

# Cabinet

**Grand Jury Room, Town Hall  
30 November 2011 at 6.00pm**

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

# Information for Members of the Public

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# COLCHESTER BOROUGH COUNCIL CABINET

**30 November 2011 at 6:00pm**

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

## **AGENDA - Part A**

(open to the public including the media)

### **Pages**

#### **1. Welcome and Announcements**

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

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

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

#### **2. Urgent Items**

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

#### **3. Declarations of Interest**

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

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

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

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

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

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

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

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

#### **4. Have Your Say!**

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

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

#### **5. Minutes**

To confirm as a correct record the minutes of the meetings held on 7 September 2011 and 12 October 2011.

#### **6. Call-in Procedure**

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

#### **7. Strategy and Performance/Resources and Heritage**

##### **i. 2012/13 Revenue Budget and Financial Reserves**

**1 - 19**

See report by the Head of Resource Management

#### **8. Resources and Heritage**

<p><b>i. Firstsite</b></p> <p>To determine the Motion referred to Cabinet at Council meeting of 19 October 2011.</p>	<p><b>20</b></p>
<p><b>ii. Magistrates' Court Task and Finish Group: Final Report</b></p> <p>To consider recommendations in minute 12 of the Policy Review and Development Panel on 7 November 2011.</p>	<p><b>21 - 24</b></p>
<p><b>9. Economic Development and Sustainability</b></p>	
<p><b>i. Revision of the Local Development Scheme</b></p> <p>See report by the Head of Strategic Policy and Regeneration</p>	<p><b>25 - 29</b></p>
<p><b>10. General</b></p>	
<p><b>i. Appointment of Deputy Mayor 2012-13</b></p> <p>To consider any recommendations put forward to this meeting for recommendation to Council.</p>	
<p><b>ii. Progress of Responses to the Public</b></p> <p>To note the contents of the Progress Sheet.</p>	<p><b>30 - 32</b></p>
<p><b>11. Housing and Community Safety</b></p>	
<p><b>i. Completion of Decent Homes Programme and Future Investment in the Council's Housing</b></p> <p>See report by the Head of Strategic Policy and Regeneration</p>	<p><b>33 - 56</b></p>
<p><b>12. Exclusion of the Public</b></p> <p>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).</p>	



**COLCHESTER BOROUGH COUNCIL  
CABINET**

**30 November 2011 at 6:00pm**

**AGENDA - Part B**

(not open to the public or the media)

**Pages**

**13. Housing and Community Safety**

**i. Completion of Decent Homes Programme and Future Investment in the Council's Housing**

**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.**

Please note that this agenda item has been withdrawn as the Appendices to the Head of Strategic Policy and Regeneration's report previously published here are now available in part A of the Agenda.



## Cabinet

30 November 2011

Item  
**7(i)**

<b>Report of</b>	<b>Head of Resource Management</b>	<b>Author</b>	<b>Sean Plummer</b> ☎ 282347
<b>Title</b>	<b>2012/13 Revenue Budget and Financial Reserves</b>		
<b>Wards affected</b>	Not applicable		

**This report provides an update on the 2012/13 Revenue Budget and Financial Reserves**

### 1. Decisions Required

#### 1.1. Cabinet is requested to:

- i) Note the current 2012/13 revenue budget forecast which at this stage shows a broadly balanced budget position 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 £1.5m for 2012/13 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 2011/12 as set out at paragraph 12.9.
- v) Agree that in respect of second homes the Council Tax discount applied shall be retained at 10% as set out at paragraph 14.5.
- vi) Agree that in respect of long term empty properties the discount be retained at nil as set out at paragraph 14.5.

### 2. Reasons for Decisions

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

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

### 3. Alternative Options

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

### 4. Background



- 4.1. A timetable for the 2012/13 budget process (see Appendix A) was agreed at Cabinet on 13 July 2011.
- 4.2. An initial 2012/13 budget forecast was presented and agreed at the Cabinet meeting on 12 October 2011. This showed a budget gap of £742k.

**5. Local Government Finance Settlement and other Government Grants**

*Formula Grant*

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

*New Homes Bonus*

- 5.2. Alongside the announcement of formula grant we expect to receive confirmation of the New Homes Bonus. The 2012/13 grant will include three elements and based on current estimates we expect to receive c£1.5m in 2012/13:-

	£'000	Note
Grant re growth in Oct 09 – Oct 10	724	Payable annually until 2016/17
Grant re growth in Oct 10 – Oct 11 (estimate)	749	Payable annually until 2017/18
<i>Total Grant re growth in taxbase</i>	<i>1,473</i>	
Affordable homes bonus (estimate)	60	Payable annually until 2017/18
<i>Estimated total grant for 12/13</i>	<i>1,533</i>	

- 5.3. It has been highlighted in previous Cabinet reports that funding allocated by the Government for the New Homes Bonus is insufficient to meet the likely cost of the scheme, therefore the Government has stated that any shortfall will need to be met by the main 'formula grant' allocation. This issue has also been considered as part of the consultation on NNDR retention. 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. At this stage the budget position continues to show the confirmed grant of £724k and when the grant for 2012/13 is announced the budget forecast will be updated accordingly.
- 5.4. 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.

*Council Tax Freeze Grant*

- 5.5. On 3 October the Government announced that there would be a new grant to authorities that do not increase Council Tax in 2012/13. This grant is equivalent to an increase in Council Tax of 2.5% which we expect will result in income of c£269k. Details of this grant have not yet been announced including whether the grant is a one-off payment or whether it will be paid over more than one year. This will have an impact on the MTFF and will be reflected in the final budget report.
- 5.6. It should be noted that this is an additional grant and we expect to continue to receive the grant of £267k in respect of the decision to freeze the Council Tax in 2011/12. The Government has previously stated that this will be paid until 2014/15.

## 6. Summary of 2012/13 Budget Forecast

6.1 The revised 2012/3 revenue budget forecast shows a broadly balanced budget position.

	<b>2012/13 £'000</b>	<b>Note</b>
<b>Net Base Budget</b>	20,255	
Cost Pressures (incl. inflation)	1,536	Section 7
Growth	270	Section 8.
Savings	(1,747)	Section 9
Risk and variables - contingency	300	Section 11
<b>Forecast Base Budget</b>	<b>20,614</b>	
Government Grant – Formula Grant	(8,404)	See para 5.1
New Homes Bonus	(724)	See para 5.2 and 5.3
Council Tax Freeze Grant	(269)	See para 5.5.
Council Tax	(10,777)	Based on no increase and 0.9% increase in taxbase.
Use of Reserves	(467)	Ongoing use to fund community stadium, S106 and pensions increase
<b>Total Funding</b>	<b>(20,641)</b>	
<b>Budget surplus</b>	<b>(27)</b>	

6.2 Cabinet is asked to note the above 2012/13 revenue budget forecast and the assumptions set out in this report concerning cost pressures, growth items and risks.

## 7. Changes in 2012/13 Budget Forecast

### *Cost pressures*

7.1. There have been some changes to the proposed list of cost pressures previously reported. The total list is as follows:-

	Current allowance £'000	Updated allowance £'000	Comment
Inflationary pressure	240	240	Net inflation impact, including the assumption of a nil pay award for 2012/13. This includes an increase of £100k as a provision against increases in energy prices.
Incremental pension contributions	97	97	Additional cost arising from actuarial review which is being funded from reserve setup in 2011/12.
Minimum Revenue Provision	40	40	Increase in calculated figure based on statutory criteria and decisions taken in respect of borrowing.
Car Parking Income	400	400	It has been reported that there is an anticipated shortfall of car parking income in 2011/12. Further actions are being undertaken by the service in conjunction with other Council services and partner organisations to increase usage, particularly in those car parks that are under predicted capacity levels. It is considered prudent at this stage to include an allowance for reduced

	Current allowance £'000	Updated allowance £'000	Comment
			income.
Net interest earnings	300	300	Interest rates remain at historically low levels. More recently a number of projections for interest rates in the coming year point to the continuation at these very low levels for longer than previously expected. As such, it is considered prudent to revise the forecast for next year by £300k. It is likely that legislative changes as part of HRA self financing reforms will result in a further budget adjustment. This will be assessed as more detail is announced.
Repair & maintenance costs	150	150	The Council operates a Building Maintenance Programme in addition to other budgets for both planned preventive repairs and responsive repairs. A review is currently in progress to consider how these budgets are managed. It is likely that it will be necessary to allocate additional funds to ensure that the Council can maintain assets in a fit and proper state. An indicative allocation of £150k is therefore proposed.
Delivery of 11/12 budget savings	150	150	Finance and Audit Scrutiny Panel (FASP) recently reviewed the 2011/12 budget position. This included an assessment of the status of delivering all budget savings included in the 2011/12 budget (c£3.6m in total). At this stage it has been identified that some savings may not be delivered and therefore this will be a pressure for the 12/13 budget.
Insurance Premiums	60	60	The Council's insurance arrangements were recently put out to tender. The resulting costs are higher than current budgets.
Second Homes	50	25	Essex County Council (ECC) has given notice that it wishes to terminate the arrangement whereby ECC passes 60% of the additional income received in respect of second homes discount to Colchester. ECC had indicated that an alternative arrangement may be put in place based which would see the contribution reduce to 40%. However, an offer has now been made based on 50% which will reduce the cost pressure to £25k.
Magistrates court		36	Cessation of service charge from HMCS when magistrates move out of Town Hall magistrates courts and into new building in April 2012. Magistrates Courts will not be in use pending work to explore options for its future. However, costs will be incurred for background heating, security lighting and responsive repair & maintenance in the meantime.

	Current allowance £'000	Updated allowance £'000	Comment
Elections		38	Most years when there are Borough Council elections there are other elections (e.g. County, European etc) at the same time and therefore the full cost of the elections can be shared. In 2012/13 there are no other elections planned and therefore the full costs will be met by Colchester and there will be no opportunity to claim back any of these costs. £38k is the additional cost for 2012/13 only.
<b>Total</b>	<b>1,487</b>	<b>1,536</b>	

7.2. There are also other potential cost pressures that will be need to be considered in the final budget report. These include costs related to the Core Strategy and also the new Community Infrastructure Levy (CIL). It may be possible to consider these costs alongside the confirmed New Homes Bonus for 2012/13.

## 8. Growth Items

8.1. The previous budget update to Cabinet in October included an allowance in respect of the food waste scheme. The table below now also includes two further proposals.

	Current allowance £'000	Updated allowance £'000	Comment
Food Waste	200	200	The Council has agreed to allocate funding for a food waste trial to start in 2011/12 for a period of 12 months. The impact of the trial will be assessed and consideration given to the expansion of the scheme to the wider borough. The costs involved in any proposals and benefits will need to be fully considered in due course, however, it is considered appropriate to include a budget provision at this stage of £200k. The actual cost will depend on extent and timetable for any rollout and also any contribution from partners.
Tour Series		40	In previous years funding for the Tour Series event has been identified after the budget has been set. Given the intention to continue promoting this event in Colchester it is proposed that a budget allocation of £40k be allocated. Where possible sponsorship and other contributions will be sought to minimise the contribution by the Council.
Olympic Torch Relay		30	<b>One-off</b> cost to provide crowd management, waste and clean-up, project management and promotional support for the London 2012 Olympic Torch Relay.
<b>Total Growth Items</b>	<b>200</b>	<b>270</b>	

## 9 Savings/Increased Income

### *Further budget savings*

- 9.1. Budget saving proposals continue to be identified in line with the budget strategy. These include savings identified by service areas and as part of the Fundamental Service Review (FSR) process. The following table sets out the latest identified estimated savings. This shows an increase in savings resulting from a series of budget reviews across all services. At this stage the figures should be treated with caution. An initial exercise to assess the risk of delivering these savings has been carried out and final detailed proposals will be set out in the budget report to Cabinet in January.

	<b>Current assumption</b>	<b>Updated assumption</b>	
	<b>£'000</b>	<b>£'000</b>	<b>Comment</b>
One-off items	153	153	Adjustments for non recurring items.
Total Service Items	(629)	(1,474)	Includes savings already reported to Cabinet such as those in respect of the ICT contract and new proposals in respect of other efficiencies and income opportunities.
Fundamental Service Reviews	(426)	(426)	Based on further savings assumed in respect of the review of Street Services and Revenues and Benefits.
<b>Total</b>	<b>(902)</b>	<b>(1,747)</b>	

- 9.2. The significant 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. An allowance was provided in balances of £600k as part of the 2011/12 budget and at this stage and at this stage it is assumed that this will remain sufficient for 2012/13. This assumption will be reviewed as part of the final budget proposals.

## 10. Council Tax

- 10.1. The budget forecast for Council Tax income is now based on a freeze in the level of Council Tax. The assumed increase in the Council Tax base (the equivalent number of Band D properties used for tax setting) has been revised to 0.9% based on a recent update. The tax base will be calculated and agreed in December and any changes to this forecast will be assessed within the final budget report.
- 10.2. As set out earlier the Government has set out that a grant equivalent to 2.5% of Council Tax revenue will be provided to authorities who do not increase the Council Tax rate in 2012/13. This grant is currently estimated to be £269k.

## 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.

<b>Risk / Variable</b>	<b>Current Budget Assumption</b>	<b>Comment / Timing</b>
Grant Settlement	Cash reduction of 9% (£897k)	Announcement expected November / December
Other Government grants e.g.:- Benefit Admin grant Homelessness grant New Homes Bonus	Cash freeze Cash freeze Grant of £724k	Confirmation of grants expected soon with indications that the benefit grant will be cut by c£45k and that the New Homes Bonus will be significantly higher.
Confirmation of budget savings	As set out in report	Ongoing risk assessment and detailed consideration of proposed savings.
Fleet vehicle costs	No change on base budget figures	Procurement exercise to provide all the Council's vehicle requirements (including refuse) to be reported to Cabinet in January. It has been identified that there is potential budget pressure in respect of this item.
Completion of detailed budgets / Housing Revenue Account (HRA) recharges	Assumed all delivered as per budget allocation. No adverse impact on the charge to HRA.	Detailed budgets to be finalised and recharges calculated in December. There are a number of savings such as the new ICT contract where part of the saving will be passed to the HRA.
Confirmation of potential one off costs arising from budget proposals (incl. FSRs)	Agreed allocation from balances is estimated to remain sufficient to meet any costs.	Assessment of costs following confirmation of proposed budget savings.
Forecast balances position at 31 March 12	This note forecasts general balances of between circa £1.6m - £1.8m depending on 11/12 outturn	Continue monitoring of current year budget. Review position in December.
Links to capital programme	Budget proposals based on current programme.	Assess revenue impact of any proposed changes to capital programme.
Taxbase calculated	Assumed increase of 0.9%.	Taxbase determined in December

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. At this stage it is considered prudent to continue to include a contingency against these and any other risk areas of £300k.

11.3. In summary, there is a currently a broadly balanced budget position although there remain a number of risk areas. 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 2012/13 budget.

## **12. Revenue Balances**

- 12.1 The Local Government Act 2003 places a specific duty on the Chief Financial Officer (Head of Resource Management) 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 2012/13. The analysis concludes that the minimum revenue balances should be maintained for the time being at £1.5m. 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 such as the grant settlement, budget savings and other variables will have been more fully assessed.
- 12.5. The balances assessment has always considered the impact of interest rates changes and other economic factors on the Council's budget. In addition within the budget risks the issue of the Council's Icelandic investments has been recognised.
- 12.6. The Council invested a total of £4m in Icelandic banks in September 2008, which suffered a default following the collapse of the Icelandic banking system. The impairments recognised in the 2010/11 accounts reflected the revised guidance issued by CIPFA in May 2011, which assumed that UK local authorities would secure preferential creditor status.
- 12.7. The test case appeal hearings took place in the Supreme Court of Iceland on 14 and 15 September 2011. It was announced at the end of October that the Icelandic Supreme Court has found in favour of UK local authorities' priority creditor status being retained. We await confirmation from the bank's winding up board that it will apply the Supreme Court decision to the non-test cases, and their intended next steps. It should be noted that the Council has followed accounting guidance on how the investment has been shown in our accounts. As such it should be emphasised that funds repaid in respect of these investments are not 'new money' and have already been accounted for.
- 12.8. 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.
- 12.9. The report to FASP on 22 November 2011 sets out a number of forecast variances on the 2011/12 budget. In total, a forecast potential budget deficit of £262k is currently identified. A number of variables remain that could affect this position, both favourably and adversely. This position is under review with an aim to reduce any potential deficit.

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.

12.10. At this stage no proposals to use balances to support the 2012/13 budget are made. One-off costs may be necessary to deliver budget savings currently being assessed or to fund cost 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. As at 31 March 2011 earmarked reserves totalled £4.8m and provisions £0.4m.

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 Council Tax Discounts**

14.1 The Local Government Act 2003 gives local billing authorities the ability to vary the discounts on second and empty homes.

14.2 In respect of second homes the discount can be set within the range of 10%-50% (currently set at 10%). In respect of long term empty properties the discount can be set in the range of 0%-50% (currently set at nil%).

14.3 The financial implications for second homes are that the revenue will be shared between Colchester Borough Council (CBC), Essex County Council (ECC), Essex Police Authority (EPA) and Essex Fire Authority (EFA). The actual monies raised will depend on the tax rates set by each body. An agreement has operated for a number of years with ECC for 60% of additional income due to the reduction in discount on second homes to be returned to CBC. ECC has given the Council notice that this arrangement will end at the end 2011/12. A new proposal has been made to split the income 50:50 with Essex County Council. This change is set out within the cost pressures section of this report.

14.4 In the case of empty properties, there is no financial gain to CBC as any change will be offset by a reduction in government grant. Any additional costs of administration will fall on the Council as the billing authority. However, the ability for the Council to set the level of discount can be used as an incentive to bring properties into occupancy sooner. It is worth noting that where a property becomes empty and unfurnished there is exemption from charge for up to a maximum of 6 months.



- 14.5. It is recommended that from 1 April 2012 the Council Tax discount for second homes be retained at 10% and the discount for long term empty properties be retained at nil, both as set last year.
- 14.6. Cabinet should also note that the Government has recently issued a consultation paper which discusses options in relation to the council tax liabilities of second home owners, and of the owners of empty properties, in England, including proposals which would require primary legislation. Any changes arising from this are not expected before April 2013.

## **15. Strategic Plan References**

- 15.1. The Council has agreed three Corporate Objectives including the aim to “shift resources to deliver priorities”. The 2012/13 budget and the Medium Term Financial Forecast is underpinned by the Strategic Plan priorities and will seek to preserve and shift resources where needed to these priorities.
- 15.2. Proposals for the Strategic Plan for 2012 - 2015 will be reported to the Cabinet meeting alongside the 2012/13 budget proposals.

## **16. Consultation**

- 16.1 The budget strategy report to Cabinet in July has been considered by the Strategic Overview and Scrutiny Panel on 19 July 2011. This Panel will also review the budget again on 13 December.
- 16.2. The final budget report will be considered by Finance and Audit Scrutiny Panel on 24 January.
- 16.3. A joint consultation has been undertaken to invite views on budget priorities and priorities for the new Strategic Plan that will be published next year. This consisted of a survey asking residents to identify the area they felt were most and least important in two categories:
- a) As a direct commissioner and provider of services
  - b) In areas of influence where we do not have direct control but can talk to key partners to help shape the Borough
- 16.4. The survey was available on the Council's website and hard copies were put in key locations including the Customer Service Centre and Libraries across the Borough. It was also sent to key organisations including all Parish Councils. Coverage in the local media helped to inform people of the consultation.
- 16.5. The full outcomes of this consultation will be reported to Strategic Overview and Scrutiny Panel on 13 December alongside the draft Strategic Plan for 2012 – 2015.
- 16.6. The consultation is helping to shape the details of the Strategic Plan and this budget
- 16.7. Statutory consultation on the budget is due to take place with business ratepayers in December / January.

## **17. Financial implications**

- 17.1 As set out in the report.

## **18. Risk Management Implications**

- 18.1 The strategic risks of the authority are being considered in developing the 2012/13 budget and all forecast savings/new income options are being risk assessed as part of the budget process.

## **19. Other Standard References**

- 19.1 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 12 October 2011 – 2012/13 Revenue Budget Update

<b>2012/13 Budget Timetable</b>	
<b>Budget Strategy March 11 – July 2011</b>	
<b>March – June (SMT and Budget Group)</b>	Budget Group Meetings Agreed Update MTFF /Budget Strategy Review potential cost pressures, growth and risks Consider approach to budget Initial budget reviews started
<b>Cabinet – 13 July 11</b>	<ul style="list-style-type: none"> <li>• Report on updated budget strategy / MTFF</li> <li>• Timetable approved</li> </ul>
<b>SOSP – 19 July 11</b>	Review Cabinet report
<b>Budget Group / Leadership Team - June / July</b>	Consider review of capital programme Consider approach to consultation
<b>Detailed Budget preparation and Budget Setting Consultation</b>	
<b>Budget Group / Leadership Team regular sessions on progress / budget options now - December</b>	Review budget tasks (the 5 tracks) Consider outcomes of Fundamental Service Reviews
<b>Cabinet – 7 September 11</b>	<ul style="list-style-type: none"> <li>• Budget Update (moved to 12 October meeting)</li> </ul>
<b>Cabinet – 12 October 11</b>	<ul style="list-style-type: none"> <li>• Budget Update</li> <li>• Consultation</li> </ul>
<b>Cabinet – 30 November 11</b>	<ul style="list-style-type: none"> <li>• Budget update</li> <li>• Reserves and balances</li> <li>• Grant settlement</li> </ul>
<b>SOSP – 13 December 11</b>	Review Cabinet report / Budget Position (Strategic Review)
<b>FASP – 24 January 12</b>	Review consultation / Budget position (Detailed proposals)
<b>Cabinet – 25 January 12</b>	Revenue and Capital budgets recommended to Council
<b>Council – 22 February 12</b>	Budget agreed / capital programme agreed / Council Tax set

## REVIEW OF REVENUE BALANCES 2012/13

### 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:-

	<b>£'000</b>	
31 March 2007	2,708	(includes £902k to support 2007/08 budget)
31 March 2008	3,347	(includes £1,232k to support 2008/09 budget)
31 March 2009	2,891	(includes £1.17k to support 2009/10 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 (estimated)	1,839	Based on being 'on budget' in 10/11

A thorough review of the balances position was reported to Cabinet as part of the 2011/12 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 the minimum level of balances being maintained at £1.5 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: -

- 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 for next year. It should though be noted that the budget includes a cost pressure of £300k in respect of reduced investment income.
- 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.
- Two risk areas have been removed from the assessment: pensions and concessionary fares:-
  - The concern over the funding of the pension fund had been shown as a £50k "low risk". As the increased contributions from the 2010 valuation have been built into the budget and MTFF it is considered appropriate to remove this.
  - The Council is no longer responsible for concessionary fares and therefore this has been removed from the assessment

## 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 2012/13

## 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
	1,100	600	800

*Note: Areas removed from assessment: concessionary fares and pensions (both low risk)*

	Minimum Provision
High Risk – 100%	1,100
Medium Risk – 50%	300
Low Risk – 10%	80
<b>Sub Total</b>	<b>1,480</b>
Unforeseen factors,	20
<b>Recommended level</b>	<b>1,500</b>

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

**General Fund Balances  
Current Position**

	<b>£'000</b>
Balance as at 31 March 2011 (As per Statement of Accounts)	3,457
<b>Proposed use of balances during 2011/12:</b>	
• Financing carry forwards – Proposed carry forward of 10/11 budgets	292
• Funds released in previous years carried forward to 11/12 (note 1)	169
• Supporting the 11/12 Budget (Note 2)	600
• Further Changes in 2011/12 (Note 3)	557
<b>Projected Balances as at 31 March 2012</b>	<b>1,839</b>
Agreed minimum balance	1,500
<b>Potential Surplus Balances as at 31 March 2012</b>	<b>339</b>
<i>Potential net budget shortfall 2011/12 (Note 4)</i>	262
<i>Potential Revised surplus (Note 4)</i>	77

**Notes:**

1. This includes previous approved releases from balances which have not yet been spent and the previously approved transfer of £205k from the insurance provision
2. It was agreed to earmark up to £600k from balances to support one off-costs required to deliver budget savings.
3. Includes allocations agreed by Cabinet for Firstsite legal fees and also the unallocated balance of funding from the New Homes Bonus grant received in 11/12.
4. The latest budget outturn forecast for 2011/12 reported to Finance and Audit Scrutiny Panel shows a potential shortfall of £262k. This therefore shows the impact if this position did occur.

## Earmarked Reserves and Provisions

## A. Earmarked Reserves

Reserve	Amount 31/03/11 £'000	Estimate 31/03/12 £'000	Comment
Renewals and Repairs (including Building Maintenance Programme)	1,734	1,500	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	517	300	The budget proposals include an additional contribution of £150k towards these costs. 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	1,362	1,062	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	10	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	391	380	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 Mercury Theatre	5 234	0 250	Provision for the building's long term



<b>Reserve</b>	<b>Amount 31/03/11 £'000</b>	<b>Estimate 31/03/12 £'000</b>	<b>Comment</b>
Hollies Bequest	10	9	structural upkeep. Cabinet has agreed to use funds in this reserve to support roof repairs to the Mercury Theatre. This will be reflected in the final budget report. Provision for the upkeep of open space.
Section 106 monitoring	143	90	Required for future monitoring of Section 106 agreements. From 2010/11 onwards it has been agreed to use £70k from this reserve on an annual basis to support the budget.
Community Stadium - loan	35	0	This reserve was setup to match the loan provided to the stadium company. The loan is being repaid and it was agreed by the Portfolio Holder that this reserve was no longer required and it was agreed that it be used to support the funding of the car park refurbishment.
Revenue Grants unapplied	284	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.
Building Control	29	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.
	<b>4,817</b>	<b>3,791</b>	

**B. Provisions**

<b>Reserve</b>	<b>Amount 31/03/11 £'000</b>	<b>Estimate 31/03/12 £'000</b>	<b>Comment</b>
Insurance	384	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.
	<b>384</b>	<b>300</b>	

**Extract from the minutes of the Council meeting on 19 October 2011**

**35. Notice of Motion // Firstsite**

It was PROPOSED by Councillor Naish that:

“This Council calls upon Firstsite to formally notify the Council that it will neither request nor accept any further grant or other funding from the Council from April 2013; by this time the facility will have been running for over a year.

This Council believes that given the claimed success of Firstsite, its access to other major grants and to donors and its ability to generate income; it should not require funding from Colchester Borough Council.

The Council accepts that such a decision by Firstsite would enable modest additional support from our funds to the two excellent Colchester (as opposed to regional) centres at the Arts Centre and the Mercury Theatre, which are not eligible for such long-term large funding schemes as Firstsite benefits from.”

As the Motion related to an executive function, it was referred to Cabinet without discussion for consideration and determination.

**EXTRACT FROM THE MINUTES OF THE MEETING OF THE  
POLICY REVIEW AND DEVELOPMENT PANEL  
HELD ON 7 NOVEMBER 2011**

**12. Magistrates' Courts Task and Finish Group // Final Report**

The Panel considered a report by Executive Director, Ann Hedges (née Wain), concerning the work undertaken by the Magistrates Courts Task and Finish Group and presenting the recommendations of the Group to the Panel.

The Task and Finish Group had been established to investigate the future use of the space in the Town Hall building currently occupied by the Magistrates' Courts and it had been acknowledged in the Group's Terms of Reference that an overview of the use of the Town Hall would need to be taken as well as consideration as to the use of the Town Hall in terms of its role as a venue for Council meetings, Civic and Mayoral functions as well as the commercial marketing of the building.

Over a number of meetings the Group had identified and discounted a range of possible alternative uses and the broad principles of the following options had been considered at its final meeting:

- Do nothing;
- Look to dispose of parts of the building that are not currently used including the Magistrates' Courts;
- Consider looking at a larger area to dispose of, retaining the main meetings rooms and Mayoral suite only;
- Extend the Town Hall Business Plan in-house;
- Test expressions of interest to run the Town Hall on a commercial basis;
- Work with a Developer to look at options over a period of time;
- Sale of the whole building on a long lease;
- Sale of the building plus car park.

The Group had ruled out the first and last of these options during its work.

The Leader of the Council, Councillor Turrell attended and, with the approval of the Chairman, addressed the Panel. She was of the view that the members of the Task and Finish Group had undertaken a thorough investigation of the issues presented to them. She explained that the Cabinet intended to refer the recommendations from the Policy Review and Development Panel on this matter to the Council meeting to be held on 8 December 2011 with a view to the outcome of the Council debate being determined by the Cabinet at its meeting on 25 January 2012. She confirmed that any further detailed work associated with the potential options would only be commenced following the decision taken by the Cabinet in January 2012.

Councillor Willetts attended and, with the approval of the Chairman, addressed the Panel. His strong view was that the Town Hall was the principal focal point in the town for important civic events such as Armistice Day and Freedom of the Borough Parades and, as such, this role should not be diminished. He was aware that that there would be a cost associated with the annual maintenance of the Magistrates' Courts and that this cost needed to be accounted for but he was alarmed that other parts of the Town Hall had been included in the potential future options. He was of the view that the public accepted that there was a cost associated with any

municipal building and that there was a need for such a building to provide rooms for use by Councillors generally as well as the Cabinet and the political groups. He acknowledged that it was difficult to assess the value of 'heritage' but there was an opportunity for the Town Hall building to be used to a far greater extent to display historical artefacts owned by the Council and he was of the view that the Task and Finish Group should have undertaken more work in this regard as well as the consideration of a detailed cost benefit analysis and / or business case as well as legal advice relating to the potential lease of the building to other organisations. He was concerned that the work required more time to complete, particularly in respect of a detailed consultation exercise and that this was to the advantage of potential developers rather than the people of Colchester.

Councillor Frame, Chairman of the Magistrates' Courts Task and Finish Group, attended and, with the approval of the Chairman, addressed the Panel. He outlined the work undertaken by the Group in relation to the Scoping Document, the running costs of the buildings and the Town Hall Business Plan. The Group had sought advice about potential more profitable uses as well as from English Heritage. Councillor Frame confirmed that the Group had visited the Courts and cells areas and had considered both unused and underused spaces in the building, including the former Caretaker's flat, spaces next to the Moot Hall and Councillors' and political group rooms. Of the eight options which had emerged, the Group had quickly discounted those to do nothing and the sale of the building plus car park. The recommendations which had emerged took into account the need for further expert advice to be sought and also included an acknowledgement that conflicts of use existed between the commercial and council use of the building and this had led to the consideration of utilising other council owned space, such as Angel Court for meetings purposes. The Group had borne in mind the fact that public meetings had been undertaken in the past at alternative venues to the Town Hall although the need for robust audio facilities was of paramount importance for any meeting venue to be successful. The Group had been clear that the civic life of the Town Hall should be continued such that the Moot Hall would need to be reserved for certain civic functions along with the Mayor's Parlour. The Group had looked at what other local authorities were doing with their municipal buildings and had learnt that the Magistrates' Courts were not considered to be the best historic examples by English Heritage. He explained that potential educational use of the Magistrates' Courts area had been considered but would not be cost effective enough to pursue and it was unlikely that it would be possible to accommodate the Visitor Information Centre in the building due to the need to have a High Street presence and the accessibility constraints of the front of the building. Councillor Frame concluded by thanking the Panel for the opportunity to participate in the Task and Finish Group's work which he felt had been an interesting and challenging exercise.

Councillor Julie Young, in her capacity as a member of the Task and Finish Group, endorsed much of the information supplied by Councillor Frame. She agreed that the Group had been very thorough in its work and was of the view that the recommendations from the Group warranted support as they constituted the start of a process which the Council could ultimately choose to accept or reject. She was of the view that alternative venues for public meetings other than the Town Hall were workable considerations so long as all accessibility issues could be adequately addressed.

The Panel gave particular consideration to the following issues:-

- The need for certain valued elements of the Magistrates' Courts buildings such as the Coat of Arms, to be retained or returned;
- The Town Hall building was the result of a number of benefactors' generosity and should not be disposed of lightly or hastily as it was important to retain the building for use by the people of Colchester;

- The potential for the building to be used for heritage purposes, such as the display of artefacts should be investigated further;
- The need for further investigation of the potential to increase commercial use of the building in-house;
- The need for the potential use of the building to house the Visitor Information Centre to be investigated further;
- The potential for facilities such as Firstsite to be used for public meetings and for this possibility to be investigated further;

A number of members of the Panel were of the view that the Town Hall was an iconic building and, as such, should be retained as the venue for the principal meetings of the Council. They were also concerned regarding that part of the Task and Finish Group's recommendations relating to the management of the Town Hall building by an external company and were of the view that the management of the building should remain within the control of the Council. Following very thorough consideration the Panel were of the view that, in order to allow for a detailed debate at the next Council meeting, the conclusions of the Task and Finish Group should be referred to the Cabinet in full but in addition a further note of the Panel's view be also referred for consideration as follows:

*RECOMMENDED* to the Cabinet that –

- (A) To allow for a detailed debate at the next Council meeting, the conclusions of the Task and Finish Group be agreed in full as follows:
- (i) The external market is tested for expressions of interest to establish what could be possible within a range of conditions;
  - (ii) There are two distinct areas to be put out to the market:
    - (a) A range of spaces that are no longer used by the Council plus the space currently occupied by the Magistrates' Courts for possible long lease and redevelopment,
    - (b) The rest of the building for consideration to be managed by an external company to increase income;
  - (iii) The areas identified above at (ii)a and (ii)b could be bid for by separate companies or a single company and this would include bids from community groups;
  - (iv) Certain requirements, to address the following aspects, would be applicable in respect of (ii)b above:
    - (a) Reducing the Council's need for the building by moving internal day time meetings into space in Angel Court and looking at whether some public meetings could be moved out of the Town Hall, potentially using space in Angel Court to meet this requirement;
    - (b) Preserving the Council's right to use the Town Hall for a range of functions including, but not exclusively, Full Council meetings, Mayoral functions, Open Building Heritage Days, St George's Day, Oyster Feast, and Remembrance Sunday.
- (B) Further investigation be undertaken regarding the potential use of the Town Hall building to house the Visitor Information Centre and the potential for facilities such as Firstsite to be used for public meetings of the Council in the future;
- (C) (FOUR voted FOR, ONE voted AGAINST and TWO ABSTAINED) The Town Hall be retained as the venue for the principal meetings of the Council and the management of

the building remain within the control of the Council.



## Cabinet

Item  
**9(i)**

30 November 2011

<b>Report of</b>	<b>Head of Strategic Policy and Regeneration</b>	<b>Author</b>	<b>Karen Syrett 01206 506477</b>
<b>Title</b>	<b>Revision of the Local Development Scheme</b>		
<b>Wards affected</b>	<b>All</b>		

**This report concerns proposed revisions to the Local Development Scheme.**

### **1. Decision(s) Required**

- 1.1 Cabinet is asked to agree amendments to the current Local Development Scheme (LDS).
- 1.2 Cabinet are also requested to agree adoption of the document. Until the passage of the Localism Bill there remains a requirement to submit the LDS to the Secretary of State, but that office will no longer be commenting or suggesting revisions.

### **2. Reasons for Decision(s)**

- 2.1 The plan making process is regulated by The Town and Country Planning (Local Development) (England) Regulations 2004 (and amendment 2008) which govern production of development plan documents. The Regulations are supported by Planning Policy Statement 12 (PPS12) which sets out government policy on local development frameworks.
- 2.2 The Government has stressed the importance of keeping Local Development Schemes up to date. The LDS was last updated in January 2011, but since that time changes in agreed plans as well as programming and scheduling alterations have been agreed and emerging Government Policy has been published which need to be incorporated into the published LDS.
- 2.3 The Localism Bill sets out the removal of submission requirements on timetabling and monitoring but also states that local authorities will have to publish up to date information on what planning documents they are preparing.



### **3. Alternative Options**

- 3.1 The Council must maintain an up-to-date Local Development Scheme (LDS). Consideration can be given to the timetable for the production of the various documents.

### **4. Supporting Information**

- 4.1 The Local Development Scheme was first adopted in May 2005 and revised in 2006, 2007, 2008 and early in 2011. It sets out which documents will form part of the Local Development Framework and the timetable for their preparation and review. The scheme is reviewed annually by the Council as part of the annual monitoring report. The review will;
- Show how the programme is being implemented against the set milestones
  - Indicate where new matters should be included
  - Provide an updated programme rolled forward for the following 3 years.
- 4.2 Previous revisions were made to the LDS because of changes to the original timetable. The reasons for these changes included, revisions to the timetable of the East of the England Plan, emerging good practice, slippage in timetables, agreed changes in the Council's approach, and increased familiarity with the new planning system. The purpose of this report is to note further changes are now needed to the Local Development Scheme and how it is proposed to take things forward. Most of these changes are minor and are being reported to ensure the document remains up-to-date. For example, it is no longer a requirement of the Regulations to specify details in respect of Supplementary Planning Documents, but the Council has always done so to ensure transparency. It does however mean that we have the flexibility to prepare additional SPD if necessary without having to formally change the LDS. The revised LDS is attached in Appendix 1.
- 4.3 The Local Development Scheme sets out what documents we will prepare and when. These are shown diagrammatically in a project chart and details of each document included within the document itself. Below are the main proposed changes;
- Changing the Town Centre Area Action Plan to a Supplementary Planning Document since no major allocations or policy changes are proposed.
  - Changes to the timetable for the Community Infrastructure Levy
  - Proposed timetable for the preparation of the Tiptree Jam Factory Plan DPD
  - Proposed timetable for the preparation of Neighbourhood Plans for Boxted and Myland (subject to resources) and for a Recycling Supplementary Planning Document
  - Revised timetable for the preparation of the following Supplementary Planning Documents;

- North Colchester Development Brief,
- North Station Master Plan,
- Stanway Master Plan,
- Cycle Delivery Strategy, and
- Extending Your House.
- Changes to the text of the LDS to reflect the changes referred to above.

4.4 The Government have also published draft proposals to replace the LDF system with a Local Plan. It therefore seems appropriate to agree a timetable for the preparation of a Local Plan in lieu of a review of the Core Strategy and Site Allocations DPD if the proposals are confirmed.

## **5. Proposals**

5.1 It is proposed that Cabinet adopt the revisions to the Local Development Scheme.

## **6. Strategic Plan References**

6.1 The documents referred to in the Local Development Scheme will help achieve this strategic priorities of Homes for All, Job Creation and Congestion Busting.

## **7.0 Consultation**

7.1 Public consultation will take place in accordance with the regulations as each document is produced.

## **8. Publicity Considerations**

8.1 N/A.

## **9. Financial implications**

9.1 Costs for preparation of documents to be prepared in 2011/12 are provided for within existing budgets.

## **10. Equality, Diversity and Human Rights Implications**

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

## **11. Human Rights Implications**

11.1 Such implications are considered through the process of preparing DPDs/SPD.

**12. Community Safety Implications**

12.1 N/A.

**13. Health and Safety Implications**

13.1 None.

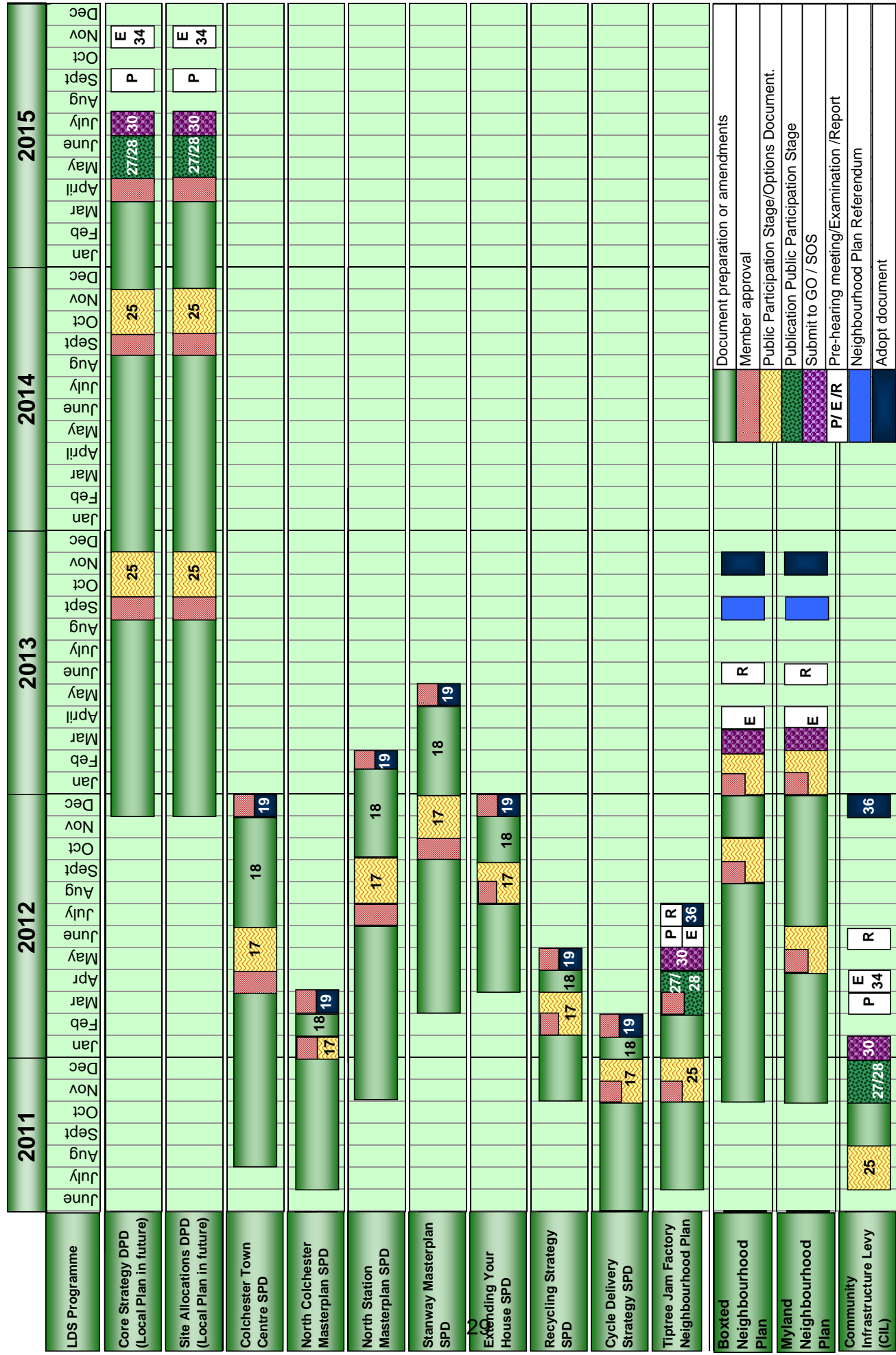
**14. Risk Management Implications**

14.1 The adoption of Development Plan Documents and supplementary planning documents will reduce the risk of inappropriate development and clarify advice to landowners, developers, officers, Councillors and members of the public.

**Background Papers**

Local Development Scheme 2011

Local Development Framework Project Chart 2011- 2015



**Town and Country Planning (Local Development) (England) Regulations 2004 (as amended in 2008 and 2009)**

- 17 - Public participation in the preparation of a DPD
- 18 - Consider representations on Draft SPD
- 19 - Adoption of SPD
- 25 - Public participation in the preparation of a statement of community involvement
- 26 - Publication of a development plan document
- 27 - Publication of a development plan document
- 28 - Representations relating to a development plan document
- 29 - Submission of documents and information to the Secretary of State
- 30 - Independent examination
- 31 - Inspector's Report and Adoption
- 32 - Representations relating to a development plan document
- 33 - Submission of documents and information to the Secretary of State
- 34 - Independent examination
- 35 - Inspector's Report and Adoption
- 36 - Adoption of SPD

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, 12 October 2011	Jane Clarke	Air pollution issues at Brook Street	Verbal response given by Portfolio Holder for Street and Waste Services at the meeting; follow up contact by officers from Environmental Control officers	12 October 2011
Cabinet, 12 October 2011	Angel Kalyan	Maladministration at the Council	Written response sent by the Leader of the Council and Portfolio Holder for Strategy and performance on 14 November 2011	14 November 2011
Cabinet 12 October 2011	Nick Chilvers	Development of the new bus station	Verbal response given by the Portfolio Holder for Renaissance at the meeting	12 October 2011
Cabinet, 12 October 2011	Linda Skinner, Mr Eustace, Rosemary Mayo, Roy Beardsworth, Linda Wonnacott, John Williamson, Rosemary Dalton	Sheltered Housing Review	Verbal response given by the Portfolio Holder for Housing and community Safety at the meeting; written response sent by the Portfolio Holder for Housing and Community Safety on 31 October 2011	31 October 2011

<p>Extraordinary Council meeting, 19 October 2011</p>	<p>Mt Lockyer, Alan Thomas, Nick Chilvers, Colleen Cain, Nicola Hopkins, Elaine Rogers, Carla Mason, Nicola Bailey, Raph Pigott, Andy Abbott, Tim Oxtton, Mary Blandon, Jon Avery</p>	<p>Abbots Activity Centre</p>	<p>Issues raised were addressed in the debate on the Motion at the Extraordinary Council meeting</p>	<p>19 October 2011</p>
<p>Council meeting, 19 October 2011</p>	<p>Andy Hamilton</p>	<p>Issues relating to firstsite, sale of 15 Queen St and the provision of mobility scooter service, freedom of Information request</p>	<p>Written responses sent by the Monitoring Officer and the Portfolio Holder for Resources and Heritage</p>	<p>8 November 2011</p>

**(ii) Petitions**

<b>Date petition received</b>	<b>Lead petitioner</b>	<b>Subject Matter</b>	<b>Form of Response</b>	<b>Date Completed</b>
9 September 2011	Tricia Holman	Drury Road Allotments	Written response sent by the Portfolio Holder for Communities and Diversity on 18 October 2011	18 October 2011
10 October 2011	Tony Saunders	Proposed changes to the taxi rank in the High Street	To be advised at the meeting on 30 November 2011	To be advised at the meeting on 30 November 2011
19 October 2011	Iris Thompson	Abbots Activity Centre	Petition debated at Extraordinary Council meeting on 19 October 2011	19 October 2011



## Cabinet

30 November 2011

Item  
**11(i)**

<b>Report of</b>	<b>Head of Strategic Policy and Regeneration</b>	<b>Author</b>	<b>Lindsay Barker John Rock</b> ☎ 282253 ☎ 282762
<b>Title</b>	<b>Completion of the decent homes programme and future investment in the Council's housing</b>		
<b>Wards affected</b>	All wards		

**This report informs the Cabinet that the decent homes programme has been completed and seeks agreement, in principle, to a strategy for a five year Housing Investment Programme to ensure that the Council's housing is well maintained.**

### 1. Decision(s) Required

- 1.1 To agree to confirm with the Tenant Services Authority that the Decent Homes programme of work on the Council's housing stock has been achieved in December 2011.
- 1.2 To agree in principle a proposed 5 year Housing Investment Programme (HIP) as the framework for procuring housing related planned works, improvements, responsive and void works and cyclical maintenance, subject to overall budget decisions in January 2012.
- 1.3 To agree to the proposed 5 year investment programme being linked to the Asset Management Strategy and reviewed annually in the light of available resources and for each annual allocation to continue to be brought to Cabinet for approval as part of the overall HIP report.

### 2. Reasons for Decision(s)

- 2.1 The housing stock represents Colchester Borough Council's highest value asset and its repair and maintenance its largest liability. The property owned is worth many millions of pounds, either as capital assets or as revenue generating assets and therefore planning for its sustainable future is important.
- 2.2 Officers have reviewed the stock data and established that the Decent Homes backlog of failures identified up until March 2012 can be met from the approved capital and revenue budgets for 2011/2012.
- 2.3 The Contractors employed have confirmed that the works contributing to this achievement can and will be completed in December 2011. It is at this point that the stock will have reached the Decent Homes standard as defined by the Government.
- 2.4 Officers have sought independent verification of this anticipated outcome from Ridge Consulting who were employed by the Council to establish the original Decent Homes



programme and later by CBH to assist with the development of the Asset Management Strategy adopted by the Council and CBH.

- 2.5 A copy of the Ridge Consulting Statement following their data review is shown as Appendix A to this report, however this may be summarised as follows.

*“In conclusion, we are comfortable that the Codeman system being used by Colchester Borough Homes is reporting a realistic compliance result for The Decent Homes Standard.”*

- 2.6 Cabinet agreed at its meeting on 1<sup>st</sup> December 2010 to accept the Housing Asset Management Strategy as the basis for long term planning, provision and sustainability of Colchester Borough Council’s housing assets.

### **3 Background**

- 3.1 Cabinet will recall that following cessation of the Inspace contract it was necessary to review the procurement approach. There was a need to procure works to protect the interests of the Council and our customers to enable the housing stock to be well maintained and brought up to the Governments Decent Homes Standard while providing Best Value.
- 3.2 The procurement strategy needed to be set against a clear method of delivery, reflecting the objectives of the Council by continuously improving the service, dealing with issues of customer service, satisfaction, quality of service and effective programming.
- 3.3 The Council agreed with the CLG (TSA) a revised date of December 2012 by which time the Housing portfolio properties would meet the Decent Homes standard as defined in the Governments Housing Policy Statement: Quality and Choice, a decent home for all dated 2000 and amended by the introduction of the Health and Housing Safety Rating System (HHSRS).
- 3.4 To achieve this, the Council undertook in 2009 with the aid of Ridge Consulting, a review of its property stock condition data and established a programme of works which took into account all of the properties then currently failing the standard or likely to fail the standard by December 2012.
- 3.5 The Council procured a range of contracts which are administered by Colchester Borough Homes (CBH) to deliver the anticipated works programme and by so doing established frameworks and templates for monitoring, recording and evaluating performance and future delivery needs.
- 3.6 Running parallel to the works programme, a survey programme has been undertaken to ensure the robustness of the data used to establish both the current and future works programmes and to ensure that scarce resources were used effectively and efficiently to enable the Council to achieve the Decency target.
- 3.7 Using additional intelligence and the results of the survey programme coupled with the information gained through the new delivery programmes has allowed a future delivery model to be produced. The data is held in an asset management planning database “Codeman” and the information gathered supports the database as a reliable planning tool.

- 3.8 In recognition of the need to define future trends and changes influencing the needs of the assets, a 30 year investment model was established to support the HRA business planning process. This was undertaken as part of the Council's response to the proposal from the Government to disband the current Housing Subsidy system and to introduce self financing from April 2012. It is the first five years of this programme which are being recommended as the framework for procuring housing related planned works, improvements, responsive and void works and cyclical maintenance. Details are provided at Appendix B to this report.
- 3.9 As has been stated earlier in the report, the Council has committed to ensuring that its housing stock meets the decent homes standard by December 2012.
- 3.10 As the programme has been implemented and as more intelligence has been bought to bear on aligning investment from the revenue and other housing capital streams on achieving this outcome, Officers are confident that this outcome can be achieved ahead of target.
- 3.11 At its meeting on the 12<sup>th</sup> October 2011 and following recommendations made by the Asset Management Group the Partnership Meeting agreed to;
- o Accept and confirm with the TSA that decency has been achieved in December 2011
  - o Agreed to report to Cabinet on 30<sup>th</sup> November 2011 on a proposed 5 year investment programme.

#### **4. Alternative Options**

- 4.1 Reject the verification and conclusion of our independent assessor and not confirm with the Tenant Services Authority (TSA) that decency has been achieved and continue to work to the original December 2012 deadline.
- 4.2 Reject the Strategy for a five year investment programme and choose not to work in the context of a long term delivery environment. This would make the allocation and prioritisation of resources increasingly difficult, detrimentally impact on our contractor's ability to engage in better long term supply chain arrangements, increase the likelihood following the decency programme of again holding backlog work requirements and effect our customers aspirations for their homes.

#### **5. Supporting Information**

- 5.1 This report is supported by:

Ridge data validation report for the Decent Homes Standard - Appendix A  
Draft Asset Management Strategy Cost Tables 2012 – 2017- Appendix B  
Tenant and Leaseholder consultation report -Appendix C  
Confidential summary report taken to Partnership on 12 October 2011 - Appendix D  
Confidential recommendation report from the Asset Management Group to Partnership - Appendix E

Appendices D and E contain exempt information and are included in part B of the Agenda.

- 5.2 It is important to note that the self financing proposals are still being consulted upon by the Government as part of the Localism Bill, and the Council do not anticipate receiving the finalised model from the Government until late November 2011.

- 5.3 The 30 year investment model developed as part of the asset management strategy shows a level of backlog investment in the first five years of the programme. However, it is important to differentiate between an investment need driven by asset management principals rather than the Decent Homes criteria.
- 5.4 As an example, almost all of the bathrooms in the housing stock appear in the backlog under the Investment plan simply as they are life expired. Whereas even though the same bathroom may also be life expired (old) and in poor condition and therefore fail the decent homes standard, because all of the other qualifying elements in the property i.e. Kitchen, heating etc are neither old nor in poor condition the property itself passes the Decency standard.
- 5.5 Under self financing the Council would be borrowing against the income stream from the rents secured against the housing asset. However, this borrowing is limited under the proposed scheme by both the ability of the revenue stream to support borrowing and also by a Government imposed cap on the borrowing. This has been introduced to limit the impact on the Public Sector Borrowing Requirement (PSBR)
- 5.6 Borrowing to refurbish sheltered schemes, undertake new build or fund other housing investment would also be captured by the cap on expenditure.
- 5.7 Therefore officers have been mindful that to allow maximum flexibility to the Council during the early years of the programme, borrowing to support the current housing stock should be at a minimum level sufficient to address the needs of the stock.
- 5.8 Officers have also been aware that borrowing earlier in the term has a larger impact on the overall sustainability of the HRA business plan. As rents rise following the rent restructuring model, then the rental stream increases thereby supporting borrowing in later years.

## **6. Proposals**

- 6.1 To agree to confirm with the Tenant Services Authority that the Council has achieved the decent homes standard for its housing in December 2011 one year ahead of programme and below the budget originally set, as detailed in the appendix report.
- 6.2 To agree in principle the proposed 5 year Housing Investment Programme (HIP) as the framework for procuring housing related planned works, improvements, responsive and void works and cyclical maintenance. This would be subject to the Council's usual budget setting process and set in the context of the requirements to meet the overall HRA expenditure requirements.
- 6.3 To agree to the proposed 5 year investment programme being reviewed annually in the light of available resources and for each annual allocation to continue to be brought to Cabinet for approval as part of the overall HIP report.

## **7. Strategic Plan References**

- 7.1 This decision is part of delivering against the Homes for All priority in the Council's Strategic Priorities 2009 – 12 by ensuring the decency and upkeep of the Council's housing stock. It is also a key action in the Housing Strategy adopted by Cabinet in 2008.

## **8. Consultation**

- 8.1 Both Colchester Borough Homes and the Council recognise that residents and prospective residents play a central role in future policy setting and the performance management framework.
- 8.2 The proposed 5 year investment programme described in the report has been established and has representation from both tenant and leaseholder groups.
- 8.3 Both parties continue to work hard to ensure that all residents are involved in how their homes are managed and the standard to which they are maintained, this includes choice in colours and type of kitchen units for example and will be extended to the bathroom programme as it is rolled out.

## **9. Publicity Considerations**

- 9.1 Good communication with tenants is vital and the Council working closely with CBH will need to issue information to its tenants to advise them of any new contract arrangements, how it will affect them with ongoing updates as the programmes are developed through the previously approved Asset Management Strategy.
- 9.2 The Partnership meeting agreed to arrange a joint communications venture/communications plan to announce that decency has been achieved as it is important that customers understand that this is not the end of work to their homes and investment programmes will continue.

## **10 Financial implications**

- 10.1 Overall the proposed 5 year investment programme will aid financial planning over the short, medium and long term by programming and aligning the needs of the Housing Asset with anticipated income.
- 10.2 The financial implications are contained within the supporting Appendix report. However, this should be treated as giving guidance only as the information will become further refined on an annual basis.

## **11. Equality, Diversity and Human Rights implications**

- 11.1 Through the Housing Procurement Strategy staff will ensure that all future procurement and purchasing documentation recognise, understand and support CBC and CBH policies with regard to equal opportunities, diversity and human rights.
- 11.2 Members will recall that during recent contract procurements, such as the Capital Improvement Programme, contractors were both evaluated and questioned at interview stage with regard to how they would deliver services to tenants from BME origins, with disabilities and other support needs. Contractors were aware of the need to tailor the service they provide to meet the individual needs of tenants.
- 11.3 A generic Equality Impact Assessment has been used for Decency and the 5 Yr Investment Programme and is available to view on the Colchester Borough Council website by following this pathway from the homepage - [www.colchester.gov.uk](http://www.colchester.gov.uk) > Council and Democracy > Policies, Strategies and Performance > Equality and Diversity > Equality Impact Assessments > Strategic Policy and Regeneration > Sheltered Housing Review.

## **12. Community Safety Implications**

12.1 There are none directly arising from this report.

## **13. Health and Safety Implications**

13.1 Through the role of Contract Administrator, CBH will be responsible for ensuring Health and Safety requirements are fully complied with as current and future programmes progress.

## **14. Risk Management Implications**

14.1 The Housing Procurement Options conducted back in March 2009 was commissioned as the first stage of ensuring that the procurement risk would be assessed in advance, reviewed and mitigated wherever possible.

14.2 The Strategy will aim to shift the delivery of work from a responsive nature into planned programmes. This supports good practice guidance as it mitigates against high responsive repair cost by addressing these through planned replacement.

14.3 The previously approved Asset Management Strategy contains the Housing Procurement Strategy but in an overall sense is designed on the basis that the asset is reviewed against its long term viability and that funding and investment decisions are as far as possible made to be risk averse.

14.4 Customers expectations about future improvements works will need to be carefully managed and through the proposed joint communications plan proposed by the Partnership Group this should be addressed

## **Appendices**

Appendix A Ridge data validation report for the Decent Homes Standard

Appendix B Draft Asset Management Strategy Cost Tables 2012 – 2017

Appendix C Tenant and Leaseholder consultation report

Appendix D Confidential summary report taken to Partnership on 12 October 2011

Appendix E Confidential recommendation report from the Asset Management Group to Partnership

## Property and Construction Consultants

Please ask for: Ian Taylor

Reference: 111007

16 September 2011

Matt Armstrong  
Colchester Borough Homes  
123 Gosbecks Road  
COLCHESTER  
CO2 9JT

Dear Matt

### Colchester Borough Homes - Data Validation 2011 for The Decent Homes Standard

In July 2011, Colchester Borough Homes (CBH) instructed Ridge to undertake a review of their Codeman Asset Management Database to check functionality and reporting accuracy related to Decent Homes Standard (DHS) Compliance.

In order to carry out our validation CBH extracted the following base data from the Codeman database:

- Address list;
- General Attributes including tenant refusal records;
- Individual component data;
- Housing Health and Safety Rating System (HHSRS) data; and
- Component Schedule of Rates with life cycles

We mapped the Decent Homes related data into a suitable format and uploaded this into our own well proven Asset Management Database for validation.

The results were reported back to CBH with an accompanying spreadsheet highlighting some ambiguities in data, such as a dwelling being recorded as having 'full' central heating but also needing a central heating improvement to 'install a full wet heating system'.

CBH subsequently carried out a data cleansing exercise on the limited number of properties where the Ridge model was reporting a failure but the CBH Codeman database was not (the Ridge model adopts a worse case interpretation of DHS compliance). At the same time more routine data updates were taking place for completed programmes of work and the removal of HHSRS risks. We were therefore provided with a new data set in early September 2011 and it was immediately clear that previous ambiguities had been removed.

This new data was mapped and uploaded into our DHS model; further checks were made at this stage on the properties that both systems failed. In many cases very recent works had been completed that changed the status of the property to 'Pass' when the component data was changed in the two

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Theale  
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Fax: 01993 815001  
[www.ridge.co.uk](http://www.ridge.co.uk)

systems. In a few other cases 'cloned' data needed to be overwritten with 'real' data obtained from the responsive repairs system and other historic records.

We were also provided with details of tenant refusals, in accordance with the DHS guidance these works can be postponed until the property becomes vacant.

Whilst there were some property details in the initial data set that were difficult to map to our database, this was not the case with the second data set, ambiguities have been removed and multiple (but different) answers to some questions removed.

An Asset Management Database such as Codeman represents a snapshot in time; whilst the ambiguities discovered have been relatively minor we would recommend that CBH continue to:

- Replace 'cloned' data with actual data obtained from their survey programme;
- Ensure regular training for those carrying out stock condition surveys;
- Ensure survey forms and guidance notes are regularly reviewed;
- Carry out a random sample of on-site validation surveys to ensure accuracy;
- Regularly carry out logic checks on the data set. CBH are reminded that we have only validated those components related to DHS;
- Ensure shell, block and flat data is held correctly;
- Ensure protocols for updating recent works from completed programmes or responsive repairs are followed; and
- Periodically undertake independent validation exercises on the Codeman results and reports

In conclusion, we are comfortable that the Codeman system being used by Colchester Borough Homes is reporting a realistic compliance result for The Decent Homes Standard.

Yours sincerely



**Ian Taylor**  
**Associate**  
**For Ridge and Partners LLP**

## Appendix B

### Draft Asset Management Strategy Cost Tables 2012 - 2017

(Without Contractor appreciation)

#### Capital Programme 2012 - 2017

Work Programme	2012 '000,000s	2013 '000,000s	2014 '000,000s	2015 '000,000s	2016 '000,000s	5 Year Total
Capital Voids	0.7	0.7	0.7	0.7	0.7	
Emergency Capital	0.2	0.2	0.1	0.1	0.1	
Roof - Flat	0.1	0.3	0.1	0.5	0.1	
Roof - Pitched	0	0	0.1	0	0	
Structural	0.25	0.25	0.25	0.25	0.25	
Windows & Doors	0.3	0.5	0.5	0.6	0.6	
Kitchens	0.5	0.5	0.5	0.5	0.5	
Heating	0.7	0.7	0.7	0.7	0.8	
Re-wires	0.4	0.4	0.5	0.5	0.25	
Asbestos, Legionella and Fire Safety	0.6	0.6	0.6	0.6	0.6	
External Replacements	0.7	0.7	1	1	1	
Bathrooms	0.9	1	1	1	1.1	
Door Entry Systems	0.1	0.1	0.1	0.2	0.3	
Estate and Boundaries	0.1	0.1	0.3	0.3	0.5	
Communal screens & Lighting	0	0	0	0.3	0.3	
Contingency	0.1	0.1	0.1	0.1	0.1	
<b>TOTAL</b>	<b>5.65</b>	<b>6.15</b>	<b>6.55</b>	<b>7.35</b>	<b>7.2</b>	<b>32.9</b>

Aids & Adaptations	0.5	0.5	0.5	0.5	0.5	<b>2.5</b>
Capital Overhead	0.9	1.1	1.1	1.1	1.1	<b>5.3</b>

#### Sheltered Review

Refurbishment, lifts & Lighting	1.55	1.25	1.1	1.3	1.55	<b>6.75</b>
Heating	0.25	0.25	0.1	0.2	0.25	<b>1.05</b>

#### Garage Review

Demolition and Rebuild	TBA - Strategy to be agreed					
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#### Revenue Programme 2012 - 2017

Repairs	2	2	2	2	2	
Revenue Voids	1.1	1.1	1.1	1.1	1.1	
Gas Servicing	0.6	0.6	0.6	0.6	0.6	
Servicing Contracts	0.2	0.2	0.2	0.2	0.2	
External Painting	0.4	0.3	0.2	0.2	0.2	
Customer Services Overhead	0.14	0.14	0.14	0.14	0.14	
<b>Total</b>	<b>4.44</b>	<b>4.34</b>	<b>4.24</b>	<b>4.24</b>	<b>4.24</b>	<b>21.5</b>

Revenue Overheads	0.7	0.7	0.7	0.7	0.7	<b>3.5</b>
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<b>Total Capital &amp; Revenue Budget</b>	<b>13.04</b>	<b>13.34</b>	<b>13.49</b>	<b>14.49</b>	<b>14.59</b>	<b>68.95</b>
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## Draft Asset Management Strategy Cost Tables 2012 - 2017 (With Contractor Appreciation)

### Capital Programme 2012 - 2017

Work Programme	2012 '000,000s	2013 '000,000s	2014 '000,000s	2015 '000,000s	2016 '000,000s	5 Year Total
Capital Voids	0.7	0.7	0.7	0.7	0.7	
Emergency Capital	0.2	0.2	0.1	0.1	0.1	
Roof - Flat	0.1	0.3	0.1	0.5	0.1	
Roof - Pitched	0	0	0.1	0	0	
Structural	0.25	0.25	0.25	0.25	0.25	
Windows & Doors	0.3	0.5	0.5	0.6	0.6	
Kitchens	0.5	0.5	0.5	0.5	0.5	
Heating	0.7	0.7	0.7	0.7	0.8	
Re-wires	0.4	0.4	0.5	0.5	0.25	
Asbestos, Legionella and Fire Safety	0.2	0.2	0.6	0.6	1.4	
External Replacements	0.3	0.3	1	1	1.8	
Bathrooms	1.7	1.8	1	0.5	0	
Door Entry Systems	0.1	0.1	0.1	0.2	0.3	
Estate and Boundaries	0.1	0.1	0.3	0.3	0.5	
Communal screens & Lighting	0	0	0	0.3	0.3	
Contingency	0.1	0.1	0.1	0.1	0.1	
<b>TOTAL</b>	<b>5.65</b>	<b>6.15</b>	<b>6.55</b>	<b>6.85</b>	<b>7.7</b>	<b>32.9</b>
Contractor Total (Shaded)	4.3	4.6	3.9	3.5	2.85	
Budget available per contractor (/2)	2.15	2.3	1.95	1.75	1.425	

Aids & Adaptations	0.5	0.5	0.5	0.5	0.5	<b>2.5</b>
Capital Overhead	0.9	1.1	1.1	1.1	1.1	<b>5.3</b>

### Sheltered Review

Refurbishment, lifts & Lighting	1.55	1.25	1.1	1.3	1.55	<b>6.75</b>
Heating	0.25	0.25	0.1	0.2	0.25	<b>1.05</b>

### Garage Review

Refurbishment, Demolition and Rebuild	TBA - Strategy to be agreed					
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### Revenue Programme 2012 - 2017

Repairs	2	2	2	2	2	
Revenue Voids	1.1	1.1	1.1	1.1	1.1	
Gas Servicing	0.6	0.6	0.6	0.6	0.6	
Servicing Contracts	0.2	0.2	0.2	0.2	0.2	
External Painting	0.6	0.5	0.3	0.2	0.2	
Customer Services Overhead	0.14	0.14	0.14	0.14	0.14	
<b>Total</b>	<b>4.64</b>	<b>4.54</b>	<b>4.34</b>	<b>4.24</b>	<b>4.24</b>	<b>22</b>

Revenue Overheads	0.7	0.7	0.7	0.7	0.7	<b>3.5</b>
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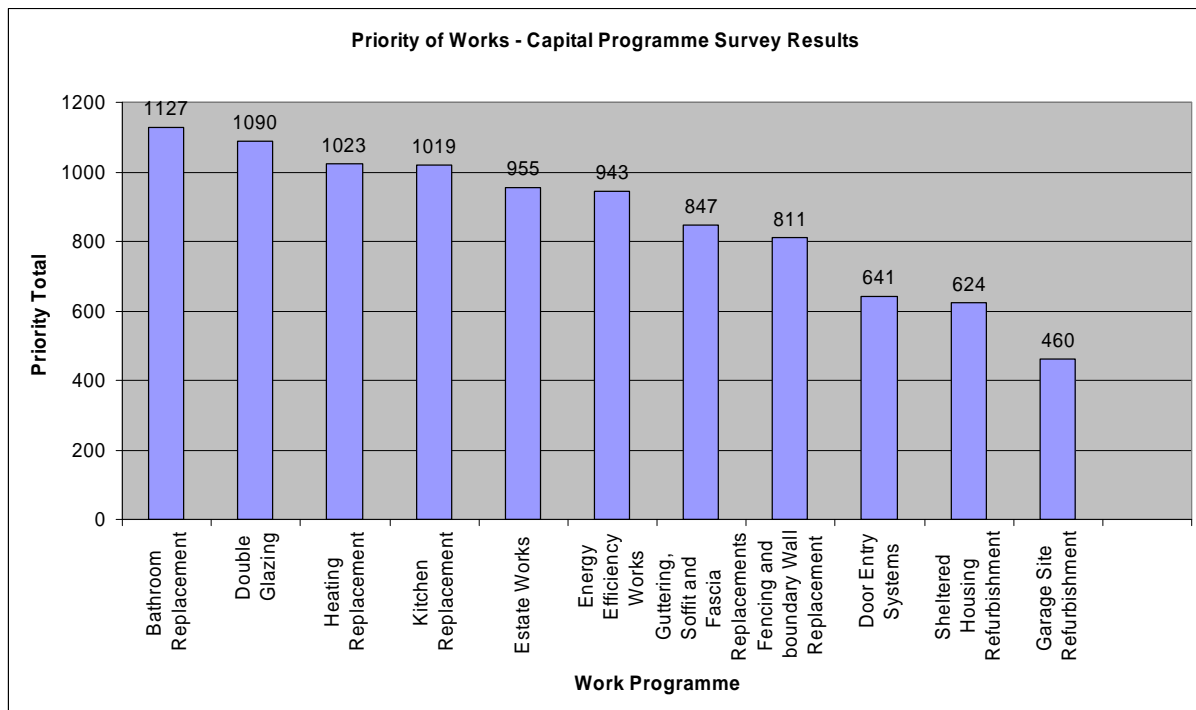
<b>Total Capital &amp; Revenue Budget</b>	<b>13.49</b>	<b>13.79</b>	<b>13.69</b>	<b>14.19</b>	<b>15.34</b>	<b>70.5</b>
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**Tenant and Leaseholder Consultation**

A consultation was carried out to gain the priority rating of work programmes from the residents perspective. The questionnaire shown overleaf was presented at the Tenants and Leaseholders conference held in August 2011 and sent to the CBH E-Panel in September 2011. A total of 178 questionnaires were returned from 255 and the results are shown in the graph below.

Work Programmes were established by CBC and CBH and a comments box allowed residents to express other works they felt needed to be addressed. The only comment was for roads to be resurfaced which falls outside of CBC’s responsibility (except those un-adopted roads which are maintained).

Residents were asked to place each work programme in priority order and points were awarded appropriately. A work programme with a priority 1 rating was given 12 points, priority 2 was given 11 points and so on.



Data Source: CBH Tenant and Leaseholder Conference held 18 August 2011 (45 returns)  
 CBH E - Panel received 12th September 2011 (133 returns from 246)

# Priority Questionnaire

## How to fill in this survey

- Please tick the ward you live in
- Then number the work programmes in priority order
  - 1 being the most important to you
  - 11 being the least important
  - Only list a number once
  - Include any programmes you feel are important but aren't listed
- **Where do you live?**
- **Please list, in priority order, what work you feel should be completed first?**

# Capital Improvement Programme 2012 – 2017

## Priority Questionnaire

- **Please tick the Ward you live in:**

- |   |                                    |                                     |  |
|---|------------------------------------|-------------------------------------|--|
| <input type="checkbox"/> Birch            | <input type="checkbox"/> Fordham   | <input type="checkbox"/> Prettygate | <input type="checkbox"/> Tiptree       |
| <input type="checkbox"/> Berechurch       | <input type="checkbox"/> Great Tey | <input type="checkbox"/> Pyefleet   | <input type="checkbox"/> West Bergholt |
| <input type="checkbox"/> Castle           | <input type="checkbox"/> Harbour   | <input type="checkbox"/> Shrub End  | <input type="checkbox"/> Wivenhoe      |
| <input type="checkbox"/> Christchurch     | <input type="checkbox"/> Lexden    | <input type="checkbox"/> St Annes   | <input type="checkbox"/> West Mersea   |
| <input type="checkbox"/> Copford          | <input type="checkbox"/> Mile End  | <input type="checkbox"/> St Andrews |  |
| <input type="checkbox"/> Dedham & Langham | <input type="checkbox"/> Marks Tey | <input type="checkbox"/> St Johns   |  |
| <input type="checkbox"/> East Donyland    | <input type="checkbox"/> New Town  | <input type="checkbox"/> Stanway    |  |

- **Please list, in priority order, what work you feel should be completed first?**

- |  |  |
|--|--|
| <input type="checkbox"/> Bathroom Replacement                      | <input type="checkbox"/> Fencing and Boundary Wall Replacement   |
| <input type="checkbox"/> Kitchen Replacement                       | <input type="checkbox"/> Estate works such as pathways, brick walls, car parks and play areas  |
| <input type="checkbox"/> Heating Replacement                       | <input type="checkbox"/> Energy efficient works such as LED Lighting, extra insulation, voltage optimisers, heating upgrades from oil/electric/solid fuel to gas/Air Source Heat Pumps |
| <input type="checkbox"/> Double Glazing                            | <input type="checkbox"/> Door Entry Systems in blocks of flats   |
| <input type="checkbox"/> Guttering, Soffit and Fascias Replacement |  |
| <input type="checkbox"/> Garage Site Refurbishment                 |  |
| <input type="checkbox"/> Sheltered Housing Refurbishment           |  |

Other Programmes:

**Achieving Statistical Decency and Establishment of a 5 year Capital Investment Programme**

Author: CBH  
Sponsor: CBC  
Date: 16<sup>th</sup> September 2011

**Summary**

The purpose of this report is to:

- Provide the Asset Management Group with the latest information regarding the ongoing capital Investment programme and achieving the Decent Homes target.
- Make recommendations to the Asset Management Group regarding the Decent Homes Programme and the establishment of a 5 year Capital Investment Programme in the light of the impact of the Governments self financing proposals for the Housing Revenue account (HRA).

**Recommendations**

That the Asset Management Group:

- Note that the likely outcome of the 2011/2012 capital investment programme will be that the Decent Homes backlog will be cleared by December 2011.
- Note the findings of the independent verification of the achievement of this outcome by Ridge consulting shown at Appendix A
- Give their views as to the Council declaring to the Government Office that the Housing stock has met the decent homes standard in December 2011. Such declaration being subject to confirmation that the anticipated works programme has been completed.
- Agrees the proposed 5 year Housing Capital Investment programme shown at appendix B
- Agrees that all Decent Homes Failures from March 2012 will be addressed through the 5 year Capital Investment programme.
- Agrees to the principal that the Decent Homes standard will be maintained by the end of the 5 year programme
- Note the consultation with Residents undertaken in the establishment of the proposed programme shown at appendix C

- Approves the principals of “ramping up” expenditure as set out in the proposed programme shown at appendix B for the reasons set out in detail in the report.
- Notes that the programme makes reasonable assumptions regarding likely resources to be made available to fund the programme under the HRA self financing proposals
- Notes that reasonable assumptions have been made regarding the outcomes from the Sheltered Housing Review and that any substantial variation from these assumptions will impact on the proposed programme.
- Agrees that the any approved programme be submitted to the Partnership Group and then forward into the formal Governance and Decision making mechanisms of the Council and the ALMO. With the desired outcome being that a 5 year housing capital investment programme for the years April 2012 to March 2017 is approved by the Council in January 2012.

### **Background**

The Council agreed with the CLG a revised date of December 2012 by which time the Housing portfolio properties would meet the Decent Homes standard as defined in the Governments Housing Policy Statement: Quality and Choice, a decent home for all dated 2000 and amended by the introduction of the Health and Housing Safety Rating System (HHSRS).

To achieve this the Council undertook in 2009, with the aid of Ridge Consulting, a review of its property stock condition data and established a programme of works which took into account all of the properties then currently failing the standard or likely to fail the standard by December 2012.

This “predicted” failure programme was then to be subjected to further survey work and a works programme implemented to address these failures.

The budget for the programme was based upon the need to achieve the desired decency outcome balanced against the available resources. To this end an overall budget was set at £12.3 million driven by the annual Major Repairs Allowance figure.

The Council procured a range of contracts administered by Colchester Borough Homes (CBH) to deliver the anticipated works programme.

The programme commenced slowly during late 2009 and accelerated post April 2010 as the Contractors became established.

Running parallel to the works programme a survey programme has been undertaken to ensure the robustness of the data used to establish both the

current and future works programmes and to ensure that scarce resources were used effectively and efficiently to enable the Council to achieve the Decent Homes Objective. Additional intelligence was gathered throughout the development of the Asset Management Strategy approved by CBC and CBH during 2010.

In particular a 30 year investment model was established to support the HRA business planning process undertaken as part of the development of the Councils response to the proposal from the Government to disband the current Housing Subsidy system and to introduce self financing from April 2012.

It is not the intention of this report to set out the self financing proposals but merely to provide assurances to the Asset Management Group that the Council has undertaken a thorough review of the Government's proposals and are satisfied that all of the costs identified in the 30 year Investment plan approved as part of the Housing Asset Management Strategy can be sustained as the self financing proposals currently stand.

It is important to note that the self financing proposals are still being consulted upon by the Government as part of the Localism Bill, and the Council do not anticipate receiving the finalised model from the Government until late November 2011.

The 30 year investment model developed as part of the asset management strategy shows a level of backlog investment in the first five years of the programme. However, it is important to differentiate between an investment need driven by asset management principals rather than the Decent Homes criteria.

As an example, almost all of the bathrooms in the housing stock appear in the backlog under the Investment plan simply as they are life expired. Whereas even though the same bathroom may also be life expired (old) and in poor condition and therefore fail the decent homes standard, because all of the other qualifying elements in the property i.e. Kitchen, heating etc are neither old nor in poor condition the property itself passes the Decency standard.

Under self financing the Council would be borrowing against the income stream from the rents secured against the housing asset. However, this borrowing is limited under the proposed scheme by both the ability of the revenue stream to support borrowing and also by a Government imposed cap on the borrowing. This has been introduced to limit the impact on the Public Sector Borrowing Requirement (PSBR)

Borrowing to refurbish sheltered schemes, undertake new build or fund other housing investment would also be captured by the cap on expenditure.

Therefore officers have been mindful that to allow maximum flexibility to the Council during the early years of the programme, borrowing to support the

current housing stock should be at a minimum level sufficient to address the needs of the stock.

Officers have also been aware that borrowing earlier in the term has a larger impact on the overall sustainability of the HRA business plan. As rents rise following the rent restructuring model, then the rental stream increases thereby supporting borrowing in later years.

### **The Decent Homes Programme December 2009 – December 2012**

As has been stated earlier in the report, the Council has committed to ensuring that its housing stock meets the decent homes standard by December 2012.

As the programme has been implemented and as more intelligence has been bought to bear on aligning investment from the revenue and other housing capital streams on achieving this outcome, Officers are confident that this outcome can be achieved both ahead of target and significantly below budget.

The ongoing survey programme has enabled investment to be targeted more effectively while efficient procurement and contract management has resulted in a lower unit cost than originally anticipated.

Officers have reviewed the stock data and established that the Decent Homes backlog of failures identified up until March 2012 can be met from the approved capital and revenue budgets for 2011/2012.

The Contractors employed have confirmed that the works contributing to this achievement can and will be completed by December 2011. It is at this point that the stock will have reached the Decent Homes standard as defined by the Government.

Officers have sought independent verification of this anticipated outcome from Ridge Consulting who were employed by the Council to establish the original decent homes programme and later by CBH to assist with the development of the Asset Management Strategy adopted by the Council and CBH.

A copy of the Ridge Consulting Statement following their data review is shown at appendix A, however this may be summarised as follows.

*“In conclusion, we are comfortable that the Codeman system being used by Colchester Borough Homes is reporting a realistic compliance result for The Decent Homes Standard.”*

In order to compare the original £12.3 million investment requirement with the outcome cost it is necessary to take into account the costs associated with addressing those properties that would fail the decent homes standard between March 2012 and December 2012 in addition to the approved expenditure levels for 2011/2012.



Officers have projected the total costs of addressing all decency failures predicted to Dec 2012 as being as follows

Overall Budget Dec 2009 – Dec 2012	<b>£12,300,000</b> (inc fees)
Expenditure Dec 2009 – March 2012	<b>£7,705,570</b> Decency backlog addressed *
Failures April 2012 – Dec 2012	<b>£ 1,553,258</b> (inc fee projection)
Total spend for comparison purposes	<b>£9,258,828</b>
Not spent against budget	<b>£3,041,172</b>

\* Work has been refused at a value of £706,600 which should also be taken into account as this is a cost that would have been allowed for in the original budget. This work is outstanding and will be carried out when tenancies change.

The unspent monies are in effect avoidance of future costs. The programme has been delivered in accordance with the approved profile of spend. This has resulted in achieving the outcome earlier than planned due to the reasons set out in the report.

It is important to note that while self financing would enable the Council to ensure that the focus of investment should be aligned to best asset management principals, the Government will require that the Decent Homes standard should be maintained insofar as is practicable.

Therefore with the introduction of self financing as proposed from April 2012 the expenditure necessary to achieve the decent homes standard would be included in the overall investment need for the stock.

### **Capital Investment Programme April 2012 – March 2017**

As a result of the Government's proposals to disband the existing HRA subsidy regime and to introduce self financing from the 1<sup>st</sup> April 2012 Officers have prepared a 5 year investment model aligned to meet the asset management needs identified in the asset management strategy.

Running concurrent with this process the Council is reviewing its approach to housing older people and its HRA Sheltered Housing Portfolio.

It is important to note that many of the costs associated with the maintenance and improvement of the Sheltered Schemes are included in the 30 year investment cost model. However, these costs were planned based upon the current use of the asset and would not necessarily be timed appropriately to meet the requirements of the strategy being developed as part of the sheltered review.

Officers have therefore extracted the sheltered costs from the overall investment needs and shown these separately in the proposed 5 year capital investment programme.

The figures shown in all of the attachments are programmed costs and are exclusive of inflation.

One key driver of the Asset Management Strategy is to ensure that the maximum benefit is drawn from Capital Investment to minimise Revenue costs. Therefore the 5 year programme shown at appendix B includes the projected revenue costs for the period of the programme. However it is important to note that revenue decisions will be driven by demand lead services such as repairs and work to turn around void properties and as such a prudent HRA revenue reserve should be maintained outside of the 5 year investment plan.

As set out above the Council has entered into contractual arrangements to deliver the principal work associated with the decent homes programme. In the main these are elemental replacements and do not include some of the works that will need to be undertaken over the next 5 years.

As a result Officers have been mindful that it will be necessary to meet wherever practicable contractual commitments of turnover to existing contractors to ensure that the attractive rates achieved to date by the procurement programme are not compromised. (The advertised level of works established was £1.75 million pa for each of the incumbent “decent homes” contractors)

Taking into account all of the above Officers have developed the draft 5 year investment programme commencing 1<sup>st</sup> April 2012 shown at appendix B. The first table shows the investment need direct from Codeman, the Councils Asset Management database. The second table (with contractor appreciation) takes into account the existing contract values and re-aligns the work programmes to reflect this.

The proposed 5 year programme shows a limited increase in expenditure, over current levels, in year 1. This increases year on year until year 5 whereupon the level of expenditure reaches the anticipated level identified in the 30 year investment model approved in the Asset Management Strategy.

By taking the current contracts into account it will increase the overall 5 year cost by £500k. This is because the external replacements under the capital programme have been reduced to allow an increased budget for the bathroom programme (an area of work where costs have already been procured with existing contractors). This means more revenue budget is required under the external painting programme, hence the overall increase.

The proposed programme has been modelled against the Asset Management data base to establish the effect of the programme on maintaining the decent

homes standard and it is estimated the overall level of decency will be maintained at the end of any one financial year.

It is important to note that predicted failures will rise at the beginning of any financial year and the works planned in that accounting period will address these failures. The net impact will be that there will be no decent homes failures arising at the beginning of the planning period that cannot be addressed during the year of predicted failure.

This would mean that as at 31<sup>st</sup> of March of any year there will be no non decent homes (subject to any disposals or other strategic requirements of the Council). However as at the 1<sup>st</sup> of April this may rise to a predicted level of between 5 – 10 % dependant upon the year of the programme.

The above outcome can be achieved provided the effect on decency of any decision made by the Council to stop investment in an asset it plans to dispose of can be discounted.

### **Tenant and Leaseholder consultation**

The investment priorities have been the subject of tenant consultation and the resulting programme aligned wherever practicable to meeting tenant expectations.

Those tenants and leaseholders attending the recent Residents' Conference were given a presentation and explanatory introduction to the process. They completed a questionnaire regarding their views on investment priorities for the future. In addition, an e-panel of tenants completed the same questionnaire.

The overall results of the survey are shown at appendix C.

### Conclusions

The overall approach and focus on dealing with the Decent Homes backlog has lead the Council to a position where it will have no non decent homes before the introduction of self financing in April 2012.

Having achieved this outcome, and having subjected this to independent professional verification, the Council should declare this position to the Government Office.

This should be recognised as a major achievement as the decent homes backlog will have been dealt with 12 months ahead of schedule and £3 million below budget.

Not only has this been attained, but other pressing health and safety works and conflicting priority needs for investment have been addressed during this period without compromising the decent homes outcome.

However this approach has meant that other asset investment needs have had to be of a lesser priority to ensure that this outcome can be achieved. An example of this is the backlog of Bathroom replacements that need to be addressed over the early years of the investment plan.

Officers have diligently reviewed stock condition data and progressed with intelligence gathering to ensure that the Council has a robust 30 year investment plan in place as part of its Housing Asset Management Strategy.

As a result The Council is in an excellent position to enable it to respond effectively to the Governments proposals for HRA reform and the introduction of self financing from 1 April 2012.

The 5 year HRA capital investment plan proposed sets out to balance the overall investment need of the existing stock, while allowing sufficient flexibility to enable the Council to deliver against other key strategic priorities that may be competing for HRA resources.

This includes supporting the outcomes from the sheltered housing review and leaving sufficient headroom in the early years of the programme to support traditional borrowing to deliver against the aspirations for new build. Insofar as is practicable, given the limit to the available resources, the proposed Capital Investment programme balances the aspiration of tenants and leaseholders against good asset management principals and as such provides a driver for a sustainable Housing asset, maintaining its value and maximising its potential future use.

Tenant consultation information has helped to shape the proposed programme. In particular the focus on window replacements and the replacement of external finishes with long life products aligns both the customer view and good asset management principles in meeting the anticipated needs of the stock.

The proposed programme has, wherever possible, been developed to ensure that the Council can honour any existing contractual commitments. To achieve this it will be necessary to maximise the opportunities afforded by the existing contractual arrangements to introduce new work streams, and for the Contractors to deliver against these.

# Achieving Statistical Decency and establishment of a Five Year Capital Investment programme Recommendations

## CBC/CBH Partnership Meeting

### 12<sup>th</sup> October 2011

#### **Purpose**

To:

- Present the recommendations of the Asset Management Group and obtain Partnership's views on those recommendations.
- Seek the Partnership's view on the announcement that statistical decency has been achieved in December 2011
- Agree a joint communication strategy to announce that statistical decency has been achieved
- Agree to report to Cabinet on 30<sup>th</sup> November 2011 on the proposed 5 year capital delivery programme.

#### **Background**

Partnership will recall following the cessation of the Inspace contract that the Council was compelled to review its options in respect of both revenue work activity and capital delivery programmes. Following an initial review CLG were asked to accept a revised date for when the Council's properties would meet the decent homes standard of December 2012. The HCA accepted this approach in February 2009 on behalf of the CLG.

The Council, with the aid of Ridge and Partners LLP, undertook a review in 2009 of its procurement options together with formulating a Procurement Strategy. The Procurement Strategy is now written into the Asset Management Strategy and this has been jointly adopted by the Council and Colchester Borough Homes.

The purpose of the Asset Management Strategy can be summarised as follows:

- To define Colchester's position with regard to asset management and how this aligns to core business objectives;
- To define the needs, future trends and changes influencing these;
- To define the stock, its condition, use and re-investment required over the next 30 years;
- To identify the risks and issues relating to the assets and how these may be mitigated;
- To define the methodologies and implementation process for the Asset Management Strategy; and
- To establish frameworks and templates for monitoring, recording and evaluating performance.

#### **Summary to date**

The Council procured a range of contracts which are administered by Colchester Borough Homes (CBH) to deliver the anticipated works programme and by so doing established frameworks and templates for monitoring, recording and evaluating performance.

The programme commenced slowly during late 2009 and accelerated post April 2010 as the Contractors became established. Progress has been monitored from a delivery, finance and

performance perspective through the Operational Site Meeting and also regularly reviewed by the Finance Audit and Scrutiny Panel.

Running parallel to the works programme, a survey programme has been undertaken to ensure the robustness of the data used to establish both the current and future works programmes and to ensure that scarce resources were used effectively and efficiently to enable the Council to achieve the Decency target.

Additional intelligence and the survey results have been gathered throughout the development of the Asset Management Strategy coupled with the information gained through the new delivery programmes. The data is held in an asset management planning database "Codeman" and the information gathered supports the database as a reliable planning tool.

In recognition of the need to define future trends and changes influencing the needs of the assets a 30 year investment model was established to support the HRA business planning process which was undertaken as part of the development of the Council's response to the proposal from the Government to disband the current Housing Subsidy system and to introduce self financing from April 2012.

### **Proposal**

That Partnership support the recommendation to Cabinet that the Council announce that statistical decency has been achieved in December of this year, being a year ahead of programme on the basis of the detail of the background paper at (Appendix A), supported by the independent verification of Ridge and Partners LLP and the recommendation of the Asset Management Group (made at its meeting on the 22<sup>nd</sup> September 2011).

That the achievement of statistical decency be jointly communicated

That the Partnership Group recommend to Cabinet the approval in principle of the 5 year investment programme for the years April 2012 to March 2017 and confirm the actual commitment for the first year of the programme at the meeting in January 2012 on the basis of the detail of the background paper at (Appendix A) and as recommended by the Asset Management Group.

### **Tenant Consultation**

Partnership will be aware of the full engagement process throughout the decency programme including forums, newsletters, participation in the procurement process and choosing the type of replacement component preferred within the range also agreed by our customers.

Tenants and leaseholders attending the recent residents conference were given a presentation and explanatory introduction into the asset management process and were subsequently asked to complete a questionnaire regarding their investment priorities for the future. This was further enhanced by approaching an e-panel of customers with the same questionnaire.

The results of these surveys are again captured at Appendix A to this report and have been fed into the formulation of the proposed five year capital programme.

The Council will also need to consult with its leaseholders in respect of any qualifying works in accordance with its statutory obligations.

### **Asset Management Process**

In line with the process devised by Ridge and agreed by Partnership, the recommendations of the Asset Management Group which includes leaseholder and tenant representation are captured in this report.

**Action required**

Partnership views are sought on the recommendations made by the Asset Management Group and that the **Purpose** of this report is approved for implementation.

