows:

Recurring revenue costs / savings / income		Year 1	Year 2	Year 3	Year 4
Theme	Type	2013/14	2014/15	2015/16	2016/17
		£'000	£'000	£'000	£'000
Cultural Change	cost	50	50	nil	nil

Theme summary - Organisational governance – Appendix G

Introduction

In moving to a new operating model, the formal governance arrangements of the organisation need to be considered. The governance arrangements must be fit for purpose to respond to the new organisational philosophy, and to ensure both decision making and scrutiny are sound for the new way of working and the decisions required.

Formal Governance and Political Decision-Making

The Council has agreed and implemented the 'Leader and Cabinet' model of working, together with the 'strong leader' approach. The Council must also, through legislative requirements, put in place a series of committees and panels for the purpose of functional decision-making and the scrutiny of executive decisions.

Effectively the Council has to have:

- Full Council
- Cabinet (made up of the Leader of the Council and between two and nine portfolio holders)
- Local Plan Committee
- Planning Committee
- Licensing Committee
- Accounts and Regulatory Committee
- Standards Committee
- Crime and Disorder Committee
- Scrutiny Function.

By virtue of policy decisions of the Council and Cabinet, we currently have two 'trading' companies (Colchester Community Stadium Company and Colchester Borough Homes), together with two 'trading' services which, due to councillor involvement, require joint committees (North Essex Parking Partnership and the Colchester and Ipswich Museums Service). The Council also participates in the Essex Traveller Joint Committee which is not engaged in 'trading' services.

Although the opportunity for change is limited due to the legislative requirement for certain governance arrangements, there is scope for councillors to play a major part in the philosophy, performance, resource usage, trading position and service delivery of the organisation in the future. In addition, the way of operating the governance arrangements can be more flexible and could enhance the decision-making processes.

Future Governance and Political Decision-Making

Appendix G1 describes a revised governance structure which aligns with the organisational direction being proposed. Full Council and Cabinet are central, as in the existing structure, and the various committees continue in their current guise with their current remits.

Task and Finish Groups, which have been used successfully, are seen as the way forward in considering issues, debating policy changes and making policy recommendations into Cabinet. This would negate the need for a standing policy panel.

One single Scrutiny Panel is proposed. This would meet monthly, and could take a single issue for scrutiny together with the range of existing scrutiny areas relating to performance, resources and policy implementation. Call-ins would also be scheduled into the scrutiny function.

The additional governance being proposed is the establishment of a 'Trading Board'. This board would not have any executive functions, and would be a committee of the Full Council, and would consider the trading issues of the Council as well as challenging and scrutinising the trading arrangements which are entered into.

The current two companies owned by the Council, together with the 'Joint Committee' arrangements for the two trading services, would also relate to the Trading Board for trading purposes.

In addition, the Trading Board would look at strategic procurement issues, current and future income streams, and how the Council is to use its assets for income generation and/or community benefit. It would both challenge and monitor the more commercial activities of the Council and make recommendations to the Cabinet and the Full Council on trading proposals.

The Trading Board could co-opt 'external' members to give it additional commercial skills. The co-opted members would not have any voting rights.

Future Trading Arrangements

As stated previously, the Council has already established two private sector trading companies. Colchester Borough Homes is the Council's Arms Length Management Organisation (ALMO) which is classified as a private company limited by shares. The one share issued is held by the Council which is the parent company. Colchester Borough Homes via a housing management agreement has responsibility for the Council's housing management functions, and performs that role in return for a management fee.

The second private sector company owned by the Council is the Colchester Community Stadium Company, which is classified as a private company limited by shares. One share is held by the Council.

Its role is to act as the Head Lessee for the use of the stadium with leases and trading arrangements being entered into with Colchester United Football Club for use on football match days; for the commercial use of the stadium on non-match days; and with Colchester United Community Sports Trust for community activities. It covers its costs through income from the commercial operator and the sports trust whilst all other revenue earned is returned to the Council.

The Council also manages services for other local authorities in relation to the North Essex Parking Partnership and the Colchester and Ipswich Joint Museums Service. There are joint committees in place to oversee those arrangements. The North Essex Parking Partnership joint committee is a committee of Essex County Council (on-street parking being a function of the County Council), but with Colchester being the lead authority and acting on its behalf. The Colchester and Ipswich Joint Museums Service joint committee manages its (and Ipswich's) own functions. The county-wide Traveller Joint Committee, of which the Council will be a member, is also being finalised. The Council needs to consider whether a different operating model for all (if possible) is more in line with the philosophy going forward.

If the Council is looking to use some of its assets for future revenue gain together with further trading opportunities in some areas, then it needs to establish the right trading models which take advantage of the 'Teckal' exemption in procurement, and the most efficient tax and profit arrangements for the activities it undertakes.

- Teckal Exemption

The Teckal exemption is a piece of European case law that enables local authorities to procure or trade with other parts of the public sector which do not need to apply full EU procurement legislation.

The exemption only applies where:

- the service provider carries out the principal part of its activities with the relevant public body
- there is the same kind of control over the service provider as the public body has over its own departments, and
- there is no private sector ownership of the service provider or any intention that there should be.

The EU is intending to issue a new Directive shortly which will codify Teckal in legislation. It is expected that this will include much tighter controls but the impact of these are not known at this stage.

This effectively applies to 'public sector to public sector' activities. As the Council may wish to trade with or enter partnership arrangements with the private sector, then the 'Teckal' exemption will not apply. In those instances, a company or commercial structure needs to be established creating the most tax-efficient arrangements possible.

- Commercial Structure

Initial discussions suggest that a parent company is created which 'controls' and co-ordinates the activities of subsidiary companies which are fit for the purpose they are intended for, namely public-to-public trading activities or public-to-private trading activities.

The Trading Board established would continue to challenge and monitor all of these arrangements and ensure, through recommendations to Cabinet or Full Council, that the Council is getting value for money and is entering into sound commercial arrangements. The Joint Committee arrangements could then be reviewed as part of these discussions to determine the best governance and commercial arrangements for the future.

Proposals for the 'commercial' element of the organisational philosophy encompassing current commercial arrangements will be developed over the coming months. They can be introduced during 2013/14. The Trading Board can be established in advance of these proposals.

Theme Champions

Although not part of the executive or scrutiny arrangements, 'theme champions' currently exist, and are appointed on specific issues which are important to the Council. These champions would represent the Council, but would work closely with the relevant portfolio holder who would retain all executive decision-making powers and responsibilities.

Way of Operating

There are options around how the current governance arrangements operate.

Groupings of certain committees could reduce the need for separate meetings and therefore reduce the cost of running them.

Some of the meetings could be held in different areas of the borough. Some could look at conducting business in a different way. Some could seek to invite participation from different individuals/groups or 'expert' witnesses. These different ways of operating require further discussion with councillors in order to make any firm proposals.

Costs and Savings

Broadly cost-neutral.

Officer Governance Arrangements

These arrangements are for noting only. The existing officer governance arrangements which manage the business of the Council currently consist of a Performance Management Board and four themed areas which cover:

- Customer Excellence
- Transformation
- People
- Place.

These themed areas look to develop the organisation to improve its performance, manage the changes needed to respond to customer and partner requirements, and co-ordinate the corporate policies across all services around the themed areas.

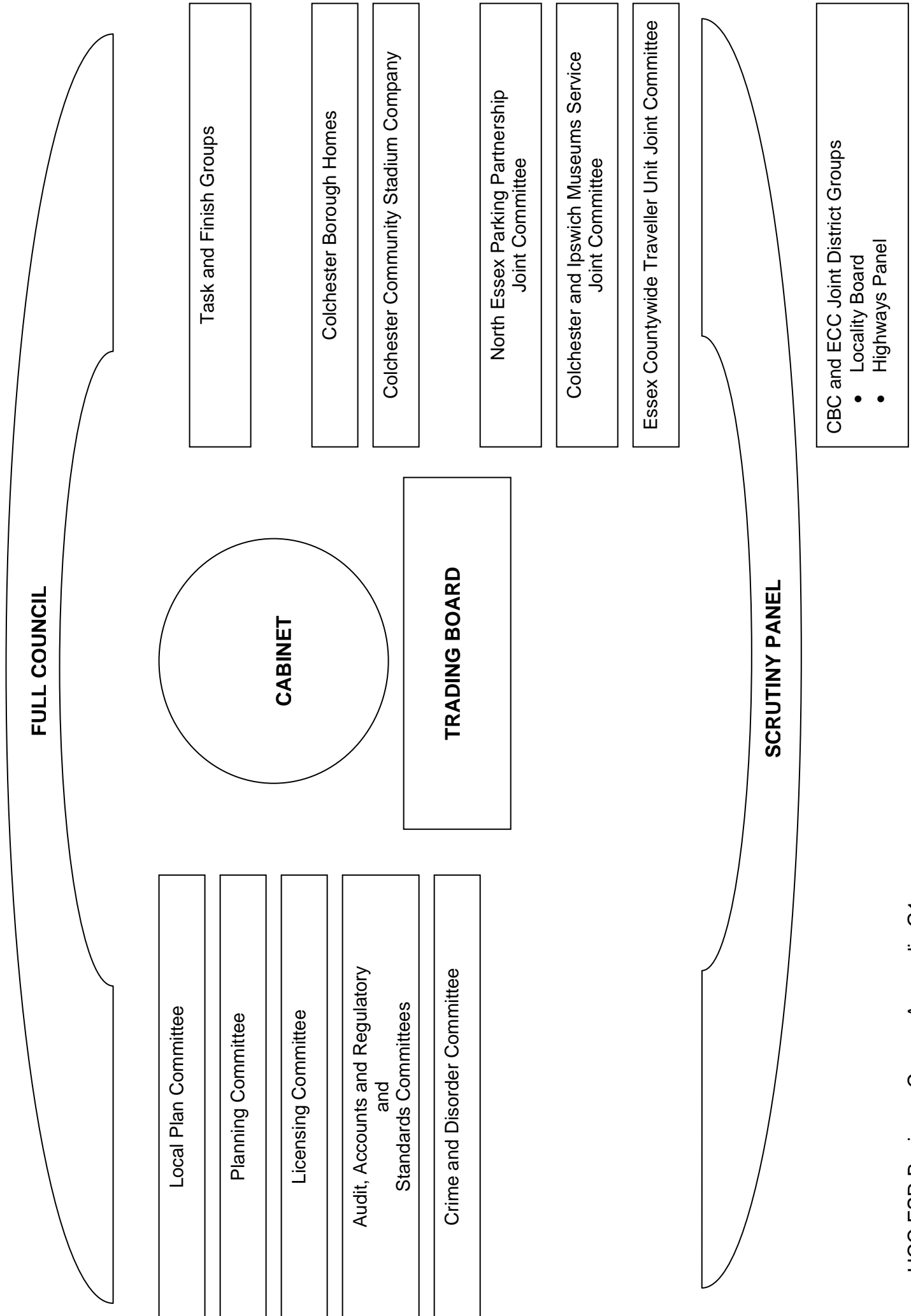
The Performance Management Board, which meets monthly, will remain as this is effectively the 'work horse' for performance and resource management issues. In addition, the Senior Management Team will meet six-weekly to consider areas relating to the new organisational philosophy.

These areas will major on those issues in relation to the principles of:

- Customer
- Community
- Commercial.

If the major organisational and cultural change proposed is to be successful, then an officer implementation board and team will be established.

It will utilise existing resources, be chaired by the Chief Executive or senior member of management, and will be tasked with the successful implementation of the new way of working.



Theme summary – Organisational shape – Appendix H

The current organisational shape has been in place for a number of years and has served the Council well. Executive Directors have held strategic responsibilities for corporate areas of work and lead roles on borough-wide initiatives and policy developments. Heads of Service have concentrated on the delivery of services, and have managed effectively the majority of the resources which rightly are directed at providing services to customers and local communities.

A change in the organisational philosophy requires a change in the management arrangements. These arrangements need to concentrate on those areas which have been identified as crucial to the success of the Council in delivering customer journeys which achieve:

- even better outcomes for people
- delivery of efficient service provision
- enhanced income opportunities for the Council.

When the business case has been considered and if approved, a new senior management structure will be proposed which will complement the new operating model of the Council.

Indicative savings have been included in the business case for cost and saving purposes.

Theme summary – Financial overview – Appendix I

These are estimates for savings and costs against each theme, with a health warning that further work is needed to establish that they are fully deliverable.

• Revenue Budget

Recurring revenue costs / savings / income		Year 1	Year 2	Year 3	Year 4
Theme	Type	2013/14	2014/15	2015/16	2016/17
		£'000	£'000	£'000	£'000
Journey management	saving	nil	(300)	(700)	(1,000)
Organisational shape	saving	(50)	(150)	(150)	(150)
Behaviour change	cost	50	100	100	100
Behaviour change	saving	nil	(150)	(200)	(400)
Locations	cost	40	50	50	50
Locations	saving	nil	nil	nil	(240)
ICT	cost	220	220	220	220
Cultural change	cost	50	50	nil	nil
Governance		nil	nil	nil	nil
Sub-total - above themes		310	(180)	(680)	(1,420)
Commercial	cost	330	415	525	525
Commercial	income	(300)	(710)	(1,310)	(1,460)
Sub-total - Commercial		30	(295)	(785)	(935)
TOTAL - revenue impact		340	(475)	(1,465)	(2,355)

- Notes: 1 Levels of demand are not taken into account, therefore some savings may represent cost avoided rather than cash savings.
2. No assumption for split of savings/income - General Fund v HRA.
3. No assumption for redundancy costs is included.
4. There are a range of dependencies ie things that have to be delivered to enable the savings in other themes. For example without the investment in IT, it is unlikely that the majority of the journey management theme savings can be achieved.
5. Further work is required to ensure that the savings assumptions are not being duplicated.
6. Some numbers are rounded.
7. For illustrative purposes, the revenue cost of borrowing to fund the capital funding gap would be around £100k a year, excluding any provision to repay the debt.

- **Capital Budget**

Capital		Year 1	Year 2	Year 3	Year 4	Cumulative total for Years 1-4
		2013/14	2014/15	2015/16	2016/17	
		£'000	£'000	£'000		£'000
ICT		1,700	1,000			2,700
Accommodation		20	75		50	290
TOTAL		1,720	1,075		50	2,845
Available in capital programme	CSC	100				100
	FSR	379				379
	Total	479	0	0	0	479
Funding gap		1,241	1,075	0	50	2,366

Notes:

1. While the whole of the ICT is shown in 2013/14, it is unlikely that the whole spend would be required in a single financial year. Work to profile spend has not yet been undertaken.
2. Some numbers are rounded.
3. Approximately £1.3 million of the ICT capital investment would be required without the UCC FSR to undertake some basic improvements such as upgrade the operating system.

**Extract from the draft minutes of the Strategic Overview and Scrutiny
Panel meeting on 30 October 2012**

16. Fundamental Service Review of Customer Contact

The following Councillors declared non-pecuniary interests in the following item pursuant to the provisions of Meetings General Procedure Rule 7(5);

Councillor Bentley in respect of being a Member of Essex County Council.

Councillor Frame in respect of being a Board Member of Colne Housing.

Councillor P. Higgins in respect of his spouse being a Member of Essex County Council.

Councillor Turrell in respect of being a Member of Essex County Council.

Introduction

Councillor Anne Turrell, Leader of the Council introduced the review of the Fundamental Service Review of Customer Contact.

Councillor Turrell provided some context to the reasons for undertaking this review. The current operational ways of Council working has remained relatively unchanged for many years, but set against a backdrop of ever decreasing Government funding and the message from customers that they want to self serve, it was felt that changes to the way the Council works was the way to go forward, providing the efficiencies needed to fund the large costs of reinvestment.

The changes will mean a large investment in IT that will provide the opportunity to customers to self-serve, whilst retaining some resources to help those who will continue to want face to face contact with officers.

Councillor Turrell said the Project Board leading this review was set-up almost two years ago and we are now at the stage where the Business Case is to be presented to Cabinet. Councillor Turrell asked the Panel to consider the content and welcomed any constructive criticism or comments prior to the decision being taken.

In response to Councillor Naish, Councillor Turrell said she was not advocating doing away with a face to face service, that this would be provided to customers, but evidence suggested the majority of customers do wish to have a self-serve system.

Councillor Frame said that paragraph 3.1 of the report on Alternative Options implied that any other option will delay what is being proposed or not deliver an alternative service, therefore suggesting there can be no alternative options / changes. Councillor Turrell confirmed that this detail could be adjusted or amended.

Councillor Sutton said he was concerned by the report that he felt did not provide the substance or evidence to support such a radical change and make the case credible. Councillor Turrell said the business case was drawn from a considerable bank of research and evidence and this detail could be provided to members if so requested. Members and officers had been briefed on some of the work to date, but if needed she would be happy to organise further briefings.

Councillor Offen questioned the title of the report, Fundamental Service Review of Customer Contact, saying it was an awful lot more than that, that the title could mislead the public because the review was far more outreaching than just customer contact.

Presentation

Mr. Adrian Pritchard, Chief Executive Officer and Mrs. Pam Donnelly and Mrs Ann Hedges, Executive Directors, gave a presentation of the Fundamental Service Review (FSR) of Customer Contact (CC).

Introduction

Mr. Pritchard said the review had commenced twelve months ago.

The review was about changes to the way we work, the way we deliver services, e.g. the introduction of Street Services Zone Teams as part of the Street Services FSR.

Research shows that 26% of customer contact is outside of the customer service centre. The review began by looking at how we could address this issue but as the review proceeded it began to encompass much more including government policy changes and future resource reductions.

That said, and in response to Councillor Offen, Mr. Pritchard said the title of the report did have some traction from the outset.

The Business Case

Mr. Pritchard explained that the Business Case is a detailed document that had nine key themes, grouped as: How we do business, the changes we have to make and delivery and business benefits.

The business case also incorporated a new way of working, a model different to the current governance arrangement, with a universal customer environment providing self serve, a delivery arm for Borough wide services

and a trading / business support service. Mr. Pritchard said it was felt this model best suited Colchester, though other alternatives are being pursued by other local authorities e.g. a pure commissioning philosophy, a user pays model etc. Mr. Pritchard said the business case and the business model provided an opportunity for a more commercial approach to some of the business of the Council.

How the Council will do business

Mrs. Donnelly spoke in detail about how the Council will do business.

It would be a more efficient and effective customer journey that makes life simpler for customers, simplifying what are currently complex processes. Customers would be able to access services and have more choice, with the flexibility to serve themselves, but supported by officers providing complex case management for the most vulnerable customers.

There will be a more commercial philosophy, with the creation of a commercial trading arm governed by a trading board, working within a public service ethos, important to the overall need to reduce costs or increase income in the climate of reducing public expenditure.

Changing behaviour would mean more flexible working arrangements and a more positive behaviour change from our customers. This will require changing the way we work and how services are delivered, and being proactive in the management of the increase of customers requiring services.

Operating Model

Mr. Pritchard spoke about the operating model.

It would need to respond to customers, with the universal customer environment encompassing contact via the web, telephone and face to face, operating within a triage process that will provide immediate advice or direction.

Mr. Pritchard said there would be less change in respect of service delivery but management would like to build on zone teams and zone working.

An improved commercial approach will look to improve existing procurement practices, improve existing income stream levels; better utilise the Council's assets; and the selling of expertise to others where possible.

It was confirmed that the Customer Contact, Service Delivery and Commercial arms of the Council will be supported by one Professional Support Unit rather than the four currently within the Council.

ICT and Locations

Mrs. Hedges spoke about the development of ICT and locations.

The Council had invested in major ICT three and a half years ago, though very little investment had been made since then. In that time things have moved on, and with the current systems working to full capacity and with new ICT underpinning the changes, new investment was imperative to delivering the customer journey. Whether or not the new operating model was adopted, Mrs. Hedges said investment will be needed to maintain what is already being done.

Mrs. Hedges said the location(s) needed to be more accessible to customers, though the task was to reduce overall office accommodation space to reduce costs or increase revenue. Positive talks are progressing with Essex County Council in regards to moving the face-to-face contact to the Library, a location central to the town centre. Talks with other interested parties are still ongoing hence the need for a part of the supporting evidence having to be treated in confidence. Later in the debate and in response to Councillor Sutton, Mrs. Hedges acknowledged that some of the confidential information may have become public knowledge, though local press reports suggested a certain amount of misinterpretation.

Cultural Change

Mr. Pritchard provided more detail around the cultural change needed to bring about success to the overall changes and the governance arrangements to support the new structure.

The size of the task could not be underestimated, that to provide an organisation focused on customers would require full support from staff to implement and deliver the changes. This will be managed in a sensible stage by stage approach, moving through the transformation, taking people with us.

With regards to the new governance arrangements, Mr. Pritchard referred members to the structure chart provided within the presentation pack. The Committees to the left hand side of the page will remain in place, set by statute. Many of the companies / Joint Committees to the right hand side of the page are already in place, including Colchester Borough Homes and Colchester Community Stadium Company, Council owned companies. The scrutiny function was in place but there would need to be further discussions around the number of panels and terms of reference. The Trading Board was central to the new arrangement, sitting beside the Cabinet. Members of the board would need to be at the heart of the work of the Council's commercial activities, finding the most appropriate way of generating income / saving money. Task and Finish Groups have worked well within the current structure and these will remain a feature of the new arrangements, though allowing the Council to dispense with the Policy and Development Review Panel,

Financial Implications

Mrs. Hedges expanded on the financial implications, explaining that the figures are work in progress, and a more detailed analysis would be provided as the implementation progresses.

The implementation is dependent on ICT investment and mainly in the first two years, to provide future efficiencies and a positive ongoing revenue impact of up to £1.42m by year four of the implementation (2016/17), and a return on capital investment of £1.97m by year four.

It was felt that there was the potential for additional income over the first four years of £1.985m from other commercial activities.

In conclusion

Mr. Pritchard concluded the presentation by confirming the next steps following this scrutiny review, with the decision to be presented for approval to the Cabinet on 28 November.

This will be followed by the formation of an Implementation Group (IG) and Board, with the Chief Executive Officer chairing the IG. There will be a further round of roadshows in December as part of the staff consultation process and the introduction of the Communication Strategy.

Councillor Bentley thanked officers for the presentation.

In respect of the business case, Councillor Bentley asked that the word 'customer' was used appropriately, that whilst he accepted the use of the word to describe a range of customers, he felt residents and local taxpayers should be referred to as such. Councillor Bentley also agreed with Councillor Offen that consideration needed to be given to the name of the document.

Have Your Say

Councillor Will Quince addressed the Panel saying he was supportive of the concept that was presented, that in tough financial times there was a need for a fundamental change to the way the Council did business and improve the processes for the external users of Council services. Councillor Quince was very supportive of this direction of travel.

Councillor Quince did though, have an issue with the document being presented to the panel for scrutiny. Councillor Quince said the document, though well put together, did not constitute a business case. The document did not provide any detail only bottom-line figures, was very light in content even omitting details about cost savings and job losses.

Councillor Quince said he found it hard to understand how the Panel could effectively scrutinise the report with confidence, that more information was needed. But sadly this was the Panel's only opportunity to scrutinise the business case.

Councillor Quince said that given the scale of the project he would of hoped the Administration is passionate about the future change, but he doubted this because he hadn't heard from them. Councillor Quince asked the

Administration to stand-up and back the proposals and say why they are needed.

Councillor Turrell in response, said scrutiny of the project will continue stage by stage, providing the detail members were requesting. This presentation was about the overall strategic direction to be taken by the Council. This had been the first opportunity to put the concept proposed into the public domain, a concept that was to be approved by Cabinet in November and one the Leader hoped will be owned by all Councillors and staff.

General Discussion

Councillor Cope said he found the diagrams illustrated within the business case and showing the current and proposed operating models difficult to follow and to determine the relationship between both.

Mr. Pritchard said he would be happy to populate the operating model with services once it was approved. It was the intention to undertake this work once the Cabinet had approved the proposals.

Mrs. Donnelly explained that the customer experience as illustrated in scenario 2 on page 6 of appendix A was intended to show the future experience of a very vulnerable customer, to show that the process was about ensuring at a very early stage of contact that the person had as much information to hand to be able to have their enquiry qualified with help and advice given as required. It was also the intention that in more complex cases the customer would where required meet with an officer sooner than is the case at present.

Councillor Cope said the information he was now being given should have been reflected in the business case.

Councillor Davies said that given the explanation of the illustrated models on page four of the business case, this was not clear in the illustration and she had misread what had been presented. Councillor Davies also felt appendix F, the Theme summary for Cultural Change read like something copied from an external publication, made little sense and didn't believe it would be understood by many people reading it. Mr. Pritchard said the intention of the operating model illustrations was that by showing the 'As is' model with the current structure of six service provider blocks, plus the separated block showing the management activity it could for comparative purposes be assessed against the 'To be' model.

Mr. Pritchard confirmed that appendix F had not been copied from any publication, but was drafted by himself, and whilst you can never be sure of what people want to be included within the document, the intention was to provide some text that explained the current model in respect of procedures and processes, the way people work (with examples), was embedded in the culture of the Council, but this would need to change if the proposed model was to succeed. Mrs. Donnelly confirmed that a new Strategy was being

drafted that will include the cultural changes needed to fulfil the needs of the new operating model. Mr. Pritchard said the current way of working was how things have always been done, but now it was imperative that the organisation began to think as a commercial organisation where appropriate to ensure all aspects of service are provided effectively, efficiently and to a higher standard.

Councillor Sutton expressed surprise that the document had been nearly two years in the making giving that until now there had not been any political input into the process. Councillor Sutton reiterated the need for the business case to provide more statistical and evidence based information and governance detail. For example, membership of the Trading Board, figures to support the quoted bottom line savings and the expected number of staff redundancies.

Councillor Turrell said this decision was about approving the strategic vision that a lot of the detail is not known at present, but will be presented for scrutiny as and when the information becomes available. Councillor Turrell said she would be happy to discuss all the information presently available with all the groups.

In response to Councillor Sutton, Mr. Pritchard said the Council had completed many fundamental service reviews over the last 2.5 – 3 years that had resulted in significant staff redundancies, though the number of compulsory redundancies in that time had been something like nine. The intention always is to firstly create a structure and to ensure space from existing staff by not filling vacancies or filling on an interim; part-time or temporary basis. Mr. Pritchard gave the Senior Management Team as an example, where two posts, those vacated by the Heads of Resource Management and Strategic Policy remain vacant pending the outcome of the FSR. Mrs. Donnelly confirmed that officers can provide the supporting documents that underpin the business case.

In response to Councillor Hazell in respect of governance, and the effect on Colchester Borough Homes (CBH) and whether there was adequate provision for scrutiny, Mr. Pritchard said discussions concerning the CBH Housing Revenue Account review are still ongoing and included arrangements with CBH in regards to moving to an all embracing universal customer contact environment. Ultimately, residents and tenants remain Council customers and a fully integrated environment would be a preferred option. Mr. Pritchard said the CBH Management Agreement comes up for renewal in August 2013 and there are options on how to progress beyond this, including continuing with the current ALMO model or bringing the company back in-house. Mr. Pritchard agreed that the second option would mean a change in role for the current Chief Executive Officer of CBH.

In respect of scrutiny, Mr. Pritchard said the number of scrutiny panels was not being suggested or finalised and a lot will depend on the remit of e.g. The Trading Board. This could reduce the current remit of the scrutiny panels.

Councillor Frame was supportive of the concept presented to the Panel, welcoming the opportunity for the Council to move with the times and addressing the current economic problems facing all Councils. Councillor Frame noted the ICT risks as mentioned in the report but wondered what the risks would be associated with the Trading arm of the Council, given in his opinion that the suggested £30k cost in year one of the commercial trading arm was very low. Mr. Pritchard said the risk associated with the commercial development was high level given this was a newer area of work. There are a number of governance models that the Council will consider for its own trading arrangements. The way officers worked and the physical use of resources had to be done in a commercially minded environment, to be able to increase future revenue streams, rather than just selling off assets for a short term gain.

Councillor Frame said it would be helpful if members had more detail around the estimate of year on year income from commercial activity leading to a £1.46m of anticipated income by 2016. Councillor Turrell said it was anticipated that revenue streams could be improved e.g. trade waste and the use of Council owned land. Mrs. Hedges said to improve trade waste income was about competing more effectively, and it had been shown e.g. Business Alarms, that income generation was more than just an aspiration and that there is a level of resilience in the estimates.

Giving that so many councillors held the view that a greater level of detail was required within the report so that the scrutiny process could be more effective, they requested that for future reports the detail is provided at a separate briefing in advance of the meeting.

Within the Executive Summary, Councillor Offen requested the wording for the fifth bullet point to be amended to read 'effective and efficient service delivery based on the standards of the best providers', not as stated in the report the 'best private sector providers'. Councillor Offen also requested clarification over the suggested £0.5m net saving from the HRA, saying he was of the understanding that this money was untouchable. Councillor Offen also believed there will be a need for more scrutiny throughout this overall process and suggested the comment of one single scrutiny panel meeting on a monthly basis as mentioned in the future governance arrangements should be taken out of the business case.

Mrs. Hedges said the HRA account is not untouchable, but it is ring-fenced and cannot normally benefit the Revenue Account. No savings mentioned in the business case included HRA money, and was all pure revenue.

Councillor Naish said despite all the assurances made about providing resources for those customers who would wish to retain a face-to-face contact with Council officers, he remained concerned about the ordinary people who will inevitably disappear off the radar. Councillor Naish was not surprised at this proposed new concept, saying the scruffy appearance of the Angel Court building gave weight to the rumours about vacating the building. Councillor Turrell said there will be a cultural change for customers as well as the

organisation, with a need for the customer to deal with the Council in a new way. Councillor Turrell understood some customers will not wish to change, and the Library, plus other satellite libraries will provide the opportunity for customers to speak to officers face-to-face.

In response to Councillor G. Oxford, Councillor Turrell said the makeup of the Trading Board will be politically balanced. Mr. Pritchard said the existing staff resources will ultimately be reduced to make the anticipated savings, that there would be no growth, but some reductions. Mrs. Donnelly understood that some of the text within the business case was inconsistent and these will be changed for inclusion in the November Cabinet report. Mrs. Donnelly said simplified processes will enable a reduction in face-to-face and telephony enquires but understood the need to retain a face-to-face resource. There was however an expectation that the 83% of current Customer Service Contact through face-to-face and telephony will be reduced significantly.

Councillor P. Higgins said when the future ICT needs is determined consideration should be given to 'cloud computing'. In response to Councillor Higgins in respect of the style of writing within the business case, Mr. Pritchard said it was written for the Cabinet but with the knowledge that staff also understood the language. A document intended for the public would be written differently. Councillor Hazell said members are members of the public and as such the report should be written in a language for all to understand, and questioned whether it was right for staff to be talking this language.

Councillor Bentley said the document sets out the direction of travel for the Council and whilst the business case without detail was difficult to understand he considered the document to be a visionary aspiration. That said he still wondered what the staffing implications will be, how many posts would be lost.

Mr. Pritchard said the staff modelling exercise had been completed and it was anticipated that there would be a reduction of between 35-40 posts. In addition to this, the level of management was anticipated to shrink from 10% to 9% reducing the staff levels further, with an anticipated overall reduction of approximately 45 posts, to be lost over a period of time. Councillor Bentley said he couldn't understand why this information needed to be teased-out, that a lot of the information provided verbally to the meeting could have been included within the business case.

RESOLVED that the Panel;

- i) Thanked officers for their presentation and responses to questions from the Panel.
- ii) Considered the report 'Fundamental Service review of Customer Contact', and asked the Administration to consider and note the comments made by the Panel members, particularly in relation to sense checking future documents on English, and the use of Local Government phrases, and references within the report to one scrutiny panel meeting monthly.

- iii) Requested a change of title to properly reflect what the review is about and that more detail in respect of the staffing implications should be included in the business case.
- iv) Requested the opportunity to pre-scrutinise the new Communication Strategy before being formally adopted.
- v) Requested that when future reports on the FSR UCC are reviewed, the detail is provided at a separate briefing in advance of the meeting, to avoid numerous requests for that information at the meeting.
- vi) Requested further detail on the risk matrix as soon as possible.

Commercial income – background paper

The generation of commercial income is an integral part of the UCC FSR business case.

It is anticipated that significant income will be generated over time from a range of activities, and delivered through a commercial trading arm. The scope of these activities is described below.

Scope of services

At this stage we have categories of products and services which we believe will have a commercial appeal. The viability of these product groups need to be tested in the next stage; the level of knowledge about the demand for services in the market place varies, and further customer research will be required as well as an assessment of the price at which they might sell the product categories.

The functional elements are described below:

- **Intelligent Client**

The commercial arm can act as an intelligent client for all services which are contracted out or procuring contracts. This resource needs to bring a commercial edge to negotiations both at the creation of contracts and in the running of any contract, so as to reduce costs to the Council or increase its income. The intelligent client needs to understand the Council activities and strategic direction, and translate and interpret this for suppliers so that they deliver for the Council in the most cost-effective way.

- **Asset revenue-generating opportunities**

The Council remains asset-rich, particularly with regard to land holdings in North Colchester. A commercial arm would be charged with delivering a significant revenue income stream from those assets to support the wider delivery of Council services. It will have to have regard to wider Council objectives, but would need the freedoms to trade offered through a development company or similar arrangement. Such a company could also budget for any service charges that might fall due to ensure costs were kept away from impacting on Council budgets. Potentially the net income generated could raise millions to help the Council deliver services.

- **Consultancy**

The officers of the Council have on occasions been able to derive income from acting in a consultancy role to other Councils or organisations. However, this tends to be performed on an ad hoc basis, sometimes with little capacity to market this to a wider customer base or capacity to actually deliver those services relative to other service demands. A commercial arm would allow a proper cost benefit assessment of opportunities, proper marketing and the potential to add capacity where the returns were commercially assessed and validated.

- **UCC model**

The UCC model provides the Council with an opportunity to shift the emphasis of our customer arrangement to meet the changing needs of our customers. This will require an organisational shift in the way in which we package customer-related activities to help us manage customer demand through information and policy, driving self-service, managing complex case work differently through a more effective triage process, and simplifying as many rule-based transactions as we can to become as efficient as possible. We can do this for the Council and we can do it for others who require a similar set of arrangements.

The Council's commercial arm would identify such opportunities, secure contracts and become the provider of commissioned frontline services.

This is a high risk approach which can be mitigated by working in partnership; opportunities to work with Colchester Borough Homes have already been identified and early discussions have taken place.

- **Procurement**

Associated with the intelligent client role is an understanding that there are significant potential gains available if we structure our procurement in the context of a clear commercial culture. There have been some notable examples of where this Council has joined with others to jointly procure to the advantage of all parties, and the new ICT contract is an example of where we received a significant resultant saving to the Council. The Council continues to purchase goods and services worth several million, and bringing commercial skills to that process could deliver substantial savings. Arrangements to purchase with others (and we already do some of this through 'Hub' arrangements) is part of the picture but this needs to be linked to a skilled commercial arm, charged with getting best value.

- **Improving existing income streams**

The Council already generates significant income from a range of services to the tune of approximately £20 million, representing mainly non-statutory services. In addition a further £1.5 million is generated from the fees from statutory services such as planning and building control. There is an opportunity to move some of this existing activity into a more commercial environment which will offer freedoms to maximise this income alongside new sources of income generation. Which services will be managed in the new arrangements will be determined by financial viability, legal constraints and potential growth opportunities.

This will bring a number of benefits. The generation of income will become the prime focus of activity, drawing on a range of dedicated support services and subject to strict commercial criteria.

This is likely to boost the level of income generated, and provide and create synergy with new opportunities from some of the ideas about new product/service development opportunities.

The Council is an innovative organisation producing a number of creative ideas about how products and services might be developed to help us generate additional income. Many of these have already come to fruition such as North Essex Parking Partnership and the development of Helpline, but others are prevented from moving forward due to lack of resources such as time, commercial skills and expert knowledge.

How will this be delivered?

The generation of commercial income will be vital to the future resilience of Colchester Borough Council in delivering excellent frontline services during a time of reducing resources. We have an opportunity to build a sustainable commercial services' arm, which will create a focus for commercial activities that will grow over time to support the political aspirations of the administration expressed through the Strategic Plan.

A commercial arm is an important part of the proposal for a new organisational shape to support the Universal Customer Contact model.

Income generated

The expectations in respect of potential income generated from our commercial business can be described as opportunities in respect of:

- people-related services – such as consultancy
- land and assets
- UCC model
- existing partnerships/contracts – intelligent client, procurement and improving income streams
- other contracts and procurements.

Our projected financial aspiration is shown on the summaries below.

Commercial income - £'000	Year 1	Year 2	Year 3	Year 4
people	50	100	150	150
land/assets	40	150	350	500
UCC model	50	100	150	150
existing partnerships/contracts	50	150	200	200
other contracts/procurements	110	210	460	460
Total income	300	710	1,310	1,460
Commercial costs - £'000				
Commercial costs - £'000	Year 1	Year 2	Year 3	Year 4
people	50	100	100	100
land/assets	140	100	150	150
UCC model	50	75	75	75
existing partnerships/contracts	40	70	100	100
other contracts/procurements	50	70	100	100
Total costs	330	415	525	525
TOTAL – NET	30	(295)	(785)	(935)

Customer insight – background paper

This paper summarises the findings from a number of customer insight sources collected between 2008 and 2011 for the UCC FSR to give a picture of current customer contact which includes:

1. Overall customer contact - how many customers contact us, how do they contact us and what they contact us about
2. The views and experiences of customers who are contacting us
3. What we know about our customers and their expectations of us.

The insights have been gained through a systematic approach to gather insight using a range of insight tools. These include:

Let's Talk (previously Touchstone) – providing us with qualitative insight through in depth conversations with our customers on their most recent experiences with us.

GovMetric – An online tool enabling customers to share their views and experiences of using our website.

Mosaic – A customer profiling tool which provides us with valuable information about customer communication and channel preferences including 'likelihood to self-serve'

Customer surveys – including the 'Customer satisfaction for recent contact' report in September 2011 and also the 'Summary of accessing Council services' report in October 2011.

Customer Service statistics – providing information on the volume of customer contact, the channels currently used and the services that customers are accessing.

Summary of findings

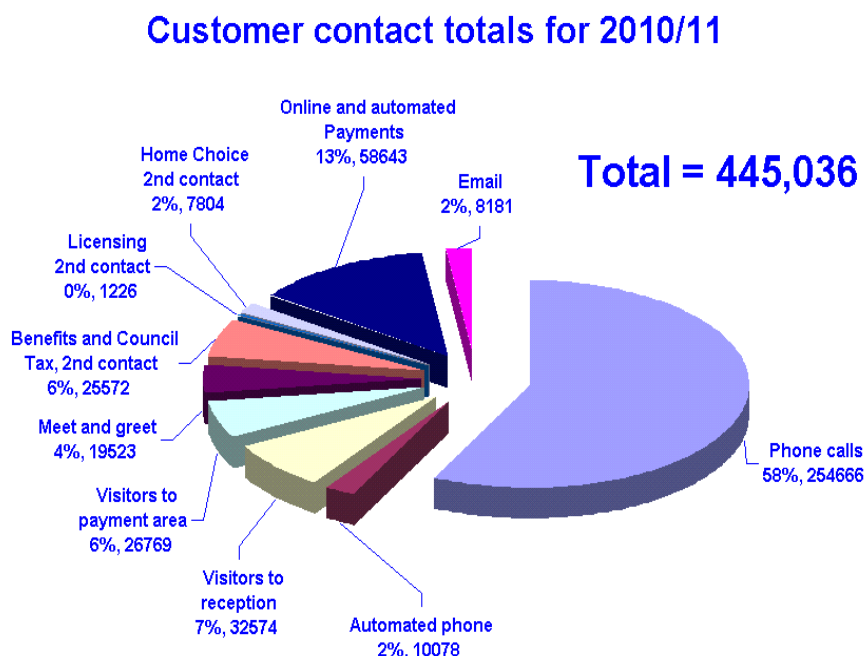
To date, our customer insight findings show that:

- 83% of current Customer Service Centre (CSC) contact is through face-to-face and phone. This equates to 369,380 of the 445,036 customers contacting the CSC.
- Housing, Revenues, Benefits and Street Services are the main services being accessed at the CSC.
- There is a considerable amount of contact with customers outside of the CSC, including 201,624 contacts through our rule-based processes and more than 5 million contacts through service delivery to the community.
- Customer satisfaction and experience with our staff is good with customers finding staff polite friendly and helpful.
- Customers are less satisfied with the time we take to deal with enquiries, the difficulty they have in contacting the right person, the knowledge staff have and the quality of information available to them.
- A customer's likelihood to self-serve will vary depending on the service they are accessing.
- Customers who are average, high or very high in their likelihood to self-serve are currently contacting our offices.
- Mobile technologies are currently absent from our channel portfolio but many customer groups visiting the CSC are receptive to mobile channel options.
- Customer behaviours and expectations of us are changing rapidly, with more customers taking up online options for payments and expecting to be able to self-serve. Customers are viewing the availability and use of self-serve and the personalisation of services as a logical next step.

1. Overview of customer contact

In 2010, 445,036 customers contacted our CSC. This is equivalent to each of our 177,100 residents contacting us 2.5 times each year. Of these 58% of customers contacted us by phone, 25% visited the CSC in person, 13% made contact online or made automated payments. Of the remaining 4%, 2% used the automated phone service and 2% contacted us by e-mail.

Face-to-face contact accounts for 25% of Customer Service Centre contact. These are made up of 17% (78,866) initial contacts with our meet and greet staff, visitors to the payment area or to the reception. A further 8% (34,602) of customers called in for more in-depth advice on Homechoice, Licensing, Benefits and Council Tax.



Reasons for contacting us

The top 10 customer enquiries by phone account for just over 73% of all phone contact, with the largest number of calls being routed through the general enquiries line.

Phone calls to the Customer Service Centre - Top 10 reasons for contact		
Category	Description	Total
General Enquiries (Switchboard)	Calls into 28222, main council number	8,2012
Benefits	Any benefit enquiry	17,213
Refuse	Missed bins, route collection day information	13,223
Revenues	Any call to council tax line where no option is selected	12,664
Council Tax	Any call to council tax line where no option is selected	11,516
Leisure World	Leisure World, opening hours, class times, cancellations	10,585
Street Services	Any call to street line where no option is selected	10,038
Housing Services	Any call to housing line where no option is selected	7,575
Council Tax Reminder	Council tax reminders	5,547
Council Tax Move	Change of address	5,247
		175,620

Customers completing our Customer Contact Survey in September 2011 also cited the use of CSC facilities (such as PCs), access to service information, help with forms and bringing in evidence as reasons for visiting the CSC. The most visited pages on the website are the A to Z of services, then followed by Planning, Jobs, Council Tax, Housing, Waste and Recycling.

Customer contact within Council services

A considerable amount of contact with customers takes place within our services through our main 'rule-based' processes. Examples of these are shown below, and in 2010/11 these services accounted for more than 200,000 customer contacts.

Customer contact with services (Rule-based processes)	
354	Homelessness decisions (2010/11)
3,192	Housing applications each year (Monthly average for 2010)
1,500	Planning applications are made each year.
7,756	New Housing/Council Tax Benefit claims
38,322	Changes of circumstances for Housing Benefit and Council Tax (2010/11).
75,500	Council tax bills are issued each year
75,000	New Council tax customers and changes are handled during the year.
201,624	

Service delivery in the community

In terms of the services we deliver in the wider community, the volumes of customer contact are significantly large and for the four services shown below amounted to more than 5 million contacts in 2010/11.

Service delivery	
3,926,000	75,500 households have their bins collected each week along with 42% of waste customers recycle
1,000,000	1 million plus visits to Leisure World each year - about 3,000 a day.
299,426	299,426 face to face callers Colchester and Ipswich Museums across its 8 sites.
90,806	90,806 calls/enquiries handled by the Visitor Information Centre
5,316,232	

2. Customer experience and expectations

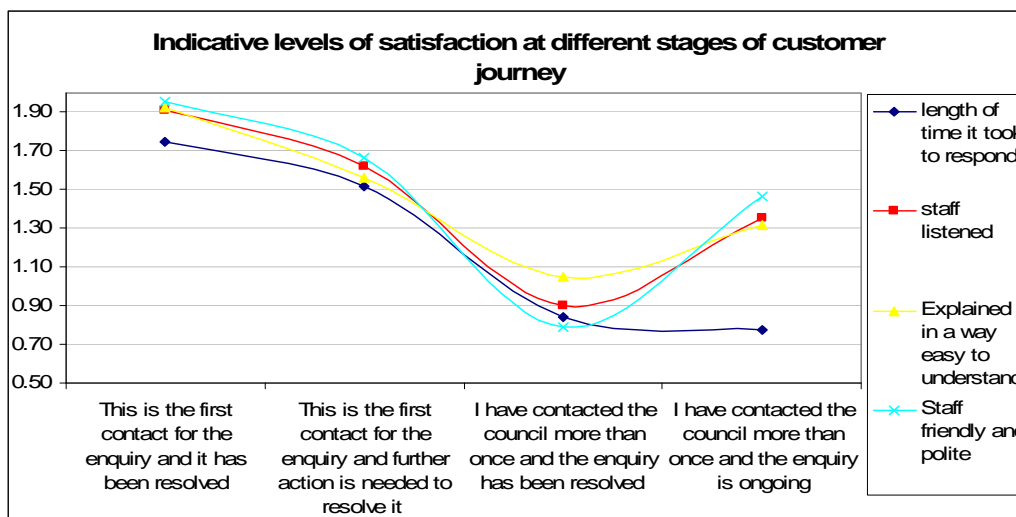
Customer insight collected between 2008 and 2011 shows a mixed picture of customer experiences highlighting many positive aspects of customer service, but also aspects of the customer experience could be improved.

Quantitative findings	Qualitative findings
<p>Overall satisfaction was highest for:-</p> <ul style="list-style-type: none"> Staff friendly and polite (85.3%) Members of staff listened (82.2%) Treated fairly (82.0%) Explained in a way that was easy to understand (80.9%). <p>Overall satisfaction was lower for:</p> <ul style="list-style-type: none"> Staff had the right level of knowledge to help me (76.4%) I am satisfied with the service I received (75.9%) Found it easy to contact Colchester Borough Council (71.7%) Length of time to respond (66.8%) Enquiry dealt with when promised (66.3%). 	<p>The most positive themes from comments were:-</p> <ul style="list-style-type: none"> Staff were friendly and helpful The service was quick and efficient Customer got the information or reassurance they wanted Things were explained well. <p>Customer were less positive about:</p> <ul style="list-style-type: none"> Timescale too long to get results Need response or confirmation things are happening Not to be passed from one place to another Missing information on web Keep having to bring in information due to scanning problems Better communication between staff and ensuring information passed on.

On the whole, customers felt staff attitudes in individual interactions were very good and staff were generally helpful. The lowest levels of satisfaction were recorded from customers making enquiries and requests for services, whereas the highest satisfaction levels were expressed by those using our facilities and getting help with filling in forms.

Customer surveys carried out in 2011 showed that:

- According to this survey the satisfaction levels on the whole were very high in relation to customer contact with the Council.
- Scores were lower for ‘the time it takes for my query to be dealt with’.
- The complexity of processes combined with the lack of knowledge and information customers had about where they were in their customer journey caused frustration and anxiety, particularly in relation to financial, housing or planning issues.
- Staff varied in their knowledge of individual cases with customers finding that they were either passed around or needing to provide the same information again.
- When customers contacted us more than once, with no resolution to their case, as expected, they experienced less satisfaction.



Customers gave the following reasons for visiting the CSC and also highlighted their preferences for alternative contact locations

<p>Reasons for visit the CSC:</p> <ul style="list-style-type: none"> • Preference for face-to-face contact (669/1591, 42%) • Bringing in documentation (369 /1591, 23%) • Ease and convenience (193/1591, 12%) • Having an appointment (71/1591, 4%) 	<p>Preferred alternative locations included:</p> <ul style="list-style-type: none"> • Local library (51) • Community Centre (50) • Greenstead (32) • Somewhere with access to parking (42)
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GovMetric analysis from the web was customers not being able to find something they were looking for (either information or contact details so they could speak to someone about their case). This was the most common reason for leaving ‘poor’ feedback. Customers also felt that the look of the webpage could be improved as some information was being missed by customers, because they do not scroll down the page and the top half of the webpage is often blank.

3. What we know about our customers

Mosaic profiling of the whole borough showed that 43% of households were either very high or high in their likelihood to self-serve, and 27% were very low or low, with the rest ranked as average. For Street Services contacts, there were a higher amount of households, at 48% who were rated high or very high in their likelihood to self-serve, and a smaller 25% who were rated low or very low (with the rest rated as average). However, only 7% of CBH tenants were rated high or very high in their likelihood to self-serve, and 63% who were rated low or very low.

Mosaic profiling of face-to-face customer contact between June and December 2011 shows that 40% of visits were made by those Mosaic types who were high or very high in their likelihood to self-serve, so this proportion is potentially 'quick win' conversions. A further 35% of visits were made by those with an average likelihood to self-serve.

Mosaic profiling of 21,431 CSC customers shows considerable variations between customers in terms of their likelihood to self-serve, the services they are likely to need and their preferences for accessing those services. Only 2 of the top 6 groups (which account for 40% of contacts) are receptive to face-to-face contact. Four of the 6 groups are receptive to mobile contact channels, and only 1 of the top 6 groups has a very low likelihood to self-serve.

Responding to changing needs and expectations

Changing customer profiles - We will need to ensure that we adapt, tailor and target our services to meet the needs of our changing population as well as needs of existing residents. The recession has meant that new Mosaic types who may not have used certain services have begun to contact the Council more frequently, probably as a result of increased financial constraints and hardship. These represent a younger (18 to 30ish) and previously more affluent group of people who are now contacting services such as Revenues and Benefits, fraud, overpayments, Council Tax arrears and Housing Services.

Changing behaviours - We are already seeing changes in customer behaviour and expectations. Our customer contact statistics for the CSC in 2010/11 show a 55% increase in online and automated telephone payments. Our Visitor Information Centre started communicating via social media such as Twitter and Facebook last year, and already has 723 fans/followers on Twitter. Their customers are beginning to send in queries via these formats.

Changing expectations – Customers' expectations of us are also evident from our customer insight. Focus groups with Leisure World customers in 2011 found that customers view the availability / use of online services and the 'personalisation' of services as 'a logical next step' and are well aware of the potential benefits. The views below are quotes from the report and directly from customers:

"the advantages of creating a 'Leisure Buddy' or interactive system for booking and introducing an Oyster style User card for paying for bookings or services tended to be seen as a very logical next step – bringing the 21st Century to LW." (Focus group report)

"The technology should be there now...plus it would take away some of the (pressure) onus on the staff on front desk..." Empty Nester

"(this is) similar to a membership card - but this time specific to you and your activities ...this would suit a lot of people it applies to everything you could do." Is personalisation good? "Yes - because if you didn't like one thing - it would know what you wanted or didn't like ..." Teen Girl

4. Responding to a changing environment

Independent research data compiled by Society of Information Technology Management (SOCITM) and published on the Government Digital Service in July 2012 confirms that customer demand for 24/7 online access to services continues to rise.

“Two-thirds of the 600 million+ customer contacts received by local authorities each year are now coming in through digital channels. Nearly a quarter of all visits to council websites involve transactions like paying for services or reporting faults.

“According to the latest SOCITM research the difference in the cost of a local authority servicing contacts via different channels are 15p web, £2.83 by phone and £8.62 for face-to-face.”

The opportunities to make significant improvements to the customer experience and for financial savings for the authority are clear.

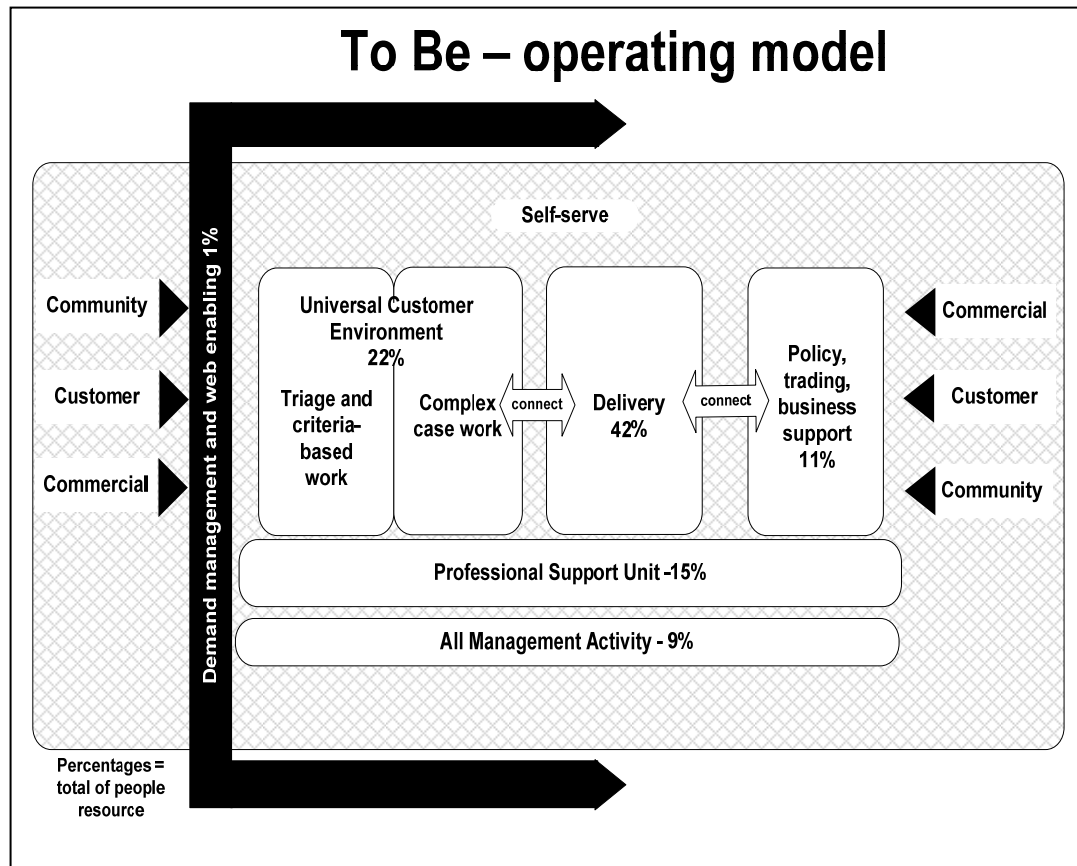
Employee posts – background paper

The 'AS IS' and 'TO BE' operating models for the organisation are shown on page 6 of the business case. They indicate where our people resources are currently, and where they would be in the new Universal Customer Environment. FTE = full-time equivalent staff (permanent); GMT = managers at the General Management Team level.

The way we arrived at these figures was:

FSR Stage	What we did and how we did it	Who
AS IS	Existing FTE (permanent) validated – source was activity analysis 2012/13.	GMTs and activity analysis theme
AS IS	360 existing business processes (high level) identified and validated.	Journey Management team and GMTs
create	5 customer pathways identified: - enquire - apply and renew - book and pay - report - customer account management.	Journey Management team and invited services representatives
create	Validated the 360 business processes against the 5 customer pathways – no exceptions found.	Journey Management team and GMTs
create	Applied percentage drivers of change to existing FTE from activity analysis using sets of assumptions, for example technology in place.	Journey Management team and GMTs
create	These are the drivers of change: Information upfront (customers not accessing our services as they found what they need for themselves as the information was there and up-to-date) Self-serve (channel shift strategy – online or telephony) Technology and process improvement (efficiency, better process improved technology) Internal remodelling (effectiveness, new operating model improves our way of working).	Journey Management team and GMTs
TO BE	Results in a new FTE requirement validated by the group. 35-45 FTE posts reduction.	Journey Management team and GMTs
TO BE	Remodelled activity into a new 'TO BE' operating model shown on the next page.	

The new 'TO BE' operating model is shown below:





Cabinet

28 November 2012

Item
8(i)

Report of	Head of Resource Management	Author	Sean Plummer ☎ 282347
Title	2013/14 Revenue Budget, Capital Programme and Financial Reserves		
Wards affected	Not applicable		

This report provides an update on the 2013/14 Revenue Budget, Capital Programme and Financial Reserves

1. Decisions Required

1.1. Cabinet is requested to:

- i) Note the current 2013/14 revenue budget forecast which at this stage shows a budget gap of £248k and the forecast variables and risks.
- ii) Note the action being taken to finalise the budget.
- iii) Agree that the recommended level of revenue balances be set at £1.8m for 2013/14 as set out in the Risk Analysis subject to consideration of outstanding issues as part of the final budget report in January (Appendix B).
- iv) Note the current budget forecast for 2012/13 as set out at paragraph 12.11
- v) Note the position on the capital programme set out at Section 14 and recommend to Council that the Olympic Legacy Project be included in the capital programme and that subject to this decision resources are released.
- vi) Agree that in respect of Council Tax discounts Cabinet note the options and proposed approach as set out in Section 15 and agree to delegate the decision to the Portfolio Holder for Business and Resources

2. Reasons for Decisions

- 2.1 The Council is required to approve a budget strategy and timetable in respect of the year 2013/14.
- 2.2 This report relates to the budget update, a review of balances, the capital programme and consideration of possible changes to Council Tax discounts.

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 2013/14 budget process (see Appendix A) was agreed at Cabinet on 4 July 2012.
- 4.2. An initial 2013/14 budget forecast was presented and agreed at the Cabinet meeting on 3 October 2012. This showed a budget gap of £374k.

5. Local Government Finance Settlement and other Government Grants

Formula Grant / Retention of Business Rates

- 5.1. As previously reported Government proposals arising from the review of Local Government funding will result in a change to how local councils are financed from 2013/14. There still remains a significant level of uncertainty as to how the scheme will work. Some of the key issues set out in the most recent consultation exercise show:-
- There will be a 50% local share of NNDR (in other words 50% of all NNDR collected will go to Government)
 - This will in turn be distributed via Revenue Support Grant (RSG) or other specified grants. As such we will still receive a level of RSG.
 - A number of existing grants are being 'rolled in' to the NNDR scheme. These include Council Tax Freeze grant and the new Council Tax Support (CTS) Grant.
 - The Government is proposing to remove funding required for the New Homes Bonus with different options as to how this will be achieved.
- 5.2. The transition to the new funding system is expected to be within current Government spending controls. The Comprehensive Spending Review points to a further reduction in government funding in 2013/14, however, what this will mean for Colchester is unclear. At this stage the assumption continues to be made of a reduction in core funding (potentially business rates and government grant) of £720k. The Local Government Finance Report for 2013/14 is expected at the end of December.
- 5.3. The Council receives other Government grants and confirmation has been received that the level of homelessness grant will be unchanged. However, the housing benefit administration grant has reduced by £61k and is therefore shown in the updated list of cost pressures.

New Homes Bonus

- 5.4. Alongside the announcement of formula grant we expect to receive confirmation of the New Homes Bonus. The main part of the grant is based on a payment for any increase in housing numbers (expressed as Band D equivalents) with a further sum paid for affordable homes delivered. The Council receive 80% of the calculated grant with the remaining 20% paid to Essex County Council. The 2013/14 grant will include payments in respect of growth for 3 years and the bonus paid in respect of affordable homes delivery. Based on current estimates we expect to receive c£2.6m in 2013/14.

	£'000	Growth	Payable annually to....
Grant re: growth in Oct 09 – Oct 10	724	629 *	2016/17
Grant re: growth in Oct 10 – Oct 11	749	651 *	2017/18
Grant re: growth in Oct 11 – Oct 12 (estimate)	982	853 *	2018/19
Total Grant re growth in taxbase	2,455	2,133 *	

	£'000	Growth	Payable annually to....
Affordable homes bonus	52	185 #	2017/18
Affordable homes bonus (estimate)	100	357 #	2018/19
Total Grant re affordable homes	152	542 #	
Total Estimated total grant for 13/14	2,607		
<i>Total increase for 13/14</i>	<i>1,082</i>		

* based on Band D equivalents
affordable homes delivered

- 5.5. It has been highlighted in previous Cabinet reports that funding allocated by the Government for the New Homes Bonus is insufficient to meet the cost of the scheme, therefore the Government has stated that any shortfall will be met by the main 'formula grant' allocation.. Given this and also the methodology of the scheme which means that annual rewards will last for 6 years it continues to be important that a prudent and cautious approach to the New Homes Bonus is taken. The budget forecast shown in this report reflects the total expected level of NHB of £2.6m.
- 5.5. The final budget report will include the Medium Term Financial Forecast (MTFF) and the New Homes Bonus will be a factor in the future funding streams of the Council alongside the retention of business rates.

6. Summary of 2013/14 Budget Forecast

- 6.1 The revised 2013/14 revenue budget forecast shows that the current budget gap has now reduced to £248k.

	2013/14 £'000	Note
Net Base Budget	21,287	Net of one-off items
Cost Pressures (incl. inflation)	1,556	Section 7
Growth	1,100	Section 8.
Savings	(1,720)	Section 9
Forecast Base Budget	22,223	
Government Grant / NNDR	(7,951)	See para 5.1 and 5.2.
New Homes Bonus	(2,607)	See para 5.4 and 5.5
Council Tax	(11,085)	Based on a 2.5% increase and 0.5% increase in taxbase.
Use of Reserves	(332)	Ongoing use to fund community stadium, S106 and pensions increase
Total Funding	(21,975)	
Budget gap	248	

- 6.2 Cabinet is asked to note the above 2013/14 revenue budget forecast and the assumptions set out in this report concerning cost pressures, growth items and risks.

7. Changes in 2013/14 Budget Forecast

Cost pressures

- 7.1. There have been some changes to the proposed list of cost pressures previously reported. The financial implications of the Universal Customer Contact Fundamental

Service Review (UCC FSR) are shown here as a net cost pressure. However, as shown within the separate report on this agenda the net position includes a number of financial savings. The total list is as follows:-

	Current allowance £'000	Updated allowance £'000	Comment
Inflationary pressure	240	240	Net inflation impact. This allowance will be reviewed as assumptions for key areas such as energy and pay are assessed.
Incremental pension contributions	102	102	Additional cost arising from actuarial review which is being funded from reserve setup in 2011/12.
Elections	(92)	(92)	One-off reduction due to no borough elections in May 2013.
Castle Museum - Income	50	50	The planned temporary closure of the museum will result in a reduction in income. Steps to manage these continue to be put in place, however, it is considered prudent at this stage to allow for a reduction in income.
Land Charges	200	200	Current assumed reduction in income from land charges due to more information now being available for free under the Environmental Information Regulations.
Risk Factor	400	400	As reported to Cabinet in July a recurring budget risk factor of £400k is included in respect of various potential risks arising from Government reforms and other budget issues such as inflation assumptions.
Insurance		150	Increased Vehicle Insurance premiums increased costs due to increased number of vehicles and claims history.
UCC FSR		370	The report on this agenda sets out net additional costs of £340k in respect of this review. This reflects a number of additional costs and also savings. The most significant costs element is ICT which includes the revenue impact of capital investment. £30k relates to a previous shared management target now reflected within FSR figures
Housing Benefit Administration grant		61	Grant reduced (see para 5.3.)
St James / Roman House – Business Rates		75	£75k pressure due to ongoing full year NNDR costs for vacant St James/Roman House
Total	900	1,556	

7.2. There are also other potential cost pressures that will be need to be considered in the final budget report. These include issues identified in the review of the 2012/13 budget.

8. Growth Items

8.1. The previous budget update to Cabinet in October included an allowance for growth of £1m. The table below now also includes proposals in respect of the affordable homes element of the New Homes Bonus.

	Current allowance £'000	Updated allowance £'000	Comment
Food Waste	750	750	Current estimate for rollout of Food Waste Scheme.
New Homes Bonus	250	250	Allocated sum from New Homes Bonus to support enabling projects.
Allowance for affordable housing		100	Growth achieved through New Homes Bonus element allocated to support affordable housing initiatives
Total Growth Items	1,000	1,100	

9 Savings/Increased Income

9.1. The following table provides a summary of proposed savings and adjustments totalling £1.72m including items previously reported to Cabinet.

	Current assumption £'000	Updated assumption £'000	Comment
Total Service Items	(646)	(696)	Current savings across services including ongoing impact of items agreed in the 12/13 budget such as further ICT contract savings of £0.3m and some new proposed savings. Updated assumption includes an additional £50k in respect of planning fee income.
Fundamental Service Reviews	(739)	(739)	Savings from Sport and Leisure Review and further planned savings in respect of Street Services. The net cost relates to the UCC FSR is shown within cost pressures.
Savings Risk Factor	(285)	(285)	It is proposed that at this stage the savings risk factor be removed from the budget forecast. Consideration will be given to whether to include any allowance in the 13/14 budget as part of the risk assessment of balances and the emerging savings proposals.
Total	(1,670)	(1,720)	

9.2. Further work is ongoing to review these savings projections and consider other possible changes.

9.3. The level of savings required is likely to involve some one off costs and as such it will be necessary to provide for these within the budget forecast. Whilst not shown in the table above it is also acknowledged that to deliver the savings expected from the UCC FSR

will also result in one-off costs. Consideration will therefore be given to any necessary budget allocation for these purposes in the final budget paper.

10. Council Tax

- 10.1. The budget forecast for Council Tax income is based on a planning assumption of a 2.5% increase in the level of Council Tax. However, there are two important issues which the Cabinet will need to consider in respect of a grant that has been made available for authorities that do not increase the Council Tax rate and the indicated level at which a referendum could be required.

Council Tax Freeze Grant

- 10.2. The Chancellor of the Exchequer announced on the 8th October that the Government will set aside an extra £450 million to help freeze council tax bills in England. The new grant will be paid to local authorities who decide to freeze or reduce their Council Tax in 2013/14. The grant paid will be paid for 2 years and will be equivalent to a 1% increase in Council Tax. Full details of the grant have not yet been received, however, for Colchester the estimated grant would be £108k for 2013/14 and 2014/15.

- 10.3. This will be the third Council Tax freeze grant which has been made available to local authorities:-

	Grant £'000	Period paid / payable
<i>Grants Received:-</i>		
• Council Tax Freeze in 2011/12	267	4 years from 2011/12 to 2014/15
• Council Tax Freeze in 2012/13	269	2012/13 only
<i>Potential Grant available:-</i>		
• Council Tax Freeze in 2013/14	108	2013/14 and 2014/15

Council Tax referendum

- 10.4. Last year changes to Council Tax were set out in the Localism Act provisions for Council Tax referendums. Schedule 5 of the Localism Act introduced a new Chapter into the 1992 Local Government Finance Act making provision for council tax referendums to be held if an authority increases its council tax by an amount exceeding principles determined by the Secretary of State and agreed by the House of Commons. The Localism Act also abolished the capping regime in England.
- 10.5. As part of the 2012/13 Finance Settlement the Secretary of State announced that authorities will be required to seek the approval of their local electorate in a referendum, if compared with 2011/12, they set council tax increases that exceed:-
- 4% for the Greater London Authority, police authorities and single purpose fire and rescue authorities.
 - 3.75% for the City of London
 - 3.5% for other principal authorities. (e.g. Colchester Borough Council)
- 10.6. For 2013-14 the Government will propose to lower the local authority tax referendum threshold to 2%. The Secretary of State for Communities and Local Government will formally set out the detail on this in December.

- 10.7. Where an authority exceeds the relevant limit it will be required to seek the approval of the local electorate in a referendum.
- 10.8. Currently, local precepting authorities (i.e. parish and town councils) are not included in the proposed principles. However, the Government has stated that it will monitor increases in this sector and has not ruled out setting principles that will apply to high spending town and parish councils.

Implications for Budget Position

- 10.9. The potential implications for the budget position are therefore:-
- A reduction in income of £162k if Council Tax is frozen and the grant is received. This option also creates a pressure when the grant stops in 2014/15.
 - Reduced income of c£54k if the assumed increase in Council Tax is reduced to 2%
- 10.10. The final budget report will include the recommendation in respect of Council Tax and will show the implications for the 2013/14 budget and also the Medium Term Financial Forecast.
- 10.11. The assumed increase in the Council Tax base (the equivalent number of Band D properties used for tax setting) is currently 0.5%. The tax base will be calculated and agreed in December and any changes to this forecast will be assessed within the final budget report. The tax base calculation will also reflect the impact of the Localised Council Tax Support Scheme (subject to a report on this agenda), decisions in respect of Council Tax discounts and assessment of collection rates.

11. Summary and Risk and variables

11.1. As is common at this stage in the budget setting process there remain a number of key budget risks which include areas where information has not yet been released. The following table sets out the key issues and the current assumption used.

Risk / Variable	Current Budget Assumption	Comment / Timing
Grant Settlement / NNDR retention	Cash reduction of 8.6% (£720k)	Announcement expected end of December
Other Government grants e.g.:- Benefit Admin grant Homelessness grant New Homes Bonus	£61k reduction assumed Cash freeze Grant of £2.6m	Some grants have been confirmed. For other grants estimates have been made based on the methodology of the scheme or provisional announced figures.
Confirmation of budget savings	As set out in report	Ongoing risk assessment and detailed consideration of proposed savings.
Consideration of any potential recurring pressures and savings identified in the review of 2012/13 budget to date.	Some issues reflected in existing budget forecast. Other areas subject to review.	Work continuing as part of detailed budget setting and critical analysis of budget issues.
Completion of detailed budgets / Housing Revenue Account (HRA) recharges	Assumed all delivered as per budget allocation. No adverse	Detailed budgets to be finalised and recharges calculated in December.

Risk / Variable	Current Budget Assumption	Comment / Timing
	impact on the charge to HRA.	
Confirmation of potential one off costs arising from budget proposals (incl. FSRs)	Nil included	Assessment of costs following confirmation of proposed budget savings.
Forecast balances position at 31 March 13	This note forecasts general balances of between circa £1.8m - £2m depending on 12/13 outturn	Continue monitoring of current year budget. Review position in December. Review of allocations within balances (see para 12.12 and 12.13)
Links to capital programme	Budget proposals based on current programme.	Assess revenue impact of any proposed changes to capital programme.
Council Tax Rate	Planning assumption of 2.5%	Consider implication of referendum and Council Tax Freeze grant.
Taxbase calculated	Assumed increase of 0.5%.	Taxbase determined in December. Will be impacted by proposals for Local Council Tax Support Scheme and changes to discounts and exemptions.

11.2. The above highlights the key risks and variables that may affect the budget forecast. Senior Management Team (SMT) and Leadership Team will continue to review these areas to minimise any potential impact and identify remedial action.

11.3. In summary, there is now a reduced budget gap. SMT and Leadership Team are continuing to work through the outstanding areas of work and consideration of options to deliver a balanced budget will be detailed in the final budget report in January. These proposals will include an update of the Medium Term Financial Forecast (MTFF) which will reflect any impact in future years arising from proposals to balance the 2013/14 budget.

12. Revenue Balances

Recommended Level of Balances

12.1 The Local Government Act 2003 places a specific duty on the Chief Financial Officer (Section 151 Officer) to report on the adequacy of the proposed financial reserves when the budget is being considered. This section on Revenue Balances and the following section on Earmarked Reserves and Provisions, together with the attached appendices, address this requirement.

12.2 The Council is required to maintain a prudent level of revenue balances in order to ensure sufficient funding is available to meet cash flow requirements and urgent or emergency issues that may arise during a financial year.

12.3 The minimum level of revenue balances is determined through a Risk Management Analysis based on criteria recommended by the Chartered Institute of Public Finance and Accountancy and endorsed by the Audit Commission. The approach taken last year has been reviewed and updated.

12.4. Attached at Appendix B is a schedule detailing the risk analysis for the financial year 2013/14. The analysis concludes that the minimum revenue balances should be increased from £1.5m to £1.8m, however, a number of areas will be considered in more detail within the final budget report.

12.5. The reason for the proposed change in the level of balances is the increased risks associated with a number of Government reforms. The key financial risks are:-

Local Council Tax Support Scheme (LCTS)

12.6. The separate report on this agenda sets out the proposals relating to the LCTS scheme. This explains that there are a number of new risks to the Council relating to:-

- *Recovery of Council Tax.* There is a risk of a lower level of collection of Council Tax, given that more people will have to pay Council Tax and many for the first time.
- *Recovery costs and resources.* The number of people paying Council Tax will increase and we will need to consider the impact on resources.
- *Demand.* Under the existing benefit scheme there is no direct financial impact on the Council of changes in the amount of benefit paid. Under the LCTS scheme the Government grant will be a fixed sum and therefore any increase will be borne by all of the major preceptors including Colchester.

Local Retention of Business Rates

12.7. Currently the level of business rates collected has no material financial impact on the Council as all money collected is paid to Government. Whilst final details of the new scheme have not yet been received it is clear that the Council will need to consider the risk associated with changes in the level of business rates collected. This could include:-

- Changes in rateable value of properties following appeals, including outstanding appeal issues not dealt with before the start of the new arrangements.
- Changes to operational businesses in the borough including the impact of the general economic environment.
- Collection rates of business rates

12.8. The business rates scheme includes proposals for a 'safety net'. The level of this has not yet been confirmed, however, there will still be a level of financial risk and volatility to the Council.

12.9. As this report shows there remain a number of potential risks and variables that need to be considered as part of the final budget report. The proposal on the recommended level of balances will be reviewed in the final budget report when the implications and details of items have been more fully assessed such as:-

- the Finance Settlement,
- business rate retention scheme
- Council Tax base (including collection rate assumptions)
- budget savings and other variables

Forecast Balances Position

12.10. Appendix C details the forecast revenue balances position. This includes assumptions regarding the use of balances and the current forecast outturn position against the 12/13 budget as explained below.

- 12.11. The report to FASP on 20 November 2012 sets out a number of forecast variances on the 2012/13 budget. In total, a forecast potential net budget surplus after allowing for the allocated risk factor of £202k is currently identified. A number of variables remain that could affect this position, both favourably and adversely. As part of the final budget report in January the current year position will be reviewed. The potential impact on balances is shown at Appendix C based on delivering this year's outturn on budget and the position reported to FASP.
- 12.12. The balances position reflects a number of allocations for specific projects or contingency items, such as sums held for legal fees. As part of the budget process these items are being reviewed to confirm whether it is necessary to continue to hold them at current levels. This review is also considering the accounting treatment for the estimated loss, or impairment, in respect of the Icelandic investment in view of the legal status of the claim and repayments that continue to be made.
- 12.13. At this stage it is envisaged that this review will identify the potential to release sums held within balances that could be considered for use to support the 2013/14 budget or future budget pressures.

13. Earmarked Reserves and Provisions

- 13.1 The Council maintains a number of earmarked reserves and provisions, which allows it to prudently plan for future expenditure requirements. Earmarked reserves totalled £5.3m and provisions £0.4m at 31 March 2012
- 13.2. As part of the budget process a review has been undertaken into the level and appropriateness of earmarked reserves and provisions. The review concludes that the reserves and provisions detailed in Appendix D remain appropriate and at a broadly adequate level. However, further detailed work is on-going to confirm this assumption and the position will be considered as part of the final budget report.
- 13.3. It is currently assumed that:-
- we continue to use the S106 reserve to support costs of staff involved in monitoring S106 agreements.
 - the Capital Expenditure Reserve is used to meet the costs of the Minimum Revenue Provision in respect of the Community Stadium.
 - the Pensions Provision is used to meet the additional cost arising from the triennial review.

14. Capital Programme

- 14.1. Proposals for changes to the capital programme in 2013/14 will be set out within the budget report to Cabinet in January. This will include an assessment of forecast capital resources and capital funding proposals. There are two projects to specifically consider at this stage for inclusion in the capital programme and the subsequent release of resources.

UCC FSR

- 14.2. The separate report in this agenda sets out the business case for the UCC FSR. The report sets out both the revenue and capital implications showing an additional capital cost of £2.4m. This cost is expected to be mostly incurred during 2013/14 and 2014/15.

Olympic legacy project

- 14.3. Appendix E sets out proposals relating to a project to deliver an outside gym in the Castle Park. Funding for this project has been identified through S106 resources.

However, £94k of this is linked to the development of the Jarmin Road residential development and the timing of S106 payments means that delivering this project would have to be delayed. The option exists for the Council to therefore cover this anticipated initial shortfall as part of the capital programme to enable the project to progress next year.

- 14.4. Based on the existing capital programme including decisions made this year and capital receipts achieved there is an anticipated current surplus of c£0.9m. Looking ahead to 2013/14 there are further receipts forecast of c£2.5m. Therefore based on actual and anticipated resources in the coming year there is sufficient funding available to meet the cost of the required capital investment in respect of these two projects.
- 14.5. It is important to note that capital resources are limited, although the Council is able to consider borrowing to support the capital programme in line with the prudential borrowing powers. There will be other possible capital projects that will be seeking funding and therefore the Council will need to carefully consider different priorities for investment.

15 Council Tax Discounts

- 15.1 The Local Government Act 2003 gave local billing authorities the ability to vary the discounts on second and empty homes. In May 2012 the Government published the results of the consultation into the ideas discussed in the Technical Reforms of Council Tax paper launched in October 2011. The main areas of interest for the Council are around the proposals for reducing or abolishing some discounts and exemptions. The proposals themselves are currently part of the Local Government Finance Bill, which has recently been enacted.
- 15.2. Local authorities have been given the opportunity to use new powers within the Finance Bill to reduce the level of discounts currently granted in respect of second homes and some classes for empty properties. This will result in an increase in the council tax base and an increase in the amount of council tax receivable by the Council. The main recipient of the additional Council Tax receivable will be the Essex County Council as the amount will be apportioned between the major precepting authorities: Essex County Council (ECC), Essex Police Authority (EPA) and Essex Fire Authority (EFA). The anticipated discretion for 2013/14 is subject to Government determining the necessary statutory changes.
- 15.3. The areas where the Council now has discretion to change discounts are:-

Government Proposal	Current Arrangements	Options
<i>1. Second Homes:</i>		
Extend the range of discount available to billing authorities to allow them to levy up to full council tax on second homes.	Authorities allowed to grant a discount of 10% - 50%. CBC – 10% discount allowed.	Discount of 10% or 0%.
<i>2. Empty dwellings undergoing major repair ("Class A"):</i>		
Abolish the Class A exemption and empower billing authorities to give a discount which they may set at 100% or any lower percentage. The maximum period for the exemption will remain at one	Current scheme – 100% discount for up to one year. CBC – 100% discount for up to one year. No discount provided after one year.	Discount between 100% and 0% for a period of 12 months.

Government Proposal	Current Arrangements	Options
year. A discount of between 0% and 50% can be set after one year.		
<i>3. Vacant dwellings (Class C):</i>		
Abolish the Class C exemption and empower billing authorities to give a discount which they may set at 100% or any lower percentage. The maximum period for the exemption will remain at six months.	Current scheme – 100% discount for up to six months. CBC – 100% discount for up to six months. No discount provided after six months.	Discount between 100% and 0% for a period of 6 months.
<i>4. Empty Homes Premium</i>		
Introduce primary legislation to implement an empty homes premium. A premium would become payable on a dwelling if it has been empty and unfurnished for at least two years. The maximum premium allowable would be 50%.	Current scheme – discount allowable between 0% and 50%. CBC – discount of 0% (i.e. full charge levied).	Premium charge between 0% and 50%.

15.4. These changes have been proposed by the Government as part of the agenda to promote decentralisation and localism and that given Council Tax is a local tax this forms part of this broad agenda. Whilst there are financial implications in terms of increasing Council Tax revenue, it should also be recognised that these options can lead to some behavioural change i.e. properties being brought back into occupation earlier. Whilst this may in turn reduce the potential extra income it will potentially have other benefits such as increasing the supply of housing.

15.5. As stated earlier, the largest recipient on any additional Council Tax revenue would be ECC. An agreement has operated for a number of years with ECC for a proportion of additional income due to the reduction in discount on second homes to be returned to CBC. Last year this percentage was reduced from 60% to 50% and ECC also gave the Council notice that this arrangement will end at the end March 2015. Discussions are currently taking place with ECC and the other major preceptors concerning how this concept might be applied to the wider discretion available for these other discounts.

15.6. It is proposed that Cabinet support the principle of using the discretion to change Council Tax discounts and is therefore minded to reduce discounts to support the aim of bringing properties back into use and increasing the supply of housing. It is proposed that the decision in respect of these discounts is delegated to the Portfolio Holder for Business and Resources.

16. Strategic Plan References

16.1. The Council has agreed an over arching vision for the Borough: Colchester, the place to live, learn, work and visit. Alongside this are number of broad aims.

16.2. The 2013/14 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.

17. Consultation

17.1. The Council is required to consult on its budget proposals. A consultation exercise took place as part of the production of the Strategic Plan agreed by Council in February 2012.

17.2. The budget strategy and timetable aims to ensure that information is available for scrutiny and input from all Members on proposals in the process. The aim is that detailed information will be available prior to the final budget report being submitted to Cabinet and approval by Council in February.

17.3. As has been the case in previous years the opportunity remains open for the leader of the opposition to meet with officers to assist with consideration of any alternative budget proposals.

17.4. Furthermore, we will continue with the statutory consultation with business ratepayers and will meet with parish councils in respect of grant funding.

18. Financial implications

18.1 As set out in the report.

19. Risk Management Implications

19.1 The strategic risks of the authority are being considered in developing the 2013/14 budget and all forecast savings/new income options are being risk assessed as part of the budget process.

20. Other Standard References

20.1 Having considered publicity, equality, diversity and human rights, community safety and health and safety implications, there are none that are significant to the matters in this report.

Background Papers

Report to Cabinet 3 October 2012 – 2013/14 Revenue Budget Update

2013/14 Budget Timetable	
Budget Strategy March 12 – July 2012	
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 – 4 July 12	<ul style="list-style-type: none"> • Report on updated budget strategy / MTFF • Timetable approved
SOSP – 17 July 12	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 Consider outcomes of Fundamental Service Reviews
Cabinet –3 October 12	<ul style="list-style-type: none"> • Budget Update • Review of capital resources / programme (if available)
Cabinet – 28 November 12	<ul style="list-style-type: none"> • Budget update • Reserves and balances • Government Finance settlement (if available)
FASP – 22 January 13	Review consultation / Budget position (Detailed proposals)
Cabinet – 23 January 13	Revenue and Capital budgets recommended to Council
Council – 20 February 13	Budget agreed / capital programme agreed / Council Tax set

REVIEW OF REVENUE BALANCES 2013/14

RISK MANAGEMENT ASSESSMENT

Introduction

A risk assessment has been undertaken to determine the prudent level of general fund balances as part of the 2012/13 budget process.

Background

Historically we have maintained a strong level of balances and these have been used to:-

- Support the annual budget - particularly to fund one off items.
- Fund new initiatives identified during the year.
- Provide cover for cashflow and emergency situations.
- Provide flexibility and a resource for change management.

The following table set out general fund balances over recent years:-

	£'000	
31 March 2007	2,708	(includes £902k to support 07/08 budget)
31 March 2008	3,347	(includes £1,232k to support 08/09 budget)
31 March 2009	2,891	(includes £1.17k to support 09/10 budget)
31 March 2010	3,926	(includes £1.89m to support 10/11 budget)
31 March 2011	3,457	(includes £1.6m to support 11/12 budget)
31 March 2012	4,919	(includes £3.1m to support 12/13 budget and beyond)
31 March 2013 (estimated)	2,739	Based on being 'on budget' in 12/13 (includes £900k allocated for future years)

A thorough review of the balances position was reported to Cabinet as part of the 2012/13 budget exercise. This included a risk assessment to establish the minimum level, which was agreed at £1.5 million.

Risk Assessment

The risk assessment has been kept under review. The results of the current assessment are summarised in schedule 1. This shows a proposal to increase the minimum level of balances to £1.8 million. It is then a matter of judgement whether it would be desirable to hold any further level of balances beyond this, or to seek to rebuild balances above this level to provide for future flexibility. The overall assessment will be considered in more detail as part of the final budget report.

The main issues to mention concerning the assessment are: -

- The key reason for proposing to increase balances is the new risks associated with major Local Government reforms such as the creation of a Local Council Tax Support Scheme and the local retention of business rates.

- While the possible requirement to meet capital spending from revenue resources is still recognised as a potential risk the assessment is "nil" because of the current level of funds held in the capital expenditure reserve and the introduction of the Prudential Code.
- Investment income has been identified as a risk area. In last year's risk assessment this was classified as a "high risk" and due to the continuing uncertainty in the world economy this has been maintained.
- The assessment includes the risk that the VAT exemption limit will be exceeded with a consequent loss of recoverable VAT. Regular monitoring and active management of new schemes minimises this risk.

Implications

The risk assessment will be carried out at least annually as part of the budget process. While the current assessment indicates a minimum level it is important to recognise that there are implications of operating at this level. As noted above we have traditionally had a level of balances that have provided flexibility and enabled new initiatives to be considered outside the annual budget process. Operating at the minimum level requires an approach and a discipline to: -

- Ensure all spending aspirations for the coming year are assessed as part of the annual budget process. The continued development of the Medium Term Financial Forecast will assist in this.
- Recognise that it will not be possible to draw on balances to fund new discretionary initiatives identified in the year, however desirable they may be; an alternative source of funding would need to be identified.
- Realise future assessments could identify a need to rebuild balances
- Accept that the potential for interest earnings on balances will change depending on the level of balances held. (This will be reflected in the budget accordingly).
- Acknowledge that any balances desired for future flexibility/change management will need to be built up over and above the prudent level identified.

In addition it is acknowledged that it may be necessary for balances to fall below the recommended level. Balances are provided to mitigate unbudgeted cost pressures and as such at times they may be used to provide temporary support to the Council's budget.

REVIEW OF REVENUE BALANCES 2013/14

RISK MANAGEMENT ASSESSMENT

Factor	Assessed Risk		
	High £'000	Medium £'000	Low £'000
Cash Flow	950		
Capital (nil given reserves and receipts)			0
Inflation		100	
Investment Income	150		
Trading Activities and fees and charges		200	
Emergencies		50	
Benefits			100
New Spending – legal commitments			100
Litigation		150	
Partnerships			100
VAT Exemption Limit			350
Budget Process		100	
Revenue impact of capital schemes			150
Impact of Local Government Finance reforms (Welfare Reform, including LCTS and retention of business rates scheme)	300		
	1,400	600	800

	Minimum Provision
High Risk – 100%	1,400
Medium Risk – 50%	300
Low Risk – 10%	80
Sub Total	1,780
Unforeseen factors,	20
Recommended level	1,800

Note: detailed assessment to be updated as part of final budget report

**General Fund Balances
Current Position**

	£'000	£'000
Balance as at 31 March 2012 (As per Statement of Accounts)		4,919
Use of balances during 2012/13:		
• Financing carry forwards – Proposed carry forward of 12/13 budgets		141
• Funds released in previous years carried forward to 12/13 and future years (note 1)		1,420
• Supporting the 12/13 and future years Budget (Note 2)		1,400
• Further Changes in 2012/13		137
Projected Balances as at 31 March 2013		1,822
Proposed minimum balance (subject to review)		1,800
Potential Surplus Balances as at 31 March 2013		22
<i>Potential net budget surplus 2012/13 (Note 3)</i>		202
<i>Potential Revised surplus (Note 3)</i>		224

Notes:

1. This includes previous approved releases from balances which have not yet been spent including funding agreed by Cabinet in March as part of the Jubilee budget. These items are currently being reviewed to confirm whether all allocations are still required.
2. This includes funding allocated in balances in respect of a number of key risk areas such as the various Government welfare reforms and proposed changes in respect of NNDR. This also includes a provision for future cost pressure in respect of Community Stadium funding.
3. The latest budget outturn forecast for 2012/13 reported to Finance and Audit Scrutiny Panel shows a potential surplus of £202k after allowing for use of the risk factor of £285k. This therefore shows the impact if this position did occur.

Earmarked Reserves and Provisions

A. Earmarked Reserves

Reserve	Amount 31/03/12 £'000	Estimate 31/03/13 £'000	Comment
Renewals and Repairs (including Building Maintenance Programme)	1,608	1,200	Maintained for the replacement of plant and equipment and the maintenance of premises. Annual contributions are based upon the estimated renewal or repair cost, spread over the life of the asset.
Insurance	314	200	The 12/13 budget includes an additional contribution of £150k towards these costs and this will continue for 13/14. To cover the self-insurance of selected properties. The balance of the fund is split with a proportion specifically identified as a provision against the cost of claims (see section B). The actuarial review carried out at the beginning of the year has identified this as a prudent level of reserve to hold in respect of the risks covered.
Capital Expenditure	1,382	1,000	Revenue provision to fund the capital programme. The reserve is fully committed to funding the current capital programme. However actual use of balance is dependent not only on progress of spending on approved capital schemes but also level of other resources, mainly capital receipts, received. This Reserve is also being used to support some financing costs of the Community Stadium
Asset Replacement Reserve	12	0	A reserve for the future replacement of vehicles and plant. The vehicle replacement policy has been reviewed. Revenue contributions to this reserve have now ceased and the funding is now sourced from the Council's Capital Programme.
Gosbecks	357	350	Maintained to provide for the development of the Archaeological Park. The main source of funding was a 'dowry' agreed on the transfer of land.
Heritage Reserve	2	1	This represents balance held of museums donations and as such represents a small element of the

Reserve	Amount 31/03/12 £'000	Estimate 31/03/13 £'000	Comment
Mercury Theatre	218	0	Council's support to heritage schemes. Provision for the building's long term structural upkeep. Cabinet has agreed to use funds in this reserve to support roof repairs to the Mercury Theatre.
Hollies Bequest	8	7	Provision for the upkeep of open space.
Section 106 monitoring	107	60	Required for future monitoring of Section 106 agreements. From 2010/11 onwards it has been agreed to use £70k from this reserve. Given the reduced balance the MTFF assumes a contribution of £30k from 2013/14.
Revenue Grants unapplied	712	200	Under new accounting rules any grant received where there are no clear conditions that the grant is repayable if not spent now have to be transferred to this reserve. For all these grants proposals for use of the money exist and the funds are held in the reserve until the money is spent.
Regeneration Reserve	35	0	Contribution to reserve in respect of balancing any deficit in funding schemes in particular years.
Parking Reserve	509	350	As part of the existing 'on street' parking arrangements there is requirement to keep any surplus funds separate from the General Fund. With the North Essex Parking Partnership (NEPP) there is also a requirement to hold separately funds provided to support TRO (Traffic Regulation Order) work and also initial funding provided by Essex County Council
Building Control	41	0	The Building (Local Authority Charges) Regulations came into force on 1 April 2010. The new charges allow Building Control to more accurately reflect the cost of chargeable services. In any year there is therefore the likelihood of a balance on this account that must be assessed as part of ongoing charges.
Heritage Mersea Mount	13	10	Funding received from English Heritage towards costs relating to Mersea Mount.
	5,318	3,018	

B. Provisions

Provision	Amount 31/03/12 £'000	Estimate 31/03/13 £'000	Comment
Insurance	401	300	This element of the fund is specifically set aside as a provision to meet the cost of identified claims including subsidence. It also includes a contingency for liable costs if a previous insurer, which has gone into administration, is unable to remain solvent.
	401	300	

Olympic Legacy Project

Background and Aims

For some time, the idea of an outside gym to encourage greater active participation in parks and open spaces has been considered but has not come to fruition due to financial constraints. Outdoor gyms are becoming increasingly popular and several companies are now offering specialised equipment for an outdoor venue. The opportunity to encourage a more diverse range of residents to take structured exercise in a welcoming outdoor environment has not been offered before but with the impact of the London 2012 Olympics and an increasing awareness of wellbeing issues and problems associated with obesity it is timely to address this issue. The idea of a “play area for adults” may initially seem amusing but there are many benefits to be derived from such a facility not least health and wellbeing.

The aim of the Olympic legacy project is:-

- To encourage outdoor fitness
- To encourage exercise whilst having fun with friends and family
- To create a suitable meeting place for a casual workout
- To link with Leisure World’s activity programmes as an outdoor venue
- To provide teenagers and adults of all ages free-to-use cardiovascular and strength workouts within a natural environment
- To provide appropriate alternative adult play facilities to redirect older users from children’s play areas
- To provide opportunities for new recreational uses

The Olympic Legacy project will incorporate a social fitness zone, items to assist more senior residents to improve their health and wellbeing and equipment targeted at teenagers and young adults.

The proposed location for the Olympic Legacy project is to the rear of the Castle Park café on land that has been used for crazy golf and previously for glasshouses when there was a productive plant nursery within the park.

The procurement process will involve inviting suitable companies to submit designs against a design brief and then evaluating those responses in terms of value for money, compliance with brief, range and suitability of equipment and overall design.

Financial Implications

The planning application associated with the Jarmin Road residential development is delivering contributions for affordable housing and a contribution of £94k towards the Olympic Legacy project through the S106 agreement. The S106 agreement has been drafted to secure a £94k contribution for such a legacy project. The wording of the agreement ensures the developer’s obligation remains regardless of any progress that may be made in advance of the S106 payment being triggered.

On the basis of a project budget of £125k this would leave a funding shortfall of £31k. It has been identified that there is sufficient funding in the Open space sport and recreational facilities S106 borough projects and Castle Ward contributions to meet this shortfall, subject to the normal procedures for the allocation of S106 contributions.



Cabinet

28 November 2012

Item
9(i)

Report of	Head of Resource Management	Authors John Fisher & Sara Wilcock
Title	Localised Council Tax Support 2013/14	☎ 282326
Wards affected	All wards	

This report requests Cabinet to recommend to Council a new policy to create a Local Council Tax Support scheme.

1 Decision Required

- 1.1 To agree and recommend to Council the Localised Council Tax Support Scheme as set out within this report and detailed in the Policy document.
- 1.2 To agree the change to the Council's Scheme of Delegation to Officers as set out at paragraph 6.1.

2 Reasons for Decision

- 2.1. The Welfare Reform Act abolishes Council Tax Benefit (CTB), and replaces it with a Local Council Tax Support scheme (LCTS). A new Local Government Finance Act and regulations set out how the Council must create a LCTS scheme, removing most of the existing complex legislation. This will mean the majority of LCTS awards will be based on criteria set and administered by each local billing authority (such as Colchester), having consulted with the major precepting authorities (i.e. Essex County Council, Fire and Police authorities) and the public. The Act and regulations will direct how authorities will support pensioners, with little change to the way their entitlement is presently decided.
- 2.2. New draft regulations set out that the Council must finalise its local scheme by 31 January 2013.

3. Alternative Options

- 3.1. The Council must agree a LCTS scheme. If the Council does not set a scheme based on agreed local criteria then the "default scheme" will need to be used, the cost of which would almost certainly be higher than the level of grant funding, resulting in a budget pressure.
- 3.2. There are a number of different criteria which could be used to deliver a cost neutral scheme. Other Essex billing authorities are expected to agree some different arrangements reflecting their own local circumstances.
- 3.3. It would be possible for the Council to meet the shortfall in funding from the Council's budget. However, this would also create a pressure on the major precepting authorities' budgets and the approach agreed across Essex has been to produce a scheme which is expected to be cost neutral.
- 3.4. The Government announced details of a transitional grant that would be available to authorities that approved a LCTS scheme that met certain criteria. Information on this is

set out at Appendix A. This shows that there is an anticipated funding gap if the Council was to set a 'grant compliant' scheme.

4. Supporting Information

- 4.1. The major precepting authorities will share the financial risks associated with LCTS. Representatives from all the Essex billing authorities and Essex County Council have been working together to jointly develop a county wide framework, reflected in the proposals in this report.
- 4.2. The Policy Review and Development on 6 August 2012 considered the implications of the LCTS scheme and specifically draft proposals for the new scheme were considered by Panel. The Panel resolved that
 - the development of a cost neutral scheme be continued;
 - the criteria proposed be approved and included in a LCTS policy document.
- 4.3. Regulations will require that pension age people will not be affected financially when their existing claims move to LCTS. They also direct that councils should consider steps to encourage people to find work, protect vulnerable people, and prevent child poverty.
- 4.4. The Essex project group has looked for ways to create affordable local schemes, with the priority to minimise the impact on existing and future claimants.

5. Scheme design

- 5.1. It is estimated the Council will pay CTB of £11.5m this year (2012/13). The trend of annual growth because of the increasing number of claims is 4%, indicating the cost of Council Tax Support for 2013/14 based on existing criteria would be in the region of £11.9m.
- 5.2. Currently, Government Subsidy meets the full cost of CTB. For 2013/14 the Government will be providing a fixed grant which will be paid to billing and major precepting authorities. As previously stated the total funding is being reduced by 10%. Indicative grants for 2013/14 have been provided which in total for Colchester are £9.9m, of which it is expected that £1.294m will be paid to this Council with the balance received by Essex County Council, and Fire and Police authorities. In total there is an estimated funding gap of £2m.
- 5.3. Effectively, a cost saving can only involve and impact working age people. To provide some local context, 61% of these presently pay no Council Tax because of the type or the low level of their income. On average each person's Council Tax Benefit is c£850.
- 5.4. To make a sufficient saving would involve continuing full support to some as we do now, and impact the minority of people; or spread the reduced level of support across all working age claims. This could mean either:
 - people with low means-tested incomes (presently receiving partial CTB) will lose about two thirds and have to pay c£660 more (£12.70 more per week); or
 - every working age person would pay about £260 more (£5 more a week) on average.
- 5.5. The main effect of spreading the saving across all working age claims is that the majority who presently pay nothing would have to pay something. It is acknowledged that this creates a challenge to maintain high collection rates, as it is possible requests to defer or protract payments will increase; or those affected might decide to delay or not pay, increasing effort and cost for administration, leading to more people going through the legal process of recovery.

Recommended scheme criteria

5.6. The following table sets out recommendations to meet the £2m shortfall, with supporting comments about each action. The proposals remain the same as those considered and agreed by the Policy Panel. Modelling, using current caseload data, illustrates the potential financial effect of proposed changes to the benefit scheme. The total projected saving is the sum of each of the actions separately. Several people will be affected by more than one action depending on their circumstances. 'Multi-modelling', to adjust the saving to reflect people affected by more than one action, results in a saving of c£2m.

Note	Action	Number affected	Value £'000
1	Maximum liability 80%	8,079 (all)	1,525
2	£6,000 capital/savings limit	98	73
3	Abolish Second Adult Rebate	82	18
4	Flat rate £10 non-dependant deduction	275	72
5	Take account of maintenance in full	288	99
	Take account of Child Benefit in full	1647	753
6	Flat rate £25 earnings disregard	300	+ 97
Total working age impact (based on individual actions)			2,443
Estimated adjustment combined impact of actions			(400)
Total estimated saving			2,043

Note 1 - Currently Council Tax Benefit is awarded or calculated based on the claimant's full liability (100%). Instead, it is recommended to use 80%, meaning each working age claimant would have to pay at least £3.63pw more than they do now.

Note 2 - Council Tax Benefit takes account of 'tariff income' in lieu of interest on their savings between £6,000 and the current £16,000 limit. A single limit of £6,000 for Council Tax Support, and abolition of tariff income, will simplify the new scheme by removing complicated administration and explanation; and could be held to indicate support is for people in more immediate financial need.

Note 3 - Second Adult Rebate is paid when the claimant's income is more than other people in their home. In practice, it is complicated to promote and explain, difficult to administer; and has proved to be ineffective as a solution and no real advantage for collection.

Note 4 - The existing range of 5 rates of 'non-dependant' deduction, reflecting the number and incomes of other people in the claimant's home, require claimants to ask for (and prove) personal details about wages and details from the people they live with. A single flat rate in future would stream line the application process and remove the need to know other people's incomes, making the process easier and more transparent.

Note 5 - Child Benefit and child maintenance are currently disregarded in full. £15 of maintenance for adults is disregarded. This is in contrast to no disregard for most other types of unearned income and a £5 disregard for most earnings. This seems to give an advantage to people receiving maintenance, particularly when it is high to the extreme of being affluent. It is recommended to remove these disregards to make it fairer for everyone, helping to distribute the budget saving more evenly.

Note 6 - Earnings disregards are intended to provide an incentive to work. The current £5 disregard for single people has remained unchanged since 1993. It is one of five earnings disregards (including £5, £10, £20 and £25) relative to the claimant's circumstances. A single (flat rate) £25 disregard will simplify the new support scheme and would indicate a greater or more attractive incentive, albeit it would be affected by the taper in the calculation, by which the true gain of support would be less. A fifth higher earnings disregard linked to tax credit awards would continue unchanged.

- 5.7. Retention of existing extra living allowances for children and families, higher earnings disregards, and allowances for child care fees, act to safeguard against child poverty.
- 5.8. The current safeguards for vulnerable claimants, for example people who are blind or receiving Attendance Allowance, exempting them from non-dependant deductions, will continue.
- 5.9. The report to the Policy Review and Development Panel set out other actions which may have been necessary depending on the estimated spend and grant for next year. This included options such as a further limit on the liability used for calculation to band D and taking all unearned income into account. Currently, it is estimated, that these and other options are not necessary to achieve the saving required, although these are a feature of some other councils' schemes.
- 5.10. The Policy Panel also considered excluding 'extended payments' from the Council's policy, costing c£29,000 for CTB, which helps long term unemployed when they find work, to tide them over until they get their first wage. The Panel agreed the development of an alternative such as a 'Return to Work Bonus' as an additional form of Council Tax Discount, as perhaps a more obvious incentive. At this stage it has not been possible to propose a viable solution, and this will be investigated further for the 2014/15 scheme.
- 5.11. The abolition of CTB removes the statutory option to award Discretionary Housing Payments to help people. Awards for exceptional hardship will avoid hardship and distress for vulnerable people. The Policy Panel supported the principle to develop a Discretionary Support Fund, based on the same criteria as Discretionary Housing Payments. The fund would provide short term targeted assistance to working age applicants particularly to aid and assist the most impoverished families. Criteria will be developed to help ensure that additional support is given to those most in need in a fair and transparent manner.
- Proposals for the criteria include that the tax payer must;
- make a separate application for assistance,
 - provide full details of income and expenditure,
 - be willing to receive assistance from either the Authority or third parties, (such as the Citizens Advice Bureau) regarding financial management,
 - ensure that payment methods and arrangements are explored to assist the taxpayer,
 - assist the Authority to minimise liability by ensuring that all discounts, exemptions and reductions are properly granted,
 - maximise income through the application of other welfare benefits and identify the most economical tariffs for the supply of utilities.

Funding for the Discretionary Support Fund is currently being reviewed and will be set out when confirmation of Government and other funding is known.

Other scheme change

- 5.12. The current regulations require the Council to consider a claimant's 'underlying entitlement' when they have been overpaid. This is mainly caused by changes of people's circumstances and how long they can take to tell the Council, in relation to a one month time limit for a change that would increase their benefit. It is recommended to remove underlying entitlement for Council Tax Support. People will still be expected to report changes straight away. In fairness, changes will be taken into account from when they occur, if the person has good cause to delay telling us. Separate penalties can be applied for failure to supply information. People will be protected by their right of appeal.

5.13 It is a requirement to set out the LCTS scheme in a Policy document which details the 'rules' of the scheme. This needs to be approved by Full Council. This document is provided as a Background Paper and a summary is shown at Appendix B.

6. Delegation to Officers

6.1. The Council's Constitution sets out a delegated power to the Head of Resource Management to operate and administer Council Tax Benefit, including provisions for debt collection and legal proceedings. Cabinet is asked to agree that this is amended to add and include Council Tax Support.

7 Proposals

7.1 It is proposed that:-

- (i) Cabinet recommend to Council that the Local Council Tax Support Scheme as set out within this report and detailed within the Policy document be agreed for 2013/14.
- (ii) The scheme of delegation be updated to reflect the operation and administration of the Local Council Tax Support Scheme.

8. Strategic Plan References

8.1. The Council's Strategic Plan sets out several priorities including delivering an efficient benefits service and supporting more vulnerable groups.

9. Consultation

9.1. The Local Government Finance Bill sets out that Billing Authorities have to hold a public consultation on LCTS proposals. To comply with this a 6 week consultation started on 1 August and finished on 12 September, coordinated with each of the Essex authorities and working with Essex County Council.

9.2. Responses to the Council's proposals for the new scheme are set out at Appendix C.

9.3. A range of initiatives were undertaken to promote the consultation across both Essex and Colchester. Within Colchester this included writing to 8000 current working age Council Tax benefit recipients, inviting stakeholders to participate, and, advising Council Tax payers throughout the borough of the consultation.

9.4. As a legal requirement, the major precepting authorities have been consulted and agreed the framework, on the basis of a cost neutral scheme to avoid affecting the general population, thereby reducing support to some current recipients.

9.5. This report was considered by Strategic Overview and Scrutiny Panel on 30 October 2012 and the minutes of this meeting are provided in this agenda.

10. Publicity Considerations

10.1 A communication plan has been developed by all the Essex authorities, working with the Essex Communications Group. This includes a coordinated approach for websites, press releases and leaflets, leading up to the annual posting of Council Tax bills in March.

10.2. The Council aims to contact all current working age recipients of Council Tax Benefit in January to advise how the changes will specifically affect them. We will be advising

customers of easy ways to pay as well as whom to contact in case of difficulty in paying. The Council will provide proactive information to those affected to help them pay their Council Tax and minimise the negative effect on the collection of this additional cost.

10.3. Literature that accompanies the annual council tax bill will also contain information and advice about the new Local Council Tax Support scheme; this will be sent to all residents in February/March 2013.

11. Financial Implications

11.1. The effect of the local funding gap of c£2m will be borne by the major precepting authorities in proportion to their current precept size. Currently this equates to 11.8% for Colchester. This is significant as the extra amount payable by working age claimants will be a risk for payments to the Collection Fund.

11.2. The recommended policy covered by this report is intended to deliver a “cost neutral scheme”, in other words the estimated cost of the LCTS scheme is in line with the provisional funding provided by Government.

11.3. The details of the Government transitional grant are attached at Appendix A. This shows that to comply with the criteria would result in total net funding gap in the region of £1m after allowing for the one-off grant and as such would not be ‘cost neutral’.

11.4. There are a number of potential financial risks involved with the LCTS scheme. These include:

- *Recovery of Council Tax.* There is a risk of a lower level of collection of Council Tax, given that more people will have to pay Council Tax and many for the first time.
- *Recovery costs and resources.* The number of people paying Council Tax will increase and we will need to consider the impact on resources.
- *Demand.* Under the existing benefit scheme there is no direct financial impact on the Council of changes in the amount of benefit paid. Under the LCTS scheme the Government grant will be a fixed sum and therefore any increase will be borne by all of the major preceptors including Colchester.

11.5. A range of measures will be on offer to affected people to help them to pay, including help to increase their income or reduce their expenses, and easy ways to pay such as weekly Direct Debit and other methods.

11.6. The LCTS scheme is based on a Council Tax discount, or in other words a reduction in the amount of Council Tax due. The proposed methodology for reflecting the cost of this is therefore to show it as a reduction in the Council Tax base (the number of equivalent Band D properties). In simple terms this will mean that the amount of Council Tax due will be less by the amount of Council Tax Support provided. On the basis of a cost neutral scheme this reduction in Council Tax should equal the level of Government grant provided. This will be considered in more detail in budget reports to Cabinet which will also consider the impact of any changes to the grant from that provisionally set out.

11.7. The Government is currently consulting on the methodology for dealing with Parish Councils in respect of the LCTS. The most recent proposal is that the tax base agreed by parish councils should not include any adjustment in respect of LCTS and that therefore the grant from Government should be retained by the billing authority. This protects parish councils from any impact of changes to LCTS costs in year and that these are therefore borne by the billing and major precepting authorities.

11.8. The agreed scheme for 2013/14 cannot be changed during the year. It is though recognised that it will be necessary to review the impact of the proposals and to consider any further changes that are considered required for implementing in 2014/15.

12. Equality, Diversity and Human Rights Implications

12.1. An Equality Impact assessment (EQIA) has been carried out of the draft policy in preparation for this report and for the consultation, and is available on the Council's website, or click [here](#).

13. Community Safety Implications

13.1. The proposals contain provisions for dealing with welfare concerns of residents, particularly vulnerable people and to avoid child poverty. It is intended to limit hardship to avoid giving rise to crime and disorder.

14 Health and Safety Implications

14.1. There are no health and safety implications.

15 Risk Management Implications

15.1. As highlighted earlier in the report there are a number of financial risks associated with the proposed introduction of the LCTS scheme. Once the Council has set its policy, it cannot be changed until the following financial year (2014/15). This therefore makes it essential to closely monitor LCTS scheme and the impact on collection rates.

Background Papers

Report and minutes of the Policy Review and Development Panel, 6 August 2012

LCTS Policy Document (*currently being redrafted. Final version will be presented to Council*)



Council Tax Support Draft policy guide

A summary of the scheme

Introduction

As part of the major changes to the Welfare Benefits system, from 1st April 2013 Council Tax Benefit will end and is to be replaced by a new scheme called Localised Support for Council Tax or Council Tax Support. Both systems are means tested which means that they compare your income and capital against an assessment of your needs.

The new scheme will largely be decided by each Council rather than nationally by Central Government (as now). Funding to each Council will be reduced and if you are of working age the amount of help you receive may be less than under the current scheme (Council Tax Benefit).

Regulations will protect pensioners (persons who are of an age where they can claim pension credit) and therefore if you are a pensioner and are currently receiving Council Tax Benefit, then the amount of help you receive under the new Council Tax Support scheme will be broadly the same and operate in a similar way to the current Council Tax Benefit system

To assist certain vulnerable groups, the Council has also decided that there will be additional protection given. More details are given later within this document.

The rules of the Council Tax Support scheme divide the persons who can claim support into various classes. The classes or groups are set out in regulations (law made by the Government) for pensioners and the classes or groups for working age applicants are set by the Council.

With the introduction of Council Tax Support, people who already receive Council Tax Benefit will automatically change to the new scheme. In particular, they will not be required to apply to for Council Tax Support, and the details they have already provided will continue to be used.

Initially, for people already getting Council Tax Benefit, the Council will write to them in March 2013, showing their new Council Tax Support and the details used to calculate it. It will then be important that the claimant or someone helping them should check their details, and let the Council know if they have changed.

The yearly amount of Council Tax Support will be shown as part of each person's Council Tax bill. This will also set out how much is left to pay and how to pay it.

Any questions or comments about this guide should be sent in writing to:

John Fisher, Finance Manager,
Resource Management, Colchester Borough Council,
PO Box 886, Colchester, CO3 3WG.

Or email john.fisher@colchester.gov.uk

<p>This is a draft document setting out proposals to be considered and agreed by the Council, and may change depending on funding details and further development of the scheme.</p>
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We can provide this document in other formats, for example, Braille, large print, CD or another language, free of charge. For more information about this, phone 01206 282600. If you use a textphone, dial 18001 01206 282600

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The draft Council Tax Support scheme for working age persons

The Council has decided that there will be two classes and the Council will decide which class each applicant is in. The class will determine the level of Council Tax Support that can be provided:

Class A

To obtain support the individual must:

- a. have not attained the qualifying age for state pension credit; or
- b. has attained the qualifying age for state pension credit if he, and his partner, is a person on income support, on an income-based jobseeker's allowance or on an income-related employment and support allowance.
- c. be liable to pay council tax in respect of a dwelling in which he is solely or mainly / resident;
- d. not have capital savings above £6,000;
- e. be a person whose income is **less** than their living allowances (*applicable amount*) or the claimant or partner is in receipt of Income Support, Jobseekers allowance (income based) or Employment and Support Allowance (income related); and
- f. have made a valid claim for support.

Class B

To obtain support the individual must:

- a. have not attained the qualifying age for state pension credit; or
- b. has attained the qualifying age for state pension credit if he, and his partner, is a person on income support, on an income-based jobseeker's allowance or on an income-related employment and support allowance.
- c. be liable to pay Council Tax in respect of a dwelling in which they are solely or mainly / resident;
- d. be somebody in respect of whom a maximum council tax support amount can be calculated;
- e. not have capital savings above £6,000;
- f. be a person whose income is **more** than their living allowances (*applicable amount*);
- g. have made a valid claim for support;

Council Tax Support payable to working age people

If a person matches the criteria in Class A, including that their *income* is less than their *living allowances (applicable amounts)* that person qualifies for 80% of their council tax liability. This also applies if a person in receipt of income support, on an income-based jobseeker's allowance or on an income-related employment and support allowance

If a person matches the criteria in Class B, it will mean the person's *income* is greater than their living allowances (*applicable amount*). Twenty per cent of the difference between the two will be subtracted from the maximum council tax liability allowed. The Council has decided that for 2013/14, the maximum council tax liability will be 80% of council tax the person is liable to pay.

Note: for the purpose of this draft document, the proposal to base liability on 80% is indicative. The Council may decide to use a different percentage depending on funding details and further development of the scheme.

How Council Tax Support works

Who can claim?

If you have to pay Council Tax, you may be able to get Council Tax Support (CTS) from 1st April 2013.

You can only get support if you have a right to reside and are habitually resident in the United Kingdom (UK). If you have entered the UK within the 2 years before your claim for benefit, the council will ask you about this.

People given refugee status, humanitarian protection or exceptional leave to remain in the UK will continue to be eligible for benefit.

Most full-time students are not entitled to Council Tax Support.

How much Council Tax Support can I get?

Maximum CTS depends on:

- Whether you are in the Pension Age scheme (attained the qualifying age for state pension credit) or are in the Working Age scheme;
- How much council tax you have to pay; and
- Who you live with.

Capital

Savings and investments (capital) may have an effect on the assessment of your income. Capital will only affect your income if you are of pension age and have more than £6000. If you are working age and have more than £6,000, you will not normally be able to get Council Tax Support. The figure is £16,000 if you are of pension credit age.

How to claim

New claims for Council Tax Support can be made electronically using the Council's e-claim interactive form, in writing or by telephone. See the Council's website at colchester.gov.uk/claim for more details or phone 01206 282600.

With the introduction of Council Tax Support, people who already receive Council Tax Benefit will automatically change to the new scheme. They will not be required to apply for Council Tax Support, and the details they have already provided will continue to be used.

All claims will need to be supported by evidence of your circumstances and this will need to be provided to the Council. If you are claiming Housing Benefit as well as Council Tax Support, the Council will provide you with a joint claim form.

If you are married and your husband or wife normally lives with you, or if you live with someone as though you are a married couple, only one of you can make the claim for Council Tax Support. You may choose who is to make the claim, or if you cannot agree who is to claim, the Council will nominate one of you to be the claimant.

Information and evidence

The Council may need more information or supporting evidence so that they can calculate your Council Tax Support. If all the information they need is not on the claim form, or they need to clarify something or want some more verification of your circumstances the Council will contact you. If you do not reply within one month a decision will be made on your claim based on the evidence you have provided.

How long will it take to decide your claim for Council Tax Support

The Council will deal with your claim for Council Tax Support as soon as possible after receiving all the information from you that they need to work out your entitlement

Date of claim

The date of claim will be the date of first contact provided that the claim form is returned to an office of the authority within one month of the claim form being issued.

If you change your address

If you move to a different Council's area, you would have to contact them to claim their Council Tax Support. Their scheme may be different. You must tell us when you move from our area, so we can stop your Council Tax Support and send you a revised bill.

Backdating a claim

If you are of working age, your claim to Council Tax Support may be backdated in some circumstances. You must prove to the Council that there was continuous good cause for not having made an earlier claim. However, for working age customers the maximum time the council can go back is 3 months from the date your claim for backdating was actually made. You must show there was 'good cause' for not making an earlier claim throughout the whole of any period you want backdated up to the date your claim for backdating was made.

If you have reached the qualifying age for state pension credit your Council Tax Support may be paid for up to 3 months before the date you made your claim. You do not have to ask for this and you do not have to show "good cause" for not having claimed earlier.

Start of Council Tax Support

If you become liable for the Council Tax for the first time, for example if you move to a new address or reach the age of 18 or stop being a registered student, you should claim either in advance (you may claim up to 13 weeks before you expect to become liable), or in the week that your liability starts. You then get support from the day you start being liable for Council Tax. If you claim later than this, your support starts on the Monday after the day you claim

If you are already paying the Council Tax and become entitled to support because you have less money or your applicable amount changes, you also start getting benefit on the Monday after you claim.

Appointees

An appointee, for the purposes of Council Tax Support, is someone over 18 appointed by the Council, to manage the Council Tax Support claim of someone who is incapable of doing so themselves (mainly because of mental incapacity).

If you are already an appointee for other benefits and wish to be the appointee for Council Tax Support, you should write to be appointed by the Council. The role and responsibilities are the same. If you wish to become an appointee you should get in touch with the Council; they will explain the process and your responsibilities. The authority can end the appointment at any time. It is ended automatically if one of the people listed below is appointed. As an appointee you can resign at any time.

An appointee cannot be made where there is already someone acting for the customer's financial affairs in any of the following capacities:

- a receiver appointed by the Court of Protection
- under Scottish law, a tutor, curator or other guardian, a continuing attorney or welfare attorney
- someone appointed to have the power of attorney.

How is maximum Council Tax Support calculated for the Working Age Scheme?

For the Working Age the maximum Council Tax Support is set by the Council as up to 80% of the council tax you are liable to pay less any non dependant deductions (see non dependant deductions later in this document). If you are already getting or have claimed Income Support, income-based Jobseeker's Allowance or income related Employment and Support Allowance then you will receive the maximum Council Tax Support.

How is maximum Council Tax Support calculated for the Pension Age Scheme?

For the Pension Age Scheme the maximum Council Tax Support is set by the Government as up to 100% of the council tax you are liable to pay less any non dependant deductions (see non dependant deductions later in this document). If you are already getting or have claimed Pension Credit Guarantee the Council will grant maximum Council Tax Support.

If you do not get Pension Credit Guarantee, Income Support, income-based Jobseeker's Allowance or income related Employment and Support Allowance

Even if you do not get Pension Credit Guarantee, Income Support, income-based JSA or income-related Employment & Support Allowance you may still get some help with paying your council tax. This is worked out by comparing the maximum Council Tax Support you could get with:

- your needs (called your living allowances or applicable amounts); and
- your income and capital resources.

Absences from home

There are some special situations in which you may continue to get Council Tax Support and these are explained below.

Going away

You should normally let the council know if you are temporarily absent. But the Council may not need to know if you will be absent for only a short time (for example 2-3 weeks) and your circumstances remain unchanged. If in doubt, ask us.

If you are temporarily absent you can normally get Council Tax Support for a maximum of 13 weeks as long as you:

- intend to return home; and
- you will not let or sub-let the part of your home you normally live in your absence; and
- you will not be away for longer than 13 weeks.

In certain circumstances, you may be able to get Council Tax Support for up to 52 weeks, for example if you are in hospital, or are held in custody on remand, provided that you:

- intend to return home; and
- you will not let or sub-let the part of your home where you live in your absence; and
- you will not be away for longer than 52 weeks.

Council Tax support when you have a new partner

You and your partner will be jointly and severally liable for the Council Tax.

If you notify the council of the change, either before, or in, the week that your partner becomes jointly and severally liable, support for you and your partner, as a couple, can be paid from the day that joint liability for council tax begins.

If you notify the Council of the change after the week in which your partner becomes jointly liable for Council Tax, support for you and your partner, as a couple, can only be paid from the Monday following the day you told the Council about the change. In this case, the Council will re-assess your support entitlement from the Monday following the day you and your partner become a couple, and they will take any income and capital your partner has into account and will look at your joint needs.

End of Council Tax Support

If you stop being liable for the Council Tax, for example if you move away from an address or become exempt or start being a registered student, your Council Tax Support stops on the day you stop being liable. If you no longer qualify for Council Tax Support because, for example, your income increases or your applicable amount changes, your Council Tax Support will be stopped from the beginning of the next support week.

End of Income Support, income-based Jobseeker's Allowance or income related Employment and Support Allowance entitlement and Pension Credit Guarantee

If you stop getting Income Support, income-based Jobseeker's Allowance, income related Employment and Support Allowance or Pension Credit Guarantee, you must tell the Council and they will have to stop your Council Tax Support. At the same time they will ask you to explain your new circumstances, because you may still be able to get some help with your Council Tax.

Extended Payments

Extended payments are intended to help long-term unemployed people who secure employment, by giving them an additional four weeks of Council Tax Support at the level they were previously entitled to before they commenced work. The award is dependant on specific criteria, including that you are in receipt of a particular 'qualifying income-related benefit' or 'qualifying contributory benefit'. Other criteria must be satisfied relating to the employment and the 'qualifying benefits'.

People who live with you - non-dependants

People who normally share your accommodation but are not dependent on you for financial support are known as non-dependants. Others who live with you as a family and any children you have fostered do not count as non-dependants.

Non-dependant deductions

Any non-dependants who normally share your accommodation could affect the amount of Council Tax Support you get whether or not you are also getting Income Support, income-based Jobseeker's Allowance, income related Employment and Support Allowance or Pension Credit Guarantee

These people do not count as non-dependants, whether they share accommodation or not:

- carers employed by a charity that charges for the service;
- joint tenants;
- subtenants;
- boarders;
- tenants of owner occupiers; and
- landlords/ladies and their partners.

They do not count as part of your household.

Non-dependant deductions from Council Tax Support

Non-dependants are people like grown-up sons or daughters and elderly relatives. If you have non-dependants living with you, your Council Tax Support may be affected.

Deductions will be made from your Council Tax Support for non-dependants aged over 18 who normally live with you. There is one level of deduction of £10 for each non-dependent.

A deduction will not be made for a non-dependant if the claimant or partner is:

- Registered blind or ceased to be within the last 28 weeks;
- Receives the care component of Disability Living Allowance at any rate;
- Receives Attendance Allowance or Constant Attendance Allowance.

A deduction will also not be made if the non-dependant is:

- receiving Income Support, income based Jobseeker's Allowance, income related Employment and Support Allowance or Pension Credit Guarantee;
- aged under 18 years;
- a full-time student
- receives Work Training (YT) Allowance
- in prison or detention;
- has been in hospital more than 52 weeks;
- does not normally live there;
- disregarded for Council Tax discount purposes.

Working out the amount of Council Tax Support

The maximum amount of Council Tax Support depends on:

- Whether you are in the Pension Age scheme (attained the qualifying age for state pension credit) or are in the Working Age scheme;
- How much Council Tax you have to pay; and
- Who you live with.

Calculating your needs - Living Allowances or Applicable Amounts

The living allowances (also known as applicable amounts) represent the needs of you and your family if you have one. The larger your family the larger your applicable amount. The applicable amount is made up of three parts:

- a personal allowance; and
- personal allowances for children in your family; and
- premiums.

For the Pension Age scheme this is set out in national regulations. For the Working Age scheme this is set locally by the Council. Your living allowance takes into account the size of your family, your age and extra needs you may have. It is made up of personal allowances and premiums. Premiums are included if you have a family, or disability, or a disabled child.

Personal allowance

Your living allowance (applicable amount) always includes a personal allowance. Different amounts apply according to your age and whether you have a partner.

Personal allowances for children

If you are looking after children (other than foster children) then you get an allowance for each child included in your applicable amount according to his or her age. This allowance is included until that child leaves school or reaches their 20th birthday.

A special rule applies if a child has left school and starts work before the Child Benefit stops.

Income less than your living allowance

In this case you get maximum Council Tax Support (depending on whether you are of Pension Age or Working Age this may vary in amount). You will also get maximum Council Tax Support if your income is the same as your applicable amount.

Income greater than your living allowance

In this case you will get an amount less than your maximum Council Tax Support. The amount by which your Council Tax Support is reduced is based on the difference between your income and your needs.

A percentage of this difference – called a taper – is taken away from your maximum Council Tax Support

Premiums for your family

Once personal allowances and allowances for children have been worked out, premiums can be added – if they apply – to make up your applicable amount.

Premiums or components for disabilities

These premiums are included in your applicable amount for people in your family with disabilities. There are three premiums and two components in this group:

- disabled child premium (for each disabled child in your household);
- disability premium (if you or your partner gets one of the benefits listed below or you have been off sick for more than 52 weeks);
- severe disability premium (if you are disabled and live in special circumstances);
- work related activity component; and
- support component.

Your children

A family premium will be included if you have any dependent children in your household. No matter how many children you have, you can only get one family premium.

Disabled child premium

The disabled child premium is a flat-rate premium, which may be awarded for each disabled child in your household and can be included with any other premiums. Your child is considered disabled if they are:

- registered blind
- or receiving Disability Living Allowance.

Disability premium

Disability premium will be included in your applicable amount if you and your partner are aged less than pension credit age and:

- either of you is registered blind; or
- either of you gets one of the qualifying benefits listed below; or
- has been off sick for 52 weeks or more.

Qualifying benefits

You will get the disability premium if you or your partner get any of the following benefits:

- Personal Independence Payments (replacing Disability Living Allowance) ;or
- Working Tax Credit Disability Element; or
- Constant Attendance Allowance; or
- War pensioners' mobility supplement; or
- Severe Disablement Allowance; or
- Incapacity Benefit – long term rate or short-term higher rate paid at the long term rate.

Severe disability premium

This premium cannot be included on its own. You must first qualify for the disability premium.

If you are single or a lone parent - the severe disability premium may be included in your applicable amount if you:

- receive the care component of Disability Living Allowance at the highest or middle rate, Attendance Allowance or Constant Attendance Allowance; and
- live alone (but if others live with you, see below); and
- no one receives Carer's Allowance for looking after you.

If you have a partner - you may get the severe disability premium if you both:

- receive the care component of Disability Living Allowance (DLA) at the highest or middle rate, Attendance Allowance (AA) or Constant Attendance Allowance; or
- your partner is blind and you receive the care component of DLA at the highest or middle rate, AA or Constant Attendance Allowance; and
- no one lives with you; and
- no one receives Carers Allowance for looking after either one or both of you.

For the purposes of severe disability premium your Council Tax Support is not affected if other people living with you are:

- Children; or
- aged 16-17; or
- a person who is registered blind; or
- receiving the care component of Disability Living Allowance (DLA) at the highest or middle rate, or Attendance Allowance (AA); or
- people caring for you who are employed by a charity making a charge for this service.

Work Related Activity Component

This is awarded where you or your partner receives main phase Employment and Support Allowance and receive a similar component within that benefit.

Support Component

This is awarded where you or your partner receives main phase Employment and Support Allowance and receive a similar component within that benefit.

Enhanced Disability Premium

Enhanced Disability Premium is awarded where you, or a member of your family, who is aged under 60 receives the highest rate of Disabled Living Allowance (DLA) or where the claimant is in receipt of Employment and Support Allowance Support Component. This premium will remain in payment if the DLA is suspended during hospitalisation. This premium is awarded at three different rates. They are for:

- each dependent child/young person in your household paid the highest rate of DLA;
- single person who receives the highest rate of DLA;
- couples where at least one member of the couple receives the highest rate of DLA.

Carer Premium

The Carer Premium is awarded if either you or your partner are looking after a disabled person and receive:

- Carer's Allowance; or
- Receive Carer's Allowance and would be entitled to it but for an overlapping benefit.

If both you and your partner satisfy the qualifying conditions two premiums can be awarded. The carer premium continues for eight weeks after caring ceases.

Calculating your resources

Your resources are made up of your income and your capital. These are worked out as a weekly amount of income.

Income

Income is all the money that you have coming in from earnings, social security benefits, maintenance payments and other sources. Depending on the type of income, it may be completely or partially ignored in the calculation of your Council Tax Support (the disregards), or taken fully into account.

Normally, your resources and those of your partner are taken together when your income and capital are worked out.

Income from employment

This explains what counts as your income from work you do, when you are employed by someone else. If you are a company director or any other officeholder in a company you are classed as an employee of that company.

Earnings from employment means any money you are paid when you work for someone else. This includes the following types of payments:

- bonuses or commission (including tips);
- money you get instead of your normal pay (for example, a liquidator may give you money when your employer stops trading and you are owed some pay);
- money you get in place of notice to end your employment, or money you get to make up for losing your job;
- money you get for holidays you did not take (holiday pay) – but not holiday pay owed to you more than four weeks after you stopped work;
- money you get if you are kept on while doing no work (for example, a retainer paid to school cooks during school holidays);

- expenses you are given to cover your travel to and from work;
- expenses you are given to cover the costs of looking after someone in your family
- any expenses you are given that are not essential for you to carry out your work;
- money you get, under the Employment Protection (Consolidation) Act 1978, if you are not given work because of bad weather, or money you get because of unfair dismissal;
- money that an industrial tribunal orders your employer to give you if the period of notice or redundancy that is required by law has not been given;
- money you get from your former employer's redundancy funds if the business goes into liquidation;
- Statutory Sick Pay or Statutory Maternity Pay;
- Statutory Paternity Pay and Statutory Adoption Pay;
- Employer's sick pay or employer's maternity pay
- earnings from permitted work, that is, work while you are getting an incapacity benefit which your doctor thinks would benefit your health.

Earnings from employment do not include:

- payment in kind (where no money is involved)
- expenses you are given that are essential for you to carry out work
- any occupational pension.

Net earnings

Once your gross earnings have been worked out, your council will take away:

- your income tax payments (allowing for personal relief); and
- your National Insurance (NI) contributions; and
- half of any contributions you make to an occupational or personal pension scheme (any amounts paid to a pension scheme by your employer do not count).

This gives your net earnings, which are used to work out your Council Tax Support.

Self-employed earnings

If you are self-employed, all the money you earn when you are not employed by someone else is known as your earnings from self-employment. You may have self-employed earnings even if you are also working for someone else, or if you are a franchise holder.

When working out your earnings the Council will want to know how much you earn when you are self-employed, and you will be asked to provide evidence of how much you earn.

There are three stages in working out your self-employed earnings. The first is calculating the gross profit of your business. In the second stage, deductions – which are called allowable expenses – are taken away from the gross profit to give the net profit of the business. In the third stage, tax, NI, and pension payments are taken away from your net profit to give your net earnings.

If the authority feels that your income from self-employment is not representative, it will calculate your net profit based on the number of hours worked multiplied by the national minimum wage.

Childminders

If you are a childminder only one third of your earnings from childminding will be taken into account when your council works out your Council Tax Support.

Earnings and earnings disregards

After working out your net earnings, any amount that is not counted in the calculation of your Council Tax Support is known as a disregard.

A single standard minimum earnings disregard of £25 for Working Age cases will be applied irrespective of whether you are a single person or part of a couple.

Additional disregard

If you work on average 30 hours a week or more you will usually be able to get an extra earnings disregard. In certain circumstances you can also qualify for the higher earnings disregard if you work 16 hours or more e.g. if you are a lone parent or disabled. This is the same amount as the 30-hour tax credit in your Working Tax Credit (WTC)

Childcare charges

In certain circumstances, average childcare charges of up to £175 (for one child) or up to £300 for 2 or more children per week per family can be offset against your earnings. This disregard, which is in addition to the other earnings disregards, is available to:

- lone parents who are working 16 hours or more per week;
- couples where both are working 16 hours or more per week;
- couples where one member is working 16 hours or more per week and, generally, the disability premium, or, in certain circumstances, the higher pensioner premium, is included in the applicable amount on account of the other member's incapacity or the other member is in hospital or in prison.

It applies where formal childcare is provided by, for example, registered childminders or day nurseries for children until the first Monday in September following their 15th birthday (or the 16th birthday for children who are entitled to Disability Living Allowance or who are registered blind).

In certain circumstances, help with childcare costs can be given while you are on maternity leave or paternity or adoption leave or you are sick. The authority will be able to give you more details.

In some other cases explained here, different amounts of your earnings are not counted.

If you are in receipt of Income Support, income-based Jobseeker's Allowance, income related Employment and Support Allowance or Pension Credit Guarantee, then any earnings you get will not be counted again in working out Council Tax Support.

Notional Earnings

If you have done some work and you seem to have been paid very little for it, then the council will estimate what that work is worth. If you have a good reason for the pay being so low – for example, if you worked for someone who had very little money – then you should let the council know. If necessary, the Council may check your statement of earnings by asking your employer.

Other income

Other income is all the other money you have coming in apart from earnings from employment or self-employment. It is sometimes called unearned income. In some cases none of your unearned income is counted. Sometimes part of it is counted. Other incomes such as child maintenance and adult maintenance will be counted in full.

Unearned income that is counted in part

The following are the types of unearned income that are only partly counted.

- the first £15 of Widowed Mother's Allowance or Widowed Parent's Allowance;
- the first £20 of any money from sub-tenants; or
- the first £20 then 50% of the excess of money you receive from a boarder is ignored. The balance is treated as income.

Unearned income that is not counted

The following types of income are not counted by the Council when it works out your Council Tax Support:

- any income you get if you are getting the Guarantee Credit or Pension Credit, Income Support, income related Employment and Support Allowance (ESA) or income-based Jobseeker's Allowance (JSA);
- Disability Living Allowance (DLA);
- Attendance Allowance (AA) or Constant Attendance Allowance (CAA);
- Attendance allowances paid as part of a War Disablement Pension or Industrial Injuries Disablement Benefit;
- money you get which takes the place of DLA, AA, CAA, or Income Support;
- war pensioners' mobility supplement;
- any money you get from the Social Fund;
- Guardian's Allowance;
- money you get as a holder of the Victoria Cross, the George Cross, or any comparable award;
- any grants or allowances you get from your local education authority if you have a dependent child who continues in education after school leaving age;
- any training premium and any refunded travelling expenses or living away from home allowances when you are on a Department for Education and Employment Training Scheme training course or at an employment rehabilitation centre;
- any money such as interest or dividends from savings or investments;
- any expenses you get from an employer that you need to carry out your work;
- any expenses you get from a charity so that you can carry out unpaid work;
- any income in kind (where you are given something other than money);
- any income you have which has been held back outside this country, as long as it remains held back, and it is not within your control;
- any money you get for fostering a child;
- any money you get for looking after an elderly or disabled person temporarily (community boarding out schemes);
- any money you get from a local Social Services Department to help keep a child at home instead of putting them into care;
- any Council Tax Benefit you have received;
- special payments made with your War Widow's Pension if you have been designated as a pre-1973 war widow;
- any charitable or voluntary payments which are made regularly;
- payments made under the Employment Department's 'Access to Work' scheme for disabled people; or
- War Disablement Pension or a War Widow's/Widower's Pension, or any similar payment from another country

Some types of income may be counted as capital.

State benefits

The following benefits are counted in full as income for Council Tax Support:

- Child Benefit
- Contribution-based Jobseeker's Allowance
- Contribution-based Employment and Support Allowance
- Universal Credit
- State Pension
- Incapacity Benefit
- Severe Disablement Allowance
- Carer's Allowance
- Industrial Injuries Disablement Benefit
- Industrial Death Benefit

- Working Tax Credit
- Child Tax Credit (ignored if you or your partner are pension age)
- Savings Credit of Pension Credit
- Bereavement Benefits (ignored if you or your partner are pension age).

Notional income

The council may think that there is income, which you could get, but you are not claiming it. This is known as notional income because you do not actually receive that income. The Council may take this into account for Council Tax Support purposes.

Parental contributions to students

If you are making a parental contribution to a student then part of your income is not counted to take account of this.

Students

Council Tax Support is not normally available for students. The exceptions are:

- vulnerable students, such as disabled students and lone parents;
- part-time students; and
- couples where one partner is not a student.

Student loans and grant income

The grant money you get is generally paid to cover the period you are studying. If it does not cover this period your council, or Student Awards Agency for Scotland, will tell you the period it does cover.

If you are eligible for a loan or have been awarded a grant the Council will assume that these amounts are paid, whether they are actually paid or not.

Money you receive in your loan is your income for the period from the start of September to the end of June and is divided into a weekly amount by the number of weeks in that period.

If you receive a dependants grant it will be taken into account over the same period as your loan unless you also receive, or only receive, a grant towards your personal maintenance.

Because much of your loan is meant for essential educational items, some of the grant is ignored when working out your income for Council Tax Support. The following elements of your loan or grant are not counted:

- tuition and examination fees;
- any disability allowance in your grant;
- the cost of term-time residential study away from your college;
- the Two Homes Grant – given when you maintain another home away from college;
- an allowance for books and equipment; and
- Travel expenses.

Students and partners

Your grant may have been reduced to allow for your partner's income because your partner can make a contribution to your expenses. An amount – equal to that contribution – is then ignored when the council works out your joint income for Council Tax Support. If a student is required to contribute to his own grant income, an equivalent amount is disregarded from the income used to assess that contribution.

Other income

Student's other income will be treated in the same way as grant income if it is intended for expenditure that is needed on the course. If the income is not intended for expenditure on the course, it is treated under the normal rules for income.

Loans from the Student Loans Company

The maximum student loan available to you will be taken into account regardless of whether you have borrowed up to your limit or not. The loan will be divided by the number of weeks between the beginning of September and the end of June to arrive at a weekly figure for assessment purposes. Up to £10 a week of the loan may be ignored.

Student's Access funds

These discretionary payments are made by educational establishments to students facing financial hardship. The amount of payments to be taken into account depends on how it is paid and what the payment is for. Some payments from the funds can be disregarded in full.

Capital

Your capital includes savings and investments held by yourself in any form (for example, bank and building society accounts, investment trusts, and shares) from any source (for example, inheritance, redundancy payments, and irregular payments from a charitable or voluntary source). It will normally also include the net sale value of land and housing that you do not occupy, after deducting 10% for expenses of sale.

If you have a partner, capital belonging to your partner is treated as yours for the purposes of Council Tax Support

Capital outside the United Kingdom

If you have capital – in the form of liquid or fixed assets – outside this country, the council will need to know how soon it can be transferred and how much it is worth. If the capital cannot be brought into this country, enquiries will be made about how easily it can be sold, and whether a willing buyer can be found. If no willing buyer can be found, it may not be counted.

Capital for Working Age

The first £6,000 of capital is not counted. If you have capital over £6,000 no support will be granted.

Capital for Pension Age

The first £10,000 of capital is not counted. Capital over £10,000 up to £16,000 will be taken into account at £1 a week for each £500 (or part of £500) of capital over £6,000. Actual interest payments or dividends are not counted as income but as capital.

For people who receive the Guarantee Credit of Pension Credit there is no upper limit on the capital you can have.

Personal possessions

Personal possessions – for example, a car, furniture and fittings in your house, and family belongings – are usually not included in the calculation of capital. However, this may not be the case where the Council has good reason to believe that something has been bought to reduce your capital in order to gain or increase entitlement to benefit. If the council decides that you deliberately got rid of capital just so that you can get Council Tax Support, it may assume that you have notional capital to the value of the capital you disposed of.

If you own your home

The value of your property (including the house, garage and outbuildings) is not counted unless any part of the property could reasonably be sold off separately. Loans raised on the property will be counted as capital.

Property you own but do not occupy

The value of this property is counted as capital but you may be able to get HB/CTB even if the value of the property means that your savings are more than £16,000. This is because the value of the property may be ignored when your savings are worked out, in certain circumstances.

If the property is occupied by an elderly or disabled relative as their home, its value is not taken into account for as long as it is so occupied.

If you have recently acquired the property and you intend to occupy it as your home, its value may not be counted for 26 weeks, or for a longer period if reasonable, from the date you acquired it.

If you are trying to sell the property, its value may not be counted for the first 26 weeks after you start doing this. It may not be counted for longer than this if you are finding it difficult to sell the property.

If you are carrying out essential repairs or alterations so that you can live in the property, its value may not be counted for a period of 26 weeks from the date you first arranged for repairs to be carried out. It may not be counted for longer than this if you are finding it difficult to finish the work.

If you are taking legal action so that you can live in the property, its value may not be counted for the first 26 weeks after you start doing this. It may not be counted for longer than this if legal action is continuing and you cannot live in the property.

If you have left the property after the breakdown of a relationship, and it is occupied by your former partner, its value may not be counted for the first 26 weeks after you left. If the property is occupied by your former partner and they are a lone parent, the property will not be counted for as long as it continues to be so occupied.

Deposits on your accommodation

Sums that have to be deposited with a housing association as a condition of your tenancy are not counted.

Earmarked capital

If capital from the sale of a house is kept for a house purchase, it is not counted for up to six months, or longer if:

- major repairs or adaptations are needed for you to occupy your home; or
- the completion of the purchase of your new home is unavoidably delayed.

Compensation received for a burglary or for damage to or loss of a house is also not counted for six months, as long as it is to be used for repair or replacement.

Valuation of property

Property will be valued at the price it would be expected to fetch on the open market, less any outstanding mortgage or legal charges on the property. Ten per cent of the current market value will also be deducted to take into account the cost of the sale.

If you have property outside Great Britain and there is no restriction on transferring money to this country, your property will be valued at its local sale value. If there is a restriction, its notional value will be the value of a sale to someone in the UK. In both cases, any outstanding legal charges on the property or mortgages will be deducted, together with 10% of the total to cover the cost of the sale.

National Savings Certificates

National Savings Certificates of the current issue are valued at purchase price. Certificates of a previous issue are valued as if they were purchased on the last day of that issue.

Life assurance policies

The surrender value of life assurance policies is not taken into account when assessing Council Tax Support.

Arrears of benefits

Any arrears of Disability Living Allowance, Attendance Allowance, Pension Credit, Income Support, income-based Jobseeker's Allowance, Working Tax Credit and Child Tax Credit that you get are not counted for up to 12 months.

Lump sum payment of deferred State Pension

The gross amount of lump sum, or an interim payment made on account of a final lump sum, paid at the end of the period of deferring State Pension will be disregarded as capital for the life of the recipient.

Business assets

Business assets of a self-employed earner are not counted while engaged in that business. Nor are they counted in certain other circumstances, but any shares owned will be treated as capital.

Compensation payments

For Council Tax Support purposes, compensation payments will normally be counted in full as capital. Capital will not be counted if it is held in trust or by the 'Court of Protection' as a result of a personal injury payment – for example, a criminal injury payment or a vaccine damage payment. For persons of Pension Age compensation payments made as a result of personal injury are ignored whether or not placed in a trust.

Notional Capital

The council may think that there is capital which you could get but which you do not have. This is known as notional capital because you do not actually possess that capital.

- Capital you have disposed of - You will be treated as having notional capital if you have disposed of capital in order to get Council Tax Support or to get more Council Tax Support.
- Capital you could have got - If you have the right to money held in a private trust, then that is actually your capital, and will be taken fully into account.

If the Council has decided to treat you as possessing notional capital they will reduce the amount of this capital on a regular basis by a set calculation. This calculation reduces your notional capital by the amount of support you have lost as a result of deprivation.

The Council Tax Support scheme for Pensioners (People who have reached the age at which pension credit can be claimed)

Regulations will set out three classes and the Council will decide which class each applicant is in. The class will determine the level of Council Tax Support that can be provided:

Class A

To obtain support the person must:

- a. have attained the qualifying age for state pension credit;
- b. not be somebody with a partner of working age in receipt of income support, income-based jobseeker's allowance or income-based employment and support allowance;
- c. be liable to pay council tax in respect of a dwelling in which they are resident;
- d. not have capital savings above £16,000;
- e. must have their assessed income less than or equal to the set living allowances (applicable amounts) set out in the regulations; and
- f. have made a valid application for the support

The class also includes persons who have successfully claimed Pension Credit Guarantee.

Class B

To obtain support the person must:

- a. have attained the qualifying age for state pension credit;
- b. not be somebody with a partner of working age in receipt of income support, income-based jobseeker's allowance or income-based employment and support allowance;
- c. be liable to pay council tax in respect of a dwelling in which they are resident;
- d. not have capital savings above £16,000;
- e. have made a valid applied for the scheme; and
- f. Have assessed income above the set living allowances set out in the regulations.

Class C

To obtain support the person must:

- a. have attained the qualifying age for state pension credit;
- b. not be somebody with a partner of working age in receipt of income support, income-based jobseeker's allowance or income-based employment and support allowance;
- c. be liable to pay council tax in respect of a dwelling in which they are resident;
- d. made a valid application for the for a scheme;
- e. be somebody who has at least one second adult living with them who is not his/ her partner, not somebody who pays rent, and who is on a prescribed low wage and/or prescribed benefit, as set out in the regulations.

What Council Tax Support will be payable to Pension Age persons?

If a person matches the criteria in Class A, including that their *income* is less than their *living allowances (applicable amounts)* that person qualifies for 100% reduction on their council tax liability. This also applies if a person in receipt of state pension credit guarantee credit from the Department for Work and Pensions (Pensions Service)

If a person matches the criteria in Class B, it will mean the person's *income* is greater than their *applicable amount (living allowances)*. Twenty per cent of the difference between the two will be subtracted from this individual's council tax liability.

Council Tax Support for person in Class C may be awarded in respect of a second adult sharing the household who would normally be expected to contribute towards the council tax bill, but who cannot afford to do so, based on their low income or on prescribed benefits. This reduction will equate to the *second adult rebate* available under the Council Tax Benefit scheme and may be awarded at 100%, 25%, 15% or 7.5% of the council tax liability, depending on individual circumstances.

The regulations will prescribe how Council Tax Support for pension age people is calculated.

The following applies to everyone receiving Council Tax Support.

How Council Tax Support is paid

If you are liable to pay the Council Tax, the Council will normally send you a Council Tax bill from which your Council Tax Support has already been deducted. You will then have to pay only the reduced amount. This means that you will not actually receive any money, but your Council Tax bills will be reduced.

How you will be notified about your Council Tax Support

The Council will reach a decision on your entitlement to Council Tax Support as soon as possible after our claim and all supporting evidence is received.

How to appeal

If you disagree with the decision you will need to write to the Council stating the reasons. The council has two months to reply to you. If the Council agrees with your appeal then the Council Tax Support will be amended and you will receive another Council Tax bill showing the revised amount.

If the council does not agree with your appeal or you do not receive a response within two months, you may appeal to the Valuation Tribunal. This is an independent tribunal who will hear your case (either in person or in writing). If the Valuation Tribunal agrees with you they will instruct the Council to amend your Council Tax Support accordingly.

Throughout the appeal you will still be required to make payment of your Council Tax liability as determined by the Council.

Changes of circumstances

You must notify your Council immediately if there is a change in anything that might affect your right to or the amount of Council Tax Support.

This will include:

- where you live; or
- who you live with; or
- your income, savings and investments; or if you stop getting Pension Credit, Income Support, income-based Jobseeker's Allowance or Employment and Support Allowance; or
- if you get a job; or
- if you or your partner go into hospital; or
- if there is any other change in your circumstances which you might reasonably be expected to know might affect your right to Council Tax Support

The changes must be notified in writing although in certain circumstances the council may accept this by telephone or electronically

Most of these changes will affect your Council Tax Support in the following support week, but changes in the amount of council tax payable will affect your Council Tax Support from the day on which the change occurs.

Counter Fraud and Compliance

In order to protect the finances of the Council and also in the interests of all Council Taxpayers, the authority will undertake such actions as allowed by law to;

- a. Prevent and detect fraudulent claims and actions in respect of Council Tax Support;
- b. Carry out investigations fairly, professionally and in accordance with the law; and
- c. Ensure that sanctions are applied in appropriate cases

Information and information sharing

The Council will use information provided by the Department of Work and Pension and Her Majesty's Revenues and Customs for the purposes of council tax support, council tax liability, billing, administration and enforcement

The Council may receive and obtain information and evidence relating to claims for Council Tax Support, the council may receive or obtain the information or evidence from–

- a. persons making claims for council tax support;
- b. other persons in connection with such claims;
- c. other local authorities; or
- d. central government departments including the DWP and HMRC

The Council may verify relevant information supplied to, or obtained for Council Tax Support purposes.

Government Transitional Grant

1. Additional Information – Financial Implications

Additional one-off Government Grant

- 1.1. The Government has recently announced that it is making £100m available for one year to support local authorities who adopt schemes that comply with criteria set by Government.
- 1.2. If the Council was to agree a scheme that complied with the criteria the grant that would be received is as follows:-

	£
Colchester BC	35,006
Essex County Council	196,952
Essex Police	24,776
Essex Fire	12,037
Total	268,771

- 1.3. The deadline for applications for the grant is 15 February 2013 with payments made in March 2013. Authorities can only apply after 31 January (i.e. when local schemes are required to be have been agreed).

The Criteria

- 1.4. To apply for a grant, billing authorities must adopt schemes which ensure that:
- (i) Those who would be entitled to 100% support under current council tax benefit arrangements pay between zero and no more than 8.5% of their net council tax liability;
 - (ii) The taper rate does not increase above 25%;
 - (iii) There is no sharp reduction in support for those entering work.
- 1.5. Although not one of the scheme criteria, in allowing flexibility over aspects of the scheme, Government would not expect local authorities to impose large additional increases in non-dependant deductions.

Implications for Colchester - Finance

- 1.6. The proposals within the current report would not meet the criteria set by Government and as such the grant could not be applied for.
- 1.7. Modelling has been carried out to provide an indication of the financial implications of a 'grant compliant' scheme, however, it should be noted that there remain some areas of uncertainty.
- 1.8. The main area affected is the current Council proposal that the maximum liability be set at 80% (i.e. paying a minimum of 20% of Council Tax). To qualify for the grant would mean that the scheme would need to change to ensure that those currently in receipt of 100% Council Tax benefit would pay a maximum of 8.5%. Other parts of the current proposals may also be impacted if the scheme was to be altered to comply with the grant. A prudent approach has therefore been taken to estimating the impact.

- 1.9. The table below shows the best estimate of the total saving that would be delivered if the scheme was altered to comply with the grant and the overall net funding gap after the grant compared to the proposals within the report.

	<i>Proposals within report</i>	<i>Grant compliant Scheme</i>	
	<i>£'000</i>	<i>£'000</i>	
Funding Gap	2,000	2,000	See Para 5.2 in report.
Estimated saving	(2,000)	(670)	See comments at 1.8. above and 1.10 below.
Transitional grant	Nil	(269)	See table at 1.2 above
Cost / Funding Gap	Nil	1,061	

- 1.10. It should be stressed that the table above reflects what is believed to be 'worst case' figures for the grant compliant scheme. With further detailed modelling and clarification of the grant scheme it is possible that the saving delivered would increase.
- 1.11. The table shows a funding gap of c£1m which would fall on the Collection Fund and therefore this Council and the major precepting authorities. The grant is payable for one year and therefore there would be a budget pressure of a further £269k across the same organisations for 2014/15.

Timetable and Consultation

- 1.12. It is important to consider that the Council is required to agree a LCTS Scheme before 31 January 2013. Cabinet is being asked to recommend the scheme for approval by Council on 6 December 2012. The current proposals within the report have been considered by the Policy Review and Development Panel and have been subject to the required consultation with the public and major precepting bodies.
- 1.13. If the Council was to propose significant changes to the current proposals to comply with the grant it would be necessary to consider whether an updated consultation exercise would be required.

Consultation Results

	Total number of respondents who accessed the consultation survey = 119																	
		Yes	No	Don't Know														
Q1	At the moment people who have a very low income have all of their Council Tax paid by Council Tax Benefit. Our proposal is that these people of working age would not have all of their Council Tax paid by Council Tax Support, but would have to pay some themselves. Do you agree?	31.93%	57.14%	10.92%														
Q2	If yes, how much should people of working age on benefits pay of their weekly Council Tax that is due?					15%	20%	25%										
						26.47%	41.18%	8.82%										
Q3	The maximum amount of Council Tax Support given to people on benefit would be limited to the Council Tax for an average property in our area; the claimant would have to top up the rest. Do you agree?	44.34%	44.34%	11.32%														
Q4	Council Tax Support would only be given to people whose savings are £6,000 or less. Do you agree?	71.03%	21.50%	7.48%														
Q5	People who cannot work (for example they have a long term illness) would be given more Council Tax Support than those who are unemployed and able to work? Do you agree?	70.19%	20.19%	9.62%														

Total number of respondents who accessed the consultation survey = 119		Yes	No	Don't Know						
Q6	Currently, in our calculation of Council Tax Benefit, we do not take account of some incomes such as Child Benefit and some earnings. More of the money that someone gets would be used to calculate their Council Tax Support. Do you agree?	49.04%	36.54%	14.42%						
Q7	People would be given a greater incentive to work by having more of their earnings ignored when calculating their Council Tax Support. Do you agree?	54.46%	28.71%	16.83%						
Q8	Currently, a claimant's Council Tax Benefit is reduced by varying amounts reflecting incomes of adult non-dependant people living with them. Under our proposals, we would introduce a flat rate £10 non-dependent deduction, claimants would pay more. Do you agree?	36.27%	36.27%	27.45%						
Q9	Currently some people are not entitled to help with their Council Tax due to their high income or savings, but they get a reduction in their Council Tax because they share their home with someone who is not their partner and who has a low income. This reduction would no longer be offered. Do you think this should be stopped?	70.59%	19.61%	9.80%						
Q10	We currently help people from when we receive their claim. We would help them from an earlier date if they gave us a good reason. Do you	79.21%	11.88%	8.91%						

Total number of respondents who accessed the consultation survey = 119									
		Yes	No	Don't Know					
	agree?								
Q11	We have identified that the groups listed below will have to pay more Council tax as a result of these proposals. Please indicate whether you think the impact on these people's lives will be high, medium or low.	High	Medium	Low	Don't know				
	Families with children	56.70%	25.77%	9.28%	8.25%				
	Lone parents	72.16%	14.43%	6.19%	7.22%				
	Carers	48.45%	24.74%	11.34%	15.46%				
	Part time and full time workers	22.68%	38.14%	28.87%	10.31%				
	People who are disabled	68.04%	10.31%	12.37%	9.28%				
	Single people and couples without children	27.84%	20.62%	42.27%	9.28%				
Q12	Have you got any general comments that you wish to make about these proposed changes?								
Q13	Are you responding as a resident or on behalf of an organisation?	Resident = 97.94%							
		Organisation = 2.06%							
Q15	Do you or your partner receive Council Tax Benefit?	75%	23.86%	1.14%					

Additional Commentary & Response

Q1. At the moment people who have a very low income have all of their Council Tax paid by Council Tax Benefit. Our proposal is that these people of working age would not have all of their Council Tax paid by Council Tax Support, but would have to pay some themselves. Do you agree?

31% of respondents agreed whilst 57% did not agree with this question. Further analysis shows that of those respondents who also completed Q15 (Do you or your partner receive Council Tax Benefit?) 83% who did not agree with Q1 were in receipt of Council Tax Benefit. Of the 88 customers who completed Q15, 22 respondents agreed with Q1, 11 (50%) were Council Tax Benefit recipients and 11 (50%) stated they were not.

The Council acknowledges that the majority of respondents were not in favour of the proposal. The Council notes that the majority of respondents not in favour were those in receipt of Council Tax Benefit and therefore most likely to be affected. However the cut in funding available means that the Council does not have the financial capacity to continue to support people in exactly the same way that Council Tax Benefit does.

Q3. The maximum amount of Council Tax Support given to people on benefit would be limited to the Council Tax for an average property in our area; the claimant would have to top up the rest. Do you agree?

Respondents were split evenly as to whether they agreed with this question. The Council's proposals do not include limiting support to Council Tax for an average property in our area.

Q4. Council Tax Support would only be given to people whose savings are £6,000 or less. Do you agree?

The majority of respondents agreed that Council Tax Support should only be given to those people who have less than £6000 savings. The savings limit would only affect those working age customers who were not in receipt of Income Support, Jobseekers Allowance (Income Based) or Employment Support Allowance (Income Related). The Council's proposals remain unchanged, to not pay Council Tax Support to Working Age claimants who have over £6,000 savings.

Q5. People who cannot work, (for example they have a long term illness) would be given more Council Tax Support than those who are unemployed and able to work? Do you agree?

The majority of respondents (70%) agreed with the question. The proposals for the new scheme include safeguards for vulnerable claimants (such as people who are disabled), for example disregarding specific types of income that are related to a disability.

Q6. Currently, in our calculation of Council Tax Benefit, we do not take account of some incomes such as Child Benefit and some earnings. More of the money that someone gets would be used to calculate their Council Tax Support. Do you agree?

The majority of respondents to this question (49%) agreed. The Council will retain the proposals within our scheme to include both Child Benefit and Maintenance as income. People who are in receipt of Income Support, Jobseekers Allowance (Income Based) or Employment Support Allowance (Income Related) will continue to have their Child Benefit and Maintenance ignored in their calculation for Council Tax Support in the same way as they do now in respect of Council Tax Benefit.

Q7. People would be given a greater incentive to work by having more of their earnings ignored when calculating their Council Tax Support.

Do you agree?

The majority of customers who responded to this question agreed (54%). Currently there are a range of earnings disregards (starting at £5.00 per week), the Councils proposal remains; to simplify these with a standard minimum £25.00 weekly disregard.

Q8. Currently, a claimant's Council Tax Benefit is reduced by varying amounts reflecting incomes of adult non-dependant people living with them. Under our proposals, we would introduce a flat rate £10 non-dependent deduction, claimants would pay more. Do you agree?

Again respondents were split evenly, 37 agreeing, 37 disagreeing with the question posed. The Councils proposal remains that we will have a flat rate non-dependant deduction of £10 per week, however there are some exceptions to this which mirror current Council Tax benefit rules. In summary these are designed to protect certain vulnerable claimants, as well as those non-dependants in receipt of passported benefits.

Q9. Currently some people are not entitled to help with their Council Tax due to their high income or savings, but they get a reduction in their Council Tax because they share their home with someone who is not their partner and who has a low income. This reduction would no longer be offered. Do you think this should be stopped?

The majority of respondents to this question agreed with the statement; 70%. The Councils proposal remains; to abolish this reduction known as Second Adult Rebate.

Q10. We currently help people from when we receive their claim. We would help them from an earlier date if they gave us a good reason. Do you agree?

The majority of respondents agreed with this question, 79% agreed that we should help people from an earlier date if they gave us a good reason. The Councils proposal to pay a maximum of 3 months backdated support remains, where claimants can prove there was a continuous good reason not to have claimed earlier.

Local Council Tax Support Consultation Responses

Comments were made by 63 of the total responses received of 119.

Comments can be grouped into the following themes in response to the proposals:

Theme	Number of comments
General non-agreement	21
Impact on those who are ill or disabled	10
Ability to pay / 'means testing'	7
Impact on children	6
Positive comments to all or an element of the scheme	5
Pensioners exemption	4
Reference to Work / Earnings	4
Reference to Non-dependants	2
Reference to Capital / Savings	1
Other	3

Below are listed the individual responses to the following question; (these remain unedited and replicate the exact comments)

Have you got any general comments that you wish to make about these proposed changes?

People who are able to pay should pay

Grouping those in part time work with those in full time is in my view unfair. The changes in the savings threshold from 16 to 6 Thousand pound is too big a cut. Why should pensioners be exempt?. The only fair way to change is for all claimants to be means tested

I think it is appalling that the scheme is hitting the working age only - why are pensioners not being affected? This is essentially discrimination and making the working age subsidise the elderly who in many cases can afford it and have greater resources and live in larger properties but dont have restrictions put on them. It should be means tested for the elderly as well as the working age in order to spread the cost of this ridiculous and ill-thought out coalition idea. Why are Councils being forced into putting in a new scheme anyway? It just seems like an administrative nightmare for everyone which will essentially just cost the taxpayers more money, along with confusion and inconvenience for those who genuinely need help. Why are single person discounts not being adjusted - particularly for those who can most afford them and get money off! Surely this would save more money and reduce the admin for everyone involved? I dread to think of the cost involved in recovering the sums of money from those who will have to pay something next year who have never had to pay before. Who will be funding this? I expect Council Tax will go up as a result meaning that actually there are no savings at all its just a paper exercise for the Government to say they have saved money - but essentially they have just shifted the costs, the hassle and the admin onto local councils and their residents!

The categories in question 11 are mostly irrelevant in that (with the exception of disabled people, who generally have low or no incomes, it says nothing about income - and what matters is their income. If you have a very low income the effect will be high, otherwise it will be low.

More children will be in poverty and more families loosing their homes.

I beleive that it will cost more to recover the shortfall in Council Tax from these people than this scheme will save. Why are pensioners being protected? The only reason I can think of is for political purposes. How is this fair? How does this illustrate us "all being in this together"? Why should working age have to pay more simply because they are younger? I know the council's

hand are tied in this and the ruling has come down from Central Government. When will these cuts stop?

I think it is about time this system is overhauled. I am a pensioner who made a effort to save for a small pension and now find that I lose most of it by having to pay Rent and Council Tax whereas my 20 year old neighbour who has never worked gets full benefits ! Why did I bother ??? Hopefully these proposals will get some of the spongers out of the system.

DO not agree that child benefit should be taken into account as "income" as this is intended to pay for necessary basics for children including food, school shoes and uniforms etc = the amount for one child being Â£80/month which would be reduced by around Â£30 for a band D (if I've understood the changes correctly). Equivalnet to a months' supply of nappies or a pair of school shoes. This is not "income" that can be spent on anything

I think it should be possible for council tenants who cannot afford to pay a large amount eg those of us are disabled and unable to work should be given the option to move to a property in a lower tax band.

The changes should encourage people to work rather than stay on benefit. Working people should be better off under the new proposals

With rising costs throughout the economy I don't think lone parents should be affected by this change when there is thousands of unemployed on jsa, where will the money go to? Paying the council workers a higher wage? I struggle with what I get at the moment with full council tax benefit, how will I cope having more money going out then comes in? I can not work due to my baby daughter but I did work for 10 years and have paid thousands in taxes so far!!

I have a comment about your plans for self-employed people (that if they're income is very low you will make a calculation that they're earning the minimum wage time the number of hours they work). That is completely preposterous! Anyone who runs a business knows that you routinely put in huge numbers of hours more than you are paid for (eg on admin, marketing, accounts, business networking, etc), and that your actual income can vary significantly from month to month. In the current economic climate in particular, what you are proposing is deeply, deeply flawed and unrealistic. If you propose the same for other help you provide, such as housing benefit, then the end result may be that people will abandon their self-employed business and become unemployed, as they simply won't be able to manage financially in self-employment any longer.

i would love to go to work and pay my own way, but due to my illness i simply cannot do this. by haveing to pay some of the taxes would leave me with only Â£40 per week to live on that is for food elec/gas etc this is not enough

Some people who are on Incapacity benefit/ESA and DLA/PIP and also have care needs that also result in home care/personal budget from social services to pay for their home care already have their DLA/PIP taken into account to work out their contribution towards this care and then use their DLA/PIP that is left over for additional care needs. These proposals would mean that they will have to pay 20% of their council tax bill, and for many this will result in them having to cut back on vital care that they currently recive - these people reciving care from Social Services are clearly the most vulnerable in society and therefore these proposals will have a disproportionate effect on the most disabled people.

any cuts in benefits has a direct effect on low income families, even the smallest reduction has a knock on effect on health as the quality of food given to children will be reduced as well as more parents missing food altogether, again causing a knock on effect on health and therefore creating more strain on the NHS and reducing the number of people able to work. As to the

effect on carers that just beggers belief, they are already poor and work harder than most working people for a pittance. Good grief this is the 21st century not the victorian era.

i dont think we should pay any off the council tax on a very low incomme! people with millions get council tax and should not pensioners get extra money for every thing i think they should be made to pay like the rest i dont see how making them not pay is fair to everyone else?!?!?

people who are disabled arnt able to pay for council tax fue to there needs as they have higher needs than those who are able to work. eg haveing special diets or clothing, or haveing help from someone and have to pay a bit to them foor help higher electRICT and gas bills if they canot get out and the elderly also as they need to keep warm and canot get out and about ether

I think it is wrong to take into consideration child benefit and child maintenance when calculating the amount of benefit a household should receive. Children under the age of 18 are not eligible to pay council tax so why are payments made for them included?? Child Maintenance is paid to help maintain THE CHILD.....the CHILD does not pay a council tax bill. To include these payments is taking money meant for the child. These are just more proposals to make the low income of this country pay for the mistakes of the rich and greedy. To take more from these needy families I think will increase child poverty and decrease standards of living even further.

As a disabled person who relies on a carer 24/7 i think that half if not all of the carers allowance that people like my husband gets should be ignored when calculating council tax support. Its people like my husband that make it cheaper on the government and local councils, Instead of the government having to pay for a full time professional carers possibly costing tens of thousands a year they pay someone like my husband approximately Â£2700 a year and thats for approximately 8760 hours which works out about 31p per hour. I think under those type of circumstanes that half if not all of carers allowance should be ignored.

Yes - how can people who have next to no money coming in even start to find anymore to pay for this - its impossible!

If there is a shortfall in funding then money should be taken from such vanity projects such a firesite to fund it

what happens to couples on Income Support due to one being disabled and I work 9 hours a week to get us an extra Â£20 to be able to live in a very moderate way? how will we be able to afford payment towards Council Tax?

Pensioners should not be exempt

I do not think it is acceptable to reduce support for people who cannot work through illness/disability, who have capital of under Â£6000 and have no form of income other than government benefits, (ie they have no one else to help them financially.)

Put the council tax up of every bank in Essex. They got us in this mess, make them pay for it not the poor and disabled. On Â£70.00 ppw where do you think we are going to find the money? It does not cover food, gas and electric. I am already dealing with the CCCS due to not being able to pay my existing debts.

Consider those who have just come out of full time education and cannot find work in their chosen field.

i think you should txa the people that are better of not the one that are worse off i am on benfets and cannot pay out any more i am have a lot of money taken from my money new and donot need any more taken

yes people who are on non prescribed drugs so elegal drugs, should pay for council tax, and so should alcoholics, if people find their own rentable property they should be given more help when they suffer from serious health

The system has to be fair particularly to those who may be disabled or are a carer for their spouse/partner who would find it near impossible to hold down any type of regular employment, it could be discriminatory against them, after all carers are already saving the state a huge amount of money by doing a thankless job that's unrewarded but is willingly taken on because of love. The state should not take advantage of these people.

the impact on full time workers, would be less than on part time workers, due to pay differences. everyone who has to pay, that didn't, will be massively impacted. i'm disabled but under the new scheme, based on having to pay 20%, i will have to find more than Â£300 a year, at a time, when the government, are talking about stopping DLA completely and reducing other sickness benefits, in the near future.

I think the council tax should increase for everybody to cover the deficit rather than just taking it out on poorer people.

AS A LONE PARENT WHO HAS BEEN ON LONG TERM INCAPACITY & RECEIVES NO HELP. HOW WILL I BE ABLE TO ENCOURAGE MY CHILDREN TO FURTHER EDUCATION IF IN THE END I WILL NOT BE ABLE TO AFFORD FOR THEM TO GO.

People on means-tested benefits eg income-based JSA, ESA, should continue to get full CTB. CBC should ensure that vulnerable people should be protected from reductions in CTB by making a full impact assessment.

Unsure on how people with a long term illness will be affected, especially if they haven't been able to claim DLA but are in the ESA "support group" because their illness prevents their working.

i have been on incapacity benefit for approx 6years and have always found it hard to pay my bills. i have a young daughter who is with me 2days a week and the only income i have is my benefit. i have been told i am not able to get any financial help from anywhere else. as a result i am now in debt for over Â£1100 and at present have no way of paying this back. if these proposals are introduced i would not be able to pay. there must be hundreds of others like me and i can only imagine that the council would have to take people like myself to court. this would not help the situation and cost the council a lot more, not only in court costs but administration coss aswell.

Maybe if the council tax wasnt so expensive in the first place we could all easily afford to pay it!
It is disgusting how much it is!

defy the government and take care of the vulnerable the poor, the elderly and the needy. The measure of a civilised society is how we look after these groups. This criminal unelected government protecting its criminal banking elite need to be held to account as they give billions to the IMF and NATO. take a leaf out of Icelands book, and bring these criminal elite to court for bankrupting the country and passing their deliberately created debts onto the people. The gap between the top wealthy few and the poorer has never been greater. We must NOT return to an era where the poor and the vulnerable are shipped into workhouses and soup-kitchens and made homeless, and up to their eyes in debt through no fault of their own and where disabled people are marginalised by the media and forced into work that doesn't exist in the 1st place. This whole situation has been the deliberate creation of the Bilderberg cronies -> divide and rule, keep the people in debt and enslaved and under control. but who cares what WE think - we're given the impression we have a choice - we don't. Filling in this questionnaire will make not one jot of difference to anything.

I think it is unrealistic to expect people on basic Jobseekers Allowance or Income Support to pay at least 20% of their Council Tax. On that low level of benefit, people will have to make a choice between buying basic necessities like food and paying their Council Tax. It does not seem fair to me that people will be pushed into a situation where they will have to do without food to pay Council Tax.

this is just another example of the government hitting those most in need who have NO money and barely scrape by instead of just charging a little more to those who can afford to pay on their existing council tax, there are more households in work than out of work and a slight increase in their charge would nullify the need for these "hitting up" tactics on those claiming ctb, just shows how greedy the government is getting expecting the worse off to pay for their mistakes and shortfalls

dreadful we shall all end up on the streets

I am due to redundancy out of work even though i am actively looking for work, and have been studying to further my chances of obtaining work. I currently live on my own and receive JSA. I do not have all of my rent paid and out of my Â£71.00 per week , i have to top up rent, pay water bill, electric and try and feed myself, of which is near on impossible. As a result of being out of work , my health has deteriorated and i have had to under go two bowel operations due to stress, even though i am most of the time a positive person, and now i can not even contemplate my situation if i am expected to pay council tax. Where is this money to come from? This is just putting people under more pressure, as i am existing at the moment and this will create even more stress for me and others alike. Perhaps the council should whilst this country is in this awful state, stop with the flower beds around the town. Whilst they look nice they are not a necessity and feel that monies should be saved in non essential services. Flowers are not one of them.

Capital raised to Â£10,000 would be fair to the majority of good honest citizens of the council.

The effects on different groups will depend not only on their incomes, but the type and council tax band for property they occupy. it seems reasonable that those able to afford more expensive property should receive less council tax support. this could help offset having to reduce the savings limit so drastically, as many with savings over Â£6000 will still have low incomes and face hardship.

They are not in line with government intentions and will have an increasing impact on those in need of support as the level of actual funding decreases,

The applicable benefits that entitle people to reductions does not include DLA only PIP which is replacing DLA. PIP is being brought in gradually from next October so I don't understand why DLA is not included.

Yes, the government has simply massaged the welfare system to reduce benefits overall. It is nothing more than another stealth tax at a time when the corporations are paying no tax. It is 'immoral' that local councils are not standing up to national government and its 'immorality'. Ask David Cameron to live on benefits. Let's see how well he gets on.

Some of the questions where I answered "No" I would have checked "Partly agree" if that was an option. For instance, if someone has no income other than their JSA and no savings, how can they pay even 20% of council tax? Money for child support shouldn't be counted. That's money to spend on the child(ren) and I expect it's already as low as it can be.

Child maintenance and child benefit should NOT be taken into account. This is for the child, it helps towards clothing and feeding the child/ren to help them to help to keep them out of

poverty! It has taken me 10yrs to get maintenance and is still a monthly challenge to get it, I am owed an awful lot of money.

Yes. The whole concept of targetting the disadvantaged is misconceived. If government funding is contracting by 10%, Council Tax assessments should be recalculated accordingly as local taxation on those that can afford to pay.

People who work will have to pay more?! This is terrible to the people who are on benefits who can spend their money on taxi's, fags and drink!!!!!!

The questionnaire talks about giving people the incentive to work, I have been unemployed for the last 12 months and have applied for over 300 positions in the last year, with only one interview, and still no job. Currenty I am getting Â£70 pounds a week to exist on, How do the council expect individuals like myself to pay council tax of 20% out of the income that I receive that is not enough at present, Getting a "job" is not as easy as some people think it is. I want to work but cannot get work as there is none available to me.?

People like carers should have all of their council tax covered and not pay the first 20%. This particular type of regime goes back to the regime that was in force when you bought in the poll tax, this was wrong and was seen to be so and had to eventually be scrapped and the council tax bought in. This regime harps back to those days and is equally wrong.

Its a disgrace and this scheme will hit the low paid and part time workers struggling already to make ends meet

im a single mum who is disabled and can barely afford bills as it is i fell id be sqrewd over

if you take into account money children are given such as csa the children will suffer, its not extra money or spare money, with so many bills that are going up its covering all of that, winter time heating house is a worrying time and thiers clothes and clothes are alot foot wear school trips, food is so expensive. i am struggling. i get csa and if we have to pay more out of that i myself will have to miss meals

Non dep deductions for families receiving ATA/DLA. Also same scheme for the whole of Essex as this was the original plan?

Non dep deductions for household's on ATA & DLA Same scheme for all Essex authorities

Very difficult to administer and explain differences between HB & LCTS to claimants.

i think that getting help from local council is very helpfull but i always taught that these families and individual can always give something back to the town where they live .some people really need help and they deserve all the support but unemployed benefits is a tricky one because some of them rather choose to stay at their homes or running about in pubs or town rather looking for a job and put an effort.

1- The answers to some of these questions will depend on what the basic income is. The government says that each individual needs 'x' amount of income to live on. Any income above that should be subject to Council Tax deduction. 4 - Savings levels should be higher, say 12k - 15k, because otherwise people on benefits have no incentive to save money & ths improve their life situation. 6- I don't think that DLA should be included in any benefit/Council Tax calculations. I think that the clue is in the word 'very' as in 'very low income'-can anyone one very low income afford to pay more? 15% of any income over the minimum required to live on and not including it!

People on Jobseekers Allowance can't afford to pay any Council Tax.

if the council were to take back the services currently run by Colchester Borough Homes, they could save the 10% needed without effecting benefits.

I feel I am not sufficiently economically qualified to express a cogent opinion

Extract from the draft minutes of the Strategic Overview and Scrutiny Panel meeting on 30 October 2012

17. Localised Council Tax Support 2013/14

Mrs. Sara Wilcock, Project Manager, and Mr. Sean Plummer, Finance Manager presented the report on Localised Council Tax Support 2013/14.

Mrs. Wilcock informed the Panel that Council Tax Benefit is to be replaced with a Local Council Tax Support Scheme, regulated through the Local Government Finance Act.

Providing some context, Mrs. Wilcock said the Welfare Reform Act abolishes Council Tax Benefit and replaces it with a Local Council Tax Support Scheme which has to be approved by the Council by 31 January 2013. A new Local Government Finance Act with associated regulations will set out how Councils must create a new scheme. This will mean all Working Age Local Council Tax Support awards will be based on criteria set & administered by each Billing Authority, having consulted with major preceptors such as the County, Fire & Police authorities. The new Act will prescribe exactly how authorities will support pensioners with little change in how their entitlement is currently decided.

Mrs Wilcock said the Council must agree a Scheme, but if it did not then the 'default scheme' will be imposed upon us the cost of which would almost certainly be higher than the level of grant funding provided. An agreed approach across Essex has been to deliver a cost neutral scheme, all be it individual authorities have tailored their schemes to reflect local circumstances.

It was explained that due to the financial risks associated with Local Council Tax Support, representatives from all Essex billing authorities & Essex County Council have worked together to develop a county wide framework, which are reflected in the proposals in the report. Draft proposals for the Scheme were considered by the Policy Review & Development Panel (PRDP) on the 6 August 2012, resulting in the Panel recommending the development of a cost neutral scheme & that the criteria proposed be approved.

The current Government subsidy meets the full cost of Council Tax Benefit and this year our expected cost is expected to be around £11.5 million, rising to £11.9 million next year. From April 2013 the Government will provide a fixed grant to be paid to the billing & major preceptors. Indicative grant figures for the level of funding for our scheme indicate we will receive a total of £9.9 million, leaving an estimated funding gap of £2 million.

The funding gap can only be born by Working Age claimants and currently 61% of these pay no Council Tax. The main effect of spreading the cost over

all Working Age claimants is that the majority who currently pay nothing will therefore have to pay something. Using the recommended scheme criteria as agreed by the PRDP and model this against the number of people affected (as illustrated in paragraph 5.6 of the report) it is anticipated that there will be a saving c£2m.

Mrs. Wilcock said the scheme seeks to protect vulnerable claimants and to safeguard against child poverty with a variety of measures such as allowing additional allowances & premiums. Some current safeguards for customers who are blind or who also receive Attendance Allowance or Disability Living Allowance will also continue, such as exempting them from non-dependant deductions.

To incentivise work, in essence the current Extended Payment scheme will continue, this provides assistance to help long-term unemployed people in the form of an additional four weeks Council Tax support at the level they were previously entitled to before they started work. The PDRP also supported the principle to develop an Exceptional Hardship fund, this would avoid distress and financial hardship for vulnerable customers, and funding for this is currently being reviewed.

In conclusion Mrs. Wilcock said the proposed scheme was open to consultation for the period 1 August 2012 to the 12 September, during which time 119 responses were received. 75% of these were from customers who are currently in receipt of Council Tax Benefit. A summary of the answers & the detailed comments are provided within the papers.

Since the publication of the agenda papers further additional information has been announced by the Government in the form of a one-off grant.

Mr. Plummer said the Government is to make £100m available for one year to support local authorities who adopt schemes that comply with criteria set by Government.

If the Council was to agree a scheme that complied with the criteria the grant that would be received is as follows:-

Colchester Borough Council £35,006, Essex County Council £196,952, Essex Police £24,776 and Essex Fire £12,037, providing a total of £268,771.

Mr. Plummer said the deadline for applications for the grant is 15 February 2013 with payments made in March 2013. Authorities can only apply after 31 January (i.e. when local schemes are required to have been agreed).

Mr. Plummer explained the criteria for applying for a grant namely; i) Those who would be entitled to 100% support under current council tax benefit arrangements pay between zero and no more than 8.5% of their net council tax liability; ii) The taper rate does not increase above 25%; and iii) There is no sharp reduction in support for those entering work.

Mr. Plummer said for Colchester, the main area affected in the current Council proposal was the maximum liability being set at 80% (i.e. paying a minimum of 20% of Council Tax). To qualify for the grant would mean that the scheme would need to change to ensure that those currently in receipt of 100% Council Tax benefit would pay a maximum of 8.5%. Other parts of the current proposals may also be impacted if the scheme was to be altered to comply with the grant. A prudent approach has therefore been taken to estimating the impact.

A table was presented that showed the best estimate of the total saving that would be delivered if the scheme was altered to comply with the grant, and the overall net funding gap for the proposals. The table showed the funding gap to be nil for the proposals in the report and £1.061m for the grant compliant scheme.

The Panel was notified of the timetable and consultation, with the Cabinet being asked to recommend the scheme in November, for approval by Council on the 6 December 2012. The current proposals within the report have been considered by the Policy Review and Development Panel and have been subject to the required consultation with the public and major precepting bodies. If the Council was to propose significant changes to the current proposals to comply with the grant it would be necessary to consider whether to complete an updated consultation exercise.

Councillor Smith, Portfolio Holder for Business and Resources, confirmed to Councillor Bentley that the recommendations to Cabinet would not change as a result of the Government's announced grant, and also confirmed that as far as he was aware, only Uttlesford District Council in Essex would apply for the said grant.

Mr. Plummer confirmed to Councillor Bentley that the timescales were so tight it would not be feasible to undertake further consultation before the 31 January 2013.

Councillor Offen commended officers on the report, saying the decision to be made by Cabinet was fair and straight forward and the £35k benefit by entering into the Government grant scheme for one year was not worth the risks and felt the Cabinet should not enter into this scheme. Councillor Oxford concurred with the comments of Councillor Offen.

In response to Councillor Naish's concerns regards to the continued long delays in processing benefit claims in general, Councillor Smith said the proposed changes to the scheme will simplify the process, make it more effective and in turn reduce the time to process claims.

In response to Councillor Davies's concerns about the possible increase in fraud, Mrs. Wilcock said the Fraud Team within Resource Management will continue their stringent check of the information provided as part of the current fraud prevention and detection policy. The Fraud Team are very active and this work will continue. Councillor Smith said Resource

Management continue with the risk-based assessment of claims, concentrating resources on 'high' risk claims and this has and continues to prove very effective.

Mr. Plummer concurred with Councillor Frame concerning the importance of a arrears contingency given the risks associated with billing many residents with Council Tax Bills who had previously not been required to pay. Mr. Plummer said officers are being pro-active in this work and when officers are making contact with these residents the residents are being forewarned of their duty to pay under the new regulations. Colchester will seek to maintain the current level of collection rates to minimize the level of write-offs. Essex County Council is making a provision for a 'Hardship Fund', but this will a very small amount, thought to be in the region of £20k. Councillor Smith said the feature of the bid was the need to be proactive in advising customers in advance of the changes, and Colchester has been pro-active. Mrs. Hedges said the work so far undertaken had attracted attention and Colchester was happy to share this work with other authorities.

Mr. Plummer confirmed to Councillor Hazell that in the region of 8,000 local people are effected by the changes to varying degrees. But it is the Billing Authorities responsibility to collect as high a percentage of the Council Tax Bills as is possible though the risk of non-payment is a shared risk to the Council, Essex County Council and the Fire and Police services.

Councillor Frame said the Council Tax Policy Guide was a long complicated document though it was intended to help Council Tax Payers. He could not envisage many people wanting to plough through the document and suggested it was simplified. Mrs. Wilcock said the document will be simplified in anticipation of the scheme being approved. Resource Management will be writing to customers and explaining how they will be affected personally in advance of the billing operation, and officers are involving and advising the Citizen's Advice Bureau (CAB) and voluntary welfare groups about the changes. Mrs. Hedges said the CAB are experiencing increased enquiries about the future changes to welfare benefit, but they to are experiencing a reduction in resources and there is evidence that customers are being signposted back to the Council.

Councillor Bentley asked that the Chairman of the Finance and Audit Scrutiny Panel is briefed on these changes and requested that a note was added to the Cabinet report to support the partnership work with the voluntary sector.

RESOLVED that the Panel commented on and noted the report on Localised Council Tax Support 2013/14 to be presented to the Cabinet meeting on 28 November 2012.

Report of	Head of Strategic Policy and Regeneration	Author	Mike Shorten Estates Manager Tel: (01206) 282236
Title	Depot and Offices, 123, Gosbecks Road, Colchester – Supermarket Proposal.		
Wards affected	Shrub End		

This report seeks approval to the provisionally agreed principal terms and conditions between the Council and Scott Properties Ltd for the development of a neighbourhood supermarket on part of the Council owned depot at 123 Gosbecks Road, Colchester and adjoining land (number 117) owned by Scott Properties Ltd.

1. Decision(s) Required

- 1.1 Subject to consideration of the confidential report, also on the agenda, to approve draft Heads of Terms for an Agreement for Lease and ground lease for the proposed supermarket.
- 1.2 Subject to consideration of the confidential report, to agree a variation of the existing lease granted to Colchester Borough Homes (CBH) or the grant of a new lease on the terms reported to release part of the depot premises required for the proposed supermarket.
- 1.3 Subject to consideration of the confidential report , to accept the commercial advice from the Council’s valuers, NPS, that the draft Heads of Terms currently represent the best consideration to the Council, taking into account current market conditions; and
- 1.4 To authorise the Head of Strategic Policy and Regeneration in consultation with the Portfolio Holder for Business and Resources to conclude the transaction substantially in accordance with the approved draft terms and conditions; complete negotiations for the Agreement for Lease, the ground lease and a new occupational lease for CBH

2. Reasons for Decision(s)

- 2.1 By way of a Portfolio Holder Decision report dated 27th June 2012 (reference BUS – 001 -12) it was agreed:

(1) To authorise the Head of Resource Management in consultation with the Portfolio Holder for Business and Resources to negotiate the Heads of Terms (which would then be reported to Cabinet) with Scott Properties Ltd to develop a neighbourhood size supermarket, subject to the grant of planning consent, on part of the depot and offices at 123, Gosbecks Road and adjoining land in private ownership; and

(2) To approve the negotiations in 2.1(1) above on a private treaty basis with Scott Properties due to the requirement to combine both the Council’s depot and adjoining privately owned land to facilitate the proposed supermarket development.

- 2.2 CBH have been consulted and have confirmed a willingness to reduce their operational premises requirements to release land from their lease to enable the proposed development to proceed.
- 2.3 A valuable new rental stream secured on a long ground lease together with a rental premium will be generated.
- 2.4 CBH will consolidate their operations and reduce overheads within a reduced leased area.

3. Alternative Options

- 3.1 As an alternative to entering into an Agreement for Lease with Scott Properties and testing the market for a neighbourhood supermarket development, the Council could:
 - (i) Investigate alternative development opportunities for the site. Residential development is an alternative high land value proposal but as the majority of the site is located within an Employment Zone, planning policy does not support this option.
 - (ii) Pursue a small supermarket development on the Council's land at 123 Gosbecks Road only. However, without the benefit of the existing open Class A1 retail planning consent attaching to the adjoining site, a separate retail development on the Council's site would be contrary to planning policy.
 - (iii) Review the future retention or disposal of the site when the current CBH lease expires on 31 July 2013. The Council is not obliged to renew the lease as the existing agreement excludes the tenant's lease renewal rights.
 - (iv) Renew the lease in favour of CBH for a further term for the same or a reduced site area dependant upon operational requirements; or
 - (v) The Council could refuse to accept that the provisionally agreed Heads of Terms for an Agreement for Lease and principal terms and conditions of a ground lease for the supermarket development represent the best possible consideration, or agree that they fail to realise the Council's aspirations for the future use and development of the site.

4. Supporting Information

- 4.1 The Council's depot and offices site (number 123), comprising an area of about 1.7 acres, is situated on the north-eastern side of Gosbecks Road on the southern edge of Colchester and next to various commercial uses that fall within an Employment Zone. Adjacent to the site are the retail trading premises of Lay and Wheeler, Wine Merchants, owned by Scott Properties.
- 4.2 The separate sites are indicated on the Ordnance Survey plan attached as Appendix 1.
- 4.3 CBH occupy the depot on the terms of a 3 year lease annum that expires on 31st July 2013.

5. Proposals

- 5.1 It is proposed to reduce the site area currently leased to CBH and transfer by way of a long lease, the remaining land to Scott Properties (or an end user nominated by them and agreed by the Council) for the development of a local supermarket.

- 5.2 Architects representing Scott Properties have produced an initial feasibility study indicating a 20,000 square foot (gross area) food store with 114 car parking spaces would be the optimum store size and layout and the most viable use in the current market. The development site includes the retail premises of Lay and Wheeler (number 117) and the yard and warehouse forming part of number 123. The offices occupied by CBH and associated parking will be unaffected by the scheme.
- 5.3 Number 117 has the benefit of an open Class A1 retail use (existing building 17,500 square feet gross area). The inclusion of part of the Council's depot would allow the required car parking to be achieved. Although 114 parking spaces is just short of the standard this is likely to be an acceptable number since the site benefits from pedestrian, cycle and public transport access.
- 5.4 A food store here will meet local convenience shopping needs and is likely to create in excess of 100 jobs.
- 5.5 General interest from stores in any site having the benefit of a detailed planning consent is strong at present. The main food store operators are aware of the potential of Gosbecks Road having regard to the proximity to Shrub End and its immediate residential ward population.
- 5.7 The Council proposes to enter into an Agreement for Lease with Scott Properties the details of which are enclosed in the confidential part of this report.
- 5.8 CBH are supportive of the proposed scheme and have confirmed their agreement to releasing part of their leased area to enable the scheme to proceed.

6. Strategic Plan References

- 6.1 The disposal of this land will meet several objectives within the Council's Strategic Plan.
- 6.2 The rationalisation of the Council's land and property assets and generation of additional income or capital receipts are Key Aims in the Strategic Asset Management Plan 2010 – 13 to assist delivery of the Capital Programme.

7. Consultation

- 7.1 The current tenants, CBH, have been fully involved in the development proposal and have indicated their support and a willingness to reduce their operational premises requirement.
- 7.2 A planning application for the supermarket development will be advertised in the usual way inviting representations.

8. Publicity Considerations

- 8.1 The proposed development should result in positive publicity for the Council as it will assist in bringing forward additional retail provision on the southern edge of Colchester and associated local job creation.

9. Financial implications

9.1 The detailed financial proposals associated with the proposed development are enclosed in the confidential part of this report, together with a report from the Council's valuers, NPS.

10. Equality, Diversity and Human Rights implications

10.1 It is considered that this transaction will not give rise to any equality and diversity considerations, nor impact on the promotion of equality and diversity in relation to gender, gender reassignment, disability, sexual orientation, religion or belief, age and race/ethnicity.

10.2 The relevant Equality impact Assessment can be found on the Council's website at; [Home>Council and Democracy>Policies, strategies and performance>Equality and Diversity>Equality Impact Assessments>Resource Management>Disposals and Marketing](#)

Or;

http://www.colchester.gov.uk/Info_page_two_pic_2_det.asp?art_id=8000&sec_id=1988

10.3 This financial transaction does not result in any new policy or in any major change to existing policies.

10.4 It is considered that this financial transaction does not give rise to a breach of human rights.

11. Community Safety Implications

11.1 It is considered that the proposed development will not have any adverse affect upon community safety, crime and disorder.

12. Health and Safety Implications

12.1 There will be no impact upon the health and safety of the general public by this transaction. When the site is developed health and safety will be the responsibility of the food store operator and its contractor team and the usual regulations will apply.

13. Risk Management Implications

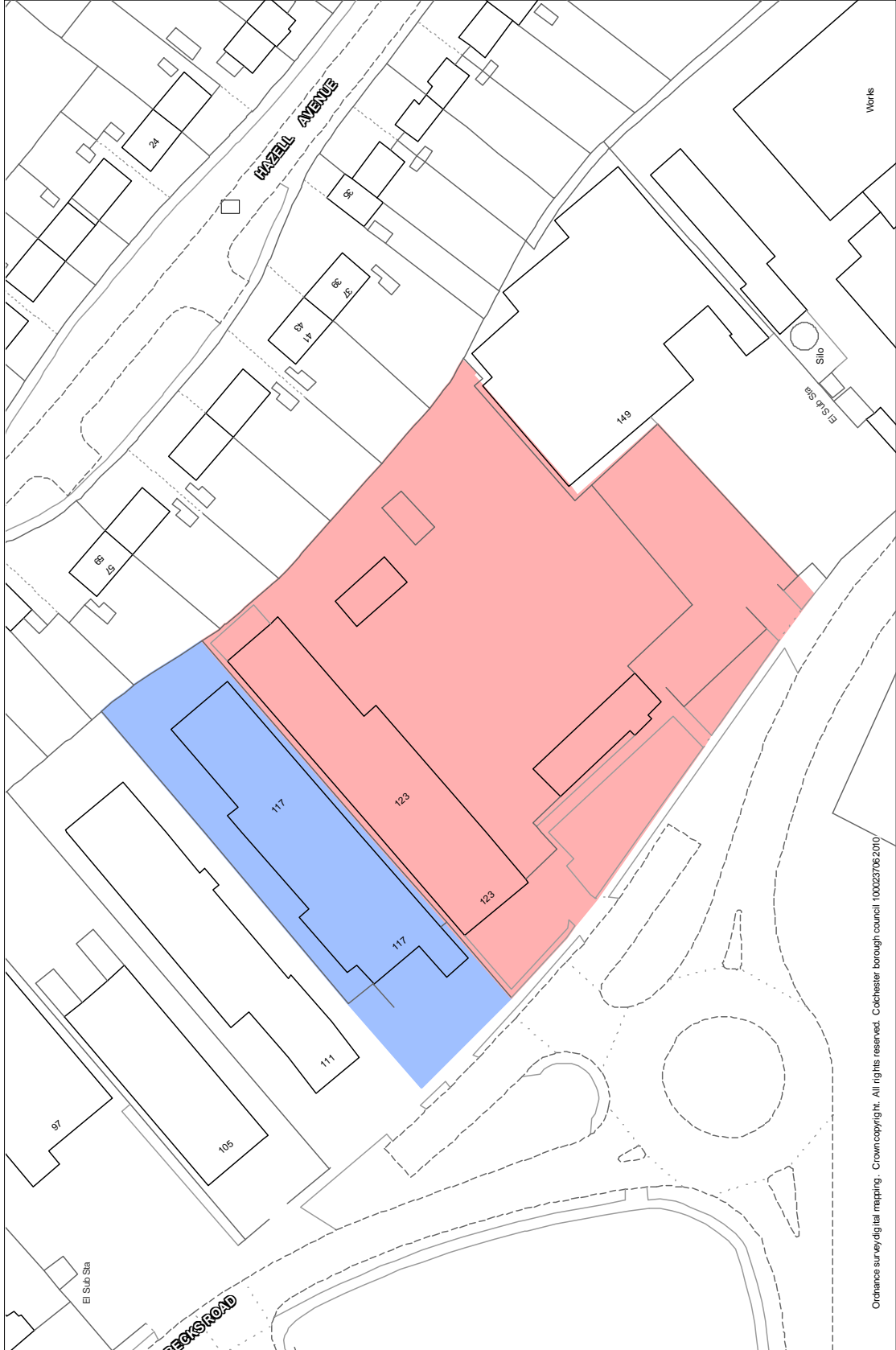
13.1 There is a risk that having obtained planning consent for the proposed development that the marketing exercise does not produce offers in line with expectations and/or an agreed transaction does not proceed to completion. However, if that happens the Council would be free to review the alternative use and development opportunities and possibly reoffer the land for development by a new partner but will lose out on the additional value created through the special purchaser transaction with Scott Properties..

13.2 There are other sites along Gosbecks Road which could conceivably come forward with a similar scheme. It is also possible to include 111 Gosbecks Road along side Scott Properties number 117 site for a food store, if no agreement is reached with the Council which means the Council would lose out on the significant uplift in value on its land.

Appendix 1 – Ownerships plan.

Please see the confidential part of this report to view the development plans and the proposed terms of this transaction.

Appendix 1 – Ownership Plan



Ordnance survey digital mapping. Crown copyright. All rights reserved. Colchester borough council 1000237062010

28 November 2012

Report of	Task and Finish Group	Author	Amanda Chidgey
Title	Future Use of the Magistrates' Courts Task and Finish Group // Final Report		282227
Wards affected	Not applicable		

This report concerns the work undertaken by the Magistrates' Courts Task and Finish Group and presents the recommendations of the Group to the Cabinet

1. Decision(s) Required

- 1.1 To review the work of the Future Use of the Magistrates' Courts Task and Finish Group and to consider the details of the two offers submitted set out in a separate report in Part B of the agenda and the Group's recommendations as set out in Paragraph 5 below.
- 1.2 In accordance with the previous Cabinet resolution, to refer the final recommendations of the Future Use of the Magistrates' Courts Task and Finish Group to Council for determination.
- 1.3 Should the recommendations of the Group be approved by Council, authority be delegated to the Portfolio Holder for Business and Resources, following consultation with Executive Director Ann Hedges, to conclude negotiations on terms no less advantageous than as proposed.

2. Reasons for Decision(s)

- 2.1 At the Cabinet meeting on 25 January 2012, following consideration of a Motion agreed by Council, it was agreed that the Task and Finish Group on the Future Use of the Magistrates' Courts be reconvened to oversee the implementation of the proposals and to take the final recommendation to Council.

3. Alternative Options

- 3.1 A range of alternative options have been considered by the Task and Finish Group which essentially can be summarised as:
 - To withdraw from the marketing exercise and do nothing further;
 - To retain the buildings for the short term and go out to market again in due course.

4. Supporting Information

- 4.1 The following Motion was approved by Council in December 2011:

“(a) It is the wish of Council that the Town Hall be retained as the Civic Centre of the Borough. Within the Town Hall the Council Chamber, the Moot Hall, the Principal meeting rooms, the Mayor's Parlour and suitable accommodation for the day-to-day work of the Cabinet and Borough Councillors should remain within the control of the Council.

But Council also encourages Cabinet to make the main civic rooms available for public use on a secondary basis, in so far as it is practicable.

(b) It is encouraged to test the market in regard to future uses of the Magistrates' Courts when they revert to the Borough Council, along with the Old Library and any other surplus space in the Town Hall, but should note that future uses should be sympathetic with the purpose and dignity of the Town Hall as the Borough's Civic Centre."

4.2 In the light of this Motion Cabinet agreed to reconvene the Task and Finish Group on the Future Use of the Magistrates' Courts to oversee the implementation of the proposals and to take the final recommendation to Council.

4.3 The membership of the Group comprised:

Councillor Bill Frame (Chairman);
Councillor Gerard Oxford (Deputy Chairman)
Councillor Beverly Davies
Councillor Terry Sutton
Councillor Laura Sykes
Councillor Julie Young

4.4 Following the preparation of a Scoping Document to form the basis of the Group's work in February 2012, over a number of subsequent meetings, the Group had completed the following main tasks:

- Determined the extent of the building to be marketing, including the Old Library (as specified by Council) and some of the existing political Group Rooms;
- Identified Heritage Considerations and a range of Acceptable Potential Uses;
- Agreed Criteria to determine marketing proposals;
- Maintained an open view in terms of ideas and potential uses, including community uses;
- Considered marketing proposals from five Agents and selected three to invite to submit bids for marketing;
- Appointed Savills to market the accommodation.

4.5 The marketing exercise had identified three potential interested parties, all of which were companies wishing to use some or all of the premises for restaurant purposes and towards the conclusion of the Group's work a fourth party made their very keen interest in utilising the majority of the available premises known to officers.

4.6 During the course of the meetings the Group also provided for arrangements to be put in place for the public to look round the Courts once they had been vacated.

4.7 The current costs associated with the premises and the details of the two offers submitted have been set out in a separate report in Part B of the agenda. In terms of costs, however, the essential issues were that the Old Library area delivered approximately £18k additional income, after taking into account the current running costs set against anticipated income, whilst the building as a whole (including Magistrates' Courts repair and maintenance costs) reduced this additional income to £13k. The income lost in respect of the Magistrates' Courts area amounted to £36k per year.

4.8 At the Group's final meetings it was explained that two interested parties had withdrawn from the process due to conflicting priorities and the extent of financial commitment necessary to convert the premises whilst the other two had committed to making formal offers as follows:

- An offer of rent for a 20 year lease of the Old Library and associated rooms only with break clauses at ten and fifteen years to operate a bistro style establishment;
- An offer of rent for a 14 year lease with an option to extend for a further 7 years of the Old Library, Court rooms, cells and all associated rooms with the exception of the flat and the tower area.

4.9 In consideration of the two offers, the Group discussed the advantages and disadvantages which can be summarised in terms of:

- Potential loss of the Old Library for public meetings over and above the commercial bookings element;
- Greater difficulty in marketing the Magistrates' Courts buildings separately without the benefit of the Old Library being included in the package;
- Loss of town centre facilities for use by local groups;
- Benefit of gaining a fixed annual income with the knowledge that the building would be retained by the Council if the business uses proved to be unsuccessful;
- Potential merits of withdrawing from the exercise and remarket the building in three or so years' time;
- Need for any phased proposal to be incorporated into a staged lease arrangement to ensure delivery of each part of the development;
- Requirement for parameters regarding usage to be considered, bearing in mind the need for sympathy with the existing use of the Town Hall buildings, but without the imposition of unworkable restrictions.

5. Proposals

5.1 Following detailed consideration of the two offers made, the Magistrates' Courts Task and Finish Group invites the Cabinet to consider the following recommendations:

That –

- (i) Subject to contract, the offer in respect of the Old Library, Court rooms, cells and all associated rooms with the exception of the flat and the tower area, be accepted in principle, to be subject to further negotiation and effective from Spring 2013;
- (ii) In order to progress matters further, consideration be given to authority being delegated to the Portfolio Holder for Business and Resources, following consultation with Executive Director Ann Hedges, to conclude negotiations on terms no less advantageous than as proposed;
- (iii) In accordance with the agreed scope of the Task and Finish Group its work had now been concluded but, should Cabinet require further involvement by the Group the members confirmed their willingness to contribute further.

6. Strategic Plan References

6.1 Certain elements of this work could potentially assist in addressing one of the Council's priority areas, namely improving opportunities for local business to thrive.

7. Publicity Considerations

7.1 There is likely to be public interest in any changes to the use of the buildings associated with the Town Hall.

8. Financial Implications

- 8.1 The reason for initiating the review was the relocation of the Magistrates' Courts from the Town Hall premises and the associated cost pressure of £36k if an alternative use for the premises is not found. This pressure was reflected in the 2012/13 budget on the basis of the lost income, however, this was done so on the basis that the review would seek to identify steps to mitigate this in future years.
- 8.2 Details of the potential revenue improvement are set out in a separate report in Part B of the agenda.

9. Equality, Diversity and Human Rights Implications

- 9.1 Several parts of the Town Hall are no longer in use for Council business due to accessibility issues outlined in the Disability Discrimination Act. It will be necessary to undertake a full Equality Impact Assessment prior to the implementation of any of the proposals identified in Paragraph 5 above.

10. Consultation, Community Safety Health and Safety or Risk Management Implications

- 10.1 There are no significant Consultation, Community Safety, Health and Safety or Risk Management implications.



Cabinet

28 November

Item
10(i)

Report of	Head of Strategic Policy and Regeneration	Author	Tina Hinson ☎ 506903 Joanne Webb ☎ 506575
Title	Colchester Borough Council's Strategic Tenancy Strategy		
Wards affected	All wards affected		

This report concerns a proposal to adopt a Strategic Tenancy Strategy which will ensure we meet our statutory duty under the Localism Act 2011.

1. Decision(s) Required

- 1.1 To adopt a strategic tenancy strategy as attached at Appendix A.
- 1.2 To recommend to full Council that the strategy be adopted as part of the Council's Policy Framework.

2. Reasons for Decision(s)

- 2.1 The Localism Act 2011 requires that by January 2013, Local Housing Authorities in England to prepare and publish a strategic tenancy strategy. In adopting the strategy, Colchester Borough Council will meet the statutory requirements placed on it under the Localism Act 2011.

3. Alternative Options

- 3.1 Not to adopt a Strategic Tenancy Strategy. Colchester Borough Council would then not meet its statutory duty under the Localism Act 2011. Failure to comply with this requirement would expose the Council to possible legal challenge. Additionally, without an agreed approach in place, housing providers, other partners and residents would be unclear as to the Council's position on key issues and what was expected of Registered Providers of social housing (RPs) operating in the Borough.

4. Supporting Information

- 4.1 The Localism Act requires each Local Authority to establish a strategic tenancy strategy which sets out principles on the types of tenancies they want to see used locally by Registered Providers.
- 4.2 The key elements of the tenancy strategy are set out below:
"A local housing authority in England must prepare and publish a strategy (a "tenancy strategy") setting out the matters to which the registered providers of social housing for its district are to have regard in formulating policies relating to—
 - the kinds of tenancies they grant,

- the circumstances in which they will grant a tenancy of a particular kind,
- where they grant tenancies for a certain term, the lengths of the terms, and
- the circumstances in which they will grant a further tenancy on the coming to an end of an existing tenancy.”

- 4.3 Registered Providers is a term used to refer to organisations providing social housing. These organisations have also been known as ‘Housing Associations’ or ‘Registered Social Landlords’.
- 4.4 All Registered Providers are expected to adopt a ‘Landlord’s Tenancy Policy’ which sets out: the kinds of tenancies that they will offer, and at what rent; the circumstances in which tenancies will be granted; the length of tenancies granted and the process for reviewing tenancies. In developing these policies, they are expected to ‘have regard’ to the Tenancy Strategies of the Local Authorities in the area where they manage homes.
- 4.5 The proposed Strategic Tenancy Strategy for Colchester is attached at Appendix A. It will enable Colchester to meet its duty under the Localism Act whilst also meeting wider strategic objectives. These include:
- providing guidance that Registered Providers will have ‘regard to’ in developing their own policies;
 - ensuring a more consistent and transparent strategic approach to tenancy and other related policies across Local Authority boundaries;
 - taking account of affordability and sustainability of tenancies for households on low incomes;
 - making the best use of social and affordable housing to reduce housing need and facilitate tenant mobility;
 - ensuring Local Authorities take account of the implications of affordable rent tenures in their allocations policy and homelessness strategies;
- 4.6 Colchester Borough Council has worked with eight local authorities from the Greater Haven Gateway (GHG) sub-region and beyond to develop a common framework. Working together, the local authorities acknowledge that many significant strategic tenancy issues are general to all localities and this has allowed us to produce a ‘common framework’ which all parties have endorsed and will sign up to.
- 4.7 The councils involved in the Common Framework are: Babergh DC, Braintree DC, Colchester BC, Ipswich BC, Maldon DC, Mid Suffolk DC, Suffolk Coastal DC, Tendring DC and Waveney DC. The steering group also included representatives from 6 registered providers with homes in several districts across the local authorities. These representatives included a Registered Provider focused on rural provision, and RPs with different stock levels. The National Housing Federation, which represents 1200 housing organisations in England, was also involved in the steering group.
- 4.8 The ‘common framework’ consists of a set of key principles with supporting statements relating to each issue. The use of a common framework also assists our Registered Provider partners who work across local authority boundaries by providing consistency across the GHG.
- 4.9 As both a Local Housing Authority and a Registered Provider, CBC were acutely aware that in developing a Strategic Tenancy Strategy we should not be asking other Registered Providers who develop and manage homes in the borough to have regard to principles which we ourselves would not have regard to.

- 4.10 The Common framework and principles have been incorporated into the attached strategy. Evidence data and examples have been incorporated from Colchester to provide a local context.
- 4.11 The principles in the strategic tenancy strategy include:
- A definition of affordability relating to local earnings levels.
 - Affordable rents must not be set at a level which exceeds a Universal Credit cap which means that households would have to subsidise their rent from their basic living allowance.
 - Registered Providers must discuss levels of conversions of properties from social to affordable rents with the Local Authority
 - Registered Providers should seek to ensure that revenue raised from converting social to affordable rents is reinvested in the same Local Authority area
 - Fixed term tenancies should be for a minimum of five years unless exceptional circumstances apply
 - Sheltered and long term supported accommodation should be let on secure tenancies
 - Registered Providers policies on fixed term tenancies and affordable rents must not act as a barrier to encouraging underoccupying tenants to downsize
 - Registered Providers should discuss plans to dispose of any properties with the Local Authority. Any income from disposals should be reinvested in that Local Authority's area.
- 4.12 Colchester Borough Council, as a landlord, is also bound to have 'due regard' to the Strategic Tenancy Strategy. Colchester Borough Council is drawing up its own 'Landlord's Policy' following the development of the Strategic Tenancy Strategy to ensure that the two documents are in agreement.

5. Proposals

- 5.1 To adopt a Strategic Tenancy Strategy as attached at Appendix A.
- 5.2 Monitoring the tenancy strategy will be a critical part of understanding and evaluating the impact of tenancy changes and will provide the necessary intelligence to review and revise policies. Data will be collected for each financial year and an annual meeting will be held with Registered Providers and the Local Authorities to evaluate the monitoring information and amend the strategy as necessary.

6. Strategic Plan References

- 6.1 The Strategic Tenancy Strategy reflects the Council's objectives in the Strategic Plan;
- Providing more affordable homes across the borough
 - Supporting more vulnerable groups

7. Consultation

- 7.1 The strategy was developed in partnership with major Registered Providers in the area who sat on the sub-regional project team which developed the strategy. The project team

also included the Eastern Regional Manager from the National Housing Federation (NHF) who also did some pre-consultation with NHF members in the Greater Haven Gateway. A formal consultation on the strategy was undertaken for 12 weeks via a web-based survey on each Local Authority's web-site and a consultation event was held specifically for Registered Providers, so that those not involved directly in the working group could feed in their views.

- 7.2 As a result of feedback amendments were made to the wording of a number of principles in order to aid understanding or to add clarity.

8. Publicity Considerations

- 8.1 The Localism Act requires that Local Authorities publish their Strategic Tenancy Strategy and make it available to the public. Therefore, the Strategy will be available on Colchester Borough Council's website.
- 8.2 Registered Providers with stock in the area will be informed that a Strategic Tenancy Strategy has been adopted.

9. Financial Implications

- 9.1 In having regard to the Strategic Tenancy Strategy as a landlord, there may be implications to the Housing Revenue Account.

10. Equality, Diversity and Human Rights implications

- 10.1 An EqIA has been completed on the proposed strategy and can be accessed here.
[http://Colchester.gov.uk/Council and Democracy/ Policies, Strategies and Performance/ Equality and Diversity/ Equality Impact Assessments/ Strategic Policy and Regeneration/ Housing/ Strategic Tenancy Strategy](http://Colchester.gov.uk/Council%20and%20Democracy/Policies,%20Strategies%20and%20Performance/Equality%20and%20Diversity/Equality%20Impact%20Assessments/Strategic%20Policy%20and%20Regeneration/Housing/Strategic%20Tenancy%20Strategy)

11. Community Safety Implications

- 11.1 None

12. Health and Safety Implications

- 12.1 None

13. Risk Management Implications

- 13.1 The consultation revealed the extent to which the relationship between Councils and Registered Providers can be strained when their interests differ. Certain elements of the strategy will need careful management to maintain our positive relationship with local providers. In particular, the Strategy seeks to limit the most negative potential impacts of fixed term tenancies and affordable rented homes and that may risk our relationship with some providers and limit the development opportunities locally. In particular, there are risks associated with:
- changes to security of tenure

- the higher cost of some new tenancies
- how and where income from higher rents is spent by providers

These risks would still apply if we did not adopt a strategy at all.

Appendix A- Colchester Borough Council Strategic Tenancy Strategy

Colchester Borough Council Strategic Tenancy Strategy

Based on a Common Framework with
Babergh DC; Braintree DC; Colchester
BC; Ipswich BC; Maldon DC; Mid Suffolk
DC; Suffolk Coastal DC; Tendring DC;
Waveney DC

Principles in the Common Framework

1A - Housing costs are affordable if they do not exceed 25% of an individual's full time income. Income is based on the gross median income of an individual in the local authority where they live.

1B – Affordable rents are not set at a level which exceeds a Universal Credit cap which means that households would have to subsidise their rent from their basic living allowance.

2A - In the broad market area no more than the conversion rate agreed with Homes and Community Agency should be re-let annually as an Affordable Rent (AR) to ensure there is a sufficient balance of tenures to meet housing need.

2B – Registered Providers (RPs) share with local authorities information which shows the number and percentage of social rent properties that are re-let annually as affordable rents.

2C - RPs have due regard to local authority's evidence and understanding of affordability issues when deciding what property types they will convert from social rents to affordable rents and in what locations. Local authorities and RPs will have an open dialogue where there are concerns.

2D – RPs make best efforts, using income generated from affordable rents, to focus their development capacity on areas and property types which meet LA strategic housing needs within the broad market area.

2E - In situations where s106 agreements have been agreed but where the sites have not been built there is an open discussion between local authorities, RPs and developers about the most appropriate affordable housing tenure mix. That this discussion is based on a robust viability assessment of the particular site and this data informs any proposed changes to the s106.

3A - Where a RP is using flexible tenancies and offers an introductory tenancy a minimum five year fixed tenancy will normally follow if the terms of the tenancy have been satisfactorily met.

3B– RPs will share with tenants and local authorities a list of exceptional circumstances which would result in the offer of a tenancy for less than five years.

3C Fixed term tenancies will be renewed unless one or more items in the exclusion list are met.

3D - Sheltered housing will normally continue to be let on secure or fully assured tenancies.

3E – If supported housing is intended to meet the long term needs of an individual then the tenancies will normally continue to be let on secure or fully assured tenancies.

4A - Standards for a minimum level of housing options advice are included within this strategy and are delivered through a joint protocol. This includes at the start of a tenancy and at the end of a fixed term tenancy when it is not being renewed.

5A - Barriers to downsizing are removed to enable households to move to smaller properties that meet their aspirations, whilst also ensuring that they are fully aware of any changes to their security of tenure.

5B - Fixed term tenancies will normally be used for properties that are in the greatest demand by households so preventing future under occupation in larger properties.

5C - Tenants that currently live in an adapted property will have their tenancy renewed unless other circumstances apply (see principle 3C).

6A - Working together RPs and LAs will explore opportunities to maximize alternatives to disposal or potential joint redevelopments to meet both housing needs in the broad market area and RP development programmes.

6B – By recording capital derived from disposals of properties in each local authority RPs will be able to share this information with LAs, indicating, where possible, if the capital is reinvested outside the broad market area.

Tenancy Strategy – A Common Framework

Introduction

Why have a strategy?

The Localism Act 2011 requires Local Authorities to publish a strategic tenancy. The Act specifically sets out the scope of a tenancy strategy:

“A local housing authority in England must prepare and publish a strategy (a “tenancy strategy”) setting out the matters to which the registered providers of social housing for its district are to have regard in formulating policies relating to:

- (a) the kinds of tenancies they grant,*
- (b) the circumstances in which they will grant a tenancy of a particular kind,*
- (c) where they grant tenancies for a term certain, the lengths of the terms, and*
- (d) the circumstances in which they will grant a further tenancy on the coming to an end of an existing tenancy.”*

This strategy refers to flexible and affordable rent tenancies arrangements for RPs. Local Authorities with their own housing stock, who are part of this agreement, will be developing their own strategic housing policies to address these flexibilities.

How was it developed?

This tenancy strategy has been developed and jointly written by a partnership of nine local authorities in Essex and Suffolk plus Registered Providers (RPs) that work within the broad geographical area. The ten authorities are: Babergh DC, Braintree DC, Colchester BC, Ipswich BC, Maldon DC, Mid Suffolk DC, Suffolk Coastal DC, Tendring DC and Waveney DC.

Working together the local authorities acknowledge that many significant strategic tenancy issues are general to all localities and this has allowed us to produce a ‘common framework’ which all parties have endorsed and (will) sign up to. The ‘common framework’ consists of a set of key principles with supporting statements relating to each issue. Affordable housing markets vary within the nine authorities; for example rent levels are different in each local authority but using the principle of affordability in the framework this will show whether a household on a median income is able to afford rent for their home. A short summary of the local housing market of each authority can be found in Appendix 1.

Objectives of the strategy

The context for this strategy is that it supports and fits with other wider housing and planning policies of each Local Authority to achieve growth, economic prosperity and increased provision of Affordable Housing. Both local authorities and registered providers will continue to foster good relations, which will be of mutual benefit, to help achieve these aims.

The main objectives of the strategy are to:

- provide guidance that RP's will have 'regard to' in developing their own policies
- ensure a more consistent and transparent strategic approach to tenancy and other related policies across LA boundaries
- take account of affordability and sustainability of tenancies for households on low incomes
(see principles 1a, 1b, 2a, 2c, 3a, 3c)
- make the best use of social and affordable housing to reduce housing need and facilitate tenant mobility
(see principles 3a, 3d, 3e, 5a, 5b)
- ensure LA's take account of the implications of affordable rent tenures in their allocations policy and homelessness strategies
(see principle 4A).

What do we mean by 'have regard to'?

'To have regard to' is not defined in statute but case law suggests that it means in this context registered providers are:

- ✓ actively informed of the direction provided by the tenancy strategy, and
- ✓ able to evidence that they have considered the content, even if they choose not to follow it, *and*
- ✓ consider the tenancy strategy when they review their own policies.

This document has been developed and written some time after RPs had to make critical business decisions about fixed tenancies, affordable rents, conversions and disposals as part of their bid for grant under the 2011-15 HCA affordable homes programme. In recognition that some RPs have already produced their own landlord tenancy policies this common framework should be understood as a process rather than a static document. Coming together to develop the framework has created the environment to do more than write a document. It has encouraged an open dialogue between RPs and local authorities about the strategic impact of legislative changes to tenancies. It has enabled local authorities, over a wide market area, to set out common principles which reflect their ideas for balancing the housing needs of their local communities.

Monitoring and Review

It is agreed that monitoring the tenancy strategy will be a critical part of understanding and evaluating the impact of tenancy changes and will provide the necessary intelligence to review and revise policies. Data will be collected for each financial year and an annual meeting will be held with RPs and LAs to evaluate the monitoring information and amend the strategy as necessary.

The following sections contain the key themes and general principles in the common framework. The background to developing the affordability principle can be found in appendix 2.

Local Amendments to the Common Framework

This version of the Strategy has been adapted specifically for Colchester Borough Council. The principles are adopted unchanged from the common framework but changes have been made to reflect local circumstances and in response to local consultation.

Passages changed in this way are highlighted. This to help Registered Providers in particular (who may be working across Local Authority boundaries) to identify changes in emphasis we may have introduced locally.

1. Affordability and sustainability of new tenures

1A - Housing costs are affordable if they do not exceed 25% of an individual's full time income. Income is based on the gross median income of an individual in the local authority where they live.

1B – Affordable rents are not set at a level which exceeds a Universal Credit cap which means that households would have to subsidise their rent from their basic living allowance.

The Localism Act takes its definition of Social Housing from Section 68 of the Housing and Regeneration Act. It defines 'Social Housing' as low cost rental accommodation and low cost home ownership. Low cost rental accommodation is described as accommodation which is available to rent below market rate in accordance with procedures to ensure that it is available to those whose needs are not served by the commercial housing market.

Our intention is to adopt a 'benchmark' for affordability. The principle effectively means that affordable housing in the Colchester Borough Council district should be affordable to a full-time worker on a typical local income. There are 3 stages of assumptions here:

1. **Median income** is the middle income for all the full-time working people in the district. By definition, half the district's workers earn more and half less than this figure. We have assumed that affordable housing should meet the needs of the lower 50% of wage earners.
2. We have used the income of a **single full-time worker** because it is reasonable that a single person or a single parent should be able to afford 'affordable' housing. We recognise that we cannot find a benchmark that suits every individual situation, such as part-time workers and households with 2 people working.
3. **25% of gross median income** being spent on rent and any service charges is established as a reasonable measure of affordability in a range of research and publications, including Strategic Housing Market Assessments. For someone on £24,000 per year, we are indicating that housing costs of around £6,000 per year (£120 per week) should be affordable. This is very similar to the calculation undertaken by mortgage lenders when they assess what people can afford to borrow.

Typical local incomes are set out in the appendix to this document and will be updated annually, once the Annual Survey of Household Earnings (ASHE) data is published.

Housing affordability

The local authorities adopting this strategy have therefore agreed a principle definition of affordability which measures whether a household can access and sustain the cost of

housing. This principle is based on key sets of data and an informed judgment of what is an affordable ratio of housing costs to income. This common definition will enable local authorities to assess affordability and 'localise' the housing market information and advice they give Registered Providers working in their area. It will also provide the means to compare information across local authority boundaries and identify 'housing market area linkages'.

Affordable rents and Universal Credit (UC)

Government plans are to carry forward the current provisions for help with housing costs into Universal Credit, then move towards a more flat rate approach for assessing housing costs. However, rents vary significantly depending on the type of landlord (private, housing association or council) and on geographical location. Housing costs form a significant part of most claimants' overall benefit. As a result, households will face major budgeting problems if the housing element of their UC does not accurately reflect their housing costs. (see appendix 3)

The impact of this policy

We recognise that this policy risks limiting the development of affordable housing. Lower rents than the 'norm' of 80% of market rent will require a higher subsidy or may prevent RPs from fulfilling their agreements with the HCA. Our intention is to make sure rent levels are seriously considered, other sources of funding are explored to subsidise rent levels and that we discuss with RPs if lower rent levels are feasible.

In common with all of this Strategy, RPs are asked to 'have regard' to it and it is not binding on providers. However, we hope that providers will maintain a dialogue with us about rent levels in new homes. We are fearful that the consequence of high rents (particularly for larger family homes) could be people refusing offers of housing because the rent is too high making it more and more difficult for us to find housing solutions for people who desperately need them. Similarly, tenants may be evicted for rent arrears because the amount they were expected to find was significantly more than it is prudent for them to agree to.

Monitoring

Principle 1

We want to understand how the introduction of affordable rents will affect household's choices when they are rehoused; whether a household's income level will affect who is rehoused; will more households be rehoused from lower priority bands on the housing register?

We will monitor annually:

From the housing register

- a) number of non working households rehoused
- b) number of working households rehoused and their income level
- c) number of retired people rehoused
- d) band on the housing register (reason e.g. overcrowding)
- e) whether new applicant or transfer

From CORE

- f) number and type of tenancy
- g) Basic weekly median rent payable for social rent and affordable rents

From Department of Work and Pensions

i) Universal Credit levels for household types

2. Converting Social Rents to Affordable Rents

Registered Providers have the flexibility to let new properties and convert a proportion of vacant Social Rent properties to Affordable Rents at re-let, at a rent level of up to 80% of market rent. Registered Providers are able to convert properties to Affordable Rents where they have signed an investment agreement with the Home and Communities Agency (HCA). Not all Registered Providers have entered into the new funding arrangement which means they will continue to let their properties on Social Rents.

We recognise that converting a proportion of existing stock to Affordable Rents is a crucial element in generating additional financial capacity for RPs to deliver more affordable housing. Moreover that due to delays in signing HCA funding agreements that RPs will need to convert more properties initially to meet the proportion of 50% conversion of re-lets that was proposed. However, LAs have a role in balancing the housing market would like to maintain a supply of properties with social rents to meet the needs of working low income households.

Principle 2A - In the broad market area no more than the conversion rate agreed with Homes and Community Agency should be re-let annually as an Affordable Rent (AR) to ensure there is a sufficient balance of tenures to meet housing need.

Principle 2B – RPs share with local authorities' information which shows the number and percentage of social rent properties that are re-let annually as affordable rents.

Principle 2C - RPs have due regard to local authority's evidence and understanding of affordability issues when deciding what property types they will convert from social rents to affordable rents and in what locations. Local authorities and RPs will have an open dialogue where there are concerns.

Principle 2D – RPs make best efforts, using income generated from affordable rents, to focus their development capacity on areas and property types which meet LA strategic housing needs within the broad market area.

Principle 2E - In situations where s106 agreements have been agreed but where the sites have not been built there is an open discussion between local authorities, RPs and developers about the most appropriate affordable housing tenure mix. That this discussion is based on a robust viability assessment of the particular site and this data informs any proposed changes to the s106.

Local authorities would like to work with RPs to help balance competing needs between RPs converting properties to give them the greatest financial headroom to develop new properties with the need for properties to be affordable for households on low incomes and in housing need.

Before conversions take place we would encourage RPs to work with LAs to consider the potential impact on the supply of affordable housing where specific types of properties may be in short supply or market levels may be very high.

Income from the increased Affordable Rents rental stream will, in the foreseeable future, contribute to the funding base for new affordable housing development. Local authorities would like to be informed of how the income, available for development, from Affordable Rents will be invested i.e. at a local authority, housing market area or county area level to meet strategic housing need. An informed and shared understanding of how these resources are used will promote transparency and accountability.

We recognise that the area of operation of housing associations varies considerably. Associations working with the HCA will pledge to raise finances from conversions in one or more locations and invest in another. Throughout this document, we have used the term 'broad market area'. This is intended to indicate an area that is larger than a single district. For Colchester, we would regard our broad market area as including all surrounding districts and the districts covered by the area of the 'Gateway to Homechoice' scheme.

By seeking information about the general pattern of where associations are investing resources from conversions, it may help LAs to make decisions about future associations they wish to work with on key developments locally.

Some s106 agreements that have already been agreed on sites that have yet to be developed have included Social Rents as their preferred affordable housing tenure. During this transition period, as Affordable Rents are introduced, further discussion and assessment will be required with RPs and developers to decide the most appropriate affordable tenure mix.



Monitoring
Principle 2

We will monitor annually:

- a) number and % of RP re-lets converted to Affordable Rents
- b) the size of properties converted to Affordable Rents

3. Length of tenancy – Fixed term tenancies

The Localism Act has created a new type of tenancy called a flexible tenancy. Housing providers will no longer have to let a tenancy for life, but can let it on a fixed term, which will be reviewed. The new legislation is intended to make the housing system more flexible and allow more people on the waiting list and in overcrowded conditions to be rehoused.

Principle 3A - Where a RP is using flexible tenancies and offers an introductory tenancy a minimum five year fixed tenancy will normally follow if the terms of the tenancy have been satisfactorily met.

Principle 3B – RPs will share with tenants and local authorities a list of exceptional circumstances which would result in an offer of a tenancy for less than five years.

Principle 3C Fixed term tenancies will be renewed unless one or more items in the exclusion list are met.

Principle 3D - Sheltered housing will normally continue to be let on secure or fully assured tenancies.

Principle 3E – If supported housing is intended to meet the long term needs of an individual then the tenancies will normally continue to be let on secure or fully assured tenancies.

Where providers use these new flexibilities, they will offer tenancies for a fixed term of at least 5 years, except for in 'exceptional circumstances' where they may offer a tenancy of between 2 and 5 years.

It is anticipated that unless there is a significant change in tenant's household circumstances that the fixed tenancy will be renewed for a further period. This general principle benefits all parties: tenants are able to remain in their homes and maintain their social networks in that area; RPs do not have an unnecessary turnover in their stock with the associated administrative burden and voids; applicants on the housing register are not disadvantaged because the housing stock continues to be used for those with the greatest need.

The following list details the circumstances in which a fixed tenancy may not be renewed:

- Increase in tenant's financial circumstances. (after full financial assessment)
- The property has become permanently under-occupied.
- The property is overcrowded and the household requires a larger one.

- The property was allocated to meet particular needs that are no longer present e.g. the need for a single story dwelling because a member of the original household had a disability but now no longer lives there.
- The terms of the tenancy have been breached i.e. neglect of property, rent arrears.

Registered providers using the new tenure flexibilities will publish a tenancy policy which will be made available to the Local Authority where they operate. It is critical that tenants taking up fixed term tenancies are fully informed about what will happen at the end of the fixed term. We therefore expect that providers will have very clear, published information that sets out the information we are requesting and in most cases, there is no reporting burden for providers. In short, we expect the overwhelming majority of fixed-term tenancies to be for 5 years.

Our major concern is that there may be circumstances when an individual is offered a shorter fixed-term than 5 years. We want to be clear in the advice we give to homeless households seeking our help and to applicants to our register. We want to be able to tell them what they can expect from housing providers. We believe this to be a fundamental part of our role and would therefore like to monitor exceptions and discuss them with the providers.



Monitoring

Principle 3

We would like to record the number of exceptions to the above principles and the reasons why to ensure consistency and transparency across local authorities in the common framework.

We will monitor annually:

- a) number of general needs tenancies let on less than five years fixed term and reasons why
- b) number of exceptions where sheltered housing and supported housing is let on a fixed term tenancy and the reasons why

4. Housing Options Advice

Households will require sufficient information for them to assess at different stages of their 'housing pathway' what is the best choice for them in their current circumstances and the implications of exercising that choice. It will also be necessary to make arrangements for advocacy to be available when a tenant requires representation in appealing a decision which terminates their tenancy.

4.A - Standards for a minimum level of housing options advice are included within this strategy and are delivered through a joint protocol. This includes at the start of a tenancy and at the end of a fixed term tenancy when it is not being renewed.

The provision of adequate housing options advice also clearly links to local authority's homelessness strategies and their statutory homelessness duties.

At the tenancy sign up stage RPs already provide information, advice and support for their new tenants. An additional element will be the requirement to provide information about the fixed length of the tenancy and highlight to any households moving from fully assured or secure tenancies the implications of this move (in line with principle 5A on downsizing and transfers).

The need for housing options advice at the renewal of a fixed term tenancy is a new requirement and could be provided or procured by RPs, for example through a service level agreement from a local Citizen Advice Bureau. Establishing a clear protocol for providing housing options advice to tenants, at the point at which their fixed tenancy is not renewed, will achieve clarity for tenants and also for other housing and housing related service providers within the area. It will minimise the scope for the ending of a fixed term tenancy to become a contested area between organisations with different policies and priorities.

Ideas for a draft protocol for the provision of housing options advice is attached as appendix 4.

Monitoring

Principle 4

Local authorities want to work with RPs to ensure that a joint protocol is used to provide or procure a minimum level of housing options advice at each stage of a household's housing journey.

We will monitor annually:

- a) number of complaints associated with non renewal of fixed term tenancies

b) review the housing options advice joint protocol with reference to lessons learned through monitoring complaints, non renewals and evictions.

5. Maintaining and enhancing mobility

We are keen to work with RPs to ensure that best use is made of the social housing stock including managing overcrowding and under occupation. We want to manage the impact of Affordable Rents and fixed tenancies so that there are not any unintended consequences that impede mobility and reduce effective use of the stock.

5.A - Barriers to downsizing are removed to enable households to move to smaller properties that meet their aspirations, whilst also ensuring that they are fully aware of any changes to their security of tenure.

5.B - Fixed term tenancies will normally be used for properties that are in the greatest demand by households so preventing future under occupation in larger properties.

5.C - Tenants that currently live in an adapted property will have their tenancy renewed unless other circumstances apply (see principle 3C).

This area of the common framework links most closely with allocations policies. For members of 'Gateway to Homechoice' choice based lettings scheme, the allocations policy provides the operational detail. For other local authorities this detail will be found in their own allocations policies.

As referred to in principle 4A we want to see comprehensive housing options advice available so households are aware of the tenancy implications of making a decision to move – which in some circumstances may involve moving from a secure or fully assured tenancy to a fixed tenancy or a Social Rent to an Affordable Rent, or both.

To make best use of the social housing stock RPs and LAs are agreed that it is important to support tenants to downsize, as this has the effect of releasing additional bedroom capacity for larger households in most need. To ensure that households are given as much encouragement and incentive to move as possible additional flexibility may be required to offer 'like for like' tenancies.

Households that are overcrowded and are moving to larger properties are likely to be offered fixed term tenancies, particularly households moving to four bedroom and larger three bed houses. Using fixed term tenancies will ensure that when a household no longer needs a larger property it may be re-let to a larger household in need.

There is a high demand for adapted properties. We acknowledge that this is an area where more flexibility may be required because of the often complex needs of the household.



Monitoring principle 5

To minimize barriers to making best use of the housing stock we will identify trends by monitoring annually:

- a) number of transfers – with reasons (under occupiers, overcrowding, adapted properties)
- b) number of mutual exchanges by similar categories



6. Disposals of homes owned by Registered Providers

Disposals of properties

There are two main issues relating to the disposal of RP properties; which properties are disposed of and where the income from the properties is reinvested.

6.A - Working together RPs and LAs will explore opportunities to maximize alternatives to disposal or potential joint redevelopments to meet both housing needs in the broad market area and RP development programmes.

6.B – By recording capital derived from disposals of properties in each local authority RPs will be able to share this information with LAs, indicating, where possible, if the capital is reinvested outside the broad market area.

Local authorities would like RPs to talk to them about which properties they are proposing to dispose of prior to any decision being made. Local authorities want to be included in an early dialogue as they may wish to influence choices about which properties will be disposed of or discuss alternative options or in some cases they may wish to acquire/enable others to acquire the properties to meet housing need. RPs and local authorities can work together at a local level to address viability issues, poor property conditions, emerging need and management issues on potential disposals. This joint approach will maximize the opportunities for retaining the property or the potential for redeveloping it without grant.

We understand that national RPs may make strategic business decisions about the disposal of affordable housing units and may not be able to recycle this capital within the same geographical area. However we consider it essential to have transparency about the use of this capital so that information is openly available to residents, local authorities and the Homes and Communities Agency.

Monitoring principle 6

Local authorities want to be involved and influence the disposal of affordable housing in their area. To understand the impact of disposals and any trends we will monitor annually:

- a) number and type of properties disposed of
- b) the value of the properties disposed of
- c) whether capital realized from disposals is reinvested within the broad market area

Appendix 1 - Registered Providers and Local Authority housing stock

Information	Babergh	Braintree	Colchester
Number of LA owned affordable homes	3,416	27 units of temporary accommodation (HSSA 2011 submission)	6300
Number of RSL affordable homes	1,680 Includes Shared Ownership & Intermediate rented homes.	10,233 (HSSA 2010)	3090
Number of RSLs in LA area	17 RSLs including supported housing providers (8 developing)	27	18

Information	Ipswich	Maldon	Mid Suffolk
Number of LA owned affordable homes	8,230 HSSA 2008	0	
Number of RSL affordable homes	4,570 HSSA 2008	2,875	
Number of RSLs in LA area	26 CORE lettings	10 (7 developing)	

Information	Suffolk Coastal	Tendring	Waveney
Number of LA owned affordable homes	0		4,651
Number of RSL affordable homes	5,156		1924
Number of RSLs in LA area	12		10

Appendix 2 – 25% gross income as a measure of affordability

Table 1 below uses the 2010 Annual Survey of Hours and Earnings to provide the median gross income for each of the local authorities within the common framework area. The middle column gives a figure for 25% of the median income in each area. The shaded column shows what would be an affordable rent per week based on 25% gross income.

**Table 1: Weekly affordable rents based on 25% median gross income figures
Figure 7.7a Median annual pay - Gross (£) - For full-time employee jobs: UK, 2010**

Description	Median gross income	25% of median gross	Weekly affordable rent threshold based on 25% of median gross
Babergh	22,341	5,585	107.4
Braintree	23,599	5,900	113.46
Colchester	24,583	6,146	118.19
Ipswich	23,251	5,813	111.79
Maldon	24,402	6,101	117.33
Mid Suffolk	21,260	5,315	102.21
Suffolk Coastal	27,375	6,844	131.61
Tendring	20,941	5,235	100.67
Waveney	22,322	5,581	107.33

Source: Annual Survey of Hours and Earnings, Office for National Statistics.

Taking the principle of 25% gross income and applying these to likely ARTs rent levels, in the example of Colchester, we can see in the table below that rents for one and two bed properties are affordable whereas three and four bedroom properties are not affordable. With the caveat that actual affordable rents are likely to vary considerably between small areas in each local authority as the location will be taken into account during a rental evaluation.

Table 2: Affordability in Colchester based on 25% gross income and affordable rent tenancies for different sized properties

	80% market rent weekly*	25% gross income	Affordable Yes/No
1 bed	91.20	118.19	Yes
2 bed	115.20	118.19	Yes
3 bed	138.40	118.19	No
4 bed	175.39	118.19	No

*Market Rent- Hometrack May 2011(1 to 3 beds only) 4 bed figures are not listed on Hometrack, figures have been calculated by looking at a sample of properties on Rightmove, producing a conservative estimate of market rent of £950 pcm.

Table 3 below takes the principle of 25% gross median income as affordable and applies it to the cost of home ownership. Where the data is available it shows that the cost of a mortgage for lower quartile flats and maisonettes is affordable. This calculation applies

to small lower quartile properties and doesn't take into account the requirement for a deposit. Nevertheless it is indicative that 25% of a median gross income would be affordable to sustain a mortgage.

Table 3: Affordability of LQ flat/maisonette based on 25% median gross income

Description	Median gross income	3.5 income multiplier for mortgage eligibility*	LQ flat or maisonette August 2011**	Annual cost of 25 year repayment mortgage***	25% of median gross income	
Babergh	22,341	78194	72,000	5273	5585	Affordable
Braintree	23,599	82597	85,000	5570	5900	Affordable
Colchester	24,583	86041	87,500	5802	6146	Affordable
Ipswich	23,251	81379	76,000	5488	5813	Affordable
Maldon	24,402	85407	106,950	5760	6101	Affordable
Mid Suffolk	21,260	74410	78,250	5018	5315	Affordable
Suffolk Coastal	27,375	95813	102,000	6462	6844	Affordable
Tendring	20,941	73294	70,000	4943	5235	Affordable
Waveney	22,322	78127			5581	
<i>Source: Annual Survey of Hours and Earnings, Office for National Statistics.</i>						
*figures have been rounded						
**Hometrack						
***BBC website mortgage calculator 4.5% interest rate						

Appendix 3 – Affordability and Universal Credit

This appendix looks at the affordability of ARTs within estimated Universal Credit payments. The table below shows the housing award within Universal Credit for different family sizes living in Colchester and compares this to ARTs levels for different sized properties. The proposed cap for Universal Credit will be £350 for a single person and £500 for couples and couples with children both of which include a housing allowance. It shows that ART rents are affordable and Universal Credit caps will not be used. This may not be the case in local authorities with high private rented markets. This is why a general principle has been included within the strategic tenancy strategy to say that ART rent levels should not exceed the housing award for their size household – so that households do not have to subsidise rent payments from their basic living allowance.

Table 1: Colchester ART rents and Universal Credit housing award (non working household)

	80% market rent weekly	Universal Credit – single person +25yrs housing element	Universal Credit – couple housing element	Universal Credit – couple 1/ 2 housing element	Universal credit – lone parent 3 children housing element	Universal credit – couple 3 children housing element
1 bed	91.20	£98	£98			
2 bed	115.20			£127/127		
3 bed	138.40				£155	
4 bed	£175.39					£196

Universal Credit calculations based on Policy in Practice Estimate of Universal Credit Entitlement <http://policyinpractice.co.uk/universal-credit/universal-credit-calculator/estimate-of-universal-credit-entitlement/>

Housing element: Universal credit combines some benefits which are for living expenses with payments towards housing costs into one payment. The combined amounts cannot exceed the cap limit. The amount between the payment for living expenses and the cap is defined in this table as the housing element.

Appendix 4 – Draft Housing Options Protocol

RP responsibilities

- Provide or procure a full housing options service covering private renting, and low cost home ownership to help tenants resolve their own housing needs. This will include up-to-date and in-depth advice on housing options and how to pay for them.
- Ensure that tenants have six months notice that their fixed tenancy will not be renewed and start the housing options advice at this early stage.
- Not to discriminate on the grounds of race, gender, ethnic origin, disability, age or sexual orientation.
- Make it clear what you are able to do and what you cannot do and refer tenants to specialist agencies for debt advice, legal advice and benefits advice as appropriate. Provide personalised referrals to other organisations if unable to help
- Advise in clear and easy to understand language and ensure any information meets 'Plain English' standards and provide relevant leaflets, and/or written information, and clear information about on-line resources
- Provide a named person to work with and provide advice to the tenant. Respond fully and promptly to ongoing tenant requests for advice and information.
- Arrange a home visit/s if the tenant is unable to attend your office
- Provide clear information on complaints policy if the tenant is unhappy with the service they have received
- Ensure tenants are aware of a clear and defined independent appeals procedure

Tenant responsibilities

- Attend appointments on time or give notice if unable to attend
- Provide relevant information as soon as possible to help speed up the process of giving advice and assistance
- Provide any relevant changes of circumstances

Setting specific standards and monitoring

Service standards need to be developed and agreed and below are examples of what could be included:

- Expectations/requirements in relation to staffing levels, training, qualifications and experience.
- RP policies, procedures and systems to ensure a consistent and quality service e.g. complaints procedure.
- Involvement of users in developing the service offered



Cabinet

28 November 2012

Item
11(i)

Report of	Head of Corporate Management	Author	Richard Clifford
Title	Police and Crime Panel Arrangements		☎ 507832
Wards affected	All		

This report concerns the approval of the arrangements for the Essex Police and Crime Panel

1. Decision(s) Required

- 1.1 To accept the Terms of Reference, the Panel Arrangements and the Rules of Procedure for the Essex Police and Crime Panel.
- 1.2 To appoint Councillor Hunt as Colchester Borough Council's substitute member on the Essex Police and Crime Panel.

2. Reasons for Decision(s)

- 2.1 The Police Reform and Social Responsibility Act 2011 requires local authorities in each Police Force area in England (excluding London) to establish a Police and Crime Panel. The role of the Police and Crime Panel is to scrutinise the Police and Crime Commissioner, who in turn is responsible for holding the Chief Constable to account. A Police and Crime Panel is a joint committee of the relevant local authorities. All those authorities constituting the Essex Police and Crime Panel have been asked to give approval to its arrangements. All relevant authorities have also been invited to nominate a substitute member of the Panel.

3. Alternative Options

- 3.1 No alternative options are proposed.

4. Supporting Information

- 4.1 The Police Reform and Social Responsibility Act 2011 requires local authorities in each Police Force area in England (excluding London) to establish a Police and Crime Panel (PCP). These panels will fulfil the role of scrutinising the Police and Crime Commissioner, due to be elected on 15 November 2012, who in turn is responsible for holding the Chief Constable to account. Panels will be expected to support and challenge the Commissioner in the exercise of his/her functions, acting as a critical friend.
- 4.2 A Police and Crime Panel in a multi-authority police area such as Essex is a joint committee of the relevant local authorities. All the relevant authorities who constitute the Essex Police and Crime Panel have been asked to approve its arrangements. A Shadow Police and Crime Panel has been established and has agreed Terms of Reference for the Panel, Panel Arrangements and Rules of Procedure. These documents need to be

formally endorsed by Colchester Borough Council and therefore Cabinet is invited to approve the following documents:-

- Terms of Reference – Appendix 1
- Panel Arrangements – Appendix 2
- Rules of Procedure – Appendix 3

4.3 Cabinet appointed Councillor Tim Young as Colchester Borough Council's representative on the Police and Crime Panel at its meeting on 30 May 2012. However, each authority has been invited to nominate a substitute member and it is proposed that Councillor Martin Hunt be appointed as Colchester Borough Council's substitute member.

5. Proposals

5.1 As set out at paragraph 1.

6. Strategic Plan References

6.1 The work of the Police and Crime Panel will support the following priority area in the Strategic Plan:-

- Working in partnerships to help tackle health and crime issues.

7. Community Safety Implications

7.1 The proposals set out in the report are concerned with the governance arrangements for the Police and Crime Panel. However, there are no direct community safety implications arising from the proposals.

8. Equality, Diversity and Human Rights implications

8.1 There are no direct Equality and Diversity implications for the Council and as such a full EQIA has not been deemed necessary. However the council's representatives, will encourage the same approach to equality and diversity as we do and ensure that this is implicit within the Panel's policies and procedures.

9. Other Standard References

9.1 There are no particular references to publicity or consultation considerations; or financial; health and safety or risk management implications.

ESSEX POLICE AND CRIME PANEL

TERMS OF REFERENCE

1. To scrutinise the work of the Police and Crime Commissioner, exercising the function as a critical friend, in support of the Commissioner.
2. To review and produce a report on the proposed appointment of the Chief Constable.
3. To hold a confirmation hearing, and produce a report or recommendations (as necessary) in respect of proposed senior appointments made by the Commissioner.
4. To scrutinise the proposed precept and make recommendations. If not satisfied with the precept the Panel can veto it, provided there is a two thirds majority in agreement. The Commissioner will then have to respond to the Panel and publish the response.
5. To review the Commissioner's Police and Crime Plan, and produce and publish a report or make recommendations on the Plan.
6. With regard to the Commissioner's annual report, produced in accordance with section 12 of the Police Reform and Social Responsibility Act 2011, to question the Commissioner at a public meeting and scrutinise the decisions made by the Commissioner. The Panel must also produce recommendations or a report which is sent to the Commissioner and published.
7. To review or scrutinise decisions made, or other action taken, by the Commissioner in connection with the discharge of the Commissioner's functions.
8. To fulfil functions in relation to complaints about conduct matters, in accordance with the responsibilities accorded to the Panel by the Police Reform and Social Responsibility Act 2011.
9. Where required (i.e. if the Commissioner resigns, is disqualified from office, is suspended or incapacitated), appoint an Acting Police and Crime Commissioner from amongst the Commissioner's staff.

The Panel will be governed by schedule 12A of the Local Government Act 1972.

ESSEX POLICE AND CRIME PANEL

PANEL ARRANGEMENTS

1. Operating Arrangements

- 1.1 In line with Home Office guidance, Essex County Council shall act as the lead authority in establishing the Police and Crime Panel and provide the necessary officer support.
- 1.2 The lead authority will provide such administrative and other support as will be necessary to enable the Panel to undertake its functions. Home Office funding is expected for at least the first year. Thereafter, if no funds are provided by the Home Office, or if those funds are insufficient to cover the costs of running the Panel, the Lead Authority will defray and recover from the other members the costs of administrative support. The budget for the Panel will be agreed annually and the Panel will operate within the allocated budget.
- 1.3 In the event of the Panel being wound up, the Lead Authority will defray and recover from the other member authorities any associated costs exceeding the funding provided by the Home Office.
- 1.4 Any dedicated staff employed to support the Panel will be employed by the Lead Authority, and their terms and conditions will be that of the Lead Authority.
- 1.5 The Panel shall comprise a minimum of 15 councillors (one from each of the twelve Essex districts, one from the County Council and one from each of the two Unitaries) and two independent members.
- 1.6 Additional members may be co-opted onto the Panel, as long as the two independent members are also included, the size of the Panel does not exceed 20 and the Secretary of State approves the membership arrangements.

2. Membership

- 2.1 Any Councillor on the 15 appointing Councils is eligible for membership of the Panel.
- 2.2 All members of the Panel may vote in proceedings of the Panel.
- 2.3 The appointment of elected members to the Panel shall be made by each of the appointing councils in accordance with their own procedures provided that the balanced appointment objective is met. The balanced appointment objective requires that the local authority members of the Panel should:
 - (a) represent all parts of the police force area;
 - (b) represent the political make-up of the councils taken together; and
 - (c) have the skills, knowledge and experience necessary to enable the Panel to discharge its functions effectively.
- 2.4 The councils shall each appoint an elected Member to be a Member of the Panel. Additional nominations will be invited to positions for co-opted members in line with the composition agreed by the Panel to reflect better the Political balance across the Police Force area and subject to approval by the Secretary of State.

- 2.5 Named substitutes may also be appointed by the 15 appointing Councils and notified to the Secretary to the Panel.
- 2.6 In the event that a council does not appoint a Member in accordance with these requirements, the Secretary of State must appoint a member to the Panel from the defaulting council in accordance with the provisions in the Act.

3. Casual Vacancies

- 3.1 A vacancy on the Panel arises when a member resigns from the Panel.
- 3.2 Each council will fill vacancies for elected members in accordance with the arrangements in their Constitution. Vacancies for independent members will be filled in accordance with the selection process outlined in section 4 below.

4. Independent Members

- 4.1 The Police and Crime Panel shall co-opt two independent members onto the panel for a term of four years, starting in 2012.
- 4.2 The selection process for co-opting independent members should include a reasonable period of advertising for the positions. A closing date for the receipt of applications should be given of at least two weeks from the date the advert is first placed.
- 4.3 Information packs should be prepared and sent to those requesting application forms.
- 4.4 The applications will be considered against an agreed eligibility criteria and then an Appointments Sub-Committee will be established to consider applications and interview candidates.
- 4.5 Following the interviews, the Appointments Sub-Committee will make recommendations to the Panel about membership.
- 4.6 The Panel may decide to change either Independent Member at any point and on doing so shall give notice to the Secretary to the Panel.
- 4.7 Where the appointed Independent Member is an expert, the nominating body may change its nominee at any point and on doing so shall give notice to the Secretary to the Panel.

5. Term of Office

- 5.1 A council may decide in accordance with its procedures to remove their appointed member from the Panel at any point and on doing so shall give notice in writing to the Secretary to the Panel.
- 5.2 An appointed member may resign from the Panel by giving notice in writing to the Secretary to the Panel and to their council.
- 5.3 In the event that any appointed member resigns from the Panel, or is removed by a council, the council shall immediately take steps to nominate and appoint an alternative member. Each Council should give notice in writing to the Secretary to the Panel that their member has been changed.
- 5.4 Members appointed to the Panel may be re-appointed for a further term provided that the balanced appointment objective is met by their reappointment. The term of office shall

be for one year, with each council selecting its representative at its annual general meeting each year. There is no maximum number of terms that a member may serve.

- 5.5 The term of office of a member co-opted to the Panel to reflect better the Political balance across the Police Force area shall be for one year. The member may be co-opted for a further term provided that the balanced appointment objective is still met by their co-option.

6. Allowances

- 6.1 Each council has the discretion to pay allowances to its representatives on the Panel. Any allowances payable to elected Members shall be determined and borne by the appointing councils.
- 6.2 The Lead Authority, on behalf of the Panel, may pay an allowance to the Independent Members and co-optees if this is agreed as part of the annual budget approved by the Panel.
- 6.3 The independent and co-opted members may claim allowances from the lead authority in accordance with the provisions contained within the lead authority's Members Allowances Scheme relating to "Co-opted Members of Committees Allowances" current at the time the duty was undertaken to which the claim relates.

7. Promotion of the Panel

- 7.1 The Panel shall be promoted and supported by the Lead Authority through:
- (a) the issuing of regular press releases in consultation with the Chairman about the Panel and its work;
 - (b) the inclusion of dedicated web pages on the work of the Panel, with the publication of Agendas and minutes. All reports and recommendations made, with responses from the Police and Crime Commissioner will be published.

8. Validity of proceedings

- 8.1 The validity of the proceedings of the Panel is not affected by a vacancy in the membership or a defect in the appointment of a member.

9. Amendments to Terms of Reference, Panel Arrangements and Procedure Rules

- 9.1 Any proposed amendments to the Terms of Reference, Panel Arrangements or the Procedure Rules of the Panel should be submitted to the Panel for its approval and may be submitted as and when required. In addition, the Panel will review and re-confirm its Terms of Reference and Procedure Rules annually.

ESSEX POLICE AND CRIME PANEL**PROCEDURE RULES****1. Chairman and Vice-Chairman**

- 1.1 The Chairman will be elected during the Panel's first meeting, and then every year, and will be drawn from amongst the councillors sitting on the Panel.
- 1.2 The Vice-Chairman will be appointed during the Panel's first meeting, and then every year, and will be drawn from amongst the councillors sitting on the Panel.
- 1.3 In the event of the resignation of the Chairman or removal of the Chairman, a new Chairman will be appointed at the next meeting and will be drawn from amongst the councillors sitting on the Panel.

2. Meetings

- 2.1 There shall be a minimum of four ordinary meetings held in each municipal year to carry out the functions of the Panel. These meetings shall be open to the public except where such attendance is excluded by virtue of Part I of Schedule 12A of the Local Government Act 1972. In addition, extraordinary meetings may be called from time to time, as required.
- 2.2 An extraordinary meeting may be called by the Chairman, by a group of five members of the Panel or by the Monitoring Officer of the Police and Crime Commissioner.
- 2.3 In exceptional circumstances the Chairman may cancel or rearrange a meeting.

3. Quorum

- 3.1 A meeting of the Panel cannot take place unless one third of the whole number of its members is present. Under normal circumstances this would be five of the 15 council appointed members.

4. Voting

- 4.1 All members of the Panel may vote in proceedings of the Panel subject to the rules on declarations of interest.
- 4.2 One-third of the voting members present may require that the way all members cast their vote or abstained shall be recorded in the Minutes; such a request must be made before the vote is taken.

5. Work Programme

- 5.1 The Panel will be responsible for setting its own work programme taking into account the priorities defined by the Police and Crime Commissioner. In setting the work programme the Panel will also take into account the wishes of its members.
- 5.2 The work programme must include the functions set out in the Panel's terms of reference.

6. Agenda items

6.1 Any member of the Panel shall be entitled to give notice to the Secretary to the Panel that he or she wishes an item relevant to the functions of the Panel to be included on the agenda for the next available meeting.

7. Reports from Police and Crime Panels

7.1 Where the Panel makes a report to the Police and Crime Commissioner, it may publish the report or recommendations.

7.2 The Panel must by notice in writing require the Police and Crime Commissioner, as appropriate, within one month of the date on which he/she receives the report or recommendations:

a) to consider the report or recommendations;

b) to respond to the Panel indicating what (if any) action the Commissioner proposes to take;

c) where the Panel has published the report or recommendations, publish the response;

d) where the Panel has provided a copy of the report or recommendations to a member, provide a copy of the response to the member.

7.3 The publication of reports or recommendations is subject to the exclusion of any exempt or confidential information as defined in the rules on access to information in the Local Government Act 1972 (as amended).

7.4 If the Panel cannot unanimously agree on one single final report to the Police and Crime Commissioner then one separate report may be prepared and submitted for consideration along with the majority report.

8. Police and Crime Commissioner and Officers Giving Account

8.1 The Panel may scrutinise and review decisions made or actions taken in connection with the Police and Crime Commissioner's role. As well as reviewing documentation, in fulfilling its scrutiny role it may require the Police and Crime Commissioner, and members of the Commissioner's staff, to attend before the Panel (at reasonable notice) to answer any questions which appear to the Panel to be necessary in order to carry out its functions.

8.2 Where the Police and Crime Commissioner, or a member of the Commissioner's staff, is required to attend the Panel under this provision the Chairman will inform them in writing giving, where practical, 15 days' notice of the meeting. The notice will state the nature of the item on which he or she is required to attend to give account and whether any papers are required for production for the Panel. Where it is necessary to produce a report, sufficient time will be given to allow preparation of that report.

8.3 Where, in exceptional circumstances, the Police and Crime Commissioner is unable to attend on the required date, then an alternative date for attendance may be arranged following consultation with the Chairman of the Panel.

8.4 If the Panel require the Police and Crime Commissioner to attend before the Panel, the Panel may (at reasonable notice) request the Chief Constable to attend before the Panel on the same occasion to answer any questions which appear to the Panel to be necessary in order for it to carry out its functions.

9. Attendance by Others

9.1 The Panel may invite people other than those referred to above to address it, discuss issues of local concern and/or answer questions. It may, for example, wish to hear from residents, stakeholders, councillors who are not members of the Panel and officers in other parts of the public sector and may invite such people to attend.

10. Sub-Committees and Task Groups

10.1 The Panel may from time to time establish time-limited task groups to undertake specific task-based work.

10.2 The “special functions” of the Panel may not be discharged by a sub-committee of the Panel or a task group.

10.3 In this paragraph “special functions” means the following functions conferred on the Panel by the Police Reform and Social Responsibility Act 2011:

- a) Section 28(3) (scrutiny of Police and Crime Plan);
- b) Section 28 (4) (scrutiny of annual report, produced in accordance with section 12 of the Police and Social Responsibility Act, 2011);
- c) Paragraphs 10 and 11 of Schedule 1 (review of senior appointments);
- d) Schedule 5 (issuing precepts); and
- e) Part 1 of Schedule 8 (scrutiny of appointment of the Chief Constable).

10.4 The work undertaken by a sub-committee or task group will be scoped and defined beforehand, together with the timeframe within which the work is to be completed and the reporting time for the outcome of the work.

10.5 Where it is not possible to reach a consensus, attempts will be made to reflect minority reviews within the report but there is no provision for minority reports.

10.6 Sub-Committee and Task Group reports shall be reviewed by the Panel which will decide whether to ratify the findings and / or recommendations.

10.7 Paragraphs 8 (Police and Crime Commissioner and Officers giving account) and 9 (Attendance by Others) shall apply to Sub-Committees and Task Groups in the same way as they apply to the Panel.

11. Carrying out “Special Functions”

11.1 Reports and recommendations made in relation to the functions outlined in the terms of reference will be carried out in accordance with the procedure outlined at (7).

12. Police and Crime Plan

12.1 The Panel is a statutory consultee on the development of the Commissioner’s Police and Crime Plan and will receive a copy of the draft Plan, or a draft of any variation to it, from the Commissioner.

12.2 The Panel must:

- a) hold a public meeting to review the draft Police and Crime Plan (or a variation to it), and
- b) report or make recommendations on the draft Plan which the Commissioner must take into account.

13. Annual Report

- 13.1 The Commissioner must produce an Annual Report about the exercise of their functions in the financial year and progress in meeting police and crime objectives in the year. The report must be sent to the Panel for consideration.
- 13.2 The Panel must comment upon the Annual Report, and for that purpose must:
- a) arrange for a public meeting of the Panel to be held as soon as practicable after the Panel receives the Annual Report;
 - b) require the Commissioner to attend the meeting to present the Annual Report and answer such questions about the Annual Report as the Panel think appropriate;
 - c) make a report or recommendations on the Annual Report to the Commissioner.

14. Senior appointments

- 14.1 The Panel has powers to review the Police and Crime Commissioner's proposed appointments of Chief Constable, Chief Executive, Chief Finance Officer and Deputy Police and Crime Commissioner. The Panel is required to hold public confirmatory hearings for these posts.
- 14.2 The Panel will be notified of the need for a confirmatory hearing in respect of proposed senior appointments made by the Police and Crime Commissioner. This will be held at the next available meeting of the Panel unless the appointment timescale requires an earlier hearing, in which case an extraordinary meeting will be arranged.
- 14.3 With regard to the appointment of the Chief Constable, the Panel is required to hold a hearing within the period of three weeks from the day on which the Panel receives notification from the Police and Crime Commissioner which will include:
- (a) the name of the candidate;
 - (b) the criteria used to assess the suitability of the candidate for the appointment;
 - (c) why the candidate satisfies those criteria; and
 - (d) the terms and conditions on which the candidate is to be appointed.
- 14.4 Confirmatory hearings will be held in public, where the candidate is requested to appear for the purpose of answering questions relating to the appointment. Following this hearing, the Panel is required to review the proposed appointment and make a report to the Commissioner on the appointment.
- 14.5 For a confirmatory hearing for the proposed appointment of the Chief Constable, in addition to the requirement to review and report, the Panel has the requirement to make a recommendation on the appointment and the power to veto the appointment.
- 14.6 Having considered the appointment, the Panel will be asked either:
- a) to support the appointment without qualification or comment;
 - b) to support the appointment with associated recommendations, or
 - c) to veto the appointment of the Chief Constable (by the required majority of at least two thirds of the persons who are members of the Panel at the time when the decision is made).
- 14.7 If the Panel vetoes the appointment of the candidate, the report to the Commissioner must include a statement that the Panel has vetoed the appointment with reasons.

15. Appointment of an Acting Police and Crime Commissioner

- 15.1 The Panel must appoint a person to act as Police and Crime Commissioner if:
- a) no person holds the office of Police and Crime Commissioner;
 - b) the Police and Crime Commissioner is incapacitated; or
 - c) the Police and Crime Commissioner is suspended.
- 15.2 The Panel may appoint a person as acting commissioner only if the person is a member of the Police and Crime Commissioner's staff at the time of the appointment.
- 15.3 In appointing a person as acting commissioner in a case where the Police and Crime Commissioner is incapacitated, the Panel must have regard to any representations made by the Commissioner in relation to the appointment.
- 15.4 The appointment of an acting commissioner ceases to have effect upon the occurrence of the earliest of these events:
- a) the election of a person as Police and Crime Commissioner;
 - b) the termination by the Panel, or by the acting commissioner, of the appointment of the acting commissioner;
 - c) in a case where the acting commissioner is appointed because the Police and Crime Commissioner is incapacitated, the Commissioner ceasing to be incapacitated, or
 - d) in a case where the acting commissioner is appointed because the Police and Crime Commissioner is suspended, the Commissioner ceasing to be suspended.

16. Proposed precept

- 16.1 The Police and Crime Commissioner will notify the Panel of the precept which the Commissioner is proposing to issue for the financial year. The Panel must review the proposed precept and make a report including recommendations.
- 16.2 Having considered the precept, the Panel will either:
- a) support the precept without qualification or comment;
 - b) support the precept and make recommendations, or
 - c) veto the proposed precept (by the required majority of at least two thirds of the persons who are members of the panel at the time when the decision is made).
- 16.3 If the Panel vetoes the proposed precept, the report to the Commissioner must include a statement that the Panel has vetoed the proposed precept with reasons. The Panel will require a response to the report and any recommendations.

17. Complaints

- 17.1 Non-criminal complaints in relation to the Police and Crime Commissioner or other office holders can be considered by the Panel through a hearing. The Panel can examine this through a sub-committee following the procedure rules at 10 above.
- 17.2 A Panel may suspend the Police and Crime Commissioner if it appears to the Panel that
- a) the Commissioner has been charged in the United Kingdom, the Channel Islands or the Isle of Man with an offence, and
 - b) the offence is one which carries a maximum term of imprisonment exceeding two years.

- 17.3 The suspension of the Police and Crime Commissioner ceases to have effect upon the occurrence of the earliest of these events:
- a) the charge being dropped;
 - b) the Police and Crime Commissioner being acquitted of the offence;
 - c) the Police and Crime Commissioner being convicted of the offence but not being disqualified under Section 66 of the Police Reform and Social Responsibility Act by virtue of the conviction; or
 - d) the termination of the suspension by the Panel.
- 17.4 In this section references to an offence which carries a maximum term of imprisonment exceeding two years are references to:
- a) an offence which carries such a maximum term in the case of a person who has attained the age of 18 years, or
 - b) an offence for which, in the case of such a person, the sentence is fixed by law as life imprisonment.
- 18. Suspension and Removal of the Chief Constable**
- 18.1 If the Commissioner suspends the Chief Constable from duty the Commissioner must notify the Panel of the suspension.
- 18.2 A Commissioner must not call upon a Chief Constable to retire until the end of the scrutiny process which will occur:
- (a) at the end of six weeks from the Panel having received notification if the Panel has not by then given the Commissioner a recommendation as to whether or not they should call for the retirement or resignation; or
 - (b) the Commissioner notifies the Panel of a decision as to whether they accept the Panel's recommendations in relation to resignation or retirement.
- 18.3 The Commissioner must also notify the Panel in writing of their proposal to call upon the Chief Constable to retire or resign together with a copy of the reasons given to the Chief Constable and any representation from the Chief Constable in relation to that proposal.
- 18.4 If the Commissioner is still proposing to call upon the Chief Constable to resign, they must notify the Panel accordingly (the "further notification").
- 18.5 Within six weeks from the date of receiving the further notification, the Panel must make a recommendation in writing to the Commissioner as to whether or not they should call for the retirement or resignation. Before making any recommendation, the Panel may consult the chief inspector of constabulary, and must hold a scrutiny meeting.
- 18.6 The scrutiny hearing which must be held by the Panel is a Panel meeting in private to which the Commissioner and Chief Constable are entitled to attend to make representations in relation to the proposal to call upon the Chief Constable to retire or resign. Appearance at the scrutiny hearing can be by attending in person, or participating by telephone or video link.
- 18.7 The Panel must publish the recommendation it makes by sending copies to each of the councils, and by any other means the Panel considers appropriate.
- 18.8 The Commissioner must consider the Panel's recommendation and may accept or reject it, notifying the Panel accordingly.

18.9 In calculating the six-week period, the post election period is ignored. The post election period begins with the day of the poll at an ordinary election of a Commissioner under section 50 of the Police Reform and Social Responsibility Act 2011 and ends with the day on which the person elected as Commissioner delivers a declaration of acceptance of office under section 70 of the 2011 Act.

Cabinet

28 November 2012

Item
12(ii)

Report of	Monitoring Officer	Author	Andrew Weavers ☎ 282213
Title	Amendment to Scheme of Delegation to Officers		
Wards affected	Not applicable		

This report requests Cabinet to approve an amendment to the scheme of delegation to officers.

1. Decision Required

- 1.1 To approve the amendment to the Scheme of Delegation to Officers from Cabinet contained at paragraph 4.3 of this report and for it to be effective with immediate effect.

2. Reasons for Decision(s)

- 2.1 The Scheme of Delegation to Officers from the Cabinet requires amendment to reflect the amalgamation of the Estates and Regeneration teams within Strategic Policy and Regeneration.

3. Alternative Options

- 3.1 No alternative options are presented.

4. Proposals

- 4.1 The present Scheme of Delegation to Officers from the Cabinet was agreed on 8 September 2010 and part of the delegations to the Head of Resource Management include reference to property matters which are detailed in the Appendix to this report.
- 4.2 Following the amalgamation of the Estates team with the Regeneration team within Strategic Policy and Regeneration it is necessary to amend the Scheme of Delegation to Officers to reflect this change.
- 4.3 It is proposed that Cabinet agree that the delegations contained in the Appendix to this report be delegated to the Head of Strategic Policy and Regeneration with immediate effect.

5. Strategic Plan References

- 5.1 The manner in which Council governs its business is an underpinning mechanism in the Council's Strategic Plan aims to lead our communities in delivering high quality accessible services.

6. Financial Considerations

- 6.1 None

7. Equality, Diversity and Human Rights Implications

7.1 No particular implications.

8. Publicity Considerations

8.1 Whatever changes may be agreed will need to be publicised by way of an amendment to the Constitution which is published on the Council's web site.

9. Consultation Implications

9.1 None.

10. Community Safety Implications

10.1 None

11. Health and Safety Implications

11.1 None

12. Risk Management Implications

12.1 None.

PROPERTY

1. To grant licenses, easements and way leaves and agree the sale of small areas of land and electricity sub-station sites.
2. To manage and let land or property held in advance of the Council's requirements and held for investment purposes.
3. To let and assign leases in respect of shops on Council housing estates.
4. To grant leases on the Council's industrial estates after consultation with the appropriate Cabinet Member.
5. To negotiate and agree rent reviews on the Council's leasehold properties.
6. Power to take action within the approved budget and approved policy objectives of the Council in relation to:
 - a) the promotion, management and maintenance of the Estates Team
 - b) the management and maintenance of the Council's assets.

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, 3 October 23012	Nick Chilvers	Pedestrian routes to the new bus station; handling of equipment donated to Abbots Activity Centre; firstsite	Verbal response at the meeting from Cllr Barton, Portfolio Holder for Renaissance; written responses from Cllr Feltham, Portfolio Holder Communities and Leisure on 11 October 2012 ,and Cllr T. Young, Portfolio Holder for Planning, Community Safety and Culture, on 12 October 2012.	12 October 2012
Council, 17 October 2012	Pam Schomberg, Dave Harris	Colchester in Bloom	Verbal response at the meeting by Cllr Turrell, Leader of the Council and Portfolio Holder for Strategy	17 October 2012
Council, 17 October 2012	Angel Kalyan	The Council's handling of correspondence from her and Council governance issues.	Response signed by all Group Leaders sent to Mrs Kalyan on 7 November 2012.	7 November 2012

(ii) Petitions

Date petition received	Lead Petitioner	Subject Matter	Form of Response	Date Completed
8 October 2012	Andy Abbott	The future of publicly owned sheltered housing	Petition to be debated at Council on 6 December 2012	-

