Executive Agenda

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Date: 27 January 2010
Website: www.whitehorsedc.gov.uk

A meeting of the

Executive

**will be held on Friday, 5th February, 2010 at 2.30 pm
Guildhall, Abingdon**

Members of the Executive:

Councillors
Tony de Vere (Chair)
Jerry Patterson (Vice-Chair)
Mary de Vere
Richard Farrell
Jenny Hannaby
Angela Lawrence
Richard Webber

A large print version of this agenda is available. In addition any background papers referred to may be inspected by prior arrangement.

Please note that this meeting will be held in a wheelchair accessible venue. If you would like to attend and have any special access requirements, please let the Democratic Services Officers know beforehand and they will do their very best to meet your requirements.

Margaret Reed
Head of Legal and Democratic Services

Members are reminded of the provisions contained in the code of conduct adopted on 30 September 2007 and standing order 34 regarding the declaration of personal and prejudicial interests.

Agenda

Open to the Public including the Press

Map and vision
(Page 6)

A map showing the location of the venue for this meeting is attached. A link to information about nearby car parking is http://www.whitehorsedc.gov.uk/transport/car_parking/default.asp

The council's vision is to build and safeguard a fair, open and compassionate community.

STANDING ITEMS

1. Apologies for absence

To receive apologies for absence.

2. Minutes

To adopt and sign as a correct record the minutes of the Executive meeting held on 4 December 2009 (previously circulated).

3. Declarations of interest

To receive any declarations of personal or personal and prejudicial interests in respect of items on the agenda for this meeting.

Any councillor with a personal interest or a personal and prejudicial interest in accordance with the provisions of the code of conduct, in any matter to be considered at a meeting, must declare the existence and nature of that interest as soon as the interest becomes apparent in accordance with the provisions of the code.

When a councillor declares a personal and prejudicial interest he shall also state if he has a dispensation from the Standards Committee entitling him/her to speak, or speak and vote on the matter concerned.

Where any councillor has declared a personal and prejudicial interest he shall withdraw from the room while the matter is under consideration unless

(a) his/her disability to speak, or speak and vote on the matter has been removed by a dispensation granted by the Standards Committee, or

(b) members of the public are allowed to make representations, give evidence or answer questions about the matter by statutory right or otherwise. If that is the case, the councillor can also attend the meeting for that purpose. However, the councillor must immediately leave the room once he/she has finished; or when the meeting decides he/she has finished whichever is the earlier and in any event the Member must leave the room for the duration of the debate on the item in which he/she has a personal and prejudicial interest.

4. Urgent business and chair's announcements

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

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

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

6. Referrals from the Scrutiny Committee and other committees

None

7. Comprehensive area assessment/organisational assessment

To receive feedback from the Audit Commission on the council's 2009 comprehensive area assessment / organisational assessment.

8. Budget virement requests

(Pages 7 - 9)

Appended to the agenda is a schedule of requests for virements. Table 1 sets out virement requests for approval by the Executive. Table 2 sets out virements approved under delegated authority by the Strategic Director.

Recommendation

that the virements set out in table 1 of the agenda report be approved.

9. Draft budget 2010/11

To consider the draft budget for 2010/11 and recommend its adoption to the Council.

Note that the budget papers will be circulated as a separate document before the meeting.

10. Treasury Management and Investment Strategy 2010/11 - 2012/13

(Pages 10 - 27)

To receive and consider report 102/09 of the Head of Finance (attached).

11. Performance Monitoring Report: October to December 2009

(Pages 28 - 46)

To receive and consider report 101/09 of the Management Team (attached).

12. Joint Business Continuity Strategy

(Pages 47 - 58)

To receive and consider report 100/09 of the Head of HR, IT, and Customer Services (attached).

13. Capital strategy 2010/11 - 2014/15

(Pages 59 - 68)

To receive and consider report 103/09 of the Head of Finance (attached).

14. Wheeled bin and waste collection policies

(Pages 69 - 75)

To receive and consider report 104/09 of the Head of Commercial Services (attached).

15. Charging for pre-application planning advice

(Pages 76 - 78)

To receive and consider report 107/09 of the Head of Planning (attached).

16. Review of payroll administration

(Pages 79 - 81)

To receive and consider report 106/09 of the Head of HR, IT and Customer Services (attached).

17. Exclusion of the public, including the press

The Chair to move that in accordance with Section 100A(4) of the Local Government Act 1972, the public, including the press, be excluded from the remainder of the meeting to prevent the disclosure to them of exempt information, as defined in Section 100(I) and Part 1 of Schedule 12A, as amended, to the Act when the following items are considered: -

Minutes
(Category 2 - Information which is likely to reveal the identity of any individual.)
(Category 3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information.)

Property update
(Category 3)

STANDING ITEMS

18. Minutes

To adopt and sign as a correct record the exempt minutes of the meeting of the Executive held on 4 December 2009, (previously circulated).

19. Property update

To receive and consider report 105/09 of the Head of Economy, Leisure and Property (to follow).

Vale of White Horse

Vale of White Horse District Council

Abbey House, Abbey Close, Abingdon, OX14 3JE

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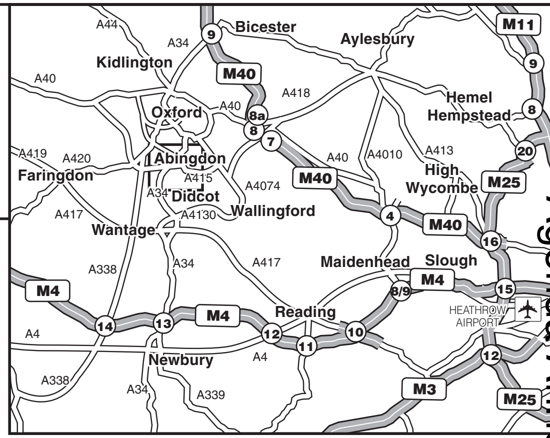
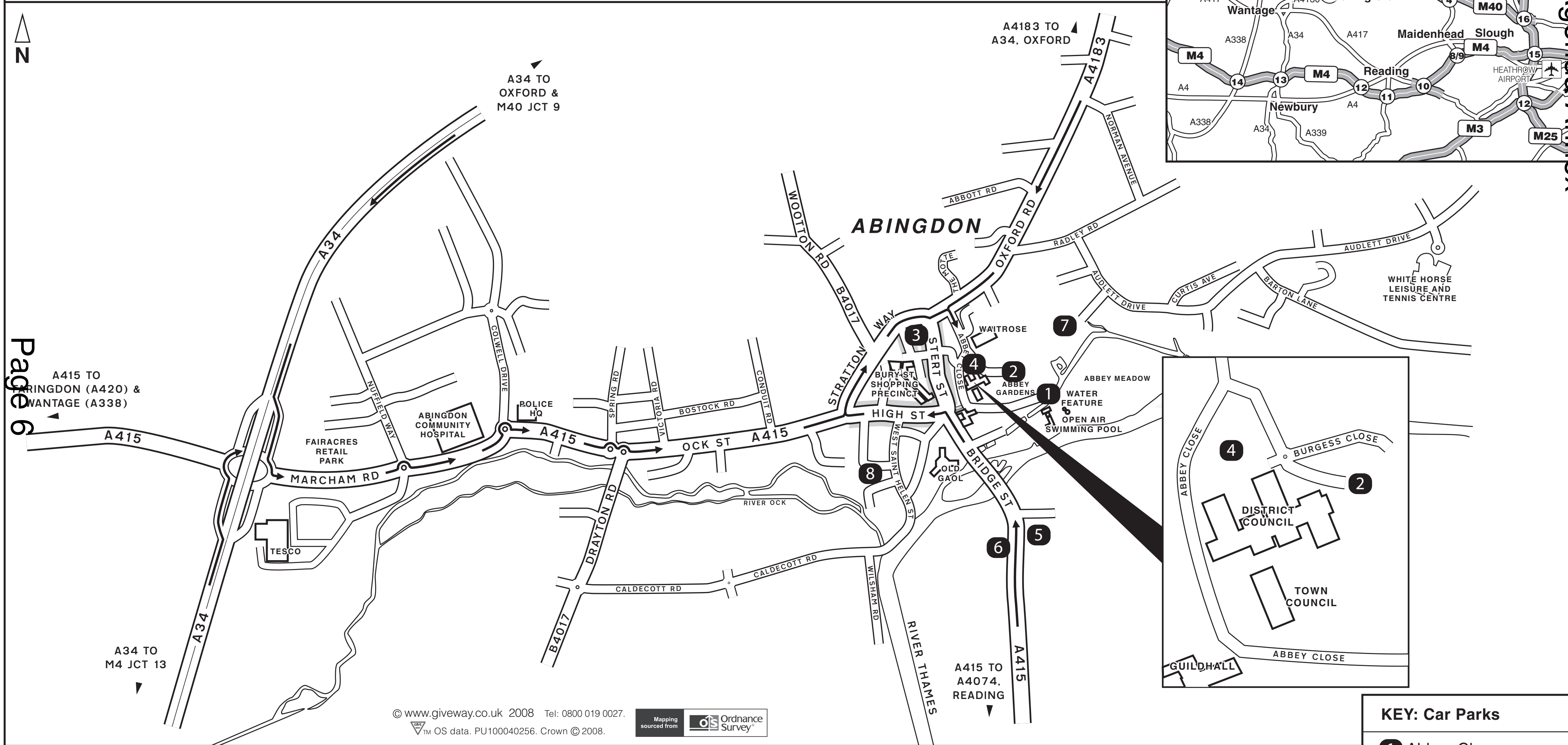
www.whitehorsedc.gov.uk





KEY: Car Parks

1. Abbey Close
2. Cattle Market
3. Charter Multi-storey
4. Civic
5. Rye Farm
6. Hales Meadow
7. Audlett Drive
8. West St Helen Street

By rail – the nearest main line railway stations to Abingdon are either Didcot Parkway (seven miles) or Oxford (eight miles). Radley railway station is located on the main line between Oxford and Didcot and is three miles from Abingdon town centre. For details of train times visit www.nationalrail.co.uk or call 08457 484950

By bus – there are a number of bus routes serving Abingdon town centre. For details of services and timetables, visit Oxfordshire County Council's website at www.oxfordshire.gov.uk. Contact details for bus operators can be found on the travel information pages on our website www.whitehorsedc.gov.uk

Parking – details of car parks charges can be found on our website

Budget Virements requests received at 18 January 2010
for Executive Approval (or noting where approved under Delegated Powers)

Table 1 in this report identifies all budget virements that must be authorised by Executive and reported to Council. Table 2 lists those budget virements which have been approved under delegated powers and which are reported to Executive for information only.

Budget virements do not increase the council's expenditure. The list includes a number of virements at a detailed level. This is to ensure that, wherever feasible, budget variances on day-to-day expenditure and income do not arise and that the real budget pressures and potential underspends can be correctly identified.

Key to Type
1 Within a subjective heading within a cost centre
2 Within a Cost Centre but across subjective headings
3 Within the cost centres of a service area
4 Across service areas
5 Over £10,000

Table 1 - Virements for Approval by Executive

Date	Account From	Cost Centre Code	Cost Centre Name	Account To	Cost Centre Code	Cost Centre Name	Virement Total £	Virement Percentage	Reason	Type
20/11/2009	4402	CN41	Abingdon LSP	4901	CN41	Abingdon LSP	14,000	n/a	Saving on bank charges budget towards the corporate savings target for 2009/10. (Also put forward as a saving for 2010/11)	5
23/11/2009	1001/1003/ 1005	CD11	Economic Development	1201	CD11	Economic Development	20,000	n/a	Salary saving resulting from vacant post towards the corporate savings target 2009/10	5
24/11/2009	4505	LC11	Licensing	4511	LC11	Licensing	6,000	48.0%	The budget for annual maintenance of the LalPac system (public on-line access to the licensing register) is held on the Licensing cost centre but should be split equally between Licensing and Taxi Licensing.	3
	4512			4511	LC31	Taxi Licensing	6,000			3
01/12/2009	2000	HM31	Temporary Accommodation	2002	HM31	Temporary Accommodation	10,000	13.5%	The Temporary Accommodation cost centre has a budget for remedial works on the council's hostel held on account 2000. However expenditure has been incurred on a number of related accounts. This virement moves part of the budget to match expected expenditure.	5
				4000			4,000			5
				4003			2,000			5
01/12/2009	4512	HM11	Housing Register	4512	HE21	Housing Enabling	2,890	7.7%	The Enabling cost centre has incurred costs for their use of the IDOX (Uniform) software for which there is no budget. There is expected to be a saving on the cost of software licences for the Arbritas system which can be used to cover the shortfall.	3
03/12/2009	4400	DC21	Planning Delivery Grant	4400	DC11	Development Control	30,000	58.6%	The budget for engaging consultants to advise on technical planning matters is currently held in the Planning Delivery Grant cost centre but the expenditure is being incurred within the Development Control cost centre. This virement moves the budget to Development Control.	5

Date	Account From	Cost Centre Code	Cost Centre Name	Account To	Cost Centre Code	Cost Centre Name	Virement Total £	Virement Percentage	Reason	Type
04/12/2009	4307	HR11	Training & Development	4307	HR21	Recruitment & Selection	300	16.0%	There is no budget in Recruitment & Selection for purchase of stationery. Part of this virement moves budget from Training & Development to meet the predicted expenditure. The remainder is to provide additional budget for Subscriptions in the Employee Relations cost centre.	3
				4704	HR31	Employee Relations	600			3
13/01/2010	4066	RS32	Business Rates	5005	RS32	Business Rates	14,850	12.2%	The budget for work on the NNDR Deferral Scheme was loaded on account 4066 (Other Expenses) however the work has been carried out by Capita and needs to be paid for from the Capita contract payments account (5005). This virement moves the budget accordingly.	5
13/01/2010	4704	RS71	Accountancy	5000	RS71	Accountancy	3,410	6.3%	The Accountancy budget includes the cost of the subscription to the CIPFA Financial Advisory Network. However it now known that South have paid for a joint subscription and the Vale's share of the cost will be included in the recharge for the shared Accountancy function. This virement moves the budget from Subscriptions to Payments to Local Authorities account.	2
14/01/2010	4003	EL11	Elections	4512	EL21	Electoral Registration	2,200	58.0%	The budget for maintenance of Elections/Electoral Registration software is split between 3 accounts and not split correctly between the cost centres. This virement moves the budgets to the appropriate account with the correct split between the cost centres.	3
	4506	EL21	Electoral Registration	4512	EL11	Elections	5,000	13.0%		3
						Total Virements	**121,250**			

Summary	
Total Type 1	0
Total Type 2	3,410
Total Type 3	22,990
Total Type 4	0
Total Type 5	94,850
Total	**121,250**

Date	Account From	Cost Centre Code	Cost Centre Name	Account To	Cost Centre Code	Cost Centre Name	Virement Total £	Virement Percentage	Reason	Type

Table 2 - Virements approved under Delegated Powers for noting

Date	Account From	Cost Centre Code	Cost Centre Name	Account To	Cost Centre Code	Cost Centre Name	Virement Total £	Virement Percentage	Reason	Type
19/11/2009	4400	CC11	Civic Hall	9301	CC11	Civic Hall	750	n/a	Virement to create matching expenditure and income budget for a pantomime performance at Wantage Civic Hall. The cost of putting on the pantomime was £750 and an income budget was created for the same amount as all virements have to balance to zero. In reality the pantomime made a profit.	2
20/11/2009	4512	CN41	Abingdon LSP	4901	CN41	Abingdon LSP	9,600	n/a	Saving on CRM software (project on hold) towards the corporate savings target for 2009/10	1
24/11/2009	1002	LC11	Licensing	1002	LC31	Taxi Licensing	4,750	5.0%	The budget for overtime in the licensing service is held in the Licensing cost centre but overtime is incurred by the Taxi Licensing cost centre also. This virement splits the budget between the 2 cost centres.	3
13/01/2010	9027	RS41	Benefits Administration	5005	RS41	Benefits Administration	6,320	n/a	To create a matching income and expenditure budget for additional subsidy from the Department for Work and Pensions. This is to cover the cost of amending systems for changes in subsidy rules for those in temporary accommodation which will be carried out by Capita on behalf of the Council.	2
						Total Virements	**21,420**			

Summary	
Total Type 1	9,600
Total Type 2	7,070
Total Type 3	4,750
Total Type 4	0
Total Type 5	0
Total	**21,420**

Executive

5 February 2010

Report of **Head of Finance**
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Vale of White Horse District Council

Report No. 102/09

Wards Affected
None.

Treasury Management and Investment Strategy 2010/11 to 2012/13

Recommendations

The Executive is recommended to approve each of the following key elements of this report, and recommend these to Council:

a) The Treasury Management Strategy 2010/11 to 2012/13, and the treasury Prudential Indicators contained within Appendix A (paragraph 36).

b) The Authorised Limit Prudential Indicator as shown in paragraph 6 of the strategy.

c) The Investment Strategy 2010/11 contained in the treasury management strategy (Appendix A), and the detailed criteria included in Annex A1.

d) The revision to the Council's Financial Regulations as at Annex A3 and consequential amendments to the constitution. This nominates the Audit and Governance Committee to ensure effective scrutiny of the treasury management strategy and policies.

Purpose of Report

1. This report outlines the council's Treasury Management prudential indicators for 2010/11 and sets out the expected treasury operations for this period. It fulfils four key legislative requirements:

- The reporting of the **prudential indicators** setting out the expected capital activities (as required by the CIPFA Prudential Code for Capital Finance in Local Authorities) forms part of the budget proposal considered at the Council meeting in February. The treasury management prudential indicators are now included as treasury indicators in the CIPFA Treasury Management Code of Practice;

- If the council borrowed to fund capital expenditure it would need a **Minimum Revenue Provision (MRP) Policy**, which sets out how the council will pay for capital assets through revenue each year. This is not applicable to this council at the moment but if it was, a report would be brought forward prior to the year in which it would happen; (as required by Regulation under the Local Government and Public Involvement in Health Act 2007);
- The **treasury management strategy statement** which sets out how the council's treasury service will support the capital decisions taken in the budget report, the day to day treasury management and the limitations on activity through treasury prudential indicators. The key indicator is the **Authorised Limit**, the maximum amount of debt the council could afford in the short term, but which would not be sustainable in the longer term. This is the Affordable Borrowing Limit required by s3 of the Local Government Act 2003. This is in accordance with the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code and shown at Appendix A;
- The **investment strategy** which sets out the council's criteria for choosing investment counterparties and limiting exposure to the risk of loss. This strategy is in accordance with the CLG Investment Guidance and also shown in Appendix A.

Relationship with Corporate Plan

2. The report contributes to the Strategic Objective of managing our business effectively by providing value for money services that meet the needs of our residents and service users.

Background

Local Government Investments

3. Local Authorities' powers and practices for investing their surplus funds are contained in Part 1 of the *Local Government Act 2003.* The act allows the Secretary of State to issue guidance on investments and to specify other guidance which should be followed. Guidance was issued in March 2004 and specified that regard should also be had to the *Treasury Management Code of Practice* and *The Prudential Code for Capital Finance* issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

4. Revised editions of the CIPFA Prudential Code and CIPFA Treasury Management Code of Practice were produced in November 2009. The CLG is currently consulting on changes to the Investment Guidance. The revised guidance arising from these Codes has been incorporated within these reports, with the CLG proposals being incorporated where these do not conflict with current Guidance. If necessary the Investment Strategy contained in Appendix A will be revised if any elements of the final CLG Investment Guidance have not already been covered.

5. The general objective remains that local authorities should prudently invest surplus funds held. Priority should be given to security and liquidity but it is reasonable to seek the highest return consistent with those aims. The guidance specifically discourages the use of speculative investments such as equities. Borrowing to invest remains unlawful.

6. The guidance also applies to investments made through external fund managers.

<u>Treasury Management and Investment Strategy</u>

7. The legislation requires an annual Treasury Management & Investment Strategy Statement. This sets borrowing limits, investment objectives, approved organisations for investment, guidelines and performance criteria for the in-house operation.

8. The main changes initiated in the revisions above increase the Members' responsibility in this area. This would require greater Member scrutiny of the treasury policies, increased Member training and awareness and greater frequency of information. Other changes included in the revised guidance, such as using additional information to support the use of credit ratings, are already in place. The limits and criteria in the current year's strategy have proved suitable and there are no major changes proposed.

9. One element of the revised CIPFA Treasury Management Code of Practice is that the **clauses to be adopted** as part of the council's Financial Regulations be amended. This revision is shown at Annex A3 for approval. The key change is that a responsible body (committee, board or group) be responsible for ensuring effective scrutiny of the treasury management strategy and policies, before making recommendations to Council.

10. The above policies and parameters provide an approved framework within which the officers undertake the day to day capital and treasury activities.

Options

11. There are no alternative options put forward. The council is legally required to agree a strategy. The strategy proposed has been produced in consultation with Butlers (the council's investment advisers) as complying with the regulations and meeting the council's operational requirements.

Financial, legal and any other implications

12. The report gives financial information to help Members manage their services. There is no additional expenditure involved.

Conclusion

13. Members are asked to review the Treasury Management and Investment Strategy and the indicators included and recommend its approval to Council. They are also asked to recommend the revision to Financial Regulations, in accordance with CIPFA Code of Practice, which would nominate the Audit and Governance Committee to be responsible in future for scrutinising treasury management strategy and policies.

Background Papers:
CIPFA – Code of Practice on Treasury Management. (Revised. Pub. 27.11.09)
CLG – Guidance on Local Government Investments. (Draft for consultation pub. 16.11.09)
Butlers – Capital Watch information sheet published 11 December 2009

Treasury Management Strategy 2010/11 – 2012/13

1. The treasury management service is an important part of the overall financial management of the council's affairs. The prudential indicators in the budget report consider the affordability and impact of capital expenditure decisions, and set out the council's overall capital framework. The treasury service considers the effective funding of these decisions. Together they form part of the process which ensures the council meets its balanced budget requirement under the Local Government Finance Act 1992.

2. The council's treasury activities are strictly regulated by statutory requirements and a professional code of practice (the CIPFA Code of Practice on Treasury Management – revised November 2009). This council adopted the Code of Practice on Treasury Management in March 2002, and will adopt the revised Code.

3. As a part of the Code the council also adopted a Treasury Management Policy Statement. This adoption is required as one of the prudential indicators. However the revised Code of Practice has amended the Treasury Management Policy Statement and this is appended at Annex A3 for approval.

4. The policy requires an annual strategy to be reported to Council outlining the expected treasury activity for the forthcoming 3 years. A key requirement of this report is to explain both the risks, and the management of the risks, associated with the treasury service. A further treasury report is produced after the year-end to report on actual activity for the year, and the policy requires a mid-year monitoring report which is now included in the revised Code of Practice.

5. This strategy covers:

- The Council's debt and investment projections;
- The Council's estimates and limits on future debt levels;
- The expected movement in interest rates;
- The Council's borrowing and investment strategies;
- Treasury performance indicators;
- Specific limits on treasury activities;
- Any local treasury issues.

Debt and Investment Projections 2010/11 – 2012/13

6. The council has to detail its borrowing requirement, any maturing debt which will need to be re-financed, and the effect this will have on the treasury position over the next three years. This council has no external debt and doesn't expect to borrow except temporarily for cash flow purposes. The table therefore only specifies the limits for any likely temporary borrowing and highlights the expected change in investment balances.

	2009/10 Revised	2010/11 Estimated	2011/12 Estimated	2012/13 Estimated
External Debt				
Operational boundary	£2 million	£2 million	£2 million	£2 million
Authorised limit	£5 million	£5 million	£5 million	£5 million
Limit at variable interest rates	nil	nil	nil	nil

Limit for maturity > 1 year	nil	nil	nil	nil
Investments				
Total Investments at 31 March	£15 million	£14 million	£13 million	£12 million

The following information and commentary has been provided by Butlers, the council's investment advisers.

Expected Movement in Interest Rates

Medium-Term Rate Estimates (averages)

Annual Average %	Bank Rate	Money Rates		PWLB Rates*		
		3 month	1 year	5 year	20 year	50 year
2008/09	3.9	5.0	5.3	4.2	4.8	4.5
2009/10	0.5	0.8	1.4	3.2	4.4	4.6
2010/11	1.0	1.5	2.6	4.0	5.0	5.2
2011/12	2.0	2.5	3.3	4.3	5.3	5.3
2012/13	4.5	4.8	5.3	5.3	5.5	5.3

* Borrowing Rates

7. Short-term rates are expected to remain on hold for a considerable time. The recovery in the economy has commenced but it will remain insipid and there is a danger that early reversal of monetary ease, (rate cuts and Quantitative Easing {QE}), could trigger a dip back to negative growth and a W-shaped GDP path.

8. Credit extension to the corporate and personal sectors has improved modestly but banks remain nervous about the viability of counterparties. This is likely to remain a drag upon activity prospects, as will the lacklustre growth of broad money supply.

9. The main drag upon the economy is expected to be weak growth in consumers' expenditure. The combination of the desire to reduce the level of personal debt and job uncertainty is likely to weigh heavily upon spending. This will be amplified by the prospective increases in taxation already scheduled for 2010 – VAT and National Insurance. Without a rebound in this key element of UK GDP growth, any recovery in the economy is set to be weak and protracted.

10. The MPC will continue to promote easy credit conditions via QE. QE has been extended to a total of £200bn and there is still an outside chance that it could be expanded further in February. Whether this has much impact in the near term remains a moot point given the personal sector's reluctance to take on more debt and add to its already unhealthy balance sheet.

11. With inflation set to remain subdued in the next few years, the pressure upon the MPC to raise interest rates will remain moderate. Some increase will be seen as necessary in 2010 to counter the effects of external cost pressures (as commodity prices begin to rise again) and to avoid damage that sterling could endure if the UK is seen to defy an international move to commence policy exit strategies.

12. Longer term rates are expected to be more volatile. The current 'softness' of gilt yields & PWLB rates may continue for a while yet, given that these are being driven by a benign international backdrop and the effects of QE. Nevertheless this process

will come to an end before the close of the financial year. This is likely to herald a return to rising yields for a number of reasons:

- Net gilt issuance will rise sharply;
- This will be increased by the extent to which the BoE attempts to claw back funds injected to the economy via the QE programme;
- Investors will be looking to place more of their funds in alternative instruments as their risk appetite increases, demand for gilts will weaken as a consequence;
- A decision to leave QE in place will generate inflation concerns and pressurise long yields higher.

The market/BoE is in a lose/lose situation.

Investment Strategy 2010/11 – 2012/13

13. **Key Objectives -** The council's primary investment strategy objectives are safeguarding the re-payment of the principal and interest of its investments on time first and ensuring adequate liquidity second – the investment return being a third objective. Following the economic background above, the current investment climate has one over-riding risk consideration, that of counterparty security risk. As a result of these underlying concerns officers are implementing an operational investment strategy which tightens the controls already in place in the approved investment strategy.

14. **Risk Benchmarking** – A development in the revised Codes and the CLG consultation paper is the consideration and approval of security and liquidity benchmarks. Yield benchmarks are currently widely used to assess investment performance. Discrete security and liquidity benchmarks are new requirements for Member reporting, although the application of these is more subjective in nature. Additional background in the approach taken is attached at Annex A2.

15. These benchmarks are simple targets (not limits) and so may be breached from time to time depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy depending on any changes. Any breach of the benchmarks will be reported, with supporting reasons, in the Mid-Year or Annual Report.

16. Security - The council's maximum security risk benchmark for the current portfolio, when compared to these historic default tables, is:

    - 0.02% historic risk of default when compared to the whole portfolio.

    Note: This benchmark is an average risk of default measure, and would not constitute an expectation of loss against a particular investment.

17. Liquidity – In respect of this area the council seeks to maintain:

    - Bank overdraft – little used. Limits the same as external debt;
    - Liquid short term deposits of at least £0.5m available the next day;
    - Weighted Average Life benchmark is expected to be 21 days, with a maximum of 182 days.

18. Yield - Local measures of yield benchmarks are:

- Investments – Internal returns above the 7 day LIBID rate;
- Investments – External fund managers - returns 110% above 7 day compounded LIBID.

19. **Investment Counterparty Selection Criteria -** The primary principle governing the council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle the council will ensure:

    - It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the Specified and Non-Specified investment sections below.
    - It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the council's prudential indicators covering the maximum principal sums invested.

20. The Strategic Director will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. This criteria is separate from that which chooses Specified and Non-Specified investments as it selects which counterparties the council may use rather than defining what its investments are.

21. The rating criteria use the **lowest common denominator** method of selecting counterparties and applying limits. This means that the application of the council's minimum criteria will apply to the lowest available rating for any institution. For instance if an institution is rated by two agencies, one meets the council's criteria, the other does not, the institution will fall outside the lending criteria. This is in compliance with a CIPFA Treasury Management Panel recommendation in March 2009 and the CIPFA Treasury Management Code of Practice.

22. Credit rating information is supplied by our treasury consultants on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), and rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance a negative rating watch applying to a counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions.

23. The criteria for providing a pool of high quality investment counterparties (both Specified and Non-specified investments) is:

    - **Banks 1 - Good Credit Quality** – the council will only use banks which:
        i. Are UK banks; and/or
        ii. Are non-UK and domiciled in a country which has a minimum Sovereign long term rating of AAA

    And have, as a minimum, the following Fitch, Moody's and Standard and Poor's credit ratings (where rated):

i. **Short Term** - F1 P-1 A-1

ii. **Long Term** – A- A3 A

iii. **Individual / Financial Strength** – C (Fitch / Moody's only)

iv. **Support** – 3 (Fitch only)

- **Banks 2 – Guaranteed Banks with suitable Sovereign Support** – In addition, the council will use banks whose ratings fall below the criteria specified above if all of the following conditions are met:
  - (a) wholesale deposits in the bank are covered by a government guarantee;
  - (b) the government providing the guarantee is rated "AAA" by all three major rating agencies (Fitch, Moody's and Standard & Poor's); and
  - (c) the council's investments with the bank are limited to amounts and maturities within the terms of the stipulated guarantee.
- **Banks 3 – Eligible Institutions** - the organisation is an Eligible Institution for the HM Treasury Credit Guarantee Scheme initially announced on 13 October 2008, with the necessary short and long term ratings required in Banks 1 above. These institutions have been subject to suitability checks before inclusion, and have access to HM Treasury liquidity if needed.
- **Banks 4** – The council's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time.
- **Bank Subsidiary and Treasury Operations** – the council will use these where the parent bank has the necessary ratings outlined above.
- **Building Societies** – the council will use Societies which:
  i. meet the ratings for banks outlined above, or are both:
  ii. Eligible Institutions; and
  iii. Have assets in excess of £500 million.
- **Money Market Funds** – AAA
- **UK Government** (including gilts and the DMADF)
- **Local Authorities, Parish Councils etc**
- **Supranational institutions**

24. **Country and sector considerations** - Due care will be taken to consider the country, group and sector exposure of the council's investments. In part the country selection will be chosen by the credit rating of the Sovereign state in Banks 1 above. In addition:

- no more than 25% will be placed with any non-UK country at any time;
- limits in place above will apply to Group companies;
- Sector limits will be monitored regularly for appropriateness.

25. **Use of additional information other than credit ratings** – Additional requirements under the Code of Practice now require the council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market

information (for example Credit Default Swaps, negative rating watches/outlooks) will be applied to compare the relative security of differing investment counterparties.

26. **Time and Monetary Limits applying to Investments** - The time and monetary limits for institutions on the council's Counterparty List are as follows (these will cover both Specified and Non-Specified Investments):

	Fitch	Moody's	Standard & Poor's	Money Limit	Time Limit
Upper Limit Category	F1+/AA-	P-1/Aa3	A-1+/AA-	£5m	3 yrs
Lower Limit Category	F2/A-	P-2/A3	A-2/A-	£5m	1 yrs
Other Institution Limits	-			£5m	3 yrs
Guaranteed Organisations	-			£5m	various

(The Upper Limit category will include banks and building societies. The Lower Limit category will normally be used for unrated subsidiaries and unrated building societies. The Other Institution Limit will be for other local authorities, the DMADF, Money Market Funds and Gilt and Supranational investments. These are all considered high quality names – although not always rated – and therefore will have the same limit as the Upper Category. Guaranteed institutions will need to be restricted to the terms of the guarantee.)

In exceptional circumstances short term variations to these limits will be allowed, subject to the written authority of the Strategic Director.

27. The proposed criteria for Specified and Non-Specified investments are shown in Annex A1 for approval.

28. In the normal course of the council's cash flow operations it is expected that both Specified and Non-specified investments will be utilised for the control of liquidity as both categories allow for short term investments.

29. The use of longer term instruments (greater than one year from inception to repayment) will fall in the Non-specified investment category. These instruments will only be used where the council's liquidity requirements are safeguarded. This will also be limited by the longer term investment limits.

30. **Economic Investment Considerations** - Expectations on shorter-term interest rates, on which investment decisions are based, show likelihood of the current 0.5% Bank Rate remaining flat but with the possibility of a rise in mid-2010. The council's investment decisions are based on comparisons between the rises priced into market rates against the council's and advisers own forecasts.

31. There is an operational difficulty arising from the current banking crisis. There is currently little value investing longer term unless credit quality is reduced. Whilst some selective options do provide additional yield uncertainty over counterparty creditworthiness suggests shorter dated investments would provide better security.

32. **The criteria for choosing counterparties set out above provide a sound approach to investment in "normal" market circumstances. Whilst Members are asked to approve the base criteria above, under the exceptional current**

market conditions the Strategic Director may temporarily restrict further investment activity to those counterparties considered of higher credit quality than the minimum criteria set out for approval. These restrictions will remain in place until the banking system returns to "normal" conditions. Similarly the time periods for investments will be restricted.

33. Examples of these restrictions would be the greater use of the Debt Management Deposit Account Facility (DMADF – a Government body which accepts local authority deposits), Money Market Funds, guaranteed deposit facilities and strongly rated institutions offered support by the UK Government. The credit criteria have been amended to reflect these facilities.

Sensitivity to Interest Rate Movements

34. Future council accounts will be required to disclose the impact of risks on the council's treasury management activity. Whilst most of the risks facing the treasury management service are addressed elsewhere in this report (credit risk, liquidity risk, market risk, maturity profile risk), the impact of interest rate risk is discussed but not quantified. The table below highlights the estimated impact of a 1% increase/decrease in all interest rates to the estimated treasury management costs/income for next year. [This table would also show the effect of interest rate changes on borrowing costs for authorities with debt.]

	2010/11 Estimated + 1%	2010/11 Estimated - 1%
Revenue Budget variance		
Investment income	+ £295,000	- £295,000

Treasury Management Prudential Indicators and Limits on Activity

35. There are four further treasury prudential indicators. The purpose of these prudential indicators is to contain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of an adverse movement in interest rates. However if these are set to be too restrictive they will impair the opportunities to generate income. At this council, with no debt, these indicators apply only to investments. They are:

- Upper limits on variable interest rate exposure – With the level of operation at this council we have not felt the need to use period investments at variable interest rates. Currently an instant access bank deposit account is available for "overnight" investment. The interest rate is revised every week by the bank but we could move our funds at any time. The council also uses a Money Market Fund for instant access. The rate is notified daily and again the funds can be moved at any time.
- Upper limits on fixed interest rate exposure – Similar to the previous indicator this covers a maximum limit on fixed interest rates.
- Maturity structures of borrowing – These gross limits are set to reduce the council's exposure to large fixed rate sums falling due for refinancing. As previously stated this does not apply here.
- Total principal funds invested for greater than 364 days – These limits are set to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

These limits, which include cash held by the Fund Manager, are higher than the council's actual total funds because cash received during the year is invested until it is paid over to the Government or to precepting bodies.

36. The Council is asked to approve the following prudential indicators:

£m	2010/11	2011/12	2012/13
Interest rate Exposures			
	Upper	**Upper**	**Upper**
Limits on fixed interest rates: • Debt only • Investments only	 nil £50 m	 nil £50 m	 nil £50 m
Limits on variable interest rates • Debt only • Investments only	 nil £10 m	 nil £10 m	 nil £10 m
Maturity structure of fixed interest rate borrowing 2010/11 – not applicable			
Maximum principal sums invested > 364 days			
Principal sums invested > 364 days	£20 m	£20 m	£20 m

Performance Indicators

37. The Code of Practice on Treasury Management requires the council to set performance indicators to assess the adequacy of the treasury function over the year. These are distinct historic indicators, as opposed to the prudential indicators, which are predominantly forward looking. Examples of performance indicators often used for the treasury function are:

- Investment returns above the 7 day LIBID rate (in-house and Fund Manager).
- Investment returns compared to similar local authority funds (FM only). Target is to be in the top quartile.
- Full investment of daily balances (in-house).
- Maintenance of a balanced portfolio.

The results of these indicators will be reported in the Treasury Annual Report.

Treasury Management Advisers

38. The council uses Butlers as its treasury management consultants, in a joint agreement with South. The company provides a range of services which include:

- Technical support on treasury matters, capital finance issues and the drafting of Member reports;
- Economic and interest rate analysis;
- Generic investment advice on interest rates, timing and investment instruments;
- Credit ratings/market information service involving the three main credit rating agencies.

39. Whilst the advisers provide support to the internal treasury function, under current market rules and the CIPFA Code of Practice, the final decision on treasury matters remains with the council. This service is subject to regular review.

Member and Officer Training

40. The increased Member consideration of treasury management matters and the need to ensure officers dealing with treasury management are trained and kept up to date requires a suitable training process for Members and officers. This Council will offer training for Members and officers where required if suitable opportunities can be identified.

Treasury Management Practice (TMP) 1(5) – Credit and Counterparty Risk Management

The Office of the Deputy Prime Minister (now CLG) issued Investment Guidance on 12th March 2004, and this forms the structure of the Council's policy below. The CLG is currently consulting over revisions to the Guidance and where applicable the Consultation recommendations have been included within this policy. These guidelines do not apply to either trust funds or pension funds which are under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This council has adopted the Code and will apply its principles to all investment activity. This part, TMP 1(5), covering investment counterparty policy requires approval each year.

Annual Investment Strategy - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments the council will use. These are high security (i.e. high credit rating, although this is defined by the council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The investment policy proposed for the council is:

Strategy Guidelines – The main strategy guidelines are contained in the body of the treasury strategy statement.

Specified Investments – These are sterling investments of not more than one-year maturity, (or those which could be for a longer period but where the council has the right to be repaid within 12 months if it wishes) and not defined as capital expenditure (making an investment in a company). These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include investments with:

1. The UK Government (such as the Debt Management Account deposit facility, UK Treasury Bills or a Gilt with less than one year to maturity).
2. Supranational bonds of less than one year's duration.
3. A local authority, parish council or community council.
4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. (AAA or equivalent).

5. A body that is considered of a high credit quality (such as a bank or building society, although non-rated subsidiaries and low or non-rated building societies will need to be non-specified investments). This covers bodies with a minimum short term rating of F1+ (Fitch, or the equivalent).

Within these criteria, and in accordance with the Code, the council has additional measures to set the time and amount of monies which will be invested in any one body. These limits are £5 million and 3 years.

Non-Specified Investments – Non-specified investments are any other type of investment (i.e. not defined as Specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Bonds and gilt-edged securities are included for the benefit of the council's Fund Manager. Non specified investments would include any sterling investments with:

	Non Specified Investment Category	Limit £ or %
a	**Supranational Bonds greater than 1 year to maturity** **(a) Multilateral development bank bonds** - These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Investment Bank etc.). **(b) A financial institution that is guaranteed by the United Kingdom Government** (e.g. The Guaranteed Export Finance Company {GEFCO}) The security of interest and principal on maturity is on a par with the Government and so very secure, and these bonds usually provide returns above equivalent gilt edged securities. However the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.	Any one name up to 20% of the value of the fund
b	**Gilt edged securities** with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Similar to category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity. Average duration of investments for funds should not exceed 5 years.	Maximum proportion of fund invested for longer than 1 year not to exceed 60%
c	**The Council's own bank** if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.	
d	**Building societies not meeting the basic security requirements under the specified investments**. The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The Council may use such building societies which are Eligible Institutions and have a minimum asset size of £1 billion restricted to 1 year, and minimum asset size £500 million restricted to 6 months.	£3 million
e	Any **bank or building society** that has a minimum long term credit rating of AA- or equivalent, for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).	50%

f	Any **non rated subsidiary** of a credit rated institution included in the specified investment category. These institutions will be included as an investment category subject to a guarantee from the parent company, and a maximum period of investment of 6 months	£3 million
g	**Share capital or loan capital*** in a body corporate – The use of these instruments is deemed to be capital expenditure, and as such will be an application (spending) of capital resources. Revenue resources will not be invested in corporate bodies. There is a higher risk of loss with these types of instruments.	
h	**Pooled property or bond funds*** – The use of these instruments will normally be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. Revenue resources will not be invested in corporate bodies.	

*In respect of categories g and h, these will only be considered after obtaining external advice and subsequent Member approval.

The Monitoring of Investment Counterparties - The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Butlers as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately and new counterparties which meet the criteria will be added to the list.

Use of External Fund Managers – It is the Council's policy to use an external fund manager for part of its investment portfolio. The fund manager will use both specified and non-specified investment categories, and is required to keep to the council's investment strategy. The council receives monthly activity reports. Butlers report on the performance of the manager quarterly and the annual performance is reported to Council in a report on the performance of cash investments after the year-end.

Security, Liquidity and Yield Benchmarking

Benchmarking and Monitoring Security, Liquidity and Yield in the Investment Service - A proposed development for Member reporting is the consideration and approval of security and liquidity benchmarks.

These benchmarks are targets and so may be breached from time to time. Any breach will be reported, with supporting reasons, in the Annual Treasury Report.

Yield – The local benchmark currently used to assess investment performance for the in-house team and the fund manager is the level of returns above 7 day LIBID. (London Interbank BID rate. The interest rate a bank will pay to borrow from another bank.)

Security and liquidity benchmarks are already intrinsic to the approved treasury strategy through the counterparty selection criteria and some of the prudential indicators. However they have not previously been separately and explicitly set out for Member consideration. Proposed benchmarks for the cash type investments are below and these will form the basis of future reporting in this area. In the other investment categories appropriate benchmarks will be used where available.

As is the case with much of this report, the CLG and CIPFA guidance is aimed at a relatively large authority with borrowing and investments spread over a number of years. Worked examples from Butlers assume investments of £50 million over 5 years.

Liquidity – This is defined as "having adequate, though not excessive, cash resources, borrowing arrangements, overdrafts or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives" (CIPFA Treasury Management Code of Practice). The in-house team keeps a daily cash-flow forecast and would only have an unseen requirement if say a large receipt was held up. In that case very short term borrowing would be considered. In respect of this area the Council seeks to maintain:

- Bank overdraft – there is no routine overdraft facility but in an emergency we could overdraw for a short period.
- Liquid short term deposits of at least £500,000 available on instant access.

The availability of liquidity and the term risk in the portfolio can be benchmarked by the monitoring of the Weighted Average Life (WAL) of the portfolio – shorter WAL would generally embody less risk. In this respect the proposed benchmark is to be used:

- WAL benchmark is expected to be 21 days, with a maximum of 182 days**.**

Security of the investments – In the context of benchmarking, assessing security is a much more subjective area to assess. Security is currently evidenced by the application of minimum credit quality criteria to investment counterparties, primarily through the use of credit ratings supplied by the three main credit rating agencies (Fitch, Moody's and Standard and Poor's). Whilst this approach embodies security considerations, benchmarking levels of risk is more problematic. One method to benchmark security risk is to assess the historic level of default against the minimum criteria used in the Council's investment strategy. The table beneath shows average defaults for differing periods of investment grade products for each Fitch long term rating category over the period 1990 to 2007.

Long term rating	1 year	2 years	3 years	4 years	5 years
AAA	0.00%	0.00%	0.00%	0.00%	0.00%
AA	0.00%	0.00%	0.00%	0.03%	0.06%

A	0.03%	0.15%	0.30%	0.44%	0.65%
BBB	0.24%	0.78%	1.48%	2.24%	3.11%

The council's minimum long term rating criteria is currently "A-" meaning the average expectation of default for a one year investment in a counterparty with an "A" long term rating would be 0.03% of the total investment (e.g. for a £1m investment the average loss would be £300). This is only an average - any specific counterparty loss is likely to be higher - but these figures do act as a proxy benchmark for risk across the portfolio. As mentioned above, the in-house team only rarely make an investment of 1 year and most are much shorter. Work still needs to be done to see if this methodology is suitable for mostly short-term investments.

The Council's maximum security risk benchmark for the whole portfolio, when compared to these historic default tables, is:

- 0.02% historic risk of default when compared to the whole portfolio. (i.e. equivalent to £200 on £1 million)

These benchmarks are embodied in the criteria for selecting cash investment counterparties and these will be monitored and reported to Members in the Investment Annual Report. As this data is collated, trends and analysis will be collected and reported. Where a counterparty is not credit rated a proxy rating will be applied.

Treasury Management Clauses to form part of Financial Regulations

1. This Council will create and maintain, as a basis for effective treasury management:

    - A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities;
    - Suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

2. The Council will receive reports on its treasury management policies, practices and activities, including as a minimum, an annual strategy and plan in advance of the year, a mid year review and an annual report after its close, in the form prescribed in its TMPs.

3. The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the Executive, and for the execution and administration of treasury management decisions to the Strategic Director and Chief Finance officer, who will act in accordance with the Council's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.

4. The organisation nominates Audit and Governance Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

Executive report

5th February 2010

Report of **Principal Performance Management Officer**
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Report No. 101/09

Wards Affected
All

Performance Monitoring Report – September to December 2009

Purpose of report

1. This report shows the Vale Council's performance in quarter three against National Indicators (NIs), Local Area Agreement targets (LAAs) and Local Performance Targets (LPTs) which have been agreed and included in 2009/10 service plans. It indicates whether we expect to achieve our targets by the year end.

What this report contains

2. **Part one** of this report shows how we have performed against **21 National Indicators (NIs)** that apply to district councils. Nine of these are **Local Area Agreement (LAA)** targets. The local area agreement is a three year agreement with government which sets out the top priorities for Oxfordshire. The LAA targets are specially selected national indicators that reflect the priorities of all partners within our county, including district councils and local strategic partnerships.

3. **Part two** of this report shows how we have performed against **34 Local Performance Targets (LPTs)**. These are targets we set ourselves and are included in 2009/10 service plans.

4. **Part three** is a summary of sickness and turnover. This report is based on the new management structure and it has not been possible to compare performance on a service area basis with 2008/09. However the overall results for the quarter, and against the 2008/09 result, have been compared.

5. **Part four** is a financial commentary. It includes a short narrative for each service area and a summary table.

6. **Part five** is a summary of quarter three performance. This includes sections on what went well and what did not go well in relation to National Indicators and local performance targets.

PART ONE – NATIONAL INDICATORS (NI) AND LOCAL AREA AGREEMENT (LAA) TARGETS

All NI targets

7. Chart one below summarises our quarter three (September to December 2009) performance against 21 NI targets. This analysis excludes NI targets which can only be measured and reported on at the year end. The performance of individual NI targets can be viewed in annex 1. There are 2 indicators where it has not been possible to set targets, NI 180 and 181; details are included in the table.

8. Chart two shows our current prediction of whether NIs are on track to meet their year end target at 31 March 2010.

CHART 1: NI quarter three performance

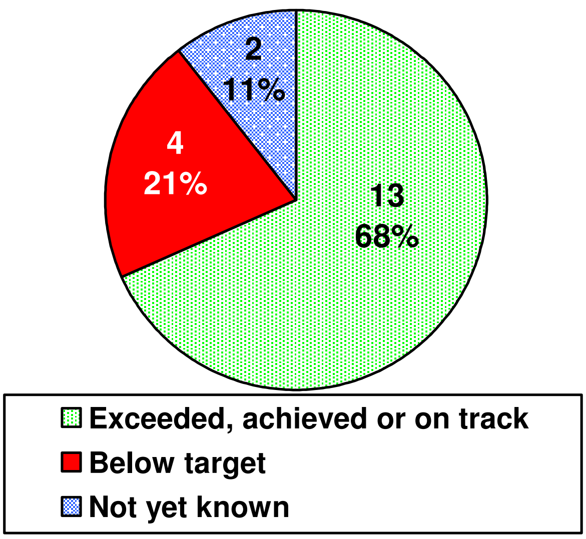
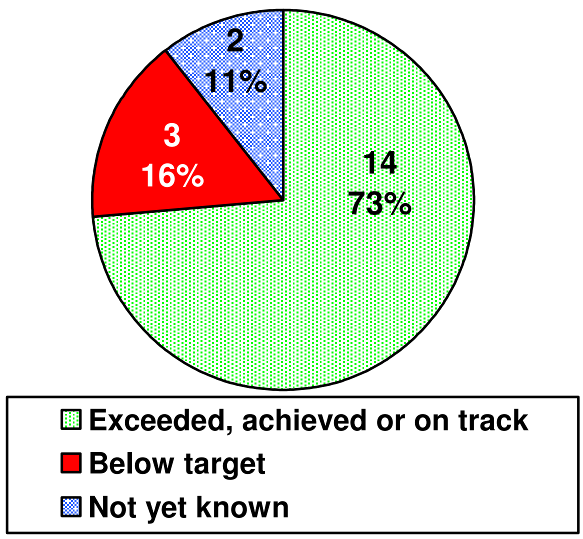


CHART 2: NI year end forecast

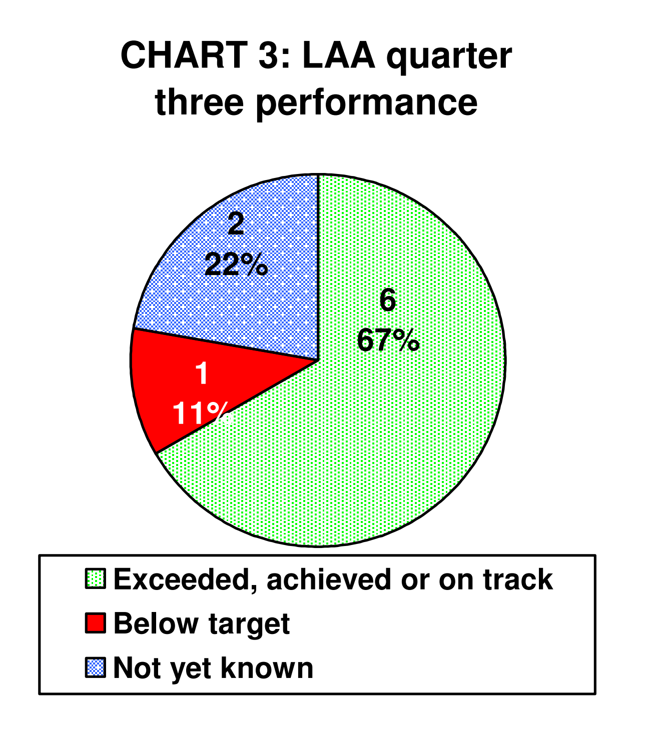


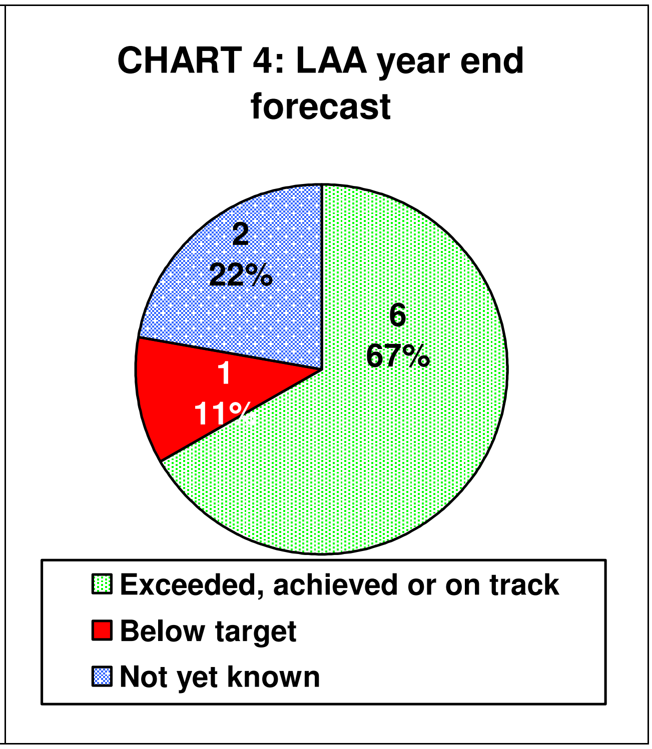
LAA targets

9. Oxfordshire councils have agreed 35 priority targets to be delivered across Oxfordshire under a local area agreement with government. Of these, 9 are measured directly at district level and can be monitored on a quarterly basis. LAA targets are a subset of the NIs reported above. Full details of quarter two performance are included in annex 1.

10. Chart three below summarises our quarter three (September to December 2009) performance against nine of the district level LAA targets – the remaining targets can only be measured and reported at the year end.

11. Chart four shows our current prediction of whether LAA targets are on track to meet their year end target at 31 March 2010. There is one indicator which is not on track to meet the Vale target which is NI 154 net additional homes provided.



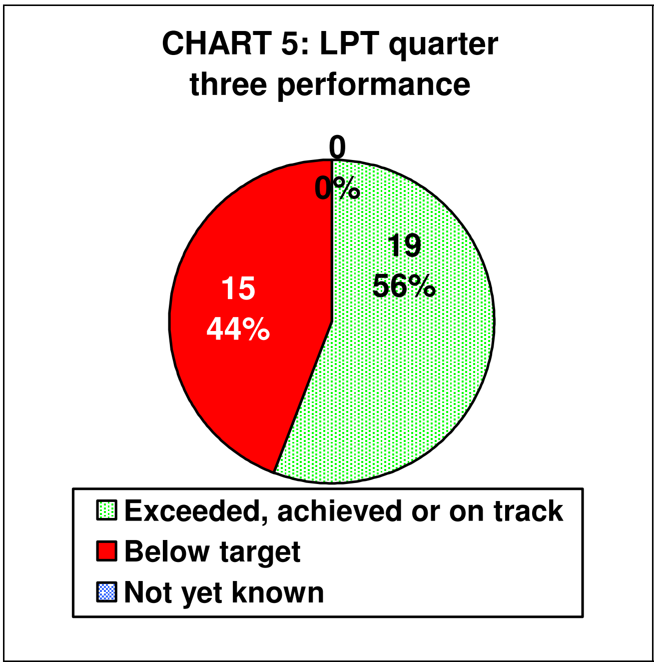


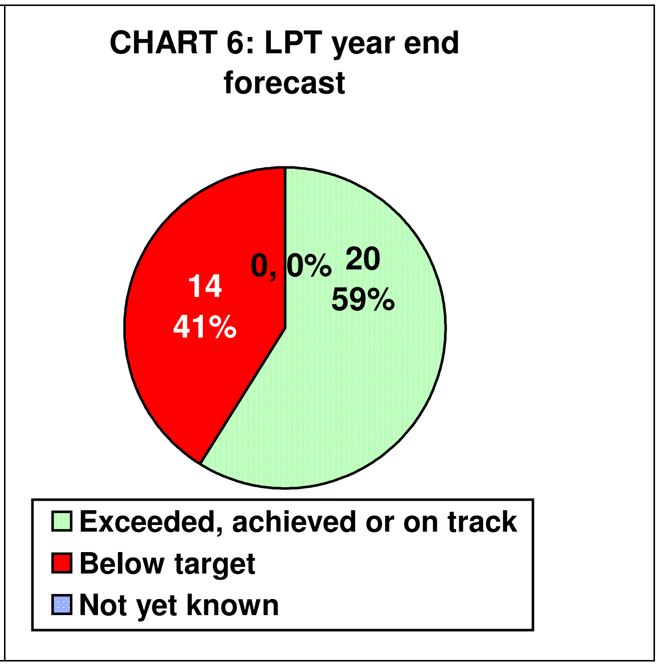
PART TWO – LOCAL PERFORMANCE TARGETS (LPTS)

Quarter three performance

12. Chart five below summarises our quarter three (September to December 2009) performance against 34 local performance targets (LPTs). Full details of quarter three performance are included in annex 2. This analysis excludes LPTs which can only be measured and reported on at the year end.

13. Chart six shows our current prediction of whether LPTs are on track to meet their year end target at 31 March 2010.





PART THREE – SUMMARY OF SICKNESS AND TURNOVER

Sickness has risen this quarter compared to the previous quarter by 0.5 working days lost per full time equivalent (fte). However, compared to the same quarter in 2008/09 sickness has reduced from 2.06 to 1.70 working days lost per fte. The cumulative sickness for 2009/10 is 4.02 working days lost per fte. The cumulative turnover for 2009/10 is 3.04 per cent being 8 leavers. The overall turnover rate for 2008/09 was 7.58 per cent which was 21 leavers.

Service Area	Total Headcount	Total No. FTE	No. of days sickness Oct to Dec 09	No. of working days lost per FTE	Total leavers	Turnover %
HR, IT & Customer Services	51	41.6	157.50	3.79		0.00%
Finance	16	15	37.00	2.47		0.00%
Commercial Services	40	36.1	49.00	1.36		0.00%
Health & Housing	37	34.1	46.00	1.35		0.00%
Economy, Leisure & Property	32	25.9	34.00	1.31	1	3.13%
Planning	36	32.7	35.00	1.07		0.00%
Legal & Democratic Services	20	19.4	19.00	0.98		0.00%
Corporate Strategy	22	19.9	9.50	0.48		0.00%
Strategic Directors Office	4	4	1.00	0.25		0.00%
TOTAL/AVERAGE	**258**	**228.7**	**388.00**	**1.70**	**1**	**0.39%**

sickness is unchanged from previous quarter
sickness has reduced from previous quarter
sickness has risen from previous quarter

PART FOUR – FINANCIAL COMMENTARY

Budget monitoring 1st April – 31st December 2009

Introduction

The budget monitoring position reported in the mid year performance report indicated that because of the fall off in income, largely from property trading and investment interest, the council was facing a potential overspend of £305k. Management team instructed heads of services to put a hold on all non essential expenditure and budget holders were asked to identify all those budgets that could be held to offset the shortfall in income.

The result has been that the services have worked very hard on their projected expenditure for the year; they have challenged assumptions and held budgets and staff vacancies wherever possible. The result is that for the third quarter monitoring, the services are projecting under spends of £573k which offsets the shortfall in property and investment income currently estimated to be £561k. In total the year end projection is an under spend of £12k as identified in the table below.

Projected year end variances against budget - as at end December 2009

		£000	£000
Commercial services			
Salary savings		(58)	
DSO redundancy/early retirement costs			89
DSO under-recovery of income			112
DSO lost income due to ceased trading			96
DSO savings on salaries, supplies & services		(73)	
Car Parks loss of transitional business rate relief			20
Car Parks under-recovery of income			61
Excess charge income under-recovery on account of 2 vacant posts			
Procurement hub savings delay in programme			60
Waste marketing and promotions saving		(68)	
Negative RPI on waste contract		(36)	
Non-essential expenditure put on hold		(51)	
	total	(286)	438
Corporate strategy			
Salary budgets at full establishment			4
Savings on advertising costs		(20)	
Savings on software maintenance		(10)	
CCTV maintenance		(22)	
CCTV operators pension costs		(11)	
Consultation costs		(13)	
Partnership grants		(15)	
CCTV income reduction on account of cost reduction			34
Non-essential expenditure put on hold		(25)	
	total	(116)	38
Economy, Leisure & Property			
Economic development, arts & sports salary underspends		(80)	
Civic Hall & Bar increased income (net of costs)		(7)	
Guildhall & bar decreased income (net of expenditure reductions)			13
Increased utility costs for leisure centres + shortfall on contract management increase			84
Reduction in salary costs less redundancy costs of re-organisation of BSU less credit note re previous year invoice		(80)	
Reduction in recharge income to reprographics resulting from formation of BSU			130
Saving on repairs and maintenance following capitalisation of air handling unit.		(30)	
Property savings		(41)	
	total	(238)	227

Finance		
Capita contract variation increased volumes		22
Discounted rate relief reductions	(13)	
Possible shortfall in Capita contribution to benefits audit 2007/08		14
Housing benefits - net decrease in costs	(40)	
Council tax benefit - increase in technical errors arising from change in claimant circumstances is expected to impact on levels of subsidy receivable.		44
Assisted transport	(150)	
Bank charges, fund management costs reduced and salary variations	(8)	
total	(211)	80
HR, IT & Customer		
Hold on LSP budgets - not all staff are members of the pension scheme. Reductions in cash collection costs and software licenses on the old cash-receipting system.	(86)	
Reduced management development and staff training for current year	(61)	
Reduced recruitment advertising	(43)	
Salary variations		0
Several proposed projects are being postponed until further clarification of the systems to be developed with South.	(98)	
Reduction in income from Capita for ICT support + credit note for previous invoice raised		6
Other budgets held	(2)	
total	(290)	6
Housing and health		
Savings on supplies, services and salaries	(88)	
Impact of full establishment on salary budgets		40
Homelessness supporting lodgings budget surplus to requirements and reduced B&B costs	(13)	
Increased income on kennel fees and fines	(6)	
total	(107)	40
Legal and democratic		
Holding back on expenditure on room hire, postage and equipment	(13)	
Impact of full establishment on salary budgets		2
Members allowances	(14)	
Redundancy payment - should have been in SB21	(6)	
Reimbursement of staff secondment fees	(13)	
Legal staff secondment income	(14)	
total	(60)	2
Planning		
Savings on supplies, services and salaries	(25)	
Reduction in income from planning fees		190
total	(25)	190

Strategic Management			
Savings on bank charges and office furniture		(39)	
	total	(39)	0
Contingency		(222)	
Non service related			
Property trading income - voids and bad debt			90
Investment interest rates reduction			471
		0	561
	TOTAL ALL	(1,594)	1,582
		NET	(12)

PART 5 - SUMMARY OF QUARTER TWO PERFORMANCE

What went well

14. NI 155 – The number of affordable homes delivered. This indicator includes new builds and acquisitions. So far this year 140 new homes have been delivered. Six sites currently under construction are scheduled to result in approximately 75 additional new homes being completed before the end of March 2010. The improved take up of open market 'MyChoice' scheme this year has so far seen 24 households buy an affordable home.

15. NI 156 – The number of households living in temporary accommodation. First quarter performance was 56 households and during the second quarter this reduced to 45 households. During the third quarter it reduced even further to 37 households.

16. NI 157 – Processing of planning applications. All three parts of this indicator continue to perform better than their targets.

17. NI 195 – Improved street and environmental cleanliness. Performance against the level of litter target is significantly better than the target. For detritus, performance is slightly better than the target.

18. LPT 333 – The number of households prevented from becoming homeless during the financial year. The number of households prevented from becoming homeless during the third quarter was 69. The cumulative performance so far this year is 239 households prevented from becoming homeless

What did not go well

19. NI 154 – Net additional homes provided. The target is 530 homes for the year and current quarter performance is 56 homes. The cumulative number of new homes provided for 2009/10 is 260 homes. We are continuing to work with developers on future large sites to ensure continuity of housing delivery.

20. LPT 305 – The number of households insulated via Vale insulation schemes. Government funding for free insulation for vulnerable households has run out therefore applications and take up have fallen significantly.

21. LPT 341 – The number of affordable homes delivered on rural exception sites or in smaller villages. No homes have been completed during 2009/10. However, 3 sites are progressing well. One site has now gained planning permission and two are expected to submit planning applications in quarter 4. All 3 could start work during 2010 to build up to 29 units

RECOMMENDATIONS

22. Executive is invited to

- note the progress that has been made and our predictions for the end of the year
- question and challenge officers present at the meeting

ANNEX 1 - PERFORMANCE AGAINST ALL NATIONAL INDICATORS (NIS) INCLUDING LAA TARGETS

23. Annex 1 presents our performance against all NI targets excluding the NIs only measurable at year end

24. NIs included in the Oxfordshire LAA are highlighted in grey.

25. The 'year end forecast' column shows ☺ if a target is forecast to be achieved by the year end, and shows ☹ if it is not on track.

NYK – Not yet known

Ref	Measure	2009/10 target	Quarter 3 perf	Year to date perf	Year end forecast	Comment / proposed action
NI 014	Reducing avoidable customer contact	34.4%	12.89%	28.27%	☺	It is likely that we will achieve the annual target
NI 016	To maintain the reduced number of serious acquisitive crimes per 1,000 population. The baseline (2007/08) is 5.13 per 1,000 population as at 31 March 2008	5.13 per 1,000 population	1.11 per 1,000 population	3.74 per 1,000 population	☺	There were 129 cases in the third quarter compared to 184 in the second quarter. This represents a 10.7% reduction being 37 fewer crimes than last year.
NI 020	Assault with injury crime rate (includes domestic abuse offences). Reported as the number per 1,000 population	486 incidents (a 2.7% decrease on baseline of 500 actual incidents in 2008/9)	0.73 incidents per 1,000 population	1.78 incidents per 1,000 population	☺	There were 84 incidents in the third quarter compared to 86 incidents in the second quarter. The total number of incidents so far this year is 293.

Ref	Measure	2009/10 target	Quarter 3 perf	Year to date perf	Year end forecast	Comment / proposed action
NI 035	Building resilience to violent extremism. This indicator is measured on a scale of 1-5 against a detailed assessment framework.	Working in partnership with South and West Oxfordshire District Councils.	The local strategic partnership agreed a paper submitted by the community safety manager on 18.6.09	On track	☺	On track. The Vale has adopted a joint approach to developing an action plan with South and West Oxfordshire District Community Safety Partnerships
NI 154	Net additional homes provided. This indicator measures the net increase in dwelling stock over one year and is reported as an actual number	530	56	Below target	☹	The cumulative position to the end of Q3 is 260 homes.
NI 155	Number of affordable homes delivered. This includes new builds and acquisitions	100	68	140	☺	The number of additional homes provided is significantly ahead of target
NI 156	Number of households living in temporary accommodation (the final 2009/10 result is measured as the fourth quarter result)	62	37	On track	☺	The number of households in temporary accommodation is significantly less than the target
NI 157a	Processing of major planning applications as measured against targets	65%	75%	Exceeded target	☺	Exceeded target

Ref	Measure	2009/10 target	Quarter 3 perf	Year to date perf	Year end forecast	Comment / proposed action
NI 157b	Processing of minor planning applications as measured against targets	75%	76.29%	Exceeded target	☺	Exceeded target
NI 157c	Processing of other planning applications as measured against targets	88%	88.86%	Exceeded target	☺	Exceeded target
NI 179	Value for money – total net value of ongoing cash-releasing value for money gains that have impacted since the start of the financial year.	6.2% LAA stretch target, combined for 2008/09 and 2009/10, is £1,189,714	£1,037,102 (this is the half year forward look)	Below target	☹	This indicator is monitored half yearly. This is a 'forward look' submission relating to the whole of the financial year. This has to be reported half yearly to central government. The shortfall against the LAA stretch target is £152,612
NI 180	The number of changes of circumstances which affect customers' HB/CTB benefit entitlement within the year	Not a target – 'for information only'.	NYK	NYK	Not applicable	This is a volume measure of the number of changes of circumstances, so is for information only
NI 181	Time taken to process housing benefit / council tax benefit new claims and change events. This is reported as the average number of days.	Not yet set	NYK	NYK	Not applicable	The target for 2009/10 has not yet been set. We are awaiting 2008/09 results and quartile data from the Department for Works and Pensions.

Ref	Measure	2009/10 target	Quarter 3 perf	Year to date perf	Year end forecast	Comment / proposed action
NI 182	Satisfaction of business with local authority regulation services. This is measured by a monthly survey of businesses	95%	77%	Below target (78.57%)	☹	This indicator is adversely affected by enforcement action taken against businesses. Performance will be compared with that of similar authorities when the information is made available by the Audit Commission. The annual target will not be achieved.
NI 184	Food establishments in the area which are broadly compliant with food hygiene law	85%	83.79%	Exceeded target	☺	Expect to achieve target. The cumulative performance to the end of Q3 was 84.74%
NI 188	Planning to adapt to climate change. This is self assessed against levels of performance scored 0-5	Level 2	On track	On track	☺	Performance will be known after the completion of the DEFRA self assessment in Q1 2010/11
NI 189	Flood Risk Management	Target to be agreed with Environment Agency (3 actions)	On track	Achieved target	☺	A meeting was held with the Environment Agency in November 2009 and the action plan targets for 2009/10 were discussed and subsequently agreed. We have 3 actions to complete, and current indications are that these will be achieved
NI 191	Residual household waste per household	572kg	NYK	NYK	NYK	Results not yet available from Oxfordshire County Council
NI 192	Percentage of household waste sent for reuse, recycling and composting	36%	NYK	NYK	NYK	Results not yet available from Oxfordshire County Council

Ref	Measure	2009/10 target	Quarter 3 perf	Year to date perf	Year end forecast	Comment / proposed action
NI 195	Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting)	Litter 4%, Detritus10% Flyposting1% Graffiti 1%	Litter 0%, Detritus 10% Flyposting 0% Graffiti 0% (this relates to the second tranche completed by the end of November)	On track	☺	Councils are required to survey their areas in three tranches during the year. The first two tranches have now been completed. Performance for detritus has got worse during the second tranche, increasing to 10% from 8% in the first tranche. However the year to date performance is still better than the annual target; 1% litter and 9% detritus).
NI 196	Improved street and environmental cleanliness (fly tipping)	Very Effective	Cumulative data to the end of November indicates a 'very effective' score	On track	☺	The cumulative score is monitored throughout the year by the Oxfordshire Waste Partnership. Individual monthly results are not available.

ANNEX TWO – PROGRESS AGAINST LOCAL PERFORMANCE TARGETS (LPTS)

26. Annex 2 below presents the progress of LPT targets excluding the LPTs only measurable at year end

27. The 'year end forecast' column shows ☺ if a target is forecast to be achieved by the year end, and shows ☹ if it is not on track.

Ref	Measure	2009/10 target	Quarter 3 perf	Year to date perf	Year end forecast	Comment / proposed action
LPT 256	Payment of commercial invoices within 30 days (was BVPI 008)	99%	89.8%	94.47%	☹	There has been a hiatus in the receipt of monitoring data from Capita due to the exchequer move to Mendip. The production of monitoring data is now being re-introduced. However cost centres are still responsible for ensuring prompt payment.

Ref	Measure	2009/10 target	Quarter 3 perf	Year to date perf	Year end forecast	Comment / proposed action
LPT 257	Council Tax collection (was BVPI 009)	98.6%	28.4%	87.48%	☺	
LPT 258	NNDR collection (was BVPI 010)	99.4%	28.95%	90.25%	☺	
LPT 259	Processing new benefit claims (was BVPI 078a)	20.5 days	21.89	25.76	☹	The annual target will not be achieved. However Capita should achieve their plan target of 24 days
LPT 301 Vale	Average time taken to remove abandoned vehicles (once legally entitled to do so)	2 days	2.5 days	3.0	☹	The third quarter performance is the same as the second quarter performance of 2.5 days. However it is unlikely that the annual target will be achieved because of the underperformance in the first 3 quarters
LPT 302	Missed refuse collections per 100,000 scheduled	30	73.67	47.38	☹	The third quarter figure increased due to snow and ice during December 2009
LPT 303	Missed green box collections per 100,000 scheduled	30	62.12	55.93	☹	The third quarter figure increased due to snow and ice during December 2009
LPT 304	Value of Warm Front works in the Vale (grants to make homes warmer, healthier and more energy efficient). These grants are funded by Defra	£250,000	£86,050	£306,037	☺	Significantly above target
LPT 305	Number of households insulated via Vale insulation schemes	400	51	160	☹	Government funding for free insulation for vulnerable households has run out therefore applications and take up have fallen

Ref	Measure	2009/10 target	Quarter 3 perf	Year to date perf	Year end forecast	Comment / proposed action
LPT 312 Joint with South	Southern Oxfordshire LEADER funding (Government and EU funding to help revitalise and support rural businesses and communities in southern Oxfordshire)	£250,000	£120,649 of grants have been allocated	£253,294 allocated to date. £22,000 of spend has been achieved	☺	Good progress achieved with allocation of grants, however it is important to achieve actual spend. Spend progress is slow due to the thorough requirements for claim development
LPT 315	An overall growth in employment of at least 250 new jobs in the next four years in the Science Vale UK area	25	12	12	☺	This relates to new jobs created at Milton Park
LPT 318	Benefit processing - financial accuracy of claims	95%	84.53%	83.75%	☹	Accuracy continues to be a concern and is being monitored by the Ridgeway Shared Services Partnership Board. Capita have made accuracy a top priority.
LPT 319	Average time to pay an invoice (days)	10 days	15.66 days	12.36 days	☹	There has been a hiatus in the receipt of monitoring data from Capita due to the exchequer move to Mendip. The production of monitoring data is now being re-introduced. However cost centres are still responsible for ensuring prompt payment.
LPT 320	Health and Safety at Work inspection programme Inspections Fit3/Health and Safety Executive partnership	80% / 100%	53%	57%	☹	Year end performance likely to be approx 15% below target due to Food Standards Agency audit. The HSE are changing the risk definitions
LPT 321	Undertake scheduled Food hygiene inspections High Risk Low risk	High risk 85% Low risk 75%	High =86% Low = 84%	High=75% Low=65%	☹	Year end likely to be on target for high risk and approximately 15% below target for low risk

Ref	Measure	2009/10 target	Quarter 3 perf	Year to date perf	Year end forecast	Comment / proposed action
LPT 322	Health Act 2006 : response to complaints about smoking in public enclosed spaces	90%	100%	100%	☺	
LPT 323	Undertake scheduled Local Authority Risk Based Pollution Control risked based interventions	100%	All scheduled inspections due for Q2 completed	100%	☺	All environmental permits were issued within the statutory timescales and all inspections due to the end of quarter 3 were carried out
LPT 326	Improve a % of high risk food premises with 0-2 star hygiene rating	25%	10%	17%	☺	Percentages are cumulative over the year. The 'Scores on the Doors' scheme started in the middle of June 2009 and the full impact will benefit performance throughout the remainder of the year
LPT 332	Responses to Service Requests within 5 days (housing operations)	90%	95%	92%	☺	
LPT 333	The number of households prevented from becoming homeless during the financial year	280	69	239	☺	
LPT 334	Number of households prevented from becoming homeless during the financial year through the issuing of a Rent Deposit bond or rent in advance	150	39	129	☺	
LPT 335	The average number of days that households are accommodated in nightly charged properties in the financial year	50	69	50	☺	

Ref	Measure	2009/10 target	Quarter 3 perf	Year to date perf	Year end forecast	Comment / proposed action
LPT 336	Uptake of Flexible Home Improvement Loans (value)	£170,000	£0	£0	☹	There have been 18 enquiries so far this year which could lead to up to £370,000 worth of loans. However these enquiries have not progressed any further, and further progress is in the hands of the applicants.
LPT 337	Increase uptake of Disabled Facilities Grants by elderly or disabled households (numbers of grant approvals)	140	47	127	☺	
LPT 338	The number of Housing Health and Safety Rating System (HHSRS) category 1 and 2 hazards identified and resolved	200	Identified = 99 Resolved = 144	Identified = 274 Resolved = 212	☺	
LPT 339	Number of properties where category 1 / 2 hazards (HHSRS) have been removed through education / encouragement / enforcement (improved properties)	30	22	43	☺	
LPT 340	% collected of total temporary accommodation rent due in the year	95%	34%	34%	☹	The cash collected is £138,228. Income is significantly reduced due to the low numbers in temporary accommodation. Overall costs for temporary accommodation are significantly below budget

Ref	Measure	2009/10 target	Quarter 3 perf	Year to date perf	Year end forecast	Comment / proposed action
LPT 341	Number of affordable homes delivered on rural exception sites or in smaller villages	20	0	0	☹	3 sites are progressing well. One site has now gained planning permission and two are expected to submit planning applications in quarter 4. All 3 could start work during 2010 to build up to 29 units
LPT 342	Number of affordable homes for which investment is secured	100	0	89	☺	Performance to date has been revised upwards as the total figure reconciled with the HCA was higher due to a major site getting conformation of funding during the current year. The annual target may be achievable as grant applications are due to be submitted on smaller rural sites
LPT 347	Average sickness absence per employee per annum	8.25 days	1.70 days	4.02 days	☺	
LPT 349	% of enforcement complaints to be investigated within 10 working days of receipt of complaint.	80%	88%	77%	☺	If the improvement in performance is maintained during the final quarter then the annual target will be achieved
LPT 350	Planning refusals won by the council (excluding partially allowed decisions) (%)	72%	91.67%	75.0%	☺	There has been a further significant improvement in performance during the third quarter. If this is maintained during the final quarter then the annual target will be achieved

Ref	Measure	2009/10 target	Quarter 3 perf	Year to date perf	Year end forecast	Comment / proposed action
LPT 352	Meet milestones in agreed Local Development Scheme (Core Strategy Development Plan Document (DPD), Statement of Community Involvement, Managing Development DPD, Sustainable development /residential design guide Supplementary Planning Document)	Meet milestone	The Statement of Community Involvement was adopted in December 2009. The 2 SPDs were adopted in December 2009		☹	For actions in Q3, 2 Supplementary Planning Documents (SPDs) were adopted in December and not November. For actions in Q4, the preliminary consultation on the managing development document will not take place and the publication of the submission core strategy is most unlikely to be published on time. A report was considered by the Strategic and Local planning Advisory Group on the 6 November 2009 and Executive on 4 December 2009 which explained that the original timetable could not be achieved and the Executive agreed a new timetable. The submission document for the core strategy will now be published in June 2010 and the public participation for the managing development document will occur in January – February 2012
LPT 354	To identify Tree Preservation Orders (TPOs) that are no longer current or consist of Area TPOs. To survey and re serve them if necessary.	To have completed the review within the budgetary constraints	Survey and review progressing	Survey and review progressing	☺	

Executive Report

Report of Head of HR, IT & Customer Services
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To: EXECUTIVE
DATE: 5 February 2010

Report No. 100/09

Wards Affected: None

Joint Business Continuity Strategy

Recommendation

That Executive approves the joint business continuity strategy accompanying this report.

Purpose of report

1. For Executive to approve a joint South and Vale Business Continuity Strategy 2009 to 2012. Officers will seek separate approval from South's Cabinet on 8 February 2010.

Relationship with corporate plan

2. Having an up to date business continuity strategy will help the councils in meeting their shared strategic objective of 'managing our business effectively'.

Background

3. Business continuity planning involves having arrangements in place that allow us to continue to deliver our services to the public in the event of a disruption or emergency. We have a statutory obligation under the Civil Contingencies Act 2004 to have adequate business continuity arrangements in place.

4. The business continuity strategy attached to this report sets out the main elements of our arrangements and also addresses how we will deliver our services in the first two weeks of a disruption.

5. Although Vale has no formally adopted business continuity strategy, the then Deputy Director for Commercial Services introduced a Strategy Statement on 1 September 2007. A recent Internal Audit review highlighted that the strategy statement had not been

approved by either the Audit and Governance committee or the Executive. We have implemented this recommendation by presenting this joint strategy to Audit and Governance Committee and Executive.

A joint approach to business continuity

6. Following the departure of the then Deputy Director for Commercial Services, Vale no longer had an officer responsible for business continuity. As a result, management team asked that business continuity arrangements we harmonised at both councils. Business continuity forms part of the shared corporate risk officer’s role and the two councils are joint funding this.

7. The approach to business continuity at each council is similar as both councils used the same external contractor to assist in the original implementation of their business continuity arrangements.

8. To rationalise our approach, we have produced a business continuity plan template that is common to both councils and reflects the revised management structure. Each service area has two business continuity plans as there is one for each council, and a nominated plan administrator for each plan. We intend to have two additional plans, one for the facilities team (currently for South only) and one for Cornerstone as the Economy, Leisure and Property service contains widely differing functions from a business continuity perspective.

9. The new joint approach to business continuity to be adopted by both councils is described in the joint business continuity strategy accompanying this report. This:

   - outlines the councils' approach to business continuity
   - illustrates our business continuity arrangements
   - describes the documentation used as part of our arrangement
   - describes disruption scenarios
   - provides guidance on recovery strategy elements
   - sets out how plans are tested, maintained and reviewed
   - provides an overview of the key roles, responsibilities and structures in place for our business continuity arrangements
   - complies with government guidance and Statutory Instruments relating to business continuity
   - will demonstrate the commitment of South's Cabinet, Vale's Executive and management team to effective business continuity arrangements

Financial, legal and any other implications

10. There are no direct financial implications of this report other than both councils are joint funding the corporate risk officer post, within existing budgets. The post is in the budgeted establishment at South, with Vale contributing 10 per cent of salary costs for business continuity and 40 per cent for risk management (total 50 per cent).

11. The Accounts and Audit Regulations 2003 require us to be responsible for ensuring that we have a sound system of internal control which facilitates the effective exercise of the councils' functions. We have to demonstrate our business continuity arrangements in the Annual Governance Statement.

12. In addition, the Civil Contingencies Act 2004, places a duty on councils to assess the risk of an emergency occurring and to maintain plans for the purpose of ensuring that if an emergency occurs, the councils are able to perform their functions. Both councils are already meeting the requirements of this Act by each having (separate to the risk management strategy) an emergency plan and business continuity arrangements.

13. The adoption of the business continuity strategy, together with progress made towards implementing the joint approach, will help the council to meet these duties.

Conclusion

14. The strategy describes how the councils are approaching business continuity, the links to the existing process of risk management, and the benefits of rationalising the process between the two councils.

15. The adoption of the business continuity strategy will help the councils to:

- continue public services in the event of a business disruption
- embed business continuity arrangements by setting out the means of continuing service delivery in the event of a disruption
- meet their strategic and operational objectives and improve service delivery
- simplify arrangements and achieve economies of effort through having a single process at both councils
- comply with the Civil Contingencies Act 2004 and audit regulations.

Recommendation

16. Executive is recommended to approve the joint business continuity strategy accompanying this report.

Accompanying papers: Business continuity strategy

South Oxfordshire District Council

Listening Learning Leading

Business continuity strategy

Vale of White Horse District Council

2009 – 2012

Table of contents

1 – Why this strategy is needed

1. The Civil Contingencies Act 2004 (the Act) and accompanying regulations fundamentally affect the arrangements for civil contingency planning. The Act replaced outdated legislation governing emergency planning. The aim of the Act is to "improve UK's resilience through working with others to anticipate, assess, prevent, prepare, respond and recover" from an emergency.

2. Under the Act district councils are now "category one" responders on a par with county councils. Category one responders are those organisations at the core of emergency response, for example, emergency services and local authorities. As category one responders, both councils are subject to the full set of civil protection duties. These duties require the councils to:

   - assess the risk of emergencies occurring and use this to inform contingency planning
   - put in place emergency plans
   - put in place arrangements to make information available to the public about civil protection matters and maintain arrangements to warn, inform and advise the public in the event of an emergency
   - share information and co-operate with other local responders to enhance co-ordination and efficiency
   - provide advice and assistance to businesses and voluntary organisations about business continuity management
   - put in place their own business continuity management arrangements.

3. Both councils have addressed the first five of these through their emergency plans and by a formal agreement with Oxfordshire County Council to co-operate, communicate effectively and share information, to carry out joint risk assessment and planning where appropriate and to provide advice and assistance to external organisations. Cabinet approved this agreement on 8 December 2005 and Executive delegated authority to the Monitoring Officer and Solicitor to enter into the agreement on 4 November 2005.

4. Under the Act, the sixth of these points requires councils to "maintain plans for the purpose of ensuring, so far as is reasonably practicable, that if an emergency occurs the person or body is able to continue to perform his or its functions". We are meeting this requirement through production of this joint strategy and by having business continuity plans in place at both councils.

5. Having business continuity arrangements in place will enable the councils to continue providing essential services to residents, following a disruption or emergency. This strategy sets out the main elements of business continuity management at both councils. The types of disruptions and emergencies that could affect the councils, and how we will address them, are discussed in this strategy.

6. This business continuity strategy addresses the arrangements for the first two weeks of a disruption. If a disruption is longer than two weeks, the first two weeks will be used to identify alternative arrangements and service provision.

2 – Aim of the strategy

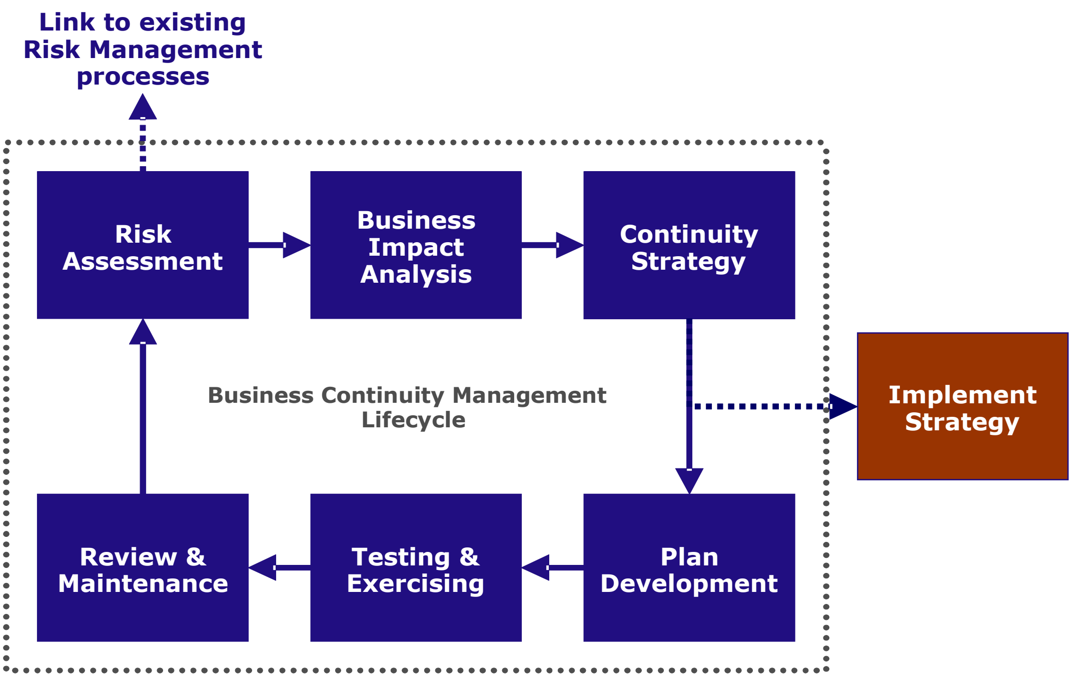
The aims of this strategy are to:

- help ensure the continuity of service provision in the event of a business disruption
- save time and reduce any initial confusion
- preserve both councils' image and reputation
- minimise general disruption to life in both districts
- ensure corporate co-operation over service priorities
- minimise the social, political, legal and financial consequences of the incident.

3 – Our approach to business continuity

PROCESS

7. The diagram below shows schematically the process by which we manage business continuity.



8. This shows that our approach to business continuity begins with a risk assessment using our existing risk assessment and risk management process.

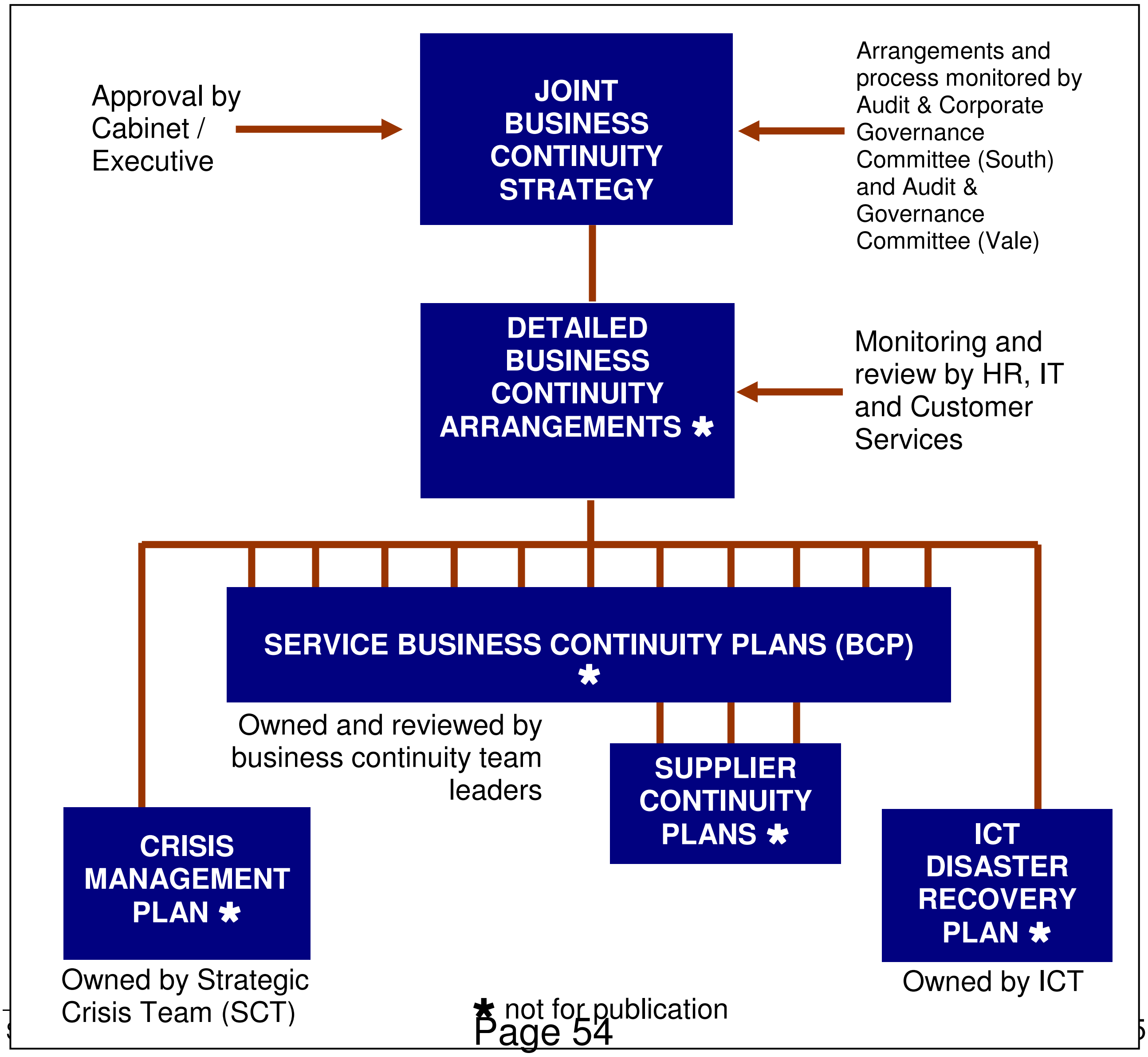
9. The second stage is a business impact analysis where heads of service and line managers identify critical functions, activities, key staff and key suppliers. These are categorised into priorities one, two, three and so on.

10. Stages three and four are the development of this strategy and a set of service recovery plans along with a crisis plan, and ICT disaster recovery plan, as illustrated below.

11. Stages five and six involve desk-top walk-throughs of each plan with the officers involved, test exercises, and regular review and updating of all the plan documents.

STRUCTURE

12. Our business continuity arrangements are illustrated in the following diagram and together, the plans provide a flexible framework for recovery from disruptions. They are straightforward guides designed for use by the officers involved in reinstating council services after a business disruption. A parallel ICT disaster recovery plan provides for the recovery of essential computer, systems and telephony.



13. As some of our services are outsourced, it is important that the business continuity arrangements with suppliers are part of our plan. In most existing contracts, there is no contractual requirement for a supplier to have business continuity management in place. We have a programme for retrospectively introducing this as part of annual performance review of key suppliers. We also now have a policy, implemented for new contracts during the tendering process, that requires key suppliers to have business continuity arrangements in place. The pre-qualification questionnaire used for all major procurement asks for details of the supplier's business continuity arrangements and this information is assessed as part of the tender evaluation.

DOCUMENTATION

14. This document is the joint business continuity strategy for South Oxfordshire District Council and Vale of White Horse District Council. To produce this document, we used elements of South's existing strategy and incorporated parts of Vale's business continuity documentation.

15. We have produced a separate document containing our detailed business continuity arrangements. Because the release of this information into the public domain could compromise these arrangements, this information is not for publication and is not included within this strategy document.

16. Each service generally has two business continuity plans (BCP), one plan for each council. There can be more if the service contains widely differing functions from a business continuity perspective (e.g. Cornerstone is a separate function within the Economy, Leisure and Property service and therefore should have a plan of its own). Each service has designated one or more senior members of staff to be business continuity team leaders, who will take the lead on implementing their BCP in the event of a disruption. BCPs are not for publication.

17. Both councils have the same Strategic Crisis Team (SCT) whose role is to take the lead in directing and implementing our business continuity arrangements. The SCT is made up of senior managers who can call on other expertise likely to be needed in the event of a disruption, such as human resources, facilities, ICT and communications. The SCT will use the Crisis Management Plan to help manage business continuity in the event of an incident.

18. Both councils also have an ICT Disaster Recovery Plan the aim of which is to restore essential computer, systems and telephony services, either on-site or at a remote Disaster Recovery Centre, depending on the nature and duration of the disruption.

DISRUPTION SCENARIOS

19. The approach to developing business continuity plans is to firstly identify different disruption scenarios (this section), and then plan how to deal with them (next section).

20. A number of incidents can affect council operations for example fire, flood, server failure, acts of terrorism, flu pandemic or prolonged loss of power. Each of these could result in a disruption. We have grouped disruptions into four categories:

- Council building - denial of access to the building or loss of building
- Failure of IT or telephone system
- Failure of critical supplier
- Unavailability of key or sufficient staff

Council buildings

21. Following a business disruption or incident, either council's building could be inaccessible for two main reasons:
    - Denial of access, meaning that though systems and services are unaffected, staff are unable to gain access to the building. This could happen following incidents such as a security threat, environmental contamination, or a serious event nearby.
    - Fire, flood or structural damage could damage or destroy all or part of the building. This could also affect systems.

22. The plans address alternative accommodation and recovery of systems, and will be similar irrespective of the above reasons.

Failure of critical IT service or system

23. Some or all critical IT or telephone systems could be unavailable, for example a server failure or network problem, or cutting of a communications cable supplying the council offices.

Failure of a critical supplier

24. Both councils rely upon a number of key suppliers to provide important services. Examples of supplier disruption are a supplier going into liquidation, or a fire affecting the premises they operate from.

Unavailability of key or sufficient staff

25. Staff that support business critical activities could become unavailable. Examples are personal injuries to key members of staff or pandemic flu affecting a group of staff.

RECOVERY PROCEDURES

26. There will be four different recovery procedures in the Crisis Management Plan to address each disruption scenario. In any scenario, the Strategic Crisis Team will meet to decide whether to invoke business continuity plans, and will consider the nature, extent, likely duration and prognosis of the disruption.

Accommodation

27. The recovery strategy in the event of a disruption affecting the council offices at Crowmarsh Gifford and Abbey House, Abingdon is that:

    - Staff required to perform priority activities will relocate to their designated recovery location (see below).

- Staff who have not been allocated places will be asked to stay at home and work there or remotely if required.

28. If part or all of either council buildings are not in use or access is denied, four distinct types of backup accommodation are in place:

    - We have a designated disaster recovery centre for staff performing priority activities. The centre allows access to a workstation including a desk, PC and telephone.

    - A command centre has been identified to accommodate the Strategic Crisis Team to co-ordinate the council's response to the disruption and manage the recovery of the business.

    - Staff performing specific functions will operate from locations such as other council premises.

    - Other staff that don't perform critical functions will be asked to work from home.

ICT systems and services

29. Both councils have to be able to respond and recover from a disruption to their Information and Communications Technology (ICT) infrastructure. We have identified the IT systems critical to council services and the recovery of most systems is included in the ICT business continuity plan. The recovery of systems run by our contractors e.g. Capita, are included in their business continuity arrangements. Details of replacement servers, workplaces and telephony at the remote recovery centre are included in the disaster recovery plan.

Critical suppliers

30. Each council is heavily dependent on key suppliers to fulfil its obligations. Our strategy is to identify the key suppliers responsible for delivering priority one services.

31. These key suppliers will be required to provide details of their business continuity plans during the tender process. Assessment of the supplier's business continuity approach will form part of the tender evaluation. The successful contractor will be required to put in place arrangements to recover the respective council's services.

32. In addition, heads of service will identify alternative suppliers for each service (if feasible and cost effective), in their business continuity plans.

People issues

33. Key people are those identified as being critical to the completion of key activities. This depends on people's key skills, knowledge and qualifications and whether these are available elsewhere in either council or from an outside source. BCPs will include lists of key members of staff and how the respective council will continue to provide the function they carry out. BCPs also address a large scale absence scenario where insufficient staff are available to provide priority services.

TESTING AND EXERCISING

34. To ensure that all business continuity arrangements are viable, and that staff are rehearsed in the role they may have to take at the time of a disruption, there will be an annual schedule of tests and exercises. While the overall objective is to prove the effectiveness of the arrangements, each test will have its own objectives.

- A desktop walk-through of each business continuity plan with business recovery team leaders, designed to eliminate gaps and ensure clarity and understanding
- Desktop business continuity plan exercises - ensure plans can be used to respond to a range of different disruption scenarios
- Establishing the Strategic Crisis Team Command Centre - ensure that a working environment can be established for the members of the SCT in the timescales required
- Strategic Crisis Team exercise - provides an opportunity for team members to explore and practice their crisis management roles
- Call-out cascade test - confirm that simple messages can be relayed throughout the Council (usually conducted outside normal working hours)
- IT disaster recovery test - prove key IT systems can be restored, in the timescales required, at the disaster recovery centre
- IT telephony recovery test - prove calls can be routed away from the Council's offices and answered at the disaster recovery centre
- Quarterly updating of each business continuity plan, led by the named business continuity plan administrator in each service

MAINTENANCE AND REVIEW

35. To ensure the effectiveness of the business continuity arrangements does not decay over time, there will be a formal process for keeping the arrangements up to date. The process for review and maintenance will include:

- An annual review of the business continuity strategy by HR, IT and Customer Services
- An annual review of the 'Detailed Business Continuity Arrangements' to ensure that any change to recovery requirements is captured and can be met. The review will be led by HR, IT and Customer Services
- A 6-monthly review and update of the Crisis Management Plan
- A 3-monthly review and update of each service area's business continuity plan, at the very least to update staff lists as a consequence of starters and leavers

4 – Conclusion

36. Both councils recognise the importance of business continuity management so they are able to respond to an emergency or disruption. Our arrangements meet the requirements of the Civil Contingencies Act 2004 and provide peace of mind that either council can still provide essential services to residents following a disruption.

Executive

5 February 2010

Vale of White Horse District Council

Report of **Head of Finance**

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Report No. 103/09

Wards Affected: None

Capital Strategy 2010/11 – 2014/15

Recommendation

That Executive recommends Council to approve the capital strategy 2010/11 to 2014/15 as attached as Appendix A and to note paragraph 21 where the £5m minimum capital cash fund is set down and to bear this in mind as we run capital receipts ever lower.

Purpose of Report

1. To request the executive to recommend council to approve the capital strategy 2010/11 to 2014/15. The capital strategy provides the overall policy framework for capital investment and the holding of capital assets, based on the council's corporate strategy, and is linked to the council's medium term financial strategy.

Strategic Objectives

2. Having an up-to-date capital strategy assists the council in meeting its strategic objective of managing our business effectively. By determining the framework within which decisions on capital expenditure are made the strategy will ensure that such decisions assist the council in meeting its other strategic objectives.

Background

3. It is good practice to have a capital strategy and is something the audit commission looks for as part of its use of resources assessment. The council's current strategy was last updated in 2008 and written to a structure laid down in 2004 at the time by the then Office of the Deputy Prime Minister.

4. The capital strategy was viewed as integral to the asset management strategy (AMS) which is owned by the [Executive (if formal)/Asset Management Group (if informal)].

5. The capital strategy for 2010/11 to 2014/15 is attached as appendix A to this report. The strategy provides the overall policy framework for capital investment. It does this by bringing together the requirements of the council's strategic objectives and clarifying the parameters set as to how capital schemes can be progressed from initial idea through to conclusion.

6. Consequently, the strategy sets out how the council:

   - Develops its capital expenditure plan in a way that supports its strategic objectives and reflects the views of the community.
   - Ensures options for expenditure are developed and appraised.
   - Evaluates, monitors and reports on capital proposals, activity, progress and resources.
   - Manages and monitors its expenditure.
   - Reviews its existing assets to ensure optimum usage and management.
   - Seeks to maximise funding from third parties and involve partnership development.
   - Use planning agreements to secure capital and capital investment within the district.
   - Use revenue and leasing arrangements where appropriate.

7. The capital strategy is an update of the previous version, it reflects the new strategic objectives and will be reviewed annually.

Financial Implications

8. There are no direct financial implications arising from implementing the strategy.

Legal Implications

9. None.

Human Resource Implications

10. None.

Sustainability Implications

11. The report is concerned with ensuring the Council can fund its capital requirements over the medium term.

Conclusion

12. This report provides details of the proposed capital strategy for 2010/11 to 2014/15 and asks executive to recommend the capital strategy to council. These documents provide the parameters within which capital expenditure decisions will be made.

Background papers

CIPFA Prudential Code for Capital Finance in Local Authorities.

VALE OF WHITE HORSE DISTRICT COUNCIL

CAPITAL STRATEGY 2010/11 – 2014/15

PART ONE - BACKGROUND

Capital Strategy

1. In 2003 the Government issued guidance on the value of capital strategies and asset management plans with the advent of the single capital pot for allocation of support for local authority capital spending and the introduction of the 'prudential code for capital'. They further commented that:

   "The capital strategy will become an essential part of the annual budget setting process. A robust capital programme will require the bringing together of strategic planning for the local authority, asset management planning with an assessment of the state of the authority's assets, option appraisal, identification of investment needs including opportunities and priorities and setting all this in the context of available capital resources."

2. The purpose of the capital strategy is to provide the overall policy framework for capital investment. It does so by bringing together the requirements of the council's strategic objectives and the constraints of its medium term financial plan and within the parameters set by those it determines how capital schemes can be progressed from initial idea through to conclusion.

3. The capital strategy therefore sets out how the council:

   - Develops its capital expenditure plan in a way that supports its strategic objectives and reflects the views of the community.
   - Ensure options for expenditure are developed and appraised.
   - Evaluates, monitors and reports on capital proposals, activity, progress and resources.
   - Manages and monitors its expenditure.
   - Reviews its existing assets to ensure optimum usage and management.
   - Seeks to maximise funding from third parties and involve partnership development.
   - Use planning agreements to secure capital and capital investment within the district.

The council's strategic objectives

4. The council's Corporate Plan 2009-12 forms the link between the vision and the services that the Council Tax payers of the district tell us they want. It is expressed as six strategic objectives each associated with a set of corporate priorities:

   - Meeting People's need for housing
   - Supporting a vibrant local economy
   - Managing our business effectively
   - Rising to the challenge of climate change

- Helping to maintain a safe Vale
- Keeping the Vale a clean place to live.

5. The Vale of White Horse District Council will use the community planning and consultation process to establish corporate priorities which are translated into requirements for capital investment through service plans and corporate strategies.

PART 2 – CAPITAL STRATEGY FOR VALE OF WHITE HORSE DISTRICT COUNCIL

Background

6. Following the Large Scale Voluntary Transfer (LSVT) of the Vale's housing stock to the newly created Vale Housing Association in February 1995 the council was in receipt of £54m. £17m of which was used to repay outstanding debt leaving the authority with debt-free status and £37m with which to finance it's spending in subsequent years.

7. The capital value of the council's investment property portfolio at the end of 2008/09 was £28m following impairments in value during the year of £10m as a consequence of the downturn in property values. The pool of available capital receipts at the end of 2008/09 was £11m.

Seeking the views of the community

8. The council will use the community planning and consultation process to establish corporate priorities which are translated into requirements for capital investment through service plans and corporate strategies.

9. The council's strategic priorities have been validated in user forums across the district. Feedback from these meetings has been incorporated into the plan.

10. The council approved a Sustainable Community Strategy in November 2008 called "Working together for a better Vale". It was prepared by the Vale Partnership, which brings together representatives from the public, private and voluntary sectors in the Vale. This strategy is a commitment by the council and its partners to work together with available resources to provide services that will help to improve quality of life and maintain communities where people want to live and work, now and in the future. Some of the issues will be tackled through policies and proposals in the Local Development Framework (LDF). This sets out the long term vision and key objectives for the district up to 2026. Major new sites for housing, employment and retail development are identified in the plan as is the infrastructure needed to support them.

11. The council also contributes to the Oxfordshire Local Area Agreement 2008-11. This is a three year agreement between the Government and a wide range of key partners across Oxfordshire. This contributes to identifying common capital investment needs for the district.

12. There is an integrated service and financial planning process which is designed to ensure that service developments, including new capital schemes, give rise to budget changes which are considered by the Executive during October and November and published for public consultation in December.

Capital programme – development and project appraisal

13. Capital investment needs are tested against a range of criteria and evaluation processes and included into the capital programme on the basis that they meet those criteria and funding is available.

14. Proposed capital schemes are introduced through an appraisal process where a detailed breakdown is completed which considers:

- The extent to which the scheme meets the council's strategic objectives.
- Whether there is a statutory need to carry out the scheme.
- How it links with other schemes.
- The benefits to the Vale – by geographical area, demographic group, job creation.
- Alternatives or options.
- Key indicators for measuring success.
- Cost implications of not carrying out the scheme.
- Resource implications – revenue, capital, staffing premises, transport, supplies & services, contractor costs and income consequences.
- External funding sources
- Partnerships
- VAT implications.

15. Each scheme must be endorsed by the relevant portfolio holder and is accepted or rejected at an Executive meeting. The over-arching funding position is considered in detail by the councillor with responsibility for finance.

16. In November/December revised spending proposals on existing schemes are considered along with any proposed new schemes and the level of capital investment that the council considers affordable.

17. The council maintains a three tier capital programme, agreed at the budget-setting meeting in February and covering five years:-

- The current year committed programme consists of schemes that are fully funded and are underway.
- The earmarked programme consists of schemes where total cost and funding has been agreed and the project is due to commence within the next year.
- The "proposals" element consists of projects that are required to meet service and corporate objectives but have been deferred beyond the next year and may be brought back to be considered with new proposals in the next budget round.

Evaluation, Monitoring and Reporting

18. Reports on capital proposals, activity, progress and resources will be made regularly to appropriate Member bodies and will be available to the public and media.

19. Capital projects are developed and proposed to Executive for their consideration and inclusion in the budget for the following financial year. Public consultation on the proposed

capital schemes and revenue budget takes place in December/January. The project and its funding is approved by the full Council at the budget setting meeting in February.

20. All schemes are evaluated for revenue consequences and outputs in terms of achievement of service objectives. The capital programme is the responsibility of the Executive once it has been approved by Council. The Executive receive an annual report in August showing the expenditure against budget and summarising all in-year changes to the capital programme and funding of the programme. The Council receives a report on prudential indicators under the new Capital Finance regime at the annual budget-setting meeting.

Capital Resource Generation

21. Councillors have identified a level below which the total of capital receipts should not fall. On 20th May 2009 the Council agreed that the Property Investment Policy be amended so that the maximum percentage of the investment portfolio in property be 80% of the total (up from 75%) and the cash funds invested (i.e. not held for cash flow purposes) should not fall below £5 million (down from £10 million). This will reduce the level of usable capital receipt held by the council for capital funding as the investment portfolio is increased, which at the end of 2008/09 was £11.1m.

22. In 2004/05 the Council resolved to move to a position where investment and property income used to fund one-off service provision and the capital programme. However, to date it has not been able to take these funding streams out of the revenue budget and falls in government funding over the medium term may continue to prevent this objective from being realised. The consequence of not being able to do this is that the level of usable capital receipt available to the council falls year on year.

23. In order to maximise the return from its reserves the council has a Property Investment Policy which states: the maximum percentage of its investment portfolio to be invested in property (80% as at 2009/10; what type of property to invest in; where the property should be located; and what level of financial return should be sought.

24. Other sources of capital finance pursued by the council are:

- Capital receipts generated from asset disposals;
- Bidding for external resources;
- Partnership Funding for projects;
- Planning agreements.

Alternatives to capital funding may be considered but only used in a minor way so far are:

- Revenue contribution to capital expenditure
- Leasing

25. Due to the pressure on the revenue budget there has been limited use of the power to use revenue contributions to fund capital projects. Once the level of available capital funding reaches the limit of £5m it will be necessary either, to start revenue funding of capital, both directly and through borrowing which will put increased pressure on the revenue budget, or, to reconsider the £5m limit.

26. Leasing will be considered in appropriate cases and used to supplement capital resource availability where it can be shown to provide the overall optimum solution and revenue accounts can support the costs. The council's financial position generally means that leasing is not a cost-effective option but it will be considered where appropriate. The council has a few operational leases for acquisition of plant and equipment and a very small number of property leases.

Capital programme and capital resources

28. The capital programme for 2008/09 to 2011/12 was approved by Council on 25 February 2009. This is summarised in table one below:

Table one: Capital programme 2008/09 to 2011/12

		Revised 2008/09	Committed 2009/10	Proposed	
		2008/09	2009/10	2010/11	2011/12
		£	£	£	£
Capital programme		2,369	2,433	3,730	1,130
Capital funding:					
Grant		(805)	(560)	(600)	(510)
Partner contribution		(18)	0	0	0
Developer contribution		(133)	(48)	0	0
Revenue contribution		(33)	0	0	0
Capital receipt		(1,379)	(1,825)	(3,130)	(620)

29. Capital receipts will fall to £5.6m by the end of 2011/12 (£11.1m as at 1st April 2009) as they are used to fund the capital programme. This doesn't include any additions to the capital programme that are being proposed as a part of the budget setting process for 2010/11.

Review of assets

30. The council will actively review its existing operational assets to ensure optimum usage and continue to seek to dispose of surplus or non functional assets to release capital. Asset utilisation by individual services will be tested under service review and where appropriate, inefficient or surplus property released. The council will take advice from its strategic property advisors as required.

31. The council has some investment/non-operational land and property holdings. The majority of these properties and land are subject to commercial tenancies and generate income which is used to fund the council's revenue services. Properties that do not generate reasonable returns, together with undeveloped land, have been progressively disposed of to generate capital receipt. In many cases this activity has facilitated achievement of the council's economic development and town centre development aspirations in addition to producing usable receipts for progressing other projects.

32. In using capital to purchase new investment assets the Asset Management Group, comprising officers and members will identify an appropriate yield on an investment below which it is deemed not to be an appropriate use of the council's capital reserve. This will vary according to the type of investment property and the circumstances of the market.

33. The asset management group has been meeting throughout 2009/10 with the mandate to review the council's assets and report. The council has identified in its medium term plan savings from the significant reduction in the revenue costs of Tilsley Park, Abingdon Guildhall, and Wantage Civic Hall of £125k in 2010/11 with continuing ongoing savings of £250k from 2011/12. Proposals are being worked on to achieve these ongoing savings and are currently subject to consultation and negotiation. Any adjustment to these proposals will have a revenue impact on the council's budget.

Maximise funding from external sources

34. The council will seek to access appropriate funding available from third parties and will assist organisations within the district along similar paths.

35. Wherever possible, the council has and will continue to seek access to external resources for capital projects. We have been successful in obtaining waste recycling environmental grant, lottery and partnership funding for a range of leisure based projects.

36. As part of its economic development service the council has assisted parish councils and other community and voluntary groups in obtaining significant awards of external funding across the district. The council has earmarked some of its capital reserves to award grants to organisations in the district providing up to 50% of funding for capital community projects matching these external awards. The council's ability to maintain this support into the future will be hampered as the level of available capital receipts fall, as explained in paragraphs 21 – 26 above.

Partnership development

37. The council will consider partnership development with both public and private sector partners and seek optimum use of assets by shared arrangements where appropriate. The council seeks to promote the development and provision of public facilities through partnership funding. Past projects include joint-use leisure facilities on secondary school and university sites and the council is open to discussing other similar opportunities.

38. The council may consider awarding capital grants and capital loans to third parties as a part of its capital programme if the award of a grant/loan meets the council's strategic objectives, is income generating or cost reducing in a way which can be clearly evidenced.

39. The Public Finance Initiative (PFI) is generally not suitable as a route for the type and level of project considered by the authority but PFI and Private/Public Partnership would be considered where appropriate.

Planning Agreements

40. Where appropriate planning agreements will be used to secure capital and / or capital investment within the district.

41. The council has frequently secured commuted sum contributions and contributions to the provision of facilities under planning obligation where it can demonstrate a need. Adoption of the Local Plan and other initiatives such as the Abingdon Integrated Transport Strategy require infrastructure provision. The council is keen to facilitate this development and will seek to work in partnership with other public sector bodies to secure investment to progress development and provide community facilities.

42. The district Housing Needs Survey supports provision of a minimum of 40% of affordable housing within new development. The council regularly reviews the level of provision which may be constrained by funding availability for registered social landlords at national and local level.

43. The council will continue to make appropriate use of its planning powers throughout the district to secure appropriate developer involvement and contribution.

Conclusion

44. The council will continue to prioritise its capital spending in line with its corporate priorities, recognising that a commitment to partnership working remains a significant part in the council's overall approach. New and innovative ways of increasing available capital funding will continue to be explored in the light of the prudential code for capital finance. The council will review as often as required, at least 3 yearly, its approach to capital expenditure having regard to outcomes of value for money reviews and progress on implementation of its priorities.

Executive report

5 February 2010

Report of **Head of Commercial Services** Report no 104/09

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Wheeled Bins Policy

Recommendations

That Executive agrees the wheeled bin policy as set out in appendix 1 of the report of the Head of Commercial Services to the Executive on 5 February 2010.

Purpose of report

1. To consider a policy governing the issue and use of wheeled bins relating to the new waste collection service contract.

Relationship with corporate plan

2. The council has identified rising to the challenge of climate change as one of its strategic objectives. The relevant corporate priorities for this report are to:

- minimise the waste we produce and maximise recycling
- keep the Vale a clean place to live.

Background

3. The service to collect waste and recycling from wheeled bins starts on 4 October 2010. The standard collection uses the following:

- 240 litre wheeled bin for recycling
- 180 litre wheeled bin for refuse
- 23 litre caddy for food waste.

4. The council has never collected domestic waste from wheeled bins as part of its statutory duty and there are a number of different issues that may arise from their use.

5. Officers have produced a policy, attached as appendix 1, to govern the issue and use of wheeled bins, including circumstances where we will offer alternative collection arrangements. This policy is based on arrangements used in South Oxfordshire, by other authorities and reflects best practice. It has been expanded to cover:

   - collection point for emptying wheeled bins
   - side waste
   - overfilled, overweight or compacted bins and bin lids
   - stolen or missing bins
   - responsibility for bins and damage to bins
   - contaminated bins
   - numbers on bins
   - properties unsuitable for use of wheeled bins
   - assisted collections
   - large families or residents producing large amounts of waste.

Options

6. The alternative to approving the report and adopting the policy would be to allow householders choice as to the type, quantity and size of bins, whether they have sacks, and choice of collection point. This would lead to less efficient collections, much greater cost, potential contractual breach by the council, cause inconsistent standards of collection, which will cause inequalities, result in greater customer complaints and possible maladministration.

Financial, legal and any other implications

7. The service to provide larger recycling bins to individual residents will only take effect once all the standard size wheeled bins have been delivered and residents have had the opportunity to try them out.

8. In South Oxfordshire, four hundred households have requested a larger recycling bin, at a cost of approximately £70 per household for the larger bin and the bin exchange.

9. The new contract and wheeled bin procurement has been fully costed in the council's budget. The contract and relevant budgets rely on the adoption of a clear and unambiguous policy that is consistent with South Oxfordshire District Council's. Any significant deviation from the recommended policy is likely to require significant additional budgetary provision. Any significant deviation may also be contrary to the new Verdant contract, which could require re-negotiation and increased cost.

10. Under the Environmental Protection Act 1990, the council is able to stipulate the type of container that will be collected as part of its statutory duty to collect waste.

11. A resident can opt out of the service and dispose of the waste themselves. A decision by the resident to not have their waste collected will not incur any refund or reduction of council tax.

Conclusion

12. As the council has never collected waste and recycling from wheeled bins, officers need a clear policy to help deal with the issues arising from their use, which the attached appendix provides.

Background papers: None

Appendix 1

Scope

About the service

- Collection point for emptying wheeled bins
- Side waste
- Overfilled, overweight or compacted bins and bin lids
- Stolen or missing bins
- Responsibility for bins and damage to bins
- Contaminated bins
- Numbers on bins

Exemptions to the standard service

- Rules covering exemptions to the standard service
- Arrangements for properties unsuitable for use of wheeled bins
- Assisted collections
- Large families or residents producing large amounts of waste

Policy:

1. The service comprises:

- a weekly collection of food waste from a small lockable bin
- a fortnightly mixed recycling collection in a wheeled bin
- a fortnightly rubbish collection of non recyclable waste in a wheeled bin
- a chargeable “opt-in” fortnightly collection of garden waste in a wheeled bin

2. The standard provision of bins:

- 240 litre wheeled bin for mixed recycling
- 180 litre wheeled bin for non recyclable, residual waste
- 23 litre bin for food waste (with a 7 litre caddy to use in the kitchen)

   Only bins supplied by the Council will be emptied (unless otherwise agreed as part of the exemption policy).

Collection point for emptying wheeled bins

3. The inside edge of the property’s boundary (unless otherwise agreed). This should be at the point nearest to the road or pavement and no more than one metre away from the boundary edge.

4. Bins must not be placed in such a way that they will cause an obstruction to pedestrians and road users.

5. Bins should not be put out earlier than 6.00pm on the day before collection, or later than 7.00am on the day of collection. The handles should be facing outward.

6. If the bin is not at the correct collection point by the time the vehicle arrives, the contractor is not required to empty the bin.

Side waste

7. The standard bins or sacks are considered large enough to hold all household waste produced between collections. Side waste will only be collected under the following circumstances:

- where collections have been delayed by more than the agreed number of days (i.e. bank holidays or contractor failures or suspension of service due to severe weather conditions)
- collection changes over the Christmas and New Year period

8. If side waste is presented, the contractor will leave a note explaining the reason for non-collection.

Overfilled or overweight bins

9. Bins should not be overfilled so that the lid does not shut completely. If an overfilled bin is left unemptied, the contractor will leave a note explaining the reason for non-collection.

10. Bins should not be so overweight that the contractor is unable to move it to the vehicle to be emptied. If an overweight bin is left unemptied, the contractor will leave a note explaining the reason for non-collection.

Stolen or missing bins

11. Wheeled bins remain the property of the council at all times. They should remain with the property if occupancy changes.

12. The householder is responsible for keeping the bins safe and reporting any bins that are lost or stolen. The council reserves the right to charge for any replacements.

Responsibility for bins and damage to bins

13. The householder is responsible for keeping bins in a safe, clean and tidy condition and should not deface them.

14. The council will replace bins that become damaged through normal wear and tear. Any damaged by the contractor will be repaired or replaced at his expense. A charge may be made to the householder to replace any bins damaged as a result of misuse.

Contaminated bins

15. Contaminated bins will not be emptied. The contractor will leave a note explaining the reason for non-collection.

16. If the householder requires the council to arrange for the emptying of contaminated bins, a charge may be made.

17. Food waste caddies can only be lined with biodegradable liners or newspaper.

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Exemptions to the standard service

18 To qualify for an exemption from using wheeled bins, one or more of the following criteria must be met:

a) the property is in an article 4(2) direction area* and the bins would have to be kept at the front of the property at all times. There are currently no 4(2) areas in the Vale.

b) there is not enough space between the front door and the pavement or rear edge of the road. Wheeled bins would therefore cause an obstruction and there is no alternative collection point.

c) there is no reasonable rear or side access and the useable front area is too small to accommodate the bins.

d) it is impractical to pull wheeled bins out for collection, for example across uneven ground or a considerable distance.

e) the wheeled bins have to be kept in a location that may present a security risk to the property.

f) the property has multiple occupants, e.g. flats with communal refuse storage arrangements.

g) the property is accessed via steep inclines or steps, so making it impractical for using wheeled bins.

h) any other exceptional circumstance as requested by residents and agreed by the council.

19 Properties in receipt of an exemption from using wheeled bins for recycling and residual waste, will still receive a weekly food waste collection using the container provided.

Arrangements for properties unsuitable for use of wheeled bins

20 Four green recycling bags per fortnight and three pink rubbish bags per fortnight will be provided. Waste placed in other bags will not be collected, subject to the exceptions referred to in paragraph 8.

21 The requirements of collection points will be as previously described.

Assisted collections

22 Assisted collections will be arranged for householders who, by virtue of age or infirmity, are unable to take the waste to the collection point. These will only be agreed if there is no able-bodied adult occupant.

Large/small families or residents producing large/small amounts of waste

23 Larger 360 litre recycling bins will only be provided if the property has six or more occupants.

24 If an occupant has a medical condition requiring larger residual waste storage capacity (such as disposal of incontinence pads), an additional 180 litre wheeled bin may be provided. The council may provide an extra bin for families with at least two nappy wearing children.

25 Smaller wheeled bins are not provided. The cost and practicalities of offering alternative size bins on request would not be sustainable in the long run.

Executive Committee

5 February 2010

Report of: **Head of Planning** Report no. 107/09

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Charging for pre-application planning advice

Recommendation

That approval is given to charging for providing pre-application planning advice on major and minor applications from 01 April 2010.

Purpose of report

1. This report requests the executive's agreement in principle to introduce a scheme of charging for giving pre-application planning advice. As of 1 February the new scheme of delegation gives authority to directors and each head of service to determine the fees and charges to be levied for all council services, (excluding car parking charges) in consultation with the relevant cabinet / executive member and opposition leader

Relationship with corporate plan

2. The report accords with the strategic objective of managing our business effectively.

Background

3. The council currently provides pre-application planning advice free of charge and responded to approximately 600 requests during 2009. This can be time consuming and it is not included in the cost of determining planning applications. Not all requests for pre-application advice subsequently lead to a planning application being submitted. A recent review of costs versus income highlighted the need to introduce a scheme of charging and so recover the cost of providing the service.

4. The Planning Advisory Service (PAS) notes that developers and their agents broadly accept charging for pre-application advice. This is provided they receive timely access to a planning officer and carefully considered and constructive written advice at the end of the pre-application advice process.

5. Under current arrangements matters other than determination of planning applications cannot be given priority due to resource constraints. Pre-application advice is fitted in around other workloads. If we introduce pre-application charging we will set clear service standards so that clients are clear about what to expect from the service.

6. Increasing numbers of councils are introducing charging, including South Oxfordshire District Council and Oxford City Council. Most charge for "Major" (i.e. developments of ten or more dwellings or 1,000 sq m or more floor area) and "Minor" (i.e. developments of up to nine dwellings or 1,000 sq m floor area) proposals. Fewer currently charge for advice on "Other" proposals (i.e. householder developments, listed building/conservation works, advertisements and changes of use of land or buildings).

7. We estimate that providing pre-application advice on "Major" and "Minor" proposals will generate an annual income of about £20,000.

8. A written protocol of the agreed scheme will need to be set up and placed on the website. In addition, PAS advises that local agents and "major local players" need to be informed prior to the charging scheme being introduced, and the scheme needs to be reviewed every six months and possibly amended in the light of experience.

Options

9. There is the option to charge for all pre-application advice – i.e. Major, Minor and Other proposals. However, the planning advisory service (PAS) advises that charges are more appropriate for significant commercial development rather than householder proposals. In addition, most other councils that have introduced charging do not charge for householder proposals as home owners are most likely to be put off entering into a dialogue with the council prior to the submission of their application if they have to pay a fee in addition to the application fee. It also needs to be remembered that there is no fee for submitting applications for listed building consent or conservation areas. We do not therefore recommend that charging is introduced for giving pre-application advice for "Other" proposals, provided the enquiry takes no more than half an hour of officer time. A charge will be made if the advice exceeds half an hour although this is unlikely.

10. PAS also says that developers prefer fixed fees (rather than an hourly rate) as these are unambiguous and easy to administer. Therefore, it is recommended that fees are fixed.

11. Charging levels need to take into account the nature of the service provided. A variable scale of charges is recommended to reflect the following four options:

    i. written response only
    ii. written response following a meeting in the office

iii. written response following a meeting in the office and a site visit
iv. package of work involving meetings and ongoing advice in the preparation of significant major applications

12. We intend to set the fee rates at a similar level to those recently introduced by South Oxfordshire District Council.

13. We consider it inappropriate to charge for any advice relating to enforcement cases (as it is in the interest of all parties to discuss such matters openly and expeditiously without the hindrance of charging), advice to town/parish councils/meetings, and proposals relating directly to the needs of someone with a disability.

Financial, legal and any other implications

14. It is estimated that this proposal will generate an annual income of about £20,000. The mechanism for charging for a discretionary service is set out under the Local Government Act 2003. From 1 February 2010 (new Constitution), the head of planning in consultation with the executive member for planning and the opposition leader can authorise the level of charges.

Conclusion

15. The introduction of charges for pre-application planning advice for Major and Minor applications is an appropriate way for the council to recover its costs for providing such a service. The scale of charges will be set by the head of planning in accordance with the Constitution.

Background papers: - None

Executive

5 February 2010

Report of **Head of HR, IT and CS**

Report No.106/09

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Wards affected: None

Review of payroll administration

Recommendations

1. *that the basis of the payroll administration service be changed to that of a shared service, subject to South Oxfordshire District Council being in agreement;*

2. *that, should recommendation (1) be agreed, the payroll administration service continues to be part of the Ridgeway Shared Service Partnership; and*

3. *that the authority to agree the date of any such change be delegated to the Strategic Director and Chief Finance Officer*

4. *to authorise the Legal Services Manager to vary the existing agreement between South Oxfordshire DC and the Vale to incorporate the new arrangements for the payroll service.*

Purpose of report

1. This report concerns the way the Council administers payroll at present and recommends a change from a client-contractor basis to become a shared service in the same way that Accountancy, Audit, Fraud and the Revenues and Benefits Client Team are.

Relationship with corporate plan

2. This report supports the corporate plan in that it helps to manage the council's business effectively and provides value for money that meets the needs of our residents and service users.

Background

3. When the joint financial services contract with SODC came into operation in July 2006, Capita took on part of the processing of payroll, while the in-house staff remained responsible for other activities such as inputting of data. To improve resilience and operational efficiency, it was agreed with SODC that SODC would take on the non-Capita activities of the Vale's payroll from February 2008 in return for an index-linked payment of £40,000pa. One member of staff transferred to SODC under the TUPE regulations.

4. Under the current contractual arrangement.SODC bears all of the risks associated with running the payroll service, including the financial risk of increased costs, whilst the Vale can exercise very little control over the service. This is seen now as being inequitable given the closer working of the two authorities. Since the transfer, various staffing and technical difficulties have arisen in Payroll which are being addressed by South, at South's cost. In order to ensure that the difficulties and risks are jointly owned and managed it is sensible to change the nature of the relationship between the councils in respect of the Payroll service.

5. What is therefore proposed is to change this to being a shared service under the umbrella of the Ridgeway Shared Service Partnership. This will better reflect the arrangements needed for future development of the service. It would also allow for a sharing of any additional costs/savings which arise.

Options

6. The alternative would be to leave the arrangement as one of contractor-client. William Jacobs, as the SODC contractor head of service, has indicated that it would not be possible for the current level of service to continue to be provided at the current level of payment. He would therefore need to recommend that SODC cease to provide the service. If this were to occur, Vale would have to procure another payroll provider at short notice and significant disruption.

7. Irrespective of any short term solution, both councils are keen to explore long-term solutions, including outsourcing, and a further options report will need to be considered by both councils within the next year.

Financial, legal and any other implications

8. Financially, the Payroll service is under review currently to ensure it is adequately resourced. The change to a shared service, sharing the increased costs since the contract sum was agreed, will increase the Vale's annual payroll costs by £10,000, which is the subject of a revenue growth bid.

9. In legal terms, the current arrangement is based around an acceptance by the Vale of a proposal from South. The arrangement can therefore be altered by mutual agreement. The recommended shared service arrangement would mirror those shared services already formed under the Ridgeway Shared Services Partnership agreement as Payroll would formally become part of the joint Finance service area.

Conclusion

10. This report recommends a revised SODC-Vale Payroll shared service arrangement rather than continuing a formal contractor-client split.

Background papers: Delegated Executive Decision Form 03.12.07
SODC proposal to manage/ administer a payroll service for vale of white horse district council and others dated 13.09.07