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30 September 2009

To: The Leader – Councillor RMA Manning
Deputy Leader – Councillor SM Edwards
Members of the Cabinet – Councillors Dr DR Bard, TD Bygott, Mrs SM Ellington,
MP Howell, TJ Wotherspoon and NIC Wright
Quorum: 4 plus the Leader or Deputy Leader

Dear Councillor

You are invited to attend the next meeting of **CABINET**, which will be held in the **COUNCIL CHAMBER, FIRST FLOOR** at South Cambridgeshire Hall on **THURSDAY, 8 OCTOBER 2009** at **2.00 p.m.**

Yours faithfully
GJ HARLOCK
Chief Executive

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AGENDA

PAGES

PROCEDURAL ITEMS

- 1. Apologies for Absence**
To receive apologies for absence from Cabinet members.
- 2. Minutes of Previous Meeting** 1 - 6
To authorise the Leader to sign the Minutes of the meeting held on 10 September 2009 as a correct record.
- 3. Declarations of Interest**
- 4. Public Questions**

RECOMMENDATION TO COUNCIL

- 5. Medium Term Financial Strategy (Key)** 7 - 16

POLICY ITEMS

- 6. Air Quality Action Plan (Key)** 17 - 22
A copy of the Action Plan (144 pages) is available on the Council's website, www.scambs.gov.uk/meetings and in the Members' lounge.

Chapter 1, sections 2.3, 2.3.1, 3.3, 4.3 and 6.3, and all of chapters 7, 8 and 11 are particularly appropriate to South Cambridgeshire District Council.

7. **Performance Improvement Strategy (Key)** **23 - 46**

OPERATIONAL ITEMS

8. **Housing Revenue Account (HRA) Subsidy Review: Response to Government Consultation** **47 - 54**

9. **Addressing the Economic Downturn - Quarterly Report** **55 - 62**

10. **NI179 (formerly Annual Efficiency Statement) 2009/10 forecast** **63 - 66**

STANDING ITEMS

11. **Issues arising from the Scrutiny and Overview Committee**

12. **Updates from Cabinet Members Appointed to Outside Bodies**

13. **Reports from Cabinet Members attending Parish Council meetings**

Confidential Item - Members Only

The press and public are likely to be excluded from the meeting during consideration of the following item in accordance with the provisions of Section 100(A)(4) of the Local Government Act 1972 (exempt information as defined in paragraph 3 of Schedule 12A of the Act).

14. **Consideration of Revenues / Benefits Partnership with another Local Authority / Authorities (Key)** **67 - 78**

The full business case (Appendix 3) is available on the Council's intranet for members and senior officers only.

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SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

Minutes of a meeting of the Cabinet held on
Thursday, 10 September 2009

PRESENT: Councillor RMA Manning (Leader of the Council)
Councillor SM Edwards (Deputy Leader of the Council, Finance and Staffing
Portfolio Holder)

Councillors: Dr DR Bard New Communities Portfolio Holder
MP Howell Housing Portfolio Holder
NIC Wright Planning Portfolio Holder
Mrs SM Ellington Environmental Services Portfolio Holder
TD Bygott Sustainability, Procurement and Efficiency Portfolio Holder

Officers in attendance for all or part of the meeting:

Holly Adams	Democratic Services Officer
Alex Colyer	Executive Director, Corporate Services
Steve Hampson	Executive Director, Operational Services
Greg Harlock	Chief Executive
Stephen Hills	Corporate Manager, Affordable Homes
Paul Williams	Equality and Diversity Officer

Councillors JD Batchelor, Mrs EM Heazell, JA Hockney, SGM Kindersley, Mrs CAED Murfitt, CR Nightingale, Mrs HM Smith, PW Topping and Dr SEK van de Ven were in attendance for all or part of the meeting, by invitation.

Apologies for absence were received from Councillor TJ Wotherspoon.

Procedural Items

19. MINUTES OF PREVIOUS MEETING

The Leader was authorised to sign the minutes of the meeting held on 2 July 2009 as a correct record.

Further to Minute 4 (Cambridge Sport Lakes Trust: Request for Capital Grant Aid), the Leader confirmed that Cambridgeshire County Council had agreed to fund half of the project, making the Visitor Centre extension and improvements a joint venture between the two authorities.

20. DECLARATIONS OF INTEREST

There were no declarations of interest.

21. PUBLIC QUESTIONS

There were no public questions received.

21 (a) GAMLINGAY: Warden Service at Avenells Way and Grays Road - Petition

Council, at its meeting of 23 July 2009, referred to Cabinet a petition from residents of

the Sheltered Housing Scheme at Avenells Way and Grays Road, Gamlingay, dated 21 June 2009 and received by the Council on 7 July 2009. The petition, with a covering letter which referred to the recent reduction to a part-time warden service, charges for the services, and previous correspondence with the Council on the subject, read: "As this is a Warden-controlled scheme, we expect a Warden here at least 9am to 5pm, which we were promised and are paying for."

The lead petitioner, Mr Doug Gilbert, was in attendance at the Cabinet meeting and addressed the Cabinet. Mr Gilbert referred to the recent ballot on the future of the Council's housing stock, and the consequent review of housing services following the tenants' vote in favour of the authority retaining the stock, stating that he believed that the money spent on the ballot and the review could have been spent on those Council tenants who had moved into the scheme with the expectation of an on-site warden service between 9 am and 5 pm every day. He described the current arrangements, with the warden services shared with the Blythe Way scheme, as reasonable but not ideal. In response to a question, Mr Gilbert asserted that the letter he had received from Mr Steve Hampson, Executive Director (Operational Services), had contained an inaccuracy regarding the level of warden service provided, as the Supported Housing Manager previously had confirmed to residents that four wardens were on sick leave at the time the letter was written.

The Leader explained that the background to the current arrangements was the continuing financial pressure on the Council, which was required to transfer 50% of rents to central government instead of being able to reinvest the money in local housing services. The proposed reforms in the recently-published government Green Paper on council housing finance, if enacted, would see the Council's situation grow even worse.

Cabinet **RECEIVED** the petition and **REFERRED** it to the meeting of the Housing Portfolio Holder on 16 September 2009 for detailed consideration and agreement of a response.

Cabinet thanked Mr Gilbert for his petition and for coming to the meeting to present it.

Following the Cabinet meeting, the Housing Portfolio Holder scheduled a special meeting on Wednesday 23 September 2009 at 6 pm at Avenells Way, Gamlingay, so residents of the scheme could be in attendance when this decision was taken.

22. SAFEGUARDING CHILDREN POLICY

The Executive Director (Corporate Services) presented the Safeguarding Children Policy, which had been produced in line with government guidance and which the internal auditors had been found to be satisfactory. The attached procedures were intended to reassure Members that adequate arrangements were in place to ensure that the Council's obligations were being met.

Cabinet **AGREED** to adopt the Safeguarding Children policy and **NOTED** the supporting procedures.

23. COMPREHENSIVE EQUALITIES POLICY 2009-2012: GENDER EQUALITY AND RACE EQUALITY SCHEMES

Councillor MP Howell, lead member for equality and diversity, presented the new Gender Equality Scheme and the revised Race Equality Scheme, which had been updated following a twelve-week public consultation period and which had been endorsed by the Equality and Diversity Steering Group. He confirmed that these were

legal requirements, formed two elements of the Comprehensive Equalities Policy 2009-12 and were part of the Council's work towards achievement of Level 3 of the Equality Standard for Local Government. Action plans for both schemes had been produced and the majority of actions centred on training and raising awareness.

Cabinet **AGREED** to adopt the new Gender Equality Scheme and revised Race Equality Scheme.

24. COUNCIL ACTIONS 2010/2011

Cabinet received the proposed Council Actions for 2010/11, which would build upon work undertaken in 2009/10. The Leader drew attention to the increasing importance of joint working, particularly through the Cambridgeshire Local Area Agreement (LAA).

In response to questions about their respective portfolios, Cabinet members explained that:

- There was a need for increased anti-littering education, as litter picking along the A14 cost the authority approximately £20,000 per annum. The A10 was also a major route which could be included in the litter picking scheme if funds could be identified;
- Local Public Sector Agreement (LPSA) reward grant monies had been funding enhanced street cleaning in those villages prioritised by officers as having an urgent need, freeing up some of the Council's budget for use in the smaller villages;
- Under the current planning system, if Marshall's Aerospace did not relocate from Cambridge, the Council would be required to find somewhere in South Cambridgeshire to accommodate its share of the homes proposed for the Cambridge East development, but not for those the City Council was required to accommodate within Cambridge;
- Establishment of community orchards was a suggestion coming from villages and existing schemes had proven popular; and
- Attendance by non-executive members at Portfolio Holder meetings was encouraged.

Cabinet

- (a) **APPROVED** continuation of the current Vision, Aims and Approaches as the Council's strategic policy framework;
- (b) **APPROVED** the twelve draft Actions for 2010/11 given in Appendix 2 to the report for the purpose of service planning and subject to more detailed costings;
- (c) **ADVISED** services that there would be no bidding process this year for resources for service development and that only in exceptional cases would requests for additional resources for inescapable commitments be approved;
- (d) **REQUESTED** services, wherever relevant, to continue current year Council Actions into the service planning process for incorporation into the Council's core business from 2010/11 onwards; and
- (e) **AGREED** to review and confirm the Council Actions at their November meeting in the light of costs and other emerging financial commitments and the review of the Medium Term Financial Strategy.

25. SHEPRETH: 74-76 FROG END

Two properties, 74 and 76 Frog End, Shepreth, had been vacant for several years and had deteriorated to the point that it was more economical for the buildings to be demolished and rebuilt than repaired; the Council had to consider whether to transfer the land to a housing association, sell it to a private developer or sell some of the land to a

developer and transfer the remainder to a housing association. The Housing Portfolio Holder preferred the transfer of the land to a housing association, contrary to the officer recommendation.

Councillor Dr SEK van de Ven, local member, explained that there were different views held locally but all parties would like to see the matter resolved as soon as possible. She and the Parish Council supported the proposal for the land to be transferred to a housing association. Shepreth Parish Councillors Mrs J Ravenhill and Ms D Thomas, in attendance, spoke in favour of transfer to a housing association as the only way to guarantee affordable housing development in the village. Mr A Jones, a resident of Frog End, preferred that the Council sell the land to a private developer, as he believed that the location was unsuitable for affordable housing, with the rail and bus services more than half a mile away and the road in poor condition. The Leader confirmed that this decision should not be seen as setting a precedent, as every site was considered on its merits.

Cabinet, with five in favour, one against and one abstention, **AGREED** the sale of land at 74-76 Frog End, Shepreth for private development to maximise the return to the Council on its asset, enabling the development of new affordable housing within Shepreth, improvements to Council housing in the District, and / or other Housing capital expenditure.

26. WORKFORCE PLAN ANNUAL REVIEW 2009-10

The Finance and Staffing Portfolio Holder introduced the annual refresh of the three-year rolling Workforce Plan, which would undergo a thorough review in 2010/11 as it completed its three-year cycle. He drew members' attention to the increase in ethnic minority representation on the workforce, the recent Investors in People accreditation, and the positive benefits of the flexible working and homeworking schemes which were comparable to those offered in the private sector and were essential for attracting new, and retaining existing, staff. He also highlighted the need to investigate new ways of working, such as apprenticeship schemes and partnership working. Councillor MP Howell spoke of the Council's recent recognition as a Stonewall Diversity Champion.

Cabinet **APPROVED** the Workforce Plan, including the Action Plan.

Information Items

27. TREASURY MANAGEMENT 2008/09 PERFORMANCE

The Finance and Staffing Portfolio Holder commended the work of the Council's treasury management function, whose investments continued to outperform those managed externally. Members noted that the report referred to performance in 2008/09 and not the current year.

Cabinet **NOTED** the performance of the treasury management function and offered its congratulations to officers for another successful year.

28. INTEGRATED BUSINESS MONITORING REPORT AND UPDATE ON FINANCIAL POSITION 2009/10: FIRST QUARTER

The Finance and Staffing Portfolio Holder presented the first quarterly monitoring report

for 2009/10 and advised that the Council was projected to have a 4.36% overspend by the end of the year. Portfolio Holders would be examining their service areas in detail to identify any one-off savings to address the overspend; these savings would be in addition to the required £325,000 efficiency savings. The report set out in detail those service areas for which income was lower than expected and the Finance and Staffing Portfolio Holder asked that the Council's current policy of investing in UK-only banks be reviewed to determine the risks associated with any change to the policy.

Cabinet also considered the Council's first-quarter performance against the Corporate Plan 2009/10 and it was clarified that the average processing time for benefits claims should meet its end of year target, with agency staff appointed to assist after the number of claims doubled due to the recession. The Finance and Staffing Portfolio Holder advised of implications for the Council's finances if the recession and financial pressures on the Council continued, but that the Medium Term Financial Strategy had taken this into account. He encouraged all members to make use of the CorVu performance management system, which he commended.

Cabinet:

- (a) **NOTED** the projected expenditure position;
- (b) **NOTED** that the first quarter performance figures showed a positive start to the year but that Senior Management Team would be keeping a close eye every month on measures of concern; and
- (c) **CONFIRMED** that Portfolio Holders would use the CorVu performance management system to enable them to more closely monitor performance across the authority without waiting for reports from officers.

Standing Items

29. ISSUES ARISING FROM THE SCRUTINY AND OVERVIEW COMMITTEE

Councillor JD Batchelor, Scrutiny and Overview Committee Chairman, summarised that Committee's recent decision to uphold the Policy and Performance Portfolio Holder decision that Council "owned" SCDC email accounts be retained for all Members (no auto-forwarding to personal addresses allowed). He said that there were lessons to be learned, particularly that, in spite of the Portfolio Holder's best efforts to draw attention to the issue, the implications of the decision were not understood by some members.

Councillor SM Edwards encouraged members to read the e-mail sent after the Scrutiny and Overview Committee, which included clear instructions on how to access the new system.

30. UPDATES FROM CABINET MEMBERS APPOINTED TO OUTSIDE BODIES

Nothing to report.

31. REPORTS FROM CABINET MEMBERS ATTENDING PARISH COUNCIL MEETINGS

Nothing to report.

The Meeting ended at 4.10 p.m.

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SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Leader and Cabinet
AUTHORS: Senior Management Team

8 October 2009

GENERAL FUND MEDIUM TERM FINANCIAL STRATEGY / SERVICE PLANS**Purpose**

1. To set the financial parameters for the service planning and budget preparation processes for the Council.
2. This is not a key decision but forms part of the overall Budget and Policy framework for the Council and this framework will be used to as part of the Council's budget setting cycle which will set the overall budget in February 2010.

Policy Context

3. Last year the Council replaced the Corporate Objectives with a Vision, Values and the 3As, which comprised:
 - 5 Aims
 - 25 Approaches
 - 32 Council Actions for 2009/10
4. The Council's Aims are:
 - we are committed to being a listening Council, providing first class services accessible to all;
 - we are committed to ensuring that South Cambridgeshire continues to be a safe and healthy place for you and your family;
 - we are committed to making South Cambridgeshire a place in which residents can feel proud to live;
 - we are committed to assisting provision for local jobs for you and your family;
 - we are committed to providing a voice for rural life.
5. The 5 Aims and 25 Approaches have provided a good basis for the development of services; they provide a robust framework for service development over the medium term. The Aims are reflected in the Council Vision. They are consistent with the Sustainable Community Strategy and the LAA.
6. The Council Actions for 2009/10 have been incorporated into the Corporate Plan and service plans. Achievement of the actions is being monitored through inclusion in CorVu and appropriate reporting to EMT, Cabinet and portfolio holders.
7. Cabinet, at its meeting in September, provisionally agreed 12 specific actions to deliver the Aims and potential new spending areas addressing priorities over the next three years. In accordance with that decision £50,000 has been provided within the forecast to deliver those actions.
8. At this stage, the Administration has informally indicated broad areas of search for the delivery of the savings targeted in the MTFS. The impact on the 3A's and targets contained within the Sustainable Community Strategy are still to be established fully and these will be reported back to Cabinet for approval in due course.

9. Service plans are currently being prepared covering the year 2010/11 onwards and reviewing 2009/10 for any new emerging pressures. As part of this process, services are identifying costs associated with:
 - the implementation of the Council Actions
 - essential service enhancements or statutory obligations
10. The Corporate Governance Inspection (CGI) identified the need for clearer prioritisation and the linking of priorities and resources in the Council's financial planning processes. The Council delivers this through its integrated service and financial planning processes.

Financial Background

11. Previous reports have concluded that the Council is at a disadvantage in terms of Government support; the low level of Council Tax it levies; and the costs of the growth agenda.
12. The MTFS for 2010/11 onwards addresses the need to manage the balancing of annual income and expenditure in the medium term and recognises the need to continue an appropriate level of council tax increase in the medium term, whilst also balancing the reduction in the levels of reserves.
13. In 2008/09, the Revenue Support Grant (RSG) settlement for local authorities was set for a three-year period (2008/09 to 2010/11). The Council received a disappointing settlement for the three-year period, which was in cash terms an increase of 1%, 0.5% and 1% respectively. These low increases have been built into the MTFS. Previous forecasts had anticipated that future settlements after this three-year period would be more generous to the Council. It is now considered that this assumption needs to be revisited.
14. The Public Sector Borrowing Requirement is currently projected to exceed £175 billion and it is certain that the next Government will take action to address this deficit in the medium term. The impact of this is bound to be felt in future local government funding settlements. The MTFS has therefore, now been modelled on the assumption that there will be no cash increase in Revenue Support Grant beyond 2010/11. In effect this is modelling a real terms decrease in grant and makes no provision for future population growth. It should be noted that some of our neighbouring councils are planning to model cash decreases in grant.
15. At the same time, the impact of the recession has impacted severely on the Council's income forecasts and created additional demands on the Council's services in key areas. Over the short term the MTFS will be realigned to absorb these pressures, with a view that original expected levels of growth and income will return to normal levels in a few years time.
16. These comments are considered in more detail in the remainder of the report.

Strategic Approach / Issues

17. **Current Spending Levels and Savings.** The Council's spending per head of population on services is generally low; the scope for further savings is, therefore, limited. In setting the 2009/10 budget the Council set a savings target of £325,000 from the General Fund. Given the spending pressures identified above, the Executive Director and the Finance and Staffing Portfolio Holder have sought savings in excess of this level to mitigate the impact of the projected overspends. In year budget reductions of £481,000 have now been identified increasing to £674,000 in a

full year. The Council will continue to seek further efficiency savings and SMT has established a standing officer group led by the Executive Director and supported by all Corporate Managers to deliver this. No specific assumptions have been made in the forecast for future savings from this activity.

18. In addition two specific service restructurings have been proposed:
- (a) Revenues and Benefits Administration – savings of £350,000 per annum have been targeted by entering into a shared service delivery mechanism (see report elsewhere on this agenda)
 - (b) Refuse and Recycling Strategic Review – annual savings totalling £333,000 look set to be delivered through the review. Cabinet will receive a report on this issue at its November meeting. The Outline Business Case for this project will indicate an a capital funding requirement of circa £1.5 million but it has been assumed, for the purposes of this report, that this requirement will be covered through capital grants with the residual cost being met through leasing facilities.
19. **Spending Pressures.** As highlighted above, additional spending pressures have been identified arising specifically from the impact of the recession (see previous reports to Cabinet) and the impact of the provisionally agreed 12 Actions. Two further significant spending pressures have also been identified:
- (a) The Government has now announced that it will transfer the funding of concessionary fares in two-tier areas from district to county councils. Although the Council have a saving from not having to meet the cost of the concessions this looks likely to be offset by a much greater withdrawal of grant; the net impact on the general fund is likely to be a shortfall of £485,000 per annum.
 - (b) The pension fund's assets and liabilities will be formally reassessed in the new year as part of the triennial review process. Initial indications are that the fund will be facing a significant shortfall. The MTFS now anticipates that SCDC employer contributions will need to increase from 21.7% to almost 33%. Although the phasing of this increase is still to be discussed, in a full year this may add a further £2 million to the general fund budget. For the purposes of this report, the increases have been assumed to be implemented in equal stages over a six-year period, i.e there are further increases anticipated beyond the period of the MTFS.
20. In view of the current economic circumstances, no provisions have been made for growth in 2010/11 or 2011/12. The implication of this is that any further inescapable growth identified through the service planning process will need to be prioritised against current spending plans and met from within existing resources. Provisions have been made for 2012/13 and beyond however, in line with the assumed growth in population over this period.

General Fund Revenue Projections and Implications

21. In setting the level of council tax, there are a number of strategic options available to the Council, including; setting a council tax level higher than the current capping criteria or setting a council tax level more in line with the national Conservative Party target of no more than 2.5%.
22. Given the current economic circumstances, the Leader and the Finance and Staffing Portfolio Holder have requested that the MTFS has been modelled on an increase in council tax of 4.5% in 2010/11 followed by subsequent increases of 2.5%.

23. In setting its final budget the Council will of course have recourse to its balance of General Fund Reserves; projected to total £6.7 million in hand at March 2010 (assuming the projected deficit for 2009/10 has to be met from reserves). It has, therefore, been assumed in the forecast, as set out at **Appendix 1** that the resulting deficits will be met from reserves. The Executive Director – Corporate Services concurs with previous advice that the Council should not plan to reduce reserves below £1.5 million.
24. Given the forecast deficits, Cabinet has informally indicated that savings to the level of £1.6 million should be identified for the 2010/11 financial year.
25. The implications of cutting back spending proposals to this limit are significant and will require difficult decisions. Nevertheless, this is the limit considered necessary by the Leader and Finance and Staffing Portfolio Holder to avoid substantial financial problems in the later years of the MTFs. Consequently it is being recommended that Cabinet consider proposals to deliver this level of savings at future meetings.
26. The MTFs also include a number of other assumptions, the main ones being:
 - (a) the base budget and carry forward of expenditure approved for 2009/10 being rolled forward;
 - (b) no provision for pay inflation in 2010/11 and 2.5% thereafter;
 - (c) from 2010/11 a further increase of 3% on the pay budget as an estimation of the effect of the pay and grading review;
 - (d) 2.5% for non-pay budgets (officers are reviewing actual inflation requirements rather than applying the general increase to all budget areas. This will lead to increases in some areas based on contract increases and inflation pressures, off-set by no increases in some budget headings);
 - (e) the maintenance of debt free status;
 - (f) the continued use of capital receipts to finance capital expenditure not met by grants, contributions and reserves;
 - (g) a revised tax base, based on the current tax base growth in 2009/10 and taking into account the slow down in the housing market;
 - (h) the Housing and Planning Delivery Grant will continue at the same level as the 2007/08 allocations, as the additional grant received in 2008/09 is unlikely to continue in future years. The additional grant received will be used to offset the lower income projections for planning and land charges over the next few years contributing to a balanced budget. The Council should receive notice of the 2009/10 allocation of grant in November or December.
27. Against a backdrop of historically low interest rates the Council anticipates receiving £0.95m from interest received on balances in 2009/10. Although rates look set to increase in the medium term this is unlikely to add significantly to the Council's forecasts over the period of this review.

28. The impact of these factors is shown in summary Medium Term Financial Strategy set out at **Appendix 1**. The detailed variations to the forecast are highlighted in the table below:

	Projection 2009/10 £'000	Revised Projection 2009/10 £'000	Projection 2010/11 £'000	Projection 2011/12 £'000	Projection 2012/13 £'000	Projection 2013/14 £'000	Projection 2014/15 £'000
Base 2009/10 Budget	15,667	15,667	15,667	15,667	15,667	15,667	15,667
Inflation			84	636	1,096	1,592	2,112
Pay and Grading review			388	388	388	388	388
Other Staffing Changes			(56)	(56)	(56)	(56)	(56)
One-off Budget Provisions / Variations		12	(259)	(259)	(259)	(359)	(259)
HPDG Programme				13	156	167	167
Milton Country Park Contribution		130					
Pension Fund Contributions			280	510	750	1,002	1,266
Planning fee variations		416	304	192	92	(8)	(8)
Interest on Balances		336	437	437	587	737	737
Land Charges		(36)	(72)	(109)	(109)	(109)	(109)
New Actions			50	50	50	50	50
Concessionary Fares				485	485	485	485
Revenues and Benefits Shared Service				(350)	(350)	(350)	(350)
Recycling Strategic Review			(161)	(236)	(323)	(333)	(333)
Base Budget Forecast	15,667	16,525	16,662	17,368	18,174	18,873	19,757

Capital Programme

29. No significant variations to the Council's Capital Programme have been proposed at this stage. The programme will be updated to reflect current programme spend in due course and Cabinet in February will consider the updated programme for recommendation to Council later that month.

Implications and Risk Management

30. Financial Implications are covered in the main report. Savings of the magnitude proposed are likely to have significant staffing implications although these have not been identified at this stage.
31. Although many elements of the build up of the estimates are the results of consultation (eg on the Community Strategy and the three year surveys), the overall financial strategy has not been subject to consultation. Options for a more specific budget consultation are currently under consideration and will be reported to future meetings of the Finance and Staffing or Policy & Performance Portfolio Holder as appropriate.
32. As indicated, there are very significant risks involved in the financial projections. These have already been outlined in the body of the report but the key specific risks are:
- Delivery of savings to meet targets. The risk of not achieving the savings is that the reserves would go below the minimum acceptable level during the period of the MTFS;
 - The Government may impose a tighter RSG settlement than anticipated by setting a negative floor for grant settlements.

- Pay and inflation assumptions are based on the latest estimates for these factors and will have to be monitored regularly through the budget cycle process to minimise any adverse impacts of any changes. In addition, the current projections for the employer’s pension contributions are subject to much more detailed work by the actuarial team and may be subject to Government intervention in any case;
- Pay and grading review; an estimation of the potential effect of the pay and grading review has been factored into the MTFs from 2010/11; however, the 3% estimate may be too high or low and will be monitored through the life of the project;
- Demand led budgets; the budgets for concessionary fares, planning and land charges income are demand led and a change in the demand on these service areas could lead to pressures or underspends in the budget. Adjustments have been made in the MTFs to take into account the current economic climate and the effect this is having on these demand led areas and these will be regularly monitored.

Next Steps

33. This is an initial report on the MTFs, enabling Members to determine a financial framework against which service plans can be considered and funded. The further steps necessary over the next 6 months are:
- (a) a re-assessment of the MTFs in February to follow the 2010/11 budget setting process and reconfirmation of the formula grant;
 - (b) officers to examine and prioritise their service plans to identify areas where further savings can be identified;
 - (c) officers to review the capital programme to ensure proposals fit within the foreseen available resources;
 - (d) Cabinet agree a package of savings totalling £1.6 million for 2010/11 onwards
 - (e) to develop a process for consultation on the financial proposals, and overall strategy;
 - (f) the preparation and scrutiny of detailed estimates.

Effect on Corporate Objectives and Service Priorities

34.	<p>Commitment to being a listening council, providing first class services accessible to all.</p> <p>The Council will consult on its budget plans over the winter, the results of which, will be fed back into future reports considering this matter</p>
	<p>Commitment to ensuring that South Cambridgeshire continues to be a safe and healthy place for all.</p> <p>The recommendations will contribute to the delivery of the Council’s Aims, Approaches and Actions which build on the corporate objectives highlighted in this table</p>
	<p>Commitment to making South Cambridgeshire a place in which residents can feel proud to live.</p> <p>The recommendations will contribute to the delivery of the Council’s Aims, Approaches and Actions which build on the corporate objectives highlighted in this table</p>
	<p>Commitment to assisting provision for local jobs for all.</p> <p>The recommendations will contribute to the delivery of the Council’s Aims, Approaches and Actions which build on the corporate objectives highlighted in this table</p>
	<p>Commitment to providing a voice for rural life.</p>

The recommendations will contribute to the delivery of the Council's Aims, Approaches and Actions which build on the corporate objectives highlighted in this table

Recommendations

35. (a) that the 12 actions as proposed at the September meeting of Cabinet be approved;
- (b) that £50,000 be provided in the MTFS to meet the cost of the 12 actions;
- (c) that Council be recommend to approve the MTFS and the underlying assumptions as the basis for the planning of the budget for 2010/11 onwards; and
- (d) that the next steps outlined in paragraph 33 above be approved.

Background papers: The following background papers were used in preparation of this report:

- More detailed financial working papers and assumptions
- Report of the Settlement Working Group September 2009
- Interim report of the Pension Fund Actuary

Contact Officers: Alex Colyer, Executive Director Corporate Services, 01954 713023
Adrian Burns, Head of Accountancy, 01954 713072

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DRAFT MEDIUM TERM FINANCIAL STRATEGY

dependent on achieving efficiency and other savings

including 3% for pay and grading review
including 1.8% annual increase in pension contribution rate up to 29% in 2014/15

2.50% inflation

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	Actual 2008/09 £'000	Original Estimate 2009/10 £'000	Updated Estimate 2009/10 £'000	Projected Estimate 2010/11 £'000	Projected Estimate 2011/12 £'000	Projected Estimate 2012/13 £'000	Projected Estimate 2013/14 £'000	Projected Estimate 2014/15 £'000
Base Budget	13,677	15,667	16,525	16,662	17,368	18,174	18,873	19,757
Spending Pressures due to population growth, etc., with inflation Contribution towards cost of facilities at Northstowe - NO ALLOWANCE	0	0	0	0	0	323	662	1,012
Agreed target/ latest plan for 2009/10 Efficiency and other Savings 2010/11 Efficiency and other Savings Target	0	(325)	(481)	(582)	(674)	(674)	(674)	(674)
		(1,600)	(1,600)	(1,600)	(1,600)	(1,600)	(1,600)	(1,600)
Net District Council General Fund Expenditure	13,677	15,342	16,044	14,480	15,094	16,223	17,261	18,495

including 3% for pay and grading review
including 1.8% annual increase in pension contribution rate up to 29% in 2014/15

2.50% inflation

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	Actual 2008/09 £'000	Original Estimate 2009/10 £'000	Updated Estimate 2009/10 £'000	Projected Estimate 2010/11 £'000	Projected Estimate 2011/12 £'000	Projected Estimate 2012/13 £'000	Projected Estimate 2013/14 £'000	Projected Estimate 2014/15 £'000
Appropriations to/from Balances General Fund	248	(782)	(1,392)	352	(8)	(849)	(1,528)	(2,394)
Housing and Planning Delivery Grant	0	(328)	(328)	0	0	0	0	0
Budget Requirement for capping purposes (excluding parishes)	13,925	14,232	14,324	14,832	15,086	15,374	15,733	16,101
Formula Grant	(7,711)	(7,749)	(7,749)	(7,823)	(7,823)	(7,823)	(7,823)	(7,823)
Local Authority Business Growth Incentive Grant (LABGI)	0	0	(92)	(92)	(46)	0	0	0
(Surplus)/Deficit on Collection Fund	3	47	47	0	0	0	0	0
Demand on Collection Fund	6,217	6,530	6,530	6,917	7,217	7,551	7,910	8,278

including 3% for pay and grading review
including 1.8% annual increase in pension contribution rate up to 29% in 2014/15

2.50% inflation

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	Number £'000	Number £'000	Number £'000	Number £'000	Number £'000	Number £'000	Number £'000	Number £'000
Tax Base for Tax Setting Purposes	57,959.9	58,252.5	58,252.5	59,030	60,070	61,330	62,690	64,006
Basic Amount of Council Tax	£	£	£	£	£	£	£	£
District only	107.27	112.10	112.10	117.18	120.15	123.12	126.18	129.33
Balances at Year End General Fund (minimum level £1.5 million)	(8,069)	(7,098)	(6,677)	(7,029)	(7,021)	(6,172)	(4,644)	(2,250)

including 3% for pay and grading review
including 1.8% annual increase in pension contribution rate up to 29% in 2014/15

2.50% inflation

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	Number £'000	Number £'000	Number £'000	Number £'000	Number £'000	Number £'000	Number £'000	Number £'000
Balances at Year End General Fund (minimum level £1.5 million)	(8,069)	(7,098)	(6,677)	(7,029)	(7,021)	(6,172)	(4,644)	(2,250)

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Balances at Year End General Fund (minimum level £1.5 million)	(8,069)	(7,098)	(6,677)	(7,029)	(7,021)	(6,172)	(4,644)	(2,250)

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SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO:	Leader and Cabinet	8 October 2009
AUTHOR/S:	Corporate Manager Health & Environmental Services / Health Protection Team Leader	

AIR QUALITY ACTION PLAN**Purpose**

1. To bring the Air Quality Action Plan (AQAP) for South Cambridgeshire District Council to Cabinet for adoption.
2. This is a key decision because adoption of the AQAP will help to bring about the changes required to achieve the health based national air quality objectives and improve local air quality and quality of life for local residents. It is likely to be significant in terms of its effects on existing, new and proposed communities living or working in an area of the District. It has been published in the forward plan.

Executive Summary

3. Local Air Quality Management is a statutory obligation for all Local Authorities. It involves a rolling programme of air quality assessment, impacting on decisions made by all internal and external bodies responsible for transport planning, highways, growth agendas, development plans and environmental protection regulation.
4. The AQAP brings together Council Services and external organisations on a common goal of working towards achieving national air quality objectives, which are currently being exceeded along the A14 between Bar Hill and Milton.
5. On a wider scale, any improvements in air quality policy and awareness in local air quality issues will help bring about cleaner air and sustainable development on a District-wide basis. Given the major growth proposed for the Cambridge Sub-region, it is important that actions are taken now to reduce local emissions and improve air quality. It is recognised that methods used to slow down climate change will have a direct impact on local air quality, especially when considering improvement to vehicle emissions and reducing road usage. Many actions within the AQAP will therefore help the Council achieve its goals on climate change.

Background

6. Part IV of the Environment Act 1995 provides the framework for Local Air Quality Management (LAQM) in England and Wales whereby all local authorities are required to annually review and assess the air quality within their boundaries against health-based objectives. Where air quality objectives are unlikely to be met by a specified date, Air Quality Management Areas (AQMA) must be declared and Action Plans developed to demonstrate how the local authority intends to work towards meeting the objectives.
7. Huntingdonshire District Council and South Cambridgeshire District Council have declared AQMA's along the A14 whilst Cambridge City Council has an AQMA in the

City Centre. As a result the Authorities are required to develop an AQAP and submit the same to DEFRA within 18 months of the AQMA being declared.

8. Air quality within AQMAs is likely to be influenced by factors beyond local authority boundaries. AQAPs may often need to complement those of adjoining authorities. Accordingly, endorsed by DEFRA, the three Councils have produced a joint Action Plan because of the nature of the road network and spatial distribution of housing, recreation and employment in the region. The joint AQAP is available on the Council's website at www.scambs.gov.uk A copy is also available in the Members' lounge.
9. Guidance from DEFRA (2003) specifies that an AQAP must include the following:
 - Quantification of the source contributions to the predicted exceedences of the objective allowing the Action Plan measures to be effectively targeted.
 - Evidence that all available options have been considered on the grounds of cost-effectiveness and feasibility.
 - How the local authority will use its powers and also work in conjunction with other organisations in pursuit of the Air Quality Objectives.
 - Clear timescales in which the authority and other organisations and agencies propose to implement the measures within its plan.
 - Quantification of the expected impacts of the proposed measures and, where possible, an indication as to whether the measures will be sufficient to meet the Air Quality Objectives.
10. The draft joint AQAP was presented to the Environmental Services Portfolio Holder on 6 November 2008 who endorsed the draft five priority actions and draft AQAP for wider public consultation.

Considerations

11. The continuing increase in the level of traffic is the main challenge to air quality in the south of Cambridgeshire. Although latest figures show that this has steadied, this may be a result of the current economic climate and may be temporary.
12. The Districts have completed a table of actions that will have a positive impact upon air quality. These are currently in place or planned for the near future by the County and all District Councils. Some actions are specifically designed to improve air quality, but many of the actions have been initiated to tackle other areas, for example climate change or reducing congestion. They have been arranged into the following themes:
 - Managing the network
 - Lowering emissions
 - Strategic Planning
 - Development Control
 - Smarter Travel Choices
 - Raising Awareness
13. Each District has produced a list of five or more individual actions, or packages of measures that will in their opinion have the most beneficial impact on air quality within their area. This list is not exhaustive as there are many other options put forward within the AQAP that may be implemented. For South Cambridgeshire District Council, the 5 priority actions included in the AQAP are:

- Completion and opening of the Cambridgeshire Guided Busway.
- Widening of the A14 carriageway between Fen Drayton and Histon – increasing the number of lanes from 2 to 3 on both Eastbound and Westbound carriageways should help to alleviate congestion and speed traffic through-flow.
- Re-alignment of the A14 and the construction of a local road, between the M11 and Bar Hill junctions as part of the A14 Improvement Scheme.
- Establish a Freight Quality Partnership – the South Cambridgeshire District Council's Further Assessment of air quality along the A14 has identified HGVs as having the greatest impact on air quality in the District. If improvements in air quality are to be achieved on the A14 between Bar Hill and Milton, it is vital that the Council seeks to give an understanding of local air quality issues to freight operators who may in turn be able to offer invaluable input into reducing emissions from their fleet.
- Embedding the Local Development Framework (LDF) Air Quality Policy in Local Development Documents – this will ensure that air quality is considered at the planning stage and therefore not adversely impacted by new development. The emphasis will be to encourage developers to adopt a low emission strategy approach to mitigate the impact of emissions arising from growth.

It is appreciated that South Cambridgeshire District Council cannot take the lead role on some actions but will seek to influence outcomes. Of the above actions, the Guided Busway falls under the responsibility of Cambridgeshire County Council whilst the improvements to the A14 are under the jurisdiction of the Highways Agency. In all circumstances, the District Council will seek to influence decisions made by both the County Council and the Highways Agency in order to bring improvements in air quality to the forefront of decision-making processes.

14. A full consultation exercise has taken place, involving all 3 participating Councils, Members, a wide variety of stakeholders and members of the public. The overarching feeling towards the AQAP is one of support and the recognition of its necessity.
15. The AQAP is a statutory document and must be submitted to defra within 18 months of declaration of the Air Quality Management Area i.e. by January 2010. The other two authorities are undertaking a similar adoption process for the joint AQAP.

Options

16. The Council is statutorily required to submit and implement an AQAP to DEFRA within 18 months of declaration of the AQMA. The AQAP contains a number of options that can be considered by the council to improve air quality within the designated AQMA.
17. The Air Quality Action Plan aims:
 - To work towards achievement of National Air Quality Standards and Objectives
 - To improve local air quality
 - To carry out the above using feasible, cost-effective and sustainable methods
 - To raise awareness of and promote air quality issues and sustainable environments throughout the wider community

- To emphasize the role South Cambridgeshire District Council has in improving air quality within the District
- To encourage partnerships between local industry, businesses and residents

Implications

18.	Financial	There is unlikely to be significant new financial implications for South Cambridgeshire DC arising from the actions in the draft AQAP over and above the financial commitments already included within the Council's budget estimates.
	Legal	The European Union's Air Quality Framework and Daughter Directives prescribe limit values for certain pollutants, which all member states must meet. The Environment Act 1995 continues to provide the framework for local air quality management in England and Wales, Part IV of the Act prescribes those duties required to be carried out by Local Authorities including periodic review, declaration of AQMA's and production of Action Plans for those areas. The Air Quality Strategy for England, Scotland, Wales and Northern Ireland 2000 and associated legislation prescribe air quality objectives and deadlines for meeting them, which are broadly in line with EU requirements.
	Staffing	It is envisaged that staff workload will continue to be high during implementation of the plan given the partnership and influencing role of the plan. Resources will continue to be monitored and work prioritised as required.
	Risk Management	Failure to improve air quality to meet National Air Quality Objectives will present a risk to public health and may incur penalties through the EU.
	Equal Opportunities	Poor air quality particularly affects those individuals who already suffer with asthma or associated bronchial ailments and are more susceptible to pollutants in the atmosphere. Improving air quality gives everyone an equal chance of enjoying the outdoor environment and the associated benefits to health that this facilitates. An Equalities Impact Assessment has been carried out on the Action Plan and no adverse impacts were identified.

Consultations

19. Internal consultation has occurred to include comments and input from the following relevant Officers within the Council:
- Planning Policy Manager
 - Corporate Manager – Planning and Sustainable Communities
 - Growth Area Project Manager
 - Strategic Sustainability Officer and
 - Strategic Partnerships officer

Comments received back from this consultation were positive and in support of the Air Quality Action Plan.

20. External consultation was carried out in March 2009 with 3 workshops. Two workshops involved local residents (one in Cambridge and one in Huntingdon) and one with stakeholders (in Cambourne). These were designed to: -
- Gain opinion on the priority and other measures proposed
 - Gain ideas, comments and suggestions from attendees
 - Identify barriers to implementing options
 - Raise awareness of local air quality issues
21. There was much support for the AQAP with a general recognition of the need for its implementation. Stakeholders and residents alike identified that traffic on the A14 is a major source of pollution and that any steps towards achieving improvements should be focussed on improving emissions from the A14.

Effect on Strategic Aims

22.	<p>Commitment to being a listening council, providing first class services accessible to all. The air quality framework requires a risk-based approach that when followed ensures best value allocation of resources to those areas at risk of exceeding the air quality objectives. Consultation has taken place with representative members of the community and their views taken into account in drafting this plan.</p>
	<p>Commitment to ensuring that South Cambridgeshire continues to be a safe and healthy place for all. The overarching aim of the AQAP is to bring about the change required to improve air quality for residents living adjacent to and adjoining the A14 by implementing various mitigation measures, providing information and bringing forward further air quality guidance and policy. The scope of the AQAP reaches further than the A14 as many actions that may be implemented will have an impact on the whole District, thereby improving health and quality of life within South Cambridgeshire.</p>
	<p>Commitment to making South Cambridgeshire a place in which residents can feel proud to live. By working together to improve air quality we can all have a positive impact on the environment resulting in a better place to live and improving quality of life for residents.</p>
	<p>Commitment to assisting provision for local jobs for all. None</p>
	<p>Commitment to providing a voice for rural life. None</p>

Conclusions/Summary

23. The AQAP has been produced jointly with Cambridge City Council and Huntingdonshire District Council in order to provide a series of feasible and cost-effective measures that will enable work to progress on driving down emissions in the local area. This will include measures that will help to reduce emissions from traffic on the A14.
24. The AQAP will bring together various authoritative bodies and organisations as well as local residents to work together to bring about the required improvements.
25. Results of the consultation exercise show that people are aware of the air quality issues within their place of residence and place of work and are keen to see action on

air quality issues, driven by the perceived benefits and the general improvement to local environments and quality of life.

Recommendation

26. It is recommended that Cabinet adopts the joint Air Quality Action Plan as prepared by South Cambridgeshire District Council, Huntingdonshire District Council and Cambridge City Council for submission to DEFRA by January 2010.

Background Papers: The following background papers were used in the preparation of this report:

- Air Quality Action Plan for Cambridgeshire Growth Areas: Cambridge City Council, Huntingdonshire District Council, South Cambridgeshire District Council. Draft 2008 (for adoption 2009)
- Air Quality Action Plan Final Report April 2009 CELLO mruk Social and Marketing Research
- The Detailed Assessment of PM10 Along the A14 Corridor (2007) - South Cambridgeshire District Council
- The Further Assessment of Nitrogen Dioxide and PM10 Along the A14 Corridor (2008) - South Cambridgeshire District Council
- Cambridgeshire Authorities Progress Report (2007) - South Cambridgeshire District Council, Huntingdonshire District Council, East Cambridgeshire District Council, Cambridge City Council, Fenland District Council, Cambridgeshire County Council
- Updating and Screening Assessment in fulfilment of Part IV of the Environment Act 1995. Local Air Quality Management (2009) - South Cambridgeshire District Council
- Local Air Quality Management, Policy Guidance LAQM. PG(09) (2009) - defra
- Local Air Quality Management, Technical Guidance LAQM. TG(09) (2009) – defra
- The Role of the Highways Agency in Local Air Quality Management, January 2005.

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Telephone: (01954) 713229

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Leader and Cabinet 8 October 2009
AUTHORS: Executive Director (Operational Services) / Corporate Manager, Health & Environmental Services

PERFORMANCE IMPROVEMENT STRATEGY

Purpose

1. To seek endorsement by the Cabinet of the 2009-2012 Performance Improvement Strategy attached at **Appendix A**.
2. This is a key decision because it is likely to be significant in terms of its effects on communities living or working in the District and it was first published in the September Forward Plan.

Background

3. The 2006 the Corporate Governance Inspection (CGI) commented that performance management was inconsistent across the Council. Since then, the Council has sharpened up prioritisation; improved service planning and appraisals; strengthened quarterly reporting; and introduced CorVu. Performance management was assessed as having promising prospects for improvement in the 2008 CGI re-inspection.

Considerations

4. The strategy at Appendix A seeks to promote an inclusive and positive approach to performance improvement based on the Council Values, where staff and Members can maximise their contribution to improving services.
5. Performance Management is the activity of Portfolio Holders, managers and team leaders in monitoring service performance, often but not exclusively focused on performance indicators.
6. In the context of this report, Performance Improvement relates to the systems and cultures of the Council in all aspects of delivering better services to the public.
7. The strategy has been developed by the Performance Improvement Group; it reviews progress and brings together the various areas of work contributing to performance improvement.
8. Appendix 1 of the strategy is an Action Plan that will guide officers' future work in delivering performance improvement.

Implications

9.

Financial	None
Legal	None
Staffing	None
Risk Management	None

Equal Opportunities	An Equality Impact Assessment has been completed with no adverse impact having been identified. The EqIA is available on the Council's website, www.scambs.gov.uk
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Consultations

- 10. The strategy has been developed in consultation with officers from across the Council via the Performance Improvement Group.
- 11. It was also discussed by the Scrutiny and Overview Committee on 1 October and their comments will be made available at the meeting.

Effect on Strategic Aims

12.	Commitment to being a listening council, providing first class services accessible to all.
	The aim of the Performance Improvement Strategy is to support initiatives aimed at improving services.
	Commitment to ensuring that South Cambridgeshire continues to be a safe and healthy place for all.
	N/A
	Commitment to making South Cambridgeshire a place in which residents can feel proud to live.
	N/A
	Commitment to assisting provision for local jobs for all.
	N/A
Commitment to providing a voice for rural life.	
N/A	

Recommendation

- 13. It is recommended that Cabinet endorse the 2009-2012 Performance Improvement Strategy attached at Appendix A to the report.

Contact Officers: Dale Robinson, Corporate Manager, Health & Environmental Services, Tel: (01954) 713229
 Jackie Sayers, Scrutiny Development Officer



PERFORMANCE IMPROVEMENT STRATEGY

2009 – 2012

Version 6 – October 2009

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2	Where are we now? An assessment of our progress on performance improvement and the issues facing us. What are the challenges facing the Council? Our current plans and projects to improve performance.	
3	Where do we want to be? What are performance management and performance improvement? Where do we want to be by 2012? What needs to be in place for effective performance improvement? Objectives of the strategy.	
4	Performance Improvement Culture. What sort of performance management culture will best provide the Council with the performance breakthrough which will achieve our aims?	
5	Performance Improvement Systems. The systems we need to achieve an effective, integrated approach to performance improvement.	
6	Performance Improvement and Partnerships. How can performance improvement be maximised in a partnership environment?	
7	Performance Improvement Roles. What can each of us do to improve performance?	
8	Evaluation and Review. How will we know we are making progress and how will we monitor that progress?	
9	Equality Impact Assessment. Will the strategy make a positive improvement in the services enjoyed by all sections of the community?	
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APPENDIX 1 – ACTION PLAN

1. Introduction

- 1.1 As a Council, we are here to provide the best possible services to the area we serve within the resources available and other constraints we have to work within. Performance improvement is about seeking to improve the services and quality of life enjoyed by residents and affects all aspects of how the Council goes about that task. So, for example, performance improvement is concerned with setting clear priorities; ensuring that services meet the needs of those who use them; producing clear plans to deliver improving services; achieving value for money; effective team working to deliver those plans; reviewing progress; celebrating our successes and learning from our mistakes.
- 1.2 Everyone connected with the Council has a role to play in improving performance. It is something we do every day in all aspects of our work.
- 1.3 Effective performance improvement brings a wide range of benefits. For example, people who live and work in the district gain from better services. Councillors are better able to meet the needs of their constituents. Employees gain greater job satisfaction; enjoy a more positive and creative working environment; and gain opportunities to learn and develop. Partner organisations see the Council as a better organisation to work with.
- 1.4 The Council already has a great deal in place. The Council's Aims and Values reflect a commitment to improve services. The Council has introduced systems such as service planning; performance and development reviews (appraisals); quarterly performance monitoring; management competencies; and risk management. Investors in People (IIP) accreditation was achieved in March 2009. Work is being undertaken to improve staff engagement and motivation to build the commitment and team working across the Council required for performance improvement.
- 1.5 In this strategy -

Performance Management is taken to be the activity of Executive Members, managers and team leaders in improving the performance of their teams, often focused on performance indicators.

Performance Improvement more broadly addresses the systems and cultures of the Council in all aspects of delivering better services to the public.
- 1.6 This strategy seeks to promote an inclusive and positive approach to performance improvement based on the Council Values and where all staff and Members are motivated and empowered to maximise the contribution they can make to improving services. The strategy has been developed by the Performance Improvement Group; it reviews our progress; brings together the various areas of work contributing to performance improvement; and sets a clear direction for our future work.

2. Where are we now?

Performance Trends and the National Performance Framework

- 2.1 The 2006 CGI inspection commented that performance management was inconsistent across the Council. It depended on the individual service and lacked corporate focus. Since then, the Council has sharpened up prioritisation; improved service planning and appraisals; strengthened quarterly reporting; and has introduced the computerised performance management system (Corvu). Performance management was one of the areas assessed as having promising prospects for improvement in the 2008 CGI re-inspection.
- 2.2 In 2007/08, the last year of Best Value (BV) performance indicators, the Council had 52% of PIs in the top two quartiles of all district councils and 65% had improved since the previous year. Many Council services are performing very well and are among the best in the country. However, in other cases performance, as measured against BV indicators, has been more inconsistent. Hence, the Council's overall rate of improvement on the BV indicator set against other councils improved only marginally in the last three to four years. This might be for a variety of reasons. In some cases the national indicator set did not reflect what was important in South Cambridgeshire. Some services could point to a high level of performance, but in areas not covered by BV indicators. However, there are other cases where performance was insufficiently focused and performance management weak.
- 2.3 Since 2008/09 the Best Value Performance Indicators have been replaced by the National Indicator set. These indicators are more outcome-focused and form the main measures of progress for the Sustainable Community Strategy and the Local Area Agreement (LAA). These indicators raise different issues for the Council. The new indicators require a greater degree of partnership work and, because they are broader in nature, it is necessary to be clearer about what actions of the Council have a significant impact on the performance indicators.
- 2.4 The loss of the Best Value indicator set has also raised issues about which of those indicators are to be retained as local indicators; how the Council can compare its performance with other authorities; and whether alternative arrangements for benchmarking will be required.
- 2.5 From April 2009 the Comprehensive Area Assessment was introduced. The Area Assessment element will ask how well the Council and its partners are setting out priorities which meet local needs and delivering those priorities through LAA targets. The Organisational Assessment will include a specific assessment of the Council's performance improvement arrangements. The outcome of the first assessment is awaited.

Current Performance Related Initiatives and Projects

- 2.6 The Council has adopted new Aims, Approaches and Actions for 2009/10 onwards. This framework, particularly the more specific Council Actions, give a sound basis for performance improvement. The Council has a portfolio holder with a performance improvement remit.
- 2.7 The Council has adopted four values: Customer Service; Trust; Mutual Respect; and a Commitment to Improve Services. The Council is currently in the process of embedding these values in the work of the Council. In response to the 2008 staff

survey, the Council is pursuing a range of initiatives to improve staff satisfaction and engagement. This work and the values will form an important element of the performance improvement strategy and culture proposed in this document.

- 2.8 The Council has acquired and is implementing a new software application, CorVu, to provide a single source of performance information and provide views of the data which meet the needs of all stakeholders involved in performance improvement. Work is also taking place with the County council and other partners in the LSP and Cambridgeshire Together to establish an effective partnership based approach to performance improvement.
- 2.9 The Council has developed its processes to set and manage performance targets. These include service planning and various reporting/monitoring arrangements. Over the last two years these have become more embedded in the work of the Council. The staff appraisal scheme has been replaced by PDRs (performance and development reviews) with a greater emphasis on staff skills and development. This strategy will build on these processes and set them in a clearer overall framework.
- 2.10 The Council has recently achieved Investors in People accreditation. This, and the new management competency framework, will provide further support for the development of good management practice to support performance improvement.
- 2.11 Other current corporate initiatives such as the commitment to achieve the Customer Service Excellence standard and reach the “Achieving” level of the national equalities framework will also have implications in driving up performance.
- 2.12 The Council has established the Performance Improvement Group with representatives from all services to promote performance management; share good practice; progress benchmarking; and advise services on performance issues.

Conclusions and Challenges

- 2.13 Overall, the Council has a good, but inconsistent, record on performance management. Many building blocks are now in place or being put into place.
- 2.14 The transition to the national indicator set, with its emphasis on outcomes and partnership, creates challenges for the Council. It will be more important to be clear about the Council’s role in partnerships and what actions on the part of the Council can effectively contribute towards the achievement of shared aims.
- 2.15 There has been a tendency for performance indicators to become more numerous and for performance improvement effort to be insufficiently focused. This needs to be addressed, particularly given the resource situation facing the Council.
- 2.16 Many initiatives are currently being taken forward which will have the effect of improving performance. This strategy is an opportunity to provide a narrative which brings these initiatives together; to broaden the understanding of, and gain a wider commitment to, performance improvement among all Members and staff.
- 2.17 The new performance management application based on CorVu will potentially provide the Council, its partners and the public with up to date and relevant performance information to enable all concerned to play their respective roles in performance improvement. To achieve this the system needs to be fully integrated with Council systems, with a commitment across the Council to supply relevant high quality data input.

3. Where do we want to be?

What is Performance Improvement?

- 3.1 The most important thing about performance improvement is that it should encompass all the actions required to set and deliver achievable objectives which translate the Council's priorities into tangible improvements for service users and the public. In this strategy we generally use the expression "performance improvement", rather than "performance management" to emphasise that it is not just something for managers, but for all of us.
- 3.2 The following activities all contribute to the various phases of performance improvement –

Planning – understanding current performance, prioritising what needs to be done; identifying actions that need to be taken; and planning for improvement, e.g., through

- Setting political priorities
- Setting clear targets in strategies and policies
- Setting customer service standards
- Using evidence to evaluate performance, set aims and be satisfied that planned programmes of action are the right ones to deliver outcomes.
- Service planning
- Budget and workforce planning

Performing: Ensuring that the proper systems and processes are in place to support improvement, take action and manage risk – and helping people achieve better performance – e.g., through

- Staff performance and development reviews (PDRs)
- Training and development
- Management development/competency frameworks
- Sound project management skills and methodology
- Engagement of staff in performance improvement through team meetings, quality circles etc
- Risk management
- Collecting and using performance data
- Ensuring data is accurate
- Communicating successes
- Working with partners

Reviewing: Understanding the impact of your actions, reviewing performance, speaking to users and stakeholders about their experience of performance and getting a better picture of changing circumstances, e.g., through -

- Consultation / satisfaction surveys
- Engaging with customers
- Service reviews using appropriate review methodologies
- Performance reports and using the reports to correct performance
- Reviewing performance with portfolio holders, teams and staff.
- Equality Impact Assessments
- Scrutiny

Revising: Using the lessons learned from review to change your plans or what you do so that future action is more efficient, effective and appropriate. This includes a willingness to try new ways of service delivery.

- 3.3 In essence, performance improvement is having a commitment to improve services; being clear about what you want to improve; and using all means at your disposal to achieve those improvements.

Requirements for Performance Improvement

- 3.4 What does the Council need to have in place to achieve effective performance improvement?
- **Leadership, Ambition and Performance Improvement Culture.** To be effective any organisation needs to have clear aims and ambition. It needs to have a culture, values and leadership which empower and motivate staff to deliver improving services.
 - **Clarity of Roles.** All Members and employees need to have a clear understanding about their contribution to performance improvement.
 - **Effective and integrated systems.** All the relevant systems (performance systems; service planning; ICT; customer service; equalities; appraisals, training and development; risk management) need to be effective, aligned and embedded.
 - **Robust performance improvement arrangements in place with partners.** The Council needs to be involved with partners who have shared aims and a similar commitment to performance improvement. Council representatives on partnerships need to understand how performance improvement works in a partnership environment.
 - **A Track Record of achievement.** For performance improvement to be successful, the Council needs to have some successes on which to build and learn.
- 3.5 The remainder of this strategy addresses these essential requirements.

Where do we want to be by 2012?

- 3.6 **Improvement Vision.** The overall aim of this strategy is that by the end of the next three years the Council will be seen to be consistently delivering improvements in services and the quality of life enjoyed by residents, as reflected in the Corporate Plan, Sustainable Community Strategy and Local Area Agreement.
- 3.7 The achievement of this vision will bring the following benefits –
- (a) A sense of achievement, success and motivation at all levels within the organisation
 - (b) Improving satisfaction with Council services and improving Council reputation
 - (c) Improving scores in the CAA performance management assessment and other external accreditations.
 - (d) Improving value for money services.
- 3.8 The main improvements required to achieve this position will be –
- (a) The establishment of a performance management culture which builds on our Values; broadens understanding and involvement in performance improvement; and where all staff and Members are clear about what contribution they can make to improve performance.

- (b) A constructive, honest, positive and blame-free approach to performance improvement among all staff and members, with all staff being involved in improving their service at individual, team and service level, giving a greater sense of satisfaction, engagement and being valued.
 - (c) A Council where we celebrate achievement; share good practice; and work together to improve performance and where low performance is not seen as someone else's problem.
 - (d) The full utilisation of the computerised performance improvement system (CorVu) at all levels (Members, managers, team leaders and staff) as an essential tool in improving performance.
 - (e) The Council having a clear and achievable set of performance targets or actions each year which would make a meaningful contribution towards Cambridgeshire Together targets and delivering on those targets.
 - (f) Effective working relations with our partners; a common approach towards performance improvement; and a common system for collecting and recording performance data.
 - (g) All staff having an annual PDR and an agreed work programme and development programme. All managers being well on the way towards meeting the criteria for their post in the management competency framework.
 - (h) Integrated well-understood systems which play a part in improving performance – e.g., service planning, performance monitoring systems; project management; service reviews; and scrutiny.
- 3.9 Our progress can also be measured and motivated by success in achieving relevant external recognition and accreditation – for example: in relation to IIP status; the CAA performance management assessment; the Customer Service Excellence standard; and the national equalities framework.
- 3.10 The remainder of this strategy explores and sets out our approach to addressing the improvements given above so as to achieve our Improvement Vision.

4. Performance Improvement Culture

- 4.1 The adoption of Council Values and the staff involvement and engagement work being developed in response to the 2008 staff survey provide the framework for a performance management culture.
- 4.2 The most successful organisations are those where performance is not only led from the top, but where performance improvement is owned at all levels; where employees are fully engaged in contributing their ideas to improve performance; and where success is recognised and mistakes are seen as a learning opportunity.
- 4.3 The Council is unlikely to achieve the breakthrough it needs in performance if performance management is seen just as something for managers or purely as a device for target setting. It should not be linked to pay. It should be more flexible and more about learning, skills development and empowerment

- 4.4 All the Council's values have a bearing on how performance improvement can be pursued – for example –
- **Customer Service.** A focus on understanding and meeting the needs of customers is a key driver for performance improvement.
 - **Respect** plays a part in performance improvement by respecting, supporting and valuing the differing perspectives and contributions that other officers or Members are making to improve services. Most importantly, recognising and respecting the needs of service users.
 - **Trust** is an effective building block for performance improvement in that it enables individuals and teams to raise and be open about performance issues, trusting that they will be dealt with in a constructive, non-reproachful, manner. Trust empowers individuals and teams to address performance issues.
 - **A Commitment to Improving Services.** This value demonstrates that performance improvement is at the core of the Council's activities. It encapsulates a range of positive approaches to improvement – such as embracing new ways of working; removing barriers that prevent effective working; celebrating successes; learning from mistakes; and developing skills and learning.
- 4.5 The Council's approach to performance improvement will be based on these values and will also embrace staff engagement and involvement and the importance of all Members and officers working as a team.

Our Approach to Performance Improvement:

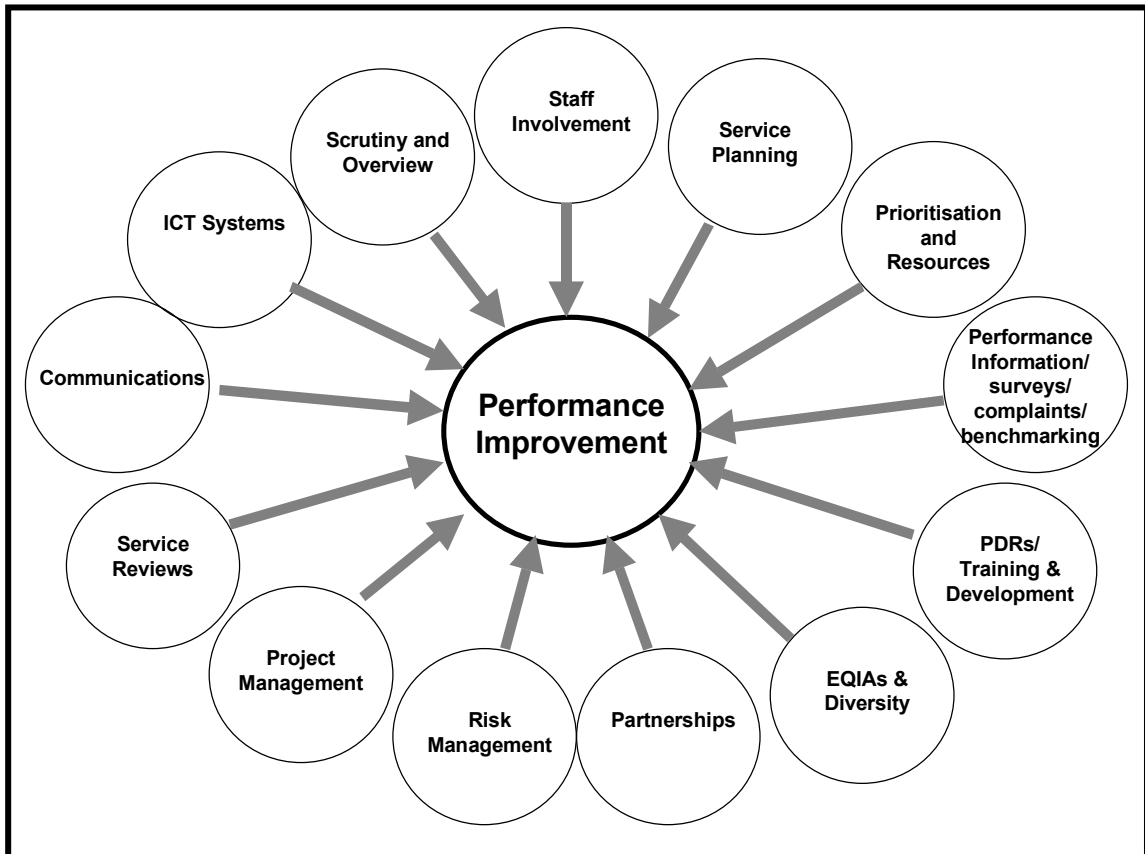
- Recognising that all employees and Members have a contribution to make
- Learning from our mistakes; not casting blame, but helping to put things right
- Working constructively together, focused on service improvement
- Developing skills and capacity to deliver improvement.
- Celebrating successes.

- 4.6 This strategy envisages this view of performance improvement culture being promoted through a range of approaches such as communications; the embedding of Council values; staff involvement; and the rewarding and celebrating of success. Actions are set out in more detail in the Action Plan at the end of the document.

5. Performance Improvement Systems

Council Systems Supporting Performance Improvement

- 5.1 In order to deliver fully on the Council's commitment to service improvement, all relevant Council systems and processes need to be clearly focused on performance improvement. The diagram below demonstrates how extensively Council activities and systems relate to and can promote the improvement of services.



- 5.2 For effective performance improvement all these and other Council processes and resources need to be maximised and aligned to the aim of performance improvement and their role in performance improvement recognised. The Council's key systems are described below.
- 5.3 **Strategic Planning and Prioritisation.** The Council reviews its strategic priorities for service improvement each year in the period June to July in order to set a clear direction for the service planning process. This process is working well and the Cabinet has given a clear sense of direction. It is recommended that for 2010 onwards the process is strengthened by the development of a "State of the Nation" report in May setting out the issues facing the Council in the medium term which will inform the prioritisation process.
- 5.4 **Service Planning.** This is the Council's key mechanism for translating Council improvement priorities into clear plans for delivery at service level. The process works well and is continually developing.
- 5.5 **Financial Planning.** Financial resources reflect the Council's improvement priorities; the need to maintain statutory services; and the medium term financial pressures

facing the Council. The service plan process informs the budget preparation process. Further improvement could be made by reporting performance information with financial estimates so that decisions on service budgets take into account the performance levels and planned improvements for the service in question.

- 5.6 **Workforce Planning.** The Council carries out an annual strategic assessment of its workforce needs to achieve its priorities and service obligations. That annual assessment then feeds into the service plan process. Investors in People accreditation and a range of other HR initiatives (performance and development reviews; management competencies; training and development etc) all play an important part in performance improvement.
- 5.7 **ICT Systems.** Effective ICT is essential in providing the Council with the systems it needs to deliver and improve services to customers. The broad approach is set out in the ICT Strategy; the ICT Steering Group co-ordinates the implementation of the strategy; and the ITLog Group seek users' views. As a result of a recent service review, a programme of action is currently underway to improve the contribution that ICT makes to service improvement through better customer service; an improved dialog with service departments; and greater use of project management.
- 5.8 **Service Reviews.** The Council has a system and process for conducting reviews of services in order to assess current effectiveness and identify means of improving the service. Different methodologies have recently been used, and it is now important to establish a clearer purpose and methodology for Service Reviews, based around service improvement.
- 5.9 **Project Management.** The Council has a project management toolkit which is available on the intranet and is used for major projects. Setting clear objectives for projects and effectively delivering them through project management is a key deliverer for performance improvement. Further work is required to improve the use of project management methodology within the Council by the review of the existing toolkit; clear guidelines as to when project management methodology will be used; and training.
- 5.10 **Risk Management.** Risk management enables the Council to minimise and manage risks to service improvement and delivery. Effective processes are in place and are continuing to develop in order to identify, assess and manage risks at a Corporate and Service level.
- 5.11 **Scrutiny.** The Scrutiny and Overview Committee has a key role in identifying areas for service improvement and putting forward recommendations to deliver that improvement. This can be achieved through reviewing performance reports; taking up issues raised by the public or Members; or challenging the Executive. Scrutiny and Overview Committee to be invited to consider this strategy and its role in performance improvement.
- 5.12 **Performance Monitoring.** At present EMT and Cabinet review progress on the Corporate Plan and key indicators on a quarterly basis. Service teams and portfolio holders also review performance on a regular basis. However, the frequency, format and approach differ across the Council and generally the focus is on performance indicators and is not seen so holistically as a focus on all performance related issues. The Council's new computerised system (CorVu) provides the opportunity for performance review to be carried out by Members, managers, team leaders and staff outside of the meeting process and to be much more integrated with service delivery. It will also enable consistent data to be available for meetings and will enable the

focus to move more from the data itself to consideration of actions to improve performance.

- 5.13 A significant aspect of the development of CorVu will be that any Member will be able to view performance information at any time and to raise issues with the appropriate Member or officer. In order to avoid confusion, a protocol will be devised based on the principle that Members should raise performance issues first with the relevant portfolio holder and (if not satisfied) with Scrutiny and Overview Committee.
- 5.14 **Research and Intelligence.** Performance improvement requires information – in the form of: up to date performance information and performance trends; the views of service users; benchmarking information to compare performance; and best practice from other comparable organisations.
- 5.15 **Financial monitoring.** Monitoring of expenditure against budgets is undertaken by cost centre managers and senior management and portfolio holders on a regular basis. Quarterly integrated business monitoring reports are considered by EMT and Cabinet which bring together financial monitoring and performance data to provide a mechanism by which resources can be moved in order to maximise performance within the budgets available. This can also be achieved at service level through virements.
- 5.16 **Communications.** The Council has a range of communications streams in place, including South Cambs Magazine, the Chief Executive’s weekly email, Corporate Briefings, and SCene. These provide opportunities, which could be further exploited, to enhance performance improvement by celebrating successes and sharing learning.
- 5.17 **Equality Impact Assessments (EQIAs).** Impact assessments are undertaken for all existing and new services and policies. EQIAs are an opportunity to improve services through the use of data collected and the identification of obstacles preventing all members of the community from enjoying equal access to and benefit from the Council’s services.
- 5.18 **Customer Service.** The Council gives high priority to the improvement of customer service and has established the Service First group and customer service standards. The standards and the use of customer feedback (through satisfaction surveys, other consultation and learning from complaints) are all key mechanisms of performance improvement. The Council is also committed to achieving Customer Service Excellence accreditation in 2010 – 11 which will be an opportunity to develop and broaden commitment to customer service and improvement.
- 5.19 The Council will continue to develop and maximise the effectiveness of the above processes in delivering performance improvement through the projects set out in the Action Plan.

Annual Planning and Review Processes

- 5.20 The following are the main annual processes relating to the planning and review aspects of performance improvement which will be adopted by the Council.

<i>Month/s</i>	<i>Review and Planning Activity</i>
May	“State of the Nation” report reviewing future policy/priority options. This will include: review of performance for the Council and LAA;

	results of Place Survey and satisfaction surveys; other national and local trends and statistics.
June	End of year performance review report to SMT/EMT and Cabinet.
May - July	Cabinet to review priorities and identify priority areas for performance improvement, based on the "State of the Nation" report.
May – July	Review of the Workforce Plan
September	Staff Service Planning away days.
September – November	Services and portfolio holders draft and approve service plans which review performance and set performance targets or service standards for Council and LAA indicators. Assess and put forward financial and staffing implications of targets. Staff consulted on draft service plan.
November - December	Consideration and prioritisation of financial implications of performance targets and inclusion (where approved) in MTFS
November-December	Review draft service plans for consistency and coverage of cross cutting issues.
February	Finalise service plans and targets in the light of the approved budget and draft Corporate Plan.
March – April	Carry out staff PDRs to review progress and agree work plans and personal development plans to achieve improvement.
April	Adopt and publish Corporate Plan.

Monitoring Processes

5.21 The Council has a range of individual monitoring systems – for example:-

Twice Yearly	Strategic Risks
	Staff PDRs and mid year reviews
Quarterly	Integrated Business Monitoring reports (Finance and Performance) are received by EMT/SMT and Cabinet
	LAA performance is reviewed in partnership meetings, LSP and Cambridgeshire Together meetings
	Risks are reviewed at service/operational level
	Portfolio holders review finance and performance (or more frequently depending on how meetings fall)
Monthly	Customer service standards and complaints by Service First
	Teams review performance
	Financial monitoring by SMT and by budget holders
	Sickness absence and other key HR statistics by SMT
	ICT service indicators

5.22 There is a range of other aspects of performance, projects or policies which are monitored on a regular or irregular basis. CorVu will enable an increasing range of performance information to be monitored by individual officers and Members at any time. The Council will continue to bring these monitoring processes together through CorVu in order to achieve a more integrated and holistic approach to performance monitoring.

6. Performance Improvement through Partnership Working

- 6.1 The Council has long recognised the benefits of working in partnership to deliver improved services in relation to health, housing, leisure services, community safety and other service areas. The Sustainable Community Strategy, Cambridgeshire Together and the CAA now bring a clearer framework and greater expectations to performance improvement in a partnership context. The Council has adopted criteria for effective partnership working and has identified partnerships which are most beneficial for the Council to work with.
- 6.2 The Council is an active partner in Cambridgeshire Together and the LAA Performance Group and has adopted the joint Data Quality Strategy.
- 6.3 In order to maximise the performance benefit from partnerships and use resources most effectively, the Council will adopt the following approach to its partnership working. The Council will -
- (a) participate only in partnerships where there are effective performance management arrangements in place and where there is evidence that that action on the part of the Council would lead to service improvements or quality of life for the public.
 - (b) encourage partnerships to adopt robust performance management arrangements.
 - (c) adopt a challenging but constructive approach to partnerships meetings
 - (d) identify what the Council can contribute towards the aims of the partnership and to performance manage the delivery of that contribution.
- 6.4 With regard to the LSP and Cambridgeshire Together, the Council will continue to work with partners to identify what contribution each partner can make to shared targets (and in particular, to identify disaggregated targets for districts); to participate in the development of shared performance management arrangements; and integrate targets in the Council's performance management systems.

7. Performance Improvement Roles

- 7.1 Performance improvement depends on clear roles throughout the organisation. The following roles are endorsed by the Council in order to support the culture and systems set out elsewhere in this strategy.
- 7.2 **Leader and Cabinet.** The key role would be to set clear priorities for performance improvement; ensure that resources match the improvement aspirations; and lead by example in establishing a performance improvement culture in the organisation. More specifically -
- (a) Giving leadership to a performance improvement culture and to review this strategy on a regular basis.
 - (b) Setting clear priorities and targets for performance improvement
 - (c) Including challenging and realistic performance indicators and targets in the Corporate Plan to ensure progress on the Council's Aims.
 - (d) Through the MTFs and Workforce Plan ensuring that there is sufficient capacity within the organisation to achieve its performance objectives.
 - (e) Monitoring performance on a quarterly basis, through integrated business monitoring reports, initiating appropriate corrective action where end of year targets are not expected to be achieved.

- 7.3 **Portfolio Holders** give political leadership and accountability to ensure that the services for which they are responsible are improving in accordance with the Council's priorities. More specifically -
- (a) Taking ownership for the achievement of performance measures and service improvements relating to their portfolio using Corvu on a frequent basis to maintain an awareness of performance issues.
 - (b) Monitoring progress on performance at all portfolio holder meetings and agree actions with officers to correct any likely failures, reporting to Cabinet where it is unlikely that effective remedial action can be taken.
 - (c) Being involved and giving leadership to the service planning process.
 - (d) Responding constructively to performance issues raised by other Councillors.
- 7.4 **Scrutiny and Overview Committee.** The committee is well placed to play a leading role in performance improvement, by identifying areas where performance can be improved and putting forward constructive ways of taking this forward. More specifically -
- (a) Scrutinising draft service plans, the Corporate Plan and other documents and advise the Cabinet of targets which are unrealistic or insufficiently challenging in achieving the Council's objectives.
 - (b) Keeping the performance of the Council under review by various means (use of Corvu, portfolio holder meetings and scrutiny monitors, comments of the public, comparisons with other providers etc); investigating areas of concern; and making recommendations for improvement.
 - (c) Reviewing and evaluating this strategy.
- 7.5 **All Members.** All Members have a role in improving services for the public. This may include -
- (a) Maintaining an awareness of the performance of the Council through the use of Corvu; other reports; and the comments of the public.
 - (b) Raising performance issues with portfolio holders or Scrutiny and Overview Committee.
 - (c) Leading through example in adopting a constructive, positive and blame-free performance improvement culture.
- 7.6 **Senior/Executive Management Team Members.** Senior officers have a role in leading on performance improvement both in their own service area and in the Council as a whole – more specifically by -
- (a) Giving leadership at officer level to the performance improvement culture of the Council.
 - (b) Leading through example in adopting a constructive, positive and blame free performance improvement culture.
 - (c) Advising the Cabinet on strategic performance aims which measure the Council's progress on its priorities.
 - (d) Taking ownership for the achievement of performance measures and service improvements relating to their service area using CorVu on a frequent basis to maintain an awareness of performance issues
 - (e) Ensuring that CorVu is updated promptly; that PDRs are carried out; and that appropriate training in performance improvement is undertaken within all departments.
 - (f) Monitoring performance measures quarterly and reporting to Cabinet where measures are unlikely to be met, together with actions to address the situation.
 - (g) Implementing good management techniques that can engage and motivate staff in improving performance.

- (h) Taking the role of data quality champions to ensure that performance data supplied by their service area meets the Council's data quality standards.

7.7 **Managers and Team Leaders.** All managers can drive the improvement of their services by enhancing their own management skills and leading their teams in a way which embraces team engagement and performance improvement.

- (a) Being committed to the continuous improvement of their service and undertaking development in order to raise their skills to the level envisaged in the management competency framework.
- (b) Developing a realistic number of indicators which measure the progress of their service in achieving its main aims; the service it provides to customers; and its contribution to the Corporate Aims, Sustainable Community Strategy and LAA .
- (c) Involving staff in the development of performance measures to be included in service plans
- (d) Updating CorVu in accordance with the agreed frequencies and monitoring progress of measures for their service at appropriate intervals.
- (e) Undertaking PDRs for all staff, agreeing personal objectives which will contribute to the achievement of service targets.
- (f) Encouraging a positive team approach towards the setting and achievement of improvement aims and promoting the Council's performance improvement culture and values.
- (g) Celebrating successes and encouraging learning from other services.

7.8 **Members and Officers involved in Partnerships.** Partnerships are having an increasing role in performance improvement and the Council will gain the most benefit from partnerships if Council representatives –

- (a) Encourage external partnerships to apply an effective performance management approach to their activities.
- (b) Invest time and resources only in partnerships which lead to a positive outcome which contributes to the Council's performance targets.
- (c) Adopt a challenging but constructive approach to performance issues in partnership meetings.

7.9 **All employees.** All employees can contribute to performance improvement through engaging in improvement activities and drawing attention to performance issues in their work areas. More specifically by -

- (a) Adopting a commitment to manage and improve their personal performance in accordance with Council Values and the performance management culture.
- (b) Participating in service planning and the setting of performance measures for their service.
- (c) Agreeing to and working to personal objectives through their PDR to contribute towards the performance objectives for the service.
- (d) Advising their line manager promptly of issues affecting the achievement of team objectives

7.10 **The Performance Improvement Group.** The purpose of this group is to develop and implement this strategy - and in particular to -

- (a) To promote the Council's performance improvement culture throughout the organisation and broaden involvement in performance improvement
- (b) To identify Council wide performance trends and assess the performance management capacities of the Council and to make appropriate recommendations.

- (c) To act as a resource and sounding board for managers and team leaders to raise performance management problems or share experiences and successes
- (d) To set an example for the application of Council Values to performance management by addressing performance management issues in a blame-free, supportive and constructive manner.

7.11 These roles will be publicised through the publication and communication of this strategy and will be re-enforced through induction, through the implementation of annual processes, competency frameworks and training and development.

8. Risks

8.1 The major risks to the delivery of this strategy relate to loss of momentum arising from competing priorities and the overall resource difficulties facing the Council. These risks will be minimised by taking a project management approach to the delivery of the Action Plan and by regular monitoring of progress by the Performance Improvement Group with reports to EMT.

9. Evaluation and Monitoring

9.1 The overall success of this strategy will be assessed through progress with the delivery of the Action Plan, the Corporate Plan, other important National Indicators and other measures such as the staff survey and customer satisfaction. This assessment will first be carried out by the Performance Improvement Group in July 2010, with a report to EMT, with annual reviews thereafter.

9.2 The Action Plan will be implemented through project management methodology, with progress being monitored and managed by the Performance Group, again with reporting to EMT at least twice per annum.

10. Equalities Impact Assessment

10.1 Section to be added following EQIA

11. Action Plan

11.1 A detailed action plan is given in the Appendix.

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PERFORMANCE IMPROVEMENT ACTION PLAN

The plan is structured around the requirements for effective performance management identified in Section 3 of the Strategy

#	Action	Who	2009/10	2010/11	2011/12
	Project Set Up				
1	Set up project and allocate responsibilities	PIG	Nov		
2	Progress reports to PIG and EMT	P&P team	Jan	✓	
3	Major review in July 2010 then annually	PIG		July	✓
	Leadership, Ambition and Performance Improvement Culture				
4	Scrutiny and Overview Committee to be invited to consider the strategy and its role in performance improvement.	P&P team	Oct		
5	Adoption of this strategy and endorsement of the Performance Improvement culture in Section 3 by SMT and Cabinet.	Chief Executive	Nov		
6	The publication of this strategy with key messages to all Members and staff.	P&P team	Nov		
7	Communicate performance improvement issues, particularly focusing on successes, in the Corporate Briefing; Chief Executive’s weekly emails and other internal communications – in a way which re-enforces the performance management culture	P&P team Comms team	✓	✓	✓
8	Base the Council’s improvement plans more closely around a smaller number of Council Actions and LAA targets where the Council can make a significant difference.	P&P team	Dec	✓	✓
9	The continuing work of the Performance Improvement Group – to review at least one performance issue for each service once a year.	PIG	✓	✓	✓
10	The continuing implementation of the values project and the staff engagement and involvement programme	Values project Staff engagement steering group	✓		
11	Extending the involvement of staff in the service plan process beyond the current initial away days.	Corporate Managers	✓	✓	✓
12	All services to embed the values and approach to performance management in the service plan process	Corporate Managers	✓		

#	Action	Who	2009/10	2010/11	2011/12
13	Establish performance noticeboards etc within service areas to develop ownership of performance.	P&P team	✓		
14	Establish regular awards to recognise good performance	P&P team	✓	✓	✓
	Clarity of Roles				
15	Invite Cabinet, Scrutiny and Overview, EMT to sign up to the roles in the strategy.	P&P team	✓		
16	Communicate the roles in this report to all Members and staff	P&P team	✓		
17	Include the roles in induction for officers and Members	HR/Dem Services	✓	✓	✓
18	Take roles into account in next review of Management Competency Framework	HR		✓	
19	Take account of roles in job descriptions and PDRs	HR		✓	
	Effective and systems to support performance improvement				
20	Prepare "State of the Nation" report to provide evidence base for Council priorities	P&P Team		May	
21	Include performance information with draft estimates reports.	Exec Dir - Finance		✓	
22	Continue to focus the Workforce Plan on providing the means to deliver improvement.	HR Manager/ P&P team		✓	✓
23	Continue to improve the quality and coverage of performance & development reviews (staff appraisals) with a focus on performance improvement.	HR team P&P team		✓	✓
24	Complete the implementation of the ICT service review to maximise the support given by ICT to performance improvement.	Exec Director/ HR Manager		✓	
25	Clarify the future methodology for service reviews and agree the future programme of reviews	P&P team			
26	Actions to improve the quality and timeliness of data input into CorVu and developing the reports available and the use of the system	P&P team	✓	✓	✓
27	Actions to identify and implement opportunities for direct input of performance data from existing systems into CorVu.	ICT team P&P team		✓	
28	Develop regular, structured, and integrated performance monitoring at all levels (Cabinet, portfolio holder, scrutiny, EMT, service and team levels) using the computerised performance management system (CorVu)	P&P team	✓	✓	✓

#	Action	Who	2009/10	2010/11	2011/12
29	Prepare, consult on and publish guidance to Members on raising performance issues.	P&P team		✓	
30	Use the results of EQIAs to improve services and gain data on the use of services.	P&P team Corporate Managers	✓	✓	✓
31	Improve use of customer feedback and other consultation results to improve services, as part of Customer Service Excellence work	P&P team	✓	✓	✓
32	Develop use of external information (benchmarking and best practice) to improve performance	P&P team		✓	✓
	Robust performance improvement arrangements in place with partners				
33	Continue to work with Cambridgeshire Together partners to establish effective shared performance management arrangements for the LAA, including: <ul style="list-style-type: none"> Improved integration between the County and district CorVu applications Agreement of disaggregated targets for districts 	Partnerships team P&P team	✓	✓	✓
34	Ensure that all relevant LAA targets (or proxy indicators) are included in relevant service plans and are subject to regular performance review	P&P team	✓		
35	Assess performance management arrangements of major partnerships the Council is involved in.	Partnerships team		✓	✓
36	Training and development in performance management in partnerships	HR team/ Partnership team		✓	
	Achieve Level 3 of CAA performance management assessment				
37	In the light of the 2009 assessment outcome, draw up an action plan to achieve or consolidate level 3 and revise this plan accordingly.	PIG	✓		

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SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Leader and Cabinet 8 October 2009
AUTHOR/S: Executive Director (Operational Services) / Corporate Manager,
Affordable Housing

**HOUSING REVENUE ACCOUNT (HRA) SUBSIDY REVIEW:
RESPONSE TO GOVERNMENT**

Purpose

1. To provide Cabinet with a brief summary of the Government's consultation paper on the reform of council housing finance and to seek approval for the Council's formal response to the consultation questions. This is not a Key Decision but the proposed financial reforms if enacted would have a significant financial impact upon the Council.
2. This report includes a brief overview of the main proposals. A more detailed explanation of the proposals is contained in the report to the Housing Portfolio Holder on 16 September 2009 which is listed in the background papers below. **Appendix A** attached to this report contains draft responses to the consultation questions included in the Department for Communities and Local Government (CLG) consultation paper.

Consultation Summary

3. The Housing Revenue Account (HRA) Review was launched in 2007 and its stated aim was –*“to develop a sustainable, long term system for financing council housing that is consistent with wider housing policy and fair to both tenant and taxpayer.”* The full terms of reference are set out in an annex to the consultation paper.
4. Under the **present system**, debts arising from investment in council homes are held by the authorities in whose areas the homes are built and owned. Through the Housing Subsidy system the Government takes rental income away from authorities that are considered to be “in surplus” and redistributes it to those authorities deemed to be “in deficit”. Under this arrangement authorities with relatively high levels of debt gain subsidy at the expense of authorities like South Cambridgeshire who are debt free and contribute to the national pot for redistribution. The consultation rejects the idea that Government should write off all housing debt as a starting point because the Government believe it would be “unaffordable and unfair” to ask the general taxpayer to meet debt incurred in building and maintaining council housing.
5. Under the **proposed new system** rental income would not be redistributed but the national housing debt of around £17 billion would be. Therefore those authorities deemed to be “in surplus” under the current arrangements could expect to be given new debts to service. Authorities “in deficit” would be given a corresponding lump sum to pay off all or part of their existing debt.
6. In a technical paper on debt accompanying the consultation, South Cambridgeshire is identified as the local authority that would have the highest level of debt per property under the proposed reforms (Para 6.2). This is stated as £30,248 per unit which on the basis of 5432 dwellings (April 09) means a debt of approximately £164m.

7. The Consultation concludes that national provision for **Management and Maintenance** is currently underfunded by 5%. Given that in South Cambridgeshire and other authorities expenditure already exceeds allowances, an uplift in allowances of 5% may not lead to any extra expenditure on the ground. Additionally, an authority like South Cambridgeshire is likely to have a low score on any needs assessment reflecting the weightings applied by Government in distributing allowances (including deprivation figures, numbers of high rise flats, crime figures etc) and may not benefit from any uplift. The 5% figure refers to total national allowances and will vary for individual local authorities.
8. The consultation proposes raising the **Major Repairs Allowance (MRA)** over 30 years by an average of 24%. It is likely that South Cambridgeshire would receive an uplift of less than 24% as priority is given in the proposals to flats, lifts, common parts etc which are less common in South Cambridgeshire compared to typical urban authorities. The assumption used in the technical paper to calculate the level of debt to be apportioned is based upon an uplifted MRA of 43% but since the Government is only proposing an uplift of 24% or less, the debt allocated to South Cambridgeshire would in practice be higher than the indicative £164m (other factors being equal).
9. The consultation concludes that currently at least 40% of general management costs are additional to **Core Management Activities** (defined as activities such as rent collection, repairs etc). Non-core services include tackling anti-social behaviour, debt and employment advice etc. Some of the non-core services attract external funding and some are funded from rents. The definition offered in the consultation paper is ambiguous but it is possible that the Government intends to tighten the HRA 'ring fence' which might mean that services currently funded by the HRA at present would have to be funded by the General Fund in the future.
10. At present local authorities retain 25% of **Right to Buy Receipts** for capital purposes and 75% are pooled nationally. The Government has recently relaxed these rules for newly built council housing where 100% of any subsequent receipts will be retained by local authorities and proposes to extend this to all capital receipts. Councils might be required to commit some or all of these extra resources (i.e. 75%) to new housing supply or regeneration but this would mean a corresponding reduction in the centrally funded housing investment programmes that would once have been funded by pooled receipts.
11. Currently **disabled adaptations** within the Council's housing stock are funded from the HRA but are not explicitly included as an element in the allocations formula. The Government proposes to continue with this arrangement and suggests that the additional capital receipts (see above) could be used to fund this work. This is a critical omission in South Cambridgeshire as the draft response in the appendix, explains.
12. The consultation states that **Transfer Proposals** where tenants have already voted in favour would be allowed to proceed on their current terms but future transfers will only be allowed at standards materially the same as those proposed for self-financing. For South Cambridgeshire this would mean, for example, having to pay back the new £164M debt. The implication is that few transfers would be pursued in future since they would not deliver the financial advantages for tenants and local authorities that the current rules allow.

Implications

13.	Financial	The document states that even before the outcomes of the consultation are decided, the financial incentives for stock transfer no longer exist. There are no implications in replying to a consultation document. The eventual impact of proposed reforms will depend on the level and detail of any eventual settlement arising from these initial proposals. In the interim the authority will have to manage within the current system given that any change is unlikely to happen before 2012/13.
	Legal	
	Staffing	
	Risk Management	
	Equal Opportunities	

Consultations

14. This is itself a consultation paper and has been sent to a wide range of organisations and representative bodies. The draft response was approved by the Housing Portfolio Holder on 16 September 2009.

Effect on Strategic Aims

15.	Commitment to being a listening council, providing first class services accessible to all.
	At this stage the Government has not made firm decisions about the reform of council housing finance. The eventual outcome will determine the quality of the service that the Council is able to deliver to its tenants and leaseholders.
	Commitment to ensuring that South Cambridgeshire continues to be a safe and healthy place for all.
	The amount of resources made available to the HRA in future will affect the standard of accommodation and services that South Cambridgeshire District Council is able to provide.
	Commitment to making South Cambridgeshire a place in which residents can feel proud to live.
	N/A
	Commitment to assisting provision for local jobs for all.
	N/A
	Commitment to providing a voice for rural life.
	N/A

Conclusions

16. The Consultation paper is a detailed and occasionally technical document and a very concise summary is not practicable. In principle, any changes that increase revenue or capital resources beyond those delivered by the current subsidy system would be welcomed.
17. The standards of services that South Cambridgeshire is able to provide for its tenants are dependent on the level of allowances for Management and Maintenance and the MRA. This is true for the present system and for the future models being considered.
18. The main areas of concern for the Council can be summarised as follows:
- (a) Under the most likely scenario identified by the Government, the Council is likely to lose its debt-free status and be obliged to take on over £160m worth of debt to be repaid over 30 years.
 - (b) Any uplift of resources for Management and Maintenance, and Major Repairs, are likely to be targeted on areas with high proportions of flats, non-traditional

dwellings and high levels of deprivation. This is unlikely to benefit services in South Cambridgeshire where spending is already above current allowances but is not sustainable at that level.

- (c) The option of transferring the stock to a not-for-profit housing association with a much lower level of debt (and service levels identified as necessary in tenant consultation) is no longer viable because future transfers will not be allowed on the same terms that would have applied to South Cambridgeshire Village Homes.
- (d) The proposal to allow 100% retention of capital receipts is unlikely to be of major benefit given the relatively small number of Right to Buy applications being received and completed. Given our tenant profile, this is unlikely to increase significantly; however, the problem of funding the “buy back” of equity share sheltered homes could be finally resolved if receipts from future sales became fully usable.
- (e) As an authority able to meet the Decent Homes target by 2010 the Council is unlikely to benefit from any capital grants after that date.
- (f) The omission of disabled adaptations work from allowances, leaving possible capital receipts to fund necessary works will potentially disadvantage disabled people. This is a critical omission for South Cambridgeshire and for other similar authorities.
- (g) At present properties needing major works or redevelopment can be sold to housing associations at low / discounted valuations to enable them to develop affordable housing. In future this is unlikely to be viable because each property will be associated with approximately £30,000 worth of debt and discounted sales would leave that debt outstanding thus putting even more pressure on the HRA.

Recommendation

- 19. That the Cabinet endorses the draft responses to the Department for Communities and Local Government Housing Revenue Account finance consultation questions as set out in the appendix to this report.

Background Papers: the following background papers were used in the preparation of this report: Reform of Council Housing Finance-Consultation

Review of Council Housing Finance-Impact Assessment

Review of the Major Repairs Allowance

Options for Dealing with Housing Loan Debt in the Local Authority Sector

Evaluation of Management and Maintenance Costs in Local Authority Housing

All available from CLG at

<http://www.communities.gov.uk/housing/decenthomes/councilhousingfinance/housingfinancereview/>

Report to Housing Portfolio Holder 16 Sep 2009: “HRA Review Response”, available at <http://scams.moderngov.co.uk/ieListDocuments.aspx?CId=870&MId=4905>

Contact Officers: Stephen Hills – Corporate Manager (Affordable Homes), (01954) 713412
Mike Knight-Housing Strategy Manager, (01954) 713377
Gwynn Thomas-Principal Accountant (Housing), (01954) 713074

CONSULTATION QUESTION 1

We propose that the HRA ring fence should continue and, if anything, be strengthened. Do you agree with the principles for the operation of the ring fence set out in paragraph 3.28?

Response - We agree with the principles set out in Para 3.28 and support the idea that local authorities should have maximum flexibility to provide the type of service which they believe will deliver the standards set down by the TSA, taking account of local circumstances. Any “policing” of these services should be done as part of the TSA’s inspection and regulation role so that local circumstances can be reflected in their judgements.

As well as the accounting mechanisms for HRA activity, comment needs to be made about the standards of service to be funded. In the interests of equity the standards should include anything that would have been approved in the past in a business plan for an LSVT landlord. It would be unjust to deny council tenants access to the same terms and standards that have already been agreed for the 1m plus tenants who have transferred to housing associations, or those enjoyed by other housing association tenants.

CONSULTATION QUESTION 2

Are there any particular ambiguities or detailed concerns about the consequences?

Response - The test set out in Para 3.29 needs clarification. The distinction between “everyone” and “wider benefit than solely to tenants and leaseholders” is not clear. In particular, the clarification needs to address the following points-

1. Services which are in principle open to everyone often have eligibility or needs assessments which are not based on tenure.
2. Services often have a geographic relevance which limit the numbers of people able to benefit but with no relevance to their tenure.

CONSULTATION QUESTION 3

We propose funding the ongoing maintenance of lifts and common parts in addition to the Decent Homes Standard. Are there any particular issues about committing this additional funding for lifts and common parts, in particular around funding any backlog through capital grant and the ongoing maintenance through the HRA system (as reformed)?

Response - We support the inclusion of lifts and common parts and believe that in the interests of equity the standards should include anything that would have been approved in the past in a business plan for an LSVT landlord. It would be unjust to deny council tenants access to the same terms and standards that have already been agreed for the 1m plus tenants who have transferred to housing associations. In addition, although the government is advocating 30 year business plans, in practice standards are likely to rise in ways that cannot be quantified at this stage over that time scale.

Standards will therefore require periodic reviews to keep them up to date and relevant.

CONSULTATION QUESTION 4

Is this the right direction of travel on standards and do you think the funding mechanisms will work or can you recommend other mechanisms that would be neutral to Government expenditure?

Response - Raising the standards is necessary and in the interests of equity the standards should include anything that would have been approved in the past in a business plan for an LSVT landlord. It would be unjust to deny council tenants access to the same terms and standards that have already been agreed for the 1m plus tenants who have transferred to housing associations. In addition, although the government is advocating 30 year business plans, in practice standards are likely to rise in ways that cannot be quantified at this stage over that time scale.

Standards will therefore require periodic reviews to keep them up to date and relevant. Financial settlements should be based on actual costs experienced by each authority and ratified by their auditors rather than nominal figures established at national level.

The funding mechanisms can work but any proposals to charge tenants more on the basis of presumed savings should be independently audited to ensure that they are genuinely cost neutral and if savings are not delivered compensatory adjustments should be made.

CONSULTATION QUESTION 5

We propose allowing local authorities to set up sinking funds for works to leaseholders' stock and amending HRA rules to permit this. Will there be any barriers to local authorities taking this up voluntarily, or would we need to place an obligation on local authority landlords?

Response - In broad terms the ability to introduce a sinking fund is welcome. The administration of sinking funds will be costly in terms of staff resources, unfortunately however, RTB leases do not appear to allow for the recharging of any expenditure on management or administration to the leaseholder. This additional expenditure would, therefore, effectively have to be paid for by tenants. In the event, none of our existing RTB leases allow for a sinking fund, therefore unless the legislation is retrospective this will be a barrier.

CONSULTATION QUESTION 6

We propose calculating opening debt in accordance with the principles set out in paragraphs 4.22- 4.25. What circumstances could lead to this level of debt not being supportable from the landlord business at the national level?

Response -The debt would not be supportable because the policy could not be considered sustainable in view of the contrast between standards enjoyed by stock transfer and housing association tenants and the limitations on service levels proposed for council tenants.

CONSULTATION QUESTION 7

Are there particular circumstances that could affect this conclusion about the broad level of debt at the district level?

Response - At present interest rates are relatively low, however authorities could be vulnerable should there be a significant increase. This could lead to a need to cut services in order to accommodate additional interest costs.

CONSULTATION QUESTION 8

We identified premia for repayment and market debt as issues that would need to be potentially adjusted for in opening debt. How would these technical issues need to be reflected in the opening debt? Are there any others? Are there other ways that these issues could be addressed?

Response - It might be difficult to arrive at a fair method of deciding which individual debts are to be repaid early as part of the redistribution because authorities do not usually earmark debt.

CONSULTATION QUESTION 9

We propose that a mechanism similar to the Item 8 determination that allows interest for service borrowing to be paid from the HRA to the general fund should continue to be the mechanism for supporting interest payments. Are there any technical issues with this?

Response - On the whole this does seem to be a reasonable option. However, HRA managers will have no control over interest rate fluctuations or borrowing for general fund expenditure, both of which could impact adversely on the Consolidated Rate of interest that would be payable on the HRA debt.

CONSULTATION QUESTION 10

Do you agree the principles over debt levels associated with implementing the original business plan and their link to borrowing?

Response - We agree that any borrowing agreed in the original Business Plan should be outside the prudential borrowing framework but feel that should any future potential efficiency savings be identified which would involve switching revenue expenditure to fund borrowing to pay for works agreed as part of the Business Plan this should also be permitted. Any future borrowing controls should only apply to uncommitted efficiency savings or surpluses arising from out-performing the Business Plan.

CONSULTATION QUESTION 11

In addition to the spending associated with the original business plan, what uncommitted income might be generated and how might councils want to use this?

Response - There are no obvious future sources of uncommitted income although landlords might be in a position to act as agents for public sector agencies or commercial firms or provide services for other landlords. Should these arise we would be in favour of local authorities having maximum local control over how any income is spent.

CONSULTATION QUESTION 12

We have set out our general approach to capital receipts. The intention is to enable asset management and replacement of stock lost through Right to Buy. Are there any risks in leaving this resource with landlords (rather than pooling some of it as at present)?

Response - With capital receipts from RTB running at historically low levels the impact of these proposals is limited. Whilst we support the principle of local decision making about how receipts are spent we would emphasise the need to ensure that programmes of national significance like the Growth Agenda receive adequate funds from national pots where local resources are inadequate.

CONSULTATION QUESTION 13

Should there be any particular policy about the balance of investment brought about by capital receipts between new supply and existing stock?

Response - The spending of receipts should be a matter of local discretion in line with local Housing and Sustainable Community Strategies. In view of the historically low level of receipts, and their unpredictability, there should be no element of receipt derived spending allowed for in HRA Business Plans.

CONSULTATION QUESTION 14

Are there concerns about central Government giving up receipts which it currently pools to allow their allocation to the areas of greatest need?

Response - Whilst we support the principle of local decision making about how receipts are spent we would emphasise the need to ensure that programmes of national significance like the Growth Agenda receive adequate funds from national pots where local resources are inadequate.

CONSULTATION QUESTIONS 15, 16 and 17

Would any of our proposed changes have a disproportionate effect on particular groups of people in terms of their gender or gender identity, race, disability, age, sexual orientation, religion or (non-political) belief and human rights?

What would be the direction (positive or negative) and scale of these effects and what evidence is there to support this assessment?

What would be necessary to assemble the evidence required?

Responses - The omission of disabled adaptations work from allowances leaving possible capital receipts to fund necessary works will disadvantage disabled people. This is a critical omission for South Cambridgeshire and for other similar authorities. Our most recent STATUS survey showed that two thirds of our tenants are aged over 60 years and 50% of tenants have a long standing illness, health problem or disability. Our recent Stock Transfer proposals budgeted for £4m for adaptations for disabled tenants and £3m for walk-in showers over the first 5 years after transfer, an extra £1.4m for each of the first 5 years.

The £1.4m per year does not include anything for the estimated cost of new or upgraded heating and energy measures for which disabled tenants will need to be prioritized. This is in sharp contrast to the likely availability of capital receipts. In 2009/10 we currently estimate the value of an extra 75% of RTB receipts to be approximately £500,000 although this cannot be guaranteed.

In general the proposals create a two tier social housing sector with council tenants potentially receiving lower standards of services than housing association/stock transfer landlords but with similar rent charges. Apart from the general issue of equity of treatment, Government should investigate the composition of both tenant groups to see if the proposals disadvantage any of the groups listed by virtue of their different representation in each sector.

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO:	Leader and Cabinet	8 October 2009
AUTHOR/S:	Executive Director, Operational Services / Corporate Manager, New Communities	

**ADDRESSING THE ECONOMIC DOWNTURN
QUARTERLY REPORT – 1 JULY TO 30 SEPTEMBER 2009****Purpose**

1. This report updates Cabinet on the delivery of actions proposed to mitigate the impact of the recession on South Cambridgeshire District and request Cabinet to consider further actions as part of the remaining contingency funds.
2. This is not a key decision, however, Cabinet has requested quarterly reports.

Summary of Council Actions and Progress to date:

3. The table below details the progress made against actions identified in the Cabinet reports of 16 April and 2 July 2009. Key activities since that time are:
 - The volume of invoices paid within 10 days improved to 63.11% in July, with a decrease in the summer period (August) of 39.75%.
 - The Business Support Fund with a total value of £50,000 aimed at supporting companies most at risk from the slowing economy has been launched from September 2009. With vouchers per qualifying company of £1,000, it is delivered in partnership with Business Link across the district. Monthly reports to the Council will inform of both uptake and the type of specialist support accessed, together with the following up of intelligence with businesses in term of effectiveness.
 - As reported verbally at the previous Cabinet meeting, the business seminar 'Ride the Recession' arranged for 1 July took place. Run in association with Business Link, the event offered the opportunity to hear from Terry Holloway of Marshall Group, Matthew Peek of Barclays Corporate, Anne Miller of The Creativity Group and consultants Bev and Jasper Gilder, all offering advice on how to survive and thrive in all economic climates. The event also provided networking and advice from business support agencies. Feedback was very positive: for example, delegate Julia Brooks from contacts4business said, "I enjoyed the event for its presentations, as well as the exhibitions and networking. I found the experience motivating and informative with practical application for my business."
 - The measure to do with the Hardship Rate Relief Scheme has resulted in three requests for assistance. Two applications have been returned so far, of which one currently meets the criteria and is expected to be awarded at a cost of £1,750, to the Council (£7,000 total rate relief requested). A further query for a third application is expected by the Revenues department. If granted the

cost to the Council is anticipated to be £1,250 (£5,000). Further applications are anticipated.

	Actions and evaluation	Timescale	Cost	Progress to date and evaluation
(i)	<p>Hardship Rate Relief:</p> <ul style="list-style-type: none"> Publicising the existing scheme Review the existing policy to facilitate the award of rate relief to assist businesses at imminent risk of failure and to ensure a fair allocation process and agreed budget <p>Future action suggested:</p> <ul style="list-style-type: none"> Further information / publicity may be helpful to highlight the scheme. Upon offering relief, the businesses to benefit will be made a conditional offer that they develop actions to recover, including developing a plan with Business Link. The amount of this measure will be reviewed at the end of October 2009. 	<p>Available over 2009/10</p> <p>September 2009</p> <p>September 2009</p> <p>October 2009</p>	£25,000	<p>Scheme available.</p> <p>1 request received for hardship support at a cost of £1,750 to SCDC. A further application with a cost of £1,250 to SCDC is anticipated.</p>
(ii)	Freeze fees for taxi licensing, trade refuse collection and other environmental health services as recommended by the Portfolio Holder 27 January 2009.	Available over 2009/10	£15,500	In place – Completed.
(iii)	Lobby Minister for Local Government regarding NNDR and Minister for Energy regarding fuel poverty issues.	February 2009	-	Minister's response received.
(iv)	<p>Economic Development Programme</p> <ul style="list-style-type: none"> 'How to Win Contracts' event with other public authorities at the Belfry Hotel, Cambourne. Business Seminar at Duxford IWM on surviving the economic downturn. 	<p>4 June 2009</p> <p>1 July 2009</p>	<p>£3,000</p> <p>£5,000</p>	<p>Completed. Attended by 100 businesses (target 70-80). Positive feedback received on practical value of the event.</p> <p>Completed. Positive feedback received on practical value of the event.</p>

	<ul style="list-style-type: none"> Business Support Growth Fund with vouchers of £1,000 each launched and delivered with Business Link. This offers direct specialist business support for businesses affected by the recession. <p>Future action:</p> <ul style="list-style-type: none"> Monthly reports to the Council will inform of both uptake and the type of specialist support accessed, with a view to inform the Council of support needed by the District's businesses for possible future Council measures. 	September 2009 – March 2010	£50,000	Launched. Applications anticipated. Monthly reports to the Council will inform of both uptake and the type of specialist support accessed.
(v)	<p>Develop financial options to help development continue at Orchard Park</p> <ul style="list-style-type: none"> Plot C3 transferred to affordable housing from market sales. BPHA funded by HCA, with support by SCDC. Persimmon Homes commenced work on Plot B1, as result of transfer to C3 to BPHA. Martin Grant has commenced work on Plot D. Application for HCA Kickstart funding submitted Further work planned with partners on the private rented sector and self-build / eco housing options. Construction started on 3 new sites since April. <p>Future action:</p> <ul style="list-style-type: none"> Study commissioned for innovative delivery models with meeting set up about a private rented initiative. 	<p>April 2009</p> <p>May 2009</p> <p>June 2009</p> <p>October 2009</p> <p>November 2009-09</p>	HCA funding provided	<p>All three house-builders are back on site, and higher level of reservations than last year.</p> <p>Project bids were unsuccessful. Will look to resubmit in winter 2009.</p>
(vi)	Provide rent-free space for CAB at SCDC	March 2009	Within existing	Offered – but unlikely to take up

		budgets	offer without financial grant to cover additional costs for CAB
(vii)	<p>SCDC staff:</p> <ul style="list-style-type: none"> Financial well being event to signpost staff to appropriate organisations who can offer counselling and practical advice for themselves and family members Offer short-term projects to existing staff rather than agency staff Revise the staff relocation terms so that the sums available can be used flexibly, without increasing the total claimed. Human Resources organised publicity on PPC (Positive People Company) to aid staff in the recession. Support is offered through counselling on various matters. 	<p>April 2009</p> <p>£2,000</p> <p>February 2009</p> <p>Potential saving</p> <p>December 2009</p> <p>Potential saving if new staff can be retained whilst unable to sell former home</p> <p>August 2009</p>	<p>In place, completed</p> <p>In place, ongoing</p> <p>Work has commenced</p> <p>Action completed</p>
(viii)	<p>Aim to pay suppliers within 20 days</p> <p>Future action:</p> <ul style="list-style-type: none"> It is recommended that we reinforce the message again about processing invoices promptly including the importance of the dispute process. That the electronic system of invoicing be implemented as soon as possible, thus benefitting businesses in turn through improved cash flows. 	<p>February 2009 - ongoing</p> <p>Up to 10 days interest on sums paid</p>	<p>Chief Executive has sent a message to all staff at launch of action requesting 80% of payments in 10 days.</p> <p>Follow up communication suggested to increase payment rate to more than 39.75% (August 2009) and 60.3%</p>
(ix)	<p>Small businesses that are identified as likely to benefit from rate relief will be targeted</p>	<p>September 2009</p> <p>Within approved budgets</p>	<p>Letter sent to businesses and communications in</p>

	and encouraged to apply for this benefit			the current Economic News Bulletin.
(x)	Improve ways of helping firms relocate to South Cambridgeshire, including property search and identification systems	September – December 2009	£10,000	Meetings held with Invest East of England regarding inward investment. Meetings and discussions also held with the tourism office, neighbouring councils, businesses and commercial agents to develop a tool / mechanism for improved investment. A commercial property database is being developed with colleagues to show available commercial space and market the District
(xi)	Planning Policy SPD / DPD to be produced to strengthen support for economic development	March 2010? TBC		To be included within the review of core strategy.

Proposed Actions

(xii)	<p>Support to local volunteer centres experiencing increased demand for placements as a result of the recession.</p> <p>Evaluation</p> <ul style="list-style-type: none"> Local Volunteer Services are seeing increases in the number of people referred to them through the Department of Work and Pensions scheme (generally clients who need more support), which only pays out if a client is successfully placed and therefore much work can occur for no additional funding (just over £100 per placed client). 	October 2009	Up to £5,000	<p>This is proposed to be part of the contingency funding money.</p> <p>Volunteering is a means for people to gain skills and return to jobs following redundancy etc.</p>
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	<ul style="list-style-type: none"> The Volunteer Centres have not received Weather the Storm funding. Specific measures for South Cambridgeshire to be developed with approval of this new measure. 			
(xiii)	<p>Further measures to support businesses and the District in the economic downturn.</p> <p>Evaluation and future proposed actions:</p> <ul style="list-style-type: none"> Measures are being explored with partners such as the Chamber of Commerce (e.g. stimulate innovation) and Job Centre Plus as well as internally (e.g. invoice system additional costs) to develop actions to assist the District further in responding to the downturn. 	TBC	TBC	This is proposed to be part of the contingency funding money.

Implications

4.	Financial	<p>Council made available total of £150,000 to aid businesses in South Cambs affected by the recession.</p> <p>At September, £110,500 has been spent or committed. This figure includes commitments arising from NNDR hardship relief applications.</p> <p>A contingency fund of £39,500 is available to be allocated to further initiatives as detailed above.</p>
	Legal	No implications
	Staffing	No Implications
	Risk Management	No Implications
	Equal Opportunities	No Implications

Consultations

5. In preparing this report the Finance, Revenues and Benefits and Human Resources services have contributed.

Effect on Strategic Aims

6. **Commitment to being a listening council, providing first class services accessible to all.**
 Many of the measures outlined in this report are based on feedback from partner agencies, businesses and local residents, and are intended to support our aim of providing excellent services. A pro-active approach is being taken to the promotion of these measures.

Commitment to ensuring that South Cambridgeshire continues to be a safe and healthy place for all.
There are well-documented links between economic prosperity, health, wellbeing and community safety. The measures in this report are intended to maintain the local economy.
Commitment to making South Cambridgeshire a place in which residents can feel proud to live.
It is hoped that local residents will welcome actions that the council is taking to support businesses through the recession.
Commitment to assisting provision for local jobs for all.
The Council's commitment to support businesses through the recession is a key element of the authority's pledge to assist in providing jobs and prosperity across the district for all residents.
Commitment to providing a voice for rural life.
Small businesses form a key part of the life of a strong rural community.

Conclusions / Summary

7. This report provides Cabinet with a brief update on the current position with regard to activities being undertaken to support local businesses during the recession. A further report will be presented to Cabinet in January 2010.

Recommendations

8. It is recommended that Cabinet
- (a) note the report and progress made on the economic downturn measures, including further actions around payment of invoices stated in (viii) above, and that the use of Hardship Rate Relief will be reviewed by 31 October 2009;
 - (b) approve the following proposal for the contingency fund:
 - (i) that up to £5,000 be made available to local volunteer services, assisting in people being up-skilled and returning to work. (Reference Action xii)
 - (c) approve in principle the following proposals for the contingency fund:
 - (ii) that further measures to support businesses be considered, such as working with the Chamber and Business Link to stimulate innovation and business start-up. Cost estimate £15,000 (Reference Action xiii); and
 - (iii) that the roll-out of the electronic system to pay invoices more promptly be considered (Reference Action viii – cost to be confirmed. Balance of contingency fund available)

Background Papers: the following background papers were used in the preparation of this report: Cabinet Reports: 15 January, 12 February, 16 April and 2 July 2009

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SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO:	Leader and Cabinet	8 October 2009
AUTHOR/S:	Executive Director (Corporate Services) / Finance Project Officer	

**NATIONAL INDICATOR (NI) 179 (VALUE FOR MONEY GAINS)
FORECAST 2009/10**

Purpose

1. The purpose of this report is to inform Cabinet of the cumulative amount of National Indicator (“NI”) 179 value for money gains forecast to be achieved for the period from 1 April 2008 to 31 March 2010 and to recommend that the Leader of the Council and the Executive Director (Corporate Services) submit details of the amount forecast to the Department for Communities and Local Government (“DCLG”), in consultation with the Finance & Staffing and Sustainability, Procurement & Efficiency Portfolio Holders.
2. This is not a key decision; however, guidance from the DCLG is that the leader and either the chief executive or the chief financial officer (Section 151 Officer) should see, certify and approve the final value of NI 179 that is submitted.

Background

3. In the Comprehensive Spending Review 2007 (“CSR07”), all public services were set a target of achieving at least 3% net cash-releasing value for money gains per annum over the period 2008/09 to 2010/11. NI 179 sets out the following requirement:

Value for money – total net value of ongoing cash-releasing value for money gains that have impacted since the start of the 2008/09 financial year

4. There is no mandatory target for individual councils; however, other assessments (e.g. Use of Resources and Managing Performance) and internal requirements (e.g. a balanced Medium Term Financial Strategy (“MTFS”) and pressures on the General Fund, Housing Revenue Account (“HRA”) and Capital Programme) mean that the Council needs to continue to deliver efficiency savings.
5. The Council has to report on NI 179 twice for each financial year:
 - (a) the forecast of cumulative gains expected to be achieved since 1 April 2008 by the end of that financial year, in October (this is due by 23 October 2009 for 2009/10);
 - (b) the actual value of gains achieved by the end of the financial year just concluded, in July (this was done on 24 July 2009 for 2008/09).

Considerations

6. The forecast of cumulative gains is obtained from:
 - (a) actual gains for 2008/09 reported in July 2009 that are still expected to be sustained, multiplied by the 2009/10 “GDP deflator” (the default rate of inflation); plus
 - (b) new gains expected to be achieved in 2009/10.

7. In addition, the DCLG had previously advised that councils could also count the value of any cash-releasing (i.e. 'cashable') gains achieved before 2008/09 where they were both ongoing and in excess of the council's previous 7.5% (overall) efficiency target for the Spending Review 2004 ("SR04") period. The DCLG have now also advised that they are assuming that these gains qualify as ongoing throughout the CSR07 period, so they will continue to be part of the NI179 return.

8. The forecast of cumulative gains expected to be achieved since 1 April 2008 by the end of the 2009/10 financial year (after applying the GDP deflator of 1%) is therefore made up as follows:

(a) ongoing gains from SR04	£266,000
(b) ongoing gains achieved in 2008/09	£987,000
(c) new gains forecast for 2009/10	£311,000
(d) total forecast	<u>£1,564,000</u>

9. The new gains forecast for 2009/10 include £85,000 from projects proposed to meet the MTFS target of £325,000 efficiency and other savings in 2009/10. (Note: Further proposals of £348,000 identified to meet that MTFS target do not appear to be eligible to count towards the NI 179 forecast.)

10. Conversely, the new gains forecast for 2009/10 include projects that will contribute £48,000 towards the £325,000 MTFS efficiency and other savings target in 2009/10.

Implications

11. Financial	Savings achieved above the levels incorporated into the MTFS could help offset costs of meeting service and growth demands. Conversely, non-achievement of the savings forecast will lead to pressures on the MTFS, General Fund, HRA or Capital Programme and potentially to overspends. The latest figures for ongoing savings achieved and forecast will be taken into account when the MTFS is next revised.
Legal	There are no legal implications resulting from this report.
Staffing	There are no staffing implications resulting from this report.
Risk Management	The Efficiency Savings Project Team identifies and oversees the implementation of efficiencies and savings. The risk of not achieving ongoing cash-releasing savings is monitored as part of the Council's risk management process.
Equal Opportunities	There are no equal opportunities implications resulting from this report.

Consultations

12. Members of the Efficiency Savings Project Team and other lead officers have been consulted regarding the individual projects that support the gains included in this report.

Effect on Strategic Aims

13.	Commitment to being a listening council, providing first class services accessible to all. The achievement of ongoing cash-releasing savings contributes towards obtaining best value for money in the delivery of high quality services.
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Commitment to ensuring that South Cambridgeshire continues to be a safe and healthy place for all.
N/A
Commitment to making South Cambridgeshire a place in which residents can feel proud to live.
N/A
Commitment to assisting provision for local jobs for all.
N/A
Commitment to providing a voice for rural life.
N/A

Conclusions/Summary

14. Although the previous mandatory target for efficiency gains has been removed, other external drivers and inspection processes, as well as internal financial pressures, mean that the Council needs to continue to deliver efficiency savings

Recommendation

15. Cabinet is recommended to agree that the Leader and the Executive Director (Corporate Services), in consultation with the Finance & Staffing and Sustainability, Procurement & Efficiency Portfolio Holders, submit to the Dept for Communities and Local Government against NI 179 the forecast of £1,564,000 for the total cumulative ongoing cash-releasing value for money gains expected to be achieved since 1 April 2008 by the end of the 2009/10 financial year.

Background Papers: the following background papers were used in the preparation of this report:

None unpublished

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SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO:	Leader and Cabinet	8 October 2009
AUTHOR/S:	Executive Director (Corporate Services)	

SHARED SERVICE FOR DELIVERY OF THE REVENUES AND BENEFITS SERVICE**Purpose**

1. To consider the introduction of a shared service for the delivery of the Council's Revenues and Benefits services with Uttlesford District Council.
2. This is a key decision because it is:
 - (a) likely to result in the Council incurring expenditure which is, or *the making of savings* which are, significant having regard to the Council's budget for the service or function to which the decision relates; and
 - (b) of such significance to a locality, the Council or *the services which it provides* that the decision-taker is of the opinion that it should be treated as a key decision
 and it was first published in the October 2009 forward plan.

Background

3. The Finance and Staffing Portfolio Holder instructed the Executive Director (Corporate Services) to investigate the potential for developing a shared service model for the delivery of the Revenues and Benefits services with local authority partners.
4. The Executive Director has entered into dialogue with Uttlesford District Council and with the existing Anglian Revenues Partnership (ARP) between East Cambridgeshire, Forest Heath and Breckland District Councils to develop a detailed business case to this end.

Considerations / Options

5. The Executive Summary to the outline business case produced by ARP is attached at **Appendix 2** and sets out the options and considerations. The detailed business case at **Appendix 3** contains both staffing and other commercially sensitive information and therefore has not been made generally available. Members may find it helpful to contact the report author for further clarification to assist in their consideration of this matter.

Implications

6.

Financial	The Medium Term Financial Strategy has assumed a £350,000 reduction in cost from 2011/12 onwards. Implicit within this assumption is that any set up costs will be met from savings arising in 2010/11.
Legal	There are significant corporate governance implications arising from adopting such a service delivery model principal among which are, the creation of a new Joint Committee and a robust Partnership Agreement.

Staffing	There are significant staffing implications arising. Informal consultations and briefings have already taken place; the detailed staffing implications will be considered as firmer proposals are put together.
Risk Management	Combining services in this way elevates the potential for service failure. The adoption of appropriate project management methodology to manage the change and robust performance management to manage the ongoing service delivery will significantly mitigate these risks
Equal Opportunities	None identified

Consultations

7. Staff employed by both Councils have been briefed on the proposals to date. More formal consultations will take place as the project progresses.

Effect on Strategic Aims

- 8.
- | |
|--|
| Commitment to being a listening council, providing first class services accessible to all. |
| The shared service model is seen as a key tool to deliver improved services with wider access points. |
| Commitment to ensuring that South Cambridgeshire continues to be a safe and healthy place for all. |
| None identified |
| Commitment to making South Cambridgeshire a place in which residents can feel proud to live. |
| None identified |
| Commitment to assisting provision for local jobs for all. |
| The shared service will be hosted within the district and will potentially act as a catalyst for expansion in the future |
| Commitment to providing a voice for rural life. |
| None identified |

Conclusions / Summary

9. The outline business case highlights that there are clear financial and operational advantages to the Council in progressing with a shared service model for the delivery of the Council's Revenues and Benefits Services. A successful implementation will not only secure significant financial savings but also deliver key service improvements and strengthen service resilience.

Recommendation

10. That a shared service model be pursued for the delivery of revenues and benefits services from October 2010 in partnership with Uttlesford District Council.

Background Papers: The following background papers were used in preparation of this report: None

Contact Officer: Alex Colyer – Executive Director (Corporate Services)
Telephone: (01954) 713023

Appendix 1 - Timescales

A further consideration of timescales is given below; this considers only the timescale of each option and makes no comment upon the relative cost of each option. The cost of those options involving potential partners is difficult to assess at this stage and could be subject to significant variation depending upon the options provided by the potential partners. Costs would, however, become clearer within the competitive procurement process.

The commencement date of the project is not considered and hence no suggestion of an anticipated 'go live' date is made. The timescales begin from the commencement of the first task of the proposed project and take no account of any preceding debates, approvals or other pre-project activity required to instigate the programme of change.

Three options are considered in the table below. Option 2 combine two of the options recommended previously within the main business case. This option combines the two options that suggested a short-term transformation partner to just undertake the transformation whilst the councils continued to deliver the existing service or to use the transformation partner to also deliver the existing services on a short contract throughout the transformation process.

It is considered that the timescales would not particularly vary in either of the original options, the utilisation of the contractor to also deliver the existing service is a method of reducing delivery risk rather than to reduce the implementation time.

Option	Estimated timescale	Key tasks and issues
External resources to support internal project	12 -18 months	Procurement and Conversion of systems
Transformation partner (includes short term service delivery contract if required)	18 months	Procurement of contractor Procurement and Conversion of systems
Transformation partner and longer term service provider	12 months	Procurement of contractor TUPE transfer

In each instance the timescale is dominated by one or two significant tasks that will effectively determine the overall timescale for delivery of the whole project.

The consideration of the timescale required therefore concentrates on those major elements and the assumption is made that all other tasks will be completed concurrently with the dominant factor or factors. This will become clearer when an implementation project plan is produced in due course.

External resources to support internal project

With this option procurement of project resources will be unlikely to be necessary. Resources could be employed on a short-term basis directly to one of the partners, or specialised agency staff could be recruited as required. Individual contracts are unlikely to exceed OJEU thresholds unless project significantly overruns so methodology of recruitment would be achieved within the scope of the Council's own standing orders.

The major task to achieve before transition would be the conversion of systems and would, in this instance, be necessary before any savings are likely to be achieved.

It is estimated that procurement of the systems through the usual OJEU procurement procedures could take up to 6 months, this allows for the required timescales at each stage of the process and sufficient time to prepare documentation and to assess tenders. The use of the OGC's 'buying solutions' could reduce this if the Council's are comfortable in using this route to procurement.

It is then estimated that to convert the main Revenues systems would comfortably take 9 months, if pushed suppliers may be able to condense the conversion into 6 months but this will also depend upon the availability of an 'implementation slot' with the suppliers and the availability of internal resources to test the migrated data throughout the process.

It is also estimated that a conversion of the Electronic Document Management would take between 3 and 6 months depending upon whether historical documents require conversion. Whilst this conversion could be undertaken concurrently with the main systems conversion it is suggested that this would probably create too large an effect on the Council's own resources who would need to test system conversions as well as continue to deliver the ongoing service.

In total therefore if the quickest routes are taken it would be possible to achieve live running of the shared service within 12 months of the commencement date, but 18 months probably offers a more likely scenario.

Transformation Partner

This option will create the additional time burden of an OJEU procurement for a transition partner, whose costs under a single contract for this piece of work will undoubtedly exceed the OJEU threshold. Again, however, this could be reduced by using 'buying solutions'.

It is recommended that the procurements for the transition partners and the Revenues IT systems are run concurrently if resources allow. (One option to spread the burden of procurement would be for one authority to lead on appointing the transition partner and the other to lead the systems purchase).

Once procurement is complete however, it is anticipated that the contractual arrangement put in place would enable a more efficient transition to be achieved. So whilst 12 months may be ambitious for this option, 18 months for the whole process, including procurement, would seem a reasonable target to set.

A more distinct team for the transition will undoubtedly be put in place, even if the ongoing service delivery is also transferred to the contractor for the short term. This will undoubtedly allow more concurrent work to be undertaken.

Transformation partner and longer term service provider

This option is shown as the quickest for the Councils to begin to benefit from the efficiency savings generated by the arrangement. The savings in this instance would not be dependant upon the complete transition of the services. The savings would be receivable immediately upon the live commencement of the contract with the contractor. The contractor would then take on the responsibility of implementation of the arrangement and service transformation within the early stages of the contract. The cost of transition would then be spread across the life of the whole contract.

This would also have the advantage to the Councils of not having to find the initial one off costs as outlined in the business case.

The timescale to a contractual start date therefore consists of the procurement of the contractor and the TUPE transfer of staff.

Procurement would be as outlined above and the TUPE transfer would be expected to then take around a further 5-6 months. Again as in previous time estimates any other tasks such as contract negotiation should be achieved concurrently with the TUPE transfer.

The main time issue with regards to TUPE will be the consultation with staff. Although TUPE does not impose a specific time scale for consultation, they must be meaningful and allow sufficient time for the representatives to consider the proposals. In practice, to allow group and individual consultation, the 5-6 month timescale is considered as appropriate.

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Executive Summary**South Cambridgeshire and Uttlesford District Councils
Outline Business Case for the Creation of a Shared Service for the Delivery of Revenues and Benefits Services**

The attached business case considers the introduction of a shared service for the delivery of Uttlesford and South Cambridgeshire's Revenues and Benefits services.

Recommendations

- The business case demonstrates that there are immediate financial gains to be achieved from working together and potentially with others. A shared service is the recommended route to efficiency as it will allow financial benefit to be delivered whilst still retaining an ability to deliver high quality and high performance.
- Based upon this business case, it is recommended that the councils formally agree to pursue a shared service model to achieve their ambitious efficiency targets for their Revenues and Benefits services.
- It is recommended that the Councils create a shared governance structure through a joint committee, with a shadow committee created early to guide the authorities through the transition process. It is strongly recommended that the proposed joint committee members and key officers from both Councils visit the existing Anglia Revenues Partnership (ARP) to meet the joint committee and officers of that existing shared service as part of the commencement of the transition programme.
- Following an agreement to proceed, the Councils would need to review the capacity of the Councils to undertake such a significant transition programme. The business case considers the additional resources that will be required to provide support throughout the transition process. Three options are provided for the Councils to consider. These options are
 - To employ individuals to provide the key resources required to support such tasks as project management, HR support and financial support;
 - To employ an appropriately qualified company to provide a complete transformation package;
 - To employ an appropriately qualified company to maintain the existing services throughout the transformation programme and provide the full transformation to shared services, (this option allows for the services to be handed back to the Councils upon completion of the transformation or to continue to a longer term relationship if desired).
- It is recommended that the preferred level of external support is agreed early and the two procurements that will be required commenced to limit the affect of procurement upon the timescales of the programme. The procurements required will be the appointment of external help to achieve the transformation and a competitive procurement to unify the existing IT systems. (It is strongly recommended that this is undertaken as a competitive process to ensure the most competitive price for the implementation and continued supply of the systems).
- It is recommended that a programme delivery structure as outlined within the business case is created and a project programme manager appointed.
- The work has highlighted that significant additional savings and future opportunities will be gained from working with the existing ARP and other partners it is recommended therefore that early negotiation is entered into with the joint committee of the ARP to agree the terms of their involvement.

Background

Both Uttlesford and South Cambridgeshire seek a reduction in the delivery cost of their own services and understand that working together to achieve this aim offers a solution that will give the Councils an efficient service model to meet the financial challenges on the horizon. Both authorities also recognise that to act decisively now will place them in the strongest

position to achieve gains, and control their destiny, within a changing service delivery environment.

The proposed shared service solution offers the opportunity to reach the highest national levels of service performance. It will demonstrate that reducing costs does not mean reducing quality, but rather provides the double benefit of lowering cost whilst at the same time increasing performance and quality. This combination of service improvements and cash saving has already been proven within the existing Anglia Revenues Partnership, who are pleased to work with the two Councils to achieve their own efficiency agenda.

Scope

The scope of the Revenues and Benefits shared service initially includes the two district authorities of Uttlesford and South Cambridgeshire, although it is anticipated that this could expand in due course to increase the efficiency of the arrangement. The services being considered within scope for this shared service include:

- Council Tax Collection;
- NNDR collection;
- Council Tax and Housing Benefit administration;
- Fraud and visiting management;
- Related support functions for the Revenues and Benefits services, including Systems Administration, Finance, Control and performance monitoring functions, General administration functions, Mail room and Training services.

Analysis of options

To achieve the Council's aims, five options have been identified and considered, one of which is a variation on another option. Additional options in each case could also include the existing ARP and these have been separately considered within the business case.

Option 1 – Retain current arrangements: no change from current working arrangements, with each council continuing to operate independently.

No impact on efficiency or performance but simple to achieve

Option 2 – Collaboration: distinct Revenues and Benefits services remain but some collaboration to share expenses. Commonly, authorities have taken a collaborative approach to the procurement of services such as printing, IT or bailiff services.

Low impact on efficiency, no impact on performance, simple to achieve. Most Revenues and Benefits services will already be undertaking some collaborative work.

Option 3 – in-house provision of shared services: this option brings together the Revenues and Benefits services to create a single in-house shared service, created from the amalgamation of the two original services under one shared management.

This would have significant impact on the two authorities in both terms of the efficiency and improvement gains but also on the resource requirement to achieve the change management programme. It is unlikely that either authority has the immediate capacity to affect such change and appropriate change / project management resource may need to be recruited or bought in.

Option 3B – in-house provision of shared services, using external support to manage the change: as above, however external support could be used to manage the change. This could be through procurement of a contract for service

transformation or through an experienced interim management team. This will attract a higher initial cost but is more likely to ensure change and results.

Option 4 – procurement of shared services from a partner organisation: The shared procurement of the delivery of a shared revenues and benefits service under a single contract has advantages for both parties. Business change would be ensured and future delivery provided with reduced risk to the partner councils. The private partner would provide the change capacity but the Councils would need to provide capacity for the procurement process. Consideration would need to be given to the procurement route and care would need to be taken to advertise in such a way to allow additional partners to join the arrangement. This may require a clearer vision of the potential for future expansion and discussions with potential partners before the procurement process begins.

Having considered all options, option 3b is recommended as the option for the two authorities to pursue, the table below examines this particular option in more detail.

Option 3b – in-house provision of shared services using external support to manage the change

This option mirrors option 3 but works with, or replaces, the in-house team with an external resource. This resource would undoubtedly exceed the current Official Journal of the European Union (OJEU) procurement thresholds and would require an initial procurement for either a transformation contract or an interim managerial resource to lead and shape the project.

This option would attract greater initial cost than the in-house transformation models but it would provide the benefit of providing greater leadership and expertise to begin to achieve cost benefits earlier than within option 3.

One extended option that the authorities may wish to consider would be to procure a managed service provider to manage the services throughout the period of transformation. This would enable a short-term contract to be entered into of perhaps up to 2 years to protect the service delivery throughout the transition period but also to provide the resource and skills necessary to undertake the transformation. At the end of the transformation period and upon completion of the contract, the transformed services could then be handed back to the councils as an operating shared service.

This would of course be more expensive than the in-house option but it would protect the authority during the transition period, provide the resource required and reduce the risk of the project.

	Evaluation
Capacity	The capacity issues of this option would be absorbed by the contractor. In specifying the contract the councils could balance the requirements between the in-house team and the contractor. So the specification could define the management of the whole process or it could support the efforts of the in-house team if resource and skills are available internally.
Timescale	It is estimated that by purchasing the capacity to deliver the project that timescales would be reduced by this option. To achieve the fully operational shared service it is estimated that the transformation could be achieved in 12 to 18 months once the procurement of a transformation partner is complete. To ensure that the procurement is completed in the minimum timescales it is recommended that national procurement partner for UK public services 'Buying Solutions' is used. A range of managed service providers have framework agreements already in place for this type of work and the Councils could make an informed choice as to the best supplier for their needs.

Governance	The recommended governance structure of the partnership would be a joint committee, legal advice would be required to draft a partnership agreement that confirmed the constitution of the joint committee and confirmed the arrangements between the two parties. This would need to be confirmed by a written resolution of the two Councils in due course before the partnership went live. The delegation of the responsibility of the Councils' services will require amendment within the relevant sections of the constitutions
Management	The single management for the shared service should be agreed and responsibility for the delivery of the two partner's services delegated as appropriate by the joint committee. The manager will formally report to the joint committee acting on behalf of the two authorities. However, it will be necessary to agree appropriate mechanisms for the partnership management to participate in the executive management of the two authorities to ensure that the Revenues and Benefits service of each council is not fractured from the delivery of other services. Within this arrangement there is no need for a client so it is recommended that some form of line management with the partnership manager or general participation within management groups is continued in each authority. One advantage of option 3b is that it would enable a clear managerial recruitment path to be followed that is perhaps less confused and influenced by the transformation work being undertaken.

Governance

In the circumstances proposed by Uttlesford and South Cambridgeshire it is suggested that the primary governance option would be the joint committee, operating under the terms of section 101(a) of the Local Government Act and allowing the two local authorities to delegate the delivery of the proposed service functions to the joint committee. The legislative framework provides that a joint committee exercising the functions of two or more Councils at the same time can be established.

In practice a joint committee is formed with representatives of each authority taking the responsibility for service delivery under the terms of an agreement to be negotiated between the two Councils. This is an arrangement that has the advantage of being relatively simple and low risk to introduce. This will, as a result, allow the two authorities to introduce the shared service more easily and promptly than some of the perhaps more complex structures available.

It provides a structure that requires no procurement to create, requires no client management and provides a relatively straightforward financial model, creating no particular tax issues, that can be contained easily within the authorities own financial regime.

The financial case

Option 3 allows the economies of scale inherent within any shared service arrangement to be demonstrated.

The cost savings will be seen in four major areas:

- Staffing
- ICT & ICT support
- Accommodation
- General Administration and support

It has been calculated within the business case that the savings shown in the table below can be anticipated from the shared service arrangement between Uttlesford and South Cambridgeshire:

Cost	Potential Saving
Staffing	£352 628
ICT & ICT support	£144 900
Accommodation	£41 740
General Administration and support services	£53 560

In addition to these savings there will be some minor savings in other areas such as procurement, current duplication, and improved processes, and there will be some ongoing minor increases in cost to enable the shared service arrangement to operate.

However the total saving that can be anticipated is demonstrated on page 66 of the business case and amounts to:

£590,728 or 15.36% of the original budget.

The initial transition costs of the project are estimated at £620,000 spread over the first 2-3 years of the project. The effect of these costs on the potential savings are demonstrated in the spreadsheet at page 73, which also demonstrates the potential saving over twelve years. This shows a total saving (without taking into account any inflationary costs) of £6,246,008 between the two authorities over the twelve-year period.

The Anglia Revenues Partnership (ARP)

In addition to the option above, the business case also explores the potential for additional saving through directly working with the existing Anglia Revenues Partnership.

The ARP will be pleased to provide support to whichever option the two authorities choose to follow for the future delivery of their services. The business case clearly outlines an opportunity for Uttlesford and South Cambridgeshire to work together to reduce the cost of their Revenues and Benefits service delivery. However an additional three ARP options are also considered that directly assist the two councils to achieve their aims.

- The external support needed to achieve the option of working together, as outlined above in option 3b.
- Delivery of the service from the existing ARP centre at Thetford.
- The creation of two hubs, one at Thetford, and one at Cambourne, with shared support services to create additional efficiencies.

The first option is explained above and offers the opportunity to support the transition programme with experienced resources from the ARP.

The second option is considered in more depth within the business case and provides a potential additional saving of £282,828 per annum to be shared between all parties participating within the larger partnership, this increases the potential total savings to £873,556 per annum.

The third option offers a longer-term opportunity to seek additional savings across the two partnership hubs through the sharing of support services to both sites. These savings are initially quite low, as greater development needs to be given to a larger shared service model beyond just the Revenues and Benefits services. In the long term however it is believed that this model offers real opportunity for the significant innovative change that may be required to ensure that the efficiency required is achieved.

Within all of these options however it is recognised that the two Councils will benefit from some significant added value by working with an established shared service.

Added value

Uttlesford and South Cambridgeshire will also benefit from the following additional non-cashable efficiencies and services and form a greater opportunity to reduce some of the risk factors considered within the business case.

- A dedicated training team to provide:
 - ARP's training expertise during the set up period;
 - Tried and tested training courses for new staff and refresher training for experienced staff;
 - Close monitoring and control of individuals training needs;
 - A more efficient usage of the training budget to purchase additional specialised training;
 - Access to procedure manuals updated regularly through an external specialist.
- Access to proven management expertise reducing the risks associated with the recruitment of staff during the set up period.
- Existing expertise, experience and knowledge from a proven work force already achieving an excellence of performance.
- Future potential for further efficiencies with additional partnership working.
- Increased resilience of performance within the larger staffing structure available to the Council. The partnership is staffed to provide continual long-term resilience rather than to just deliver the service.
- Access to national forums to ensure staff are fully conversant with current legislation and best practices.
- The partnership has negotiated excellent deals with suppliers that can effectively provide an additional income stream to the partners. For example, new software provided for new legislation is available at a 60% discount. This enables governmental set up money to be used to enhance the introduction of new legislation.
- A dedicated partnership website that provides comprehensive information for the public about their Council Tax, Benefits and NDR that is regularly updated, revised and improved. This website also provides a secure portal to the public to interrogate their own accounts.

Conclusion

The business case concludes that there are three clear models for the delivery of a shared service for the two Council's Revenues and Benefits services. All of these models provide significant savings to Uttlesford and South Cambridgeshire District Councils. But the choice will require a consideration of the long-term strategic advantages of working within a wider arrangement with other authorities, such as those within the existing ARP, against the immediate and perhaps short term requirements of just addressing the current shortfalls in funding.

In conclusion therefore, all of these models offer the immediate opportunity to reduce delivery costs of the Revenues and Benefits services. All of the models will encourage and ensure high performance and high quality services for Council residents.

The choice for the two councils to consider is the preferred long-term future and the best arrangement to maximise future opportunity. It is suggested therefore that the greater resilience, efficiency and opportunity provided by one of the two options for a wider partnership with the existing ARP authorities, and eventually others, will provide the greater opportunity to compete for the future delivery of these services.