

Public Document Pack



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To The Chairman and Members of the Cabinet
All other Members of the Council – for information

Your Ref:
Our Ref: JB/L.3
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Date 07 May 2009

Dear Sir/Madam,

CABINET - TUESDAY 12 MAY 2009

I refer to the agenda for the above-mentioned meeting and enclose the following items:

Item No	Report Title	Page Nos
8.	<u>Annual Delivery Plan 2009/10</u> Report of the Executive Member for the Governance Portfolio (Lady K Fisher).	95 - 125
9.	<u>Capital Programme 2008/09 (revised)</u> Report of the Executive Member for the Governance Portfolio (Lady Kay Fisher).	126 - 134
10.	<u>Concessionary Bus Fares</u> Report of the Executive Member for the Governance Portfolio (Lady Kay Fisher).	135 - 139
16.	<u>Capita Contract</u> To agree and sign off the outstanding Capita contractual matters, in accordance with the Council's decision. Report of the Executive Member for the Transformation Portfolio (William Smith).	140 - 155

Item No	Report Title	Page Nos
21.	<p data-bbox="347 149 745 184"><u>Exclusion of Press and Public</u></p> <p data-bbox="347 216 891 249">To consider passing the following resolution:</p> <p data-bbox="347 279 1227 405">“That under Section 100(A)(4) of the Local Government Act 1973, the press and the public be excluded from the meeting for the following item of business on the grounds that it involves the disclosure of exempt information as defined in paragraph 3 of Schedule 12A to the Act”.</p> <p data-bbox="381 434 1190 499" style="text-align: center;"><u>PART B - ITEMS FROM WHICH THE PRESS AND PUBLIC ARE EXCLUDED</u></p>	
22.	<p data-bbox="347 531 954 567"><u>Capita Contract (Agenda item 16 above refers)</u></p> <p data-bbox="347 596 1200 657">Final draft of the Agreement between the Council and Capita (copy as sent to Executive Members under separate cover).</p>	separate document

Yours faithfully

Julie Britton

Senior Member Services Officer

Business Plan 2008 – 2014

Annual Delivery Plan (Year 2) 2009 -10

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Introduction

Welcome to Breckland Council's Annual Delivery Plan 2009 – 2010.

In 2008, we set out our priorities and the outcomes we wanted to achieve for local people in our Strategic Business Plan 2008 – 2014. The Business Plan shows what the council will do to meet the needs and aspirations of residents, and addresses the priorities outlined in Norfolk Ambition (the county wide delivery plan) and Breckland Partnerships Sustainable Community Strategy.

Through the Business Plan, we will help to make Breckland a better place with a brighter future by enhancing and improving the wealth, well-being and quality of life of people who live and work in the district by focussing on five key priorities:

These priorities are:

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- ✓ **Building safer and stronger communities** - Ensuring that communities are safe, secure, integrated with fairness and equality of opportunity for all
- ✓ **A clean and green environment** - Our green agenda
- ✓ **Building prosperous communities** - Healthy, prosperous and sustainable communities
- ✓ **Delivering the entrepreneurial council** - To recognise the full earning potential of the council and ensure value for money
- ✓ **Your council, your services** - To tailor services to customer needs

Over the last year we have already made significant progress in delivering these priorities and the Annual Delivery Plan details how we will build on our achievements over the forthcoming year.

In addition, the council has recently received its Annual Audit and Inspection Letter from The Audit Commission. This takes into account the progress the council has made in delivering its priorities over the previous year and also how well it delivers Value for Money.

We are delighted to say that following this audit, the council achieved a score of 3 out of 4, representing a significant improvement and indicates the council is performing well. We also remain one of the 15 most improved councils nationally over the last 3 years.

In the following pages you will see what residents have said about what matters most to them, what we have achieved so far and what we plan to do next.

Priority: Building safer and stronger communities

Ensuring that communities are safe, secure, integrated with fairness and equality of opportunity for all

You said:

- 39% of residents said that tackling anti-social behaviour should be one of our top priorities
- 19% said that we should work to promote pride in our community
- You also said that improving CCTV, improving health in the district and ensuring equal access to council services are important to you

What we have done so far:

- ✓ We consulted with residents and worked with partners to reduce anti-social behaviour in the Cherry Tree Car Park in Dereham
- ✓ We consulted with Police on planning applications for new developments, taking their advice on Designing Out Crime
- ✓ We funded a series of plays in 9 local junior schools, helping children understand the implications of their choices and behaviour
- ✓ We appointed a dedicated Pride Co-ordinator who is working with local volunteers and groups to increase the sense of ownership and pride in their communities
- ✓ We secured £900,000 funding and achieved 'Healthy Town Status' for Thetford. This will be matched locally to total £1.8 million for a project to encourage people to adopt healthier lifestyles
- ✓ We secured £238,000 Big Lottery funding to provide 6 high quality play areas for the district
- ✓ We organised 198 walks throughout the district, attracting 2,795 participants as part of a successful Walking for Health scheme
- ✓ We provided mobile housing surgeries, improving access to housing services for rural communities
- ✓ We have extended the opening hours of our Customer Service Centres in Attleborough, Swaffham and Watton

The following pages detail what we plan to do over the forthcoming year.

Building Safer and Stronger Communities – Delivery Plan 2009- 2010

Projects

Reference	Description	Contributor	2009/10 Milestones			
			Q1	Q2	Q3	Q4
CA01.1 - 1	Deliver a programme of diversionary events and activities aimed at reducing anti-social behaviour	Sustainable Communities	Dereham Allotment Project established	Programme of sporting activities and "Cop Cards" project delivered		"Charity Shop Challenge" Event held
CA01.2 - 1	To participate in Safer Neighbourhoods and undertake activities to reduce fear of crime	Sustainable Communities			No cold calling zones project delivered	Crime stoppers project delivered
CA01.2 - 2	Develop CCTV system using entrepreneurial approach to reduce ongoing costs	Sustainable Communities	Award new CCTV contract	Phased roll out of new system across district	Phased roll out of new system across district	

Reference	Description	Contributor	2009/10 Milestones			
			Q1	Q2	Q3	Q4
CA01.3 -1	Deliver a programme of events to promote community belonging and pride	Sustainable Communities	Establish new funding stream for local festival activities	Host a series of Pride Environmental Impact days across the District linked to the Environment Strategy Deliver Breckfest branded programme of cultural events/activities Report to Cabinet on 2010 Breckfest Main Event		
CA01.3 -2	Deliver a programme of training and area based activities to strengthen community consultation and involvement	Sustainable Communities	Establish 1 new neighbourhood taskforce and forum	Deliver training programme for Staff & Councillors on community engagement techniques	Establish 1 new neighbourhood taskforce and forum	Deliver training programme for Staff & Councillors on community engagement techniques

Reference	Description	Contributor	2009/10 Milestones			
			Q1	Q2	Q3	Q4
CA01.4 - 1	Deliver Choice Based Lettings – Breckland Key Select	Strategic Housing	<p>Undertake training for key agencies, /partners/ members in the use of the scheme.</p> <p>Go live of Breckland key Select.</p> <p>Publicise Launch widely.</p>	Undertake Equality Impact Assessment		
CA01.4 - 2	Equality and Diversity	Policy and Performance	Undertake full audit of current EQIA's with support from Access Groups	Undertake self assessment against 'Achieving' level of Equality Standard	Create 1 st draft of action plan and present back to stakeholders	Co-ordinate Peer Review for 'Achieving' assessment of Equality Standard

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Reference	Description	Contributor	2009/10 Milestones			
			Q1	Q2	Q3	Q4
CA01.5 - 1	Prevention of Homelessness - redevelop the Council's Homeless persons hostel	Strategic Housing	<p>Development Tender process complete</p> <p>Development commenced</p> <p>Specification drafted with Supporting People Team for management of hostel</p>	Commence Tender process	<p>Report to Cabinet re appointment of contractor to manage new facility</p> <p>Contract finalisation</p>	
CA01.5 - 2	Deliver projects from year 1 of the young persons housing action plan	Strategic Housing	<p>Produce Young person's information card, leaflet and poster.</p> <p>Commence identified actions for completion within 2009/10</p>	Create a specific young people and housing web page promoting useful information and links to other sites	Commence education awareness programme with schools.	Completed identified actions identified for year 2009/10.

Reference	Description	Contributor	2009/10 Milestones			
			Q1	Q2	Q3	Q4
CA01.5 - 3	Deliver projects from the year 1 of the financial inclusion policy action plan	Strategic Housing	<p>Adoption by Cabinet/Council and EQIA undertaken</p> <p>Approach RSL's in BDC and home insurance providers to market packages to social tenants</p>	<p>Completion of financial inclusion web page.</p> <p>Produce an information pack for distribution to residents to include Danger of loan sharks, Credit Unions, Where to get financial advice etc</p>	Support the set up of a bulk oil ordering scheme in multiple Breckland Parishes with RSL partners.	<p>Develop a mobile phone tenancy programme on money advice /budgeting</p> <p>Completed all identified actions identified for year 2009/10.</p>
CA01.5 - 4	We will deliver a programme of activities to improve the health of people who live in Breckland	Environmental Health	Promote noise awareness programmes during Noise Action Week and visit a selection of food businesses during National Food Safety week to highlight the importance of food safety		Deliver Licensing road shows to market towns to advise on amendments to the Licensing Act and Gambling Acts and deliver a health and safety seminar to small businesses to help them comply with health and safety legislation	Deliver Licensing road shows to market towns to advise on amendments to the Licensing Act and Gambling Acts

Performance Indicators

Reference	Description	Contributor	Outturn 2008/09	2009/10 Milestones			
				Q1	Q2	Q3	Q4
NI 156	Number of households living in Temporary Accommodation	Strategic Housing	39				34
NI 195c	Improved street and environmental cleanliness (levels of graffiti)	Environmental Services	New indicator				1%
NI 196	- Improved street and environmental cleanliness - fly tipping	Environmental Services	Baseline measured				2
OI -SH 06	Homelessness prevention casework: the prevention or relief of homelessness by means of housing advice (PIE definitions) (1) Homelessness Prevented (2) Homelessness Relieved	Strategic Housing	TBC		66 (TBC)		66 (TBC)

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Reference	Description	Contributor	Outturn 2008/09	2009/10 Milestones			
				Q1	Q2	Q3	Q4
OI-SH 07	Young People – reduction in number of homelessness applications from 16/17 year olds	Strategic Housing	N/A	4 (TBC)	4 (TBC)	4 (TBC)	4 (TBC)
OI – PP 01	Equalities Standard level	Policy and Performance	2				3 'Achieving'
NI 182	Satisfaction of businesses with local authority regulation services	Environmental Health	TBC				82%
NI 184	Food Establishments in the Area which are Broadly Compliant with Food Hygiene Law	Environmental Health	TBC				TBC

Priority: A clean and green environment

Our green agenda

You said:

- 35% of our residents said that improving cleanliness in streets and open spaces should be one of our most important priorities
- You said that reducing the council's carbon emissions, reducing fuel used by council vehicles, reducing residual waste from households and promoting ecologically friendly development are also important issues for the council to tackle

What we have done so far:

- ✓ We have launched the 'Pride Line' so that our residents can report environmental concerns such as fly tipping anonymously
- ✓ All staff lease cars have carbon emission ratings of 150g/km or less
- ✓ Our waste collection contractors, Serco, carried out a route optimisation exercise to reduce fuel consumption
- ✓ We introduced the British Gas Home Insulation Incentive Scheme, providing financial incentives to encourage people to insulate their homes
- ✓ We have staged 5 road shows with a food waste reduction theme
- ✓ We have developed 5 new Ecohomes in Yaxham. These were built using sustainable materials and employing innovative methods to achieve the highest level of energy efficiency and limit CO2 emissions
- ✓ We have continued to help fund the work of the Brecks Project and Wensum Valley Trust

The following pages detail what we plan to do over the forthcoming year.

Environment – Delivery Plan 2009- 2010

Projects

Reference	Description	Contributor	2009/10 Milestones			
			Q1	Q2	Q3	Q4
CA02.1 - 1	Wind Turbine at Elizabeth House	Asset Management	Carry out Feasibility		Move forward if appropriate	
CA02.2 - 1	Glass recycling scheme	Environmental Services	Investigate options and feasibility of glass recycling scheme and report to Cabinet.			
CA02.2 - 3	Bulky Waste Collection – re-use scheme	Environmental Services	Investigate options and feasibility of bulky waste collection scheme and report to Cabinet.			
CA02.2 - 4	Commercial waste collection	Environmental Services			Investigate options and feasibility of commercial waste collection and report to Cabinet.	

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Performance Indicators

Reference	Description	Contributor	Outturn 2008/09	2009/10 Milestones			
				Q1	Q2	Q3	Q4
NI 185 (local)	CO2 reduction from Local Authority operations	Environmental Services	TBC	Target will be set following confirmation of 08/09 figures			
NI 191	Residual household waste per household	Environmental Services	TBC	220kg	440kg	650kg	860kg
NI 192	Household waste recycled and composted	Environmental Services	TBC	46%	45%	43%	42%
NI 194 (local)	Level of air quality – reduction in NOx and primary PM10 emissions through local authority's estate and operations.	Environmental Services	TBC	Target will be set following confirmation of 08/09 figures			
NI 195a	Improved street and environmental cleanliness (levels of litter)	Environmental Services	TBC				5%
NI 195b	Improved street and environmental cleanliness (levels of detritus)	Environmental Services	TBC				10%

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Reference	Description	Contributor	Outturn 2008/09	2009/10 Milestones			
				Q1	Q2	Q3	Q4
NI 195d	Improved street and environmental cleanliness (levels of fly posting (Indicator can be profiled to reflect survey schedule)	Environmental Services	TBC				0%
LAA4.1 (Local)	Per capita reduction in CO2 emissions in the LA area	Environmental Services	TBC	Target will be set following confirmation of 08/09 figures			
LAA 4.2	Adapting to climate change	Environmental Services	TBC				Level 2
LAA 4.3 (Local)	Percentage of municipal waste land filled (Designated)	Environmental Services	TBC				56%

Priority: Building prosperous communities

Healthy, prosperous and sustainable communities

You said:

- 35% of residents said that we should support local businesses, helping them to start up and grow
- 35% said we should work to protect flourishing communities
- You said that reducing poverty, securing decent housing, protecting and enhancing our town centres, encouraging inward investment and developing a skilled workforce were also important to you

What we have done so far:

- ✓ Through Phase 1 of the Rural Enterprise Valley Project we engaged with and supported over 400 Norfolk companies
- ✓ We are working with Norfolk Better Regulation Partnership to lessen the burden on businesses by reducing the number of visits from different regulators
- ✓ With partners we levered in £522,043 of funding to lift 420 households out of fuel poverty
- ✓ Against a target of 100, we have delivered over 160 new affordable housing units
- ✓ In our emerging Local Development Framework Core Strategy, we are proposing to increase the percentage of affordable housing sought for in new developments from 30% to 40% on all qualifying sites
- ✓ With partners, we secured £1.5 million funding for a new 44 acre Business Park in Thetford, to provide high quality employment for local people
- ✓ We secured £21,500 from Breckland Partnership to enhance workforce skills and provide grants to assist local businesses in funding ICT projects
- ✓ We visited 100 town centre businesses in five market towns to obtain a 'snap shot' of views on economic prospects at the time and find out face-to-face about traders concerns
- ✓ We produced the Industrial Directory and Commercial Premises Directory to assist our local businesses

The following pages detail what we plan to do over the forthcoming year.

Prosperous Communities – Delivery Plan 2009- 2010

Projects

Reference	Description	Contributor	2009/10 Milestones			
			Q1	Q2	Q3	Q4
CA03.1 - 1	Local Development Framework - Core Strategy	Environmental Planning		Pre –Examination Meeting	Examination in public	
CA03.1 - 2	Local Development Framework – Site Specific	Environmental Planning				Additional Consultation to Committee
CA03.1 - 3	New Thetford Bus Station – part of the Growth Point/Moving Thetford Forward Programme	Asset Management	Support NCC and transfer Project Management to NCC	Monitor	Monitor	Monitor
CA03.1 - 4	Anchor Hotel Site, Thetford – development opportunity	Asset Management	To support Project Team to establish a Project Initiation Document		Report to Members and Implement Decision	
CA03.2 - 1	Expand Customer Service Centres operational hours and service delivery within all 5 market towns.	Customer Services	Review pilot in Attleborough – Footfall, productivity – feasibility to escalate into Swaffham	Scope location, cost and feasibility for Dereham re-location. Extend hours of operation at Swaffham	Review pilot in Swaffham	

Reference	Description	Contributor	2009/10 Milestones			
			Q1	Q2	Q3	Q4
CA03.3 – 1	Deliver an increase in the provision of decent affordable housing - develop a new Policy for the delivery of affordable housing in the Breckland District	Strategic Housing	Revise affordable housing policy via Task and Finish Group.	Adoption by Cabinet	Adoption by Full Council Practical implementation from adoption date on all qualifying housing sites.	
CA03.3 – 2	Ensure a decent standard of private sector housing across the district - assess and update policies relating to Regulatory Reform Order, Caravans/mobile homes, Gypsies and Travellers and Landlords	Strategic Housing	Regulatory Reform Order and Caravans and Mobile homes draft policies to April Cabinet for Adoption	Landlord/HMO policy to Sept Cabinet for adoption.	Gypsy and Traveller Policy to Dec Cabinet for adoption.	
CA03.3 – 3	Introduce a discretionary HMO licensing scheme to tackle poor conditions in private sector, addressing in particular	Strategic Housing	Finalise scheme with CLG.	Seek approval from Cabinet for adoption	Implement scheme and contact all known HMO landlords falling under discretionary criteria. Progress license applications/enf orcement where necessary	Minimum of 60 discretionary licenses awarded.

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Reference	Description	Contributor	2009/10 Milestones			
			Q1	Q2	Q3	Q4
CA03.4 - 1	Development of the REV 2 Programme	Economic Development	Initial gathering of statistical baseline data completed and begin submission of funding bids for the first phase of programme development.	Full business plan completed and programme feasibility assessed. Full statistical profile completed and business needs survey and methodology scoped.	Business survey undertaken and business support mapping exercise completed.	Integrated Development Programme (IDP) document for Thetford and A11 Corridor completed.
CA03.4 - 2	Thetford Enterprise Park – infrastructure and land sales/buildings for rent	Asset Management	Complete negotiations to secure EEDA funding	Implementation	Implementation	Implementation

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Performance Indicators

Reference	Description	Contributor	Outturn 2008/09	2009/10 Milestones			
				Q1	Q2	Q3	Q4
OI-ED 01	Number of Businesses and Business start ups Assisted/Supported	Economic Development	TBC				150
NI 155	Number of affordable homes delivered	Strategic Housing	TBC				100
114 NDR 2	% of Eligible Businesses claiming Small Business Rate Relief	ARP	TBC	85.00%	87.50%	90.00%	90.00%

Priority: Delivering the entrepreneurial council

To recognise the full earning potential of the council and ensure value for money

You said:

- 34% of residents said that managing our finances well to deliver best value should be our top priority
- 28% said we should use resources well to meet community need
- You said that maximising our earning power, ensuring good governance and making best use of assets were also important to you

What we have done so far:

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- ✓ The Anglia Revenues Partnership Trading won a 12 year contract to deliver Revenues and Benefits to Welwyn Hatfield Borough Council, generating additional trading income to help keep Council Tax low
- ✓ The Audit Commission's assessment of our performance states we have 'performed well' both in terms of 'Use of Resources' and 'Value for Money'
- ✓ We have made significant savings in many areas by improving our procurement practices
- ✓ We have maintained 94% occupancy of our Commercial Property Portfolio, generating revenue to support services to residents
- ✓ We have the lowest district council tax in the country and are working hard to keep it as low as possible
- ✓ We have a Medium Term Financial Strategy, planning the best use of resources over the next five years to meet corporate priorities

The following pages detail what we plan to do over the forthcoming year.

Entrepreneurial Council – Delivery Plan 2009- 2010

Projects

Reference	Description	Contributor	2009/10 Milestones			
			Q1	Q2	Q3	Q4
CA05.1 - 1	Identify undeveloped land, where appropriate, owned by the Council and allocate this for good quality housing.	Asset Management		Investigate Options and Possible Pilot Scheme	Produce Report	Decision
CA05.2 - 2	We will manage the infrastructure and services to ensure value for money is delivered, and will aim for year on year reductions in our contracts.	ICT / BIT				Produce report on future cost savings.

Reference	Description	Contributor	2009/10 Milestones			
			Q1	Q2	Q3	Q4
CA05.4 - 1	Investors in People	Human Resources	Skills Audit Complete. Diagnostic analysis complete for all departments. Action plan developed and Train to Gain Skills Broker to identify qualifications that will add most value and which training provider can best meet the needs of the organisation.	The implementation of the action plan will be undertaken and we will review future priorities for training and development.	The implementation of the action plan will be undertaken and we will review future priorities for training and development	Final implementation of the action plan ready for Investors in People to assess Breckland against the Investors in People Standard.

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Performance Indicators

Reference	Description	Contributor	Outturn 2008/09	2009/10 Milestones			
				Q1	Q2	Q3	Q4
OI-AM 01	To maintain occupancy levels above 90% on the Council's Commercial Property Portfolio	Asset Management	TBC	90%	90%	90%	90%
OI-AM 03	To maintain arrears at less than 3% at 90+ days and over	Asset Management	TBC	3%	3%	3%	3%
CTAX 1	Collection of Council Tax	ARP	TBC	30.20%	57.40%	85.40%	98.90%
NDR 1	Collection of Business Rates	ARP	TBC	30.30%	61.10%	87.80%	99.40%

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Priority: Your council, your services

To tailor services to customer needs

You said:

- 36% of people said improving the quality of council services should be a top priority
- 32% of residents said we should involve people in developing improved services
- You said that strengthening community consultation and involvement, and helping councillors provide community leadership were also important

What we have done so far:

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- ✓ We have carried out an audit of Breckland Council's recyclables collected from residents and this shows a reduced level of 6.9% contamination – the best on record
- ✓ Our Customer Contact Centre participated in a 'mystery shopper' exercise with other Norfolk Councils, testing our customer service standards and using the information gained to provide continuing improvement
- ✓ We set up Thetford Task Force and Thetford Neighbourhood Forum, listening to the concerns of local residents and working with partners to tackle local problems. A similar model has been set up in Attleborough, with plans to roll this out to other market towns
- ✓ Elected members attended a 'master class' to develop community champion skills
- ✓ We set up Breckland Youth Council so that young Breckland residents can make their voices heard and taken account of in the future development of services
- ✓ We achieved East of England Member Development Charter Status in recognition of the quality of training and development offered to elected members

The following pages detail what we plan to do over the forthcoming year.

Your Council, Your Services – Delivery Plan 2009- 2010

Projects

Reference	Description	Contributor	2009/10 Milestones			
			Q1	Q2	Q3	Q4
CA04.2 - 1	Coordinate Breckland Youth Council and associated activities to engage more young people in local decision making.	Sustainable Communities	Programme of democracy events delivered in local schools and Breckland Youth Council deliver	Programme of democracy events delivered in local schools and Breckland Youth Council delivered	Hold Youth Select Committee Day and Breckland Youth Council delivered	Programme of democracy events delivered in local schools and Annual Review of Breckland Youth Council completed
CA04.4 - 1	CAA - Organisational Assessment	Policy and Performance	Submit self assessment for Use of Resources	Submit self assessment for Managing Performance	Create use of resources improvement programme	Provide use of resources analysis report on KLOE's (key lines of enquiry) and assessment score.
CA04.4 - 2	Deliver enhanced customer access / reception	Asset Management	Feasibility and plans completed	Implementation	Implementation	

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Performance Indicators

Reference	Description	Contributor	Outturn 2008/09	2009/10 Milestones			
				Q1	Q2	Q3	Q4
NI 180	Changes in Housing Benefit / Council Tax Benefit entitlements within the year	ARP	TBC	270	540	810	1080
NI 181	Time taken to process Housing Benefit / Council Tax Benefit new claims & change events	ARP	TBC	9.5	9.5	9.5	9.5
NI 157a	Processing of major planning applications within 13 weeks	Development Services	TBC				Target will be set following confirmation of 08/09 figures
NI 157b	Processing of minor planning applications within 8 weeks	Development Services	TBC				Target will be set following confirmation of 08/09 figures
NI 157c	Processing of other planning applications within 8 weeks	Development Services	TBC				Target will be set following confirmation of 08/09 figures
OI-PP 02	Organisational Assessment Performance	Policy and Performance	N/A				3

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Budget Information:

Breckland Council's spending plan for the forthcoming year is detailed below:

Service	2008/2009 Budget			2009/2010 Budget		
	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Cabinet Portfolio	3,416	(51)	3,365	3,507	(674)	2,833
Services Portfolio	14,815	(7,286)	7,529	16,642	(6,388)	10,254
Transformation Portfolio	41,075	(35,816)	5,259	42,005	(36,880)	5,125
Capital Financing and Other Transfers	49	(1,435)	(1,386)	51	0	51
General Finance Transfer to / (from) Reserves						
Breckland Council's Budget Requirement	63,575	(50,048)	13,527	66,606	(52,467)	14,139
Parish Precepts			2,068			2,206
TOTAL BUDGET REQUIREMENT			15,595			16,345
Financed by						
Revenue Support Grant			1,316			2,073
Business Rate Income			9,456			8,984
Area Based Grants			95			275
Council Tax			4,728			5,013
TOTAL FINANCING			15,595			16,345

Data Quality Objectives:

These objectives will enable us to ensure we have the right information at the right time at the right cost. In order to achieve this vision our objectives in relation to data quality are as follows;

- To ensure that the information we use is of high quality, consistent, timely, comprehensive and held securely and confidentially.
- To ensure arrangements are in place to secure the quality of data we use to manage our service and demonstrate our performance.
- To make clear what we expect from our staff and Members in terms of the standards of data quality
- To have in place systems, policies and procedures to ensure the highest possible data quality, particularly where information is shared with partners
- To provide the right resources, and in particular have the right people with the right skills, to ensure we have timely and accurate performance information.
- To put the right controls in place to ensure we meet what is expected of us.
- To ensure that data is stored, used and shared in accordance with the law including the Data Protection Act and Freedom of Information Act.

Risk Management:

Identification of Risks

Identification of risks linked to the Council's objectives is timed to coincide with the development of Annual Delivery Plan and Service Plans.

Assessing Risk

The identified areas of potential risks are then systematically assessed to establish:

- The likelihood of a risk event occurring
- The potential impact of the consequences should that event occur

To ensure consistency of the approach across the authority the Risk Management Group reviews the analysis.

Addressing Risk

124 Once the key strategic risks have been prioritised they are assessed to establish the action to either minimise the likelihood of the risk event occurring, and/or reduce the severity of the consequences should it occur. This could involve:

- Risk termination or avoidance – opt not to take the proposed activity forward as it is considered too risky
- Risk treatment – implement an action plan to mitigate the likelihood or impact of a risk event occurring
- Risk transfer – moving the risk to a third party (for example a contractual arrangement to deliver the service, or transfer financial risk by insuring against it).

Once a control is established it is assigned to an officer who shall be responsible for ensuring that the action is implemented.

Monitoring and Reviewing Risk

Once an action plan has been developed to mitigate the key strategic risk, it is monitored. The risk module within the performance management system is used to record progress against these action plans. These are reported on a quarterly basis to performance clinics, with any issues being identified and reported to Audit Committee in accordance with the Performance Management Framework.

Equality and Diversity Statement

We recognise and value diversity in our community and the contribution that people from different backgrounds and cultures bring to the development and wellbeing of our district.

Breckland District Council is therefore committed to the principles of equality in its capacity as an employer and service provider to all sections of the community.

This document is available in larger print, audio tape and other formats from any of the Council's Offices or by contacting the council on 01362 656870, please bear in mind we may need a few days to arrange this facility.

It is also available on our website: www.breckland.gov.uk



BRECKLAND COUNCIL

CABINET: 12 MAY 2009

REPORT OF THE EXECUTIVE MEMBER FOR GOVERNANCE

(Author: Assistant Director of Governance)

CAPITAL PROGRAMME 2008/09

Summary: This report sets out the out-turn position of Breckland's capital programme for 2008/09. It shows the out-turn on capital schemes in the 2008/09 Capital Programme along with the resources used to fund the programme.

Recommendations:

It is recommended to Council that:-

The Capital Programme for 2009/10 and associated financing be amended to reflect the items under paragraphs 5.1 and 5.2

Funding as detailed in Appendix B, be approved to finance the Programme for 2008/09

Note: In preparing this report, due regard has been had to equality of opportunity, human rights, prevention of crime and disorder, environmental and risk management considerations as appropriate. Relevant officers have been consulted in relation to any legal, financial or human resources implications and comments received are reflected in the report.

1. INTRODUCTION

- 1.1 Capital Investment plays a key role in helping the Council to achieve its long term objectives. This report shows the out-turn on capital schemes in the 2008/09 Capital Programme along with the resources used to fund the programme.

2. A SUMMARY OF THE AGREED PROGRAMME

- 2.1 This table shows the final estimate for the Capital Programme for 2008/09 compared against the original estimate of £6,664,915.
- 2.2 Amendments to the programme have previously been reported to Cabinet and approved by Full Council culminating in a revised estimate of £7,598,180.

Portfolio Holder	Original Budget		Final Budget	
	Value of Schemes £000's	No. of Schemes	Value of Schemes £000's	No. of Schemes
Planning & The Environment	210	3	116	6
Business Transformation	20	1	592	4
Governance	257	4	7	1
Housing and Economic Communities	5,865	13	5,709	22
People First	313	2	1,144	3
	-	-	30	1
TOTAL	6,665	23	7,598	37

- 2.3 The following table shows the out-turn position of £4,286,919, an under-spend of £3,311,261 against the final estimate, which is dealt with further in the report.

Portfolio Holder	Value of Schemes £000's	Out-turn £000's	Variance £000's
Planning & The Environment	148	48	(100)
Business Transformation	560	15	(545)
Governance	7	1	(6)
Housing and Economic Communities	5,709	4,223	(1,486)
People First	1,144	-	(1,144)
	30	-	(30)
TOTAL	7,598	4,287	(3,311)

3. A SUMMARY OF FUNDING

The following table details the original and final funding figures for the Capital Programme.

Funding Type	Original Budget £000's	Final Budget £000's	Final Out-turn £000's	Comment
Capital Receipts	6,235	6,786	3,946	Slippage of schemes to 2009/10
Direct Revenue Funding	-	-	-	
Section 106 Funding	-	-	-	
Specified Capital Grants	430	712	341	Slippage of Thetford Enterprise Park scheme into 2009/10
External Contributions	-	-	-	
Specific Reserves	-	100	-	
TOTAL	6,665	7,598	4,287	

4. STATUS UPDATE BY PORTFOLIO - COMMENTARY ON THE OUT-TURN BY PROJECT LEAD OFFICERS (Full Scheme Details shown in Appendix A)

4.1 **Planning:**

Planning and Building Control – the under spend of £27,500 is requested to be rolled over into 2009/10 for work to be completed on the GEODSYS and TLC project.

Noise Monitoring Equipment – this project was completed within budget; and

Air Quality Monitoring Equipment – this project was completed within budget.

4.2 **Business Transformation:**

Un-approved ICT Strategy Projects – this does not relate to any specific schemes but only represents a budget where specific schemes have been identified to be completed during the year and which needs approval to be undertaken from the Business Improvement Board;

ICT Refresh Programme – this programme was only approved in February 2009 and the under-spend of £167K is requested to be carried forward into 2009/10;

ARP Web Server – this project has been delayed until 2009/10. It is requested that the budget of £20K is carried forward into 2009/10;

ARP Batch Scanners – this project has been delayed until 2009/10 where budget provision exists;

4.3 **Governance:**

Integra Fixed Asset Module – this project has been completed within budget;

4.4 **Housing and Economic:**

Thetford Enterprise Park – this project has been delayed as a result of awaiting confirmation of funding from the East of England Development Agency (EEDA) before this project can commence. The budget of £333K is requested to be carried forward into 2009/10;

Purchase of Anchor Hotel, Thetford – the purchase of the property has been completed for £45K under budget. This under-spend will need to be retained to cover site works such as an Asbestos Type 3 survey;

Victory Park, Attleborough – due to the high price of the original tender, the project had been put on hold. The project has now been brought into line with the budget by omitting the supply of gas from the contract price and will be completed in 2009/10;

Transfers of Public Conveniences to Town Councils – the public conveniences have been transferred to the Town Councils within budget;

Porch and Reorganisation at Elizabeth House – this project has been delayed and will be shortly tendering for this work, together with other modifications necessary to enable the reorganisation to be completed. This has been on hold pending the results of Local Government Reorganisation;

Wind Turbine at Elizabeth House – a report will shortly be going to the Corporate Management Team and the Executive Board for £40,000 for professional fees and £200,000 for installation and testing;

Development of 31 High Street, Dereham – the refurbishment of the house and shop has been completed;

Commercial Development of Rutherford Way, Thetford – this project has been delayed, and is expected to be completed in 2009/10 and within budget;

Improvements at John Room House, Thetford – building work is due to start in the early part of 2009/10, and it is requested that the under-spend of £290K on this project in 2008/09 is carried forward into 2009/10 to finance this work;

Commercial Property Rolling Maintenance Fund – this annual expenditure has been overspent due to a delay in work programmed in previous years as a result of staff shortages;

Development of Travellers' Site at Thetford – this project has been completed within budget (£8K under the budget), the balance to be transferred into a reserve for repair work to be undertaken at the end of the term of the lease in 2015/16. The project was funded from a government grant;

Thetford Market Place – this project has been delayed until 2009/10 due to the changes in the specification of the scheme;

Thetford Pavilion – the contract price has been revised to below the de-minimus level for capital and the cost will now be met from revenue;

Barnham Broom – expenditure on this project was delayed as the major scheme was deferred until 2010/11 in the capital programme approved by Council in January 2009.

Disabled Facility Grants – ongoing mandatory government grant programme for aids and adaptations for vulnerable and elderly. The grant is match funded at 40% by Breckland Council. The levels of grants paid out are demand driven, which has resulted in expenditure of £457K;

Enhancement Grants – targeted schemes for use of the Decent Homes Grant funding. Grants of £2,500 are available to bring properties up to standard;

Enhancement Loans – targeted scheme for the use of Decent Homes Grant funding to provide loans of up to £20,000 to bring their properties up to a decent standard;

Domicile Grants – targeted scheme for the use of Decent Homes Grant funding to bring back empty properties into use. Grants of up to £2,500 are available;

Decent Homes – grant funding received from the Communities and Local Government to bring private sector housing back into use via targeted action. Funding is a finite resource which is rolled over to support the delivery of the Council's private sector housing objectives. Funding to be used to part match fund the Disabled Facility Grant uplift and the equity release scheme: and

Asset Management System – this project is in the throes of completion, with £10,500 being carried forward into 2009/10.

4.5 **Communities:**

Transfer of Play Areas to Town Councils – this project has been delayed as a result of the outcomes from Local Government Reorganisation. However, the transfers are now expected to be made during the early part of 2009/10; and

Closed Circuit Television (CCTV) – this project is now due to be completed during 2009/10. The contract for the renewal of the CCTV equipment has yet to be signed, whilst the procurement of the equipment is in its final stages.

4.6 **People First:**

Mouchel, HR and Payroll System – this project has been delayed until 2009/10 as a result of the delayed sign off process. The launch date is now expected in May 2009 and the budget of £30K is requested to be carried forward into 2009/10.

5. REQUESTS FOR VARIATIONS TO THE 2008/09 PROGRAMME

- 5.1 In addition to items noted in section 4, there are requests for other proposed changes to the programme including work in progress:

	£	£
Approved capital programme for 2009/10:		
Original Capital Programme		5,083,566
Requests for schemes to be added to the 2009/10 Programme:		
CCTV	600,000	
Transfer of Play Areas to Town Councils	382,000	
Un-approved ICT Strategy Projects	346,000	
Thetford Enterprise Park	333,480	
Conversion of John Room House, Thetford	289,730	
IT Refresh Programme	166,950	
Match Funded Projects	162,000	
Decent Homes Grants	152,790	
Victory Park, Attleborough	118,515	
Enhancement Loans	107,085	
Disabled Facility Grants	105,170	
Elizabeth House – Porch & Reorganisation	50,000	
Enhancement Grants	38,640	
Commercial Development at Rutherford Way, Thetford	30,000	
Mouchel and HR Payroll System	30,000	
Planning and Building Control – TLC & GEODSYS	27,500	
Anchor Hotel, Thetford	25,820	
Elizabeth House – Wind Turbine	20,000	
ARP – Web Server	20,000	
Thetford Market Place	20,000	
Domicile Loans	17,490	
Asset Management System	10,500	

Revised Capital Programme for 2009/10		8,137,236

- 5.2 It is recommended the increase in value of the 2009/10 capital programme being £3,053,670 is financed from surplus resources from the 2008/09 capital programme:

	£
Capital Receipts	2,828,570
Specified Capital Grants	225,100
Capital Reserve	-
Total additional funding	3,053,670

6. CAPITAL RECEIPTS OUT-TURN

- 6.1 The original estimate for capital receipts was £350,000 to take account of £100,000 for miscellaneous land sales and £250,000 from Norfolk Constabulary for the purchase of a plot of land at the EcoTech Business Park. Actual capital receipts in 2008/09 amounted to £357,358.

6.2 The table below shows movements on capital receipts during 2008/09:

MOVEMENT ON CAPITAL RECEIPTS	Opening Balance	Receipts	Used to Finance Capital Schemes	Carried Forward
	£000's	£000's	£000's	£000's
Capital Receipts	24,827	357	3,979	21,205
TOTAL	24,827	357	3,979	21,205

7. ALTERNATIVE OPTIONS

7.1 Members may wish to suggest alternative arrangements for amendments and associated financing to the 2008/09 capital programme.

8. REASONS FOR RECOMMENDATIONS

8.1 The recommendation will ensure the capital programme for 2008/09 is amended along with the necessary funding.

9. RISK and FINANCIAL IMPLICATIONS

9.1 Risk

9.1.1 I have completed the Risk Management questionnaire and can confirm that risk has been given careful consideration, and that there are no significant risks identified associated with the information in this report.

9.2 Financial

9.2.1 The report is of a financial nature and the financial implications are included within the report.

10. LEGAL IMPLICATIONS

10.1 None

11. OTHER IMPLICATIONS

a) Equalities: None

b) Section 17, Crime & Disorder Act 1998: None

c) Section 40, Natural Environment & Rural Communities Act 2006: None

d) Human Resources: None

e) Human Rights: None

f) Other: None

12. ALIGNMENT TO COUNCIL PRIORITIES

12.1 The Capital Programme is aligned to the Council Priorities

13. WARDS/ COMMUNITIES AFFECTED

13.1 All

Background Papers

Lead Contact Officer

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Key Decision

This is a key decision

Appendices attached to this report

Appendix A - Capital Programme Out-turn 2008/09

Appendix B - Capital Financing 2008/09

Scheme Details	Approved Budget 2008/09 £	Out-Turn 2008/09 £	Variance to Approved Budget £	Portfolio
DC, BC & EH - Printer, Photocopier & Scanning Facilities	20,850	20,851	1	Planning and The Environment
Planning and Building Control	30,000	(4,500)	(34,500)	Planning and The Environment
Land Charges	10,000	-	(10,000)	Planning and The Environment
National Land Property Gazetteer	55,000	-	(55,000)	Planning and The Environment
Noise Monitoring Equipment	19,980	19,980	-	Planning and The Environment
Air Quality Monitoring Equipment	12,390	11,235	(1,155)	Planning and The Environment
Sub-Total	148,220	47,566	(100,654)	
Un-Approved ICT Strategy Projects	346,000	-	(346,000)	Business Transformation
ICT Refresh Programme	176,400	9,449	(166,951)	Business Transformation
ARP - Web Server	20,000	-	(20,000)	Business Transformation
ARP - Batch Scanner	17,500	-	(17,500)	Business Transformation
GLL Data Capture	-	1,180	1,180	Business Transformation
IT Air Conditioning Unit	-	3,394	3,394	Business Transformation
Chip and Pin	-	921	921	Business Transformation
Sub-Total	559,900	14,944	(544,956)	
Integra Fixed Asset Module	7,000	1,220	(5,780)	Governance
Sub-Total	7,000	1,220	(5,780)	
Thetford Enterprise Park	333,480	-	(333,480)	Housing and Economic
Purchase of Anchor Hotel, Thetford	1,600,000	1,574,182	(25,818)	Housing and Economic
Victory Park, Attleborough	232,000	113,486	(118,514)	Housing and Economic
Transfer of Public Conveniences to Town Councils	1,330,000	1,330,000	-	Housing and Economic
Elizabeth House - Porch & Reorganisation	50,000	-	(50,000)	Housing and Economic
Elizabeth House - Wind Turbine	20,000	-	(20,000)	Housing and Economic
31 High Street, Dereham	24,580	31,194	6,614	Housing and Economic
Rutherford Way, Thetford Commercial Development	30,000	-	(30,000)	Housing and Economic
John Room House, Thetford	400,000	110,270	(289,730)	Housing and Economic
Rolling Maintenance Capital Fund	70,000	120,800	50,800	Housing and Economic
Improvements to Citizen Advice Bureau, Thetford	30,000	28,059	(1,941)	Housing and Economic
Travellers' Site, Thetford	67,000	59,234	(7,766)	Housing and Economic
Thetford Market Place	20,000	-	(20,000)	Housing and Economic
Thetford Pavillion	14,000	-	(14,000)	Housing and Economic
Capital Works in Progress	25,000	-	(25,000)	Housing and Economic
Barnham Broom Works	450,000	292,639	(157,361)	Housing and Economic
Disabled Facility Grants	563,000	457,831	(105,169)	Housing and Economic
Enhancement Grants	130,000	57,944	(72,056)	Housing and Economic
Enhancement Loans	110,000	2,916	(107,084)	Housing and Economic
Domicile Grants	20,000	2,507	(17,493)	Housing and Economic
Decent Homes	160,000	7,210	(152,790)	Housing and Economic
Asset Management System	30,000	19,500	(10,500)	Housing and Economic
Extension to Units at Attleborough	-	4,000	4,000	Housing and Economic
Caretaker Van	-	11,418	11,418	Housing and Economic
Sub-Total	5,709,060	4,223,189	(1,485,871)	
Balance of Match Funding	162,000	-	(162,000)	Communities
Play Area Transfers	382,000	-	(382,000)	Communities
CCTV	600,000	-	(600,000)	Communities
Sub-Total	1,144,000	-	(1,144,000)	
Mouchel, HR and Payroll System	30,000	-	(30,000)	People First
Sub-Total	30,000	-	(30,000)	
GRAND TOTAL	7,598,180	4,286,919	(3,311,261)	

Capital Scheme	Revised Estimate £	Out-turn £	Capital Receipts £	Revenue Contributions £	Grants £	Reserves £	S106 Monies £	Total Funding £
2007/08 Schemes								
Caretaker Van	-	11,418	11,418	-	-	-	-	11,418
IT Air Conditioning	-	3,394	3,394	-	-	-	-	3,394
Extension to Unit at Attleborough	-	4,000	4,000	-	-	-	-	4,000
GLL Data Capture	-	1,180	1,180	-	-	-	-	1,180
Chip and Pin	-	921	921	-	-	-	-	921
	-	20,913	20,913	-	-	-	-	20,913
2008/09 Schemes								
Barnham Broom Works	450,000	292,639	292,639	-	-	-	-	292,639
Disabled Facilities Grants	563,000	457,831	183,132	-	274,699	-	-	457,831
Thetford Enterprise Park	333,480	-	-	-	-	-	-	-
Anchor Hotel, Thetford	1,600,000	1,574,182	1,574,182	-	-	-	-	1,574,182
Transfer of Toilets	1,330,000	1,330,000	1,330,000	-	-	-	-	1,330,000
John Room House, Thetford Conversion	400,000	110,270	110,270	-	-	-	-	110,270
CCTV	600,000	-	-	-	-	-	-	-
Victory Park, Attleborough	232,000	113,486	113,486	-	-	-	-	113,486
Un-approved ICT Strategy Projects	346,000	-	-	-	-	-	-	-
Mouchel HR and Payroll System	30,000	-	-	-	-	-	-	-
Planning & Building Control	30,000	(4,500)	(4,500)	-	-	-	-	(4,500)
IT Refresh Programme	176,400	9,449	9,449	-	-	-	-	9,449
Play Area Transfers	382,000	-	-	-	-	-	-	-
Matched Funded Projects	162,000	-	-	-	-	-	-	-
Commercial Property Rolling Maintenance Fund	70,000	120,800	120,800	-	-	-	-	120,800
Improvements to Citizen Advice Bureau, Thetford	30,000	28,059	28,059	-	-	-	-	28,059
Decent Homes Grants	160,000	7,210	-	-	7,210	-	-	7,210
Enhancement Grants	130,000	57,944	57,944	-	-	-	-	57,944
Enhancement Loans	110,000	2,916	2,916	-	-	-	-	2,916
Porch & Reorganisation - Elizabeth House	50,000	-	-	-	-	-	-	-
Wind Turbine - Elizabeth House	20,000	-	-	-	-	-	-	-
Thetford Travellers' Site	67,000	59,234	-	-	59,234	-	-	59,234
National Land Property Gazetteer	55,000	-	-	-	-	-	-	-
Rutherford Way, Thetford Commercial Development	30,000	-	-	-	-	-	-	-
Capital Works in Progress	25,000	-	-	-	-	-	-	-
ARP - Batch Scanners	17,500	-	-	-	-	-	-	-
Asset Management System	30,000	19,500	19,500	-	-	-	-	19,500
31 High Street, Derham Project	24,580	31,194	31,194	-	-	-	-	31,194
DC, BC & EH - Printer, Photocopier and Scanning Facilities	20,850	20,851	20,851	-	-	-	-	20,851
Domicile Loans	20,000	2,507	2,507	-	-	-	-	2,507
ARP - Web Server	20,000	-	-	-	-	-	-	-
Thetford Market Place	20,000	-	-	-	-	-	-	-
Noise Monitoring Equipment	19,980	19,980	19,980	-	-	-	-	19,980
Thetford Pavillion	14,000	-	-	-	-	-	-	-
Air Quality Monitoring Equipment	12,390	11,235	11,235	-	-	-	-	11,235
Land Charges	10,000	-	-	-	-	-	-	-
Integra Fixed Asset Module	7,000	1,220	1,220	-	-	-	-	1,220
	7,598,180	4,286,919	3,945,777	-	341,142	-	-	4,286,919

BRECKLAND COUNCIL**Report of the Executive Member for Governance to the
CABINET 12th May 2009****Concessionary Bus Fares****1. Purpose of Report**

- 1.1 This report provides an update on recent changes to the concessionary bus fares scheme and seeks clarification on areas where discretionary concessions may be applied.

2. Recommendations

- It is recommended that the Executive Board
- 2.1 Agree the principle that the surplus budget be reallocated
- 2.2 Confirm the decision whether to
- 1) Allow the concession for eligible pass holders to use the Thetford to Norwich National Express coach service
 - 2) Continue to allow the flexibus services to attract concessionary travel now that they no longer form part of the national statutory scheme
 - 3) Continue to allow concessions to operate from 8:30 prior to the core start time of the statutory scheme

Note: In preparing this report, due regard has been had to equality of opportunity, human rights, prevention of crime and disorder, environmental and risk management considerations as appropriate. Relevant officers have been consulted in relation to any legal, financial or human resources implications and comments received are reflected in the report.

3. Information, Issues and Options**3.1 Background**

- 3.1.1 Changes to the concessionary bus fares scheme have resulted from a change in the way that the costs of the scheme are allocated, and arising from the Department for Transport (DfT) consultation which resulted with new guidelines being issued. Some services that were previously mandatory under the national scheme now become discretionary, in that the district authority can make its own decision whether to grant a concession to journeys starting within their district

- 3.1.2 The report provides an update on the budgetary position resulting from changes to the scheme, in particular to the way in which the costs of the Norfolk scheme is allocated, and highlights areas where discretionary concessions may be considered to support the Council's priorities.

3.2 Issues

- 3.2.1 Since the introduction of free passes to qualifying residents and the expansion of the scheme nationwide, the costs of the scheme have escalated. However the impact of this has been mitigated by a change in the way that the costs of the scheme across Norfolk are apportioned. Prior to 2008/09 the subsidies paid to bus operators were based on the number of cards allocated across all of the districts. However this was changed from April 2008, with the districts incurring the costs of the journeys starting within the district. The result of this change means that budget forecasts are significantly below the approved budgets. This is subject to confirmation of quarter 4 outturn figures following analysis of the bus operator submissions by the scheme

administrator. The total budget approved for the payment of subsidy to bus operators, issue of cards and administration of the scheme amounts to £1.051m in 2009/10. Using the revised forecasts provided by the scheme administrator, the total costs for providing this service can be reduced by £388,340. It is suggested that this reduction can be taken as an efficiency to contribute to the efficiency target approved in the budget. The reduced scheme costs provides the opportunity for the authority to grant additional benefits to residents that meet stated priorities and still remain within budget

- 3.2.2 New guidance from DfT takes services on which the majority of seats can be reserved in advance of travel outside of the statutory concession. However local authorities have the powers to grant a concession on these routes. This affects both coach routes and the flexibus services that operate in the Breckland district.
- 3.2.3 The National Express coach route operating between Thetford and Norwich has been allowing concessionary bus pass holders to travel free of charge since the new national scheme was introduced. As this scheme now clearly falls outside of the new guidelines the authority has been requested to confirm whether it intends to continue to allow this concession. The route has replaced other local services, and is now the only bus route travelling from Thetford to Norwich, although public transport users have the option of using the train. It is understood that Norwich City Council has decided not to allow the discretionary concession for journeys starting in Norwich, which means that the free travel would only be applicable for journeys starting in Breckland. The return journey would be subject to a charge (although the operator allows half price travel for some customers). The costs of granting a concession on this route are unknown, as the coach operator has never charged the authorities for this service; therefore we have not incurred any costs so far. As a result we do not hold data to help us forecast usage. Guidance is sought whether to grant pass holders a discretionary concession to allow them to use passes on journeys starting in the district for this particular route.
- 3.2.4 The flexibus service replaces a number of local routes by offering travellers the opportunity to pre-book travel between destinations outside of a rigid timetable. It has successfully replaced a number of local services, and is a more efficient method of providing a service in a rural community than a standard service that can only operate an infrequent service. The Wayland flexibus service has been operating since 2007, and new service is planned to start in the summer covering the Attleborough/East Harling/Diss area. Costs of concessions have been paid by the authority in 2008/09 and have been included in the 2009/10 budgets. It is estimated that these amount to approximately £7,500 p.a. per area (i.e. £15,000 for the two areas). Guidance is sought whether to grant pass holders a discretionary concession to allow them to use passes on journeys starting in the district for the flexibus services.
- 3.2.5 The statutory scheme operates between the core hours of 9:30 to 23:00. Breckland has previously granted a concession to allow journeys to start at 8:30 to allow pass holders additional flexibility for what can be somewhat restricted timetables. This is in line with the rest of Norfolk authorities. However, Norwich City Council has considered its own concession and has opted not to continue this for 2009/10. The costs of granting this concession are unclear, although the scheme administrators have indicated that authorities could save 2-3% (approximately £11-16k in Breckland) of the scheme costs by not allowing pass holders to have free travel before 9:30. This concession was granted before the national scheme started and the costs have been covered in the 2009/10 budget.

3.3 Options

- 3.3.1 Remove the surplus budget to assist the Council's efficiency plan
- 3.3.2 To grant discretionary concessions to allow the continuation of concessions that were previously in the statutory scheme (advantages and disadvantages are set out in appendix A). All concessions encourage the use of public transport and support

environmental objectives by providing alternative means of transport to private cars as well as supporting the development of prosperous communities.

3.3.3 Not to grant these concessionary concessions

3.4 Reasons for Recommendation(s)

3.4.1 To aid budget management and reallocation of surplus resources

3.4.2 To clarify instructions issued to the bus operators and the scheme administrator.

3.4.3 Granting of the concessions would support the Council's Strategic Business Plan and help it develop flourishing rural communities by improving access to services for people who live in villages, especially those who are older, disabled or suffer from health problems. It will ensure that people who live in villages enjoy reasonable access to basic services

4. Risk and Financial Implications

4.1 Risk

4.1.1 Risks are covered in appendix A

4.2 Financial

4.2.1 Proforma B is attached

5. Legal Implications

5.1 Concessionary Bus Travel Act 2007

6. Other Implications

- a) Equalities: No equalities impact assessment has been carried out as equality issues are implicit within the process
- b) Section 17, Crime & Disorder Act 1998: No
- c) Section 40, Natural Environment & Rural Communities Act 2006: No
- d) Human Resources: No
- e) Human Rights: No
- f) Other: No

7. Alignment to Council Priorities

7.1 Prosperous Communities – encourage inward investment, protect and enhance town centres, develop flourishing rural communities
Environment – protect natural environment

8. Ward/Community Affected

8.1 All

Lead Contact Officer:

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Key Decision Status (Executive Decisions only):

Non key decision

Appendices attached to this report:

Appendix A – Advantages/Disadvantages and Risks

Thetford to Norwich National Express route – award a concession

Advantages	Disadvantages
<p>Provide an opportunity to travel free of charge outside the district for residents relying on public transport. Public relations opportunity/Risk of adverse publicity if pass holders who currently take advantage of the scheme are refused free fares without prior publicity if concession is not granted</p>	<p>Could encourage residents to travel outside of the district for shopping/entertainment, reducing spending power within the local economy. Inconsistent approach to neighbouring authority could cause confusion to some residents. The concession would add to the costs of the scheme as it has not been previously charged. Costs unknown</p>

Flexibus scheme – award a concession

Advantages	Disadvantages
<p>Supports the Strategic Business Plan objectives of developing prosperous and sustainable communities, and improving access for rural communities. Provides a flexible service to residents linking communities to market towns. Economic benefit from encouraging the use of our market towns. No additional cost of operating concession as we have already been paying for this type of scheme in previous years (negligible saving if operator reverted to a standard service, which would be eligible under the national scheme) Avoids risk of adverse publicity and cost of publicising changes to the scheme should the authority choose not to continue the concession Supports a county scheme that benefits residents and communities other than just pass holders (currently 10k+ journeys p.a. on the Wayland service)</p>	

Extended Hours – Continue to allow early start time of 8:30

Advantages	Disadvantages
<p>Infrequent services within core time may prevent some pass holders using the bus service No additional cost of operating concession as we have already been paying for this extension in previous years Avoids risk of adverse publicity and cost of publicising changes to the scheme should the authority choose not to continue the concession</p>	

BRECKLAND COUNCIL

PROFORMA FOR EXECUTIVE MEMBER APPROVAL OF THE RELEASE OF RESOURCES (CAPITAL AND REVENUE BUDGETS)

FROM: Mark Finch (Head of Finance)

THIS PROFORMA PROVIDES THE FINANCIAL IMPLICATIONS IN RESPECT OF THE ATTACHED

REPORT: **Concessionary Bus Fares**
 REPORT DATE: **12 May 2009**

2009/10

Revenue
 Original Budget 1,015,070
 Forecast reduction (388,340)

Revised Budget £626,730

Funding required:		Considered by:	Date:
Total capital cost	£0		
Revenue reduction	£388,340		

Financial Services Comments

The report recommends the confirmation of certain additional discretionary concessions for the concessionary bus scheme. These can be contained within the budget, and a reduction applied, following the change in the way the council is charged for reimbursement of the bus service operators.

Risk

Risks have been addressed in the attached report, no further financial risks are identified, although the costs of the scheme are affected by a number of variable factors that the authority has no control over. The budget is therefore monitored closely.

Procurement

There are no procurement issues.

Value for Money Efficiency

The report requests that budget reduction contributes to the Council's efficiency targets.

This PB is valid for 3 months from PB date	If this PB is not longer required please advise Finance	If there are changes to the original report it may invalidate this document, it must be reviewed by Finance.
06/05/2009	Page 1 of 1	D:\moderngov\Data\AgendaItemDocs\4\4\2\AI00007244\B090512ConcessionaryFares0.doc

Agenda Item 16
BRECKLAND COUNCIL

**Report of the Deputy Chief Executive to the
CABINET 12 May 2009**

**PROPOSED CONTRACTING OUT OF PLANNING AND BUILDING CONTROL – REPORT
ON FINAL DRAFT CONTRACT**

Purpose of report

The purpose of this report is to update members on the essential features of, and the risks associated with, the final draft of a contract between the Council and Capita Symonds Limited under which the latter will be responsible for providing a planning and building control service for a term of 15 years. This is intended to provide the basis upon which the Cabinet may decide whether or not the authority should enter into the contract, and if so on the terms set out in the draft or subject to such modifications (if agreed by Capita) as it considers necessary to mitigate the risks that are described.

Recommendation

1. That before deciding whether to agree to the externalisation of the Council's planning and building control service the Cabinet carefully weighs the service's existing high level of performance with the benefits that may be achieved from entering into a long term contract with Capita and the risks associated with the arrangement.
2. If the Cabinet decides to enter into the contract with Capita the Deputy Chief Executive be authorised, in consultation with the Portfolio Holders for Business Transformation and the Environment, to make minor amendments to the agreement to finally resolve any outstanding matters of detail; to execute the agreement on behalf of the authority; and take such steps as are required to implement the agreement.

Reasons for making a further report to the Cabinet

3. On 29th January 2009 the Cabinet authorised the Deputy Chief Executive to settle and execute an agreement to contract out the Council's planning and building control services to Capita subject to conditions that provide, inter-alia, (1) the delegation may not to be exercised unless the terms of the contract accord with, and give effect to, 5 outcomes specified by the Portfolio Holder for Business Transformation and (2) any provision that affects or is likely to materially affect the value of the contract to the Council must first have been reported to the Cabinet. The Deputy Chief Executive is satisfied the contract will satisfy the Portfolio Holder's 5 outcomes. Lengthy and complex negotiations and due diligence have, however, illuminated, and helped to clarify, a number of issues that were of interest to the Member Working Group, relating to:-
 - a) The quantum of efficiency savings that may be realised;
 - b) Delegated decision making;
 - c) Client side arrangements;
 - d) Specification of services; and
 - e) Termination arrangements and the return of the service to the Council;

4. In the circumstances the Deputy Chief Executive, after consultation with the Portfolio Holders for Business Transformation and the Environment, considers it would be inappropriate to exercise the powers delegated to him and that the matter should be reported back to Cabinet for further consideration. In accordance with the instructions of the Portfolio Holder for Business Transformation the report also provides a concise summary of the main terms of the contract to assist members in taking their decision (a full copy of the contract is provided to members of the Cabinet as a separate, exempt document under Schedule 12A of the Local Government Act 1972).

Structure of the report

5. The remainder of the report begins by drawing members' attention to objective evidence of the high quality of the Council's in house planning and building control service. It then discusses aspects of the draft contract that have attracted the particular interest of members throughout the contracting out process. The third part highlights the risks associated with entering into this arrangement. The report concludes with a summary of the potential risks and benefits of an agreement having regard, in particular, to the Portfolio Holder's 5 criteria. It should be noted that the Council's section 151 Officer will prepare an independent assessment of the financial aspects of the proposal early in the week commencing Monday 5th May 2009.

Current performance levels

6. The planning and building control service is operating at a very high level. Building Control's indicators are always in the top quartile making them one of the best performing teams in East Anglia. Development control's key performance indicator, NI 157, has 3 components, of which 2 are top quartile and 1 second quartile, having improved continuously year on year for the past 5 years. The Council's Local Development Framework is one of the most advanced in the county: the Enquiry in Public into the Core Strategy and development control policies is programmed to begin in June and consultation on the preferred options for the Thetford Area Action Plan has been completed.
7. Building Control's satisfaction rating is consistently over 90 per cent and even in the face of difficult trading conditions the team has maintained a 94 per cent share of the market. The Council's Building Control section is also the only team in the County to have quality management systems externally accredited to be ISO.9000.2001. Development Control's recent satisfaction survey demonstrated that 84 per cent of Town and Parish Councils are satisfied with the service overall and with some not expressing a view only 4% were dissatisfied. A survey of agents revealed a similarly strong performance: 73 per cent of respondents were satisfied with the service overall, with only 1 person expressing dissatisfaction. Environmental Planning also enjoys a good reputation, there having been a very positive feedback about the preparation of the LDF and the TAAP. The Historic Buildings and Trees & Countryside teams enjoy a good reputation within Norfolk and with bodies such as English Heritage and Natural England. The Historic Buildings team has also been extremely successful in obtaining funding from external bodies for schemes within the District.
8. The strong performance of the in-house service does not, of course, mean externalisation cannot be justified or ought not to take place. It does, however, mean that the reasons for contracting out must be clear and substantial and outweigh the principal risks associated with it.

The principal terms of the agreement

Services to be provided by Capita

9. Capita will provide all of the services that are presently provided by the authority's planning and building control teams, including the land charges service and spatial information service. The remit that has been given to Capita is described in service specifications that form part of the contract. The service specifications are intended to capture all the activities planning and building control carry out at present but it is important to bear in mind that it is impossible to specify what they do comprehensively and precisely. Negotiations with Capita have demonstrated the

company is tenacious in pursuing its interests and has an eye for detail and whilst this is only to be expected, and in certain respects is to be welcomed, it elevates the risk that problems of specificity will lead to additional cost pressures. Having regard to the fact that the specifications have been drawn up with care by Breckland it is, however, reasonable to assume any issues about the range of services transferred should be marginal in terms of their contribution to overall activity and total cost.

Standard of performance and performance management

10. Capita are required to prepare a business plan every year, which must be agreed with the Council (if the parties are not able to agree on the plan paragraph 3.7 of the contract allows the Council to terminate the agreement). The business plan will describe the work that must be carried out, the standards that are to be achieved and the price that will be paid. Part 4 of Schedule 3 to the contract describes the performance standards that will be set at the beginning of the agreement. These are based on existing levels of performance and are focused on a relatively small number of indicators that have a significant bearing on the reputation of the service from the shared perspective of central government, elected members and users of the service.
11. Capita will be required to maintain the initial performance standards whilst simultaneously delivering cashable savings to the authority. It will be possible for the authority to change the standard of performance required under the contract. This may have the effect of triggering an increase in price if Capita are able to demonstrate it would not be reasonable to deliver the change required within the pre-existing resource envelope.
12. Under the contract Capita are required to monitor Critical Service Standards, which are specified in Schedule 3 of Part 4. Any failure to achieve these standards is deemed to be a "Critical Service Failure". If a Critical Service Failure occurs Capita must implement a "Remediation Plan" and restore performance to the required level within 6 months. Failure to do so would entitle the Council to terminate the contract. Improvement in the event of underperformance is also given added impetus by the Council's right to make deductions from the contract price until the service is restored. Finally, even if a service failure is remediated, 3 separate Critical Service Failures during the life of the contract would entitle the Council to terminate the agreement, whether or not the third Critical Service Failure is remediated.
13. Other performance standards will be set out in the business plan (see paragraph 3.3.1). Capita will be required to measure and report on performance relative to these standards (see paragraph 9 of Schedule 2, Part 3). Under-performance in respect of these criteria will not, in itself, give rise to any right to terminate the contract or reduce the contract price. Instead, monthly meetings of the Service Planning and Performance Group will be used to identify the cause of problems and the way in which they will be resolved. Repeated and substantial failure to satisfy the requirements of the business plan would, however, amount to a breach of contract, which would enable the Council to terminate the agreement and pursue other common law remedies.
14. Taken as a whole it is considered the performance management framework is simple, robust and focused on matters of strategic importance whilst facilitating and creating a framework for dialogue about "non-critical" performance issues that should ensure the service performs to a high standard.

Price, efficiency gains and income

15. The charge made by Capita for the performance of the contract is described in Schedule 4. The initial contract price for 2009-2010 is £2,108,108. In Year 1 of the contract the financial benefit to the Council will be £226,749. This includes a figure of £225,000 towards the upgrade of the Ocella system.
16. Over the life of the contract the total saving attributable to efficiency gains has been *modelled* as £2,213,659. The contract defines such savings as "guaranteed savings" It is important to note that the *actual saving* will be very different to that modelled because over 15 years it is inevitable that assumptions about costs and savings will

differ from those actually achieved. Examples of key assumptions that may change are:-

- a) Pension costs not rising as assumed
 - b) Residual costs not being removed from the Council
 - c) Additional demand for work reflecting increased contract costs
18. Put another way, the guaranteed savings are “not” guaranteed but used to distinguish savings that are independent of the growth of Capita’s business. The negotiation process has demonstrated that it is impossible to devise a simple, robust mechanism for tracking the delivery of savings over time as the baseline and subsequent service levels demanded and provided change. This is not to say the savings will not be delivered; they cannot, however, be identified with sufficient precision to be enforced under contract. Members therefore need to satisfy themselves that the mechanism for controlling costs as volumes change will promote the delivery of more efficient services than could otherwise be provided in-house over the same period.
19. In addition to efficiency gains the Council should obtain a significant financial benefit from the contract’s proposals for sharing income generated by Capita’s Breckland business. Capita have offered to share 1.25 per cent of all income generated by the new business once the “annual core charge” (essentially the base price) is 130 per cent of the initial annual core charge. Capita estimate the business ought to generate £1.5 million over 15 years¹, although if this figure is exceeded the contract does not place a cap on the sum that may be paid to the Council. The Council will also benefit from the payment of an introductory payment in certain circumstances, which may result in a payment of up to £50,000 per new contract won by Capita.
20. Taking guaranteed savings and income generated from trading together the maximum total value of the contract to the Council is around £3.85 million. Officers believe if the service were to remain in-house then over 15 years it would be possible to formulate a management plan with a cost profile that would deliver savings broadly comparable to those offered by Capita as guaranteed efficiency savings.² The added value of the contract is thus dependent on the ability of Capita to grow a successful trading unit in Breckland and the retention of new business within the Breckland unit rather than any other business unit that might be established by the company.

Price change mechanism

21. It is possible that the current recession will deepen. In the medium term the economy is, however likely to recover. Any deepening of the recession and a recovery will have a significant impact on the volume of planning and building control activity. If activity falls off from current levels the Council is entitled to reduce the charge it pays to Capita to 90 per cent of the annual core charge in year 1 of the contract, (although its ability to maintain low levels of payment is limited by the indexation of the core charge, which reflects the NJC negotiated pay award and RPIX). If the Council does pin the annual core charge to a level that remains at or around the initial annual core charge it should be noted this will defer the receipt of income generated by the Breckland business unit.
22. Capita has confirmed it has sufficient resources to deliver existing service volumes. An increase in activity affecting core elements of the planning and building control service (which are defined in table 2 of Schedule 4) of more than 10 per cent above the baseline position that is maintained for 2 quarters would trigger a report by Capita, which would present the Council with the option of either:-

¹ This is a significant sum. For the purpose of illustration, if the Council were to raise an equivalent sum through council tax this would equate to an increase of about 54 per cent of the existing charge.

² By way of illustration, a post costing £50,000 (including on-costs) is worth £750,000 over the life of the contract. A £2.6m saving is delivered by writing out the equivalent of @ 3.5 scale 7/8 posts over 15 years or a larger number of posts over shorter period(s), specified in accordance with anticipated peaks and troughs in work-load.

- a) Increasing the volume of work required to be carried out within the part of the service that is subject to pressure, accompanied by an increase in the charge.
 - b) A redistribution of work, resulting in no increase in charge (i.e. part of the service would do less and part would do more).
 - c) Agreeing some work need not be carried out (N.B. whilst this may be a viable option for some of planning and building control, such as forward planning, it cannot sensibly be applied to the building control and development control functions).
23. The price change mechanism that has been described is intended to ensure a sensible balance is maintained between resource levels and the demand for services, whilst avoiding excessive price volatility or a tendency to sacrifice quality of performance for reduced cost. Since the relationship between increases in volume and the need for additional staff is necessarily approximate (being affected by issues such as morale, goodwill and the quality of the workforce) there is a risk that as demand increases Capita's entitlement to demand extra resources might result in staffing levels (and thus price increases) that exceed the cost of in-house provision. Senior planning and building control officers are, however, satisfied that the contractual provisions for triggering access to increased resources strikes a fair balance between demand and staffing levels.

Client side arrangements

24. Over 15 years the cost of an officer employed at scale 7 is about £750,000 (assuming salary costs and on-costs amount to an average of £50,000 p.a.). It will be readily appreciated that the maintenance of even a very small client side would obliterate the financial value of the contract to the Council: the guaranteed savings would, for example, disappear with a client side comprising of more than about 4 relatively junior officers, and the impact would be much more dramatic if the Council were to retain one or more service manager scale posts, which could easily cost in excess of £1 million each over the term.
25. In the light of the cost implications of a client side the approach taken has been to transfer its normal functions to the contractor. Thus Capita is responsible for:-
- a) Business planning;
 - b) Identifying and reporting on opportunities for service improvement;
 - c) Monitoring and reporting on performance;
 - d) Preparing decision notices.
26. Each of the items listed above will be prepared for the Council's representative (the Deputy Chief Executive) who will either deal with issues arising from them in consultation with the Portfolio Holder for the Environment (items (a) to (c)) or the Chairman of the Development Control Committee (item (d)). There is short term financial provision for the Deputy Chief Executive to be assisted by a junior officer to help bed the contract in and undertake such administrative duties as may be necessary to ensure it runs smoothly. It has been assumed that this support will be absorbed into a contracts management team drawn from the client side of other services the Council has externalised within 2 years. It is further assumed that in so far as it may be necessary to resource activities associated with the day to day running of the contract support will be drawn from existing services without any significant impact on service provision or resource levels. By way of example, it is assumed:-
- a) Finance will check and pay invoices and assist in the negotiation and calculation of the annual charge made by Capita.
 - b) The Performance team will participate in meetings of the Service Planning and Performance Group and Service Improvement Group help shape, comment on and feed information received from Capita into the Council's performance management system.

- c) Member Services will support meetings Service Planning and Performance Group and the Service Improvement Group.
 - d) The Portfolio Holder for the Environment and Chairman of Development Control will continue to liaise directly with Capita's officers on matters of operational detail in the normal way rather than through intermediary client side officers.
27. Thus setting the issue of delegated decision making to one side there appears to be no good reason for creating a team of officers to administer the contract. To the contrary, it is suggested the Capita client side model ought to be regarded as an approach that might be adopted more generally to achieve cashable efficiency gains. The approach is not, however, risk free.

Decision making by the local planning and building control authorities

28. The adequacy of the client side in relation to decision making and the approach to the exercise of the Council's statutory functions has been subject to some controversy. It has also been a matter that has taxed the ingenuity of both parties' legal advisers during the due diligence process. The first point that needs to be made is that both parties now agree there is no scope for devising arrangements under which staff employed by Capita would effectively make decisions on behalf of the Council (by signing notices of decision in the name of a nominated Council officer without that officer having had sight of the notice, or any involvement in the matter). The upshot is that a Council officer will need to formally deal with any decision made on behalf of the local planning authority or building control authority amounting to a discharge of one of its functions (as opposed to mere administrative acts which do not involve the exercise of a duty or power).
29. So far as planning decisions are concerned matters that would normally fall to be determined by committee are not touched by this issue at all. Delegated decisions are, however, affected. Normally delegated decisions are made by the Head of Planning or one of his two principal officers. In future those officers will not be able to make decisions on behalf of the Council. They will, instead, prepare a notice of decision, complete with reasons and any conditions and send it with a pro-forma report to the Deputy Chief Executive and he, or an officer authorised by him, will make the decision. It is not essential for an officer making a decision to be professionally qualified as a town planner. Unqualified elected members routinely make decisions that are more complicated and controversial than those that will be determined by officers under delegated powers. This fact serves to illustrate the safety and quality of decision making turns not on the qualifications of the decision maker but on the advice that underpins it, albeit this needs to be coupled with the good sense and a degree of understanding of how this material should be used on the part of the person making the decision.
30. The Deputy Chief Executive is content to sign decisions in the first instance, supported by other officers (including the contract support officer) who will be trained to the extent it is necessary (along the lines of the training received by members of planning committee).
31. Building control presents a different challenge. Many decisions will be made in the same way as planning decisions (that is, through Capita's preparation of a notice of decision supported by a report that contains such reasons as are necessary to make intelligible the action that is proposed). Building control officers also give advice on site about matters that require a formal decision of the authority. For the reasons set out previously unless every building control officer were to be accompanied on site by a client officer with full delegated powers (which would be both impracticable and uneconomic) it might be thought that delegation issues would preclude the externalisation of building control. In the Deputy Chief Executive's opinion it is, however, permissible for Capita's staff to *advise* building control clients on site as to what is or is not permissible whilst reserving the *formal decision* to the nominated Council officer, who will ratify the advice that has been given provided, of course, the

reasons for authorising a particular course of action are properly made out. This approach carries with it a risk that the nominated officer may disagree with the advice that was given on site. It is difficult to envisage any circumstances under which the authority's nominated representative would disagree with the expert advice he receives, with the result that soundly based decisions will be made properly and predictably by the Council without harming the operational efficiency of the service.

32. In setting out this approach it is not intended to suggest that there will be no impact on the work load of the Deputy Chief Executive who will need to devote a significant amount of his time to decision making. Based on the advice of senior officers in planning and building control the arrangements that are proposed appear, however, to be practicable. If, however, members conclude this is not the case it is doubtful whether the Council ought to proceed with the contract since any significant expansion of the client side to support decision making would threaten to erode the financial case for entering into the agreement.

Governance

33. The contract's governance arrangements are described in Schedule 2 of the contract.
34. Operational issues will be managed through a Service Planning and Improvement Group ("SPIG"), which will be responsible for developing the annual business plan, monitoring performance, agreeing variations to the service, setting the contract price (subject to approval by Council) and resolving operational issues that cannot be settled informally in the course of normal day to day business. The SPIG will meet monthly and be attended by senior officers and elected members.
35. More strategic planning and long term improvement of the service will be managed through a Service Improvement Group. This forum will meet every 6 months and will consider the potential for significant enhancements of the service that is provided to local people and the Breckland business unit – the latter with a view to maximising the income received by the Council.
36. Members will need to be satisfied that the opportunities for engaging formally with Capita under these arrangements are adequate. It should, in particular, be noted that these arrangements do not (and are not intended to) admit detailed intervention in the operations of the planning and building control service. Such intervention would be antithetical to the purpose of contracting out, which is to enable a contractor to deploy the full range of private sector management techniques to deliver more efficient and effective services unencumbered by the exigencies associated with operating in a political environment.

Transfer of staff to Capita

37. All of the staff employed in Breckland's planning and building control services will transfer to Capita under their existing terms and conditions of service save that upon transfer staff will join a final salary pension scheme operated by Capita instead of the Local Government Pension Scheme. The Government Actuary's Department has certified that Capita's scheme provides benefits that are broadly comparable to the Local Government Pension Scheme. A number of the posts to be transferred are temporary posts. Capita is not obliged to extend the term of these posts or transfer them to the permanent establishment although the company has indicated that it intends to retain most temporary staff.
38. In accordance with members' wishes the contract provides that staff working in Thetford may not, without the permission of the Council, be engaged in any activity save for that associated with Moving Thetford Forward. Capita will charge a premium of £8,000 per annum (£120,000 over 15 years) for the Thetford team to reflect the fact this restriction will prevent the team from making a full contribution to the Breckland business unit whilst requiring the support of Capita's wider resources to maintain its resilience. Capita have confirmed orally that if this restriction on the employment of Thetford based staff is lifted (so that they may be deployed as Capita see fit) the premium will cease to be charged. Members may wish this provision to be incorporated into the contract.

Arrangements on termination of the contract

39. The approach to devising satisfactory arrangements for recovering a service on termination of the contract poses some difficult challenges and has been discussed extensively by the parties in recent weeks.
40. The existing size and composition of the service, the range of functions that are carried out and the priorities allocated to it by members are unlikely to be the same as those which exist when the contract comes to an end. Moreover, if the Breckland business unit grows as Capita intend it should some of the staff employed within the district may not qualify for transfer back to the Council if they are employed in delivering activities that would not be delivered by a district council or if they generally work for other clients.
41. Because it is impossible to predict what kind of service will be transferred back to the Council or to another provider in 15 years time Schedule 3, Part 5 of the contract sets out a range of principles to guide the formulation of an exit plan to define and shape the service that returns and avoid any adverse impact on service users. Capita are responsible for preparing the exit plan within 6 months of the commencement of the contract, which must be submitted to the SPIG for approval. Thereafter the plan will be reviewed annually to ensure it reflects changes in the service so that it can be brought into operation quickly should the agreement be terminated unexpectedly. This approach provides a structured, objective process for reconstituting an in-house service if outsourcing is judged not to have been a success. A better solution to this issue cannot be devised. The approach nonetheless carries some risk – Capita’s staff may not, for example, wish to transfer to the Council, which could cause serious retention issues and a loss of morale and performance. It will also be difficult in practice to determine precisely who should transfer or remain with Capita, especially if potential transferees are cease to work for the Breckland business unit in the run up to termination. Members will need to decide whether they wish to accept this risk.

Termination

42. The Council may terminate the contract in the following circumstances:-
 - a) If it is unable to agree a business plan;
 - b) If Capita fail to put together and implement a remediation plan that fully repairs any critical service failure;
 - c) The occurrence of 3 critical service failures during the term of the contract;
 - d) Any service failure that causes significant damage to the Council’s reputation.
43. Otherwise the contract will terminate after 15 years (unless the council elects to extend the term).
44. Capita is not prepared to accept the insertion of a clause into the contract that allows it to be terminated by the Council “without cause”. Capita’s decision reflects the company’s view that it will make very little profit in the early years of the contract and that the growth of its business unit will require significant investment, which it would not be prepared to make without some certainty (barring lack of performance) as to the term of the contract and the ability to achieve “pay back” and the recovery of profit. Members may also conclude that the development of a strong relationship based on trust may take a little while to become established, and that this might be undermined if exit arrangements are too easy. In the circumstances neither the Deputy Chief Executive nor the Council’s legal adviser, Eversheds, take exception to Capita’s stance on this point.
45. In view of the risk that there may be a challenge to decision making arrangements and that the contract might be rendered uneconomic if a challenge were to succeed, the Deputy Chief Executive recommends the Council should not agree to contract unless Capita agree that unlawful clauses may not be “blue pencilled” from the contract, leaving the remainder intact, but may, in the Council’s discretion result in the termination of the contract.

Ocella upgrade

46. Capita will implement a significant upgrade of the planning and building control services' IT and software systems at their own cost. The upgrade will enable customers of the planning service to view planning applications and associated forms and plans using the Council's web site. Improvements to the building control system will enable officers to send documents to the Ocella record system from site, which will ease remote working. Schedule 13 to the contract indicates the planned improvements to the Council's systems represent an investment by Capita, worth around £230,000. The implementation of the planning upgrade is programmed to start on day 1 of the contract and is likely to take 3 months to go live. The building control upgrade will be implemented as a pilot from the beginning of the contract, with the intention (but no guarantee) of rolling out remote access working once the concept is proved.
47. There can be no doubt that the Ocella upgrade will significantly enhance the delivery of planning and building control services for both customers and staff, and represents a key benefit of the agreement (but see paragraph 54).

Risk

48. A risk assessment is provided in Appendix 1 to this report. The principal risks are those associated with:-
- a) Whether the culture of the organisation is well suited to arms length political control of a highly sensitive, public facing service;
 - b) Control of contract cost;
 - c) Non-delivery of the Ocella upgrade;
 - d) The lawfulness of arrangements for delegated decision making;
 - e) Achievement of income;
 - f) The delivery of "guaranteed savings";
 - g) The adequacy of client side arrangements;
 - h) The adequacy of the service specifications.
49. Whilst the impact of most of the above risks would be high none are considered highly likely to crystallise (it should be noted that officers express no opinion on the likelihood of risk (a) occurring; this is a matter for elected members to consider).

Overall assessment and conclusions

50. The Portfolio Holder for Business Transformation has directed that a proposal to contract planning and building control falls to be assessed in terms of the following criteria:-
- a) The value of the contract to the Council, comprising:-
 - i. The delivery of substantial efficiency gains; and
 - ii. Significant income to the Council.
 - b) Strong governance arrangements for the effective delivery of a contract.
 - c) Provision for the return of strong planning and building control services upon the termination of the contract.
 - d) Demonstrable improvements to the quality of the service.
51. The Deputy Chief Executive is satisfied the contractual arrangements that have been agreed with Capita meet all of the Portfolio Holder's criteria. This does not necessarily mean the Council should enter into an agreement. The quantum of "guaranteed savings" is considered to be significant but unremarkable, and the Deputy Chief Executive and Assistant Director – Governance are satisfied they could plan a service with a similar overall cost profile if it were to remain in-house. The value that may be derived from trading income produces an overall cost saving that

is of a different order to that which might reasonably be achieved by an in-house service. This component of contract value is, however, subject to quite significant risk. There are also several sources of risk that could cause the cost base to increase, albeit these have been controlled as far as is reasonably practicable. It follows that the Council should not base a decision to contract solely or substantially on its potential to deliver savings.

52. The arrangements proposed for governance are simple but robust. They will probably need to evolve as a relationship develops, but since this would be in the interests of both parties it is not likely to prove problematic.
53. The arrangements for transferring the service back to the Council at the end of the contract take the form of a framework for the preparation and annual review of an exit plan. This is considered to be the most sensible approach because the planning and building control service and the Council's aspirations for it will change over time so there would be no merit in trying to fix what will be transferred back at the outset.
54. The contract also makes provision for improvements to Ocella, which will certainly enhance the delivery of both planning and building control. Capita are making a substantial investment in these systems. It is, however, perfectly feasible and affordable for the Council to implement these improvements quickly if the service remains in-house. The upgrade to Ocella does not, therefore, represent a compelling reason to contract out.
55. Adopting a rather broader perspective members may conclude that the contracting out of planning and building control reflects a philosophy that a major private sector contractor will be able to plan, manage and operate the service more efficiently, effectively and creatively than if the service were to remain in-house. Members may wish to explore the evidential basis for this belief taking account of their experience of other services that have been contracted out by Breckland and other public sector bodies. In making a decision members will also need to consider whether they are comfortable with operating a very high profile service at arms length. Moreover, to the extent members are content to proceed on the basis that a significant and sustained fall-off in performance may be remedied by a right to terminate the contract this must be balanced with the probability that an unplanned return of the service following early termination will be accompanied by a drop in performance of what is presently a very good service.
56. Finally, it is important to acknowledge that commentators have expressed considerable interest in this proposal, which could confer significant reputational benefits on the Council, especially in the short term: this is an innovative proposal that will, if adopted, reinforce the Council's entrepreneurial credentials amongst the local government community. It must also be recognised that if the Council accepts this test of its entrepreneurial appetite it could (but may not) realise a significant financial benefit.
57. Overall, the Deputy Chief Executive recognises a decision as to whether or not to proceed is essentially and quite legitimately an exercise of political not technical judgement: a high quality planning and building control service *can be* delivered under contract at arm's length but there is no *necessity* to enter into this arrangement and there are some unique and novel risks associated with doing so. In the circumstances, and having regard to the learning obtained from detailed negotiations and due diligence, officers have decided that it would be inappropriate to make a recommendation on whether or not to enter into the contract that is on the table: that is properly a matter for members.

Appendix

PROPOSED CONTRACTING OUT OF PLANNING AND BUILDING CONTROL – S151 FINANCIAL ASSESSMENT

Executive Summary

“The Authorities finance staff have been involved in the due diligence process with Eversheds and consider the potential value of the contract to be proportionate to that outlined to Cabinet in February. The due diligence process has seen further negotiation and clarification, allowing amendment and alignment of financial aspects of the contract and resulting in a mutually acceptable position for both parties to make a decision. The conclusion for the Council is that a financial benefit averaging £250,000 per annum is possible over the term of the contract. This figure would be generated through a mix of a lower contracted cost of service with Capita, an opportunity to remove residual costs from the Council and a sharing of the turnover generated by the growth of the Breckland Capita team. The Cabinet have previously been advised of the numerous risks attached to such a long term contract and it will be necessary to manage these risks to derive any of the anticipated benefits. Indeed Cabinet are encouraged to make their decision primarily against the other evaluation criteria, such is the level of risk attached to the determination of an accurate financial benefit under the proposed arrangements. ”

Matters arising during due diligence

The nature of the contract over 15 years makes a very challenging set of circumstances to attach any real value against. The initial challenge is that we do not have a 15 year plan for our existing in house service provision for which to compare against. Simply we do not know how inflation, legislation and service demand will change over time.

Our assumptions have however been widely rehearsed with Officers and Members and the due diligence process has required some of these to be amended. The key message is that the due diligence process has substantiated a proportionate benefit to the Council over the term. The latest model predicts a potential benefit of £3.7m which aligns strongly with the £4m pre due diligence. I've itemised below where the model has been revised.

Further clarification with Capita

- Capita have confirmed they will not be buying Finance and HR services for the first 18 months
- The value of the Ocella upgrade has been included
- The pension offset offered by Capita is now built into their core contract price and is therefore not subject to withdrawal should contribution rates change
- Capita will charge a “mark up” for the dedicated Thetford Growth Point team
- Capita are no longer identifying guaranteed savings but simply a lower base year contract price
- We now consider it is necessary to include, as a cost against the Capita option, our residual support service costs for Finance and HR.

Changes arising through further negotiation

- The mechanism for contract uplift has been confirmed so as to allow an NJC cost of living increase only element to 75% of the contract price (Initially incremental drift might also have been included if based on the Breckland scheme)
- The additional capacity of a £60K Building Control Officer has been withdrawn and this value is now removed from the base contract price
- The final TUPE list is likely to see a “fair” change to contract price to reflect the number of occupied posts on the day of transfer, subject to agreement?. This may allow for the inclusion of items on the Councils growth list for 2009/10

Financial model summary

Savings arising from the adjustment of residual costs

- Avoidance of pay increments -0.3m
- Lowering of the central training budget -0.6m
- Avoidance of increased pension costs -1.0m

Commercial partnership with Capita

- Turnover share -1.5m
- Ocella investment -0.3m

Lower cost of service through contract payment

- Capita -3.8m

Additional costs

- Thetford Growth Point mark up +0.1m
- Residual support costs +1.2m
- Client costs +0.1m
- Additional pension costs +2.4m

Net benefit to the Council -3.7m

This model assumes the service specifications are adequate for the 15 year term, and that there will be no creep in either requirements or costs.

Risks

The risks of such a long term contract are plentiful and should be anticipated in view of the opportunities this contract would offer. I've listed below matters which should be fully understood and managed in order to realise the benefits given above.

- Capita are a commercial company with hard business targets. They will no doubt seek to maximise income from Breckland Council over the 15 years. The Council will be dependant on their services and be subject to a commercial price for additional work. Negotiation going forward will be hard.
- There is a danger that Service Specifications will need to change over a term of 15 years which will provide income generating opportunities to Capita.
- The Council is tasked with saving over £1m in support service costs which is not yet scoped. Likewise the Council will have Capita as a client who may or may not see the purchase of support services as a long standing arrangement. The Council could be subject to residual cost exposure.
- The range of services being contracted is unusual and almost groundbreaking. It would not be inconceivable for the contract to fail on grounds of misunderstanding or wrong interpretation. Similar private sector arrangements have a 2 out of 3 failure rate.
- Growth in volumes will cost more through the contract as the goodwill of employees will not be present under these contractual arrangements.
- The financial assessment of the contract assumes a benefit by the deference of future pension liabilities. This assumption may prove to be wrong.
- At the end of the 15 year term it is likely that a significant client base could be retained by the contractor and not by the Council. An end of contract loss on income is likely.
- Should the financial circumstances of the contract become undesirable then other than a Critical Service Failure, there are no break clauses to allow early termination.

END

APPENDIX – CONTRACT RISK ASSESSMENT

Risk	Impact	Likelihood	Mitigation
<p>(1) Contracting out ill-matched with members' aspirations and culture</p>	<p>High</p> <p>This contract will only be successful if a high level of co-operation and trust is established between the Council and Capita. Should this be lacking, or should any significant friction arise between the parties, the contract is unlikely to deliver the quantum or kind of benefits that have been foreseen.</p>	<p>Indeterminate (this is a matter for members to decide)</p>	<p>The governance arrangements provide for regular, detailed engagement between senior officers, members and Capita. There will be ready access to Capita's staff to discuss issues of concern to members. In principle, therefore, it ought to be possible to resolve issues easily and constructively. It should, however, be recognised that by placing the service at arms length members will cede the ability to directly influence methods of service delivery. It may also be more difficult to secure the rapid re-prioritisation of work if this would have a significant impact on contractual work programmes. More generally, it is possible that over time the service will come to be seen as more remote and less responsive to members' day to day concerns. Provided members believe the benefits of the contract outweigh these issues and it is recognised it may take a little time to adjust to the new arrangements there is no reason to think this contract will not work as well as others that the Council has entered into. Given the political sensitivity of planning members will need to reflect carefully</p>

			on this issue.
(2) Contract costs exceed the cost of equivalent in-house provision	High	Medium	The price change mechanism should dampen the frequency and size of cost increases. The likelihood of an increase in volumes in the medium term coupled with the necessarily approximate relationship between volume changes and the need to purchase additional staff make it difficult to predict how contract costs will change compared with the cost profile that would be associated with keeping the service in-house.
(3) The Ocella upgrade is not delivered	High	Low	Capita and the Council have defined the upgrade carefully and both parties are satisfied Capita will be able to deliver this improvement quickly.
(4) Decision making arrangements are found to be unlawful	High	Low	The process of ratification set out in this report will avoid any decision being taken by a contractor. If, however, the arrangement were to be declared unlawful the consequence could be to make it impossible for Capita to deliver building control services within an acceptable cost envelope. In such circumstances the Council will need to be able to terminate the agreement. This provision is subject to final negotiation with Capita.
(5) Income achieved under the contract is significantly less than budgeted	High	Medium	The added value of this contract compared with in house provision derives in large measure from the

			income the Council may receive. The timing and quantum of this income is subject to so many variables there can be no guarantee that the outturn value will match the values that have been modelled. The only method of mitigating this risk is to collaborate closely with Capita so that its trading operation becomes as successful as possible. This is likely to require investment of both capital and revenue in the service at levels in excess of those associated with in-house provision – albeit the pay-back may be significant
(6) Guaranteed savings are not achieved	Medium to High	Low to Medium	Provided volumes and performance levels remain constant the savings will be delivered. In reality volumes will vary. It follows that the achievement of savings will turn on effective cost control. Issues associated with cost control have been dealt with previously in (2).
(7) Client side arrangements are inadequate	Medium	Low	Provided the arrangements for managing all major third party contracts are rationalised by the creation of central contracts team within 12 to 18 months client side pressures ought not to pose insuperable difficulties. The adequacy of the client side may also be challenged if arrangements for delegated decision making are found to be unlawful. In that event, termination needs to be an option

			that is available to the Council (see [4] above).
(8) Inadequate specification of the service leads to significant cost increases	Medium	Low to Medium	Planning and building control cannot be specified precisely. Nonetheless the specifications that have been drawn up ought to have captured the principal cost drivers. It follows any impact on cost through lack of specificity should be of marginal significance in year, although over a 15 year term relatively modest additional costs may have a significant impact on the overall value of the contract to the Council.