



## FINANCE & RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

### AGENDA

**TUESDAY 04 JUNE 2013 AT 7.30 PM**

### **BULBOURNE ROOM, CIVIC CENTRE, HEMEL HEMPSTEAD**

The Councillors listed below are requested to attend the above meeting, on the day and at the time and place stated, to consider the business set out in this agenda.

Cllr Adeleke	Cllr N Hollinghurst
Cllr Ayling	Cllr Marshall
Cllr B Chapman (Chairman)	Cllr Organ
Cllr Clark	Cllr Taylor
Cllr Collins	Cllr Townsend (Vice – Chairman)
Cllr Doole	Cllr W Wyatt - Lowe

(Substitute Members: Cllrs Anderson, Elliot, Harris, McKay)

For further information, please contact Louise Collins on Tel: 01442 228 633, Fax: 01442 228264, e-mail: [louise.collins@dacorum.gov.uk](mailto:louise.collins@dacorum.gov.uk). Information about the Council can also be found on our web-site: [www.dacorum.gov.uk](http://www.dacorum.gov.uk)

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## **1. MINUTES**

To confirm the minutes of the meetings held on Tuesday 5<sup>th</sup> March 2013 (circulated separately).

## **2. APOLOGIES FOR ABSENCE**

To receive any apologies for absence.

## **3. DECLARATIONS OF INTEREST**

To receive any declarations of interest

A member with a disclosable pecuniary interest or a personal interest in a matter who attends a meeting of the authority at which the matter is considered -

(i) must disclose the interest at the start of the meeting or when the interest becomes apparent

and, if the interest is a disclosable pecuniary interest, or a personal interest which is also prejudicial

(ii) may not participate in any discussion or vote on the matter (and must withdraw to the public seating area) unless they have been granted a dispensation.

A member who discloses at a meeting a disclosable pecuniary interest which is not registered in the Members' Register of Interests, or is not the subject of a pending notification, must notify the Monitoring Officer of the interest within 28 days of the disclosure.

Disclosable pecuniary interests, personal and prejudicial interests are defined in Part 2 of the Code of Conduct For Members

[If a member is in any doubt as to whether they have an interest which should be declared they should seek the advice of the Monitoring Officer before the start of the meeting]

## **4. PUBLIC PARTICIPATION**

An opportunity for members of the public to make statements or ask questions in accordance with the rules as to public participation.

## **5. CONSIDERATION OF ANY MATTER REFERRED TO THE COMMITTEE IN RELATION TO CALL-IN**

None.

## AGENDA ITEM: 6

### SUMMARY

<b>Report for:</b>	<b>Resources Overview &amp; Scrutiny</b>
<b>Date of meeting:</b>	<b>4 June 2013</b>
<b>PART:</b>	<b>1</b>
If Part II, reason:	

<b>Title of report:</b>	<b>Risk Management Report Q4 2012/2013</b>
Contact:	Councillor Nick Tiley Portfolio Holder for Finance Resources Sally Marshall, Director Finance & Corporate Services Linda Dargue, Insurance & Risk Manager
Purpose of report:	(1) To provide the Q4 report on the Strategic Risk Register (2) To provide the Q4 report on the Operational Risk Registers (3) To advise that a review of the Strategic Risk register be undertaken in the light of the content of the Corporate Plan 2012 -2015 (4) To present the revised draft Risk Management Strategy for comment and approval (5) To present the revised draft Dacorum Guide to Managing Risk
Recommendations	1. That the content of the report is noted and recommended to Cabinet for approval together with any associated comments.
Corporate objectives:	Dacorum Delivers – Risk management is an essential part of ensuring that the Council meets all of its objectives
Implications:	<u>Financial</u>  None identified.
'Value For Money Implications'	<u>Value for Money</u> Risk management is closely linked to the Council's commitment to ensure that all resources are used efficiently and forms part of effective financial planning. The Council also needs to ensure that adequate provisions are in place to address anticipated risks but that these are no greater than necessary so that maximum resources are applied to services as required. To this end the Council sets minimum target working balances for both the general fund and HRA and at the date of this report this minimum balances are secured. Budget exercises for 2012/13 have ensured that the minimum balance requirements will also be met for the next financial year.

Risk Implications	Effective risk management is an important factor in all policymaking, planning and decision making.  Failure to manage risk effectively could have serious consequences for the Council leading to increased costs, wasted resources, prosecution and criticism under external assessments
Equalities Implications	Not applicable
Health And Safety Implications	Not applicable
Consultees:	CMT
Background papers:	Risk Management working paper files  Report to CMT 14 May 2013

## BACKGROUND

1. The revised Strategic Risk register showing the position at the end of Q4 is attached at Appendix A for ease of reference. The table below shows a comparison of the risk scores from quarter 3 2012/13.

Risk	Q3 12/13	Q4 12/13
F1 –Resource base affected by slow recovery from recession resulting in lack of funds to deliver in commitments and policies	4	4
F2 – Lack of effective procurement and contract management	6	6
F3 – Failure to achieve identified savings to ensure that the budget remains balanced	4	4
I2 – Failure to effectively manage health and safety	4	4
M1 – Failure to plan for change and growth in the Borough and to deliver required regeneration and restructure	9	9
M2 – Failure to shape services based on robust understanding of customer’s needs	4	4

R1 – Failure to align political aspirations for service delivery with budget pressures	3	3
R2 – Failure to respond to the opportunities presented by the Localism Bill	8	8

2. There have been no new risks added to the Strategic Risk Register during 2012/13 and there has been very little change in the risk scores during this time. This is due in part to the majority of the risk scores being in the low risk category, so there is little room for change.
3. With regard to M1, relating to regeneration and restructure then it is likely that this risk score will remain at the same level, until such times as the various projects are completed.
4. Looking to the future the Strategic Risk Register will be reviewed to better reflect the Council's present position. Consideration will be given as to whether or not some of the above risks can still now be regarded as posing a significant risk to the achievement of the Council's objectives. A revised Strategic Risk Register will form part of the 2013/14 Quarter 1 report.
5. The following table shows those operational risks where the risk score has changed since Quarter 3.
6. There have been a number of changes in residual risk scores on the operational risk registers during quarter 3. In the main the risk scores have reduced, reflecting the completion of risk control measures. Assistant Directors will be able to provide a more detailed explanation as required of any changes within their respective areas when they present their performance and risk reports to the relevant overview and scrutiny committees.

<b>Risk</b>	<b>Resp Off</b>	<b>Q3</b>	<b>Q4</b>
LDR F01 – Lack of resources to be able to spend the appropriate time analysing the Council's 3 <sup>rd</sup> party expenditure	SB	3	8
LDR F02 – Lack of resources to be able to design and implement a Category Management approach to the Council's 3 <sup>rd</sup> party expenditure	SB	3	6
LDR M01 – Failure to reach our most vulnerable citizens, in particular the elderly and disabled in the provision of housing assistance, grant aid schemes	SB	3	4
LDR R04 – Failure to have a robust system in place to deal with contingencies	SB	4	8
PDR R01 – Local Development Framework fails to meet milestones in Local Development Scheme	J Doe	6	9

7. Both the Risk Management Strategy and the DBC Guide to Managing Risk have been reviewed and updated. The draft revised versions are attached at Annex B and C for information. Changes have been made in the following areas:
  - The reporting of operational risk registers to the relevant Overview and Scrutiny committee. This provides Members with an opportunity to consider the risks within their specific areas

- Updating the Guidance in relation to the completion of the risk registers on Corvu. In particular with regard to risk owners ensuring that the Assurance and Risk Owner comment columns are completed. This enables explanations to be given as to any changes in risk scores or equally reasons why the risk score has remained the same.
  - Updating the Guidance in relation to Project risks, in particular the addition of a new template for recording such risks
8. It is hoped that the implementation of these changes will further improve the Council's overall management of risk.























































































**AGENDA ITEM: 7a**

**SUMMARY**

<b>Report for:</b>	<b>Finance and Resources Overview &amp; Scrutiny Committee</b>
<b>Date of meeting:</b>	<b>4<sup>th</sup> June 2013</b>
<b>PART:</b>	<b>1</b>
If Part II, reason:	

<b>Title of report:</b>	<b>Performance Report Quarter 4 – Legal Governance and Democratic Services</b>
Contact:	<p>Cllr Neil Harden, Portfolio Holder for Residents and Regulatory Services (in respect of Legal Governance)  Cllr Andrew Williams, Leader of the Council (in respect of Democratic Services)</p> <p>Author/Responsible Officers:</p> <p>Steven Baker, Assistant Director (Legal, Democratic &amp; Regulatory)</p> <p>Mark Brookes, Group Manager (Legal Governance)  Jim Doyle, Group Manager (Democratic Services)</p>
Purpose of report:	To provide Members with the performance report for quarter 4 in respect of Legal Governance and Democratic Services.
Recommendations	That Members note the report.
Corporate objectives:	Resources and Value For Money; Optimise Resources and Implement Best Practice.
Implications:	<u>Financial</u>
	None.
‘Value For Money Implications’	<u>Value for Money</u> Monitoring Performance supports the Council in achieving Value for Money for its citizens.
Risk Implications	Risk Assessment completed for each service area as part of service planning and reviewed quarterly.
Equalities Implications	Equality Impact Assessment completed for each service area as part of service planning and reviewed quarterly.

Health And Safety Implications	None
Consultees:	Cllr Neil Harden, Portfolio Holder for Residents and Regulatory Services
Background papers:	Annex 1 : Quarter 4 Performance Report Annex 2: Quarter 4 Updated Operational Risk Register

1. Members will find attached to this report the performance data for Legal Governance and Democratic Services and the Operational Risk Register in relation to the final quarter of 2012/13. Generally speaking the data does not reveal any major issues for concern. Set out below is some additional information about the performance of the services during quarter 4 which may be of interest to Members of this Committee.
2. The Council's Licensing Team, which deals with taxi/private hire, alcohol, entertainment, gambling, animal welfare and a range of other licensing matters across the Borough was moved to the Legal Governance Group from Regulatory Services in May 2012. Historically, the Licensing Team has reported to the Housing and Community Overview and Scrutiny Committee. However, in order to align the Licensing Team with the rest of the Legal Governance Group the functions and performance of the Licensing Team will now be reported to Finance and Resources.

#### Legal Governance

3. Legal Governance continues to be heavily involved in many of the Council's critical projects. In particular, significant legal support is being provided in relation to the Public Service Quarter project, the strategic procurement of Housing Maintenance (now referred to as the Total Asset Management contract), the outsourcing of the Customer Service Unit and the Council's New Build Housing project.
4. Key developments in relation to the above projects during the last quarter include:
  - The completion of the conditional contract for the sale of the Civic Centre site to West Herts College and Morrisons.
  - The acquisition of the Magistrates Court and 39 The Marlowes to facilitate the decant and the regeneration of the Civic Zone.
  - The acquisition of St Peter's Church, Galley Hill and 183a London Road to facilitate the New Build project.
  - The development and legal audit of procurement documentation required to commence the procurement process for the selection of a development partner for the Civic Zone regeneration.
5. The Council has seen a significant increase in the number of Right to Buy transactions during 2012/13 following the increase in the available discount from £34,000 to £75,000 in April 2012. The year-end figures evidence total sales of 48 houses and 12 flats compared to 4 houses and 4 flats in the previous year. The Legal Team deal with all the conveyancing transactions for these sales, which has meant a significant increase in workload. However, the team have continued to progress the sales in an efficient and timely manner bringing in total receipts of over £6.5m for the Council.

6. The Legal Team support many important and strategic development projects and in the last quarter completed S.106 agreements on three important development sites within the Borough at Farm Place, Berkhamsted, Manor Farm, Markyate and the Rose & Crown Hotel, Tring. The agreements secured important community benefits including affordable housing and commuted sums to meet infrastructure requirements.
7. The Legal Team frequently represent the Council in the courts and tribunals, leading on injunctions, prosecutions and defending employment tribunal cases. Key cases to note from the last quarter include:
  - 2 anti-social behaviour injunctions
  - 1 food safety prosecution relating to a rat infestation in a retail shop
  - 1 successful defence of an employment tribunal claim alleging racial discrimination.
8. The Licensing Team has made excellent progress under the guidance of their team leader Ross Hill in the last 12 months particularly with regard to policy and procedure development. Key developments to highlight include:
  - Approval and publication of a revised Gambling Act Statement of Principles
  - Approval and publication of a revised Licensing Enforcement Policy
  - Review and setting of a new fee schedule for all licensing fees. The fee review is projected to bring in an additional income of £30,000 for 2013/14.
  - Approval and publication of new expanded guidelines on considering the fitness and propriety of applicants for taxi driver licences (replacing previous guidelines covering convictions only)
  - Various updates to taxi licensing policies and procedures, including new application forms for vehicles, and consultation and preparatory work for further changes to vehicle, driver and operator licensing over the coming year
  - Replacement of the printed newsletter with a new electronic newsletter for the licensed taxi trade, saving £500 per issue and allowing for more frequent and timely communication with the trade
  - Introduction of new style ID badges for taxi drivers, delivering a more professional looking product for 35% less cost (shortly to be extended to personal alcohol licence badges)
  - Introduction of an electronic driving licence verification service, to reduce delays in processing taxi driver licence applications
  - Efficient and timely processing of taxi, premises and other licence applications, which are critical to support the Borough's economy and well-being.
9. Licensing officers have also responded to national legislative consultations, in particular the Law Commission's review of taxi and private hire licensing laws, and the Home Office's proposed amendments to alcohol and entertainment licensing laws. Preparatory work has also been undertaken for the imminent commencement of a new, more robust licensing system for scrap metal dealers and vehicle breakers.

#### Operational Risk Register

10. At the last meeting of the Finance and Resources Overview and Scrutiny Committee on 30<sup>th</sup> January 2013 the question was asked what justification was there for reducing the risks on the report as in previous reports there had been no change. A detailed explanation for the changes was provided to Members in March. In the main, the residual risk scores



were changed following a review undertaken in conjunction with the relevant Group Manager and largely reflected the completion of the risk control measures.

11. The opportunity was taken to carry out a further review of the risk register as a result of which other changes have been made since the meeting in January. The updated risk register is annexed to this report and the justification for any changes to the risk scores are incorporated in the register.

#### Democratic Services

12. During Quarter 4 Member Support managed and organised the following:

- Published 51 agenda
- Completed 41 sets of minutes
- Spent 5 hours at daytime meetings
- Spent 50 hours at evening meetings
- Processed 22 public speakers at Committee
- Processed 10 Portfolio Holder Decisions

13. This means that the totals for the year 2012/13 were:

- Published 151 agenda
- Completed 126 sets of minutes
- Spent 33 hours at daytime meetings
- Spent 155 hours at evening meetings
- Processed 130 public speakers at Committee
- Processed 67 Portfolio Holder Decision

#### Member Development

14. There were two training sessions for members provided during the final quarter and 34 councillors attended on the following topics:

- Information Security
- Scrutiny Training

15. In total, for the year 2012/13, Councillors attended 13 internal sessions and nine councillors attended external sessions. In total there were 226 attendances at training sessions. Some of these sessions were provided by external providers and most received very positive feedback from those Members who attended.

The target set for Member training was for each Councillor to attend 3 training sessions in the financial year. In fact this year member attendance has averaged 4.4 sessions per councillor and the target has been exceeded.

#### Overview & Scrutiny Review

16. The Overview & Scrutiny function was reviewed as part of the Democratic Services Service Plan 2012/13. We enlisted the support of an external agent to carry out the research and analysis part of the review. He attended Overview & Scrutiny Committees throughout January/February of 2013 and then held workshops with Members and Officers to seek opinions and suggestions. To conclude his part of the review, Nigel Smith provided the Council with suggestions for an improvement plan and carried out a Member training session in March 2013.

Implementation of the improvement plan is to be considered by the Corporate Management Team in June 2013 and the Overview and Scrutiny Committees Chairs Group in July.

### Electoral Services

#### 17. Postal Vote Signifiers Renewal

Throughout January till March 2013, Electoral Registration reviewed and renewed the database of signatures and Dates of Birth (DOB) used during elections to confirm the validity of Postal Votes. They wrote to 6,795 Postal Voters, asking them to renew their signatures and confirm their DOB for our records. Just over 90% returned details which were then scanned into our election database.

Those who did not respond to the first letter were contacted again with a reminder. The final step was to send a last reminder letter giving them an opportunity to reply and alerting them to the fact that if they did not provide these details they were no longer be eligible for a postal vote.

The number of Postal Voters was closely monitored during the run up to the County Council elections in May and was found to be at the expected levels, which would suggest that the renewal exercise was successful in cleansing and updating the postal voting element of the electoral register.

18. Due to the scheduling of the Police and Crime Commissioner Election in November 2012, the Annual Canvass had to be carried out throughout the summer of 2012 instead of in the autumn, as usual.

### Elections

19. In the space of one year Democratic Services have organised and overseen two major elections:

In November 2012 the Police and Crime Commissioner election took place. Reduced turnout and general voter apathy aside, this election still required the same amount of effort to organise and conduct as any other election and in addition was conducted using a voting system new to the electorate and the elections team; giving those involved the opportunity to participate in the centralised count for all of Hertfordshire.

Hertfordshire County Council Elections took place on 2 May 2013, but the work and preparations involved commenced in earnest in January 2013. The elections team met on a regular basis over the intervening months to ensure the conduct of a successful, smooth running election.

A review of the conduct of the election is underway and the views of those involved; Parties, candidates, participants and Agents, is being solicited in order to identify good practice and lessons learned for future elections.

20. In addition to the above the team have also run a County By-election in June 2012 and three other Borough by-elections in Woodhall, Adeyfield and Watling Wards.





















**AGENDA ITEM: 7b**

**SUMMARY**

<b>Report for:</b>	<b>Finance and Resources Overview &amp; Scrutiny Committee</b>
<b>Date of meeting:</b>	<b>4<sup>th</sup> June 2013</b>
<b>PART:</b>	<b>1</b>
If Part II, reason:	

<b>Title of report:</b>	<b>Quarter 4 - 2012-13 Performance Report Strategy &amp; Transformation, Community &amp; Organisation</b>
Contact:	<p>Cllr Neil Harden, Portfolio Holder for Residents and Regulatory Services</p> <p>Author/Responsible Officers:            Shane Flynn – AD Project Governance            Janice Milsom – AD Strategy, Transformation, Community and Organisation            David Gill – Group Manager (Partnerships, Policy and Citizen Insight)</p>
Purpose of report:	To provide Members with the Quarter 4 information 2012-13, for the Directorate.
Recommendations	That Members note the performance for Quarter 4 (end of year) 2012-13.
Corporate objectives:	<b>Dacorum Delivers – Performance Excellence.</b>
Implications:	<u>Financial</u>
'Value For Money Implications'	None.
	<u>Value for Money</u> Monitoring performance supports the Council in achieving Value for Money for its citizens.
Risk Implications	A Risk Assessment is completed for each service area as part of the annual service planning process and is reviewed quarterly.
Equalities Implications	An Equality Impact Assessment is completed for each service area as part of the annual service planning process and is reviewed quarterly.

Health And Safety Implications	None
Consultees:	<ul style="list-style-type: none"> <li>• Cllr Neil Harden – Portfolioholder for Residents and Regulatory Services</li> <li>• CMT</li> </ul>
Background papers:	Attached: <ol style="list-style-type: none"> <li>1. Quarter 4 Performance Indicators report</li> <li>2. Quarter 4 Operational Risk report</li> </ol>
Glossary of acronyms and any other abbreviations used in this report:	<p>CMT – Corporate Management Team</p> <p>CSU – Customer Service Unit</p> <p>CSC – Customer Service Centre</p> <p>CSR’s – Customer Service Representatives</p> <p>ICT – Information, Communications and Technology</p> <p>HR – Human Resources</p> <p>FTE – Full Time Equivalent (staff)</p> <p>CRB - Criminal Records Bureau</p> <p>EDRMS - Electronic Document and Records Management</p> <p>PSQ- Public Service Quarter</p>

## 1 Introduction

Performance reports are produced quarterly from the Council’s performance management system, CorVu. The service performance report for quarter 4 (January to March 2013), shows a summary of the performance information available for these parts of the Performance, Improvement and Transformation directorate. All service based indicators are within tolerance levels. One corporate indicator is not within target and is noted below. Full reports are available on the CorVu Portal, on the Council’s Intranet.

## 2 Performance Indicators:

2.1 One corporate indicator is outside of tolerance levels:

**HR 05a1: The average number of days lost due to sickness absence per FTE in Strategy and Transformation, Community and Organisation;**

The highest areas of sickness absence recorded are in the Customer Services Unit and managers there continue to work with HR staff to monitor absence and disciplinary action has been taken against staff who have recorded unacceptably high levels of sickness. There have also been a small number of long term absences due to serious ill health or surgery. Overall, the frequent short term absences are the main issue for the service managers.

### **3 Service information**

Service managers have reported the following service information for Quarter 4 and 2012/13:

#### **3.1 Key service achievements for 2012/13:**

##### **3.1.1 Communications**

- Keep Warm Stay Well campaign - Mosaic analysis used for a mail shot to residents - initial results show that take up increased by approximately 100 residents in the week following the mail shot. Feedback from residents indicates that the letter prompted them to take up the Keep Warm offer;
- Comprehensive Welfare reform communications resulted in a smooth and effective move to a different system;
- Customer insight analysis and support provided for Housing service Pay your Rent campaign;
- Four issues of Dacorum Digest produced plus numerous booklets and other information for residents; and
- Citizen satisfaction survey undertaken and results used to inform Council services.

##### **3.1.2 Partnerships and Policy**

- Over £100,000 of grant aid distributed to small voluntary and community groups in the Borough;
- Destination Dacorum Community Fair held which showcased services and agencies working across the Borough and prompted joint working;
- New Sustainable Community strategy completed with partners and launched;
- Sports and Arts Policy statements completed outlining the Council's commitment to Sports, Arts and Heritage across the Borough;
- Social Value Policy statement developed – this will leverage additional value for Dacorum from the Council's procurement activities; and
- Introduction of 'Coffee Cart' to Civic centre supporting staff and customers and enabling local voluntary group to develop a funding strategy.

##### **3.1.3 Customer Services Unit**

- Payments line access and usage increased through call direction work;
- Improvements in telephony system completed;
- Customer promise commitments agreed;
- GovMetric customer feedback system rolled out across CSU; and
- 64,000 visitors and more than 250,000 calls dealt with by Customer Service staff

#### **3.2 Future issues/challenges to be addressed**

- Transfer of the CSU to outsourced service will increase pressure on service during transition phase;
- Changes to Voluntary Sector funding arrangements;
- Increased demand for CSU services as Welfare Reform changes become more apparent; and
- Uncertainty about role that the CSU are expected to undertake with Universal Credit changes.

#### **3.3 Efficiencies or innovations demonstrated by the team which support the Council achieving its Priorities**

- Partnerships between CSU and Foodbank, Mitie, Herts Young Homeless and Environment Agency helped local people in Dacorum thrive and prosper;
- Destination Dacorum developed a new Primary Health Care agreement with West Herts Medical Centre providing medical services to staff in businesses around Maylands supporting growth of business and jobs;
- Spotlight on Dacorum place profiles launched on the website providing evidence and statistics supporting development of services, jobs and investment in the Borough; and
- Supporting the Voluntary Sector development of a consortium to allow them to develop sustainable funding sources for the future.

### **3.4 Human Resources**

#### **3.4.1 Key service achievements for 2012/13**

- Processed over 100 new starters;
- CRB checks process improved to cover a wider range of posts;
- Implemented a new Driver License check system;
- Implemented a HEP B programme;
- Awarded Tommy's accreditation for our Maternity policies and procedures;
- Successfully defended Employment Tribunal claims,;
- Transformed the new starter process to improve efficiency;
- Provided sickness absence support and wellness initiatives to reduce sickness absence from 8.4 days to 8.2 days;
- Implemented a new temporary worker solution at Cupid Green through PerTemps; and
- Supported service restructure programmes and a range of corporate projects.

#### **3.4.2 Future issues/challenges**

- Ensuring that the service has sufficient senior resource to represent the authority at a corporate strategic level, to align practices to support the business and also assist with future transformation projects.

### **3.5 ICT and Performance**

#### **3.5.1 Key service achievements for 2012/13**

- ISO140001 status achieved for the Environmental Management System;
- Corvu upgraded and performance reporting processes reviewed and improved;
- Lean process improvement projects carried out in Benefits and on the Capital Programme, leading to measurable improvements;
- Rollout of Remote and Flexible working practices in a number of services across the Council;
- Establishment of a new ICT Data Centre to improve organisational resilience
- Installation of a desktop refresh across the Council;
- Delivery of the Dacorum Anywhere project, to enable remote and flexible working; and
- Development of the Council's approach to the new responsibilities regarding Public Health.

## **4 Risk Management**

The Quarter 4 risk report for the service is attached, with all risks showing as 'amber' and under regular service review















**AGENDA ITEM: 7c**

**SUMMARY**

<b>Report for:</b>	<b>Finance and Resources Overview &amp; Scrutiny Committee</b>
<b>Date of meeting:</b>	<b>4<sup>th</sup> June 2013</b>
<b>PART:</b>	<b>1</b>
If Part II, reason:	

<b>Title of report:</b>	<b>Finance &amp; Resources Performance and Risk report Quarter 4, 2012/13</b>
Contact:	Nick Tiley, Portfolio Holder for Finance & Resources  Author/Responsible Officer: James Deane, Assistant Director (Finance & Resources)
Purpose of report:	To provide the Committee with analysis of performance of services and functions provided by Finance & Resources to 31 March 2012
Recommendations	That the Committee notes the contents of the report and the performance of Finance & Resources for Quarter 4, 2012/13.
Corporate objectives:	The provision of effective financial services and the allocation of resources such as building assets and facilities management support all five of the Council's corporate objectives, with particular reference to the <i>Dacorum Delivers (internal operations)</i> and, through the Revenues, Benefits and Fraud division, <i>Building Community Capacity</i> .
Implications:	<u>Financial</u>  Contained within the body of the report.
'Value For Money Implications'	<u>Value for Money</u>  Contained within the body of the report.
Risk Implications	A Risk Assessment is completed for each service area as part of the annual service planning process and is reviewed quarterly. Updates to the risk register are summarised in this report.
Equalities Implications	An Equality Impact Assessment is completed for each service area as part of the annual service planning process and is reviewed quarterly.
Health And Safety Implications	There are no health and safety implications

Consultees:	Group Manager (Commercial Assets & Property Development) Group Manager (Financial Services) Group Manager (Revenues, Benefits & Fraud)
Background papers:	Finance & Resources Service Plan 2012/13

## 1. Introduction

- 1.1. Performance reports are produced quarterly from the Council's performance management system, CorVu. The service performance report for Quarter 4 (January to March 2013), shows a summary of the performance information available for Finance & Resources. Full reports are available on the CorVu Portal on the Council's Intranet. The data relates to the position as at 31 March 2013.
- 1.2. Detailed performance indicators and commentary on progress against agreed targets and against previous periods are included in Appendix A. Significant variations from performance are considered below.
- 1.3. Appendix B provides updated risk assessments. Changes to risk assessments are summarised in the text of the report.

## 2. Commercial Assets and Property Development

### Performance

- 2.1. Commercial Assets has no indicators in Quarter 4 showing red against the agreed target:

### Risk

- 2.2. There are no changes to the Commercial Assets risk register over the last quarter.

## 3. Financial Services

### Performance

- 3.1. There is one indicator within the Financial Services area showing red against the agreed target:
- FIN01 – Investment income (HRA) forecast against budget** (£162k against an anticipated outturn position of £175k)
- 3.2. Although the HRA investment income budget was set in February 2012 at £150k, the target was amended on CorVu during Quarter 1 to £175k in order to retain a stretching target for the high-performing Treasury team. The original budget of £150k has been exceeded, but continued reduction of the interest rates available over the last quarter mean that the revised target of £175k has not been achieved.

- 3.3. Investment income on the General Fund has achieved target because of higher levels of slippage on the General Fund capital programme leading to more funds than anticipated being available for investment, which has offset the reducing interest rates
- 3.4. .

**FIN03 – General Fund expenditure outturn forecast against budget**

- 3.5. The provisional outturn report elsewhere on this agenda provides detail on the anticipate year-end underspend that was not available at the time the risk register was updated.

**Risk**

- 3.6. There have been no changes to the risk ratings within Financial Services, but updated comments have been included in Appendix B.

**4. Revenues, Benefits & Fraud**

**Performance**

- 4.1. There is one indicator within Revenues and Benefits that shows red against the agreed target:

**RBF01 – Average time taken to decide a new claim for Housing Benefit or Council Tax Benefit (32.8 days against a target of 23)**

- 4.2. There has been significant workload pressures on the Revenues and Benefits team during Quarter 4 due to the necessary focus on preparing for the implementation of Welfare Reforms scheduled for April 1 2013, which has contributed to this disappointing result.
- 4.3. Service improvements derived from the increasingly established productivity initiatives (including flexible working and the Liberata partnership) should see improvement in this area in the coming year.

**Risk**

- 4.3 There were no changes to the risk scores for this area in Quarter 4.





















## AGENDA ITEM: 8

### SUMMARY

<b>Report for:</b>	<b>Finance and Resources Overview and Scrutiny Committee</b>
<b>Date of meeting:</b>	<b>4<sup>th</sup> June 2013</b>
<b>PART:</b>	1
If Part II, reason:	

<b>Title of report:</b>	<b>Provisional Outturn 2012/13</b>
Contact:	Cllr Nick Tiley, Portfolio Holder for Finance and Resources James Deane, Assistant Director (Finance and Resources)
Purpose of report:	To provide details of the provisional outturn position for the: <ul style="list-style-type: none"> <li>· General Fund</li> <li>· Housing Revenue Account</li> <li>· Capital Programme</li> </ul> <p>To provide details of proposed transfers to and from earmarked reserves.</p>
Recommendations	That Committee note the provisional outturn position for the Council.
Corporate objectives:	This report supports all of the Council's Corporate Objectives.
Implications:	Financial and Value for Money implications are included within the body of the report
Risk Implications	Risk implications are included within the body of the report.
Equalities Implications	There are no equality implications.
Health And Safety Implications	There are no health and safety implications.

Monitoring Officer/S.151 Officer Comments	<p><b>Deputy Monitoring Officer:</b> No further comments.</p> <p><b>S.151 Officer</b> This is a Section 151 Officer report.</p>
Consultees:	Budget Managers.
Glossary of acronyms and any other abbreviations used in this report:	<p>GF – General Fund HRA – Housing Revenue Account LDF – Local Development Framework</p>

## 1. Introduction

1.1 The purpose of this report is to outline the Provisional Outturn for 2012/13, prior to the closure of the accounts. Outturn is reported for the following:

- General Fund
- Housing Revenue Account (HRA)
- Capital Programme

The report also presents proposed movements to and from reserves.

## 2. General Fund Revenue Account

2.1 The General Fund (GF) revenue account records the income and expenditure associated with all Council functions except management of the Council's housing stock. This is accounted for within the Housing Revenue Account (HRA) (see Section 6).

2.2 Appendix A separates General Fund expenditure into controllable and non-controllable categories in order to focus scrutiny on those controllable areas that officers are able to influence.

2.3 The majority of non-controllable costs result from year-end accounting adjustments, e.g. depreciation charges, which are required to show the true value of resources used to provide the Council's services, but which do not result in a cash charge to taxpayers. As these costs will not be known until work on the annual accounts is complete, the forecast outturn for all areas is shown as on budget.

2.4 The table below provides an overview by Scrutiny area of the provisional outturn for controllable budgets within the General Fund.

	Revised Budget £000	Provisional Outturn £000	Forecast Variance	
			£000	%
Finance & Resources	11,297	11,014	(283)	-2.5%
Strategic Planning & Environment	6,255	5,805	(450)	-7.2%
Housing & Communities	2,163	1,735	(428)	-19.8%
<b>Total</b>	<b>19,715</b>	<b>18,554</b>	<b>(1,161)</b>	<b>-5.9%</b>

2.5 The following sections provide a subjective analysis of provisional outturn by Scrutiny area.

### 3. Finance and Resources

Finance & Resources	Controllable Budget £000	Forecast Outturn £000	Forecast Variance	
			£000	%
Employees	11,465	11,457	(8)	-0.1%
Premises	2,084	1,937	(147)	-7.1%
Transport	40	41	1	2.5%
Supplies & Services	4,717	4,763	46	1.0%
Third-Parties	255	214	(41)	-16.1%
Transfer Payments	56,788	56,788	0	0.0%
Income	(64,052)	(64,186)	(134)	-0.2%
	<b>11,297</b>	<b>11,014</b>	<b>(283)</b>	<b>-2.5%</b>

#### 3.1 Premises – £147k under budget (7.1%)

The majority of the underspend (£132k) has arisen because of a Business Rates refund received during March relating to Hemel Sports Centre.

#### 3.2 Third Parties – £41k under budget (16.1%)

The underspend relates to internal and external audit costs being less than budgeted due to savings on the changeover of audit providers.

#### 3.3 Income – £134k over achieved (0.2%)

The provisional outturn reflects an over achievement of income in the following areas:

- £45k arising from increases in the number of sales of pre-purchased grave spaces.
- £154k from Investment Properties due to the successful implementation of retrospective rent reviews since the revised budget process.

#### 4. Strategic Planning and Environment

Strategic Planning and Environment	Controllable Budget £000	Forecast Outturn £000	Forecast Variance	
			£000	%
Employees	8,024	7,997	(27)	-0.3%
Premises	834	877	43	5.2%
Transport	1,448	1,458	10	0.7%
Supplies & Services	5,805	5,541	(264)	-4.5%
Third-Parties	77	96	19	24.7%
Income	(9,933)	(10,164)	(231)	-2.3%
	<b>6,255</b>	<b>5,805</b>	<b>(450)</b>	<b>-7.2%</b>

##### 4.1 Supplies and Services – £264k under budget (4.5%)

The outturn reflects two major areas of underspend, which are detailed below:

- The timing of consultancy costs on the PSQ project has resulted in an in-year underspend of £125k.
- £110k of the expected costs involved in the inspection of the Local Development Framework documents supporting the Council's Spatial Planning Strategy will not now be incurred until 2013/14. The budgeted draw down from the LDF reserve will therefore be reduced by £110k to ensure that the funds are available in the year the expenditure is incurred.

##### 4.2 Income - £231k over achieved (2.3%)

The Provisional outturn reflects an over achievement of income in the following areas:

- 100% occupancy levels achieved at the Maylands Business Centre, compared to the 90% level forecast within the budget (£48k).
- Local Sustainable Transport Funding of £34k was agreed in year and received in quarter 4 of 2012/13.
- An improving level of demand has resulted in Building Control fees outperforming the revised budget by £44k and Land Charge outperforming the revised budget by £36k.

## 5. Housing and Community

Housing & Community	Controllable Budget	Forecast Outturn	Forecast Variance	
	£000	£000	£000	%
Employees	3,195	3,192	(3)	-0.1%
Premises	400	438	38	9.5%
Transport	49	48	(1)	-2.0%
Supplies & Services	2,324	1,976	(348)	-15.0%
Third Parties	25	25	0	0.0%
Transfer Payments	5	5	0	0.0%
Income	(3,835)	(3,949)	(114)	-3.0%
	<b>2,163</b>	<b>1,735</b>	<b>(428)</b>	<b>-19.8%</b>

### 5.1 Supplies and Services - £348k under budget (15%)

The major area of underspend relates to £250k slippage on garage maintenance. The works are planned for completion early in 2013/14.

### 5.2 Income - £114k over achieved (3.0%)

Provisional outturn reflects over achievement of income in the following areas:

- £40k relating to rental income now recovered through housing benefits, in relation to tenants at Leys Road hostel (homelessness accommodation).
- £49k due to a higher than expected level of taxi licence fee income.

## 6. Housing Revenue Account (HRA)

6.1 The HRA is a ring-fenced account relating to the Council's Landlord functions. A guiding principle of the HRA is that revenue raised from rents and service charges must be sufficient to fund expenditure incurred. The forecast outturn position for the HRA is shown at Appendix B.

6.2 The provisional HRA balance at the end of 2012/13 is £3.299m after a proposed transfer to reserves of £12m, subject to final outturn.

6.3 The provisional operating surplus is £11.285m - £52k (0.47%) more than the revised surplus of £11.233m. Significant variances are as follows:

### 6.4 Dwelling Rents - £164k over achieved (0.3%)

This is the combined impact of more effective voids management, new tenants moving straight to target rent, and an improved collection rate.

## 6.5 Repairs & Maintenance - £211k over budget (2.23%)

There has been an increase in demand-led expenditure for responsive and void repairs of £558k, this has been partly offset by a £447k underspend in the planned maintenance budget. The balance between planned and responsive repairs will be closely monitored in 2013/14.

## 7. Provisional Capital Outturn

7.1 The provisional capital outturn position is summarised in the table below, by Scrutiny area. An analysis of major variations is also set out below and Appendix C shows the provisional outturn by scheme.

	Revised Budget £000	Provisional Outturn £000	Slippage £000	Forecast Variance	
				£000	%
Finance & Resources	7,028	6,196	789	(43)	-0.6%
Strategic Planning & Environment	2,597	2,633	240	276	10.6%
Housing & Community	1,549	1,292	(56)	(313)	-20.2%
<b>G F Total</b>	<b>11,174</b>	<b>10,121</b>	<b>973</b>	<b>(80)</b>	<b>-0.7%</b>
<b>HRA Total</b>	<b>20,685</b>	<b>18,184</b>	<b>1,771</b>	<b>(730)</b>	<b>-3.5%</b>
<b>Grand Total</b>	<b>31,859</b>	<b>28,305</b>	<b>2,744</b>	<b>(810)</b>	<b>-2.5%</b>

## 7.2 General Fund Major Variances

There are major variances on four schemes on the General Fund capital programme. These are:

- Strategic Acquisitions (£298k) – the purchase of 39 The Marlowes has spanned financial years.
- Car Park refurbishment works have been rephrased, resulting in an underspend of £88k.
- There has been slippage of £255k on the Highbarns project as works started later than anticipated and the task is requiring more material and time to complete than was originally anticipated.
- There has been slippage in the procurement of fleet vehicles of £203k. This was caused by a combination of delays in tendering for mowers and trailers and a delay in the delivery of 2 vehicles from the supplier.

### 7.3 Housing Revenue Account Major Variances

The major variances on the Housing Revenue Account capital programme are as follows:

- £1.3m relating to underspending on maintenance for request driven works e.g. disabled adaptations.
- £1.79m transfer relating to New Build projects. The majority of this is linked to the transfer of land at London Road, Apsley, which will complete in 2013/14.

## 8. Balances and Reserves

8.1 The Reserves Summary in Appendix D reflects the movements previously approved by Council, together with the following proposed transfers which would be financed through underspends identified during the revised budget-setting exercise and the provisional outturn:

- Local Development Framework Reserve – contribution £90k  
To spread the cost of work arising from the LDF over a number of years, rather than incur substantial expenditure in a single financial year.
- Redundancy Reserve – contribution £350k  
To mitigate the impact on annual revenue expenditure of any future redundancy requirements arising from future savings requirements.
- Vehicle Replacement Reserve – contribution £300k  
To part finance the Council's future vehicle fleet replacement programme.
- Earmarked Grants Reserve – contribution £65k  
Grants received by the Council for the delivery of specific projects, but which have not yet been spent.
- Maylands Plus Reserve – contribution £24k  
Operating surplus generated by Maylands Business Centre placed in reserve to meet future operating deficits or to invest in broader initiatives to attract business to the Borough.
- Technology Reserve – contribution £85k  
To part finance the Council's investment in technology improvements to deliver future service efficiencies.
- Management of Change Reserve – contribution £300k  
To mitigate the short-term impact of investment in service transformation initiatives that will deliver savings in the medium- to long-term.
- Public Sector Quarter Reserve – contribution £150k  
To part finance the costs associated with the development of the PSQ, including consultancy costs, supplies and services and those costs associated with the decant process.

8.2 Appendix D also contains the following recommended reserve movements based on the provisional outturn position, subject to final outturn:

- Pensions Deficit Reserve – contribution £1.5m (£1m financed by transfer from VAT Reserve)  
The creation of this new reserve is recommended in order to mitigate potential costs to the Council arising from future reviews of the pension scheme.
- VAT Reserve – reduction £1m (to finance new Pensions Deficit Reserve)  
Reserve created to hold net funds received from HMRC following claims lodged by the Council in relation to overpaid VAT dating back to 1973.

8.3 In cases where reserves were to be drawn down in 2012/13 to fund budgeted expenditure which was not spent in full, only the amount required to fund actual expenditure was drawn down. For example, the LDF reserve was budgeted to have £236k drawn down to fund expenditure, but, as explained in paragraph 4.1, £110k of this was not required in 2012/13 and has remained in the reserve to fund associated expenditure in future years.















## AGENDA ITEM: 9

### SUMMARY

<b>Report for:</b>	<b>Finance and Resources Overview &amp; Scrutiny Committee</b>
<b>Date of meeting:</b>	<b>4<sup>th</sup> June 2013</b>
<b>PART:</b>	<b>1</b>
If Part II, reason:	

<b>Title of report:</b>	<b>Community Infrastructure Levy (CIL) Update</b>
Contact:	<p>Cllr Andrew Williams, Leader of the Council and Portfolio Holder for Planning and Regeneration</p> <p>Robert Freeman – Strategic Planning and Regeneration Officer (Infrastructure Planning) (ext 2663)</p> <p>James Doe – Assistant Director, Planning, Development and Regeneration (ext 2583)</p>
Purpose of report:	To update Members on the progress towards the adoption of CIL and seek support for the adoption of a formal response to the public consultation on the Preliminary Draft Charging Schedule (PDCS) and associated next steps.
Recommendations:	<ol style="list-style-type: none"><li>1. To note the progress and programme for the development of a CIL for Dacorum.</li><li>2. To support the timescales for adopting CIL as outlined at paragraph 3.8 and Appendix 1 of this report</li><li>3. To note the proposed response to the public consultation on the Preliminary Draft Charging Schedule as set out in Appendix 3 to this report</li><li>4. To support the preparation of Policies on Discretionary Relief and Exceptional Circumstances Relief from CIL, Instalments, 'Payments in Kind' and the Interaction of CIL and S.106 prior to public consultation on a Draft Charging Schedule, as set out in paragraphs 3.7 and 4.21 and Appendix 3 of this report</li></ol>
Corporate objectives:	Preparation and implementation of a CIL contributes to all of the corporate objectives.

	<p><u>Affordable Housing</u> Affordable housing will be exempt from paying CIL, and the CIL revenues cannot currently be used for provision of Affordable Housing, which will continue to be provided via S106. Officers from the Strategic Housing service are involved in developing the CIL charging schedule, for which affordable housing requirements will be a key consideration. If CIL is set too high then developers may not be able to meet the affordable housing policy requirements.</p> <p><u>Safe and Clean Environment</u> The infrastructure provided through CIL monies is likely to include open space and urban realm improvements to support the development of the borough, both of which contribute to a safe and clean environment.</p> <p><u>Building Community Capacity</u> CIL revenues may be used to social enterprise and local community infrastructure which supports those in the most deprived areas.</p> <p><u>Regeneration</u> CIL will be used in combination with S106 to support the delivery of the key regeneration priorities for the Council.</p> <p><u>Dacorum Delivers</u> Developing the CIL represents Value for Money as it will become cost-neutral once it is up and running as explained below. It will lead to the delivery of infrastructure required to support new development so will improve the reputation of the Council.</p>
Implications:	<p><u>Financial</u> The cost of developing and implementing CIL is being borne by the Local Development Framework (LDF) budget, and may be repaid from future CIL receipts. Once implemented, up to 5% of CIL receipts may be used for its administration. The project is therefore expected to be cost-neutral in the long term.</p> <p>Once CIL is in place the Council will be responsible for collecting and allocating significant sums of money.</p> <p><u>Value for money</u> Where possible, technical work that supports the CIL has been jointly commissioned with adjoining authorities to ensure value for money. Also, see above regarding the project ultimately being cost neutral.</p> <p><u>Legal</u> CIL should reduce the need for involvement of the Council's planning solicitor, as it will reduce the role of s106 agreements. The Council's legal department may need to become involved in cases where liable parties do not pay CIL.</p>



	<p><u>Human Resources</u> A member of the Strategic Planning and Regeneration team has taken over the role of leading CIL development and associated infrastructure planning work, for an initial two year period. Any additional staff needs will be considered as the project develops. It is likely that the current secondment which ends in early 2014 will need to be extended.</p> <p><u>Land</u> Once in place, CIL will be payable for any chargeable development on Council owned land. The opportunity exists for the Council to accumulate land for the delivery of infrastructure in lieu of payment in accordance with Regulation 73 of the CIL Regulations.</p>
Risk implications:	The Project Initiation Document (PID) was updated in February 2013 and sets out full details of the risks associated with the introduction of a CIL. They include insufficient buy-in from infrastructure providers and key stakeholders, changes in Government policy and team capacity.
Equalities implications:	An Equality Impact Assessment has been carried out for CIL in support of the PID. No significant issues have arisen, largely as any expenditure from CIL monies will need to be reflective of the need to develop infrastructure in the Borough, as set out in the Borough's Infrastructure Delivery Plan.
Health and safety implications:	None
Sustainability implications:	The CIL charging schedule is intended to enable the delivery of infrastructure required to support development planned through the Core Strategy; the Core Strategy has been subject to a Sustainability Appraisal.
Consultees:	The CIL Task and Finish Group have discussed both the programme for the introduction of CIL and the proposed response to consultation responses on the Preliminary Draft Charging Schedule. Their advice is reflected in this report.
Background papers:	<ul style="list-style-type: none"> <li>• CIL examination report – Wycombe District Council <a href="http://www.wycombe.gov.uk/council-services/planning-and-buildings/planning-policy/community-infrastructure-levy/examination.aspx">http://www.wycombe.gov.uk/council-services/planning-and-buildings/planning-policy/community-infrastructure-levy/examination.aspx</a></li> <li>• CIL Guidance Notes 2013 (Department for Communities and Local Government)</li> <li>• CIL Regulations 2010 (amended 2011, 2012 and 2013)</li> <li>• Community Infrastructure Levy Viability Study (BNP Paribas Real Estate) (December 2012)</li> <li>• Community Infrastructure Levy Viability Study Update (BNP Paribas Real Estate) (June 2013)</li> <li>• Dacorum Infrastructure Delivery Plan (June 2012)</li> </ul>

	<ul style="list-style-type: none"> <li>• Infrastructure Funding Gap Assessment (December 2012)</li> <li>• Preliminary Draft Charging Schedule (December 2012)</li> <li>• Project Initiation Document</li> <li>• Strategic Planning and Environment OSC - November 2012</li> </ul>
Glossary of acronyms and any other abbreviations used in this report:	<p>BCIS – Building Cost Information Service  CIL – Community Infrastructure Levy  CRG – Corporate Regeneration Group  DCLG – Department for Communities and Local Government  DCS – Draft Charging Schedule  IFGA – Infrastructure Funding Gap Assessment  InDP – Infrastructure Delivery Plan  NPPF – National Planning Policy Framework  PDCS – Preliminary Draft Charging Schedule  PID – Project Initiation Document</p>

## BACKGROUND

### 1.0 Introduction:

- 1.1 The Community Infrastructure Levy is a new way of collecting financial contributions from new developments to help fund the provision of infrastructure required to support growth in the Borough. It is a tariff style system applied to the area of the development as a cost per square metre and may vary by both use and location. The level of charge must be informed by evidence of infrastructure need and scheme viability, and once set will be mandatory for developers to pay.
- 1.2 DBC is responsible for setting the charges, collecting the money and allocating the money for spend. Both the rate at which CIL is set and how its revenue is used will have a big impact on the future growth of the borough. The Council can spend CIL revenues on *'infrastructure to support development of its area'*; it can be spent on the provision of new infrastructure or the on-going costs of infrastructure – but it cannot be used to correct existing deficits in infrastructure provision.
- 1.3 The current mechanism for raising funds from new developments to mitigate the impact upon infrastructure is through the use of planning obligations secured under Section 106 of the Town and Country Planning Act 1990 (as amended). These will continue to play a role in funding new infrastructure. However the way that they may be applied to new developments will significantly change. The Government has made it clear through the CIL Regulations and CIL Guidance that it expects the use of S.106 to be scaled back to those matters that are directly related to a specific site and those which are not identified in CIL spending plans. The Government introduced restrictions upon pooling of S.106 agreements at an early stage in the introduction of CIL. The Council will need to develop a clear and co-ordinated approach to the collection and use of CIL and S106.

## **2.0 CIL Policy and Guidance**

### *The DCLG CIL Guidance 2013*

- 2.1 The DCLG published new CIL Guidance on the 14<sup>th</sup> December 2012. This set out a change in emphasis in the CIL Regulations and clarified how the Regulations are expected to be interpreted by both charging authorities<sup>1</sup> and by extension, examiners appointed to examine such schedules. The update to this Guidance was published on the 26<sup>th</sup> April 2013 to cover the CIL (Amendment) Regulations 2013.
- 2.2 A fundamental change was in the application of Regulation 14 of the CIL Regulations. Regulation 14 requires the charging authority to strike what it considers to be the appropriate balance between the desirability of funding infrastructure from the levy and the potential effects of the levy on the economic viability of the development across the area. The DCLG CIL Guidance establishes that this is not solely a matter for the charging authority, but should be subject to greater scrutiny by the CIL examiner at examination. It was reiterated that the charging schedule should not threaten the delivery of the local plan – including a requirement for the local authority to ‘show and explain’ how the proposed levy supports the plan and development.
- 2.3 The role of the CIL examiner has become more judicial. Where initially CIL examiners were concerned with checking viability, they are now expected to be more analytical. They are required to analyse the evidence of historical use of Section 106 and delivery. They must examine evidence on viability at a finer grain and on the basis of site specific viability evidence. They must scrutinise the links between the items of infrastructure identified in spending plans and the aims and objectives to the Core Strategy.
- 2.4 The role of the charging authority at examination has become more narrative. The charging authority must provide a greater explanation and evidence on how funds for infrastructure have historically been secured and allocated. The charging authority must also explain proposals for new infrastructure items and their links to the Core Strategy and outline the charging authorities strategy for the delivering these items of infrastructure through use of either Section 106 or CIL funding.

### *CIL (Amendment) Regulations 2013*

- 2.5 The primary purpose of this amendment to the CIL Regulations was to explain and set out the requirements for neighbourhood funding. Under Regulation 59 of the CIL Regulations the Council has a duty to pass CIL receipts to local Council’s for developments within their areas. The amount due to the local body varies between 15%-25% depending on whether a Neighbourhood Plan has been adopted.

## **3.0 The CIL Project**

- 3.1 The PID developed for CIL was updated in February 2013 in light of the above changes in CIL Policy and Guidance. The PID sets out the key aims for the project and the necessary steps involved in its implementation. A copy of the project plan (as amended) is appended at Appendix 1 of this report. Officers would highlight the increase in workload between June 2013 and October 2013 as a result of the Government’s new requirements.

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<sup>1</sup> Dacorum Borough Council is the charging authority.

- 3.2 There are three main areas of work which are necessary to provide additional information in response to the DCLG Guidance and CIL Regulations in advance of consultation on the Draft Charging Schedule and examination.

#### *Viability Evidence*

- 3.3 The Council has commissioned BNP Paribas Real Estate to undertake additional viability studies on Strategic sites and Local Allocations from the Core Strategy and other key development sites. These studies will test the ability of these sites to deliver the planning objectives set out in the Core Strategy and associated S.106 and CIL payments. The report will recommend options for delivering the infrastructure improvements necessary as a result of developing these sites. This could include setting a reduced CIL rate for these sites and increase the dependence upon S.106 as a mechanism for delivering on-site infrastructure.

#### *Spending Plans*

- 3.4 The Council is required under Regulation 123 of the CIL Regulations to publish a list of infrastructure types or specific infrastructure schemes that will be wholly or partially funded by CIL. The Council will not be able to seek S.106 contributions towards infrastructure items upon this list and will be subject to restrictions over the use and pooling of future S.106 monies once CIL is adopted (or April 2014 whichever is earliest<sup>2</sup>)
- 3.5 A number of local authorities that have already introduced a CIL did not fully consider their spending plans until after the CIL examination. However following the Guidance and CIL (Amendment) Regulations 2013, it is now necessary to provide this detail at the CIL examination stage.
- 3.6 Officers from both the Borough and County Council are considering the content of the InDP projects and those projects brought forward to the Infrastructure Funding Gap Assessment (IFGA) to justify the collection of CIL. The infrastructure project schedule is being reviewed to determine the best mechanism to deliver the infrastructure in question and allocate this to the most appropriate CIL or S.106 list. Clearly there will be a need to engage Members in finalising these spending plans and arrangements have been made to discuss these matters with the CIL Task and Finish Group.

#### *Supporting Policies*

- 3.7 Paragraphs 173-178 of the NPPF place an obligation on the Council to ensure that sufficient measures are in place to facilitate the delivery of the Core Strategy and ensure that the viability of schemes is not threatened. The Council has a number of mechanisms that can be used to assist developers with scheme viability. These include the following items:
- *Discretionary Relief Policy*  
Charitable organisations already benefit from a statutory exemption to paying CIL where they can clearly demonstrate they are developing their own land for charitable purposes, but would not qualify for relief were the development not explicitly for charitable purposes. The Council has scope under the CIL Regulations to publish a Discretionary Relief Policy which would allow charities to carry out enabling

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<sup>2</sup> This date is currently subject to consultation on CIL – Further Reforms. The Government are proposing to extend this deadline to April 2015.

development without triggering a CIL payment. The Council would need to be clear who and how organisations qualified for relief. Members of the CIL Task and Finish Group advised that any such policy should make clear that charities would be expected to be formally registered with the Charities Commission.

- *Exceptional Circumstances Policy*

The Council can publish a policy on the application of an Exceptional Circumstances Policy which would relieve the need to pay CIL. The CIL Regulations make it clear that in order to utilise an Exceptional Circumstances Policy the proposed development would need to be subject to a S.106 which would exceed the CIL bill and should not be subject to State Aid. The DCLG consultation on CIL - Further Reforms seeks to address the poor use of this policy by authorities which have already implemented CIL. They propose altering the percentage of the CIL bill which would need to be exceeded by a S.106 agreement to qualify for Exceptional Circumstances Relief.

- *Instalments*

The Council can facilitate the delivery of developments by seeking to reduce the 'up front' burden to developers associated with the full cost of CIL by phasing payments. In order to do so the Council would need to publish an Instalments policy setting out when and how these payments may be received.

- *Payments in Kind*

The Council is permitted under Regulation 73 to enter into "land agreements" to ensure the transfer and protection of land upon which infrastructure is expected to be provided in lieu of CIL payments. The decision on whether to accept a land payment rests with the charging authority. It would be beneficial for the Council to set out a clear policy on 'Payments in Kind' prior to examination. The proposals under the DCLG consultation, CIL- Further Reforms, proposed to extend this provision of in kind infrastructure.

### *Implications for the CIL Programme*

3.8 The CIL programme has been delayed by some 6-8 months to that set out in the initial PID. The timescale is still challenging a number of due to the need to prepare and publish the draft policies listed in paragraph 3.7 in advance of consultation on the Draft Charging Schedule. This timetable is dependent on a timely and appropriate input from other infrastructure providers notably Hertfordshire County Council. The following timescales for the project are now envisaged:

- Consultation Draft of the DCS to Cabinet for approval – October 2013
- Public Consultation on the DCS: December 2013 – January 2014
- Prepare Charging Schedule for examination – January 2014- March 2014
- Submission to the Planning Inspectorate for examination: April 2014
- Examination completed and Examiner's report received: June 2014
- Final Charging Schedule considered by Cabinet and Full Council: October 2014- November 2014
- Adopt CIL in January 2015.

### **4.0 Consultation on the PDCS**

4.1 The PDCS was subject to public consultation between the 12th December 2012 and 12th March 2013. Responses to the consultation were received from the groups and organisations listed in Appendix 2.

## Consultation Results

4.2 The following table provides a quantitative summary of the answers to questions posed on the PDCS. A number of people and organisations responding to the PDCS consultation provided written statements relating to their concerns which could not be categorised as a simple Yes/No response.

Table 1 – Summary of Consultation Responses by Question

Questions on the PDCS	Yes	No
Question 1 - Do you think the identified infrastructure needs are supported by evidence and are up to date?	8	6
Question 2 - Do you think that a sound funding gap has been identified to justify the need for CIL?	9	4
Question 3 - Do you consider the rates proposed put the overall development of the area at risk?	7	7
Question 4 - Do you think that different residential rates are appropriate and supported by evidence?	9	3
Question 5 - If you support differential rates, do you think the boundaries between different zones are appropriate boundaries?	5	4
Question 6 - Do you think it is appropriate to have a single rate for retirement housing across the Borough?	6	3
Question 7 - Do you think the proposed rate for retirement housing is appropriate?	6	3
Question 8 - Do you think the proposed rate for large retail is appropriate?	5	4
Question 9 - Do you think the proposed threshold for large retail is appropriate?	8	1
Question 10 – Do you think there should be a nil rate for ‘other’ uses and if not which ‘other’ uses should be charged?	8	2
Question 11 – Do you think the Council should adopt an Exceptional Circumstances policy?	16	2
Question 12 – Do you think the Council should adopt an Instalments policy?	16	1

4.3 A full summary of the comments raised in relation to the PDCS, including issues which could not be recorded above, is set out at Appendix 3 to this report. The Council's proposed response to these comments is also set out at Appendix 3. The results of the consultation and key issues have been discussed by Members of the CIL Task and Finish Group and their comments are reflected within the body of this report. Members are requested to recommend that Cabinet agree the schedule in Appendix 3 as the Council's formal response to the consultation.

4.4 The key changes to the CIL rates as a result of the consultation are set out in Table 2 and Table 3. The changes to the Charging Schedule are supported by further viability testing by the consultants BNP Paribas as reported in the Viability Study Update. An explanation of the changes follows these two tables.

Table 2: Proposed CIL Charging Schedule rates set out in the PDCS (December 2012)

Development Type	CIL rate (per sq.m)		
	Zone 1: Elsewhere	Zone 2: Berkhamsted and surrounding area	Zone 3: Hemel Hempstead and Markyate
Residential	£150	£250	£100
Retirement Housing	£125		
Large Retail (over 280sqm)	£200		
Other	Nil		

Table 3: Proposed Amended CIL Charging Schedule rates for inclusion in the DCS (June 2013)

Development Type	CIL rate (per sq.m)		
	Zone 1: Elsewhere	Zone 2: Berkhamsted and surrounding area	Zone 3: Hemel Hempstead and Markyate
Residential	£150	£250	£100
Retirement Housing	Nil	£125	Nil
Convenience based supermarkets and superstores and retail warehousing (net retailing space of over 280 square metres)	£150		
Other	Nil		

*Key Housing Sites including Strategic and Local Allocations*

4.5 During the consultation concerns were raised by a number of landowners in the Borough regarding the impact of CIL upon the viability of large housing sites including those set out as Strategic sites and Local Allocations within the Core Strategy. These sites are vital to the overall supply of housing within the Borough.

- 4.6 A number of these sites have key pieces of infrastructure associated with them (often site-specific infrastructure) which the Council and County Council may prefer to secure through the use of S.106. There is perception amongst the development industry that developers will effectively be 'double charged' for these works through CIL and that the costs associated with the planning requirements, CIL and S.106 may be prohibitively high undermining housing delivery.
- 4.7 The PDCS does not explicitly address this issue as it does not set out the overall strategy for the use of both CIL funds or S.106 and how these mechanisms may interact on larger housing sites. The publication of spending plans under Regulation 123 will add greater clarification and certainty and will clearly form the focus for future discussions.
- 4.8 It is likely, but not a certainty, that new charging areas will need to be introduced for these large sites with either a low or nil CIL charge applicable to them. This may be necessary to reflect the higher development costs associated with planning requirements in the Core Strategy (for example affordable housing requirements) and delivery of large items of infrastructure on site (for example, a new primary school).
- 4.9 Officers have instructed BNP Paribas to undertake additional site specific viability work to consider the ability of Strategic sites and Local Allocations and other key housing sites to contribute both S.106 and CIL payments and, if it is viable to do so, the rate at which a CIL may be set for these sites. This approach is encouraged under the DCLG CIL Guidance 2013. The results of this work will be considered by the CIL Task and Finish Group and reported to members in October 2013 when the DCS is agreed for publication.

#### *Residential Rates*

- 4.10 No changes are proposed to the residential CIL rates within the Borough, despite concerns being raised during the consultation over the impact of the Hemel Hempstead rate upon developments in the northern wards of the town and the relatively high charge on residential development within Zone 2 (Berkhamsted and surrounding area).
- 4.11 Members of the CIL Task and Finish Group are still minded to set a single residential rate for CIL across Hemel Hempstead, notwithstanding concerns raised during the public consultation exercise. The group recognised that although a CIL of £100 per square metre might be regarded as towards the high end of charging in the northern part of Hemel Hempstead, on balance this was considered acceptable given that a relatively small proportion of the overall development for the Borough is expected to take place as a result of windfall developments within this area. The treatment of designated housing sites with a lower CIL charge could mitigate these concerns.
- 4.12 The evidence within the BNP Paribas Real Estate Viability Study (December 2012) does not support the reduction in a charge for Berkhamsted and objectors have been requested to substantiate their claims with additional viability evidence should they still wish to dispute the residential rates for this charging zone.

#### *Retail Rates*

- 4.13 A number of major retailers have responded to the PDCS. These responses cover three main themes; whether it is fair to charge retailers CIL on the basis of the impact on infrastructure, whether splitting retail charges between large and small retailer



operations falls within the scope of the CIL Regulations, and whether the charges are justified on viability evidence.

- 4.14 A key test for the charging authority is to provide a clear delineation between different retail operations which must be on the basis of use and viability evidence. Many CIL examinations have examined this issue of 'large v small' retail and it is useful that the DCLG consultation on CIL- Further Reforms has clarified the issue by suggesting amendments to the Regulations to "*allow different rates to be applied to both different uses and scales of development e.g. small shops, retail warehouses and supermarkets*"
- 4.15 The Council consulted on the basis of large retailers being subject to CIL, with a threshold of some 280 square metres used to differentiate between uses. Although this is clearly within the scope of the CIL Regulations, it is considered that this threshold does not necessarily reflect the relative viability of retail schemes and their characteristics. There is clear evidence to suggest that convenience based supermarkets and superstores<sup>3</sup> and retail warehouses<sup>4</sup> (with a net retail sales space of over 280 square metres) are more viable and this threshold has been adopted by a number of authorities to differentiate between retail uses (notably Wycombe District Council) BNP Paribas Real Estate recommend that we this threshold is adopted when moving forward with a retail charge.
- 4.16 BNP Paribas Real Estate has undertaken some additional viability testing of retail schemes in light of comments received during the consultation on the PDCS. Additional retail appraisals have been carried out to reflect two different scales of retail store. The updated appraisals incorporate updated construction costs from BCIS and incorporated assumptions on residual S.106 costs. As a result of these appraisals the maximum CIL rate identified as viable has been reduced for the retail uses. BNP Paribas Real Estate recommended that the CIL charging schedule is amended from £200 per square metre to £150 per square metre.
- 4.17 These recommendations have been discussed by the CIL Task and Finish group who have endorsed these proposed alterations to the charging schedule.

#### *Retirement Housing Rates*

- 4.18 BNP Paribas Real Estate updated the retirement appraisals to reflect the comments of developers in the retirement housing sector. The appraisals tested a sales model for retirement housing rather than the rental model for disposal of retirement units and demonstrated that generally retirement housing can only afford to pay a CIL within the highest value areas within the Borough (Zone 2 – Berkhamsted and surrounding areas)
- 4.19 The CIL Task and Finish Group discussed this recommendation at its meeting of the 13<sup>th</sup> May 2013 and requested further clarification on whether a lower CIL charge (lower than the £125 per square metre in the PDCS) could still be applied to the lower value areas. It has also requested that the definition of retirement housing is clarified to ensure that it does not cover care home and extra care accommodation. The feedback from BNP Paribas Real Estate is that a reasonable charge could not be maintained in

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<sup>3</sup> Superstores/supermarkets are shopping destinations in their own right where weekly food shopping needs are met and which can also include non-food floorspace.

<sup>4</sup> Retail warehouses are large stores specialising in the sale of household goods (such as carpets, furniture, electrical goods), DIY items and other ranges of goods catered for mainly by car-borne customers.

other areas in the Borough and as such officers are advocating the complete removal of the charge from Zones 1 (Elsewhere) and Zone 3 (Hemel Hempstead and Markyate)

- 4.20 The removal of this charge for this type of development is unlikely to have a significant impact upon the totality of CIL payments as the submission of this type of scheme is a relatively rare occurrence.

#### *Discretionary Relief, Exceptional Circumstances Relief and Instalments*

- 4.21 There is clear support for the introduction of policies to support the use of Exceptional Circumstances Relief and Instalments within the responses to the PDCS and from members of the CIL Task and Finish Group. Members of CIL Task and Finish also indicated that they wish to include policies on Discretionary Relief alongside the charging schedule, however these would need to be carefully drafted to minimise any potential loop holes which could be exploited by the construction industry in order to avoid CIL payments to the detriment of infrastructure funding.

### **5.0 Next Steps and recommendations**

- 5.1 The Committee is asked to note the timescales for the introduction of CIL as outlined in this report. The key dates within the timetable are set out at paragraph 3.8 of this report and the full programme is set out in Appendix 1
- 5.2 The next stage is to prepare the DCS and associated policies for public consultation. This will include discussing the Council's spending priorities for CIL receipts and procedures for governing the expenditure of CIL receipts and will involve high level discussions with the CIL Working Groups at both Borough and County Council levels and the CIL Task and Finish Group. The CIL Task and Finish Group are due to meet again on the 29<sup>th</sup> July 2013 to discuss these matters.
- 5.3 The committee are asked to note the proposed CIL rates contained in Table 3 of this report for inclusion in the DCS. The DCS will be published for public consultation in late December 2013; a consultation period of 6 weeks is expected (as per recommendations of CIL-Further Reforms) but given that it will be over Christmas, officers are proposing to extend this consultation until the end of January 2014.



## **Appendix 2 – Groups and Organisations responding to the PDCS**

### Local Authorities

Hertfordshire County Council (Development Services)  
Hertfordshire County Council (Environment & Property)  
Aylesbury Vale District Council  
Central Bedfordshire District Council  
Hertsmere Borough Council  
Luton Borough Council  
St. Albans City and District Council  
Three River's District Council

### Town and Parish Council's

Berkhamsted Town Council  
Tring Town Council  
Chipperfield Parish Council  
Markyate Parish Council

### Strategic Landowners

Barratt Developments  
The Crown Estate  
Grand Union Investments  
Taylor Wimpey (Woolf Bond Planning Consultants)  
Taylor Wimpey (Vincent and Goring)

### Small Housing Developers

Brian Barber Associates (on behalf of D.B. Rees (Builders) Ltd and TDP Developments Ltd)  
D.B. Rees (Builders) Ltd  
TDP Developments Ltd

### Retailers

ALDI  
Asda  
Sainbury's  
Tesco's

### Elderly Care Sector

The Retirement Housing Group  
McCarthy and Stone Retirement Lifestyles Ltd

### Others

Berkhamsted Citizens Association  
Dacorum Sports Trust  
Sport England  
West Herts NHS Hospital Trust

Appendix 3 – see separate document

## AGENDA ITEM: 10

### SUMMARY

<b>Report for:</b>	<b>Finance and Resources Overview &amp; Scrutiny Committee</b>
<b>Date of meeting:</b>	<b>4<sup>th</sup> June 2013</b>
<b>PART:</b>	<b>1</b>
If Part II, reason:	

<b>Title of report:</b>	<b>Review of Discretionary Policies in Revenues and Benefits</b>
Contact:	<p>CLlr Nicholas Tiley, Portfolio Holder for Finance and Resources</p> <p>Author/Responsible Officer: Chris Baker, Group Manager Revenues, Benefits and Fraud</p>
Purpose of report:	To seek approval of revised policies for discretionary housing payments, discretionary council tax reduction and discretionary rate relief.
Recommendations	<ol style="list-style-type: none"> <li>1. To agree recommendations for new discretionary housing payments policy.</li> <li>2. To agree recommendations for new discretionary council tax reduction policy.</li> <li>3. To agree recommendations for new discretionary rate relief policy.</li> </ol>
Corporate objectives:	<p>Dacorum Delivers – revision of the policies will ensure that discretionary awards made by Revenues and Benefits support local residents thus providing better value for money.</p> <p>Building Community Capacity – ensuring discretionary awards contribute to the objectives of the Council and thus benefit the local community.</p> <p>Regeneration – discretionary rate relief can be used to support local businesses and so aid regeneration in rural areas.</p>
Implications:	<p><u>Financial</u></p> <p>The April 2013 changes to welfare benefits and the localisation of business rates have impacted on the discretionary funding required to be made by the Council. This review enables the Council to review on-going entitlement, to ensure future applications meet the new criteria and therefore ensure all expenditure is beneficial to the community.</p>

	<p><u>Value for Money</u></p> <p>Revising the policies enables the Council to ensure that all awards contribute to the priorities of the Council and so therefore provide value for money to residents.</p>
Risk Implications	Risks reviewed and risk associated is addressed by actions highlighted in this report.
Equalities Implications	The aim of the policies is to ensure that all applicants are treated in a fair consistent and equal manner.
Health And Safety Implications	There are no health and safety implications arising from this report
Consultees:	None
Background papers:	None

## 1. Background

1.1 There are three areas of Revenues and Benefits within which the Council has discretion to make further awards of support:

- Discretionary Housing Payments (DHP) can be made in addition to housing benefit awards;
- Discretionary Council Tax Reductions (DCTR) can be used to reduce council tax bills in addition to discounts, exemptions and local council tax support; and,
- Discretionary Rate Relief (DRR) can be used to reduce business rate bills in addition to statutory reliefs.

## 2. The impact of Welfare Reform

2.1 Changes arising from the government's welfare reform agenda, effective from 1 April 2013, have necessitated a review of the Council's discretionary policies for each of these areas:

- The Discretionary Housing Payments policy needs to be revised to take into account the recent changes to welfare benefits, and to ensure that effective use is made of the additional central government funding provided for this scheme;
- The Discretionary Council Tax Reduction policy needs to be revised to take into account the recent changes to welfare benefits and the local Council Tax Support Scheme; and,

- The Discretionary Rate Relief policy needs to be revised to take into account changes in funding due to Business Rates Retention.

2.2 The proposed policies incorporating these changes are attached as appendices to this report. They have been drafted to make it clear how awards will be made in line with the Council's objectives, and the factors which will be taken into account when decisions are made.

## Dacorum Borough Council - Discretionary Housing Payments

### Background and legislation

The discretionary housing payments scheme (DHP) allows the Council to give extra help to qualifying tenants in addition to the statutory housing benefit and universal credit schemes. The scheme was introduced as part of the Child Support, Pensions and Social Security Act 2000. Further rules can be found in the Discretionary Financial Assistance Regulations 2001. Each year, the Council is given a grant from central government to contribute to the DHP budget. Under the terms of the regulations, the maximum that the Council can spend on DHP is 2½ times the government grant. Local authorities are expected to contribute to this from their General Fund.

This policy sets out how the Council will operate the DHP scheme, and the factors that will be considered when deciding whether to make an award.

### What are discretionary housing payments?

DHPs provide further help with housing costs in addition to a person's entitlement to housing benefit or universal credit. This means that extra support can be given on the basis of individual circumstances which are not taken into account in the main benefit schemes. They can only be paid to someone who is entitled to either housing benefit or universal credit for the period in respect of which they receive the DHP.

Housing costs covered by the DHP scheme include:

- rental liability;
- rent in advance or deposits;
- other lump sum costs associated with a housing need such as removal costs.

DHP can't be given to help with:

- mortgage costs;
- council tax;
- service charges that you can't get housing benefit for (for example water rates);
- increases in rent to pay off rent arrears;
- some reductions in benefit (for example to recover overpayments, or as a result of fraud).

These are not exhaustive lists. The benefits service will be able to give more information about specific types of housing cost not mentioned here.

### How will Dacorum Borough Council use discretionary housing payments?

We will use DHP to support the Council's key priorities, in particular **Affordable Housing** and **Building Community Capacity**.

We will do this by using DHP to:

- prevent evictions and homelessness;
- help tenants move to more financially sustainable accommodation;
- alleviate poverty;
- support people with disabilities to remain in homes which have been adapted for their use;
- support vulnerable tenants to remain in their homes;
- support tenants affected by welfare reform changes.

"Vulnerable" has the same meaning as defined in our Local Council Tax Support Scheme 2013/14. It means:



- the tenant, their partner, or a child who lives with them is disabled;
- the tenant has a child under five; or
- the tenant or their partner receives a war widow's or war disablement pension.

### **Claiming a discretionary housing payment**

The regulations mean that a customer must make a claim in order to be considered for DHP. A claim form is available by contacting the benefits service.

There is a referral process from the homelessness service to the benefits service. This ensures that priority cases are identified and evictions are prevented where possible.

We will ask for reasonable evidence in support of the application, and may ask the customer to attend an interview to discuss their personal or financial circumstances.

### **Who will make the decision, and how long will it take?**

Each decision will be made by two benefits lead officers. Details of the decision and reasoning will be recorded on the benefits document management system.

We aim to make a decision within two weeks of receiving all the information we need to make a decision.

### **What will be taken into account when the decision is made?**

Each application will be considered on its own individual merits. The following will be considered:

- how the application fits within the Council's priorities detailed above.
- the amount of any shortfall between the customer's housing benefit or universal credit award and their eligible rent.
- any medical circumstances (including ill health and disabilities) that affect the customer or the customer's household.
- any action being taken by the customer to reduce their housing costs, or increase their income.
- if the customer has previously been awarded a DHP, whether they have met any conditions which were part of that award.
- the income and expenditure of the customer and the customer's household.
- any priority debts held by the customer or the customer's household. These include:
  - rent arrears;
  - gas, electricity and water arrears;
  - council tax arrears;
  - court fines;
  - arrears of child support maintenance;
  - income tax or VAT arrears;
  - TV Licence arrears.
- any other special circumstances raised on the application.

The information provided in support of the DHP application will also be used to check that the customer is receiving the correct amount of housing benefit or universal credit.

### **How much discretionary housing payment will be awarded, and how long will the award last?**

The amount of a DHP will depend on the individual circumstances of the customer. It may be paid as a lump sum to contribute towards removal costs or a deposit for a new tenancy. If it is awarded to support ongoing rent costs, the DHP will usually be no more than the difference between the housing benefit award and the eligible rent charge. The amount of DHP will not always cover the whole of this shortfall.

Initial awards of DHP will usually be for a period of 13 weeks. However, we recognise that it may sometimes be appropriate to make longer awards. Awards will not usually cross from one

financial year to another because the central government funding is allocated to a specific financial year. The annual uprating of benefits may also lead to significant changes in the amount to be awarded.

Awards are conditional on customers taking such actions as deemed appropriate by the benefits service. These may include:

- seeking financial advice from a relevant agency (such as Citizens' Advice);
- seeking alternative accommodation;
- reducing their weekly expenditure; or
- attending a relevant training course.

If these conditions are not met, the award of DHP may be ended early, or a further award of DHP may not be given.

**When will an award of discretionary housing payment start?**

Any award will normally start from the Monday after the date we receive the claim form.

In exceptional circumstances we will consider starting from up to three months before the date we receive the claim form. For the award to be backdated, the customer must have received housing benefit or universal credit throughout the whole period covered by the claim.

**How will discretionary housing payment be paid?**

We will usually pay DHP in the same way as we are paying housing benefit for the customer. This means it may be paid to the customer or their landlord by bank credit, or credited to their rent account.

**How will customers be notified about discretionary housing payment decisions?**

We will send a letter giving details of our decision. The letter will contain the following information:

- whether or not a DHP will be paid;
- amount of DHP awarded;
- start and end dates of award, or whether a lump sum payment has been awarded;
- details of any conditions attached to the award;
- who the award will be paid to;
- how the award will be paid;
- when the award will be paid;
- if unsuccessful, reasons for refusing the award;
- details of the review process.

**What will happen if a customer is not happy with the decision?**

If a customer is unhappy with the Council's decision, they can request a review. This must be made in writing and be received within one month of the original decision date.

Disputed decisions will be reviewed by a multi-service panel made up of a minimum of two of the following officers, at least one of which will be from the benefits service:

- benefits processing team leader (benefits service);
- revenues and benefits support team leader (benefits service);
- housing advice and homelessness team leader (strategic housing service);
- team leader (income) (tenant and leaseholder service);
- group manager revenues, benefits and fraud (benefits service).

The panel will be able to change any aspect of the decision, including:

- start and end dates;
- amount of award;
- to whom the award will be paid;
- conditions attached to the award.

The panel will meet fortnightly as required. The decision of this panel is final.

**Responsibilities of customers receiving discretionary housing payments**

Customers have the responsibility to inform the benefits service of any change in their circumstances while they are receiving a DHP. This is in addition to their responsibility to advise the benefits service of changes which may affect their housing benefit award.

Customers must also meet any conditions which have been attached to the award.

If a change of circumstance takes place and this means the customer has been paid too much DHP, this will be recovered by invoicing the customer.

**What happens when an award of discretionary housing payment ends?**

If a customer wants a further award of DHP they must complete a new claim form. This will be considered in the same way as their initial claim, but with more weight being given to how well they have met any conditions which formed part of their previous award.

## Dacorum Borough Council - Discretionary Council Tax Reduction

### Background and legislation

Discretionary council tax reductions (DCTR) allow the Council to give extra help to reduce the amount of council tax a person has to pay. This is in addition to the taxpayer's entitlement to council tax discounts or reductions under the local council tax support scheme. We are required to consider requests for DCTR under section 13A(1)(c) of the Local Government Finance Act 1992.

The cost of awarding DCTR is fully borne by Dacorum Borough Council from the General Fund.

This policy sets out how the Council will operate the DCTR scheme, and the factors that will be considered when deciding whether to make an award.

### What is a discretionary council tax reduction?

DCTR is further help with council tax in addition to a taxpayer's entitlement to discounts or local council tax support. This means that extra support can be given on the basis of individual circumstances which are not taken into account in the main schemes. It can be paid to any council taxpayer.

### How will Dacorum Borough Council use discretionary council tax reductions?

We will use DCTR to support the Council's key priorities, in particular **Affordable Housing** and **Building Community Capacity**.

We will do this by using DCTR to:

- prevent evictions and homelessness;
- help taxpayers actively seeking a move to more financially sustainable accommodation;
- alleviate poverty;
- support people with disabilities to remain in homes which have been adapted for their use;
- support vulnerable taxpayers to remain in their homes;
- support taxpayers affected by welfare reform changes.

"Vulnerable" has the same meaning as defined in our Local Council Tax Support Scheme 2013/14. It means:

- the taxpayer, their partner, or a child who lives with them is disabled;
- the taxpayer has a child under five; or
- the taxpayer or their partner receives a war widow's or war disablement pension.

### Claiming a discretionary council tax reduction

All applications must be made in writing, and come from the council tax payer or someone authorised to act on their behalf. The application should explain all of the circumstances on which the request is based. To help taxpayers give us the information that we need, a claim form is available by contacting the revenues service.

We will ask for reasonable evidence in support of the application, and may ask the customer to attend an interview to discuss their personal or financial circumstances.

**Who will make the decision, and how long will it take?**

The decision will be made by two lead officers from the revenues and benefits service. Details of the decision and reasoning will be recorded on the revenues document management system.

We aim to make a decision within two weeks of receiving all the information we need to make a decision.

**What will be taken into account when the decision is made?**

Each application will be considered on its own individual merits. The following will be considered:

- how the application fits within the Council's priorities detailed above.
- how much council tax is due to be paid by the taxpayer.
- whether the taxpayer has applied for, or is receiving, a discretionary housing payment.
- whether the taxpayer has applied for, or is receiving, local council tax support or other welfare benefits.
- any medical circumstances (including ill health and disabilities) that affect the taxpayer or their household.
- if the taxpayer has previously been awarded a DCTR, whether they have met any conditions which were part of that award.
- the income and expenditure of the taxpayer and the taxpayer's household.
- whether the taxpayer has access to any assets that could be used to pay the council tax.
- any action being taken by the taxpayer to reduce their expenditure, or increase their income.
- any priority debts held by the taxpayer or the taxpayer's household. These include:
  - rent arrears;
  - gas, electricity and water arrears;
  - council tax arrears;
  - court fines;
  - arrears of child support maintenance;
  - income tax or VAT arrears;
  - TV Licence arrears.
- any other special circumstances raised on the application.

**How much discretionary council tax payment will be awarded, and how long will the award last?**

The amount of a DCTR will depend on the individual circumstances of the taxpayer. The amount of DCTR awarded will usually still leave some council tax for the taxpayer to pay. Awards of DCTR will last for different periods according to the individual circumstances of the taxpayer. An award cannot be made for longer than the current financial year.

Awards are conditional on customers taking such actions as deemed appropriate by the revenues and benefits service. These may include:

- seeking financial advice from a relevant agency (such as Citizens' Advice);
- seeking alternative accommodation;
- reducing their weekly expenditure; or
- attending a relevant training course.

If these conditions are not met, the award of DCTR may be ended early, or a further award of DCTR may not be given.

**When will an award of discretionary council tax reduction start?**

Any award will normally start from the date we receive the application.

In exceptional circumstances, we will consider starting from an earlier date in the same council tax year (1 April to 31 March).

**How will discretionary council tax reduction be paid?**

The reduction will be applied to the council tax account, and a new bill will be sent.

**How will taxpayers be notified about discretionary council tax reduction decisions?**

We will send a letter giving details of our decision. The letter will contain the following information:

- whether or not a DCTR has been awarded;
- amount of DCTR awarded;
- start and end dates of award;
- details of any conditions attached to the award;
- if unsuccessful, reasons for refusing the award;
- details of the review process.

**What will happen if a taxpayer is not happy with the decision?**

If the taxpayer is unhappy with the Council's decision, they can request a review. An officer not involved with the original decision will look at the application again.

After this, the taxpayer can appeal to the independent valuation tribunal if:

- we don't change the decision;
- we do change the decision but they are still unhappy; or
- we do not respond within two months of their request for review.

**Responsibilities of customers receiving discretionary council tax reduction**

Council taxpayers have the responsibility to inform the revenues service of any change in their circumstances while they are receiving a DCTR. This is in addition to their responsibility to advise the benefits service of changes which may affect their council tax support award if they are also getting this.

Taxpayers must also meet any conditions which have been attached to the award.

If a change of circumstance takes place and this means the taxpayer has been awarded too much DCTR, this will be recovered by adjusting their council tax account.

**What happens when an award of discretionary council tax reduction ends?**

If a taxpayer wants a further award of DCTR they must make a further application. This will be considered in the same way as their initial claim, but with more weight being given to how well they have met any conditions which formed part of their previous award.

### Dacorum Borough Council - Discretionary Rate Relief

#### Background and legislation

Rate relief is part of the national non-domestic rates (business rates) scheme, and can reduce the amount of business rates payable by certain organisations.

Section 43 of the Local Government Finance Act 1988 (LGFA 1988) requires rate relief to be given in the following circumstances:

- charities and amateur community sports clubs can get relief of 80% (mandatory charitable rate relief);
- if they are the only one within a small rural community, village shops, post offices, pubs or petrol stations can get relief of 50%, as long as the rateable value of the property falls under certain thresholds. (mandatory rural rate relief).

Discretionary rate relief (DRR) enables Dacorum Borough Council to:

- increase the level of charitable rate relief to up to 100%;
- increase the level of rural rate relief to up to 100%;
- give relief to other rural retail businesses of up to 100%, as long as the rateable value of the property falls under a threshold.

This power is contained in section 47 of LGFA 1988.

The cost of discretionary rate relief forms part of the business rate retention scheme. This means that the Council contributes 40% of the value of DRR, with the remainder coming from Herts County Council (10%) and central government (50%).

#### What is discretionary rate relief?

DRR provides charities and other organisations with benefit to the local community with further financial assistance by reducing the amount of business rates they have to pay.

#### How will Dacorum Borough Council use discretionary rate relief?

We will use DRR to support the Council's key priorities, in particular **Building Community Capacity**.

We recognise that certain charities and other organisations support the Council's priorities and deliver outcomes that would otherwise be the responsibility of the Council.

#### Claiming a discretionary rate relief

All applications must be made in writing using the DRR application form by the ratepayer or someone authorised to act on their behalf. The application form is available by contacting the business rates team. The form must be sent in with appropriate supporting evidence. The evidence needed will vary according to the type of DRR requested, but the form will tell the ratepayer what they need to provide.

### **Who will make the decision, and how long will it take?**

Most requests will be decided by the Group Manager Revenues, Benefits and Fraud. We will aim to make these decisions within four weeks of receiving all the information needed.

Where the organisation has a turnover in excess of £100,000 or where the application is for discretionary rural rate relief but there is no entitlement to mandatory rural rate relief, the application will be considered by the appeals committee. In these cases it is likely to take about two months to make the decision, counting from the date we receive all the information needed.

### **What will be taken into account when the decision is made?**

Each application will be considered on its own individual merits and the benefits that the organisation provides to the residents of Dacorum. The following will be considered:

- the organisation's links to the Council's priorities and to what extent its activities support these priorities;
- membership being open to all sections of the community and the extent to which the membership is made up of residents of Dacorum;
- the organisation meeting a local need in the community and providing a valuable service to the community; and
- whether the organisation provides access to facilities which indirectly relieve the Council of the need to do so.

In addition DRR will not be considered on any property with a rateable value in excess of £18,000 unless there are specific circumstances that require the occupation of a larger property.

### **How much discretionary rate relief will be awarded, and how long will the relief last?**

The maximum period of any award is for one financial year. The amount of DRR will be considered in line with the following table, depending on the nature of the request.

<b>Type of organisation</b>	<b>Other information</b>	<b>Annual turnover</b>	<b>Maximum relief</b>
Youth organisations	Premises occupied by youth clubs and organisations such as the Scouts etc.  In order to qualify for relief the organisation must be able to demonstrate that the premises is used solely or mainly by them or other non profit making organisations for the benefit of the community	-	Up to 100%
Village halls & community centres		-	Up to 100%
Schools	Voluntary aided, voluntary controlled or granted aided and academy schools	-	Nil



Nursery schools	Voluntary nurseries which are registered charities	-	Up to 100%
Sports & recreation	Premises run by sports clubs and recreational societies that are not set up or run for profit	No bar	Up to 50%
		With bar: up to £24,999	Up to 50%
		With bar: £25,000 – £49,999	Up to 25%
		With bar: over £50,000	Nil
Charities providing a public benefit	If the work is predominantly carried out by unpaid voluntary workers for the benefit of the elderly, sick or injured, disabled or other vulnerable groups (This excludes national or regional offices unless wholly for the benefit of Dacorum residents)	Up to £100,000	Up to 100%
		£100,001 – £499,999	Up to 50%
		Over £500,000	Nil
Charity shops (this means a shop selling goods donated to a charity)	Local charities primarily benefiting the local area (This excludes national charities unless wholly for the benefit of Dacorum residents)	-	Up to 100%
Dacorum Sports Trust		-	Up to 100%
Strategic partner organisations	Organisations: <ul style="list-style-type: none"> <li>• that are working with the Council;</li> <li>• that operate in the voluntary and community sector;</li> <li>• that receive a minimum of £10,000 of grant funding from the Council each year and have done so for at least three years; and</li> <li>• that have a service partnership agreement (or equivalent) with the Council.</li> </ul>	-	Up to 100%

### **When will an award of discretionary rate relief start?**

Any award will normally be from the date we receive the application.

In exceptional circumstances, we will consider starting from an earlier date in the same financial year (1 April to 31 March).

### **How will discretionary rate relief be paid?**

We will apply the DRR to the business rates account, and issue a new business rates bill.

**How will ratepayers be notified about discretionary rate relief decisions?**

We will write to the ratepayer to tell them whether an award has been granted and the amount and period of that award.

**What will happen if a ratepayer is not happy with the decision?**

If the ratepayer is not happy with the decision, they can request a review of that decision by the appeals committee. This request must be made in writing and received within four weeks of the notification of the original decision.

**Responsibilities of customers receiving discretionary rate relief**

Ratepayers have the responsibility to inform the business rates team of any change in their circumstances while they are receiving a DRR.

If a change in circumstance takes place and this means the ratepayer has been awarded too much DRR, this will be recovered adjusting their business rates account.

**What happens when an award of discretionary rate relief ends?**

If a ratepayer wants a further award of DRR they must make a further application. This will be considered in the same way as their initial claim.





## AGENDA ITEM: 11

### SUMMARY

<b>Report for:</b>	<b>Finance and Resources Overview &amp; Scrutiny</b>
<b>Date of meeting:</b>	<b>4<sup>th</sup> June 2013</b>
<b>PART:</b>	<b>1</b>
If Part II, reason:	
<b>Title of report:</b>	<b>Voluntary Sector Strategic Partner Organisation Arrangements and Consortium Development</b>
Contact:	Andrew Williams, Portfolio Holder for Community Leadership Author/Responsible Officer: David Gill – Group Manager (Partnerships, Policy and Communications)
Purpose of report:	To report on the DBC relationship with the voluntary sector Strategic Partner organisations and the development of a voluntary sector consortium
Recommendations	That Finance and Resources Overview and Scrutiny Committee: <ul style="list-style-type: none"> <li>a) Note the contents of the report</li> <li>b) Re-affirm the Committee’s commitment to supporting voluntary organisations to deliver social welfare activities in Dacorum</li> <li>c) Comment on the progress and developments outlined in the report</li> </ul>
Corporate objectives:	Dacorum Delivers - Working with voluntary sector partners contributes to improved processes across the Council  Building Community Capacity – voluntary sector organisations build community capacity through their work developing and supporting the well-being of local people
Implications:  'Value For Money Implications'	<u>Financial</u>  There is budgetary provision of £680,160 in 2013/14  <u>Value for Money</u>  Partnering with voluntary sector organisations allows the Council to enable a range of provision and ‘quality of life’ services to be delivered across the Borough at a minimal cost to the Council. Partnering with voluntary sector organisations provides significant social value
Risk Implications	There are no significant risks relating to this report.
Equalities Implications	There are no significant equality issues relating to this report

Health And Safety Implications	There are no Health and Safety Implications contained in this report
Consultees:	None
Background papers:	Cabinet April 2013 – “Implications of the Public Services (Social Value) Act 2012”
Glossary of acronyms and any other abbreviations used in this report:	CSP – Civil Society Partnership

## BACKGROUND

1. Voluntary sector organisations have played a significant role in local communities for many years and have always been very important to Dacorum Borough Council. The Council has an enviable record of financial and other support to the sector which has resulted in a thriving voluntary sector supporting local well-being.
2. The Strategic Partner programme was introduced in 2011 to provide more strategic and operational direction to our funded partners. Whilst not wishing to interfere with the day to day operations of the organisations it was recognised that the Council’s funding needed to contribute more directly to the Council’s corporate objectives. The existing Strategic Partner criteria are:
  - Partners must contribute to the council's objectives
  - Partners must demonstrate delivery against agreed outcomes;
  - Partners should have robust governance, evidence that the organisation is effective and be committed to deliver value for money.

Further criteria includes:

  - Supporting the development of small organisations in the borough;
  - Contributing to a positive reputation of the borough
  - Exploring the best use of property;
  - Setting standards for the welfare of volunteers
  - Membership of the Civil Society Partnership and working with others;
  - Sharing training
  - Working to develop the role of mutual organisations, social enterprises, etc
3. The Strategic Partner Programme was a major change from earlier grant aid schemes because it allowed the Council to be much more directive without crossing procurement boundaries. These arrangements reduce the need for specific performance indicators to be set. The Council’s existing Strategic Partners are listed at Annex A
4. Strategic Partner funding has been frozen at levels agreed in 2008/9. The Council has been very clear with organisations that there will be no additional funding given to the sector and any additional needs must be met from within the available budget. The Council is also considering other Council support given to some of the strategic partners:
  - The provision of Council property at peppercorn rents
  - National Non Domestic Rate Relief (NNDR)

## **THE CIVIL SOCIETY PARTNERSHIP**

5. The Civil Society Partnership (CSP) is an association made up of all the Council's Strategic Partner organisations that deliver social welfare services. The CSP acts in the best interests of the voluntary sector and works to keep the member organisations up to date with government policy, funding arrangements, local needs and developments in the sector.
6. Dacorum Borough Council is also a member of the Civil Society Partnership and this allows us to have meaningful strategic and operational conversations with our Strategic Partners.

## **THE VOLUNTARY SECTOR CONSORTIUM (“DACORTIUM”)**

7. One of the key issues facing the voluntary sector has been how to make the sector more sustainable. In an era of reducing funding and restricted financial opportunities the sector must find other funding sources to ensure its long term viability. The voluntary sector have worked together to form a consortium, which they have called “Dacortium”. Dacortium has funding and trading arms which gives the potential to generate additional funds for the member organisations. Council officers have encouraged the development of the consortium as a method of developing financial sustainability. The Council is not a member of the consortium.
8. Dacortium will enable the voluntary sector to:
  - Take a greater role in service delivery in Dacorum
  - Develop potential for voluntary sector organisations to trade
  - Reduce reliance on their core grant from the Council
9. Dacortium's mission is to harness the power of collaboration to strengthen community based not-for-profit organisations by maximising sustainable funding opportunities, sharing resources and expertise and adding value to frontline service delivery. The consortium will provide financial support for the member organisations and has two main aims:
  - To bid for work that supports their objectives. Such work could be from Dacorum Borough Council but also others within the public sector, such as the newly formed Clinical Commissioning Groups, other local authorities, the police, etc.
  - To make applications to major funding streams on behalf of a wide range of organisations that can then use their combined expertise to deliver larger programmes of activity than they could as lone organisations
10. Dacortium is wholly owned and operated by the member organisations who will share the risks and rewards between them.
11. This Council's relationship with Dacortium will be on a contractual basis. The Council will not be a member of Dacortium although it may trade with the organisation through procurement or commissioning activities.

## **SOCIAL VALUE**

12. At its meeting in April 2013, Cabinet approved changes to the procurement regulations to consider Social Value in the procurement of services. A result of the Public Services (Social Value) Act 2012, it came into force on 31<sup>st</sup> January 2013. The Act introduced a statutory requirement for public authorities to have regard to economic, social and environmental well-being in connection with 'public services contracts' within the meaning of the Public Contracts Regulations.
13. Cabinet approved the Policy Statement on Social Value which says "the Council wants to use the opportunity the Act presents through procurement, and other related activities, to enable communities to become more resilient and reduce demand on public services. The Council aims to provide the delivery of services which are innovative, provide employment and business opportunities for its residents, make its communities stronger and more effective and keep its residents safe."
14. This Social Value Policy Statement is a major opportunity for voluntary organisations (and 'Dacortium') to play a major role in delivering public services in the future. By working more closely with private sector suppliers the voluntary sector has an opportunity to provide significant social value outcomes for Dacorum as partners in procurement.

## **RECOMMENDATIONS**

15. Members are requested to note the content of the report and re-affirm the commitment to the voluntary sector. Members are specifically requested to comment on the direction of travel taken in developing financial sustainability for the sector.

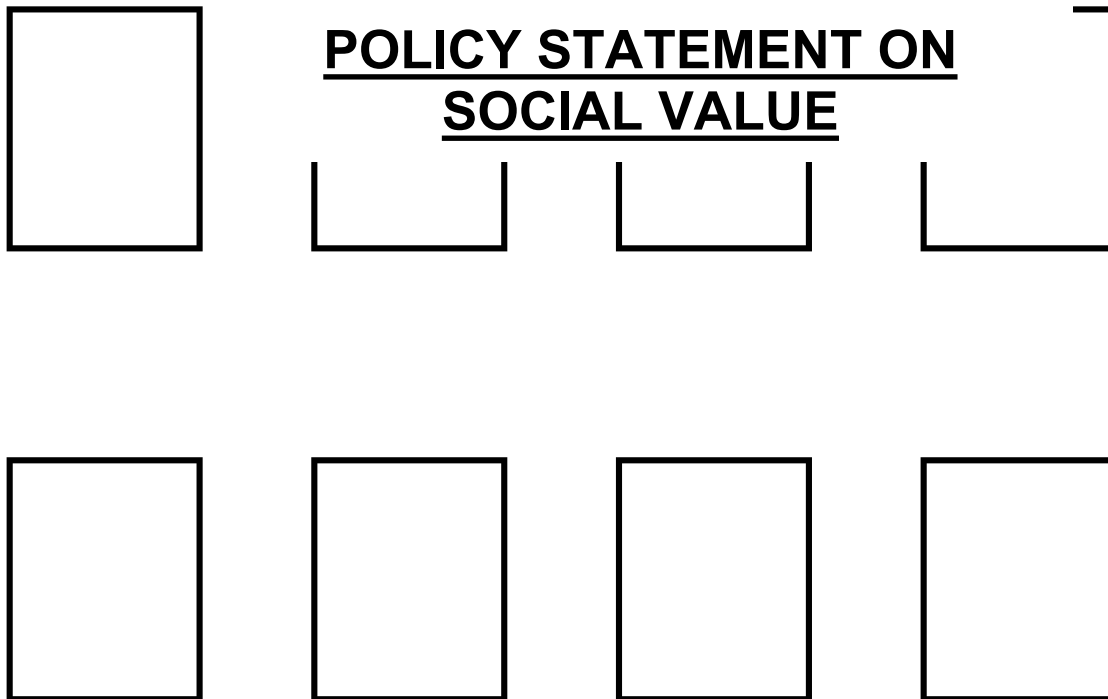


## Annex A

### Strategic Partner Organisations Grants 2013/14

<b>Organisation</b>	<b>£</b>
Dacorum Citizens Advice Bureau	171,890
Community Action Dacorum	100,780
Dacorum Volunteer Centre	55,960
The Centre in the Park (HH Day Centre for the Elderly)	34,200
Relate	48,610
Age UK	40,950
Druglink	63,330
Urban Access	10,600
Herts Mediation Service	33,730
DENS (including Dacorum Rent Aid)	20,500
Dacorum Women's Aid	9,500
Shopmobility	42,000

**Annex B**



Dacorum Borough Council is required to consider how economic, social and environmental well-being may be improved by services that are to be procured, and how procurement may secure those improvements under the provisions of the Public Services (Social Value) Act 2012.

The Council wants to use the opportunity the Act presents through procurement, and other related activities, to enable communities to become more resilient and reduce demand on public services. The Council aims to provide the delivery of services which are innovative, provide employment and business opportunities for its residents, make its communities stronger and more effective and keep its residents safe.

The Council will adopt the “Dacorum Social Value Approach” that defines social value and identifies social value priorities that are specific to Dacorum.

The Council’s definition of social value is:

“Working in partnership to enable the communities of Dacorum to thrive and prosper through creating strong and well-connected public, private and social sectors that enable communities to be more resilient.”

The eleven key Social Value priorities from the Dacorum Social Value Approach are:

- Maintaining low crime rates
- Minimising waste and optimizing recycling rates
- Reducing CO<sub>2</sub> emissions
- Encouraging community involvement and self help
- Looking after the interests of the vulnerable and deprived

- Encouraging Corporate Social Responsibility
- Providing opportunities for development of Social Enterprises
- Promoting local economic growth
- Promoting skills, training and apprenticeships
- Promoting tourism
- Promoting equalities, health and well-being

These will support the Councils vision and key priorities of:

- A Safe and Clean Environment
- Building Community Capacity
- Affordable Housing
- Regeneration and Economy
- Working in Partnership

The Council will, where relevant, seek to achieve these key Social Value outcomes through a range of activities.

In procurement activities the Council can use any of its social value priorities that are proportionate and relevant to the specification for the service required. Where appropriate the Council can ask bidders to detail and demonstrate the social value priorities that they can deliver when providing the service.

## **12. EXCLUSION OF THE PUBLIC**

To consider passing a resolution in the following terms:

That, under s.100A (4) of the Local Government Act 1972 Schedule 12A Part 1 as amended by the Local Government (Access to Information) (Variation) Order 2006 the public be excluded during the item in Part II of the Agenda for this meeting, because it is likely, in view of the nature of the business to be transacted, that if members of the public were present during this item there would be disclosure to them of exempt information relating to the financial or business affairs of any particular person (including the authority holding that information) Agenda Item 13.

Local Government Act 1972 – Schedule 12A, Part 1, Paragraph 3.

**FINANCE AND RESOURCES: Overview & Scrutiny Committees: Work Programmes 2013/14**

<b>Date:</b>	<b>Report Deadline</b>	<b>Items:</b>	<b>Type:</b>	<b>Contact details:</b>	<b>Background information</b>
<b>2 July 2013</b>	<b>19 June 2013</b>	Shared and Outsourced Update Report – Customer Service Centre Gateway	SC	D Gill, Group Manager – Partnerships & Citizen Insight	
<b>3 September 2013</b>	<b>21 August 2013</b>	Quarter 1 Risk Management Report 2013/2014	PM	Linda Dargue, Insurance & Risk Manager	
		Quarter 1 Performance & Operational Risk Register Reports	PM	S Baker, Assistant Director – Legal, Democratic & Regulatory Services J Milsom, Assistant Director - Performance, Improvement & Transformation J Deane, Assistant Director, Finance & Resources	
		Quarter 1 Forecast Financial Outturn Report 2013/14	PM	J Deane, Assistant Director, Finance & Resources	
		Quarter 1 Licensing Report	PM	M Brookes, Group Manager – Legal Governance	
		Shared and Outsourced Update Report – Customer Service Centre Gateway	SC	D Gill, Group Manager – Partnerships & Citizen Insight	

<b>8 October 2013</b>	<b>24 September 2013</b>	Community Infrastructure Levy	PM	Chris Taylor	To consider the next steps for the introduction of the Community Infrastructure Levy for Dacorum.
		Shared and Outsourced Update Report – Customer Service Centre Gateway	SC	D Gill, Group Manager – Partnerships & Citizen Insight	
<b>5 November 2013</b>	<b>22 October 2013</b>	Quarter 2 Risk Management Report 2013/2014	PM	Linda Dargue, Insurance & Risk Manager	
		Quarter 2 Performance & Operational Risk Register Reports	PM	S Baker, Assistant Director – Legal, Democratic & Regulatory Services J Milsom, Assistant Director - Performance, Improvement & Transformation J Deane, Assistant Director, Finance & Resources	
		Quarter 2 Forecast Financial Outturn Report 2013/14	PM	J Deane, Assistant Director, Finance & Resources	
		Quarter 2 Licensing Report	PM	M Brookes, Group Manager – Legal Governance	

		Shared and Outsourced Update Report – Customer Service Centre Gateway	SC	D Gill, Group Manager – Partnerships & Citizen Insight	
<b>7 January 2014</b>	<b>17 December 2013</b>	Quarter 3 Risk Management Report 2013/2014	PM	Linda Dargue, Insurance & Risk Manager	
		Quarter 3 Performance & Operational Risk Register Reports.	PM	S Baker, Assistant Director – Legal, Democratic & Regulatory Services J Milsom, Assistant Director - Performance, Improvement & Transformation J Deane, Assistant Director, Finance & Resources	
		Quarter 3 Licensing Report	PM	M Brookes, Group Manager – Legal Governance	
		Shared and Outsourced Update Report – Customer Service Centre Gateway	SC	D Gill, Group Manager – Partnerships & Citizen Insight	
<b>4 March 2014</b>	<b>20 February 2014</b>	Shared and Outsourced Update Report – Customer Service Centre Gateway	SC	D Gill, Group Manager – Partnerships & Citizen Insight	

### Future Items

- **PM- Performance management    PD- Policy Development    Sc- Scrutiny**

## PART II

### NOT FOR PUBLICATION

#### AGENDA ITEM: 13

#### SUMMARY

<b>Report for:</b>	<b>Finance and Resources Overview &amp; Scrutiny Committee</b>
<b>Date of meeting:</b>	<b>4<sup>th</sup> June 2013</b>
<b>PART:</b>	<b>2</b>
If Part II, reason:	This project is currently in Mobilisation Phase and the contract documentation is being finalised. Therefore, there would be disclosure to the public of exempt information relating to the financial or business affairs of any particular person (including the authority holding that information). Local Government Act 1972 – Schedule 12A, Part 1, Paragraph 3.

<b>Title of report:</b>	<b>Shared and Outsourced Services Update – Customer Service Centre and Gateway Contract (CSCG)</b>
Contact:	Cllr Neil Harden: Portfolio Holder for Residents & Regulatory Services  Responsible Officers: David Gill - Group Manager, Partnerships, Policy and Communications (x2511) Shane Flynn – Assistant Director, Project Governance (x2979)
Purpose of report:	To update Members on progress with the Customer Service Centre and Gateway project.
Recommendations	That Members note progress and comment on the Customer Service Centre and Gateway project.
Corporate objectives:	Supporting the ‘Dacorum Delivers’ strategic change programme
Implications:	<u>Financial:</u>  Efficiency savings have been identified as part of the overall project and will be monitored through the Performance Management Frameworks, which will form part of the contract documentation.  <u>Value for Money:</u>  Current central government legislation has identified that local authorities should seek to provide value for money for citizens by exploring partnership arrangements to deliver services.

Risk Implications	A risk assessment of the CSCG project has been undertaken and reported on to the Overview and Scrutiny Committee. An ongoing risk log is now being developed to cover all aspects of the transfer.
Equalities Implications	An Equality Impact Assessment has been completed. This was included in the report to Cabinet on 26 <sup>th</sup> March 2013.
Health And Safety Implications	There are no immediate health and safety issues.
Consultees:	A corporate multi-disciplinary project team has been developing the CSCG project. In addition Customer Services staff have been engaged through regular staff meetings and the Staff Reference Group. Unison has also been consulted regularly.
Background papers:	<ul style="list-style-type: none"> <li>• Cabinet 26<sup>th</sup> March 2013 – Customer Service Centre and Gateway Tender Exercise – Part 2</li> <li>• Mobilisation Plan – available on request</li> <li>• Annex A – Schedules 10 and 11 – Governance arrangements</li> <li>• Annex B – Draft Performance Management Frameworks</li> </ul>
Glossary of acronyms and any other abbreviations used in this report:	<p>CSCG – Customer Service Centre and Gateway project</p> <p>CSU - Customer Service Unit</p> <p>ITT – Invitation to Tender</p> <p>CRM – Customer Relationship Management System</p> <p>SLA - Service Level Agreements</p> <p>PMF - Performance Management Framework</p>

## 1 Background

At the Cabinet meeting on 26<sup>th</sup> March 2013, a decision was made to award the contract for the delivery of the Customer Service Centre and Gateway (CSCG) to Northgate Information Solutions UK Ltd (Northgate) as the future CSCG provider, with effect from 1 October 2013 for a term of 4 years; with an option to extend the contract for a period up to a further 6 years, subject to the outcome of the independent value for money benchmark review in 2016/17.

The Council's corporate multi-disciplinary project team are now working closely with Northgate in order to progress the outsourcing. Current emphasis is on contract sign off and mobilisation.

## 2 Contract Sign Off

The Council's legal team have engaged Bevan Brittan, independent legal advisors to work with our in-house team to finalise all legal documentation relating to the transfer. The target is to have completed these documents by mid June.

## 3 Mobilisation Plan

Northgate have produced a draft Mobilisation Plan which outlines the key stages towards contract commencement. This is a very comprehensive operational document which covers actions over 158 days between early April 2013 and early November. Northgate's optimised transition timetable allows scope for a completion date between early August, the date that Northgate would prefer, and



the 1st October which was the date approved by Cabinet in March 2013. The confidential mobilisation plan will be made available to Scrutiny committee members in hard copy at the meeting or is available to members on request.

#### **4 Proposed Governance Framework**

The ITT document requested robust governance arrangements for the contractual arrangement. The details of these are contained in Schedules 10 and 11 of the draft contract documentation and attached at Annex A. The Cabinet recommendations also included agreement to appoint a Commercial Contracts Manager, which will initially concentrate on the CSCG contract but will also have the remit to manage other corporate contracts and tenders, as required. Procurement of this post is currently underway.

#### **5 Service Level Agreements (SLA)**

SLAs had not previously been in place in CSU and during 2012 these were negotiated with eight services. These have been used as a basis for Northgate's understanding of the service provided in the CSU. The Information contained within the SLAs will include:

- Hours of operation
- Service description
- The service functions provided by CSU
- The back-office responsibilities
- Overview of volumes by year
- Overall CSU key performance indicators at service level:

Work is currently being undertaken to complete these for all services operating in CSU with the co-operation of service managers.

#### **6 Performance Management Framework (PMF)**

An initial set of performance management tables setting out the standards and targets expected of the contract were included in the invitation to tender. Further discussion is being undertaken with Northgate to ensure that the Performance Management information that is requested is realistic and proportionate.

Three sets of information will form a Performance Management Framework (PMF). The first of these, PMF1, includes both critical and non-critical indicators to measure the service performance. The critical indicators will be linked to service credits with a financial penalty attached for non-performance. The other indicators will provide management information that will give greater depth of understanding.

It is proposed that the second part of the framework (PMF2) will provide service level data with the objective of service improvement and reduction of avoidable contact. It is recognised that this will require a joint and collaborative approach to ensure continuous improvement. It is not intended to apply service credits to PMF2.

The third performance table (PMF3) provides detail about the expected progress towards channel shift of customers to self service and web transactions. These targets will not attract service credits.

The draft frameworks are attached at Annex B.

**SCHEDULE 10 – KEY PERSONNEL****Part I – Authority's Key Personnel**

<b>Name</b>	<b>Job title</b>	<b>Responsibilities</b>
Sally Marshall	Authority's Representative-Corporate Director - Performance, Improvements and Transformation	Responsible for leading the supplier relationship from within the Council and key Escalation officer.
Shane Flynn	Authority's Implementation Services Manager	Responsible for day to day accountability for service provision and standards of the supplier.
DBC Commercial Contracts Manager	Authority's Operational Services Manager	Lead officer for the contract management of supplier.
James Deane	Authority's Financial Services Manager	Lead officer for Finance.

**Part II – Supplier's Key Personnel**

<b>Name</b>	<b>Job title</b>	<b>Responsibilities</b>
Stephen Ferry	Supplier's Representative	Responsible to manage, lead and develop the relationship between the Council, to ensure compliance with its contractual obligations under the Agreement, and for agreeing future Council requirements.
Rhi Hardy	Supplier's Implementation Services Manager	Responsible for the service transition to ensure a successful take on of service is delivered.
Funsho Salawu	Supplier's Operational Services Manager	Responsible for day-to-day delivery against the contractual obligations and overall customer satisfaction.
Dale McNeill	Supplier's Transformation Services Manager	Responsible for delivering the transformation of service and key projects.

## SCHEDULE 11 – GOVERNANCE

### 1 General

All persons from time to time who are on the Partnership Management Board and the Operations Board act in a spirit of mutual trust and co-operation.

### 2 Partnership Management Board

2.1 The Partnership Management Board comprises 4 representatives of the Authority, 2 being the holders of senior posts within the Authority with a direct connection to the provision of the Services, one being the Authority's Operational Services Manager and the Portfolio member for the service, together with 3 representatives of the Supplier, one being a director or senior manager of the Supplier having responsibility for the delivery of the Services but not being involved in the day to day provision of them, one being the Supplier's Representative and one being the Supplier's Operational Services Manager.

2.2 Prior to the Operational Services Commencement Date, the Authority and the Supplier each appoint their respective representatives to the Partnership Management Board and ensure that the designated representatives are able to attend all meetings of the Partnership Management Board or that 1 or more of the designated alternatives set out in the following table attends in their place. The replacement of the designated representatives takes place only with the prior consent of all other persons on the Partnership Management Board (such consent not to be unreasonably withheld).

	<b>Name of designated representative</b>	<b>Position</b>	<b>Designated alternative representative</b>	<b>Position</b>
<b>Authority's representative 1</b>	Sally Marshall	Chief Executive	Shane Flynn	Assistant Director
<b>Authority's representative 2</b>	Shane Flynn	Assistant Director	TBC	TBC
<b>Authority's representative 3</b>	James Deane	Assistant Director	TBC	Commercial Contracts Manager
<b>Authority's representative 4</b>	Neil Harden	Portfolio Member	TBC	TBC
<b>Supplier's representative 1</b>	Joe Bradley	Executive Director	Stephen Ferry	Operations Director
<b>Supplier's representative 2</b>	Stephen Ferry	Operations Director	Funsho Salawu	Client Services Director
<b>Supplier's representative 3</b>	Funsho Salawu	Client Services Director	Dale McNeill	Service Manager

2.3 The Partnership Management Board has responsibility for:

2.3.1 reviewing and assessing the Supplier's overall performance in performing the Services;

2.3.2 all Service Level Agreements and Key Performance Indicators PMF 1 and PMF 2;

- 2.3.3 Channel Shift progress against targets – PMF 3;
  - 2.3.4 Innovation and Improvement Projects – progress against milestones;
  - 2.3.5 Customer Insight and Business Intelligence;
  - 2.3.6 Change Control Procedure – Change Control Notes for review / sign off;
  - 2.3.7 Horizon Scanning – new initiatives, potential impacts to the Services;
  - 2.3.8 Escalated issues from any contract review meeting;
  - 2.3.9 Risk Management Log – review; and
  - 2.3.10 considering and deciding any issues referred to it by the Operations Board.
- 2.4 For the avoidance of doubt, the Partnership Management Board does not by itself have any power to vary the terms of this Agreement. The Partnership Management Board meets quarterly and whenever the Authority considers necessary.
- 2.5 Decisions of the Partnership Management Board are made by majority vote of the representatives of the parties attending each meeting, provided that 2 representatives of each party are present. In the event of a tied vote, the Authority's representatives have a casting vote.

### **3 The Operations Board**

- 3.1 The Operations Board comprises 2 designated representatives from each party. On the Supplier's side, the Supplier's Operational Services Manager is a representative together with another representative involved in the management of the delivery of the Services. On the Authority's side, the Authority's Operational Service Manager is a representative together with another representative involved in the monitoring of the Supplier's performance. To enable effective engagement with back-office services a number of additional Council Officers (Group Managers) will be invited to attend as required.. These could include services such as Revenue and Benefits, Planning, Strategic Housing, Environmental, Regulatory and attendance is at their discretion.
- 3.2 Prior to the Operational Services Commencement Date, the Supplier and the Authority each appoint 2 representatives to the Operations Board and ensure that the designated representatives are able to attend all meetings of the Operations Board or that one or more of the designated alternatives set out in the following table attends in their place. The replacement of designated representatives takes place only with the prior consent of all other persons on the Operations Board (such consent not to be unreasonably withheld).

	<b>Name of designated representative</b>	<b>Position</b>	<b>Designated alternative representative</b>	<b>Position</b>
<b>Authority's representative 1</b>	Shane Flynn	Assistant Director	Commercial Contracts Manager	TBC
<b>Authority's representative 2</b>	TBC	Commercial Contracts Manager	TBC	Group Manager
<b>Supplier's representative 1</b>	Funsho Salawu	Client Services Director	Dale McNeill	Service Manager
<b>Supplier's representative 2</b>	Dale McNeill	Service Manager	Dawny Davies	Service Manager

- 3.3 The Operations Board has responsibility for:
- 3.3.1 invoice and payment sign-off;
  - 3.3.2 review progress on agreed initiatives and projects milestones plan;
  - 3.3.3 proposed changes to the Services must be supported by a business case / cost benefit analysis and will be managed through the Change Control Procedure;
  - 3.3.4 Performance Management Framework;
  - 3.3.5 Service Levels and Key Performance Indicators;
  - 3.3.6 channel shift progress against targets;
  - 3.3.7 User insight and business intelligence;
  - 3.3.8 issues management;
  - 3.3.9 risk management;
  - 3.3.10 improvements / changes proposed (Change Control log updates);
  - 3.3.11 call verification (listen to recordings) monitoring and reviewing the performance of the Supplier in the delivery of the Services, in particular, the performance of the Supplier against the Service Levels; and
  - 3.3.12 considering and providing recommendations to the Partnership Management Board.
- 3.4 The Operations Board meets monthly and otherwise as required by the Authority to consider and review the delivery of the Services.

#### **4. INNOVATION BOARD**

- 4.1 The Innovation Board comprises 3 designated representatives from each party. On the Supplier's side, the Supplier's Operation Director is a representative together with the Innovation Director and the Client Services Director. On the Authority's side, the Authority's Corporate Director is a representative together with the Assistant Director and representatives identified on an ongoing basis To enable effective engagement with a wide range of council-services a number of additional

Council Officers (Assistant Director level) will be invited to attend as required..

- 4.2 Prior to the Operational Services Commencement Date, the Supplier and the Authority each appoint 3 representatives to the Innovation Board and ensure that the designated representatives are able to attend all meetings of the Innovation Board or that one or more of the designated alternatives set out in the following table attend in their place. The replacement of designated representatives takes place only with the prior consent of all other persons on the Innovation Board (such consent not to be unreasonably withheld).

	<b>Name of designated representative</b>	<b>Position</b>	<b>Designated alternative representative</b>	<b>Position</b>
<b>Authority's representative 1</b>	TBC	Corporate Director	Shane Flynn	Assistant Director
<b>Authority's representative 2</b>	Shane Flynn	Assistant Director	TBC	TBC
<b>Authority's representative 3</b>	TBC	Group Manager	TBC	TBC
<b>Supplier's representative 1</b>	Stephen Ferry	Operations Director	Funsho Salawu	Client Services Director
<b>Supplier's representative 2</b>	David Clarke	Innovation Director	Mike Small	Innovation Director
<b>Supplier's representative 3</b>	Funsho Salawu	Client Services Director	Dale McNeill	Service Manager

- 4.3 The Innovation Board has responsibility for:

The Innovation Board focuses on the identification and assessment of more radical innovations and service improvements and to enable such innovations to be evaluated, business cases need to be developed and presented to the Partnership Management Board for consideration and approval. In addition the Innovation Board functions shall include:

4.3.1. Identifying areas where new applications of technology or service innovations may be of benefit to the Council or the Service Provider;

4.3.2 To provide agreement for the development of business cases for innovation.

4.3.3 Ratification of business cases prior to presentation to the Partnership Management Board for approval

- 4.4 The Innovation Board shall meet at least once per six months, and more frequently as requested by Innovation Forum members.

<b>DRAFT - PMF1 - Key Performance Indicators</b>			
<b>Type</b>	<b>Regime</b>	<b>Metric</b>	<b>Service Level Required</b>
<b><u>Call Centre (Telephone and e mail)</u></b>			
critical	credits apply	Opening Hours	08:00 - 18:30 (10.5 hours)
		Opening Days	Monday - Friday (excluding Bank Holidays)
critical	credits apply	Speed of Answer	70% of call answered within 20 seconds
critical	credits apply	Abandoned Rate	5%
non critical	reported as requested	Average Wait Time	N/A
non critical	reported as requested	Longest Wait Time	N/A
non critical	reported as requested	Standard Call length	N/A
non critical	reported as requested	Complex Call length	N/A
non critical	reported as requested	Enquiries resolved at first point of contact	N/A
<b><u>Customer Service Centres (Face to Face)</u></b>			
critical	credits apply	Opening Hours	As existing service
		Opening Days	As existing service
critical	credits apply	Speed of Engagement	70% of customers seen within 5 minutes
critical	credits apply	Longest Wait Time	Less than 30 minutes for 95% of customers
non critical	reported as requested	No Shows	N/A
	reported as requested	Interaction Length > < 10 minutes	N/A
non critical	reported as requested	Enquiries resolved at first point of contact	N/A
non critical	reported as requested	Staff Utilisation	N/A
non critical	reported as requested	Staff Occupancy	N/A
non critical	reported as requested	Turnover Rate	N/A
non critical	reported as requested	Sickness Rate	N/A

**DRAFT - PMF2 – Key Performance Indicators by Service**

1. On a monthly basis, the CSU will report to individual services how their service has performed. against the main indicators
2. A monthly meeting will take place to review the report and any supplementary information that has impacted their individual service area. This would allow the opportunity to share information or future work plans that will assist in future delivery and to identify any issues that are concerning the back office with the CSU delivery.
3. Following the review meeting, if any issues are identified and need to be explored in more detail the CSU and the back office would agree what supplementary checks would be required to be carried out. This could include :-
  - An analysis and review of a % of calls (joint monitored by the back office/Northgate ) to determine if there are any qualitative issues

- An analysis and review of appropriate calls to ensure appropriate transfer arrangement are taking place (jointly monitored by the back office and Northgate)
  - Findings reviewed and if exceptions and areas for improvement are identified then a joint service improvement plan is developed within one month
  - This plan is reviewed monthly and a further check on progress to the issue is carried out after 3 months.
4. If after the action plan the required improvement is not achieved the back-office has the right to escalate to the Strategic Officer and a joint meeting held between all parties to understand fully the position and reach an agreed way forward. This may include moving formally through Remediation plan and Dispute Resolution clauses within the contract.

**DRAFT - PMF 3 – Channel Shift**

<b>Channel</b>	<b>Volumes 2011/12</b>	<b>Volumes 2012/13</b>	<b>Forecast Volume Level Aug 2012 / July 2013</b>	<b>Forecast Volume Level Aug 2013 / July 2014</b>	<b>Forecast Volume Level Aug 2014 / July 2015</b>	<b>Forecast Volume Level Aug 2015 / July 2016</b>
<b>Calls (to a CSR)</b>	297,122	307,899	307,899	199,770	119,741	107,767
<b>~ % of service</b>			100%	65%	39%	35%
<b>% Shift to Automated (IVR) Calls</b>			0%	35%	61%	65%
<b>Face to Face Visitors</b>	69,108	65,200	65,200	55,420	37,310	22,386
<b>~ % of service</b>			100%	85%	57%	34%
<b>% Shift to web services</b>			0%	15%	43%	66%