

Cabinet Agenda



Contact: Steve Culliford, Democratic Services Officer
Telephone 01235 540307
Email: steve.culliford@southandvale.gov.uk
Date: 27 November 2014
Website: www.whitehorsedc.gov.uk

A meeting of the

Cabinet

will be held on Friday 5 December 2014 at 2.00 pm
Council Chamber, The Abbey House, Abingdon, OX14 3JE

Cabinet Members:

Councillors

Matthew Barber (Chairman)
Roger Cox (Vice-Chairman)
Mike Murray
Reg Waite
Elaine Ware

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A handwritten signature in black ink, appearing to read 'M Reed', written in a cursive style.

Margaret Reed
Head of Legal and Democratic Services

Agenda

Open to the Public including the Press

Council's vision

The council's vision is to take care of your interests across the Vale with enterprise, energy and efficiency.

1. Apologies for absence

To receive apologies for absence.

2. Minutes

To adopt and sign as a correct record the minutes of the Cabinet meeting held on 3 October 2015 (previously published).

3. Declarations of interest

To receive any declarations of disclosable pecuniary interests in respect of items on the agenda for this meeting.

4. Urgent business and chairman's announcements

To receive notification of any matters which the chairman determines should be considered as urgent business and the special circumstances which have made the matters urgent, and to receive any announcements from the chairman.

5. Statements, petitions, and questions relating to matters affecting the Cabinet

Any statements, petitions, and questions from the public under standing order 32 will be made or presented at the meeting.

6. Future of corporate services

(Pages 4 - 38)

To consider the strategic director's report.

7. Car park fees and charges

(Pages 39 - 53)

To consider the report of the head of IT, HR and technical services.

8. Broadband

To consider the strategic director's report. **TO FOLLOW**

9. Business rates pooling and business rate distribution

(Pages 54 - 58)

To consider the head of finance's report.

10. Council tax base

(Pages 59 - 62)

To consider the head of finance's report.

11. Council tax reduction scheme grant to towns and parishes

(Pages 63 - 66)

To consider the head of finance's report.

Exempt information under section 100A(4) of the Local Government Act 1972

None

Joint Cabinet report



Report of Strategic Director

Author: Steve Bishop

Telephone: 01235 540332

Textphone: 18001 01235 540332

E-mail: steve.bishop@southandvale.gov.uk

Wards affected: All (indirectly)

Cabinet member responsible (South): John Cotton

Tel: 01865 408105

E-mail: leader@southoxon.gov.uk

To: CABINET

DATE: 4 December 2014

Cabinet member responsible (Vale): Matthew

Barber

Tel: 07816 481452

E-mail: matthew.barber@whitehorsedc.gov.uk

To: CABINET

DATE: 5 December 2014

Future delivery of corporate services

Recommendations

The Cabinets are recommended to:

- (a) confirm the following services should be jointly market-tested in 2015: revenues, benefits and associated financial services in the current contract; accountancy, internal audit, land charges, licensing, debt recovery legal activity, car park administration, data capture, human resources, street naming and numbering, IT applications support, IT helpdesk, IT infrastructure support, IT security, facilities management, procurement, engineering and property services.
- (b) confirm that the following services should not be jointly market tested in 2015, but included in the procurement as potential future contract additions: canteen, democratic services, professional legal services, mobile home parks management, CCTV operations, public conveniences cleaning and treasury management.
- (c) approve two service package procurements, being one package comprising 'citizen, corporate, support services', and, one package comprising 'technical, asset and location-based services'.

- | | |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| (d) | delegate authority to the Strategic Director in consultation with the leaders to approve the details of the joint procurement strategy. |
| (e) | delegate authority to the Strategic Director in consultation with the leaders to negotiate an agreement with other council partners and to approve it. |

Purpose of Report

1. The financial services contract expires in July 2016 and officers are about to start preparing for that major procurement exercise. The existing contract has brought the councils many benefits and financial savings. Following the Cabinets' decisions in October, draft service specifications have been completed and our consultant has worked with our partner councils and the market to assess procurement options. This report proposes the final list of services which should be market tested, sets out the optimal joint procurement strategy and recommends inter-council governance arrangements.
2. At this stage Cabinet is being asked to agree to market test, not commit now to an outsourcing of, a range of services. Appropriate consultation processes (as advised by the external legal advisors) will be undertaken following the confirmation of the project scope, together with the sets of potential service requirements and standards.

Corporate Objectives

3. This report addresses the corporate priority both councils have of managing our business effectively and of providing value for money services that meet the needs of our residents and service users.
4. 'Value for money' is measured by comparing quality with cost/price. The councils continually strive to improve the value for money offered to residents and service users by assessing alternative ways to deliver services which may achieve higher quality and/or lower cost. The re-tendering of the financial services contract, and its expansion to encompass other corporate services, provides the greatest potential opportunity for the councils to significantly improve value for money in the foreseeable future.

Background

5. The local government financial landscape is changing as the government seeks to substantially reduce public sector spending. Government grant formula has changed from a needs basis to an incentive basis. The recent windfalls in New Homes Bonus may be curtailed after next year's general election which would cause medium term financial pressures to South and Vale councils, as well as many other councils. To stay 'ahead of the curve' the Strategic Management Board is looking to use every opportunity to make further efficiency savings without cutting frontline services.
6. South and Vale have a successful track record of sharing services and undertaking joint procurements which now provide some of our best ever service delivery performance and save the councils over £4 million annually.

7. For the past year members of the Strategic Management Board have been assessing the market's appetite for delivering the councils' corporate services. Officers have also been exploring opportunities to involve other district councils.
8. Since January, when officers briefed cabinet members on progress, three other district councils have expressed an interest in procuring corporate services jointly with us. The market research and a recent successful 'suppliers day' have confirmed the potential to secure substantial improvements in value for money if a broader range of services are offered alongside revenues and benefits.
9. In order to commence a formal joint procurement and to agree partnering arrangements with the other councils, the cabinets are asked to approve the recommendations above.

Options

10. In reaching this point, the Strategic Management Board has considered the following three options.
11. **Option 1 (outsource nothing):** An option is to insource financial services and for the councils to deliver all corporate services themselves. Most of the £600,000 annual savings and the resilience benefits generated from outsourcing those services eighteen (South)/eight (Vale) years ago would be reversed. The councils would take back the significant operational risks. For these reasons the Strategic Management Board has not pursued this option and the Cabinets rejected this option at their October meetings.
12. **Option 2 (outsource the same):** The 'status quo' option would be for South and Vale to simply re-tender the financial services which have already been outsourced. These services comprise:
 - Council tax and non-domestic rates collection
 - Benefits administration
 - Accounts receivable and payable
 - Payroll
 - Integrated financial management information system
 - Cashier services
 - Customer contact services (front of house and switchboard)
13. This option represents low risk. Re-tendering would provide an opportunity for further service investment, efficiencies and financial savings. However market research has confirmed that these benefits would be on a modest scale given the significant investment and efficiencies already achieved by the current contractor, Capita. Without additional council volumes there would be no scope for greater economies of scale. If this option is pursued, cabinet members are asked to insource the provision of the financial management system as its separation from the accountancy service has caused problems. The cost of procuring a new

system (approximately £0.5 million across the two councils, plus annual support) would need to be budgeted for.

14. At their October meetings the Cabinets confirmed the intention to market test a broader range of services, thereby rejecting this option.

15. **Option 3 (outsource more):** The Strategic Management Board considers that there is potential benefit in outsourcing an additional range of services to those covered in option one. This view was endorsed by the Cabinets at their October meetings. The services are examined in the section below.

The services

16. additional to the already outsourced revenues, benefits, and associated financial services, council customer services and switchboard were originally proposed by the Strategic Management Board:

- car park administration
- engineering/drainage
- legal
- facilities management
- IT security
- land charges
- canteen operation
- IT helpdesk
- licensing
- human resources
- data capture
- accountancy
- IT applications support
- street naming
- internal audit
- IT infrastructure support
- CCTV operation
- Property services (added by Cabinets)
- procurement
- democratic services

17. The optimum scope of services depends upon a number of factors such as market appetite, synergies, potential for scale efficiencies and the ability to deploy new technologies to achieve improvements in quality/efficiency of services. Our project consultant has compiled an evidence base through consultation with potential suppliers ('market engagement'). His detailed draft report is appended to this report (appendix B), which will be firmed up as the procurement strategy and inter-council agreement discussions are concluded in the coming months in accordance with recommendations (d) and (e).

18. Our consultant recommends the exclusion of democratic services, legal services and canteen operations from the joint procurement as they are markedly different to the remaining services, unlikely to be of interest to the suppliers attracted by the remaining services. The professional legal advice services are less transactional and less repetitive than many of the other services and outsourcing companies have been unable to demonstrate the potential for significant value for money improvements over in-house provision. Their inclusion in the procurement could even put off some suppliers and compromise the benefits arising from the exercise. The Strategic Management Board shares this view, although recommend retaining in-scope the debt recovery legal activity which is more repetitive.

19. Our consultant also recommends the exclusion of other services in the same service area - general/taxi licensing, debt recovery work and land charges – for the same reasons. However, the Strategic Management Board believes these smaller services are more transactional in nature and would attract market interest. Being more repetitive and transactional the Strategic Management Board believes they could be provided more cost-effectively by an outsourcing company and they should therefore be market tested.
20. The mobile home parks management service, being delivered by one full time equivalent and requiring onsite physical presence, is unlikely to contribute significant value for money improvements and would not be cost-effective to take forward. This service, as well as CCTV operations and public conveniences cleaning are not of interest to our three council partners, therefore are not going to contribute significant volumes to the joint contract. In addition the CCTV operations are subject to a Thames Valley Police review and we need to retain flexibility of service delivery to facilitate their wider area solution. For these reasons the Strategic Management Board recommends that these services should be excluded from the procurement exercise.
21. The in-house treasury management team invests hundreds of millions of pounds of the councils' financial balances and annually outperforms the councils' previous outsourced fund managers. The higher investment returns are used to fund high quality service delivery and projects. To outsource the function would probably reduce the councils' investment income streams which would cause budget pressures. To avoid this the Strategic Management Board recommends not outsourcing the service, therefore it should be excluded from market testing. Instead, the councils should discuss with other partner councils the merits of providing this as a shared in-house service to all five councils.
22. Taking all of the above into account, and for the avoidance of doubt, the Strategic Management Board recommends market testing the following services alongside the already outsourced financial services:

Services to be included in market testing

- revenues, benefits and other currently outsourced services
- procurement
- street naming and numbering
- car park administration
- engineering/drainage
- land charges
- facilities management
- IT security
- licensing
- human resources
- Property services
- accountancy
- IT applications support
- IT helpdesk
- internal audit
- IT infrastructure support
- data capture
- debt recovery legal activity

23. The Strategic Management Board recommends removing the following services from the scope of the project, in other words not market testing them:

<u>Services to be excluded</u>	<u>Reason for exclusion</u>
• canteen operation	Different market to the main outsourcing suppliers, physical onsite presence required (paragraph 17 above)
• democratic services	Different market to the main outsourcing suppliers (paragraph 17 above)
• professional legal services	Different market to the main outsourcing suppliers (paragraph 17 above)
• mobile home parks management	Small service, physical onsite presence required, low prospect of value improvement, no interest from partner councils (paragraph 19)
• CCTV operation	Physical onsite presence required, retain flexibility ahead of Thames Valley Police review, no interest from partner councils (paragraph 19)
• public convenience cleaning	Different market to the main outsourcing suppliers, Physical onsite presence required, no interest from partner councils (paragraph 19)
• treasury management	In-house function demonstrably outperforms external fund managers, seek to create shared client-side service (paragraph 20)

24. Whilst the services under paragraph 23 above would not be subject to market testing during 2015, the Strategic Management Board recommends including them in the procurement advert, to provide the option of adding them to the contract at a later date should circumstances change and that option becomes more attractive.

Procurement strategy

25. Our consultant has identified that the services recommended for market testing fall into two packages, each package attractive to a specific market of interested suppliers:

Citizen, corporate and support services (professional support services)

- revenues, benefits and other currently outsourced services

Technical, asset and location-based services

- car park administration

- human resources
- IT applications support
- IT infrastructure support
- procurement
- IT security
- IT helpdesk
- data capture
- street naming and numbering
- land charges
- licensing
- accountancy
- internal audit
- facilities management
- engineering/drainage
- property services

26. It is proposed that these two service packages should be market tested as two parallel procurements. This will appeal to the two different markets, ensuring best package proposals by the two separate groups of suppliers.

27. The market engagement exercise has also identified that the larger outsourcing suppliers may also be attracted to a more sophisticated 'managing agent' model where they act as prime contractor for delivering all services in both packages, but commission specialist 'best of breed' suppliers for certain services. Officers would structure the procurements and tender documents to allow for individual package tenders as well as aggregated managing agent tenders. This will test whether one model offers greater benefit (and lower risk) over the other.

28. The consultant has started to work with other council partners and lead officers to design other elements of the procurement strategy including the specific EU procurement route (likely to be a form of competitive dialogue), the form of contract, length of contract period, and the clienting arrangements. These need to be agreed and approved in the next two months ahead of the formal procurement exercise commencing early in 2015. In order to allow ongoing negotiations across the five councils and to avoid delays in obtaining the necessary approvals, it is recommended that the cabinets delegate authority to the strategic director in consultation with both leaders to approve the procurement strategy. Details will also be discussed at the project board meetings which both leaders and the chief executive attend.

Inter-council governance arrangements

29. South and Vale councils have earlier contract re-tender deadlines and have therefore proposed much of the project arrangements up to this point. It is vitally important that all five councils feel equal partners in any joint procurement exercise. That includes agreeing joint governance (decision-making) arrangements, risk-sharing and bearing fair shares of the financial burden. It is proposed that an agreement be agreed by all council partners in the next four months to cover the various mutually binding commitments needed to proceed through to contract.
30. It is recommended that the cabinets delegate authority to the strategic director in consultation with both leaders to negotiate the agreement with other council partners and to approve it.

Financial Implications

31. When financial services were last re-tendered eight years ago together with the creation of a joint client team, South achieved annual savings of over £400,000 and Vale saved £240,000 per annum. The one-off cost of the procurement in consultancy fees was approximately £125,000. This excludes the cost of officer time which was a 'sunk' cost.
32. The cost of consultancy this time will vary according to the breadth of services and number of councils involved. The technical consultant has been appointed on a flexible contract allowing South and Vale to flex the cost according to available budget. The existing budget of £100,000 will be utilised this financial year. Additional budget will be required for external legal expertise, which is the subject of a 2015/16 budget growth bid. These costs will be shared with other participating council partners. In addition, the councils have successfully won £125,000 of the government's Transformation Challenge Award (TCA) bid this year. Given these uncertainties the total cost of procurement to each of South and Vale councils will vary between £25,000 and £63,000, plus legal costs.
33. This one-off cost should be compared with the potential annual savings arising from the procurement. If South and Vale were simply to re-tender financial services, without the involvement of other councils, it is likely that the market would provide modest additional savings compared to current contract prices. Any contractor would inherit high-performing services which benefit from the previous investments and efficiencies introduced by Capita. These modest savings would be enhanced by the economies of scale available from other councils' service volumes. (This saving could be outweighed by the cost of procuring a new financial management system given the cabinet decisions in October to synchronise the responsibilities of financial staff with financial software.)
34. The market has confirmed that a joint procurement of broader service mixes presents unique opportunities for multiple services across multiple councils. The scale and volume of services would attract great market interest and investment proposals from tenderers which could lead to a step-change in both service investment and efficiency savings. For the purpose of the TCA bid officers have suggested a savings target of £4.5 million over the ten year contract life, which is very modest. The flexibility offered by broader joint procurements means that the

councils are not committing to outsourcing any services until tenders are received and until any increased value is tested. Therefore, in the unlikely event that additional savings are not available, the councils could choose to simply award a financial services contract.

35. Staff engagement is a key aspect. Teams will be encouraged (though not pressured) to consider introducing further 'lean' improvements to their services, restructuring, streamlining, rationalisation and budget cuts in the run-up to market testing in order to be as cost-efficient as possible and delivering to the same levels of quality and volume by the time the market's value for money proposals are compared with in-house service value for money. In practice this is likely to drive further efficiencies even if ultimately councillors decide to retain services in-house rather than outsource them. So the process itself as well as the specific outcomes should deliver value for money improvements.

Legal Implications

36. The council must comply with EU procurement regulations to secure competitive tenders and to minimise the risk of challenge. The appointed consultant, our procurement officers, in-house legal and external legal advisors will advise on a compliant and successful procurement exercise. The procurement strategy, which will set out our approach, will be discussed with leaders, the project board and approved in due course.

37. Partnering with other councils besides South-Vale introduces added complexity and risks, which are likely to require new legal agreements between all councils and strong governance arrangements, starting with an inter-council agreement in early 2015.

38. Should the council choose to outsource any in-house services there will be further complexities and liabilities such as arising from the transfer of staff to the preferred contractor. Any resulting issues and risks will be identified through the process, reported to councillors and mitigated/managed through the development of the new outsourcing contract.

Risks

39. This will be a major procurement and project with significant risks arising. The consultant and strategic director will be responsible for managing and mitigating the risks in accordance with well-established risk management and project management toolkits. The following risks have already been identified and will be added to throughout the project:

- Political/reputational – that the project attracts negative publicity (mitigate by regular updates to politicians via the strategic management board and project board)
- Professional – that by outsourcing certain professional skills, the partners lose that expertise in-house (mitigate by each partner carefully assessing the outsourcing of each service and ensuring contractual provision of such services)

- Value – that the tenders are higher cost, the project savings targets and/or specified service standards are not achieved (mitigate by carefully drafting the specification and draft contract, choice of procurement route to provide flexibility, establishing accurate cost base on which to benchmark tender costs, identifying volumes, thorough consideration of risk allocation - ultimately the councils can choose not to accept any tender that does not offer better value for money)
- Legal – challenge possibly due to breach of procurement regulations (mitigate by inclusion of procurement and external legal expertise on project team to ensure compliance)
- Partnership – that the partnership breaks down and we fail to agree single specifications (mitigate by upfront acknowledgement of equal partner status and collective acceptance of compromise, chief executives and leaders on the project board to escalate and resolve disagreements, partnership spirit embraced by all, clear inter-council agreement)
- Staffing – the uncertainties around job security and long term prospects may cause some staff to look elsewhere and resign rather than be TUPE-transferred to an outsourcing company. This could disrupt service delivery causing extra management pressures, for example reduced responsiveness (mitigate by staff representation on the project team, frequent communication, staff involvement at three influential stages and the parallel delivery of a separate change support programme to support teams and individuals)

Other implications

40. This procurement is a major project giving rise to many implications over the next two years which cannot be adequately covered here. It will be managed in accordance with the council's project management process, including strong governance in the form of a project board comprising the leaders and chief executives of participating councils, as well as a multi-disciplinary project team under the direction of the technical consultant, with a lead strategic director being held accountable for the project's success.
41. The strategic director will ensure any major implications are escalated to the project board and/or cabinets for resolution as required. The project timescales are set out below.
42. The councils' Equalities Officer has assisted the strategic director by undertaking an equalities impact assessment on the potential changes arising from outsourcing more corporate services (appendix A to this report). The equalities officer has made recommendations in the draft service specifications to ensure that the relevant equality elements are included. This will help to ensure compliance with the public sector equality duties of the Equality Act 2010. Discussion will take place with council partners to agree mitigating actions to reduce the impact relating to relocating staff..

Project timescales

43. The main project milestones are summarised below:

Jan – June 2014 :	market research and identification of potential council partners
July :	staff briefing
July – Aug:	pros and cons appraisal of market-testing in-house services
October :	cabinets to endorse approach
Oct – Dec :	services write detailed specifications consultant engages market consultant and procurement officers formulate procurement options
December :	cabinets to finalise services to be market tested and approve procurement approach (this report)
Jan 2015:	services finalise specifications approve procurement strategy
Jan – Nov 2015 :	procurement exercise in-house services prepare for market testing and comparison
March:	approve inter-council agreement
Nov – Dec 2015 :	tender evaluation and comparison with in-house services
Jan – Mar 2016 :	cabinets to award contract and decide which, if any, in-house services to outsource in the contract
Mar – July 2016 :	prepare transition to new contract at South-Vale including any staff transfers
August 2016 :	South and Vale new contract commences
Early 2017 :	prepare transition to new contract at other councils including any staff transfers
Mid - late 2017 :	other councils new contract commences

Conclusion

44. The re-tendering of the financial services contract is the single largest opportunity in the next five years to achieve a major step-change in council value for money. By market-testing a broader range of corporate services alongside the re-tendering of financial services, in partnership with other councils, we expect to secure

substantial efficiency savings, improve resilience and secure ongoing service quality.

45. What we are setting out to achieve as described in this report is ambitious and pushes the boundaries of outsourcing, both in terms of the range of services covered and the number of partners involved. But the potential rewards are substantial, both financial and reputational. Both councils have always been at the forefront of innovation in service delivery and have seen how effective outsourcing can deliver financial and service quality benefits. This is the opportunity to move to the next level.

46. If the cabinets agree the list of services as set out in the recommendations officers can prepare the detailed procurement strategy and agreement, to be agreed with partner councils, in order to conduct the formal procurement during 2015 as set out in the above timetable.

Background Papers

None

Equality Act 2010 and human rights check

SERVICE NAME: CORPORATE STRATEGY

- Is this review:
- covering a function/service for **South only**
 - covering a function/service for **Vale only**
 - Yes covering a function/service across **both councils**

Briefly outline the changes you are proposing:

With less grant funding, council tax capping and New Homes Bonus money possibly disappearing, we need to be as innovative and resilient as we've ever been to keep us ahead of the curve and continue to find substantial savings without having to cut services or make redundancies. We want to be proactive & positive now rather than reactive and cutting later.

What we are looking to do

With the end of Capita contract in sight we want to use this as an opportunity to test the market for alternative service delivery that offers better value for money than our traditional in-house delivery. We would also be looking to:

- add other services to financial services
- add other councils to drive up volumes and get greater economies of scale work with the other councils to create joint clientside for associated services not being market tested
- there has been no decision to outsource any services other than those already outsourced. But SMB intention to market test a much broader range of transactional services
- if the market responds with better value for money offer than our in-house service, then SMB is likely to recommend outsourcing those services too
- single contractor for the services/councils. But each service will be 'a lot' individual councils can choose to outsource or not, depending upon their respective value for money assessments and political appetite
- a bid for TCA funding (Transformation Challenge Award - the grant pots which DCLG introduced last year, some of which we were awarded for The Big Move) and consultancy support.

Equality Act duty	Yes/No	Impact or notes to demonstrate compliance
<p>Will any changes to the service or policy directly or indirectly discriminate against people who are protected by the Act¹ and eliminate harassment?</p>	<p>No</p>	<p>The proposals would not directly or indirectly discriminate against particular groups as this decision is a proportionate means to meet a legitimate aim. The councils need to be innovative and resilient to ensure it can still deliver quality services and balance their budgets and take positive proactive steps now, rather than reactive and cutting later.</p> <p><u>Staff impact</u> If a service is outsourced some staff may face relocation or redundancy. Staff affected would TUPE transfer to the successful organisation retaining all major terms and conditions (grade, salary, working hours, right to enhanced redundancy, continuous service etc). A few minor terms (such as pay date) may change. It is very likely that the company which wins the contract will be very large national or Multi national service organisation, much larger than South-Vale. Therefore it will offer far greater job opportunities if staff wished to try something new and more promotion prospects to progress their career.</p> <p>If the new employer suggests relocating a job an unreasonable distance from the member of staffs' current workplace, they will be offered the choice of re-locating or redundancy on your council-enhanced redundancy terms.</p> <p>A long and carefully-managed transfer plan, including detailed consultation with staff, would commence after the January-March 2016 outsourcing decision in the months leading up to 1 August 2016 transfer date. Staff would not be forced to move and if chose not to be relocated by a new employer would be made redundant.</p> <p><u>Negative impact of relocating staff</u> It may not be possible for staff to relocate particularly if the new place of work is outside of South Oxfordshire or the Vale of White Horse at one of the other council offices in (Hart</p>

¹ Protected characteristics 'age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation' marriage and civil partnership applies to discrimination but not to advancing equality of opportunity

Equality Act duty	Yes/No	Impact or notes to demonstrate compliance
		<p>District Council & Havant Borough Council in Hampshire and Mendip District Council in Somerset). Staff with child care or caring commitments, without access to their own vehicle or who have children at school will be affected the most. Their partners work may also impact upon where the member of staff could relocate to, particularly if their partner is the main income earner.</p> <p>Child care or caring responsibilities if based in a new location</p> <ul style="list-style-type: none"> • Staff with children at school may not want to move if the decision was taken to locate the services at Havant DC in Hampshire or Mendip DC in Somerset – due to the impact it would have on their children’s education and family support networks etc (Hart DC may be commutable for some, but the impact identified below on child care arrangements or access to transport would still apply) • Staff with children who’s partner is the main income earner may not feel it possible to move due to cost implications/financial viability • Due to increase in distance to travel the parent/carer may need to consider changing their child care arrangements. This can take time and is really important for the person to be happy / confident with their provider, particularly given that some staff may have already had to do this when moving to Crowmarsh recently. • There may also be cost implications of changing their child care arrangements that could impact on their decision to remain working at the council. • Staff may need to negotiate hours or days that they work in order to meet any new child care arrangements, stay with their current provider or to continue providing care for a relative/partner – due to distance they will need to travel. <p>Staff without access to a vehicle/rely on public transport</p> <ul style="list-style-type: none"> • Staff may need to negotiate hours or days that they work in order to use public transport – due to distance they will need to travel. • Cost of longer journey may also impact on their decision to remain working at the council if they are relocated. • Alternatively, staff may need to purchase another vehicle if they currently do not need a vehicle to get to work.

Equality Act duty	Yes/No	Impact or notes to demonstrate compliance
		<p>Other SMB and other senior managers whose roles disappear in a smaller structure will be at risk of redundancy, without any option to transfer. There does not appear to be any particular equality impact on staffing groups (i.e. all women/part time, however majority of middle managers are women). It will be important to ensure that the roles that disappear do not mean a drop in service that then impact on vulnerable customers.</p> <p>Customers Frontline services which require face to face interaction with residents will locate some staff locally. Services that require a physical presence for internal customers will similarly locate staff locally. The following services will be market tested:</p> <ul style="list-style-type: none"> • Revenues and benefits • Customer services • Car park administration • Facilities mgt • Engineering/drainage • IT security, applications support, infrastructure support, helpdesk • Data capture • Street naming and numbering • Land charges • Licensing • Debt recovery legal activity • HR • Accountancy • Internal audit • Procurement • Property services

Equality Act duty	Yes/No	Impact or notes to demonstrate compliance
<p>Have reasonable adjustments been made for people with disabilities to ensure they can use the service? This might mean treating disabled people better than non-disabled people in order to meet their needs</p>		<p>Outsourcing any service areas should not impact on the disabled person's ability to access the service. Services that require face to face interaction will continue to be delivered locally. Services delivered from another location via telephone, letter and online will need to ensure they comply with the councils translation and interpretation policy, e.g. staff know how to use typetalk and letters continue to promote this, letters available in alternative formats if requested, websites to meet AA accessibility standards.</p> <p>We will assess whether any physical changes are required to the buildings for customers and staff locally as the new structures emerge, though it is not anticipated.</p>
<p>Will the service changes advance equality of opportunity between people who share a protected characteristic? This means will they</p> <ul style="list-style-type: none"> • Remove or minimise disadvantages suffered by people due to their protected characteristics. • Take steps to meet the needs of people from protected groups where these are different from the needs of other people. 		<p>The equalities officer has made recommendations in the draft service specifications to ensure that the relevant equality elements are included in the specifications. This will help to ensure compliance with the public sector equality duties of the Equality Act 2010.</p> <p>Staff impact – mitigating action Any staff affected by potential transfers to the contractor or to other partner councils will be fully consulted in advance on the likely personal implications to them including relocation. Corporate Management Team is putting an extensive service development and staff support programme into place over the period of corporate service market testing. This programme will continue throughout 2015/16. Although the programme isn't yet finalised it's expected to include:</p> <ul style="list-style-type: none"> • The High Performing Teams programme to be refocused on providing support for staff during the period of challenge and change. • Corporate Services Contract and Change Support Programme Alignment : Corporate Management Team will oversee these programmes and ensure they are joined up and that all staff in their services are kept up to date and have opportunities to share ideas and concerns • We will offer a package of coaching and development opportunities for staff teams, including, programme management, assessing competitiveness, and analysing business processes and costs, plus a range of support projects. • We will launch the change support programme in late November, once we complete

Equality Act duty	Yes/No	Impact or notes to demonstrate compliance
		<p>the tender process to appoint the consultants who will take this forward over 2015/16.</p> <p>Customer impact – mitigating action</p> <ul style="list-style-type: none"> To ensure customers whose first language is not English have equal access to services, the outsourcing company will need access to telephone interpreting and face to face translation services. Any changes relating to the delivery method or reducing the level of a service, whether in-house or by the potential outsourced company would require input from the equalities officer to ensure it did not impact on customer access, e.g. online and telephone only would not meet our legal duties.
Will the service changes help to foster good relations between people who share a protected characteristic and people who do not share it e.g. will the changes help to tackle prejudice and promote understanding between the different groups	No	
Will the service change protect and promote human rights	N/A	

Action plan for mitigating action or advancing equality of opportunity

Action	Person responsible	Target completion date
Discussions to take place with council partners to agree mitigating actions to reduce the impact relating to relocating staff.	Steve Bishop	December 2015

Once completed:

Date completed: 21/11/2014

Signed *S. Bishop* (Officer and Corporate Management Team representative)

Signed *C.Reeves* (Cheryl Reeves, Shared equalities officer)

Draft Procurement Strategy : Corporate Services Project

Author:	John Newton
Date:	September 2014
Service / Dept:	Management

Approvals

By signing this document, the signatories below are confirming that they have fully reviewed the Procurement Strategy Document for the Corporate Services Project and confirm their acceptance of the completed document.

Name	Role	Signature	Date	Version

DOCUMENT CONTROL

Version History

Version	Date	Author(s)	Summary of Changes
0_1	09/09/14	JN	First draft
0_2	29/09	JN	Incorporated items from Oxford City PS template
1.0	30/09	JN	Reviewed and approved SB amendments
2.0	18/11	JN	Updated in line with Project Board views 18/11/14

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1. Introduction and Strategic Context

Introduction to the Project

South Oxfordshire District Council, Vale of White Horse District Council, Hart District Council, Havant Borough Council and Mendip District Council (hereafter referred to as “The Councils”) are considering entering into a procurement of a range of support and transactional services. In some cases this represents a re-provisioning of services that are already externalised and for others this is a market test of functions currently performed in house.

The Councils have been engaging for some time with a view to collaborating on the procurement. It is considered that individual re-procurements of services already outsourced would provide only marginal benefits. Approaching the market collectively, with a set of requirements of greater scale and ambition, may well obtain greater benefit for all of the participants.

In addition the procurement of a ‘strategic partnership’ model of contract offers the opportunity to market test a wider range of services that are currently in house, or are outsourced already but due for re-procurement in the near future.

Strategic Context

All UK public sector organisations have been impacted by the adverse economic environment since 2008. Local authorities have been particularly affected by real-terms reductions in funding from Central Government and this has resulted in sustained exercises in cost reduction over the period.

Some councils have approached this through incremental reductions in budgets and staffing and tightening of spend with suppliers. Others have recognised that this is at best a necessary but insufficient response. It is clear that the next government is unlikely to release significantly more resource irrespective of its political make-up. Therefore a strategic and structural response is required.

The councils have already responded to the structural challenge in a range of initiatives:

- (i) South Oxfordshire DC and Vale of White Horse DC (South and Vale) merged their senior management structure as described above, achieving cashable savings and allowing a scale approach to common issues. Havant BC has developed a similar relationship with East Hants DC.
- (ii) externalising a number of services (including those highlighted for re-procurement) to achieve cost savings, resilience and flexibility;
- (iii) sharing services with other councils;
- (iv) rationalising property assets by sharing accommodation with other public sector organisations and contractors;

Most of these initiatives have been in place for a number of years and can be described as 'road tested'. The councils have extracted substantial savings and in doing so have built up a capability and confidence in managing strategic relationships with key service providers and partnerships between peer local authorities.

At the same time the Councils have constantly challenged services delivered in-house to demonstrate and improve their value for money positions.

For example the External Auditor to both South and Vale councils noted that each continued to "...challenge how it delivers services to look for further efficiency savings" and acknowledging that "There have been no cuts to key services".

However it is reasonable to assume that 'austerity' – in terms of pressure on centrally provided funding - is not over, irrespective of the outcome of the next general election.

The Councils recognise that, in order to safeguard the provision of frontline services, they must be relentless in their pursuit of efficiencies in corporate and transactional support functions. Typically in the sector, these have been found through a combination of process standardisation and simplification.

However as these opportunities are exhausted more structural transformation approaches must be considered. These include:

- the adoption of scale solutions to the delivery of transactional services;
- demand management initiatives;
- technology-led opportunities arising from the cloud, mobile devices and application rationalisation.
- Better commissioning of service from the councils supply chains

At the same time district councils in particular need to retain the flexibility to be in a position to capitalise on opportunities for growth, in order to supplement/replace central funding streams with new and enhanced income from the local economy.

Therefore it is likely that the councils will need to reconfigure themselves over the coming decade and therefore re-procuring a series of relatively inflexible contracts for service provision will no longer be appropriate.

2. Rationale

South and Vale currently procure a range of services from an outsourced relationship with Capita. These include:

- Revenues and Benefits
- Exchequer Services
- Payroll

Hart has a number of services in an outsourced contract with Capita.

- Customer Services

- Information Technology
- Human Resources
- Financial Services
- Payroll
- Print Services

Havant has a contract for Revenues and Benefits and Customer Services

Mendip currently outsources Revenues and Benefits, IT, Financial Services and Customer Services

South and Vale's contract is due to expire in August 2016, with the others reaching expiry within the following 2 years.

Each council is currently minded to continue with these as externalised services. This intention, with the close alignment of the contract expiry dates, presents an opportunity to aggregate the re-procurement exercises.

Typically a procurement of this complexity, with appropriate contingency for the transition of services, will take approximately 18 months to activate the new operations. South and Vale will thus have to start their re-procurement exercise in early 2015 whether alone or in partnership. Thus it is now appropriate for each of the Councils to determine whether this collaborative approach should be adopted.

3. Scope

The potential scope of services considered for inclusion in the procurement included:

Revenues: Council tax Business rates	Benefits CTRS Housing benefits Counter fraud Benefit checks
Exchequer Accounts payable (creditors) Accounts receivable (debtors)	Payroll Data input Running the payroll (payments)
Accountancy s.151 duties Management accounting (regular budget monitoring and routine budget/ledger advice) Financial accounting (closedown & producing annual accounts) Provision of the financial management system (general ledger, accounts payable, accounts receivable, budgeting) Treasury management (investing and borrowing)	IT IT strategy IT infrastructure support (maintain desktop PCs, network & other hardware) Applications support (maintain purchased applications and software) Helpdesk & customer interface IT security Applications design (develop and maintain in-house bespoke applications) Data capture and GIS Street Naming and Numbering
Internal Audit System audits (regular checks of internal controls) Counter fraud work (regular checks of high fraud risk areas) Investigation of suspected fraud and irregularity (reactive)	HR Strategic HR (workforce planning) Employee relations (collective bargaining, reacting to performance issues, investigations, terminations) Policies General advice on recruitment, training, restructuring, policies (to managers and staff)
Legal and democratic services Elections & support to returning officer Democratic services General and taxi licensing CCTV Community Safety (excl cctv) Strategic legal advice Legal services (excluding strategic legal advice) Debt recovery legal actions incl court work Land charges	Property and Facilities management Property services (advise on and maintain other council property) Building services (maintain council office buildings) Cleaning Postal Service Design & Print Mobile home parks management Canteen
Procurement Procurement strategy Advice and support	Engineering Engineering incl flood alleviation and drainage Cleaning public conveniences

<p>Car parks</p> <p>Car park management (maintenance, income collection)</p> <p>Car park operations (patrolling and excess charge notices)</p>	<p>Routine and administrative operations</p> <p>Customer services - reception/other remote council access points</p> <p>Customer services - switchboard/contact centre</p> <p>Insurance Administration</p>
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The list above is an amalgamation of all services suggested by the councils for consideration within the scoping exercise. The councils acknowledged that it was likely that some components within certain services would need to be retained (for legislative or operational reasons) irrespective of any choice made. However to retain the maximum discretion (and also to provide a similar level of accountability for services ultimately deemed not in scope of any procurement) specifications were commissioned for the full set of services. Those services excluded from scope for South and Vale are 'greyed out' in the table above.

4. Market Analysis

The local authority business process outsourcing (BPO) market has matured over the past twenty years. The supplier market comprises a range of providers of different scale and specialisation arguably capable of delivering any service commissioned by a local authority.

These suppliers include:

- BPO firms that are able to take on most services and generate value through focusing on (for example) the management of common processes, performance, technology platform and opportunities to integrate with existing similar operations;
- BPO firms that prefer to concentrate on a more limited set of areas – for example around corporate and transactional services, or property/technical;
- Specialist providers who are likely to have a specific focus on individual services, or a small core of related activity – e.g. ICT/Customer, or property/asset management.
- Single providers who may fill in gaps as consortium partners, or respond to a single service tender opportunity.

They have engaged with local authorities across a range of externalisations from single service outsourcings, through to multiple service packages and partnerships based on an initial scope with an ability to add other services and projects incrementally.

Typically a single service outsourcing will have a contract period from 3-7 years, whilst more complex strategic partnering deals are generally between 10-15 years in length. These generally require substantial service transformation and/or updates to technology and so tend to require a longer period of operation in order that the partner may recover its up-front investment.

The value of outsourcings has tended to increase over time with some of the larger corporate services partnerships (e.g. Barnet, South Tyneside, Glasgow) covering annual expenditure of between £20m and £50m.

With the increase in scale comes an increase in bid costs and suppliers are increasingly careful in qualifying whether to bid or not for opportunities. This takes into account factors such as size of opportunity, their likely competitive position and the perceived risks associated with the deal, or the client. A key factor for potential bidders is the degree of confidence that they have that the procurement will reach a successful conclusion. Not unreasonably, bidders may consider a multi-client project as containing more risk than a single party deal of similar size.

At the time of writing there are a number of procurements already in progress, or about to come to the market. It is therefore important to understand what will attract the market and enable them to present compelling offers to the councils.

To obtain this information the councils advertised the potential procurement via a PIN notice, and issued a short brief and a questionnaire to firms expressing an interest in response to the PIN. The councils also held a briefing session at South Oxfordshire's offices to set out their thinking to date and invite initial observations from suppliers.

The questions asked by the Councils comprised:

- 1 *Given the potential scope of services and client organisations which (packaging) model would provide the best likelihood of meeting the objectives of the CSP project and why?*
- 2 *What would the Councils need to do to make the preferred option work most effectively?*
- 3 *Which, if any, services would suppliers consider to be not appropriate to outsource? What aspects of the services potentially in scope do you consider to be more appropriate to be retained by the client(s)*
- 4 *How would you recommend packaging the services within the preferred model identified in question 1 above?*
- 5 *On the basis of the financial information provided above and assuming a general maintenance of current service quality, broadly what percentage savings against current budgets should the Councils be targeting if they:*
 - (i) *procured separately?*
 - (ii) *procured jointly?*
- 6 *On the basis of the performance information provided above, what key opportunities for service improvement can be targeted without material adverse impact on operating costs?*
- 7 *What level of additional benefits might the Councils achieve from collaboration over and above a single procurement/re-procurement?*
- 8 *What level of consistency in commercial and operational requirements is necessary to secure these benefits?*
- 9 *How would suppliers retain an individual relationship with client Councils and their stakeholders within such a solution?*
- 10 *What effective clienting structures would suppliers wish to see developed in a partnership involving these Councils and why?*
- 11 *Based on their initial understanding of the scope and wider understanding of the current market, which model(s) would suppliers be interested in using for a partnership? Are there any potential variants or aspects that suppliers would consider to be less attractive?*
- 12 *The Councils current contracts are generally of the order of [X+X+X years] in term. Given the location, current service configuration and benefits requirement of the*

- Councils, and the level of transformation that this implies, what initial contract length do you envisage as optimal?*
- 13 *What information would suppliers require in any 'virtual data room' created for the purposes of this procurement?*
- 14 *What support would suppliers require from the Councils in undertaking due diligence?*
- 15 *How can the Councils help suppliers obtain maximum value from a competitive dialogue process?*

The individual responses to these questions have informed the procurement options assessment set out below

5. Targeted Benefits

The general aspirations shared with the market were:

- Deliver at least the current standard of service at a reduced cost to the councils
- Support the delivery of and improvement in key Council outcomes
- Provide enabling capability to support future transformation within the Councils; and
- Bring flexibility in provision to match the needs of the Councils as they change over time

After consulting the market it is considered that the councils should seek a minimum of 10% saving on those services being retendered.

The councils will also seek additional savings based around integration of operational processes, technology platforms and interfaces for these and any services outsourced for the first time during this procurement

The councils will achieve a harmonisation of service standards based on a 'best of breed' principle – i.e. in general uplifting performance of each council's operations to the one currently delivering best value for money.

The councils will seek a flexible operational model for support functions that can match the trends in demand over the period of the contract. They will agree a pricing model with their chosen supplier that reflects this.

The councils will collaborate to provide a more strategic and effective client function

The councils will obtain commitment from their supplier(s) to deliver operational transformation and enable better management of their wider services and supply chains

Measurable outputs and outcomes for each of these objectives will be included in a set of specifications (currently being prepared)

6. Procurement Options Assessment

At this point the councils have to make the following decisions:

Scope Options – which of the services identified as candidates for outsourcing should be included

Packaging Options – how should the services that are deemed to be in scope be grouped?

Choices may include:

- Single vendor/consortium
- Multiple packages/Lots
- Master vendor/managing agent approach

Collaboration and Contracting Options – to consider:

- Outsourcing contract vs joint venture arrangement
- Joint vs separate contracts
- Contract length
- Joint/single client vs separate clients
-

These choices have been informed through consultation with the Project Board, together with the leaders and chief executives of the five councils. Supplier feedback has been taken into account as has the experience of the councils' appointed project manager.

Scope

If the procurement proceeded at the maximum potential scope as set out in Section 3 - and including all five councils - it is estimated that the value of services being market tested would be of the order of £20m per annum.

Factors to consider in assessing whether services should be included in or out of scope include:

- Ability to generate service/financial benefits;
- Ability to contribute to strategic ambition for the partnership
- Geographic/scale opportunity
- Market Appetite
- Tactical Intent (e.g. acknowledging the re-tender requirement for existing contract)
- Viability of retained components (this to sweep up services that would otherwise be stranded)

Market responses generally did not name any definite “no”s . It is acknowledged that not all individual components of the specifications being drafted currently would be suitable (e.g. elements that would need to be retained for strategic or legislative reasons).

Work to refine this will be part of later iterations of the specification drafting. Only one organisation commented on the issue of scale but it may be presumed that there would be a

de minimis limit to the attractiveness of smaller services were suppliers to be given the individual choice.

Improvement activity at the individual service level was identified within a number of common themes – generally around standardisation of process, rationalisation/consolidation of platforms etc. In responding to questions on the benefits of multi-council collaboration, these extended to economies of scale, resilience etc.

There is an extensive track record in outsourcing most if not all of these services individually or as part of a package. Clearly the ability of certain services to generate synergies as part of an overall package will be more limited than others.

Using the criteria above, it is considered that the services that offer limited potential against these factors are:

- Legal and Democratic services (acknowledging the non-transactional elements could be outsourced as part of a package, there is little market appetite or track record for taking on the professional service components within a general corporate services scope)
- Canteen (for reasons of scale, geography and lack of synergy with the other potentially in-scope services)

Individual councils will determine which services from the list they wish to include in the combined scope as part of their individual approval processes.

Packaging Options

The services may be 'packaged' in a number of ways. A single contract allows economies of scale to be achieved in both contract operation and management. However certain of the functions may be regarded as non-core by the supplier and fail to achieve their potential. Performance management tools may be diluted due to an overly large number of key performance indicators. Critically, the market of suppliers capable of delivering this breadth of services may be limited.

On the other hand procuring on a service by service basis could result in the appointment of several 'best of breed' suppliers, providing focus to each service, but potentially lacking in ability to secure the savings that come from integrating and aggregating services across the councils. Future transformation may require the close management of a number of suppliers. Larger suppliers may view the opportunity for them as limited and the effort required by the Councils to procure and then manage the many individual relationships would be substantially higher than currently resourced.

Grouping the services into functional packages such as Corporate (e.g. ICT, Revs & Bens, Finance/HR, Customer...), Regulatory (e.g. Legal and Democratic services) and/or Technical (Property/FM, Car Parks, Canteen...) may be more attractive to certain suppliers in the market and this could offer a compromise between scale and specialism. It will involve more than one procurement, and there will be multiple contracts to manage.

A fourth potential option blends the flexibility of multiple supplier solutions with the integration capability of a single partnership. This managing agent approach is increasingly common in central government contracts and is starting to be adopted in local government particularly for ICT. In this model a prime supplier is responsible for ensuring outcomes are delivered by a

supply chain of providers (including itself), but the Councils retain the ability to re-procure or remove individual components that are underperforming or no longer fit with their requirements.

This model also opens up the opportunity for services to be delivered by third sector or 'spun-out' entities, with them being subject to the same accountability as those 'outsourced' to the private sector. It may ultimately provide more flexibility to the individual Councils, and would allow them to hold suppliers to the delivery of overall outcomes as well as individual service outputs.

It would however be a more complicated model to introduce. Care would need to be taken to ensure the benefits outweigh any additional overhead incurred by the managing agent (which of course would be passed on as part of its own service charges).

Relevant criteria for appraising these options are:

- Cost/complexity of procurement;
- Ability to attract good competition;
- Cost/complexity of contract management
- Synergies/Economies of Scale vs Best of Breed achievement

A number of suppliers suggested the creation of Lots based around functional groupings.

Typically these were combinations/variations of:

- citizen-based functions (e.g. customer services, revs & bens)
- corporate support (IT, transactional finance, HR, procurement, exchequer, payroll)
- technical/asset/location based services (property, FM, engineering, car parks management)
- professional services (e.g. legal advice)

A number of respondents supported the incorporation of a managing agent approach. None were hostile to the concept.

Given the potential scope of services option that best addresses these criteria is likely to be a package of more than one Lot. Subject to the choice of services to take forward being finalised by each council it is recommended that the procurement strategy is developed around :

1. A Lot containing citizen-based and corporate services (CCS)
2. A Lot containing technical, asset and location based services (TAL)
3. Authority to explore the potential of a Managing Agent during the procurement(s), with a business case to be prepared by shortlisted bidders as part of their outline solution development

Collaboration in Contracting and Client Management

The participation of more than one client organisation in the procurement brings a number of permutations in respect of

- (a) the contract (including specification as well as commercial terms); and
- (b) the client management arrangements

Contracting:

The Councils may choose to procure:

- Varying commercial terms and service specifications;

- Identical terms but varying specifications;
- Varying terms but identical specifications; or
- Identical terms and specifications

All consultees agree that there is benefit in adopting a consistent set of requirements. This is supported by the senior leadership of the five councils. There may be some areas where local variance is required but overall the councils will aim to achieve a single operational solution and common terms and conditions.

Client Management:

Assuming there is some degree of consistency then it will be beneficial to combine the respective client functions in place currently to achieve:

- Greater strategic balance between client and supplier;
- Resilience;
- Common approach to change management;
- Greater opportunity to develop/retain access to specialist commissioning and contract management skills;
- Economies of scale.

It should be noted that combining client roles does not require a combined payment regime or joint liability – each client would be responsible for delivering its own obligations. Neither does it mean that all the power needs to be ceded to the authority in which the line management accountability of the client function sits. In fact a single clienting entity could be based across all the organisations with subject matter expertise and local knowledge backed up by the resilience and strategic capability of the joint approach.

The councils will develop their client-side approach throughout the procurement to include:

- A single suite of service requirements and standards
- A single set of procurement documentation
- A consistent (single or 5 x the same) suite of contract documents
- A joint client approach and project governance that will manage all 5 relationships

7. Governance Model

The proposed project governance structure contains:

A **Project Board**; This will include members and chief officers of each Council (or their representatives with appropriate delegated authority). The Project Board will:

- Define the procurement objectives
- Approve the progression through key stages of the project (e.g. advertise opportunity, prequalification/supplier downselection, final tender evaluation, business case, transition phase completion);
- Resolve conflicts (and highlight synergies) between the CSP project and other initiatives/projects involving the Councils individually or collectively (e.g. workforce development projects, Universal Credit etc.);

- Ultimate point of escalation for inter-Council project issues (e.g. consensus on requirements, standards etc.)
- Implement project assurance procedures as required;
- Take on Senior User/Senior Supplier roles as appropriate to ensure that the solution being procured and then implemented is fit for purpose
- Delegate appropriate authority to the Project Steering Group and Project Manager and retain the ability to replace/remove both

A Project Steering Group; This will include representatives drawn from strategic management tiers within the Councils. The group will have a tactical remit to:

- Approve project resourcing arrangements;
- Approve project documentation (OJEU advert/pre-qualification and tendering materials)
- First point of escalation for any inter-Council project consensus issues
- Develop client side management structure and develop/recruit appropriate staff;
- Prepare individual business cases, Council reports and secure necessary approvals;
- Develop a joint communications strategy;
- Allocate responsibility for managing risks and issues

A Project Manager and Core Team

The Project Manager will be accountable to the Project Board for delivering their procurement objectives. The Project Manager will prepare and maintain the project plan, the risk and issues register, manage the preparation of all relevant project materials and co-ordinate the work of the Core Team.

The Core Team will support the work of the project manager bringing subject matter expertise in the key disciplines required for the procurement (HR, Legal, Financial and Procurement). Service expertise on the delivery side, together with the customer view, will be provided by Service Head or equivalent representatives from the Councils. Access to a wider pool of specific expertise across individual services will be made available by the Project Steering Group. The team will prepare the relevant project materials under the supervision of the Project Manager, provide input into dialogue and engagement with bidders, evaluate bidder submissions and generally deliver the activities set out in the project plan.

Legal Advisors

South and Vale are in the process of procuring external legal support on behalf of the project. Their work will be managed by South and Vale Legal, who will commission them to provide advice and support the inputs of in-house resource as appropriate into the Project Team, Steering Group and Board.

The Project Steering Group will nominate a Senior Responsible Officer to provide a single point of instruction to the Project Manager from the Board and Steering Group. To date this role has been delivered by Steve Bishop of South and Vale.

This also provides a straightforward route in reverse for escalating issues. So a failure to reach consensus amongst the subject matter experts around a set of service requirements would be identified by the project manager, raised as an issue and resolved (in the first instance) by the Steering Group. If this is not possible then it is resolved by the Board.

Project Resourcing

The main area of direct expenditure relating to the project is in relation to the appointment of external legal and project management support. It is recommended that a small provision be made for incidental expenses (e.g. site visit activity, recruitment/training of new client function staff etc.)

Internal resource will be required to support:

- Completion of specifications
- Preparation of tender documentation
- Preparation of due diligence material (including performance measurement) and support due diligence processes undertaken by bidders (including on-site activity)
- Deliver staff consultation activity
- Evaluation of bid submissions

The councils will need to determine the bases on which these costs are shared.

The direct expenditure relating to this procurement should be split equally between the Councils.

Internal resources should be resourced with regard to the capacity available within each Council. It is acknowledged that these will differ. However all Councils will need to commit to support activity that is undertaken on-site – for example location based supplier due diligence – as required. Capacity issues will be resolved by the Project Steering Group

Ongoing Project Governance

Potential bidders will be looking for evidence that the Councils are bound into the collaboration. This is equally true of the procurement and post-contract signature phases. It is recognised that there may be valid reasons for a client side partner ultimately deciding that they wish to pursue a different strategy, but that this should not be done on a whim. It is also pertinent to consider how, in any such exit, the other parties (including the supplier) can be made 'whole'.

The following principles are suggested as a condition of participation:

(i) Councils are free to withdraw from the collaboration without penalty prior to the procurement commencing;

(ii) A condition of participation in the procurement is that Councils sign up to an agreement detailing this governance process and acknowledging the cost share basis set out above

(iii) That the agreement provides for the staged prepayment of cost share contributions either as a single lump sum or in line with key project milestones (e.g. OJEU advert, prequalification

of bidders, call for final tenders, business case/contract award) with any contributions forfeit in the event of withdrawal prior to contract signature;

(iv) That an inter authority agreement be prepared including a provision that, following contract signature, any Council withdrawing from the collaboration pays a compensation to the other Councils in respect of any unit cost increases suffered in respect of the ongoing services as a result of the withdrawal, thus putting the residual partners (and the supplier) in a no better no worse position than they would have been had the withdrawal not taken place.

These principles will be negotiated by the Project Steering Group and enshrined in an appropriate agreement to be drafted with support from the appointed legal advisors.

8. Risk Management (*tbc following procurement options assessment*)

This will cover:

- *A summary of key risks identified against the recommended option*
- *A list of all possible events which may cause the project to fail or hinder the success of outcomes, including the 'cons' identified by staff as part of the consultation on scope*
- *Mitigating actions that would be required*

This will be set out in a project risk register containing the description of the risk, impact, likelihood and mitigating action(s) under relevant categories e.g.

- *Management of Operational Risk*
- *Management of Financial Risk*
- *Management of Governance Risk (specifically between the partner councils)*
- *Management of Legislative and Environmental Risk (inc: e.g Social Value Act, new procurement regs, Universal Credit, Community Right to Challenge etc.)*

This section will also consider the necessary consultations and impact assessments for the procurement prior to commencement

8. Financial Appraisal (Finance Lead *tbc following confirmation of scope*)

This section will contain:

- *The baseline cost and affordability position*
- *Likely investment requirements*
- *Information on how the procurement will be funded, contributions from other participating Councils*
- *Information on revenue costs as a result of the project being completed*
- *Information on any identified revenue savings, in which year(s)*

9. Project Approach (to be completed following confirmation of preferred procurement route and project governance options)

- *Timescales*
- *A summary of the project plan including key dates and milestones*
- *Incorporate “management case” components of green book here*
- *Project Management during Procurement Phase*
- *Gateway Review Processes and Outcomes*
- *Transition Management*
- *Change Management*
- *Benefits Realisation*
- *Risk Management*
- *Contract Management*
- *Post Project Evaluation*
- *Medium Term Review*

10. Dependencies

This section will contain a list of any other projects that the success of this project relies upon, or vice versa e.g.

- *Staff development programmes*
- *Other internal transformation activity*

Cabinet report



Report of Head of HR, IT & Technical Services

Author: John Backley

Telephone: 01235 540443

Textphone: 18001 01235 540443

E-mail: john.backley@southandvale.gov.uk

Wards affected: all

Cabinet member responsible: Elaine Ware

Tel: 01793 783026

E-mail: elaine.ware@whitehorsedc.gov.uk

To: CABINET

DATE: 5 December 2014

Review of car park fees and charges 2015/16

Recommendation

That cabinet reviews the current car park fees and charges and considers the options put forward by officers, along with any other options it wishes to consider, and decides what, if any, changes it wishes to make to the current car park fees and charges.

Purpose of report

1. The purpose of this report is to provide cabinet with options to consider so that it can determine the appropriate car park fees and charges from 1 April 2015.
2. Reviewing the car park fees and charges each year is in line with the Vale of White Horse District Council's car park pricing policy.

Strategic objectives

3. The provision of public car parks contributes to the achievement of our strategic objective "building the local economy" by giving access to shops, businesses and services within the towns and some villages. It also contributes towards our strategic objective of "effective management of resources" by providing car parking that is value for money and meets the needs of the users.
4. The economic development team undertakes a number of initiatives to deliver the strategic objective of "building the local economy" and the corporate priority of "continuing to invest to improve the viability and attractiveness of our towns". These include working with joint economic forums in Wantage and Faringdon, supporting the Choose Abingdon Partnership, and the delivery of annual action plans for each town.

Within these action plans there are projects aimed to attract increased footfall to the towns, which can be supported by the provision of free car parking.

Background

5. The council's existing parking policy was last reviewed in 2011 when policy B (1) was removed. This was to reflect the fact that the introduction of the free two hours meant that the income from the service would not meet the expenditure. The other policies are:
 - B (2) Differential pricing may apply between areas in the Vale, including between car parks in the same town
 - B (3) Pricing may be used to regulate and influence usage to achieve a balance between sustainability and environmental objectives, and town centre vitality and viability; hence, short- term and long-term public parking should be differentially priced and located to encourage edge of town parking for commuters, thus freeing town centre parking for shoppers and visitors
 - B (4) Parking will be provided free of charge for disabled badge holders
 - B (5) Parking fees and charges will be reviewed annually.
6. In December 2011 the cabinet agreed to introduce a free period of two hours in the council's car parks. The scrutiny committee reviewed the impact of the free parking period in 2012 and again in September 2013 and made recommendations back to the cabinet for it to consider.
7. In December 2013 the cabinet considered and rejected the following options:
 - reducing the price of parking permits
 - extending the length of free parking to three hours
 - extending the differential pricing policy so that car park fees were varied depending on their location
 - introducing spaces to charge electric vehicles
8. However, the cabinet agreed to
 - reduce the cost of excess charges (parking fines) from £50 to £40 if the fine was paid within 10 working days
 - introducing a pilot cashless payment system in car parks (pay by mobile phone)
9. The current fees and charges and permits for the Vale Council are attached as appendix 1 to this report. As a comparison, fees and charges for other local car parks are attached as appendix 2 to this report. The cost of permits is shown in appendix 3 to this report.
10. In the next section, officers review the main elements of the car park fees and charges. Following this, officers put forward options for the cabinet to consider.

Review of car park fees and charges

11. Officers are required to review the car park fees and charges in accordance with the car park pricing policy B (5) as listed in paragraph 5 above. In addition, officers arranged for a usage survey to be carried out of all Vale car parks this year in order to

identify those car parks with the most and least demand and also to be able to identify how any changes may affect the usage.

12. As part of the review, officers first looked at the financial situation and the expected income and expenditure if no changes are made.

CAR PARK ACCOUNT OVER FIVE YEARS

13. Table 1 below estimates how the net cost of car parks will change over the five-year period 2013/14 to 2017/18 assuming no changes are made. It should be noted that we do not budget for depreciation or support costs – the table is purely a paper exercise, but these elements need to be included to give a full picture. Running costs and support costs are increased by two per cent per year.

14. In 2014/15, if considering just the income and the running costs, then the account shows a small surplus income of £23,810. However, taking into account other costs associated with parking, the table shows that there was a deficit on the account at the end of 2013/14 of £562,815 and the estimated deficit for the current year 2014/15 is £183,714.

15. The table also shows that if no changes are made to the level of fees and charges (and assuming levels of usage stay the same) then the car park account will have an outturn of £56,560 next year but a deficit of £153,180 when all costs are taken into account. The estimated outturn decreases slightly in 2017/18 to £34,400 but will have an accumulated deficit of £1,236,228 over the five-year period when all associated costs are taken into account.

Table 1 Car park account over five years

	2013/14	2014/15	2014/15 Actual to 30 Sept 14	2015/16 Base budget	2016/17 Base budget	2017/18 Base budget
	Actual	Budget				
Total Income	441,611	415,300	240,016	415,300	415,300	415,300
Less						
Running costs	417,238	391,490	248,296	355,740	366,410	377,400
* RingGo				3,000	3,500	3,500
Outturn actual / budgeted	24,373	23,810	(8,280)	56,560	45,390	34,400
Depreciation for use of asset	96,684	96,684	48,342	96,684	96,684	96,684
Revaluation (downwards)	372,619					
Support costs	115,329	117,636	58,818	119,988	122,388	124,836
Less costs attributable to South	(25,011)	(25,512)	(12,756)	(26,022)	(26,542)	(27,073)
Add attributable CDC Costs	18,348	18,715	9,358	19,090	19,471	19,861
Support costs and CDC recharge	117,885	110,839	55,420	113,056	115,317	117,624
Total Costs	1,004,426	599,014	352,058	568,480	581,911	595,208
Actual / Projected net income (deficit)	(562,815)	(183,714)		(153,180)	(166,611)	(179,908)
Actual / Projected net income (deficit) cumulative	(562,815)	(746,529)		(899,709)	(1,066,320)	(1,246,228)

*estimate annual cost of RingGo based on 20 per cent of income paid by phone in 15/16 increasing to 25 percent in 16/17 and 17/18

COST OF PERMITS

16. The table in appendix 3 lists the cost of permits currently available. Permits provided an income of just over £100,000 in 2013/14.

Options

17. The current financial position of the car park account does not allow for any reductions in income. If required, officers have considered the following options to increase income.

A. INCREASE ALL FEES BY 10 PENCE

18. An increase of ten pence is the smallest increase that is reasonable as fees are normally given to the nearest ten pence as this is the lowest denomination accepted by the machines.

19. An increase of all fees would mean that the current differential that exists between the cost of short stay parking in the town centre and the cost of edge of town parking would remain the same.

20. Officers estimate that the increase in income would be £6,000 per year.

B. INCREASE IN THE PRICE OF PERMITS

21. An increase in the cost of permits of five per cent would increase the income by £5,000 per year.

22. An increase in the price of permits would reduce the support to town centre businesses and to those businesses who rely on their staff paying for permits themselves.

C. CHARGE IN THE EVENINGS

23. The current charging period is 8am to 6pm Monday to Saturday (although some car parks near the river in Abingdon charge on Sundays also). Anecdotally the car parks in the town centre are quite well used in the evenings. Additional income could be produced by extending the charging time to later in the evening. In Oxford some car parks require a flat fee to park in the evenings. However, officers consider that many users would take advantage of the two hours free and the increase in income would not outweigh the required enforcement costs. This option therefore is not being pursued.

D. CHARGE ON SUNDAYS

24. Currently only three car parks in Abingdon charge on a Sunday (those adjacent to the river Thames i.e. Rye Farm, Hales Meadow and Abbey Close). The current tariffs in all other car parks, including the free two hours, could be extended to cover all days of the week.

25. This would require some enforcement on a Sunday which would be at a cost but the increase in income is likely to outweigh this cost.

26. As a comparison, some town centre car parks to the north in Cherwell district do charge on a Sunday whereas car parks in South Oxfordshire do not. Traditionally people attending religious services have strongly opposed any introduction of charges on a Sunday.

E. SCHOOL PERMITS

27. Special 'school permits' to allow for short periods of parking whilst dropping off school children in the morning or picking up in the afternoon remain chargeable in the current car park schedule. The schedule shows there is a charge of £10.60 for these permits, for example in the car parks in Faringdon, which was introduced before the offer of free two hours parking. However, in practice, since the introduction of the free two hours, we have been issuing them free of charge so that daily users of the car parks do not have to queue to obtain a 'free' ticket at busy times.

28. The car park team has issued only five permits in the past year. Having considered the options, officers do not think it is viable to go to the necessary lengths to advertise and change the schedule for the sake of a small number of these special permits and will continue to offer these school permits at no charge.

Financial Implications

29. In 2013/14, the Vale Council collected £215,000 from 'pay and display' income plus £90,000 from parking permit income. The financial implication for each of the options is summarised in the table below:

Option	Title	Offer	Estimated change in income per year (reduction in brackets)
A	Increase all fees	Increase by ten pence	£6,000
B	Increase price of permits	5 per cent increase	£5,000
C	Charge in the evenings	N/A	Not financially viable
D	Charge on Sundays	Similar fees to other days of the week	£11,250
E	School permits	No change	De minimus

30. Any financial implications of the decisions made as a result of this report will be included in the budget for 2014/15 and the medium term financial plan, which will be agreed by full council in February 2015.

31. Each of the options will have associated initial set up costs for changing signs and adapting software and is likely to be a one off cost of between £5,000 and £10,000.

However, officers have submitted a growth bid of £15,000 to replace all the tariff boards and so any agreed changes can be included on the new boards.

Legal Implications

32. Changes to the price of permits or to the charging periods or days would not require any changes to the car parking order but would require the schedules to be published.
33. These changes that do not require a change to the body of the order, can be introduced by way of notice under section 35C of the Act, given and published in compliance with regulation 25 of the Local Authorities Traffic Orders (Procedure) (England and Wales) Regulations 1996.

Risks

34. The council is becoming increasingly dependent on its income-generating services, such as car parking, to cover its significant costs, instead of placing the burden on general council taxpayers. As government grant funding reduces, income streams such as car parking will become critical to enable the council to become more self-sufficient.
35. Given the very low take up of the school permits and as they have no real value in allowing parking when it is already free, officers consider that the 'do nothing' option represents the most sensible approach with very low risk of potential challenge from other users who pay for other types of permit.

Other implications

36. Officers have given due regard to the public sector equality duties of the Equality Act 2010. The proposed changes A-C will not directly or indirectly discriminate users who share a protected characteristic. Option D could disadvantage people attending religious services. Users who display a disabled badge will be unaffected by the changes, as they will continue to get free parking.

Conclusion

37. The report has reviewed the current fees and charges in line with the Vale Council's car parking policy, although the options that have been put forward are far from exhaustive.

Background Papers

- None

Appendix 1 Vale Council - summary of car park fees and charges 2014

1	5	7 SCHEDULE OF CHARGES	
		7a	7b
NAME OF PARKING PLACE	CHARGING/ NON-CHARGING PERIODS AND MAXIMUM PERIOD FOR WHICH VEHICLES MAY WAIT	CHARGES FOR PARKING TICKETS Footnote 2 Footnote 3	PERMITS (INC. VAT) Footnote 1 Footnote 3
<input type="checkbox"/> ABINGDON <input type="checkbox"/> Audlett Drive <input type="checkbox"/> Charter Multi Storey <input type="checkbox"/> West St Helen Street <input type="checkbox"/> Abbey Close	<input type="checkbox"/> Monday to Saturday, except Abbey Close Monday to Sunday <input type="checkbox"/> 8am to 6pm <input type="checkbox"/> 10 hours	<input type="checkbox"/> Not exceeding: <input type="checkbox"/> - up to 2 hours no charge <input type="checkbox"/> - up to 3 hours £1.50 <input type="checkbox"/> - up to 4 hours £3.40 <input type="checkbox"/> - up to 6 hours £4.30 <input type="checkbox"/> - over 6 hours £5.30	<input type="checkbox"/> £5.80 per day <input type="checkbox"/> £65 per month (5 day) <input type="checkbox"/> £78 per month (6 or 7 day) <input type="checkbox"/> £194 per quarter (5 day) <input type="checkbox"/> £233 per quarter (6 or 7 day) <input type="checkbox"/> £650 per annum (5 day) <input type="checkbox"/> £779 per annum (6 or 7 day) <input type="checkbox"/> Resident permit: <input type="checkbox"/> £287 per annum
<input type="checkbox"/> Charter Service Area & all external areas	<input type="checkbox"/> Monday to Sunday <input type="checkbox"/> 7 days - Permit Holders only <input type="checkbox"/> Maximum stay 24 hours	<input type="checkbox"/> N/A	<input type="checkbox"/> £5.80 per day <input type="checkbox"/> £65 per month (5 day) <input type="checkbox"/> £78 per month (6 or 7 day) <input type="checkbox"/> £194 per quarter (5 day) <input type="checkbox"/> £233 per quarter (6 or 7 day) <input type="checkbox"/> £650 per annum (5 day) <input type="checkbox"/> £779 per annum (6 or 7 day)
<input type="checkbox"/> Civic <input type="checkbox"/> Cattlemarket	<input type="checkbox"/> Monday to Saturday <input type="checkbox"/> 8am to 6pm <input type="checkbox"/> 10 hours	<input type="checkbox"/> Not exceeding: <input type="checkbox"/> - up to 2 hours no charge <input type="checkbox"/> - up to 3 hours £1.50 <input type="checkbox"/> - up to 4 hours £3.40 <input type="checkbox"/> -up to 6 hours £4.30 <input type="checkbox"/> - over 6 hours £5.30	<input type="checkbox"/> No permits <input type="checkbox"/> Resident permit for Cattlemarket only: <input type="checkbox"/> £287 per annum

1	5	7 SCHEDULE OF CHARGES	
		7a	7b
<input type="checkbox"/> NAME OF <input type="checkbox"/> PARKING PLACE	<input type="checkbox"/> CHARGING/ NON-CHARGING PERIODS AND MAXIMUM PERIOD FOR WHICH VEHICLES MAY WAIT	<input type="checkbox"/> CHARGES FOR PARKING TICKETS <input type="checkbox"/> Footnote 2 <input type="checkbox"/> Footnote 3 <input type="checkbox"/>	<input type="checkbox"/> PERMITS (INC. VAT) <input type="checkbox"/> Footnote 1 <input type="checkbox"/> Footnote 3
<input type="checkbox"/> Rye Farm including the lorry park <input type="checkbox"/> Hales Meadow	<input type="checkbox"/> Monday to Sunday <input type="checkbox"/> 8am to 6pm <input type="checkbox"/> 10 hours <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> Not exceeding: <input type="checkbox"/> - up to 2 hours no charge <input type="checkbox"/> - up to 3 hours £1.50 <input type="checkbox"/> - up to 4 hours £3.10 <input type="checkbox"/> - up to 6 hours £3.80 <input type="checkbox"/> - over 6 hours £4.30 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Lorry park only £7.40 for 24 hours or part thereof <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> £52 per month (5 day) <input type="checkbox"/> £61 per month (6 or 7 day) <input type="checkbox"/> £157 per quarter (5 day) <input type="checkbox"/> £190 per quarter (6 or 7 day) <input type="checkbox"/> £520 per annum (5 day) <input type="checkbox"/> £622 per annum (6 or 7 day) <input type="checkbox"/> <input type="checkbox"/> Resident permit: <input type="checkbox"/> £287 per annum or £144 six months <input type="checkbox"/> <input type="checkbox"/> Market trader permits, one day/week per year £82 <input type="checkbox"/> <input type="checkbox"/>
<input type="checkbox"/> WANTAGE <input type="checkbox"/> Portway	<input type="checkbox"/> Monday o Saturday <input type="checkbox"/> 8am to 6pm <input type="checkbox"/> 10 hours <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> Not exceeding: <input type="checkbox"/> - up to 2 hours no charge <input type="checkbox"/> - up to 3 hours £1.30 <input type="checkbox"/> - up to 4 hours £3.30 <input type="checkbox"/> - up to 6 hours £4.30 <input type="checkbox"/> - over 6 hours £5.30 <input type="checkbox"/>	<input type="checkbox"/> Resident permit: <input type="checkbox"/> £119 per annum <input type="checkbox"/> <input type="checkbox"/> School Term Permit (10 mins) £10.60 <input type="checkbox"/>
<input type="checkbox"/> Limborough Road 1 and 2 <input type="checkbox"/> <input type="checkbox"/> Mill Street Undercroft	<input type="checkbox"/> Monday to Saturday <input type="checkbox"/> 8am to 6pm <input type="checkbox"/> 10 hours <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> Not exceeding: <input type="checkbox"/> - up to 2 hours no charge <input type="checkbox"/> - up to 3 hours £1.30 <input type="checkbox"/> - up to 4 hours £2.90 <input type="checkbox"/> - up to 6 hours £3.00 <input type="checkbox"/> - over 6 hours £3.50 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> £46 per month (6 or 7 day) <input type="checkbox"/> £136 per quarter (6 or 7 day) <input type="checkbox"/> £455 per annum (6 or 7 day) <input type="checkbox"/> <input type="checkbox"/> Resident permit: <input type="checkbox"/> £71 per half year <input type="checkbox"/> £143 per annum <input type="checkbox"/> <input type="checkbox"/> Market Traders Permit: <input type="checkbox"/> 1 day a week £67 per annum <input type="checkbox"/>

1	5	7 SCHEDULE OF CHARGES	
		7a	7b
<input type="checkbox"/> NAME OF <input type="checkbox"/> PARKING PLACE	<input type="checkbox"/> CHARGING/ NON-CHARGING PERIODS AND MAXIMUM PERIOD FOR WHICH VEHICLES MAY WAIT	<input type="checkbox"/> CHARGES FOR PARKING TICKETS <input type="checkbox"/> Footnote 2 <input type="checkbox"/> Footnote 3 <input type="checkbox"/>	<input type="checkbox"/> PERMITS (INC. VAT) <input type="checkbox"/> Footnote 1 <input type="checkbox"/> Footnote 3
<input type="checkbox"/> FARINGDON <input type="checkbox"/> <input type="checkbox"/> Southampton Street	<input type="checkbox"/> Monday to Saturday <input type="checkbox"/> 8am to 6pm <input type="checkbox"/> 10 hours <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> Not exceeding: <input type="checkbox"/> - up to 2 hours no charge <input type="checkbox"/> - up to 3 hours £1.10 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> School Term Permit (10 mins) £10.60 <input type="checkbox"/>
<input type="checkbox"/> Gloucester Street	<input type="checkbox"/> Monday to Saturday <input type="checkbox"/> 8am to 6pm <input type="checkbox"/> 10 hours <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> Not exceeding: <input type="checkbox"/> - up to 2 hours no charge <input type="checkbox"/> - up to 3 hours £1.00 <input type="checkbox"/> - up to 4 hours £2.40 <input type="checkbox"/> - up to 6 hours £2.60 <input type="checkbox"/> - over 6 hours £2.80 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> £33 per month (6 or 7 day) <input type="checkbox"/> £98 per quarter (6 or 7 day) <input type="checkbox"/> £324 per annum (6 or 7 day) <input type="checkbox"/> <input type="checkbox"/> Resident permit: <input type="checkbox"/> £119 per annum <input type="checkbox"/> <input type="checkbox"/> Market Traders Permit: <input type="checkbox"/> One day per week £36 per annum <input type="checkbox"/> <input type="checkbox"/> School Term Permit (10 mins) £10.60 <input type="checkbox"/>
<input type="checkbox"/> BOTLEY <input type="checkbox"/> <input type="checkbox"/> West Way Shoppers Car Park, <input type="checkbox"/> (Church Way, Chapel Way, <input type="checkbox"/> Elms Parade)	<input type="checkbox"/> Monday to Sunday <input type="checkbox"/> <input type="checkbox"/> Maximum stay 3 hours <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> No charge	<input type="checkbox"/> No charge
<input type="checkbox"/> Service Area 1 & 2 <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> Monday to Sunday <input type="checkbox"/> 7 days – Permit Holders only <input type="checkbox"/> <input type="checkbox"/> Maximum stay 24 hours <input type="checkbox"/>	<input type="checkbox"/> N/A	<input type="checkbox"/> No charge

Footnote 1: The Council will charge £12 when asked to issue replacement permits.

Footnote 2: No charges apply to motorcycles or vehicles displaying a disabled person's badge at all car parks.

Footnote 3: A valid ticket or parking permit will be required to be displayed during a charging period at those car parks where charges are payable, including those periods when a charge is not payable

All car parks have a 'No Return' period of two hours except the service areas in Botley and the Charter.

1	8 EXCESS CHARGES AND CONCESSIONARY EXCESS CHARGES (not subject to VAT)
NAME OF PARKING PLACE	EXPIRED TICKET; EXPIRED PERMIT; NO PERMIT DISPLAYED; NO VALID TICKET OR PERMIT DISPLAYED; PERMIT OR TICKET NOT VALID FOR PARKING PLACE; WRONG REGISTRATION NUMBER ON TICKET; EXCEEDED MAX 3 HOUR STAY; EXCEEDED MAX STAY; RETURNED WITHIN 2 HOUR TIME LIMIT; NO VALID DISABLED BADGE DISPLAYED; PARKED IN AN UNAUTHORISED AREA; NOT PARKED WITHIN A MARKED BAY; EXCEEDED WEIGHT RESTRICTION; NO OVERNIGHT CAMPING
All car parks	Excess Charge £80 payable within 28 days of the excess charge notice otherwise concessionary excess charge £50 if paid within 10 days.

Appendix 2

Comparison of pay and display car park charges, October 2014

Place	Average Charging periods	up to 1 hour	up to 2 hours	up to 3 hours	up to 4 hours	up to 5 hours	up to 6 hours	up to 8 hours	up to 10 hours	up to 12 hours	ECN
Vale of White Horse DC (Portway, Wantage)	8am - 6pm Mon - Sat		Up to 2 hrs no charge	1.30	3.30		4.30			5.30	Max £80
Vale of White Horse DC (Gloucester St, Faringdon)	8am - 6pm Mon - Sat		Up to 2 hrs no charge	1.00	2.40		2.60			2.80	Max £80
Vale of White Horse DC (Cattlemarket, Abingdon)	8am - 6pm Mon - Sat		Up to 2 hrs no charge	1.50	3.40		4.30			5.30	Max £80
South Oxfordshire District Council	9am to 5pm 8am to 6pm (in Henley on Saturdays)	Free or 50p	80p	1.50		1.80 to 2.10		1.60 to 3.10			Max £70
Train Station, Henley (discounts apply if pay by 'phone)	All day			1.00	1.50		2.50	4.50			Max £80
Dry Leas (Henley rugby club)	9am-5pm Mon to Friday									3.00	unknown
Mill Meadows (Henley Town Council) Mon-Fri Sat and Sun and BHs		1.20 1.50	2.50 3.00		5.00 6.00					7.00 8.00	Max £70
Wycombe DC (High Wycomb) Paston Street	7am – 6pm Mon - Sat	1.00	1.50	2.00	2.50	3.00	3.50			5.00	Max £70
Wycombe DC (High Wycomb) Baker St	7am - 7pm Mon - Sat		1.50				3.00			3.00	Max £70
Wycombe DC (Marlow) Dean St	7am - 7pm Mon – Sat (£1.00 Sunday and Bank Holidays)	60p (40p for up to 30 mins)	1.20	1.50	2.00		3.00			5.50	Max £70
Woking Borough Council (Victoria Way, Brewery Road & Heathside Crescent)	6am - 7pm Mon – Sat (also charges Sunday at reduced rate)	1.30	2.60	3.90	5.20	6.00	6.00	9.00			Max £70
Wargrave, School Lane (short stay)	8am - 6pm Mon - Sat	40p	60p		2.00				4.00		Max £80
Wokingham town centre, Easthampstead Rd (long stay)	8am - 6pm Mon - Sat	70p	1.20	2.00	2.00		3.00		4.00		Max £80
West Berkshire Council (Newbury central library)	8am - 6pm Mon - Sat (*£1 after 6pm)	1.00	2.20	3.40	4.50		6.50	8.50		12.00	Max £80
Aylesbury Vale DC (Upper Hundreds Town centre – short stay)	8am - 6.30pm Mon - Sat	1.00		2.00	3.50	5.00				8.00 up to 24 hrs	Max £70
Aylesbury Vale DC (Hampden House – inner long stay)	8am - 6.30pm Mon - Sat					2.50				4.00 up to 24 hrs (£1 overnight)	Max £70
Aylesbury Vale DC	8am - 6.30pm Mon - Sat									3.00 up to	Max £70

Place	Average Charging periods	up to 1 hour	up to 2 hours	up to 3 hours	up to 4 hours	up to 5 hours	up to 6 hours	up to 8 hours	up to 10 hours	up to 12 hours	ECN
(Friarscroft – outer long stay)										24 hrs (1.00 overnight)	
Banbury (Market Pl, ultra short stay)	8am - 6pm Mon –Sun	£1.20 (80p up to 30 mins)									Max £70
Bicester (Cattlemarket)	as above	60p	1.20	1.70	2.20			2.50			Max £70
West Oxfordshire DC (Marriotts Walk multi-storey, Witney)	8am - 6pm Mon -Sat	Free	Free	Free	Free	Free	Free	Free	Free	Free	Max £70
West Oxfordshire DC (Woodford Way)	8am - 6pm Mon -Sat	Free	Free	Free	Free	Free	Free	Free	Free	Free	Max £70
Cherwell DC (Claremont)	8am - 7pm Mon -Sun	60p	1.20 or Sunday £1 over 1hr	1.70							Max £80
Cherwell DC (Cattle Market)	8am - 7pm Mon -Sun	60p	1.20 or Sunday £1 over 1hr	1.70	2.20					2.50	Max £80
OCC (Redbridge Park & Ride)	5am - 6:30pm									2.00 or by RINGO 2.20	Max £100
OCC (Westgate)	8am -8pm Sun -Fri 8am -8pm Sat	2.50 2.50	4.10 4.10	6.10 6.10	7.70 7.80	11.70 14.70	17.70 22.10			22.30 28.00	Max £100
OCC (Worcester Street)	8am -8pm Sat 8am -8pm Sun -Fri	4.00 3.20	5.30 6.00	7.30 9.20	8.90 11.10	13.60 17.00	20.60 25.80			24.70 30.90	Max £100

Appendix 3 Vale Council - car park permit prices 2014/15

CAR PARK	DAY PERMIT	ANNUAL 6/7 day	QUARTERLY 6/7 day	MONTHLY 6/7 day	ANNUAL 5 day	QUARTERLY 5 day	MONTHLY 5 day	RESIDENTIAL 12 Month	RESIDENTIAL 6 Month
Abbey Close	£5.80	£779.00	£233.00	£78.00	£650.00	£194.00	£65.00	£287.00	£144.00
Audlett Drive	N/A	£779.00	£233.00	£78.00	£650.00	£194.00	£65.00	£287.00	£144.00
West St Helen Street	N/A	£779.00	£233.00	£78.00	£650.00	£194.00	£65.00	£287.00	£144.00
The Charter	N/A	£779.00	£233.00	£78.00	£650.00	£194.00	£65.00	£287.00	£144.00
		Annual AM/PM £390.00			Annual AM/PM £325.00				
Civic	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cattle Market	N/A	N/A	N/A	N/A	N/A	N/A	N/A	£287.00	£144.00
Hales Meadow	N/A	£622.00	£190.00	£61.00	£520.00	£157.00	£52.00	£287.00	£144.00
Rye Farm	N/A	£622.00	£190.00	£61.00	£520.00	£157.00	£52.00	£287.00	£144.00
Portway	£5.80	N/A	N/A	N/A	N/A	N/A	N/A	£119.00	N/A
Limborough Road	N/A	£455.00	£136.00	£46.00	N/A	N/A	N/A	£143.00	£72.00
Mill Street	N/A	£455.00	£136.00	£46.00	N/A	N/A	N/A	£143.00	£72.00

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Southampton Street	N/A		N/A	N/A	N/A		N/A	N/A	N/A		N/A	N/A
Gloucester Street	N/A		£324.00	£98.00	£33.00		N/A	N/A	N/A		£119.00	N/A

The HGV charges for the Rye Farm car park are:

£77 for one day/week per year

£7.30 for 24 hours

£636 for five days/week per year

£159 for one day/week per year

Cabinet Report



Report of Head of Finance

Author: William Jacobs and Ben Watson

Telephone: 01491 823326

Textphone: 18001 01491 823326

E-mail: william.jacobs@southandvale.gov.uk

ben.watson@southandvale.gov.uk

Wards affected: All

Cabinet member responsible: Matthew Barber

Tel: 01235 540366

E-mail: matthew.barber@whitehorsedc.gov.uk

To: CABINET

DATE: 5 December 2014

Business Rate Pooling and Business Rate distribution

Recommendations

(a) that the Head of Finance, in consultation with the Cabinet Member for Finance, be given delegated authority to make annual decisions whether or not to enter into a "business rate pool" with other local authorities if it appears to be financially advantageous to do so

(b) that the Head of Finance, in consultation with the Cabinet Member for Finance, be given delegated authority to make annual decisions whether or not to enter into a "business rate distribution group" with other local authorities if it appears to be financially advantageous to do so

Purpose of Report

1. To provide delegated authority to the head of finance, in consultation with the Cabinet Member for Finance in respect of annual decisions about collaborating with other nearby authorities on business rates arrangements.

Corporate Objectives

2. Deciding whether or not to enter into a business rate pool or business rate distribution group would help maximise the council's income and therefore contribute to the objective of excellent delivery of key services.

Background

3. In April 2013 the Government changed the way business rates income is distributed. A complex web of business rate baselines, funding baselines, top-ups, tariffs and levies was introduced aimed to incentivise councils to actively work to increase the business rates due in their area.
4. At the time the system changed the council ran a number of training sessions to help members' and officers' understanding of the new arrangements and a report was taken to Council in December 2012 explaining that business rates would be forming a much more important element of the council's overall Government funding. The report also touched on business rate pooling within Oxfordshire.. In light of this, this report will not attempt to explain the complexities of the new system. Instead it will talk in terms of actions and outcomes.
5. Fifty percent of all business rates collected are paid over to the Government. Ten percent goes to Oxfordshire County Council and forty percent is retained by this council. From our forty percent we pay a tariff (approximately 87 per cent) to the Government. Tariffs are applied where the business rate share is more than an authority's "business rates baseline" (typically this applies to district councils). Where an authority's business rate share is less than its business rates baseline it is considered to be a "top-up" authority and receives an additional payment from Government to fill the gap (typically this applies to county councils).
6. Once the tariff has been applied we keep the remaining sum with the exception of the amount collected that is above our business rates "baseline funding level" – the amount set by the Government at the introduction of the scheme that reflected historical levels of funding We keep only 50 percent of the amount above the business rate baseline, the remaining 50 per cent being paid over to the Government as a "levy". The tables below attempt to show this in numbers.

Table 1

Business Rates due	Government Share (50%)	Oxfordshire County Council Share (10%)	Vale share (40%)
£44,000,000	£22,000,000	£4,400,000	£17,600,000

Table 2

Vale share	Less Tariff	Amount retained
£17,600,000	£14,600,000	£3,000,000

Table 3

Amount retained	Baseline Funding	Growth	Levy	Growth retained
£3,000,000	£2,300,000	£700,000	£350,000	£350,000

7. As part of the new business rates retention system councils can decide to group together and “pool” their business rates receipts (subject to approval from the Secretary of State). The advantage of pooling comes where tariff authorities pool with a top-up authority. Provided the sum of the authorities’ tariffs doesn’t exceed the amount of top-up the pool does not have to pay a levy on its share of income in excess of the baseline. This means the pool retains more of the growth than would have been the case if the pool wasn’t in place.

Oxfordshire pooling arrangements

8. For 2014/15 an Oxfordshire pool consisting of Oxfordshire County Council (OCC), Cherwell District Council (CDC) and West Oxfordshire District Council (WODC) was formed. OCC has to be in any “Oxfordshire” pool as it is the only top-up authority in Oxfordshire. CDC and WODC were the only two councils in Oxfordshire predicting strong growth in 2014/15. Vale of White Horse District Council was projecting its retained income would be less than its business rate baseline and as such its membership of a pool would decrease the pool’s retained business rates.
9. Also, unusually amongst pools, an Oxfordshire pool would have become a tariff pool should more than two district councils have joined. This would have the effect of drastically reducing the income retained by the pool. For Oxfordshire in 2014/15 it has been estimated that income would have dropped by at least £600,000 if a third district council had joined the pool.
10. Once a pool has been established it can only be dissolved by its members requesting such from the Secretary of State for Communities and Local Government. The pool members will not be asking for the pool to be dissolved for 2015/16.

Business rate distribution group

11. The chief financial officers of the Oxfordshire councils have agreed that it would be sensible for the pool’s membership to be set to maximise its income. They have also agreed that councils who would benefit from being in a pool should not be excluded from sharing in the additional income generated by the pool just because in any year their membership of the pool would not generate the optimum retained income.
12. To this end the Oxfordshire councils are looking to devise a distribution formula that rewards or penalises councils based on their actual collection against their business rates baselines. Every year each council can decide if it wants to be in the distribution group of councils that will either receive or make a payment based on its performance. The decision to be part of the distribution group or not can only be made after the Government has announced its settlement (annual local authority funding) as it also issues each council’s baseline funding level at the same time. A quick decision is then needed to enable the calculation and agreement of the estimated distribution for each council to be fed into the council’s budget setting calculations.
13. For this reason this report recommends the Head of Finance be given delegated authority, in consultation with the Cabinet Member for Finance, to agree if this council should join the distribution group each year. In addition, this report recommends the Head of Finance be given delegated authority, in consultation with the Cabinet Member for Finance, to agree if this council should join the pool should the combination of members, including this council, prove to optimise the retained income.

Options

14. This report will not commit the council to either pooling with other councils, or joining a distribution group. However, the recommendations will give the council the flexibility of deciding quickly on an annual basis whether to join a pool or distribution group should it appear be financially advantageous.
15. An alternative option would be not to provide delegated authority to the Head of Finance but this could mean that the council misses out on maximising its business rate income. For this reason no alternative option is recommended.

Financial Implications

16. The decision to pool or not or to be a member of the distribution group or not will be based on the probability of such a decision resulting in increased income to the council. If the risks are deemed too great, as assessed by the Head of Finance in consultation with the Cabinet Member for Finance, we will choose not to pool and/or not to be a member of the distribution group. This will have no impact on the budget.

Legal Implications

17. Business rate pools are established under the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 2012). Whilst there are no specific statutory powers for councils to enter a business rates distribution group, section 1 of the Localism Act 2011 gives councils a general power of competence and section 111 of the Local Government Act 1972 enables councils to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions. There would be an agreement between the councils involved in order to protect the councils' interests.

Risks

18. Although the decision to delegate authority to the Head of Finance, in consultation with the Cabinet Member for Finance, does not carry any risk, there will be a financial risk if a decision to pool or be part of a distribution group is taken and the council performs below its baseline. However, this will be mitigated through thorough evaluation of financial forecasts and the distribution methodology before the decisions to join or not is made.

Other implications

19. There are no other implications.

Conclusion

20. In the future the council may have the opportunity to form a 'business rates pool' with other Oxfordshire local authorities and/or be a member of a group of authorities that shares the surpluses or losses made by the pool. Both decisions need to be made annually and at short notice as they will be in part dependent on Government information released as part of its settlement announcement in December each year. This reports requests the Head of Finance be given delegated authority, in consultation

with the Cabinet Member for Finance, to make the annual decisions whether or not to enter into a “business rate pool” and/or join the ‘business rate distribution group’.

Background Papers

- Report to Council on 12 December 2012 ‘Budget and council setting 2013/14’.

Cabinet Report



Report of Head of Finance

Author: Ben Watson

Telephone: 01235 540488

Textphone: 18001 01235 540488

E-mail: ben.watson@southandvale.gov.uk

Wards affected: All

Cabinet member responsible: Matthew Barber

Tel: 01235 540366

E-mail: matthew.barber@whitehorsedc.gov.uk

To: Cabinet on: 5 December 2014

To: Council on: 10 December 2014

Council tax base 2015/16

Recommendations

1. That the report of the head of finance for the calculation of the council's tax base and the calculation of the tax base for each parish area for 2015/16 be approved
2. That, in accordance with The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, the amount calculated by Vale of White Horse District Council as its council tax base for the year 2015/16 be 47,563.1
3. That, in accordance with The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, the amount calculated by Vale of White Horse District Council as the council tax base for the year 2015/16 for each parish be the amount shown against the name of that parish in Appendix 1 of the report of the head of finance to Cabinet on 5 December 2014

Purpose of Report

1. The purpose of this report is to ask Cabinet to recommend the council tax base for 2015/16 to Council for approval.

Corporate Objectives

2. The calculation of the tax base is a legal requirement and an essential part of the tax setting process which helps to achieve the council's corporate objective of effectively managing its resources.

Background

3. Before the council tax can be set by the council, a calculation has to be made of the council tax base, which is an estimate of the taxable resources for the district as a whole and for each parish area.
4. The council tax base for the district has to be notified to Oxfordshire County Council and the Police and Crime Commissioner by 31 January 2015. Each parish and town council is also notified of the figure for its area.
5. The legislation requires that the council tax base is approved by full council or a non-executive body with delegated powers. No such delegation exists, so cabinet is therefore asked to recommend to council the schedule set out in Appendix 1 as the council tax base for the district as a whole and for each parish area.

Calculation of the tax base

6. The starting point for the calculation is the total number of dwellings and their council tax band.
7. The council then allows for the following information, for each band:
 - (a) dwellings which will be entirely exempt so no tax is payable (e.g. those occupied entirely by students)
 - (b) dwellings which will attract a 25 per cent reduction (e.g. those with a single adult occupier)
 - (c) dwellings which will attract a 50 per cent reduction (e.g. those where all of the adult residents qualify for a reduction)
 - (d) dwellings which will be treated as being in a lower band because they have been adapted for a severely disabled person. The regulations provide methodology to take account of the reduction available to those in band A dwellings
 - (e) dwellings which will be on the valuation list but which attract discounts or disablement relief or are exempt, for only part of the year
 - (f) dwellings which will attract a reduction through the council tax reduction scheme
8. Each band is then converted into "band D equivalents" by applying the factor laid down by legislation. For example, a band A dwelling is multiplied by 2/3 to arrive at the band D equivalent figure, whilst a band H dwelling is multiplied by two. All these are then added together to give a total of band D equivalents.
9. A final adjustment is required to allow for non-collection. The council is required to decide what its collection rate is likely to be and apply this to its council tax base. For the 2014/15 tax the council assumed 98 per cent would eventually be collected and it is proposed to use 98 per cent again in 2015/16.

Taxbase for 2015/16

10. Based on the assumptions detailed above the council tax base for 2015/16 is 47,563.1.
11. Similar calculations are required for each parish in order to calculate the proportion of the district's tax base which relates to its area. A schedule of the tax base for each parish is set out in **Appendix 1**.
12. To calculate the council tax amounts payable per property band for the council, its council tax requirement (i.e. the amount of council tax to be raised) is divided by the Band D equivalent (taxbase). This will be finalised during January and February, culminating in the council tax being set by council on 18 February 2015 (this date is subject to the council being notified of the major precepting authorities' council tax requirements).

Financial Implications

13. These are set out in the body of the report.

Legal Implications

14. These are set out in the body of the report.

Background Papers

None

PARISH COUNCIL TAX BASES - 2015/16

PARISH/TOWN COUNCIL	NUMBER OF PROPERTIES	PARISH TAX BASE 2015-16	PARISH TAX BASE 2014-15
ABINGDON	14,528.0	11,840.2	11,703.2
APPLEFORD	141.0	153.4	152.7
APPLETON WITH EATON	392.0	432.8	430.9
ARDINGTON AND LOCKINGE	219.0	210.5	201.8
ASHBURY	236.0	243.0	236.9
BAULKING	40.0	48.7	46.7
BESSELSLEIGH	29.0	36.1	36.9
BLEWBURY	769.0	697.8	686.3
BOURTON	129.0	139.7	139.4
BUCKLAND	253.0	310.9	314.4
BUSCOT	87.0	87.5	88.7
CHARNEY BASSETT	121.0	150.5	146.1
CHILDREY	223.0	238.2	231.5
CHILTON	592.0	608.9	486.2
COLESHILL	75.0	67.0	62.7
COMPTON BEAUCHAMP	32.0	40.8	40.8
CUMNOR	2,582.0	2,736.6	2,676.1
DENCHWORTH	79.0	82.5	83.1
DRAYTON	981.0	905.4	898.8
EAST CHALLOW	323.0	257.8	258.3
EAST HANNEY	356.0	383.6	368.9
EAST HENDRED	494.0	505.6	508.5
EATON HASTINGS	32.0	33.9	34.0
FARINGDON	3,373.0	2,635.7	2,540.5
FERNHAM	95.0	107.2	105.8
FRILFORD	89.0	120.0	116.4
FYFIELD AND TUBNEY	197.0	236.2	240.0
GARFORD	70.0	82.3	83.1
GOOSEY	55.0	64.9	64.2
GREAT COXWELL	131.0	155.1	153.4
GROVE	3,009.0	2,543.8	2,507.3
HARWELL	1,030.0	971.5	964.8
HATFORD	36.0	45.1	46.6
HINTON WALDRIST	144.0	145.9	142.1
KENNINGTON	1,755.0	1,666.6	1,657.1
KINGSTON BAGPUIZE AND SOUTHMOOR	940.0	984.5	967.5
KINGSTON LISLE	105.0	108.0	101.6
LETCOMBE BASSETT	73.0	81.1	81.3
LETCOMBE REGIS	370.0	367.7	368.3
LITTLE COXWELL	68.0	76.8	75.2
LITTLEWORTH	95.0	114.6	116.6
LONGCOT	212.0	262.8	259.2
LONGWORTH	238.0	259.5	258.5
LYFORD	23.0	26.5	26.2
MARCHAM	708.0	684.9	692.8
MILTON	468.0	419.8	415.2
NORTH HINKSEY	2,020.0	1,691.5	1,658.3
PUSEY	28.0	33.9	33.1
RADLEY	1,003.0	863.7	864.8
ST HELEN WITHOUT	845.0	866.1	807.0
SHELLINGFORD	79.0	80.8	79.8
SHRIVENHAM	1,014.0	1,024.7	975.8
SOUTH HINKSEY	170.0	182.4	179.8
SPARSHOLT	136.0	151.8	150.9
STANFORD IN THE VALE	898.0	836.6	825.3
STEVENTON	658.0	608.2	604.5
SUNNINGWELL	373.0	437.7	440.8
SUTTON COURTENAY	1,055.0	978.1	962.2
UFFINGTON	326.0	323.6	323.1
UPTON	179.0	216.8	210.1
WANTAGE	5,093.0	4,243.3	4,158.1
WATCHFIELD	901.0	837.8	752.8
WEST CHALLOW	84.0	94.1	89.6
WEST HANNEY	224.0	247.2	243.1
WEST HENDRED	148.0	160.7	160.5
WOOLSTONE	61.0	76.9	78.3
WOOTTON	1,182.0	1,157.9	1,151.9
WYTHAM	69.0	76.4	74.1
TOTAL	52,543	47,563.1	46,640.5

Cabinet Report



Report of Head of Finance

Author: Ben Watson

Telephone: 01235 540488

Textphone: 18001 01235 540488

E-mail: ben.watson@southandvale.gov.uk

Wards affected: All

Cabinet member responsible: Matthew Barber

Tel: 01235 540366

E-mail: matthew.barber@whitehorsedc.gov.uk

To: Cabinet on: 5 December 2014

To: Council on: 10 December 2014

Council tax reduction scheme grant for town and parish councils

Recommendations

That Cabinet recommends to Council:

(a) that the total council tax reduction scheme grant to be passed down to town and parish councils for financial years 2015/16 to 2017/18 be:

2015/16 - £120,445

2016/17 - £ 80,297

2017/18 - £ 40,149

(b) that the individual grant amounts for towns and parishes for 2015/16 are as set out in **Appendix 1** to this report

(c) that delegated authority be given to the Head of Finance, in consultation with the Cabinet Member for Finance, to determine the individual town and parish allocations in 2016/17 and 2017/18, based on the current method of distribution

Purpose of Report

1. The purpose of this report is for Cabinet to recommend to council the total amount of council tax reduction scheme grant that will be passed down to town and parish council for the financial years 2015/16 to 2017/18.

Corporate Objectives

2. The council receives a n annual grant from central government which can be passed down to town and parish councils to mitigate the impact of the council tax reduction

scheme on their taxbases. Passing down the grant can help keep down the town and parish element of council tax bills. Determining the amount of grant with reference to the council's Medium Term Financial Plan will help keep the council's council tax as low as possible. Distributing the grant will help meet the objective of effective management of resources.

Background

3. The council tax reduction scheme (CTRS) takes the form of a discount on the council tax bill and, like other discounts (e.g. the single person's 25 per cent discount), has the effect of reducing the council's council tax base. Reducing the tax base means that, if the council's budget requirement remained the same, the amount of council tax charged would increase, or if council tax was not increased the income generated would reduce. This applies to both billing authorities (Vale?) and major precepting authorities (Oxfordshire County Council and the Police and Crime Commissioner), as well as local precepting authorities (town and parish councils).
4. To mitigate the impact of the reduced council tax base, each year the Government distributes, via revenue support grant and business rates retention, a non-ringfenced grant to billing authorities and major precepting authorities. Because the Government does not have a method for passing down funding direct to town and parish councils the grant given to billing authorities includes an amount "*attributable to local precepting authorities*".
5. For 2013/14 the council received a sum of **£200,742** to be passed down to town and parish councils. The mechanism for allocating the funding was approved at full Council on 12 December 2012. The full amount of the grant was passed down to Vale of White Horse towns and parishes, based upon their relative need following the reduction in their respective taxbases. Some district councils elsewhere in the country did not pass the grant to towns and parishes.
6. The "Revenue Budget 2013/14 and Capital Programme to 2017/18" report to Cabinet and Council in February 2013 advised (paragraph 12) that for future years the amount of grant was not known and it was assumed that no grant at all would be received. Therefore to partly mitigate the impact on town and parish budgets, the intention was to continue to support the town and parish precepts, but to gradually phase out support over the MTFP (i.e. a 20 per cent reduction year on year).
7. Therefore, the total amount distributed to towns and parishes for 2014/15 was **£160,593** (a reduction of £40,148).

Amount of council tax reduction scheme grant for 2015/16 to 2017/18

8. Using the same methodology as above (a 20 per year on year reduction) the amount to be distributed to town and parish councils for the next three financial years will be:

Financial year	Amount
2015/16	£120,445
2016/17	£80,297
2017/18	£40,149

9. No funding will be distributed to town and parish councils in 2018/19.

Method of distribution

10. The funding pot as determined above will be distributed to town and councils using the same formula as was used for 2013/14 and 2014/15. This formula looks at the effect the council tax reduction scheme has had on the town and parishes' individual taxbases and calculates the notional "council tax forgone". The town and parish councils then receive a fixed percentage of the council tax forgone.
11. The individual grant amounts for towns and parishes for 2015/16 are as set out in **Appendix 1**.
12. Cabinet is requested to give delegated authority to the Head of Finance, in consultation with the Cabinet Member for Finance, to determine individual town and parish allocations in 2016/17 and 2017/18 based on the current method of distribution.

Financial Implications

13. The council tax reduction scheme grant from the government is contained within the council's revenue support grant and the council's baseline funding level for business rates retention. The actual amount of grant for 2015/16 is unknown but overall funding is reducing year on year. The MTFP allows for the 2013/14 grant to reduce by 20 per cent each year so this report fits in with the council's medium term plans.

Legal Implications

14. Whilst the council tax reduction scheme grant is not ringfenced, there is an expectation that councils will use it to mitigate the effect on local precepting authorities of the reduced council tax base.

Risks

15. There is a risk that some town and parish councils may challenge the methodology if they believe that they have not received an appropriate share. However, the Government has not specified any methodology to follow and there is no legal requirement for any of the funding to be passed on.

Other implications

16. There are no other implications arising directly from this report.

Conclusion

17. The government states that part of the funding the council will receive during 2015/16, 2016/17 and 2017/18 is attributable to town and parish councils to mitigate the impact of the council tax reduction scheme on their taxbases. This report recommends how much funding should be passed to town and parish councils without compromising the council's medium term financial plan.

Background Papers

- None

Town/parish	CTRS grant
ABINGDON	£59,772
APPLEFORD	£118
APPLETON WITH EATON	£308
ARDINGTON & LOCKINGE	£102
ASHBURY	£119
BAULKING	£0
BESSELSLEIGH	£0
BLEWBURY	£1,359
BOURTON	£113
BUCKLAND	£42
BUSCOT	£36
CHARNEY BASSETT	£50
CHILDREY	£339
CHILTON	£403
COLESHILL	£49
COMPTON BEAUCHAMP	£0
CUMNOR	£2,046
DENCHWORTH	£12
DRAYTON	£1,410
EAST CHALLOW	£1,163
EAST HANNEY	£0
EAST HENDRED	£892
EATON HASTINGS	£0
FARINGDON	£18,043
FERNHAM	£118
FRILFORD	£0
FYFIELD AND TUBNEY	£8
GARFORD	£59
GOOSEY	£0
GREAT COXWELL	£63
GROVE	£7,397
HARWELL	£1,988
HATFORD	£0
HINTON WALDRIST	£119
KENNINGTON	£2,328
KINGSTON BAGPUIZE	£387
KINGSTON LISLE	£171
LETCOMBE BASSETT	£10
LETCOMBE REGIS	£318
LITTLE COXWELL	£14
LITTLEWORTH	£12
LONGCOT	£147
LONGWORTH	£189
LYFORD	£0
MARCHAM	£1,034
MILTON	£658
NORTH HINKSEY	£1,836
PUSEY	£0
RADLEY	£1,712
ST HELEN WITHOUT	£100
SHELLINGFORD	£12
SHRIVENHAM	£1,341
SOUTH HINKSEY	£186
SPARSHOLT	£43
STANFORD IN THE VALE	£679
STEVENTON	£879
SUNNINGWELL	£169
SUTTON COURTENAY	£2,039
UFFINGTON	£478
UPTON	£56
WANTAGE	£7,176
WATCHFIELD	£584
WEST CHALLOW	£53
WEST HANNEY	£76
WEST HENDRED	£190
WOOLSTONE	£0
WOOTTON	£1,332
WYTHAM	£106
Total	£120,445