CHELTENHAM
BOROUGH COUNCIL

Notice of a meeting of
Cabinet

Tuesday, 11 December 2012
6.00 pm
Municipal Offices, Promenade, Cheltenham, GL50 9SA

Membership	
Councillors:	Steve Jordan, John Rawson, Rowena Hay, Peter Jeffries, Andrew McKinlay, Jon Walklett and Roger Whyborn

Agenda

		SECTION 1 : PROCEDURAL MATTERS	
1.		**APOLOGIES**	
2.		**DECLARATIONS OF INTEREST**	
3.		**MINUTES OF THE LAST MEETING** To approve the minutes of the meeting held on 13 November 2012.	(Pages 1 - 6)
4.		**PUBLIC QUESTIONS AND PETITIONS**	
		SECTION 2 :THE COUNCIL *There are no matters referred to the Cabinet by the Council on this occasion*	
		SECTION 3 : OVERVIEW AND SCRUTINY COMMITTEE	
5.		**REPORT OF THE GRASS VERGES SCRUTINY TASK GROUP** Councillor Penny Hall, Chair of the Scrutiny Task Group, will present the report.	(Pages 7 - 20)
		SECTION 4 : OTHER COMMITTEES *There are no matters referred to the Cabinet by other Committees on this occasion*	
		SECTION 5 : REPORTS FROM CABINET MEMBERS AND/OR OFFICERS	
6.		**TREASURY MID-TERM REPORT**	(Pages

		Report of the Cabinet Member Finance	21 - 30)
7.		**LEISURE & CULTURE COMMISSIONING REVIEW** Report of the Cabinet Member Sport and Culture. (Please note some elements of this report may need to be discussed under Section 9 - Exempt Business)	(Pages 31 - 92)
8.		**WASTE SERVICE POLICY** Report of the Cabinet Member Sustainability	(Pages 93 - 116)
9.		**JOINT WASTE COMMITTEE** Report of the Cabinet Member Sustainability	(Pages 117 - 128)
10.		**HOUSING OPTIONS REVIEW** Report of the Cabinet Member Housing and Safety	(Pages 129 - 140)
11.		**COUNCIL TAX DISCOUNTS ON EMPTY PROPERTIES** Report of the Cabinet Member Finance	(Pages 141 - 150)
12.		**LOCALISATION OF COUNCIL TAX SUPPORT** Report of the Cabinet Member Finance	(Pages 151 - 158)
13.		**ICT COMMISSIONING REVIEW** Report of the Cabinet Member Corporate Services	(Pages 159 - 238)
14.		**LICENSING OF RICKSHAWS IN CHELTENHAM** Report of the Cabinet Member Housing and Safety	(Pages 239 - 268)
		SECTION 6 : BRIEFING SESSION • Leader and Cabinet Members	
15.		**BRIEFING FROM CABINET MEMBERS**	
		SECTION 7 : DECISIONS OF CABINET MEMBERS AND OFFICERS Member decisions taken since the last Cabinet meeting	
		SECTION 8 : ANY OTHER ITEM(S) THAT THE LEADER DETERMINES TO BE URGENT AND REQUIRES A DECISION	
16.		**SECTION 9- EXEMPT BUSINESS**	
17.		**LOCAL GOVERNMENT ACT 1972-EXEMPT BUSINESS** The Cabinet is recommended to approve the following resolution:- "That in accordance with Section 100A(4) Local Government Act 1972 the public be excluded from the	

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		meeting for the remaining agenda items as it is likely that, in view of the nature of the business to be transacted or the nature of the proceedings, if members of the public are present they will be disclosed to them exempt information as defined in paragraph 3, Part (1) Schedule (12A)Local Government Act 1972, namely : Paragraph 3 : Information relating to the financial or business affairs of any particular person (including the authority holding that information)	

Contact Officer: Rosalind Reeves, Democratic Services Manager, 01242 774937
Email: democratic.services@cheltenham.gov.uk

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Cabinet

Tuesday, 13th November, 2012
6.00 - 6.45 pm

Attendees	
Councillors:	Steve Jordan (Leader of the Council), John Rawson (Cabinet Member Finance), Rowena Hay (Cabinet Member Sport and Culture), Peter Jeffries (Cabinet Member Housing and Safety), Andrew McKinlay (Cabinet Member Built Environment), Jon Walklett (Cabinet Member Corporate Services) and Roger Whyborn (Cabinet Member Sustainability)

Minutes

1. **APOLOGIES**
    There were none.

2. **DECLARATIONS OF INTEREST**

3. **MINUTES OF THE LAST MEETING**
    The minutes of the meeting held on 16 October were approved and signed as a correct record.

4. **PUBLIC QUESTIONS AND PETITIONS**
    There were none.

5. **FEASIBILITY OF ADOPTING A 40 % CARBON EMISSIONS REDUCTION TARGET**

    The Cabinet Member Sustainability introduced the report which was circulated with the agenda. He explained that a motion had been laid before Council in February 2012 to change the existing 30 % reduction in carbon emissions target to a 40 % reduction target by 2020. Council had referred the matter to Environment Overview & Scrutiny Committee which, at its meeting on 29 February 2012, recommended that a case be established for achieving the target prior to a decision being made.

    In terms of progress towards achieving 30 % reduction by 2015 the Cabinet Member Sustainability explained that 25 % had already been committed and he was confident that the full 30 % could be reached. With regard to achieving a further 10 % by 2020 there were ways for this to be achieved but the routes towards this would require a lot more work and more imaginative thinking. If zero carbon electricity did become available to purchase it would deliver a major carbon saving but it would be at a cost and an organisation the size of CBC cannot currently buy that quantity of zero carbon energy.

Draft minutes to be approved at the next meeting on. Tuesday, 11 December 2012

Gill Morris, Climate Change and Sustainability Officer, was invited to address Cabinet. She referred to the detail laid down in Appendix 2 Section 2 in terms of projects planned, underway or recently completed which assuming they were delivered as anticipated would give 11.1 % of savings. Section 3 outlined potential future options.

Members welcomed the report and the commitment to reducing the Council's carbon footprint. Officers were commended for their hard work in what they had achieved to date.

The Leader said that despite the recession this was still the right time to be looking at investing in the future and to keep focussing on reducing CO_2 emissions.

RESOLVED that :

1. **Cabinet agrees to keep the current carbon reduction target of 30% by 2015, and approves further work to:**

   - **explore the potential for Smart metering to help in Bridging the Gap**

   - **continue to explore other initiatives to deliver financial and carbon savings**

2. **Cabinet aspires to a target of 40% by 2020 and approves further work to:**

   - **look in more detail at the case for installing a biomass boiler at Leisure@ as a potential replacement for the combined heat and power (CHP) unit on expiry of the lease in 2015**

   - **explore additional projects which reduce the council's carbon footprint**

3. **Cabinet requires consideration of carbon emissions as a key criterion in developing the accommodation strategy**

4. **Cabinet requests that cabinet reports relating to all future council projects identify the likely impact on the council's carbon emissions**

6. **APPLICATION FROM POLICE FOR LOCAL AUTHORITY CONSENT FOR A DISPERSAL ORDER-CHELTENHAM TOWN CENTRE**
   The Cabinet Member Housing and Safety introduced the report and invited Acting Inspector Tim Hutchinson to address Cabinet.

Acting Inspector Tim Hutchinson explained that four hotspots of antisocial behaviour had been identified in the centre of town i.e. St Mary's Churchyard, Outside McDonalds, High Street and Jenner Gardens. Consultation has been undertaken in the area with community groups, businesses, councillors and residents in order to get a better understanding of the problem. Anti-social behaviour (asb) was having a negative effect on the quality of life for individuals and communities alike within the area. Those consulted were therefore supportive of a dispersal order in order to reduce asb incidents. In terms of publicity, posters had been displayed in shop windows around the border of the proposed dispersal order zone inviting comments on the proposal. No negative responses had been received.

Acting Inspector Tim Hutchinson stated that the Dispersal Order would give the Police an additional tool to tackle anti-social behaviour in a preventative and proactive rather than a reactive way. It would also empower the Police Community Support Officers (PCSOs) to deal with antisocial behaviour. He explained that if issued the Dispersal Order would require 2 or more individuals to leave the designated area for up to 24 hours. There were special provisions created under the 2003 Anti-Social Behaviour Act empowering the police to remove to their home any young person under 16 who is out on the streets in a dispersal zone between 9pm and 6am an not accompanied by an adult. He emphasised that by implementing the order there would not be an increase in policing as PCSOs were present in the town centre every day. He referred to the updated Dispersal Order Protocol which had been tabled and which is attached to these minutes for information. The Protocol sets out how the Order is put into practice. He also explained that once the period of authorisation for the dispersal order had expired the Police would report back to the Anti Social Behaviour Steering Group and Cabinet.

When asked by a member whether this was a heavy handed tool, the Acting Inspector clarified that the aim was to engage with those people who were involved in antisocial behaviour before issuing the order. It was hoped that the majority would respond to this. A person does not commit an offence because an officer had chosen to use the power to disperse, but failure to follow the officer's directions constituted an offence. The Police would also work in partnership with other agencies so the underlying causes of antisocial behaviour could be addressed.

Members recognised that the town centre was perceived as a troubled place but highlighted the fact that the police had been very successful in driving down antisocial behaviour and other types of crime and its work was supported by the borough council and other organisations. Members felt that if the Police were of the view that issuing a dispersal order would assist in addressing the issues in the hotspots identified this should be taken seriously in order to make the town a safer place.

When asked what tests an officer would use to issue the order the Acting Inspector replied that this was at an officer's discretion. If there had already been a complaint this suggested that a member of the public had been harassed, intimidated, alarmed or distressed and therefore intervention was necessary. It was unlikely that there would be any malicious complaints as the majority of the complainants were businesses. It was noted that the Dispersal

Order constituted the lowest level of intervention in order to avert the incident becoming a criminal act in the form of a Section 5 Public Order Offence.

The Leader recognised that as the Police had requested the implementation of the Dispersal Order it was obviously needed as a tool and Cabinet formed part of the legal process for this to happen so it was important that they understood the implications. It was emphasised that this was only a temporary measure and would lapse after 6 months. It was therefore deemed important for cabinet to receive feedback once the period of authorisation of the Order had expired to understand its value and members agreed that this should be added as a recommendation to the report.

The Cabinet Member Housing and Safety referred to the previous dispersal order which covered the whole of the town centre in 2009. Residents and businesses benefited greatly from this as the incidents decreased sharply. This showed that this was very much about educating people about their behaviour.

The Leader of the Council used his discretion in inviting Mr Chris Meehan, a member of the public, to address Cabinet having indicated that he wished to speak. He referred to a recent radio discussion on this issue and asked whether a softer option could be used as issuing the dispersal order ran the risk of criminalising those involved. In response the Leader of the Council reemphasised that implementing the dispersal order was just one part of a package of measures that the Police had in tackling anti-social behaviour. Tim Hutchinson added that he believed that this was a firm but fair way of dealing with incidences of antisocial behaviour which the person involved had to comply with. He highlighted that a person does not commit an offence because an officer has chosen to use the power to disperse, but failure to follow the officer's directions to disperse is an offence.

RESOLVED that :

1. **Cabinet consent be given to the Relevant Officer of Gloucestershire Constabulary that powers conferred by section 30 of the Anti Social Behaviour Act 2003 are to be exercisable (subject to the Dispersal Order Protocol attached at appendix C as amended) for the period from 00.01 hours on 30 November 2012 to 23:59 hours on 24 May 2013 in respect of the area as outlined on the map at appendix B.**

2. **That Cabinet receive a report back on the implementation of the dispersal order once the period of authorisation has expired.**

7. **BRIEFING FROM CABINET MEMBERS**
   There were no updates from Members.

8. **DECISIONS BY OFFICERS AND CABINET MEMBERS**
   The Leader of the Council referred to a decision he had made in awarding the final allocation from the Promoting Cheltenham Fund.

The Cabinet Member Corporate Services referred to a decision he had made that day on the community right to challenge which aims to give community and voluntary sector groups, charities, parish and town councils and groups of council staff the opportunity to bid for the running of council services.

At the Leader's discretion Mr Chris Meehan, who had indicated he wished to ask a question, was invited to address Cabinet. He asked what implications there were for union members should a bid be accepted. In response the Leader clarified that as implications could be significant this would certainly form part of the negotiations.

The Cabinet Member Sport & Culture informed Cabinet she had recently taken a decision on allocating £50k to building youth resilience which had been match funded by the County Council. This fund had generated huge interest and included input from the Positive Participation partnership, the Positive Lives partnership and a council member group. There was a good spread of funds across the town.

Chairman

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Cheltenham Borough Council
Cabinet – 11 December 2012
Scrutiny Review – Grass Verges

Accountable member	**Cabinet Member Sustainability – Councillor Roger Whyborn**
Accountable officer	**Commissioning Director – Jane Griffiths**
Ward(s) affected	**All**
Key Decision	**No**
Executive summary	The Overview and Scrutiny Committee set up a task group looking at verge maintenance. A copy of their report and recommendations is attached. The working group involved officers in the discussions so that there is a consensus on the approach which is being outlined within their report. The working group have been mindful of the current financial situation and have considered their recommendations in this light. It should be noted however that the council does contribute to the maintenance of the verges which is a highways authority responsibility. In accepting the recommendations it is on the assumption that the council can for the foreseeable future continue with this level of financial subsidy. The overview and scrutiny committee at their meeting on 26 November 2012 have seen the task group report and were happy to recommend it to be presented to cabinet. An extract of the minutes is attached.
Recommendations	**The Cabinet is recommended to resolve to:** 1. **Consider the recommendations of the Scrutiny Task Group Report, and** 2. **Consider the implications set out in this report when deciding whether to adopt the recommendations of the Scrutiny Task Group Report.**

Financial implications	The current top up provided by Cheltenham Borough Council is budgeted for in the 2012/13 base budget at £109,500. **Contact officer: Andrew Powers, Accountant (GO Shared Services)** *andrew.powers@cheltenham.gov.uk*, **01242 264121**

Legal implications	Any changes to the manner in which the Borough Council co-ordinates with the County Council or undertakes its functions under the mini agency agreement, such as those referred to in STG recommendations vi and vii, will need to be negotiated and agreed between the two Councils and reflected in a formal variation to the agreement or a side letter depending upon the extent of the agreed changes. With regard to STG recommendation v, this could be progressed through the County Council expressing appropriate comments in their statutory responses to planning applications. **Contact officer: Peter Lewis, Head of Legal Services** *peter.lewis@tewkesbury.gov.uk*, **01242 775074**
HR implications (including learning and organisational development)	There are no HR implications arising from the recommendations of the task group. **Contact officer: Amanda Attfield, Head of Human Resources (GO Shared Services)** *amanda.attfield@cheltenham.gov.uk*
Key risks	None identified.
Corporate and community plan Implications	The recommendations will help support the council's corporate plan objectives relating to the environment and overall quality of life for Cheltenham.
Environmental and climate change implications	The review has made a number of recommendations and observations in relation to climate change and biodiversity and the recommendations will help support adaptation and mitigation of climate change.

Report author	**Contact officer: Jane Griffiths, Commissioning Director** *jane.griffiths@cheltenham.gov.uk* **01242 264126**
Appendices	1. Risk Assessment (to be completed for Cabinet) 2. Report of the scrutiny task group – grass verges 3. Extract from minutes of O&S Committee 26 November 2012

Risk Assessment   **Appendix 1**

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likeli-hood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	If the council does not look at ways to adapt to climate change then additional costs could be incurred.	Jane Griffiths		2	2	4	Reduce	Look at biodiversity			

Explanatory notes

Impact – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)

Likelihood – how likely is it that the risk will occur on a scale of 1-6

(1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)

Control - Either: Reduce / Accept / Transfer to 3rd party / Close

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SCRUTINY TASK GROUP REPORT

GRASS VERGES REVIEW

NOVEMBER 2012

1. INTRODUCTION

1.1 A review of grass verges was initiated by the Overview and Scrutiny Committee at their meeting in July 2012. There was a general feeling that there were issues about the way in which the verges had been maintained this summer and the outcomes from this review could provide valuable input to the agency agreement with the county council.

1.2 This report sets out the findings and recommendations arising from the scrutiny review undertaken by the grass verges scrutiny task group.

2. MEMBERSHIP AND TERMS OF REFERENCE

2.1 Membership of the task group:-

- Councillor Penny Hall (Chair)
- Councillor Nigel Britter
- Councillor Jacky Fletcher

Terms of reference agreed by the O&S Committee

- To understand how standards of service are set in particular each "Cut/maintenance of the verges as specified .in the agreements between CBC and GCC and to consider if improvements to the specification could be made
- To understand the training programme for new operatives, the supervision given during their work and the assessment process of quality after each cut/ maintenance.
- To make recommendations to improve systems where required
- To understand customer care issues; how the relevant department respond to issues on the service raised by the general public and members and how they consider and act on the issues, again to make recommendations on improvements

2.2 In addition to the above the working group agreed that it may be useful to include reference to enforcement measures to prevent cars parking on verges as their presence impacts on the visual image and maintenance of the verges. It was

also agreed that consideration of climate change mitigation may be useful as some residents have talked about the use of urban meadows in appropriate locations. It was agreed that the review should look at what opportunities planning could play in such mitigation

3.   HOW DID THE TASK GROUP GO ABOUT THIS REVIEW?

3.1   The grass verges group met on four occasions and spoke to a range of people involved in the mini agency contract. They all contributed to the discussions at our meetings and were able to respond to members questions or bring back additional information to subsequent meetings. The officers involved were:

- Jane Griffiths, Commissioning Director
- John Rees, Ubico
- Adam Reynolds, Parks Development Manager
- Tony McNamara, Community Parks Development Officer
- Chris Riley, Gloucestershire County Council (GCC)

3.2   Members would like to thank all of the officers who attended meetings and contributed to the review.

3.3   The task group reviewed a variety of evidence including:

- the relevant extracts from the mini agency agreement
- round schedules
- training schedules
- reports on potential mitigating actions
- biodiversity options
- best practice from other councils
- photographs of verges
- complaints data.
- inspection data

4.   OUR FINDINGS

Current service delivery

4.1   The current service is delivered through an agency agreement with the county council who will pay for 5 cuts per year (£55K). The borough council provide additional funding (£120K) so that in total 15 cuts per year are undertaken which is classified as amenity standard grass cutting as opposed to highways standard. The current total budget for the verges is £175K.

4.2   Ubico undertake the work on behalf of the borough council and the employees involved in managing and undertaking the work are experienced officers. The county council have recently transferred a manager from another part of the county to manage the contract. He is developing working relationships with officers and members and will implement monthly monitoring meetings.

4.3   Ubico deploy rotary mowers for verge maintenance as opposed to the cylinder mowers used in parks. This is because the verges are not always flat and there

are stones which would be difficult to use a cylinder mower. However it means that the clippings are left on the grass, and in wet weather the nature of the rotary action means that grass will clump.

4.4   The council is able to employ someone who can follow the crews around to blow the cut grass off pavements etc. and back onto the verges, and the street cleaning rounds are arranged so that the aim is a litter pick before grass cutting occurs wherever possible.

4.5   In areas where cars park on verges it can make it difficult to maintain the verges to a good standard because of the rutting which occurs. In many parts of the town the verges have been planted with bulbs which add to the attractiveness of the town. Grass cutting in this area does not commence until the bulb foliage has died back. Where trees and street furniture are located in verges, weed control is undertaken twice per year within six inches of the tree base/street furniture to ensure that the grass and weeds die back so that grass cutting can take place effectively without the need for specific strimming.

4.6   There are four crews who are all experienced employees and they have their own rounds. They complete round sheets and at the end of each day advise the customer services team so that if there are queries from the public, the team are aware of what has and has not been cut. The supervisors from Ubico undertake a random spot check inspection of approximately 30 sites per month and flag up any issues.

4.7   Each new member of staff has a half day induction (backed up by a checklist and appropriate policies) and they are made aware that they are the public face of the council and should treat everyone with respect and deal with all enquiries politely and courteously. If they are unable to answer a query then they should telephone the office. There is a low turnover of staff so induction training is mostly for agency and temporary operatives. There is also a weekly team leaders meeting with the managers where issues can be fed back. If there are issues with operatives the team leaders can then take these up with the individuals concerned.

4.8   A health and safety day is held each month when managers spend the whole day focusing on H&S issues, such as risk assessments and talking to operatives about whether they understand their H&S obligations.

5.   FINDINGS

5.1   This summer has been one of the wettest summers on record. The review group noted that this meant that there has been a longer growing season and also more vigorous growth. Grass cutting has continued during the wet weather to ensure that the grass is maintained at a manageable level as the equipment cannot cut grass beyond a certain length.

5.2   Cutting wet grass has resulted in clumping and some complaints of grass blocking drains or blowing onto pavements and there has been a perception in parts of the town that the standard of verge maintenance has not been as effective as in previous years. There is a perception from the public that when cut grass is being blown back onto the verges it is actually being blown into the gutters.

5.3   During dry weather, the grass is quickly dried out by the sun and wind and will soon dissipate but this does not happen when the weather is wet.

5.4 The wet weather has also impacted on the weed contract as the first weed spray which was due April/May was delayed until mid June due to the weather. At the time of drafting this report the second weed spray was anticipated to be completed by early November.

5.5 The policy of leaving the bulb foliage to die back before the grass is cut leads to complaints at the start of the grass cutting season. The wet weather meant that the foliage did not die back as quickly as in previous years.

5.6 Other councils have had similar concerns about the quality of grass cutting in their areas. Gloucester City Council has recently set up a scrutiny review and Tewkesbury Borough Council requested a briefing note.

5.7 For the period April 2012 to August 2012 there have been four formal complaints with regards to grass verges. This compares to none in the same period in 2011. During this period in 2012 there were 114 enquires raised about grass verges and logged by the customer services team. Most related to long grass and edges not being strimmed.

5.8 Members of the working group were generally happy with the way in which Ubico respond to members requests for service and that when issues are identified there is a quick response to remedial action.

5.9 There are currently no regular meetings between CBC/Ubico and GCC officers with regards to verge maintenance. This means that it is difficult for the contract to be managed effectively to ensure that resources are used to best effect.

5.10 Some verges are damaged by parked cars but also by CBC refuse vehicles and delivery vehicles turning in tight/narrow roads and GCC highways maintenance vehicles parked off-road when undertaking highways repairs.

5.11 The county council recognise the importance of the well maintained verges in the urban areas as this is part of the quality of life which contributes to the economic vitality of the town. The review group are aware however that in rural areas the county council do not pay for the same level of grass verge maintenance.

5.12 There is evidence in other parts of the country where councils are reducing the maintenance standards for their verges and also examples of where councils are adopting a biodiversity policy. Cheltenham's green space strategy (2009-2024) does promote biodiversity but has no specific references to verges. The reason the verges were not included is because the strategy was written to be in accordance with planning policy guidance with PPG 17, and verges do not form part of the guidance. It was also focused on land within CBC ownership and above 0.2 hectares.

5.13 On occasion when highways have been adopted the county council have not insisted that the developer cuts the verges before adoption which on occasion has meant some difficult maintenance issues in the first year of adoption.

5.14 The council's green space strategy (2009 – 2024) identified the impacts of climate change on Cheltenham and the impacts it would have on service delivery

5.15 World Class Places: The Government's Strategy for Improving the Quality of Place – (2009) –identified that the design and upkeep of spaces and the provision of green space and green infrastructure as two of the four elements of a quality place

6. OPTIONS CONSIDERED

6.1 The working group considered whether it was feasible to pick up grass clippings but recognised that there is a considerable cost and given the financial situation

of the council this was unrealistic. The group also considered whether it would be possible to leave the grass during wet weather. It was felt that there would be more complaints if the grass grew too long and also the current equipment may not be able to cut grass that has grown too long. However it was felt that there needs to be some form of adaptation given that it is likely that there will be other summers which are wet and it is anticipated with climate change there will be longer growing seasons. It was felt that the climate change risk assessments held by the council and Ubico needed to fully consider the implications of longer growing seasons and changing weather patterns on service delivery in the future.

6.2 The working group explored the options of whether in certain parts of the town consideration could be given to allowing a less frequent level of cut – to align to highways as opposed to amenity standard of grass cutting. This may require investment in new machinery on an invest to save basis if we are cutting longer grass. It was recognised however that any such change would need to be handled sensitively and implemented only in areas which were appropriate. .

6.3 They also explored the opportunities on new developments to plant wild flower seed mixes in verges as has been done to great effect elsewhere. The council is able to make such recommendations through the planning process. We also wanted to see more thought given to verge design and maintenance during the planning phase both from a GCC and CBC perspective to ensure that opportunities to create a more sustainable approach to verge maintenance in the longer term are considered.

6.4 Consideration could also be given to planting wild flower seeds in existing verges but the working group recognised that this would need to be done on a cost benefit analysis as the land would need to be prepared before the seeds could be sown.

6.5 The working group did consider the ability to plant slow growing grass. It was felt that in verges this may not be a suitable alternative as the weeds (which will inevitably grow) will grow faster than the grass and therefore there will be more complaints. However the group were keen to consider whether this type of grass seed could be used elsewhere in developments to aid climate change adaptation.

6.6 The issue of weeds within verges was considered but it was acknowledged by the working group that the cost of spot weed treatments was prohibitive in this financial climate.

6.7 They were keen to see some better co-ordination before a highway is adopted to ensure that the developer hands over the highway verge in a well maintained state. This may require the council working with the county council to identify the work which needs to be undertaken.

6.8 The agency agreement is negotiated on an annual basis and the working group believed that Ubico were still best placed to maintain the verges due to the economies of scale within their grounds maintenance team. However they recognised the financial pressures that both councils are under and felt that invest to save initiatives may be able to realign the contract to ensure that it maximises the limited resources being put into the contract by both councils. The working group felt that Ubico and GCC officers should be meeting on a regular basis to discuss verge maintenance and other aspects of the agreement to ensure that there is effective contract management and an ability to discuss resource planning and issues as they arise.

6.9 Consideration was given to the damage that is done by people parking on grass verges. The working group considered a number of options which officers presented with regards to enforcement opportunities. However they recognised

that the county wide on street parking contract will be a basic level service and that it was unlikely that opportunities would be forthcoming. However it was agreed that the damage ultimately impacted on the verge maintenance contract and that the costs/benefits of greater enforcement could be explored with the contractor once the new contract is let.

6.10 The working group recognised that many large HGV vehicles will damage verges when they have to mount the curb to either turn or manoeuvre in areas with narrow roads or parked cars. However we gave specific recognition to the damage that is done by both CBC and GCC vehicles and whether there is any opportunity to work collaboratively to ensure that we can periodically take remedial action to repair the damaged verges.

6.11 We are aware of the importance of managing public expectations and ensuring that information on service standards is clear. It was felt that the current information on the web site could be improved considerably and that more should be done to manage expectations particularly when the weather or other issues may impact on delivery. We also felt that the team leaders meetings could provide a useful forum for operatives and team leaders to feed into management any issues which are on the patch e.g. weed issues.

6.12 Ubico do undertake quality audits but we felt that they could be organised in such a way to ensure that over a period of time all parts of the town are inspected at least once.

6.13 The green space strategy is due for review and we felt that it should incorporate verges into the strategy. We feel however that the current strategy as it stands encourages biodiversity and recognises the importance of green corridors and therefore even without the redraft could be used as a policy direction to support a review of the way in which we value and maintain verges.

7. CONSULTATION

7.1 During the course of this review we have consulted with officers involved in this issue or would be involved in taking forward some of the recommendations. The Cabinet Member Sustainability attended our fourth meeting and had the opportunity to give his views on the way in which the service is provided and take part in the discussion regarding the final draft of the report.

7.2 A copy of the report has been sent to the county council, and any feedback we receive will be updated verbally at the O&S committee.

8. RECOMMENDATIONS

8.1 Taking all our findings and options into consideration, the task group agreed a number of recommendations, namely that

- **i. Ubico should continue to cut grass where feasible in wet weather. (ref. Para 6.1)**

- **ii. Monthly contract management meetings between Gloucestershire County Council and Ubico should commence as a matter of urgency (ref. Para 6.8)**

- **iii. The current frequency of cutting should continue but officers from CBC/Ubico and Gloucestershire County Council should meet to consider the biodiversity opportunities for verges within the town. (ref para 6.2)**

- **iv. When the green space strategy is updated specific reference is made to verges and the role they can play as green corridors recognising their importance in the quality of the environment and assisting in biodiversity (para 6.12)**

- **v. The planning committee should give due consideration to layout and maintenance implications of verges and consider the use of wild flowers or slow growing grass seed in reserved matters (ref para 6.3)**

- **vi. To build into the highways agreement that Gloucestershire County Council should liaise with CBC/Ubico ahead of highways adoption to ensure any verge maintenance issues are resolved ahead of adoption (ref para 6.7)**

- **vii. In negotiating the 2013/14 verge contract ensure that there is a flexible approach to the use of resources across the contract to maximise the resources being put into the contract (ref para 6.8) .**

- **viii. Discussions are held with Gloucestershire County Council about enforcement of illegal parking on verges and remedial action where damage occurs due to CBC or GCC vehicles(ref para 6.9 and 6.10).**

- **ix. The web site is updated as a matter of urgency to ensure that service standards are specified and that during periods of service disruption that the website is updated accordingly (ref para 6.10).**

- **x. Quality audits should be arranged to ensure that the full coverage of the town (ref para 6.11)**

9. PROGRESSING THE SCRUTINY RECOMMENDATIONS

9.1 It is proposed that should the recommendations be approved by Cabinet then recommendations relating to the operation of the verge maintenance contract are monitored through the regular performance monitoring of the Ubico contract.

9.2 Officers will need to discuss the proposals relating to planning with the committee members to ensure that they fully incorporate biodiversity and design issues into

the planning process.

9.3 Gloucestershire County Council have received a copy of the report but discussions will need to take place with them on taking forward some of the recommendations which relate to their statutory highways duties.

Report author	Councillor Penny Hall, Chair of the scrutiny task group Contact officer: Jane Griffiths, jane.griffiths@cheltenham.gov.uk, 01242 264126
Appendices	1. The One page strategy for this review 2. Covering report for Cabinet
Background information	n/a

Excerpt of Draft Minutes of Overview & Scrutiny-26/11/2012

Report of the scrutiny task group - Grass Verges

The chair of the scrutiny task group introduced their final report on grass verges. In her introduction, she thanked officers, members of the working group and the county council for all their contributions. In particular she thanked John Rees, Ubico Ltd - Environmental maintenance manager and Tony McNamara, CBC Community parks development officer for their input and they were in attendance at this meeting to answer any questions. She added that the Cabinet Member Sustainability had been engaged in the review. She highlighted the recommendation regarding information on the website which she felt was critical to the overall success of the improvements being put forward. She asked the committee to consider whether they now want to these recommendations to go directly to Cabinet or whether they wished them to have a wider debate in Council.

In the discussion that followed members commended the task group for engaging the county council in the review and on an excellent report. They were concerned that the bye laws regarding parking on the grass verges could not be enforced as this was a frequent source of complaints from residents. They would welcome any action that could be taken on this.

There was some discussion about biodiversity. The chair of the working group assured members that there were no cost savings associated with wild flower borders and they would not be positioned so as to block views from private driveways. The suggestion to seek sponsorship for wild flower borders was noted.

In response to a question from a member, officers confirmed that typically two cuts would be missed whilst waiting for bulb foliage to die down and the next cut would then be timed for May or early June.

Regarding the practice referred to in 4.4 of blowing the cut grass off the pavements and back onto the verges, a member suggested that a more sensible practice would be for someone to follow on with a brush and spade and a black plastic bin liner and gather up the cuttings for composting. Officers advised that this would be very costly and impractical in view of extent of the verges being considered. Their priority must be to ensure the pavements are clear and the council would not be liable for injuries to persons from slipping on the cuttings.

The chair thanked the task group for an excellent piece of work.

Resolved that the recommendations of the scrutiny task group on grass verges be endorsed and forwarded to Cabinet in December.

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Cheltenham Borough Council
Cabinet – 11th December 2012
Council – 17th December 2012
Treasury Mid-Term Report 2012/13

Accountable member	**Cabinet Member Finance, Councillor John Rawson**
Accountable officer	**Director Resources , Mark Sheldon**
Ward(s) affected	**None**
Key Decision	**Yes**
Executive summary	The Treasury Management Strategy for 2012/13 has been determined by the adoption of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management 2009, which includes the requirement for determining a treasury strategy on the likely financing and investment activity for the forthcoming financial year. The Code also recommends that members are informed of Treasury Management activities at least twice a year. This report therefore ensures this authority has adopted the code and complies with its requirements.
Consultation	The Treasury Management Panel considered this report on 19th November 2012.
Recommendations	**Cabinet approve the following recommendation to Council:** 1. **Note the contents of the summary report of the treasury management activity during the first six months of 2012/13.**

Financial implications	All financial implications are detailed throughout the report **Contact officer: Andrew Sherbourne, andrew.sherbourne@cheltenham.gov.uk, 01242 264337**
Legal implications	None specific arising from the report recommendations. **Contact officer: Peter Lewis, peter.lewis@tewkesbury.gov.uk, 01242 264216**
HR implications (including learning and organisational development)	No direct HR implications arising from this report **Contact officer: Amanda Attfield, amanda.attfield@cheltenham.gov.uk. 07920 284313**
Key risks	see appendix 1

Corporate and community plan Implications	None
Environmental and climate change implications	None

1. Background

1.1 The Treasury Management Strategy for 2012/13 has been developed by the adoption of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management 2009, which includes the requirement for determining a treasury strategy on the likely financing and investment activity for the forthcoming financial year. The Code also recommends that members are informed of Treasury Management activities at least twice a year. This report therefore ensures this authority has adopted the code and complies with its requirements, one of which is the provision of a Mid-year report to Members.

2. Economic update for the first six months

2.1 The following key points have been provided by the councils Treasury Advisors, Arlingclose Ltd.

2.2 The world economy faced yet another turbulent six months. The UK and the Eurozone (except Germany) struggled to show visible growth whilst the US economy grew slowly. UK Growth Domestic Product (GDP) contracted by 0.3% on the first calendar quarter of 2012 and by 0.40% in the second, reflecting the difficult economic conditions faced by businesses and consumers domestically and globally.

2.2 Inflation which had remained stubbornly high throughout 2011 slowly began to fall. Annual CPI dipped below 3% for the first time in two and a half years in May and fell to the lowest level since November 2009 in June, with a rate of 2.4%. It moved up marginally to 2.5% by August. Although the recent rise in commodity prices has been worrying the rise in oil and food prices are well below the levels of 2010/11.

2.3 Some barometers of economic activity provided a more buoyant and positive picture but tendered to get overshadowed. Employment rose by 236,000 in the three months to July and the employment rate was at its highest since the three months to April 2009. The unemployment rate fell to 8.1% on the last quarter, the underlying data pointing to a more resilient and optimistic outlook for the economy

2.4 The lack of growth and the fall in inflation were persuasive enough for the Bank of England to sanction £50 billion of Quantitative Easing (QE) in July, taking QE to £375 billion. The possibility of a rate cut from the current level of 0.5% was discussed at MPC meetings in June and July but was subsequently dropped suggesting that this policy option has been postponed for the immediate future. The government's Funding for Lending Scheme (FLS) initiative, intended to lower bank's funding costs, commenced in August. The Bank of England will assess its effects in easing the flow of credit before committing to further policy action.

2.5 The European sovereign debt crisis deepened. With the continuing problems in Greece, the Euro region suffered a renewed bout of stress when Italian and Spanish government borrowing costs rose sharply with Spain being forced to officially seek a bailout for its domestic banks. The European Central bank responded with the announcement in September of its Outright Monetary Transactions (OMT) facility which allows the ECB to buy unlimited amounts of one to three year sovereign bonds provided the sovereign(s) first asks for assistance and adheres to the strict

conditions attached to such purchases.

2.6 The economic uncertainty resulted in analysts postponing the likelihood of an increase in the UK Bank Rate until late 2014 at the earliest.

3. Portfolio position 1/4/2012 to 30/9/2012

Movements in the Council's borrowing during the first six months of 2012/13 financial year can be seen in the table below. Long term loans are deemed to be those repayable over a period of more than one year.

Source of Loan	Balance at 1 April 2012 £	Raised during Apr-Sept £	Repaid during Apr-Sept £	Balance at 30 Sept 2012 £
Temporary Borrowing				
- Public Works Loan Board	2,000,000	0	0	2,000,000
- Banks	0	0	0	0
- Local Authorities	5,100,000	13,500,000	18,600,000	0
Temporary Investment	3,000	0	0	3.000
Total Short Term Borrowing	**7,103,000**	**13,500,000**	**18,600,000**	**2,003,000**
Long Term Borrowing				
- Public Works Loan Board	38,806,331	0	15,904	38,790,427
- Market Loans	15,900,000	0	0	15,900,000
Long Term Borrowing	**54,706,331**	**0**	**15,904**	**54,690,427**
Total External Borrowing	**61,809,331**	**0**	**18,615,904**	**56,693,427**

3.1 In February 2012 the Council's borrowing costs for 2012/13 was estimated to be £1,202,000. This is now forecast to be £2,095,100. This big increase is due to the additional borrowing of £27.414m taken from the PWLB in March 2012 to fund the HRA in coming out of the subsidy system. The HRA will be paying 100% of the interest relating to these loans. Temporary borrowing of £13.5m at an average interest rate of 0.30% has occurred between 1st April and 30th September 2012 to meet temporary cash flow shortfalls against a forecasted rate of 0.40%. Borrowing costs are now forecast for 2012/13 to be under by £35,200 against the original budget. The revised 2012/13 budget will be amended accordingly.

3.2 The PWLB remains an attractive source of borrowing for the Council as it offers flexibility and control. Due to downward moves in gilt yields in the second quarter, this resulted in PWLB rates

falling across all maturities. In August HM Treasury announced details of the "Certainty Rate" which will enable this council to access cheaper PWLB funding, with a 20 basis point reduction on the standard PWLB borrowing rate. This has been introduced to encourage local authorities to provide robust forecasts on borrowing plans. This rate is expected to be introduced in November 2012. This council has completed the pro-forma projecting the Council's likely borrowing requirement over a three period and returned it to the CLG by the deadline of 17th September 2012.

4.   Investments

The DCLG's Guidance on Local Government Investments in England gives priority to security and liquidity and the Council's aim is to achieve a yield commensurate with these principles.

Security of capital remained the Council's main investment objective. This was maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy for 2012/13 approved by Council on the 10th February 2012. This restricted new investments to the following

- T-Bills and the Debt Management Office (DMO)

- Other Local Authorities

- AAA-rated Money Market Funds

- UK Banks & Building Societies – Minimum long term rating of A- or equivalent across all three rating agencies (Fitch, Standard & Poors and Moody's)

- Other - Cheltenham Festivals, Gloucestershire Airport Company, Everyman Theatre, Ubico and Cheltenham Borough Homes

Counterparty credit quality is assessed and monitored with reference to :-

- Credit ratings

- Credit Default Swaps

- Share Price

- GDP of the country in which the institution operates

In June Moody's completed its review of banks with global capital market operations, downgrading the long-term ratings of all of them by between one to three notches. The banks on the Council's lending list which were affected by the ratings downgrades were Barclays, HSBC and the Royal Bank of Scotland. Separately the agency also downgraded the ratings of Lloyds Bank, Bank of Scotland, National Westminster Bank and Santander UK plc. None of the long-term ratings of the banks on the Council's lending list were downgraded to below the Council's minimum A-/A3 credit rating threshold.

4.1   Following the decision to shorten deposit durations with investment counterparties on the 3rd May 2012, the Council has since extended duration (decision made on 30th July 2012). The move to extend duration was as a result of monitoring economic and political developments in the UK. The various risk metrics highlighted in paragraph 4 to assess the creditworthiness of financial institutions had shown continued signs of stabilisation, and in some cases, considerable improvement.

4.2 **Investments -** Movements in the Council's investment portfolio during the first six months of 2012/13 can be seen in the table below.

Source of Loan Short term Lending	Balance at 1 April 2012 £	Raised during Apr-Sept £	Repaid during Apr-Sept £	Balance at 30 Sept 2012 £
- Building Societies	0	0	0	0
- Banks	2,000,000	0	2,000,000	0
Bank of Scotland Call A/C	0	22,150,000	19,090,000	3,060,000
Santander UK Call A/C	2,600,000	27,450,000	28,400,000	1,650,000
Total Short Term Lending	**4, 600,000**	**49,600,000**	**49,490,000**	**4,710,000**
Icelandic Banks in administration	**Balance at 1 April 2012 £**	**Raised during Apr-Sept £**	**Repaid during the year £**	**Balance at 30 Sept 2012 £**
- Kaupthing Singer & Friedlander	1,110,000	0	300,000	810,000
- Glitnir	630,900	0	0	630,900
- Landsbanki	3,439,255	0	611,710	2,827,545
Total Icelandic Banks	**5,180,155**	**0**	**911,710**	**4,268,445**
Total External Investments	**9,780,155**	**49,600,000**	**50,401,710**	**8,978,445**

4.3 In February 2012 the Council's Investment income for 2012/13 was budgeted to be £48,200. The average cash balances representing the council's reserves and working balances, was £3.2m during the period this report covers. The UK Bank Rate has been maintained at 0.50% since March 2009 and is not expected to rise until late 2014 or beyond. The Council anticipates an investment outturn of £58,400 at a rate of 1.13% for the whole year. Security of capital has remained the Council's main investment objective. This has been maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2012/13.

4.4 The Council set up a Safe Custody account with King and Shaxton in September 2012. By opening a custody account with King and Shaxton, the Council now has the ability to use a number of approved investment instruments such as Treasury Bills.

4.5 Included within the investments of £8.727m as at 30th September 2012, the Council has £4.017m deposited in the collapsed Icelandic banks. On October 28th 2011 the Icelandic Supreme Court ruled that UK local authority deposits in the administrations of Glitnir and Landsbanki qualified as priority claims. This means that the values of local authorities' claims in the Icelandic administrations qualifying for priority settlement are now final and will, at the very least, be equal to the value of the original deposit plus interest accrued.

4.6 Glitnir's Winding Up Board made a distribution to priority creditors, which included local authorities. This was accepted by all UK local authorities and implemented on the 16th March 2012. 78p in the pound has been recovered to date with the remaining balance held in an escrow account in Iceland. 100% is expected to be recovered

4.7 Landsbanki Winding Up Board made a second distribution on the 29th May 2012 which takes the repayments made to 43p in the pound. Further distributions are expected in the near future. 100% is expected to be recovered.

4.8 Kaupthing Singer & Friedlander administrators have made distributions of 73p in the pound to date. It is now expected that 85.25p in the pound will be recovered overall.

4.9 Further distributions have been made since September 2012 which will be included in the next update report to council

5. Prudential Indicators

5.1 During the financial year to date the Council has operated within the treasury limits and Prudential Indicators set out in the Council's Treasury Policy Statement and Annual Treasury Strategy Statement.

6. Outlook

6.1 At the time of writing this activity report in November 2012, economic growth remains elusive. Tight credit conditions and weak earnings growth are constraining consumer and corporate spending. The outlook is for official interest rates to remain low for an extended period, as shown below.

	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15
Official Bank Rate													
Upside risk	--	--	--	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50
Central case	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25

7. Performance management

7.1 In compliance with the requirements of the Treasury Management CIPFA Code of Practice this report provides members with a summary report of the treasury management activity during the first six months of 2012/13. None of the Prudential Indicators have been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.

Report author	Contact officer: Mark Sheldon, mark.sheldon@cheltenham.gov.uk
	01242 264123
Appendices	Risk Appendix 1
Background information	Treasury Management Strategy, Council 10th February 2012

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Risk Assessment

Appendix 1

The risk				Original risk score (impact x likelihood)			Managing risk					
Risk ref.	Risk description	Risk Owner	Date raised	I	L	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	Icelandic Banks – exchange rate differences Distributions from Landsbanki and Glitnir are being repaid in a basket of currencies including sterling. The amount we receive each time based on our claim will depend on the Council's bank spot rates. It is possible we could receive a lower amount than expected when converted into sterling by the bank.	Director for Resources Mark Sheldon	13th November 2012	2	5	10	Accept	Council is committed to receiving the payments and accepts that there will be differences in value when the foreign currencies are converted into sterling.	31st March 2018	Director for Resources Mark Sheldon	

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Agenda Item 7

Cheltenham Borough Council
Cabinet – 11 December 2012
Leisure and Culture Commissioning Review

Accountable member	**Councillor Rowena Hay, Cabinet Member for Sport and Culture**
Accountable officer	**Pat Pratley, Executive Director**
Ward(s) affected	**All**
Key Decision	**Yes**
Executive summary	The leisure and culture review (L&C review) is one of a number of strategic commissioning projects and incorporates Leisure@ (including sport play and healthy lifestyles), Prince of Wales Stadium, Art Gallery and Museum (including Tourism and TIC), Town Hall and Pittville Pump Room. The aim of the review has been to find a viable and sustainable future for the L&C services and, at the same time, by 2017-18 reduce the cost of the services by at least £700Kpa. The review has reached the end of its planning phase which sought to identify the most appropriate service delivery option to meet the needs and priorities of the Council for the L&C services within the agreed resource constraints. The recommendation to Cabinet is that, subject to the outcome of a procurement exercise and based on the evidence contained in the L&C business case, a new leisure and culture trust be created to deliver the services within the scope of this review.
Recommendations	**Cabinet is requested to RESOLVE:** **1. To authorise the Executive Director, in consultation with the Cabinet Member for Sport and Culture and the Borough Solicitor, to commence the processes set out in sections 4, 5 and 6 of this report to create, subject to the outcome of a procurement process, a new charitable trust. The trust would have the legal form of a charitable company limited by guarantee and broad objects to advance health, arts, sports and education. The trust would begin operation no later than 1 April 2014.** **2. To agree to the draft 10 year financial plan as outlined in exempt Appendix 1.E to the business case, as amended for the 2013-14 standstill budget to be reported to Cabinet as part of the 2013-14 budget process (see section 3 of this report).** **3. That a further report be brought back to Cabinet at a later date to agree the memorandum and articles of association, heads of terms of the various agreements and a detailed business plan (if necessary) as set out in section 7 of this report.** **And Further:** **4. Recommend that Council allocate funding for one-off set up costs of**

£410,500, as outlined in section 3.14. The source of funding will be recommended by the Council's Section 151 Officer in finalising the Council's revised budget 2012/13 and the budget proposals for 2013-14 including any impact on the MTFS projections as part of the budget setting process for 2013/14, to be agreed by Council in February 2013.

Financial implications	The financial implications are as detailed within paragraphs 3.5 to 3.15 of this report and throughout the Business Plan attached to this report as Appendix 1. In summary, the new trust model is projected to generate savings in excess of £700K per annum by 2017/18 which achieves the target set by Cabinet in view of the worsening MTFS projected funding gap. **Contact officer: Paul.Jones@cheltenham.gov.uk, 01242 775154**
Legal implications	See Sections 4, 5 and 6. In summary the process for establishing a trust is as follows: • Procurement - As the Council proposes to enter into a contractual arrangement for the provision of leisure and cultural services it is necessary for the Council to undertake a limited market testing or advertisement exercise. The full EU Procurement Rules do not apply because the services under consideration fall within a category known as 'Part B' services which require limited publicity. • Subject to the procurement process, the next step would be to recruit trustees. The trust will have 2 appointed council trustees. These council trustees may be appointed by the Leader under the Council's constitution unless there is no Group Leader consensus in which case the appointment will be referred to council for decision. The non-council trustees will be appointed as set out in section 6 of this report • The appointed trustees would proceed, with external specialist assistance and the in house team, to prepare the memorandum and articles of association of the new trust for discussion with the council and submission to the Charity Commission. • The heads of terms of the various agreements set out in section 7 would be progressed. • Once agreement has been reached, a further report would be brought back to Cabinet (and possibly Council depending on any consents required for the proposed leases) for final approval before any legal agreements are entered into. **Contact officer: Shirin Wotherspoon, shirin.wotherspoon@tewkesbury.gov.uk, 01684 272017**
HR implications (including learning and organisational development)	The HR implications which would arise from the creation of the proposed Trust are outlined in the attached report, specifically relating to pension and TUPE implications for employees. The HR Business Partner would work closely with the service to ensure the required consultation process is followed, keeping trade unions and employees fully informed. **Contact officer: Donna Sheffield, donna.sheffield@cheltenham.gov.uk, 01242 774972**
Key risks	**See Appendix 1.B (within Appendix 1 – Business Case)**

Corporate and community plan Implications	See Section 2.6
Environmental and climate change implications	**The leisure and culture services will maintain their commitment to minimising any negative impacts on the environment.** **The increased profile which the trust will be expected to give to active lifestyles and its establishment of a deeper relationship with partners such as the Gloucestershire Environment Trust are expected to make a further contribution to reducing carbon emissions.** **Therefore, in itself, the proposal will have a neutral or small positive impact.**

1. Background

1.1 The leisure and culture (L&C) review is one of a number of strategic commissioning projects and incorporates the following service areas:

- Leisure@ (including sport, play and healthy lifestyles)
- Prince of Wales Stadium
- Art Gallery and Museum (including Tourism and TIC)
- Town Hall
- Pittville Pump Room

1.2 The review has now reached the conclusion of its planning phase which includes the appraisal and evaluation of options, in a fair and consistent way, to identify the best option to deliver the outcomes agreed by the Council, value for money and improved performance.

1.3 The conclusion of the option appraisal process is that the establishment of a new trust to encompass the L&C services is the best option to not only deliver the priority outcomes but also achieve a subsidy reduction target of £500K - 700Kpa by 2017-18.

1.4 Sections 2 and 3 describe the new trust proposal and the options evaluation which led to it being recommended.

2. The Cheltenham Leisure and Culture Trust – A brief overview

Purpose of the trust

2.1 The Cheltenham Leisure and Culture Trust would assist the Council in delivering the leisure and culture priority outcomes already agreed by Cabinet and it would be responsible for the management, operation and development of the leisure and cultural portfolio.

2.2 The trust would provide strategic leadership for leisure and culture, in order to promote Cheltenham's unique offer for residents, whilst developing Cheltenham as a destination of choice.

2.3 The trust would continue to build upon the good work of the in-house service by encouraging participation in leisure and culture activities and seeking to inspire Cheltenham's residents and visitors through the services it will deliver.

2.4 By creating a trust with roots in the town, there would be a clear focus on Cheltenham, building on already established links with tourism and local partners to maximise the benefit to the local economy.

Key benefits

2.5 The business case in Appendix 1 of this report outlines the key benefits of creating a new trust to operate the services, for example:

- A sustainable future for the services based on a tried, tested and trusted delivery model
- Increased capability to deliver the outcomes of importance to the Council and others
- Reducing the Council's subsidy for services and making a substantial contribution to the Council's achievement of a balanced budget
- Retention of the synergies between leisure and culture, i.e. their common link to healthy lifestyles, their overlapping customer base, their shared strategic partners, and the economies of scale achievable by streamlining common functions.

2.6 The creation of a new trust for the L&C services supports the Council's strategic objectives:

- **Enhancing the provision of arts and culture** - building on the strengths of the current services by reaching out to communities, encouraging participation and looking to inspire Cheltenham's residents and visitors through arts.

- **People are able to lead healthy lifestyles** - providing services which not only help people keep physically and mentally active but also maintain and strengthen already good working partnerships with the health and education sector. As a Cheltenham centric trust the focus of these relationships will be on the direct benefit of Cheltenham.

- **Ensuring we provide value for money** - maximising the chances of further reducing the Council's subsidy, diversifying and extending links with funding organisations and using its flexibility to introduce cost efficiencies.

- **Strategic commissioning** – a charitable trust model complements those organisations set-up to deliver the services the Council has already commissioned, i.e. shared services structures, notably GO Shared Services providing HR, Finance and Procurement; company options such as Cheltenham Borough Homes which provides housing management and Ubico Limited which provides waste and environmental services. Together with direct in-house delivery, these organisations give a range of options for running services which the Council may wish to use in future as other services are commissioned.

New Trust Management Contract and Management Fee

2.7 The new trust's draft financial plan outlines the management fee payable to the trust from the start of the financial year 2014-15. In order to give the new trust time to settle down once created and to give certainty as to the future, particularly in terms of attracting external funding or planning long term, it is suggested that the contract term that the Council enters into with the new trust is for 10 years with an option to renew for a further period.

2.8 In addition, it is suggested that any management fee paid by the Council is agreed for, say, the first 5 years of full operation of the new trust, i.e., 1 April 2014 to 31 March 2019. The contract should, however, make provision for the management fee to be reviewed during the financial year 2018-19 for implementation the following year.

3. Options appraisal

3.1 Following the long-listing and short-listing of potential options the final stage of options appraisal compared the creation of a new trust for all services with either keeping the service in-house or delivering all services through an existing trust.

3.2 All essential criteria are met by the new trust option, i.e. the Council would retain its freehold interest in the buildings within scope of the review; the trust would have to meet the requirements of funding partners such as the Heritage Lottery Fund; and the Council would retain ownership of exhibits and heritage assets.

Non-financial assessment

3.3 The new trust was deemed the most favourable when compared to the other options based on the assessment criteria which had been developed in conjunction with a cross party group of members supporting the review (the Cabinet Member Working Group - CMWG). The factors which made it stand apart from the other options included:

- A governance model with a high calibre board of trustees, focussed on Cheltenham, with the time and ability to concentrate their efforts on the successful operation of the trust

- Access to funds not available to local government, for example, VAT exemptions, gift aid, and charitable rate relief (although it is accepted that this is no longer as financially attractive in the light of recent changes to legislation)

- Potential for even greater collaboration across sectors and agencies where a board of trustees may include senior representatives from, for example, education, health, culture and sport.

3.4 The one area where the in-house service scored more highly than the new trust was in relation to the ability to demonstrate a successful track record and sound business management. This is due to the simple fact that a new trust, being a new entity, has no historical evidence. However, if a new trust is created, the existing staff would transfer to the new trust under TUPE (Transfer of Undertaking (Protection of Employment)) Regulations 2006.

Financial assessment

3.5 Recognising the fact that the Council's Medium Term Financial Strategy (MTFS) had worsened since 2011, the original L&C review financial target was reviewed by Cabinet and increased to between £500K and £700Kpa by 2017-18. This financial target is on top of the £138Kpa saving that was built into the 2012-13 budget after the conclusion of the analysis phase of the review.

3.6 The financial plans for the new trust and in-house options can be found at the exempt Appendices 1.E and 1.G of the business case. The criteria set for the financial assessment reflected the need to not make the MTFS worse in the short-term, to maximise income and optimise costs and to recover set up costs within a timeframe acceptable to the Council.

3.7 Over the 5 years 2013-14 to 2017-18 the savings to the Council satisfy the criteria set by Cabinet.

3.8 It should be noted that the financial plan appended to the business case takes as a baseline the 2012-13 financial position. The plan does not include normal adjustments to budgets that will be made in the 2013-14 budget process to take account of, for example, any increases in utility costs, salary cost increases arising from pay awards or increments due.

3.9 The financial plan for the proposed new trust has been completed on a prudent basis, based on external benchmarking data and current income trends within the service. The individual income and expenditure streams within this model have been examined and a sensitivity analysis applied where relevant. Four scenarios have been modelled, ranging from 20% worse than the base model to 20% better. In the worst case scenario the savings after five years remain within the target range set by Cabinet; in the best case, savings considerably exceed the target.

3.10 Details of the sensitivity analysis can be found in the exempt appendix 1.F of the business case.

3.11 **Cabinet is therefore being asked to approve the draft 10 year financial plan as outlined in Appendix 1.E to the business case, as amended for the 2013-14 standstill budget to be reported to Cabinet as part of the 2013-14 budget process. (Recommendation 2)**

3.12 Investment schemes have been excluded except for a gym equipment replacement programme which produces a return on investment of 14.4%pa (against a corporate target of 5% for invest to save proposals). The capital investment requirement does not form part of the financial recommendation within this report and will be included in the 2013-14 budget report. Therefore, if Cabinet and Council do not endorse the capital investment for the gym equipment replacement programme the additional revenue outlined in the financial plan will not be delivered. Such a decision would have the same impact on in-house operation as well as the new trust proposal and therefore would not affect the outcome of the financial assessment.

3.13 The trust may require a revolving credit facility to allow it to overcome initial cash flow issues (relating to matters of timing). More detailed cash flow analysis will be undertaken to confirm whether there will be a need for this and the size of any such facility.

3.14 Net set up costs of £410,500 arise from a number of sources including specialist pensions, legal and HR advice; additional one-off costs arising from the creation of the new trust; and some minor capital expenditure in relation to marketing/launch costs of a membership/loyalty card scheme. There is no current budget provision for set up costs.

3.15 A proportion of the set up costs will be incurred before the end of the current financial year and these will need to be reflected in the 2012-13 revised budget. The remaining set up costs will be incurred in 2013-14 and 2014-15 and will form part of the 2013-14 budget proposals and MTFS projections.

3.16   Cabinet is therefore being asked to recommend that Council allocate funding for one-off set up costs of £410,500, as outlined in section 3.14. The source of funding will be recommended by the Council's Section 151 Officer in finalising the Council's revised budget 2012/13 and the budget proposals for 2013-14 including any impact on the MTFS projections as part of the budget setting process for 2013/14, to be agreed by Council in February 2013.(Recommendation 4).

4.   Proposed legal form

Procurement

4.1   Specialist legal advice has been obtained regarding the need for a procurement process when a new trust is being considered (see exempt Appendix 2). It will be necessary to advertise the opportunity. Those expressing an interest will be required to complete a Pre-Qualification Questionnaire (PQQ). Subject to the level of response and the outcome of the PQQ process, the Council may then need to undertake a competitive tender process.

Legal Form

4.2   There will be a number of matters which would require later approval during the period running up to the inception of a new trust and these are outlined in section 7. However, Cabinet needs to provide direction now regarding the proposed legal form of a new trust in order to be able to proceed with the recruitment of trustees.

4.3   It is proposed that the new organisation would be created as a charitable company limited by guarantee (CCLG). This is the legal model recommended for initiatives of this nature and the one most commonly used. It is up to date and fit for purpose. Officers are monitoring the progress of legislation relating to Charitable Incorporated Organisations and will report back to Cabinet if necessary.

4.4   A company is proposed as most importantly this creates a separate legal entity. It will be the legal entity that enters into the suite of project documents not the individual board members. Hence any debts or liabilities will be those of the company not the board members. This offers significant and important protection to the trustees.

4.5   Furthermore, a company structure is extremely flexible allowing for the creation of subsidiary companies and/or group structures. It is familiar to the private sector and operates in a transparent regime.

4.6   Importantly a charity is also a "trusted" brand. The trust would be regulated by the Charity Commission which requires the highest standards of good governance.

4.7   To establish a charitable company, it would be necessary to first register the company and then apply to the Charity Commission for charity registration.

4.8   A charitable company is regulated by both Companies House and the Charity Commission. The directors of a charitable company are both directors and trustees and hence have duties and responsibilities under both the Companies Acts and Charities Acts.

5.   Charitable objects

5.1   One of the most important parts of the constitution of any type of charity is its objects. The objects are the list of aims and objectives and set out among other things what the charity is setting out to do, who or what will be the beneficiaries of its work and how the charity is going to achieve what it wants to do.

5.2   The Charity Commission prefer new charities to use "model objects" where possible. In broad terms the objects will advance, health, arts, culture and heritage, amateur sport and education.

6. Board of Trustees

6.1 The new trust's draft business plan refers to the creation of a board of 11 trustees comprising;

- 2 Council Trustees appointed as per part 3A of the Council's constitution
- 9 Trustees recruited through an open advert and selection process

6.2 The recruitment, selection and appointment of trustees are key success factors for a new trust. The recruitment process will be agreed with the Cabinet Member. It is envisaged that the selection panel for non-councillor trustees will include as a minimum the Leader, Chief Executive, Cabinet Member for Sport and Culture, with advice from a specialist person with experience in the area of trustee recruitment.

6.3 The appointment of trustees will be one of the key milestones in the implementation process as they will initially operate as a shadow trust to put in place the required structures and organisation to deliver the trust vision and outcomes expected by the Council.

6.4 Cabinet is, therefore, asked to authorise the Executive Director, in consultation with the Cabinet Member for Sport and Culture and the Borough Solicitor, to commence the processes set out in sections 4, 5 and 6 of this report to create, subject to the outcome of a procurement process, a new charitable trust. The trust would have the legal form of a charitable company limited by guarantee and broad objects to advance health, arts, sports and education. The trust would begin operation no later than 1 April 2014. (Recommendation 1).

7. Other matters for future reporting

7.1 If the recommendations above are approved the procurement process will be commenced. Subject to the outcome of the procurement process the next key stage would be to launch the trustee recruitment campaign and the commencement of the implementation of the new trust arrangements. This will include the preparation of a number of agreements including:

- Memorandum and Articles of Association
- Heads of terms for the Funding and Management Agreement
- Heads of terms for Leases
- Heads of terms for the Collection Agreement
- Heads of terms for the Transfer Agreement including TUPE and pensions provisions
- Heads of terms for the Support Services Agreement

7.2 Therefore Cabinet is being asked to receive a further report at a later date to agree the memorandum and articles of association, heads of terms of the various agreements and a detailed business plan (if necessary) (Recommendation 3).

8. Reasons for recommendations

8.1 As per the main body of the report.

9. Alternative options considered

9.1 As explained in section 3.

10. Consultation and feedback

10.1 Consultation with key stakeholders has been undertaken throughout the review.

10.2 In autumn 2011 a series of workshops took place with a wide range of external stakeholders from the leisure and culture sector, commercial sector, public and voluntary sectors, from education and from our religious communities. The conclusions were reflected in the outcomes subsequently agreed by Cabinet and in the criteria used to evaluate options.

10.3 A further workshop for external stakeholders took place on 23rd November 2012. Stakeholders asked several questions focussing on procurement, protecting the interests of users and the provision of arts and sports by a single organisation. They gave advice on the qualities and attributes that we should look for in trustees and expressed their desire for continued consultation as the process moves forward.

10.4 A Cabinet Member Working Group was established in May 2011 and has supported the review throughout. At its meeting on 12th November 2012, it received a detailed presentation on the new trust proposal and its evaluation. Feedback from members was generally positive and focussed on mitigating areas of risk. Members' comments have been taken into account in the risk analysis and elsewhere in this report.

10.5 Regular information on the progress of the review has been provided to members in the Member's Briefing and all members were invited to a seminar on 21st November 2012. Reponses will be provided to several detailed questions which were asked on the proposal and its implementation. Feedback was generally positive.

10.6 Consultation has also taken place with the trade unions throughout the process and they were advised of the proposal on 15th November 2012. The unions have asked for the timing of the tendering of the box office service to be reconsidered in the light of the proposal – the Director of Wellbeing and Culture is considering this request. The review has agreed to maintain regular briefings for the trade union team and to provide more information on charitable trusts and how they compare to other business models (to be provided by One Legal at the January meeting of the trade unions).

10.7 Special staff briefings for each area within the current leisure and culture service were held in the week of 12th November 2012. Answers to questions asked will be made available on the staff intranet.

10.8 All other CBC staff have been made aware of the proposals via the intranet and management briefings.

11. Performance management –monitoring and review

11.1 Robust governance and monitoring procedures will be put in place to support the proposed trust and protect the Council's interests.

11.2 A trust would benefit from the oversight of the Charity Commission and would be led by a board of trustees recruited for their skills, experience and commitment to its objects. As explained in section 6, 2 of the 11 trustees will be councillors.

11.3 The performance of the proposed trust could be monitored and reviewed through the Council's scrutiny function, on an annual basis or more frequently. The Council's Audit Committee will look at the proposed governance arrangements.

11.4 Quarterly meetings to discuss strategic direction and other relevant matters would be held between the Chairman of the Board of trustees, the trust's Chief Executive, the relevant CBC Cabinet Member and the council's Chief Executive. The trust would be expected to involve all CBC members through its community engagement activities.

11.5 Contractual arrangements would be agreed between the Council and trust which specify the Council's requirements and the detailed arrangements for monitoring. Council officer resource for monitoring the contract is included in the financial plan.

11.6 It is anticipated that the trust would be asked to present its business plan before the trust is put in place and annually thereafter.

11.7   During the next stage of the review the Council's standard project management methodology will be used to direct the procurement process and, subject to its outcome, the subsequent implementation of the trust. Where appropriate, separate governance and professional advice will be given to the commissioning and provider teams. The review will continue to be supported by Members and its financial proposals will be scrutinised by the Budget Scrutiny Working Group.

12.   Impact on carbon emissions

12.1   The new trust's focus on reducing emissions will remain as strong as it is now. Indeed its opportunities to deepen relationships with key partners such as the Gloucestershire Environmental Trust may lead to further environmental benefit.

13.   Equality and community impacts

13.1   The Council takes its statutory duties to promote equality of opportunity seriously. The 2010 Equality Act sets out that we must have due regard to the need to advance equality of opportunity between people who share a protected characteristic and those who do not. The groups that share a protected characteristic include those defined by age, ethnicity, disability, religion or belief and sexual orientation

13.2   Cabinet will therefore need to be mindful of this statutory duty in its deliberations about the creation of a new leisure and culture trust for Cheltenham, though officers are confident that the commissioning process has taken on board the requirements of the statutory duty.

13.3   Analyses of health and culture needs have been undertaken to support the commissioning review.

13.4   The health needs analysis identified the particular groups that are more vulnerable to poor-health through either lifestyle factors or participation rates. These groups included females, disabled groups, black and minority ethnic groups, people in lower socio-economic groups and older people.

13.5   The culture needs analysis identified the groups that are less likely to participate in cultural activities such as older BME groups, single males, and social housing tenants. Alongside the needs analysis, the Council has also worked with the Heritage Lottery Fund to specify the groups where additional participation should be encouraged as part of the new art gallery and museum extension.

13.6   These needs analyses led to the development of the outcomes framework (see Appendix 1.A of the business case) that will form the basis of any agreement with the new trust. Our outcomes recognise the groups where participation is potentially lowest and enshrine the requirements to advance equality of opportunity.

13.7   Outcomes (excerpt) for leisure services:

More people have active and healthy lifestyles by participating in positive leisure activities that they are able to access at affordable prices with a particular focus on:

- Older people;
- Children and Young People;
- Disabled people – both children and adults;
- Black and minority ethnic groups;
- People from lower socio-economic groups.

13.8 <u>Outcomes (excerpt) for cultural services:</u>Page 41

More diverse audiences are introduced to, and participate in heritage activities by specifically targeting six key audiences:

- Young People (16-25);

- Students;

- People from under-represented groups (inc. culturally diverse / socio-economic disadvantaged families);

- Residents from Cheltenham itself and Gloucestershire;

- Teachers and school groups (primary and secondary);

- Day visitors.

13.9 It will then be up to the new trust to decide how best to deliver these outcomes, though it is worthwhile noting that current service provision is already delivering successfully against these outcomes with a range of targeted interventions that are increasing participation from these groups.

13.10 Given these outcomes and the statutory duty, equality questions will be included within the PQQ.

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Appendices	1. Cheltenham Leisure and Culture Trust – Business Case including the following appendices
	
	    A. Leisure and Culture Commissioning Outcomes
	    B. Risk Analysis
	    C. Evaluation Details (exempt)
	    D. New trust business plan (exempt)
	    E. New trust financial plan (exempt)
	    F. Sensitivity analysis for the new trust financial plan (exempt)
	    G. Financial plan for the improved in-house model (exempt)
	    H. Summary of options evaluation (exempt)
	2. Legal advice on the procurement of a new trust (exempt)
	
	Exemptions are in accordance with Paragraphs 3 and 5, Part (1) Schedule (12A)Local Government Act 1972

Background information	

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DOCUMENT COVER SHEET

Programme / project name	:	**Leisure and Culture Commissioning Review**
Title	:	**Cheltenham Leisure And Culture Trust - Business Case**
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Document Control Sheet

Document Location

s:\special projects\commissioning framework\leisure and culture stage 2\reports\cabinet 121211\l&c review - business case.doc

Changes History

Release	Date	Description
1.0		Initial Version for Cabinet report

Changes Planned

The document will be kept under review and modified as appropriate.

References

Leisure and Culture Commissioning Review – Report to CBC Cabinet (13th December 2011)

Opportunity of Devolution for Museums, Libraries and Archives (MLA)

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1.   Introduction

1.1.   Cheltenham Borough Council (CBC) is a commissioning council. The Leisure and Culture (L&C) review is one of a number of strategic commissioning projects and incorporates the following service areas:

- Leisure@ (including sport play and healthy lifestyles)

- Prince of Wales Stadium

- Art Gallery and Museum (including tourism and the Tourist Information Centre)

- Town Hall

- Pittville Pump Room

1.2.   The services that fall within scope of the review are discretionary, i.e., the Council has a choice as to whether it provides the services or not. However, Members are mindful of the financial, social and economic contribution the services make to the local economy. Cheltenham's brand, identity and its international reputation is of a town with a rich and varied recreational offer, especially as a festival town.

1.3.   Like many authorities CBC faces significant financial constraints and has been required to adopt a rigorous approach to finding year on year financial savings. Members have, however, been clear in their priority to maintain the level and quality of front-line services. In an effort to ensure that the Council focuses its capacity, resources and assets on those matters (outcomes) of most importance to Cheltenham, CBC has adopted a commissioning approach.

1.4.   The L&C Review has now reached the conclusion of its options evaluation stage and is recommending that the option of a new leisure and culture trust is progressed with a view to providing the services that are in scope.

1.5.   The purpose of this business case is to:

- Explain the background to the L&C review and how it fits with the strategic direction of CBC (see section 2);

- Provide a recap of the work undertaken in the analysis phase of the review and the recommendations made (see section 3);

- Outline the process for the planning phase with a focus on the options appraisal and options short-listing (see section 4);

- Explain how the appraisal led to the recommendation to proceed with the new trust option (see section 5)

- Explain the objectives for the new trust, its key risks and critical success factors (see section 6)

- Outline the financial impacts of the recommendation (see paragraph 7.3)

1.6.   The project team has gathered a fairly extensive library of background documentation during the course of the review and in particular with regard to the option appraisal stage. Background documentation referenced within the business case is available upon request.

2.   Background to the Leisure and Culture commissioning review

2.1.   Over the last 2 years CBC has become a commissioning council. At the heart of commissioning is "place shaping", where local authorities, like CBC, seek to respond to residents, communities and stakeholders by shaping services to deliver their ambitions, outcomes and aspirations.   The commissioning mindset requires a ruthless focus on outcomes and agnosticism about service delivery arrangements.

2.2.   Like many authorities, CBC faces significant financial constraints and has been required to adopt a rigorous approach to finding year on year financial savings. Commissioning helps the Council take a much more strategic approach to the delivery of services within a challenging financial context.

2.3.   Over the last year the Medium Term Financial Strategy (MTFS) has developed into a much more strategic document which now articulates the planned savings which the Council seeks to achieve through commissioning, in essence it is now the Council's commissioning financial strategy. The MTFS 5 year funding gap has risen to a range of £2.8M to £3.5M over the five year plan, depending on the financial settlement in December 2012 and the decisions made in setting a budget for 2013/14.

2.4.   As leisure and culture are areas of discretionary spend there is a real danger that if it is not possible to find a sustainable and viable (financially and operationally) model of service delivery for the future, that Members will be forced to consider cutting some of the services within L&C

2.5.   However, the financial context is more complicated than just a narrow focus on CBC's MTFS gap. Stakeholders have been keen to point out the fact that the town's recreational offer, comprising of both culture and leisure, bring wider social, economic, health and community benefits. For example, Cheltenham's brand as a festival town is not just recognised regionally and nationally but internationally.

The council's approach to commissioning

2.6.   The council has adopted a four stage approach to commissioning:
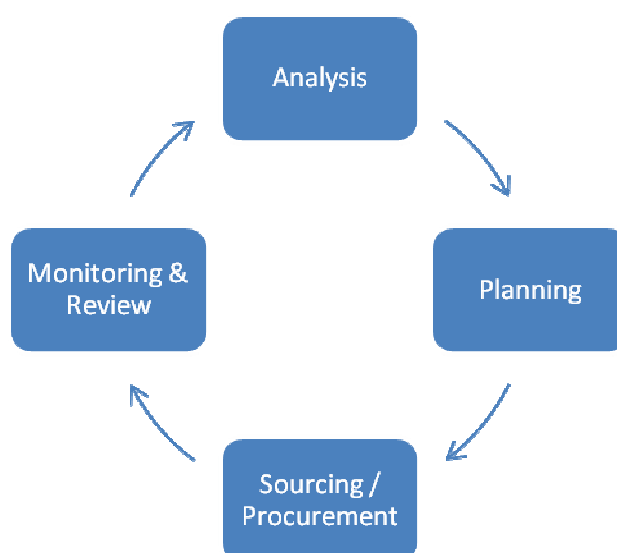
2.7.   The L&C review is now at the conclusion of the "planning" phase, and the sections 3, 4 and 5 set out more detail about the analysis and planning phases.

Approach to the review - involvement of members

2.8.   A cross-party Cabinet Member Working Group (CMWG) has supported the commissioning review since May 2011. As the review has straddled election years

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the composition of the group has altered and therefore it has been necessary to bring new Members of the group up to speed with the review as it has progressed.

2.9. The CMWG has played an important role in providing input and challenge to the whole review and in particular the options appraisal process. The CMWG was involved in the development of the evaluation criteria (see paragraph 4.10 below) and the project team has engaged with CMWG as the option appraisal process has progressed. The CMWG greatly assisted the project team by providing that critical friend challenge when considering the rationale for discarding options and questioning why certain delivery options have not been taken forward.

Approach to the review - working with partners

2.10. Key partners have been kept up to date with the review as it has progressed. Informal briefings and updates have been provided by the project team, Cabinet Member and/or L&C team members, for example,

- CBC's strategic partnerships, e.g. Stronger Communities (now Positive Lives)
- Art Gallery and Museum Development Trust
- Cultural partners including Cheltenham Festivals and Everyman Theatre
- University of Gloucestershire and other educational bodies
- PCT and NHS partners
- Funding bodies, e.g. Arts Council England, Sport England

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3.   The analysis phase

3.1.   The analysis phase has three key stages;

- Key issues and needs - What do we know about the key issues affecting our communities and their current and future needs?

- Resources and assets - What capacity, resources and assets do we have available to respond?

- Priorities - What outcomes are most important / urgent for us to deal with?

Needs analysis

3.2.   The needs analysis undertaken as part of the analysis phase of this review identified the link between our leisure and culture provision with wider health and wellbeing outcomes. The existing services work closely with partners and agencies, e.g. leisure works closely with the NHS delivering a very successful GP referral programme. There is also a well understood connection between arts provision supporting mental health outcomes for patients.

3.3.   The needs analysis also links our leisure and culture provision with social and economic outcomes. There is some evidence that our services help build stronger and more connected communities, whilst also contributing to sustaining Cheltenham's thriving economy.

3.4.   The analysis has identified a commissioning approach that also enables CBC to specify how its services will support wider health, social and economic outcomes for Cheltenham.

Resources / buildings

3.5.   The currently projected cost for the services in 2013-14 is £2.98M including support services but excluding capital charges.

3.6.   At the start of the review in 2010 Cabinet set a challenging financial target of a £690K p.a. saving by 2013-14 from either savings or increasing income. At the conclusion of the analysis stage of the review savings/additional income of £150K p.a. (subsequently reduced to £138K p.a.) were identified and built into the MTFS for 2012/13.

3.7.   In early 2012, and as a precursor to identifying how the operational subsidy of Leisure@ could be further reduced, an independent high level service review was carried out to assess the Leisure service from the standpoint of service operation, quality of the leisure facilities and future plans. This work acknowledged the good performance of Leisure@ whilst identifying in particular the need for a sports facility strategy on which to base strategic decisions around the potential for future income growth. In addition, the review identified the need to undertake a feasibility study for the Prince of Wales Stadium (PoW).

3.8.   Independent advice in relation to the options for commissioning the re-developed AG&M on a standalone basis was that:

- In the absence of an active market the chances of securing appropriate and experienced providers is lower than for the other services. The Museums Libraries and Archives (MLA) report[1] suggests that a business model for museums, and indeed the wider cultural sector, is "more complex…in terms of sustainability."

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[1] http://www.nationalarchives.gov.uk/documents/information-management/the-opportunity-of-devolution-for-museums-libraries-and-archives.pdf

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- Specifically, there are fewer charitable trusts for museums in the local authority arena because the fiscal advantages are limited and can be disadvantageous.

- Looking at all services together increases the potential for economies of scale

- There are synergies with the other services which might well be lost. This point was also reflected in our consultation with key stakeholders.

Therefore it was agreed that the options appraisal should consider **all** CBC's leisure and culture services.

3.9. Feasibility studies into the future use and investment needs of the Town Hall and PoW have begun. The results from the studies are not necessary to the option appraisal at this time as any capital investment schemes brought forward will need to be supported by business cases.

Priority outcomes

3.10. Whilst cabinet agreed to a provisional set of outcomes in July 2011, Cabinet was also keen to engage with as wide a range of stakeholders as possible to get their input into the creation of the outcomes for L&C.

3.11. Stakeholder consultation took place during September and November 2011 with a further report back to Cabinet in December 2011 leading to its endorsement of the L&C outcomes.[2]

3.12. The draft outcomes were substantially re-shaped following the consultation and became much more aspirational in their focus. The golden thread that runs through the outcomes is a "leisure and culture offer that inspires":

- The **Town Hall and Pittville Pump Room** aspire to be first class venues that *inspire* people through hosting a wide range of entertainment, events and festivals

- Use the opportunity of the new **Art Gallery and Museum** to create an arts, heritage, learning and spiritual experience that will *inspire*

- More people are *inspired* to be physically, socially and mentally active and are able to enjoy life to the full **(Leisure)**

3.13. Whilst recognising and welcoming stakeholders' high aspirations for the venues and facilities, Cabinet also made it clear that realism needed to be brought to bear when looking at any future investment in the buildings. Cabinet therefore endorsed the following "cross-cutting "outcome:

- The Council generates the greatest return (financially, economically and socially) from its investment in the buildings

3.14. The revised outcomes (primary and secondary) were approved by Cabinet on 13th December 2011 (see Appendix 1.A - Leisure and Culture Review Commissioning Outcomes) and shared with stakeholders.

More ambitious financial targets

3.15. As part of its normal financial planning, the Council has continued, through the Bridging the Gap (BtG) programme, to update and monitor its MTFS. The MTFS gap has grown worse since July 2011.

3.16. Therefore, the Cabinet recognised the need for the L&C services to contribute further to the budget deficit and in the summer of 2012 revised the target for subsidy reduction to between £500K p.a. and £700K p.a. by 2017/18. That reduction in

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[2] Cabinet, 13 December 2011 – Leisure and Commissioning Review

subsidy is in addition to the savings identified at the conclusion of the analysis phase (see paragraph 3.6 above).

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4. The planning phase

4.1. The planning phase has two key stages:

- Options
  - To identify the service delivery options that will meet the needs and priorities identified in the analysis stage within the agreed resource frameworks
  - To evaluate options in a fair and consistent way so as to identify the best option that can deliver the priority outcomes and deliver value for money and improved performance.
- Strategy - What are we going to do and how are we going to do it?

4.2. This section of the business case describes the option appraisal process and sets out the proposed strategy for taking the preferred option forward.

Options appraisal process

4.3. Working with our independent advisers, the project team identified the following 9 service delivery options:

- In-house
- Closure/part closure
- Private sector outsourcing
- Social enterprise
- Shared service
- Wholly owned local authority company
- Public/private joint venture
- Charitable Trust
- Parish Councils

4.4. The project team has carried out research across the leisure and culture sector to establish the variety of delivery models implemented by other councils.

4.5. The process of analysis to determine which options to keep and which to discard is an iterative one. The process started with discounting unfeasible options fairly quickly and then moving on to researching options and some soft market soundings.

Long-list to short-list

4.6. Option appraisal short-listing was carried out in consultation with the CMWG. It commenced with working with the CMWG to agree the evaluation criteria and working through the potential options, discounting options based on both local information as well as the evidence gathered in the case studies.

4.7. On initially presenting the long-list to the CMWG they fairly quickly agreed the following list of options with their "keep" or "discard" status as outlined below:

Options	Keep/Discard with Reason
In-house	Keep – Members recognise the value of the services to Cheltenham and its brand, identity and economic and social well-being
Closure/part closure	Discard – Members wished to consider alternative options to provide for a sustainable future for the services before embarking on consideration of this as an option
Private sector outsourcing	Discard – Desire to avoid a provider primarily motivated by deriving financial (shareholder) profit although aware that this approach is very prevalent in the leisure industry
Social	Discard – No interest has been so far indicated by social

enterprise	enterprises or other local groups to operate the leisure and cultures services on offer. Employees have also not expressed an interest via a social enterprise or an employee-led mutual model in operating the services. (Note however that some charitable trusts describe themselves as 'social enterprises' and have been considered below).
Shared service	Discard – In discussions with other authorities in the county, no interest was expressed in sharing leisure or culture services
Wholly owned local authority company	Discard – This model cannot achieve charitable status and cannot therefore access essential fiscal benefits. It has no distinctive advantages for leisure and culture services. An example of this model is Ubico.
Public/private joint venture	Discard - Similar to private sector outsourcing in avoiding profit-motivated entities, but also evidence shows that this option is not well rehearsed in the sector and therefore has been disregarded. It is however recognised that some parts of individual services may use this approach.
Charitable trust	Keep – This model is used widely in the sector and is used already in Cheltenham, e.g., Everyman, Lido, Cheltenham Festivals
Parish council	Discard – Little expertise in delivering these services

4.8.   This left two options: in-house and the charitable trust option. Following further work with our independent advisers and the project team, the charitable trust option was further explored and three further iterations of that model put forward to give the following short-list of options:

- In-house

- New charitable trust for all services

- New charitable trust for leisure (with culture in-house)

- Existing charitable trust for leisure (with culture in-house)

4.9.   The reason for considering keeping culture in-house in 2 of the options was that a question remained outstanding as to the long-term direction for the Town Hall and Pittville Pump Room venues as it was not clear, at the start of options appraisal, how the venues would create strategic relationships with other key cultural providers in the town.

Evaluation criteria

4.10. Evaluation criteria are the factors against which alternative models of delivery have been assessed. Criteria are individual to each commissioning review as they need to reflect what is important in the particular circumstances.   Criteria can be deemed as "essential" or "desirable". The CMWG were keen to see both sets of criteria used in the assessment process.

Essential criteria – pass or fail test

4.11. "Essential" criteria describe things over which there is no negotiation, the criteria must be met otherwise the option falls away.   The CMWG decided there should be 4 essential criteria:

- Freeholds of properties to be retained by CBC

- AG&M must be able to fulfil obligations to the Heritage Lottery Fund

- AG&M exhibits/heritage assets to be retained by CBC and protected

- Ability to deliver CBC's corporate objectives

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Desirable criteria

4.12. "Desirable" criteria are attributed a weighting to signify their importance to the assessment process. Desirable criteria have been sub-divided into "financial" and "non-financial" and weighted 60% (financial) and 40% (non-financial). The higher percentage given to financial criteria reflects the need for the chosen option to contribute in a significant way to reducing CBC's financial budget gap.

4.13. When it came to selecting non-financial criteria, evidence from case studies and research was used. The project team and CMWG identified the following as important factors:

- Evidence of alternative delivery arrangements for L&C services being successful

- Sound governance to underpin the delivery of the desired outcomes

- The Council's financial position and access to funding streams not necessarily available to local authorities

- Evidence of models of delivery that assist in building strong communities and engaging with hard to reach groups

- The prospect of increasing further the economic well-being of Cheltenham by working closely with other stakeholders in a spirit of collaboration for the good of the town and the local economy as a whole

- Evidence of sound business skills, knowledge and expertise focussed on delivering a high standard of service quality

4.14. Taking the above into account, the following desirable criteria were developed:

Financial Criteria (60%)	Weighting
Positive impact on the MTFS over the next 5 years	**30%**
Set up costs – reflects the fact that CBC will need to invest in setting up any new delivery arrangements (one-off costs)	**5%**
Maximise income and optimise operational costs – net operating income and costs, does not include taxation savings	**15%**
Ability to transfer financial risks away from CBC	**10%**
Non-Financial Criteria (40%)	
Options need to demonstrate a successful track record – evidence of actual performance or accomplishment in the delivery of leisure and culture services	**10%**
Options need to demonstrate appropriate governance to deliver outcomes	**5%**
Options need to be able to raise funds – evidence of being able/having access to a wide range of funding/funders	**5%**
Options need to demonstrate proactive community engagement – evidence of working in a way that delivers outreach, builds community capacity and increases participation	**5%**
Options need to demonstrate economic well-being for Cheltenham	**5%**
Options need to demonstrate sound business management, service quality and technical knowledge	**10%**

4.15. The outcomes (see Appendix 1.A - Leisure and Culture Review Commissioning Outcomes) were important touchstones when the non-financial assessment of

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options was carried out. The outcomes provided a frame of reference for thinking about the ability/capacity for options to deliver what was important to Cheltenham as highlighted by Members and stakeholders.

Initial Evaluation

4.16. The evaluation of the short-listed options took a 2 stage approach;

(a) Initial option appraisal

(b) Final option appraisal

4.17. The short-listed options (see paragraph 4.8 above) underwent initial evaluation in the early summer of 2012.

Initial evaluation – essential criteria assessment

4.18. All the options met the essential non-financial criteria, i.e.

- Freeholds of properties to be retained by CBC

- Fulfilment of obligations to HLF secured (AG&M specific) Museum exhibits/heritage assets to be retained by CBC and protected

- Ability to deliver CBC's corporate objectives

Initial evaluation - financial assessment

4.19. The financial assessment concluded that, based on the information available at that time, none of the options delivered the required level of financial saving which the Cabinet is seeking to achieve. Whilst on the face of it the creation of a new trust for all services delivered the largest incremental benefit to the MTFS, its payback period did not, on the projections put forward, fall within the range acceptable to the Council.

4.20. The creation of a new trust for leisure only was not financially viable as it lacked the economies of scale which combining the services within one organisation delivered.

4.21. It proved difficult, and has continued to do so, to develop with a degree of confidence the financial appraisal of an existing trust provider. However, what had been established through case studies and soft market soundings is that there is market interest in the services in scope of the review and therefore it was still an option which should not be discounted at this initial evaluation stage.

4.22. It was clear that further work was necessary to improve the financial robustness of both the in-house and new trust options in particular with regard to the following:

- **Pension Costs** - It was recognised from other commissioning reviews, e.g., the creation of Ubico, that it would be important to establish as fully as possible the impact on pension costs for CBC corporately were a new trust to be recommended. Whilst the finance team were able to make estimates as to the impact of pension costs actuarial advice was necessary based on actual staff information.

- **National Non-Domestic Rates (NNDR)** - Government guidance on the future of charitable NNDR relief was in a state of flux with great uncertainty as to what it might mean from a financial appraisal point of view both to the trust and CBC. Previously, charitable bodies had benefited from 80% mandatory charitable rate relief. In the case of L&C services NNDR costs are c£400K p.a. therefore the removal of this potential financial benefit needed to be understood more clearly before any decision could be made.

- **VAT (Charitable Trust)** - Services closely linked with and essential to sport or physical recreation are exempt from VAT when provided by a charitable trust. When provided by the Council these services are Standard Rated.

  The financial benefit for a Trust is that the same charge could be made for services as when they were run by the Council, but the Trust could retain 20% of the charge instead of paying it over to HMRC as Output VAT.

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However, Input VAT on supplies connected with Exempt services is irrecoverable and therefore there is cost to the trust by way of VAT on purchases.

The net effect is favourable to the Trust and therefore provides a financial benefit which is unobtainable by the Council.

- **VAT (Council)** - The Council is required to stay within a de minimis level in terms of its partial exemption. The impact on this limit was considered but deemed to not be influential given the establishment of a trust would transfer much of the council's exempt income out of its de minimis calculation and therefore relieve some pressure.

4.23. **Other Costs** - More research was needed to quantify any additional set up costs not factored into the original financial modelling, e.g., governance, senior management costs. In addition further thought was necessary around the level of contingency costs that needed to be built into a new trust financial model together with how to deal with support service costs.

Initial evaluation - non-financial assessment

4.24. The conclusion of the evaluation of the non-financial criteria was inconclusive and overall the non-financial scores were very similar. It was clear that in the final option appraisal process that some more rigorous calibration of the scoring was needed.

Initial evaluation – Conclusions

4.25. A new charitable trust for leisure (culture in-house) was discounted on the grounds of its lack of affordability and the loss of synergies across the portfolio of services

4.26. Separating leisure from culture would not be financially viable due to the lack of economies of scale – **critical decision point.**

4.27. Therefore it was agreed that the options to be considered in the final evaluation would be:

- In-house
- New charitable trust for all leisure and culture services
- Existing trust for all leisure and culture services

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5.   A moment of opportunities

5.1.   At the same time as the initial option appraisal work was happening a number of opportunities appeared to be opening up with cultural partners. For example, CBC was starting a dialogue with some of its strategic partners regarding the capital investment feasibility study for the Town Hall whilst informal offers of discussions on better collaborative working in back-office areas (marketing, promotions, box office, etc) also appeared to be opening up.

5.2.   These new opportunities engendered a sense of confidence in the ability of a new trust to deliver the desired outcomes and a sense of confidence from the in-house team that they would be best placed to lead the proposal to develop a new trust.

5.3.   With the consent of the Cabinet Member and CMWG, the in-house L&C team was tasked with explaining how, through a new trust for all services, it would wish to see the services developing in the future and the synergy that a new trust for all services might bring.

5.4.   The need to achieve economies of scale meant that the existing trust option broadened into a general consideration of the capabilities of such an organisation delivering all of the current L&C services rather than the original more narrow definition of leisure only.

Option appraisal – final evaluation

5.5.   With the new trust for leisure only option having fallen away this meant that the objectives of the final evaluation stage were:

- Create a formal proposal for the creation of a new trust to operate CBC's current leisure and culture services

- Evaluate the new trust proposal against other options (in-house and existing trust for all services)

- Decide next steps

New trust – additional evaluation criteria

5.6.   As described in the previous section, the option of a new trust for all L&C services had not, in the initial evaluation, met the financial target set by Cabinet. Therefore, when acceding to the request to re-present the option, the project team wanted to thoroughly test the reasoning and financial case.

5.7.   So, in addition to the criteria already outlined in paragraphs 4.11 and 4.14 above, 3 additional criteria were agreed as needing to be met by the new trust option:

- **Unique selling points (USP) of a new trust** – the new trust proposals must describe how it will be different from other options being considered

- **Confidence in a new trust** – the new trust proposal must engender confidence that it will be delivered and operated successfully

- **Contribute to the MTFS** – Proposals must generate £500K to £700Kpa financial savings by 2017-18 and return on investment be at least 5% for invest to save schemes

New trust assessment

5.8.   On 16 October 2012 the L&C management team presented their draft business plan for LCT Cheltenham a new charitable trust to deliver the services within scope of the L&C review. An abridged version of the presentation was given to the CMWG on 12 November 2012 and to a briefing offered to all members on 21st November 2012.

5.9.   In order to have a viable proposition to compare against both the in-house and the existing trust options, the business plan had to be assessed for its credibility and deliverability. The clarification process, involving the L&C management team, the project team and the Cabinet Member was carried out over a 3 week period

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culminating on 5 November when the project board considered the outcome of the option appraisal process.

5.10.   During the clarification period more than 110 clarification questions were asked and answers were given to all those which impacted the evaluation process. (Other questions have been taken account of in implementation plans and in the risk analysis linked to this business plan).

5.11.   Having carried out the clarification process the view of the project team and Cabinet Member was that the new trust proposal represented a credible and deliverable proposition for delivering L&C services in the future.

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6. Proposed Cheltenham Leisure and Culture Trust

Objectives

6.1. Cheltenham Leisure and Culture Trust would be created to deliver the leisure and culture outcomes already agreed by the council (see Appendix 1.A - Leisure and Culture Review Commissioning Outcomes). It would take over the management of the services currently operated by CBC:

- Leisure@ (including sport play and healthy lifestyles)

- Prince of Wales Stadium

- Art Gallery and Museum (including tourism and the Tourist Information Centre)

- Town Hall

- Pittville Pump Room

Operation of the trust

6.2. It is intended that the trust would be formed as a Charitable Company Limited by Guarantee (CCLG) led by a board of eleven trustees. Two of the eleven trustees would be CBC councillors.

6.3. The trust would agree its objects and register as a charitable body.

6.4. The council and the new trust would enter into a number of agreements including:

- Heads of terms for Funding and Management Agreement

- Heads of terms for Leases

- Heads of terms for Collection Agreement

- Heads of terms for Support Services Agreement

- Heads of terms for Transfer Agreement including TUPE and pensions provisions

Key Risks

6.5. A full analysis of risks linked to the creation and operation of a new charitable trust is included in Appendix 1.B – Risk Analysis on page 23.

6.6. In identifying risks and setting out how we propose to deal with them the review has taken into account independent advice on why other trusts in this sector have succeeded and the reasons for a number of failures.

6.7. The most significant risks are:

- that the review does not engage fully or successfully with the stakeholders outside the council

- optimism bias in the business plan for the new trust

- delays due to lack of internal council and trust capacity to implement the new trust

Critical Success Factors

6.8. The critical success factors for the proposed new trust would be:

- The implementation of the new trust meets the target savings in council subsidy identified (see paragraph 3.16 above)

- The new trust delivers the desired outcomes for the benefit of the community (see Appendix 1.A - Leisure and Culture Review Commissioning Outcomes)

- The new trust sustains the support of its key stakeholders – including partners, funding bodies, trustees, staff and the council

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7.   Achievability

Evidence of new trusts elsewhere

7.1.   Our research and the independent advice we have received demonstrate that new trusts set up by councils have been able to reduce taxpayers subsidy, whilst taking a proactive approach to improving and developing services and being able to establish close working relationships with the local authority: Some examples are:

- A sports and cultural trust has delivered a reduction of a £2M council subsidy to around £1.6M since its creation in October 2008 and is aiming for a further reduction to £1M over the next four years whilst raising an investment of £850K into its leisure facilities in its first two years.

- A sports trust, created by a local council in 2005, has been able to reduce the authority subsidy from £1.4M to £500K by 2010/11 based on increased gym membership and other income and reduced running costs. Improvements to staff terms and conditions have resulted in greatly reduced sickness absence with significant cost implications.

- A leisure and culture trust established in a town in April 2010 realised an immediate taxation saving of £500K and is delivering a further 3% annual reduction in the council's subsidy.

7.2.   Successful new trusts tend to emphasise the importance of changing the organisational culture, becoming more commercial and of establishing strong partnerships.

Business planning

7.3.   The financial plans (see Exempt Appendix 1.E – Financial plan for new trust) which underpin the case for the new trust are prudent. They include contingencies and their treatment of savings and costs is realistic. They have been subjected to a sensitivity analysis, see Exempt Appendix 1.F – Sensitivity analysis for the new trust financial plan.

Organisational Capacity

7.4.   The council would be looking to create the new trust alongside several other important corporate projects including the redevelopment of its Art Gallery and Museum. These projects demand the involvement of the same teams, both in the Leisure and Culture services themselves and in support services such as Finance and HR.

7.5.   Anticipating the resourcing issues that this will generate, one-off set-up costs have been included in the new trust's financial plan to cover backfill arrangements.

7.6.   Nonetheless it is vital that the corporate resource planning process addresses the cumulative effect of running projects in parallel alongside 'business as usual' workloads.

7.7.   For the time being and until the corporate picture is reviewed, the outline implementation timeline included below should be regarded as indicative only.

Organisational Capability

7.8.   Since the council has rarely looked to set up a charitable trust on this scale, it will undoubtedly need some technical support. The costs of acquiring support are included as one-off set-up costs in the financial plan.

7.9.   As staff transfer from the existing direct operation, the new trust will look to retain the skills that it needs. Once established it will need to review its capabilities to ensure it is able to operate as an independent organisation.

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Implementation timeline

7.10. The main steps in the implementation process would be as follows:

- Cabinet agreement to progress the option of a new Leisure and Culture Trust and council agreement to fund set-up costs need to be given. It is envisaged that at a later date, cabinet will be asked to agree the formal arrangements for the new trust and any substantive changes to its business plan.

- Procurement (to which the new trust would respond)

And, subject to the outcome of the procurement (many of the steps overlap and the order below is not intended to be sequential):

- Recruitment and training of trustees (including member trustees)

- Agreement of the trust objects and registration with the Charity Commission

- Staffing the new trust including transfer (according to TUPE regulations) of existing staff

- Agreement of operational processes for the new trust (including HR policies, use of systems, sourcing arrangements for support services etc)

- Update to business (including financial) plans

- Development of formal and informal relationships with key partners and stakeholders

- Agreement of the formal relationship between the proposed trust and the council (including the funding and management agreement and other agreements, arrangements for monitoring the new trust)

- Trust launch

7.11. A plan with internal resourcing implications will be developed and will be completed once the resourcing requirements of this and other key corporate objectives have been quantified. There are some inherent uncertainties within the plan, notably recruitment timescales.

7.12. External advice suggests that a new trust could be set up within six months though in practice most new trusts appear to have been created within twelve to eighteen months of the decision being taken.

7.13. The financial plan for the new trust envisages benefits beginning to be generated during 2014/15.

7.14. During the next stage of the review the council's standard project management methodology will continue to be used to direct the procurement process and, subject to its outcome, the subsequent implementation of the trust.

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Appendix 1.A

8. Appendix 1.A - Leisure and Culture Review Commissioning Outcomes

Cross-Cutting Outcomes
The Council generates the greatest return (financially, economically and socially) from its investment in the buildings

Town Hall and Pittville Pump Room	
Primary Outcome	The Town Hall and Pittville Pump Room aspire to be first class venues that inspire people through hosting a wide range of entertainment, events and festivals
Secondary Outcomes	• Grow and develop existing audiences and visitors that use the Town Hall and Pittville Pump Room and provide access to a diverse range of entertainments and activities • Increase the number of people that enjoy new experiences whilst acquiring valuable skills and knowledge

Art Gallery and Museum	
Primary Outcome	Use the opportunity of the new art gallery and museum to create an arts, heritage, learning and spiritual experience that will inspire
Secondary Outcomes	• More diverse audiences are introduced to, and participate in heritage activities by specifically targeting six key audiences • Increase visitor engagement, participation, learning and enjoyment • More people are engaged in a range of voluntary activities • Use the opportunity of the new art gallery and museum to act as a catalyst to develop the economic resilience of arts and crafts organisations through improved relationships and connections
Heritage Lottery Fund outputs	In overall terms the development will provide the following: • Picture gallery • Public archive and other study areas • Flexible and temporary exhibition galleries • Dedicated space for formal and informal learning • Improved facilities for outreach, lifelong learning and arts development • Improved (on-site) stores and workshop facilities • Improved public access for visitors with mobility or other difficulties; A new integral pedestrian link – running between Clarence Street and Chester Walk – which will provide a "new gateway" to Cheltenham's oldest building, medieval St Mary's Church • A new home for the town's tourism services

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Leisure@ (including PoW), Sports Play and Healthy Lifestyles	
Primary Outcome	More people are inspired to be physically, socially and mentally active and are able to enjoy life to the full
Secondary Outcomes	- More people are supported to make the right lifestyle choices to manage their own health - More people enjoy new experiences whilst learning valuable skills and knowledge - More families are able to be together to enjoy a range of fun leisure activities - More people are active and lead healthy lifestyles by participating in positive leisure activities that they are able to access at affordable prices with a particular focus on older people, children and young people, disabled people (both children and adults), black and minority ethnic groups and people from lower socio-economic groups

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Appendix 1.B

9. Appendix 1.B – Risk Analysis

The risk				Original risk score (impact x likelihood)			Managing risk					
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likeli-hood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register

Members and Stakeholders

| 1.1 | If the objectives of members are not aligned with those of the officer team, then the potential benefits of the review may not be realised | Pat Pratley | 15/09/2010 | 4 | 2 | 8 | Reduce | Regular contact maintained with the Cabinet Member at Project Board meetings

Cabinet Member Working Group has been used to test members' views on desired outcomes, options, assessment criteria and recommendations.

Additionally, consultation on new trust proposal has taken place with all members.

Member views are reflected in the recommendation and members would be engaged at key points during implementation. | Ongoing | Pat Pratley / Sonia Phillips | Yes |
| 1.2 | If the review is unable to engage fully or successfully with all stakeholders outside the council, opportunities may be missed, e.g. for | Pat Pratley | 15/09/2010 | 4 | 3 | 12 | Reduce | Risk has been balanced against the risks of premature engagement and was accepted in stage 1 of the review.

Ensure funding partners' e.g. HLF, expectations are met. | Ongoing | Sonia Phillips / Richard Gibson | Yes |

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Ref	Risk	Owner	Date				Action	Mitigation	Status	Responsible	Yes
	gaining community support for outcomes and for a holistic understanding of provision across the town.							Consultation with key stakeholders took place in autumn 2011 on proposed outcomes and in autumn 2012 on the new trust proposal. Their views have been taken into account throughout the review.		Sonia Phillips	Yes

Business and Financial Planning

Ref	Risk	Owner	Date				Action	Mitigation	Status	Responsible	
2.1	If the business plans put forward are too optimistic then it may not be possible to deliver them and the proposed new trust may not be a success	Pat Pratley	05/11/2012	4	3	12	Reduce	Business plans have been developed based on discussions with existing trusts and case studies of trusts (both successes and failures) Business plans have been scrutinised by the internal review team and by an independent consultant. More than 100 questions have been raised, those with a direct bearing upon the evaluation have been answered whilst the others have been used to inform this risk analysis and will be monitored during the later stages of the review. Prudent financial plans have been produced with realistic estimates of income growth and savings through restructures. Financial plans	Ongoing	Jane Griffiths Sarah Didcote	

	Description	Owner	Date					Mitigation	Status	Responsible	
								have been subjected to a sensitivity analysis. A contingency plan would be developed by the council to deal with the scenario of trust failure.		Jane Griffiths	Yes
2.2	If future investment needs are not taken into account then the business plans may not be realistic	Pat Pratley	10/04/2012	2	3	6	Reduce	Only gym equipment replacement has been included in the business plan. Other investment proposals may be generated by the current feasibility studies on the Town Hall and on Sports Facilities for example, and will need to be assessed in their own right Options evaluation has taken into account the ability of different models to attract investment funding.	Ongoing	Sonia Phillips	Yes
2.3	If there is insufficient internal capacity or if other factors lengthen timescales then realisation of benefits may be delayed.	Pat Pratley	21/06/2011	3	4	12	Reduce	The new trust proposal includes an approximate timeline which will be verified and modified as part of the council's standard resource planning process. Finance for backfill to support set-up is included within the business plan. The council's PRINCE2 project management method will be used to control benefits realisation and plans.	Ongoing	Ken Dale	Yes

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Procurement

Ref	Risk	Owner	Date				Response	Mitigation	Target	Action Owner	
3.1	If the procurement process identifies an alternative provider then the realisation of benefits may be delayed.	Pat Pratley	05/11/2012	3	2	6	Accept	In the event of an alternative approach being recommended, revised plans would be taken to Cabinet for agreement. No assumptions about financial impacts have yet been built into the council's MTFS.	Summer 2012	Shirin Wotherspoon / Angela Cox	Yes

Management and Governance

Ref	Risk	Owner	Date				Response	Mitigation	Target	Action Owner	
4.1	If the Council does not establish robust governance and monitoring procedures then difficulties in the proposed trust's operation may not be identified at an adequately early stage	Pat Pratley	05/11/2012	4	2	8	Reduce	The proposed trust would be led by a board of trustees and a senior management team which would be selected to ensure robust governance. Existing Council mechanisms – Scrutiny, Audit Committee – would be use to monitor the trust. Routine meetings between the trust, the CBC Cabinet Member and other key partners would identify problems. Budget and officer resource for client monitoring would be set aside within the Council.	Early 2013	Pat Pratley	Yes
4.2	If the proposed trust's management team are not experienced in the	Pat Pratley	05/11/2012	4	2	8	Reduce	The current management team would be able to TUPE into the new organisation.	Early 2013	Julie McCarthy	Yes

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Ref	Description	Raised by	Date				Action	Mitigation	Timescale	Owner	
	sector and able to operate independently and competitively then the trust might not deliver its business plan							Trustees would be able to determine the structure of the senior management team and grow its strength over time if appropriate.	Ongoing	Trustees	
Reputation											
5.1	If the proposals arising from the review are unpopular there may be significant reputational damage to the council	Pat Pratley	15/09/2010	2	4	8	Reduce	Stakeholders have been consulted at key stages of the review. The proposal and the reasons for it will be communicated through the media and a proactive communications plan is planned to support the implementation.	End 2012	Richard Gibson	Yes

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Agenda Item 8

Cheltenham Borough Council
Cabinet – 11th December 2012
Waste Service Policy

Accountable member	**Cllr Roger Whyborn, Cabinet Member Sustainability**
Accountable officer	**Scott Williams**
Ward(s) affected	**All**
Key Decision	**No**
Executive summary	**To present a report to Cabinet seeking approval for the introduction of a Waste Service Policy which incorporates all of the existing waste and recycling collection processes and procedures in a single usable document.**
Recommendations	**To approve the Waste Service Policy and authorise its publication on the Councils website.**

Financial implications	The approval of the Waste Service Policy will result in an initial small amount of expenditure (approximately £1,500 currently contained in the existing budget) to purchase 1,000 rolls (25 per roll) of coloured sacks to trial the proposal contained in section 1 of the policy entitled 'Refuse'. However, the sale of the coloured sacks will allow for the expenditure to be recouped. The policy itself will not result in any additional expenditure and may actually result in cost savings as a result of staff and residents having clear information available about the associated services provided. This will also reduce the risk identified at WSP.1. **Contact officer: paul.jones@cheltenham.gov.uk, 01242 775154**
Legal implications	There are no legal implications associated with the implementation of the Waste Service Policy. **Contact officer: shirin.wotherspoon@tewkesbury.gov.uk, 01684 272017**
HR implications (including learning and organisational development)	There are no HR implications associated with the implementation of the Waste Service Policy. **Contact officer: julie.mccarthy@cheltenham.gov.uk, 01242 264355**

Key risks	**There are no identifiable risks associated in formally agreeing the Waste Service Policy as a large proportion of the content is already common place for Ubico Ltd when performing the services.**
	However, as detailed in the risk assessment under WSP.1 there are potential ongoing financial risks associated with duplication of effort and officer time wastage as a result of not approving the Waste Service Policy because the Customer Service Teams and the general public do not hold the same levels of knowledge and expertise and therefore may continue to make unreasonable requests of Ubico Ltd.
Corporate and community plan Implications	The Waste Service Policy supports the Councils ambition for a well maintained environment.
Environmental and climate change implications	The Waste Service Policy explains the services offered and the assistance which is available to customers when managing their households waste. This alongside promotional activities should have a positive effect in increasing the uptake of recycling receptacles which will hopefully have a secondary benefit in increasing participation in the recycling services offered by the Council.

1. Background

1.1 The Council introduced a new waste and recycling collection service in 2011 which saw the introduction of weekly food waste collections and the refuse collection frequency move from weekly to fortnightly.

2.2 In April 2012 the Council entered into a partnership with Cotswold District Council which set-up a Local Authority Company named Ubico Ltd to deliver the environmental service for both authorities. At the same time the customer services function moved from the Environmental Services Team at the Swindon Road Depot to be integrated into the Councils central Customer Service Team at the Municipal Offices.

2.3 The launch of the revised service together with the organisational changes to the team which provides education and advice to the public has demonstrated that a clearly referenced policy is required so that each party knows exactly what is expected of Ubico Ltd and what they are responsible for delivering.

2. Reasons for recommendations

3.1 To formalise the waste and recycling collection service processes and procedures in a single document which can be referenced by staff from Ubico Ltd and the Customer Services Teams when delivering the associated functions and act as an aid to our customers when they require information on how the individual services operate.

3. Alternative options considered

3.1 The only alternative option would be to maintain the current process which is proven to be unclear and unreliable as it relies upon officer's knowledge and historic working practices which are not centrally documented.

4. Consultation and feedback

4.1 Key officers from the Council and Ubico Ltd alongside the Cabinet Member Sustainability were involved in drafting and agreeing the policy document.

4.2 The Cabinet Working Group on Waste & Recycling were then invited to review the information contained in the Waste Service Policy and offer comment and suggested amendments at its meeting on 8th October 2012, with no substantial revisions having been highlighted.

5. Performance management –monitoring and review

5.1 The waste and recycling collection policy will be periodically reviewed to ensure that the content remains up-to-date and applicable to the services offered. All required associated revisions will be approved by the Cabinet Lead for the Environment.

Report author	Contact officer: Scott Williams - scott.williams@cheltenham.gov.uk, 01242 262626 or 01285 623123
Appendices	1. Risk Assessment 2. Waste Service Policy Document
Background information	1. None

Risk Assessment

The risk					Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likeli-hood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
WSP.1	*Potential ongoing financial risks associated with duplication of effort and officer time wastage as a result of not approving the Waste Service Policy*	SW	22.11.12	1	4	4	Reduce	Cabinet to approve Waste Service Policy which will mitigate this risk	11.12.12	SW	N/A

Explanatory notes

Impact – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)

Likelihood – how likely is it that the risk will occur on a scale of 1-6

(1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)

Control - Either: Reduce / Accept / Transfer to 3rd party / Close

Guidance

Types of risks could include the following:
- Potential reputation risks from the decision in terms of bad publicity, impact on the community or on partners;
- Financial risks associated with the decision;
- Political risks that the decision might not have cross-party support;
- Environmental risks associated with the decision;
- Potential adverse equality impacts from the decision;
- Capacity risks in terms of the ability of the organisation to ensure the effective delivery of the decision

- Legal risks arising from the decision

Remember to highlight risks which may impact on the strategy and actions which are being followed to deliver the objectives, so that members can identify the need to review objectives, options and decisions on a timely basis should these risks arise.

Risk ref

If the risk is already recorded, note either the corporate risk register or TEN reference

Risk Description

Please use "If xx happens then xx will be the consequence" (cause and effect). For example "If the council's business continuity planning does not deliver effective responses to the predicted flu pandemic then council services will be significantly impacted."

Risk owner

Please identify the lead officer who has identified the risk and will be responsible for it.

Risk score

Impact on a scale from 1 to 5 multiplied by likelihood on a scale from 1 to 6. Please see risk scorecard for more information on how to score a risk

Control

Either: Reduce / Accept / Transfer to 3rd party / Close

Action

There are usually things the council can do to reduce either the likelihood or impact of the risk. Controls may already be in place, such as budget monitoring or new controls or actions may also be needed.

Responsible officer

Please identify the lead officer who will be responsible for the action to control the risk.
For further guidance, please refer to the risk management policy

Transferred to risk register

Please ensure that the risk is transferred to a live risk register. This could be a team, divisional or corporate risk register depending on the nature of the risk and what level of objective it is impacting on

Appendix A
ENVIRONMENTAL SERVICE REFUSE/RECYCLING
EXISTING and NEW SERVICE POLICY CONTRASTED

The following table sets out the previous policy on waste collection and contrasts it with the new policy additions to meet the needs of the waste service redesign implemented in 2011.

SECTION 1 – "REFUSE" (RESIDUAL, NON-RECYCLABLE HOUSEHOLD WASTE) COLLECTION POLICY

CURRENT POLICY	NEW ADDITIONS TO POLICY
1. Residual household waste is collected on a fortnightly basis in wheeled bins, supplied by the Council, which are required to be placed at boundary of the property nearest the highway for collection. Where households cannot accommodate a wheeled bin waste can be presented in sacks. The council does not provide sacks to householders.	1. Residents who are unable to manage a large bin will be offered a smaller wheeled bin of 140 litres. (See SECTION 5 – SPECIAL ASSISTANCE SERVICE ARRANGEMENTS).
2. Where the space available at a property to store waste containers is severely limited, or access restrictions prevent the supply of sufficient wheeled bins to allow for a fortnight's waste to be stored, a weekly or twice weekly service will be offered. This service will be offered only following assessment by the Strategic Client officer or delegated officer (which can be an employee of Ubico) to confirm need.	2. During the two-week period including Christmas Day and New Year's Day for **one collection only**, households may present an additional amount of residual waste in black bags alongside their green wheeled bin/beige refuse bags and it will be collected on their collection day. However, during this period, if excessive additional bags are presented at any one property, Ubico will conduct a site inspection to establish the reasons for the large quantity of residual waste and offer waste reduction/recycling advice.

These 2 points are already in the collection policy embedded in the Service Contract

Proposal |
| 3. Each household is provided, free of charge, with one green coloured, 180 litre wheeled bin for residual waste. | 3. Residents who would like to present additional waste as the result of special circumstances i.e. family party or house |
| 4. 360 litre bins are provided to households with 5 or more occupants, those with two or more children in nappies or residents who are producing large amounts of waste due to | |

move can purchase coloured refuse bags from the Council offices in multiples of 15 at a cost of £12.50 (= £0.84p per sack).

medical condition (i.e. incontinence pads and disposable sheets) if required, following assessment by the Strategic Client officer or delegated officer (which can be an employee of Ubico) to confirm need.

5. Smaller 140 litre bins are available for households who have access/storage problems at their property.

6. In houses of multiple occupancy or flats, or other areas where it is not feasible or operationally practical to provide individual wheeled bins, households will be issued with larger, shared wheeled bins.

7. Where sacks are used, householders are required to supply their own sacks and tie the tops once filled.

8. It is the householder's responsibility to place their wheeled bin or plastic sacks (bin bags) on the kerbside in a safe position by 7am on the day of collection. Once emptied, the wheeled bin will be returned by the contractor to a safe position as close as possible to the point it was collected from.

9. Residual waste should not include any recyclable, organic or compostable waste.

10. The contractor will only remove waste that is completely contained within a bin with the lid closed. The contractor will not take any side waste or waste placed on top of bins. Where households present their waste in black sacks, a maximum of four black sacks may be presented per fortnight. An information sticker/bin hanger/leaflet/letter will be left to advise the customer in such circumstances.

11. Sacks or bins containing non-domestic waste such as soil, bricks, rubble, DIY waste (pieces of windows, doors, tiles, MDF

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etc) will not be collected. An information sticker/bin hanger/leaflet/letter will be left to advise the customer in such circumstances.

12. Overloaded sacks (i.e. too heavy to be safely picked up by an average collection operative or overflowing) will be rejected and not emptied. An information sticker/bin hanger/leaflet/letter will be left to advise the customer in such circumstances.

13. Where the Council or its contractor fails to collect household waste as a direct result of service failure it will usually be collected within 24 hours of the Council being notified.

14. Wheeled bins supplied by the Council must stay at the address to which they are delivered and remain the property of the Council.

15. Householders are responsible for maintaining their bins in a hygienic and serviceable condition.

16. Refuse crews will only empty one bin per property per fortnight unless the Strategic Client Officer or delegated officer (which can be an employee of Ubico) confirms need and gives specific approval for additional collections.

17. Only receptacles supplied by the Council will be collected/ emptied, with the exception of plastic sacks where a wheeled bin is not suitable.

18. Residual waste may be rejected and will not be collected if it is contaminated with non-domestic waste. The contractor will not return to collect contaminated bins or sacks. It will then be the responsibility of the householder to remove the contamination before the next scheduled collection. An information sticker/bin hanger/leaflet/letter will be left to advise the customer in such

circumstances.

19. A replacement bin will be issued free of charge if damage or loss occurs during handling by the contractor. If a householder damages or loses a bin it will be replaced upon request and a charge will be made. This includes bins that are stolen unless the fault is accepted by the Council (assessed on a case-by-case basis)

20. A reporting system operates for residents who deliberately abuse the residual waste collection service by ignoring guidance regarding collection requirements. A coloured sticker or bin hanger will be left on the bin/bag(s) explaining why the residual waste has not been collected and giving details of how to contact the Council for advice/instruction.

SECTION 2 – "DRY RECYCLABLES" COLLECTION POLICY

CURRENT POLICY	NEW POLICY
1. Each household is provided, free of charge, with one x 55 litre plastic box with lid for the storage and presentation of dry recyclables. Replacement and additional boxes will be offered free of charge and will be delivered upon request or can be collected from the Council Offices.	
2. In houses of multiple occupancy or flats, or other areas where it is not feasible or operationally practical to provide individual boxes, households will be issued with shared wheeled recycling bins.	

3. The Council collects the following materials for recycling:

   Paper, cans/tins, glass bottles & jars light kitchen card, plastic bottles and clean aluminium foil. *Note: Card is not collected in shared wheeled bins as there is no bin lifting mechanism on the vehicles' cardboard bays.*

4. Recyclables may be presented in an alternative plastic box which is of similar size to 55 litres. Recyclables will not be collected if they are presented in cardboard boxes or plastic bags/sacks.

5. The boxes/bins are collected on a fortnightly basis.

6. It is the householder's responsibility to place their boxes on the kerbside by 7am on the day of collection. Once emptied, the boxes will be returned by the contractor to a safe position as close as possible to the position they were collected from.

7. Boxes containing non-recyclable waste such as residual waste, soil, bricks, rubble, DIY, organic waste etc. will not be collected. An information sticker/bin hanger/leaflet/letter will be left to advise the customer in such circumstances.

8. Recycling material may be rejected due to contamination and will not be collected. The contractor will not return to empty rectified contaminated boxes until the next scheduled collection date. It is the responsibility of the householder to remove the contamination before the box is emptied on the next scheduled collection. An information sticker/bin hanger/leaflet/letter will be left to advise the customer in such circumstances.

9. Boxes containing items which are broken or damaged which pose a risk to the safety of the collection staff will not be collected. An information sticker/bin hanger/leaflet/letter will be left to advise

the customer in such circumstances.

10. Boxes which contain items which may pose a hygiene risk for collection staff (such as nappies, faeces etc) will not be collected. An information sticker/bin hanger/leaflet/letter will be left to advise the customer in such circumstances.

11. Contaminated material cannot be recycled. Therefore all householders are required to ensure recyclables are clean and comply with any detailed guidelines issued or published on the Councils website – www.cheltenham.gov.uk

12. Overloaded or excessively heavy boxes may not be collected. An information sticker/bin hanger/leaflet/letter will be left to advise the customer in such circumstances.

13. The box/es will remain the property of the Council and must stay with the address of issue. Individual householders will be responsible for maintaining their boxes in a hygienic and serviceable condition.

14. Recycling material not collected by the contractor as a direct result of service failure will normally be removed within 24 hours of the Council being notified.

15. A reporting system operates for residents who deliberately abuse the dry recycling service, by ignoring guidance regarding collection requirements. A coloured advice note will be left on the box(s) explaining why the recyclable waste has not been collected and giving details of how to contact the Council for advice/instruction.

SECTION 3 – "GREEN WASTE" COLLECTION POLICY

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CURRENT POLICY	NEW POLICY
1. The garden waste wheeled bin collection service is optional and available to householders who wish to participate. Householders who subscribe to the service will receive a 240 litre brown bin.	
2. Bins supplied by the Council remain the property of the Council and must stay at the address to which they are delivered.	
3. Residents in pre-determined areas where it is not feasible to use a wheeled bin may purchase compostable sacks.	
4. Householders are responsible for maintaining the bin(s) in a hygienic and serviceable condition.	
5. Householders may pay for more than one brown garden waste bin.	
6. The contractor will only collect green waste contained in the bins/sacks provided by the Council.	
7. The green waste service is a fortnightly collection of: 　　Grass cuttings 　　Weeds, flowers, leaves and bark 　　Hedge and shrub cuttings 　　Tree stumps, twigs and branches up to 10cm in diameter 　　Christmas trees cut into 3ft sections	
8. It is the householder's responsibility to place the bin(s)/sack(s) on the kerbside by 7am on the day of collection, in a position from where it/they can be emptied. Once emptied, the bin(s) will be returned by the contractor to a safe position as close as possible	

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to the position they were collected from.

9. Overloaded or excessively heavy bins/sacks will be rejected and not emptied. An information sticker/bin hanger/leaflet/letter will be left to advise the customer in such circumstances.

10. Bins containing non-green waste such as soil, bricks, rubble, household waste etc will not be collected. An information sticker/bin hanger/leaflet/letter will be left to advise the customer in such circumstances.

11. The contractor will only remove garden waste contained in a brown bin or compostable sack where the householder has a current subscription to the service.

12. If the contractor fails to collect the green waste as a direct result of service failure it will normally be removed within 24 hours of the Council being notified.

13. A replacement bin will be issued free of charge if damage or loss occurs during handling by the Council's Contractor. If a householder damages a bin or it is stolen it will be replaced on request within 7 working days.

14. A reporting system will operate for residents who deliberately abuse the green waste service by ignoring guidance regarding collection requirements. A coloured sticker or bin hanger will be left on the bin/sack(s) explaining why the garden waste has not been collected and giving details of how to contact the Council for advice/instruction.

SECTION 4 – "FOOD WASTE" COLLECTION POLICY

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CURRENT POLICY	NEW POLICY
1. Each household is provided, free of charge, with one 7 litre dark green coloured lockable food waste container for use inside the home, and one 23 litre dark green coloured lockable food waste container to present on collection day.	
2. In houses of multiple occupancy or flats, or other areas where it is not feasible or operationally practical to provide individual caddy sets, households are issued with the 7 litre caddy and a shared wheeled bin specifically for food waste.	
3. Food waste containers supplied by the Council remain the property of the Council and must stay at the address to which they are delivered.	
4. Householders are responsible for maintaining the food waste containers in a serviceable condition.	
5. Compostable liners are **not** provided by the Council. The Council will collect food waste presented within the kitchen caddy in compostable liners provided that they display the appropriate compostable logo.	
Residents are requested to tie their compostable liners prior to their food waste collection being made. Residents using newspaper should wrap the food in it rather than line the container, which should prevent paper remaining stuck to the side of the container following a collection	

6. Householders may have additional kitchen caddies free of charge on request.

6. Food waste will comprise all cooked and uncooked waste food matter.

7. It is the householder's responsibility to place their food waste container on the kerbside in a safe position by 7am on the day of collection. Once emptied, the container will be returned by the contractor to a safe position as close as possible to where it was collected from. Wherever practical/possible the contractor will make every effort to ensure that food waste containers are returned in such a way as to reduce the risk of loss or damage.

8. Green food waste containers containing non-green/food waste such as residual waste, dry recyclables, soil, bricks, rubble, DIY, hazardous waste etc will not be collected. An information sticker/bin hanger/leaflet/letter will be left to advise the customer in such circumstances.

9. Overloaded food waste containers may be rejected and not emptied. An information sticker/bin hanger/leaflet/letter will be left to advise the customer in such circumstances.

10. A reporting system operates for residents who deliberately abuse the food waste collection service by ignoring guidance regarding collection requirements. A coloured sticker or bin hanger will be left on the food waste container explaining why the food waste has not been collected and giving details of how to contact the Council for advice/instruction.

SECTION 5 – SPECIAL ASSISTANCE SERVICE ARRANGEMENTS

CURRENT POLICY	NEW POLICY
1. The Council recognises that for some people putting their wheeled bins or sacks, recycling boxes or food waste containers out for collection is outside their capability. Therefore, an enhanced service is provided for people who have been assessed by the Strategic Client Officer or delegated officer (which can be an employee of Ubico) to confirm as having a genuine need due to infirmity, disability or medical reasons. Assistance will not be deemed necessary and therefore will not be provided where there is an able bodied person permanently living at a property.	
2. The service is only available for those residents who qualify – qualification being determined through a home visit by the Strategic Client Officer or delegated officer (which can be an employee of Ubico).	
3. Service provision is subject to adequate access being available at all times on the day of collection.	
4. The service is only provided if the access and storage arrangements are safe and pose no hazard to the collection staff.	

SECTION 6 – OTHER DIFFICULTIES WHICH MAY ARISE

CURRENT POLICY	NEW POLICY
	Property without a Pavement
	1. Where properties do not have pavements or kerbs adjoining their boundary, householders will be permitted to present

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their waste and recycling containers just inside the curtilage of their property (to a maximum of 1.5 metres from the roadside). Free access must be maintained – e.g. no locked gates.

Private/Unadopted Roads

2. The contractor's staff will only travel on private/unadopted roads that are of a suitable construction and a satisfactory standard, so that damage will not be incurred to either the vehicle or the road surface. If security gates are present they must be left open to enable collection vehicles to gain unrestricted access. There must also be adequate provision to allow the freighter to turn safely.

3. Residents in private / unadopted roads must indemnify the council and its contractor for any damage caused by heavy vehicles.

4. If private/unadopted roads fail to meet the above criteria, residents will be required to present their waste and recycling for collection at the kerbside of the nearest adopted highway.

Bin Storage Areas

5. Bin storage areas must be accessible on the day of collection. If security gates are present they must be left open to enable the collection crews to gain unrestricted access.

SECTION 7 – "BULKY WASTE" SERVICE FOR THE COLLECTION OF LARGE ITEMS OF HOUSEHOLD WASTE

CURRENT POLICY	NEW POLICY
1. The bulky waste service is available for the removal of large domestic household items, furniture, and white goods – e.g. cookers, refrigerators and washing machines. This service cannot be used for the removal of any DIY waste. 2. The council makes a charge for this service. Pricing details are available on the Councils website – www.cheltenham.gov.uk or by contacting customer services on 01242 262626.	

SECTION 8 – ENFORCEMENT

CURRENT POLICY	NEW POLICY
In January 2007 the Council's adopted powers under the Clean Neighbourhood and Environment Act CNEA 2005.	Waste minimisation and recycling are some of the council's highest priorities and the council has signed up to recycling targets of 50% by 2015 and 60% by 2020. These targets have been agreed because the government is imposing heavy penalties and taxes on rubbish that is sent to landfill which means that councils across the UK are looking to find more environmentally friendly and cost effective ways of dealing with rubbish. Following the introduction of the service redesign in 2011 the Council allowed residents the opportunity to get used to the new collection arrangements and overloaded bins were emptied - however the 'no side waste' and 'closed bin lid policy' are now in force. Additional recycling boxes and kitchen caddies can be supplied on request and if householders are

having a particular problem in managing the waste their household produces then we can organise for a representative to contact and discuss the options available to them. Please contact our Customer Services team on 01242 262626 if would like to arrange assistance.

Households which persistently breach the waste collection policy by presenting more waste than their wheeled bin will hold and do not respond to advice and assistance by the Council will be subject to enforcement action which is detailed in the procedure below;

No Side Waste' & 'Closed Bin Lid' Policy Enforcement

No Compliant Collection Instances	Type of Contact	Event	Action Taken
1st	Policy Education	1	Crew to remove overloaded bin obstruction then empty bin and/or take additional side waste apart from 1 x sack. Additional waste is to be placed back in bin and information tag to be attached to bin highlighting why some waste has not been collected - Ubico record action taken
2nd	Policy Education	2	Crew to remove overloaded bin obstruction then empty bin and/or take additional side apart from 1 x sack. Additional waste is to be placed back in bin and information tag to be attached to bin highlighting why some waste has not been collected - Ubico record action taken

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3rd	Policy Enforcement	Crew to remove overloaded bin obstruction then empty bin and/or take additional side waste apart from 1 x sack. Additional waste is to be placed back in bin and information tag to be attached to bin highlighting why some waste has not been collected - Ubico record action taken which triggers informal visit by Waste & Recycling Officer to give advice and information to householder. Details of occupier and notes of meeting taken with photographic evidence (if available). Enforcement Letter 1 - sent to householder and file produced for case notes, letter and any evidence.	3
4th	Policy Enforcement	Crew to remove overloaded bin obstruction then empty bin and/or take additional side waste apart from 1 x sack. Additional waste is to be placed back in bin and information tag to be attached to bin highlighting why some waste has not been collected - Ubico record action taken which triggers second visit by Waste & Recycling Officer to obtain evidence including bagged evidence from waste and photographs. Enforcement Letter 2 - sent to householder and file updated with case notes, letter and evidence.	4
5th	Policy Enforcement	Crew to remove overloaded bin obstruction then empty bin and/or take additional side waste apart from 1 x sack. Additional waste is to be placed back in bin and information tag to be attached to bin highlighting why some waste has not been collected - Ubico record action taken and case file with audit trail passed to Public Protection. Community	5

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Protection Officer to visit and if breach is identified a Section 46 notice will be served.

SECTION 9 – GENERAL POLICIES

CURRENT POLICY	NEW POLICY
Any financial amount shown in this document is subject to annual price review	

SECTION 10 – SERVICE REQUESTS OR COMPLAINTS

CURRENT POLICY	NEW POLICY
	Complaint procedure - UBICO/Cheltenham Borough Council

The Service Contract requires UBICO to follow CBC's policies and procedures including that for handling complaints and information requests.

Customer Services at the Municipal Offices handle contact with customers. Negative feedback and service requests or business as usual requests for information will be handled by the customer services team by providing an explanation/reasons and offering a course of action to help solve the problem where possible, raising Exor tickets for action to resolve the service request or by providing the necessary information. Where customers remain dissatisfied after customer services have tried to resolve the issue, the matter should be forwarded to customer relations as a complaint.

Stage 1 complaints

Where customers remain dissatisfied after customer services have tried to resolve the issue at the first point of contact, the complaint is forwarded to UBICO by customer relations for a timely response by the relevant service manager or contact. Prompt telephone or e-mail response to the customer is expected. If appropriate, a response will be sent to the customer and copied to customer relations as soon as possible and within 10 working days.

Stage 2 complaints

Where customers still remain dissatisfied after UBICO have responded, the complaint should be referred back to customer relations who will arrange for the Strategic Client Officer to respond for the Council promptly and within 10 working days where possible.

Stage 3 complaints

If customers remain unhappy with the responses they have received, the complaint should be referred back to customer

Cheltenham Borough Council
Cabinet – 11 December 2012
Joint waste committee

Accountable member	**Councillor Roger Whyborn, cabinet member sustainability**
Accountable officer	**Jane Griffiths, Director commissioning**
Ward(s) affected	**All**
Key Decision	**Yes**
Executive summary	In November 2011 the cabinet considered the establishment of a joint waste committee and a number of resolutions were passed on the assumption that the business case could be finalised and the new committee implemented in 2012. At the time the number of councils prepared to join had not been confirmed and it was evident that an April 2012 date was not feasible. It was apparent that the business case then was at best marginal, and ways to reduce the business risk were sought, which eventually resulted in the plan described in this report, to pass through 97% of the budget straight to the service providers, the balance being managed by the joint scheme. During the course of the 2012 confirmation of membership has been received and the new financial model presumes a Gloucestershire Joint Waste Committee (GJWC) of four parties: Gloucestershire County Council, Cheltenham Borough Council, Cotswold District Council and Forest of Dean District Council (although this does not exclude others joining at a later date which would be the ambition). The other major change to the situation in 2011 is that the business case now assumes that the FODDC contract will run to its full term ie until 2018 and the savings accruing at this stage have been recalculated. Given these changes it is prudent for the council to reconfirm its commitment to the GJWC t and the practicalities of moving to such an arrangement from April 2013 are set out in this report. The council will need to sign an inter authority agreement (IAA) and a draft of the document is available in the Members room or from One Legal. Setting up a joint committee is a significant governance issue for all participating councils and it is important that members fully understand the implications of delegating their powers to a GJWC. The IAA provides the legal framework and governance arrangements. The report also outlines some of the practical issues with regards to those decisions which will be

retained by the council within this governance structure and also how the contract with Ubico will be monitored to ensure that service delivery continues to be effective.

Recommendations	**That cabinet:**
	a) Approves the financial arrangements as set out in paragraph 3.1 of this report]
	b) Subject to (a) above Cabinet reaffirms their decision on 15 November 2011 as follows:

- agree to establish the Gloucestershire Joint Waste Committee (GJWC) in accordance with Sections 101 and 102 of the Local Government Act 1972, and the Local Authorities (Arrangement for the Discharge of Functions)(England)(Amendment) Regulations 2001 made under Section 20 of the Local Government Act 2000;

- delegate to the Chief Executive in consultation with the Cabinet Member Sustainability, s151 Officer and the Borough Solicitor authority to finalise and complete the Inter Authority Agreement (including the Constitution), including but not limited to the delegation arrangement for enforcement, the year one Business Plan and other documentation and to take all necessary steps to create the GWJC by April 2013;

- agree that the existing Shadow Joint Waste Board and Programme Board arrangements will persist until the end of March 2013 to oversee this process.

Upon the establishment of the GJWC:

- delegate to the GJWC of this Council's functions in relation to the collection, management, disposal treatment, or recycling of waste and street cleansing described in detail in paragraph 4.1 of the 15th November 2011 Cabinet report but subject to the retained decisions as set out in paragraph 4.2 of the said report;

- appoint Gloucestershire County Council as Administering Authority

- appoint Cllr Roger Whyborn and Cllr Steve Jordan to the GJWC.

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Financial implications	The budget for the JMU is estimated to be £460k annually and will cover the cost of staff TUPED from the districts and Gloucestershire County Council plus support services including finance, legal, procurement and marketing. The amount of recharge back to Cheltenham Borough Council, based on number of households, is £27.6k pa, which is in line with the current cost of the client officer paid for by the council who will be TUPED to the JMU. The balance of carry forward funding will be used to fund the costs of the JMU in the first three years and therefore, overall, there is no cost to the council of being a member of the committee. In years four and five the council may need to contribute to the marginal costs of approximately £11,000 which will be offset by any savings identified in the meantime. During the first three years the committee will be working on a number of business cases which will look at delivering savings for the constituent councils which can then be built into their relevant medium term financial strategies. The exact amount of money saved by introducing the above is difficult to quantify but the council has set a target of £100k pa for Cheltenham, which has been assumed in the council's budget strategy wef 2017/18. **Contact officer: Mark Sheldon, Director of Resources mark.sheldon@cheltenham.gov.uk, 01242 264123**
Legal implications	The relationship between the parties to the GJWC will be set out in an Inter Authority Agreement (IAA), which details the responsibilities, the scope, financial and staffing arrangements and the constitution of the GJWC. This agreement is available in the Member room and is currently being finalised prepared by legal representatives from each participant authority. The main change to the IAA from November 2011 is the deletion of the 5 year term. Given the financial arrangements it has been agreed that the IAA will be terminable upon giving 12 months notice. This notice will trigger a process whereby the partner authorities consider whether to continue with the GWJC or terminate the IAA. The consequences of termination will be assessed at the date of termination but will depend on whether or not the partner authorities decide to continue with the GWJC without the authority seeking to leave. Contact officer: Shirin Wotherspoon, shirin.wotherspoon@tewkesbury.gov.uk, 01684 27201

HR implications (including learning and organisational development)	**Contact officer: Amanda Attfield, Head of Human Resources (GOSS), amanda.attfield@cheltenham.gov.uk, 07920 284313**
Key risks	
Corporate and community plan Implications	The formation of the GWJC will facilitate the delivery of the council's strategic outcomes in relation to environmental management. The formation of the committee was included within the annual action plan for the council's corporate strategy.
Environmental and climate change implications	It is anticipated that the formation of a joint waste committee in Gloucestershire, will facilitate consideration of waste collection and disposal as a 'whole system' and lead to an acceleration of progress toward higher rates of recycling and significant reduction in the amount of domestic waste going to landfill across the county. This is to the benefit of all Borough residents and in line with the Councils declared sustainability aims in terms of protecting the environment and reducing impacts upon it.

1. Background

1.1 Whilst the Gloucestershire authorities have a long history of working together on issues relating to the collection and disposal of the county's waste, including the formation of the Gloucestershire Waste Partnership and the development of the Joint Municipal Waste Management Strategy (JMWMS) for Gloucestershire in 2008, the formation of the GJWC has its origin in a study commissioned by the Gloucestershire Joint Improvement Board (JIB) in 2007. This study, on the business case for improved joint working in waste services between the six district councils and the County Council, demonstrated potential savings of between £1.75m-£2m for a whole-county joint collection and disposal service with integrated 'back-office' function. At this stage Stroud District Council (SDC) and Gloucester City Council (Glos City), both in relatively long-term waste collection contracts and Tewkesbury Borough Council (TBC) have decided not to join the GJWC but to keep a 'watching brief' on progress through the Gloucestershire Joint Waste Partnership with a view to potentially joining at a later date.

1.2 The vision for the joint work as set out in the original business case still holds, ie that the four Gloucestershire Authorities will be working together in partnership to deliver a more efficient waste service, by considering waste collection and disposal as a holistic, single system provided to the council tax payers of the County. This will be governed by a Joint Waste Committee that will have delegated powers to act in the area of waste disposal and collection. The Joint Waste Committee will comprise of elected representatives from each of the participating Districts and the County on a one council two vote basis. . This shared vision is underpinned by a set of values for saving money, good customer service and protection of the environment.

1.3 The benefits of a joint approach are an opportunity for a migration over time towards a harmonised single service design which will bring benefits to both Waste Disposal Authority, the County Council (WDA) and Waste Collection Authority District Councils (WCA) functions through larger contracts resulting in the following benefits:- Better market response and reduced prices; more consistent waste streams and simplified contract and service management; streamlined customer support and greater opportunities for automation and self service; and reduced costs of communication and consultation. The creation of a single service management team provides an opportunity to rationalise processes and deliver cost savings as well as providing a greater degree of overall resilience.

1.4 By working together we aim to provide a more consistent service across the county, allowing us to share best practice and resources, save money, increase marketing opportunities to bring about behaviour change, help to reduce environmental impact of waste management, and provide more stability to support greater investment in facilities in the future. By being able to plan across district council boundaries, we will make optimum use of depot and transfer stations infrastructure, including the most effective use of resources. It will also be able to negotiate better deals with service providers.

1.5 Ubico will continue to deliver the contracts for both Cotswold and Cheltenham council's and the Forest of Dean will consider whether Ubico can deliver their contract when it comes to the end of its term.

2. Reasons for recommendations

2.1 The original business case had made a number of assumptions about how the committee and management unit will work. Following further discussions it has been agreed that to enable a

smooth transition to the new arrangements, budgets will be passported so that it is only the additional costs to operate the new arrangements which will need to be found. It has been agreed that the balance available from the carry forward funding will be used for this purpose. This means that in the first three years there is no cost to the council of being a member of the committee and in years four and five the council will need to contribute to the marginal costs of approximately £11000 less any savings identified in the meantime. During the first three years the committee will be working on a number of business cases which will look at delivering savings for the constituent councils which can then be built into their relevant medium term financial strategies. This approach gives each council the opportunity to ascertain whether a joint committee will deliver the anticipated savings as identified in the original proposition.The IAA includes termination clauses permitting a partner authority to leave the GWJC upon giving 12 months notice.   The GJWC and JMU will be tasked to establish a range of short, medium and longer term savings and to prioritise these accordingly. All such savings initiatives will be supported by properly prepared business cases. Some of the areas where joint savings could be found include:-

- Optimisation of waste depots, transfer stations and treatment facilities.
- Improved procurement arrangements, particularly with vehicles.
- Increased productivity when serving larger geographical areas.
- Reconfiguration of facilities reduces total miles travelled by collection vehicles and maximises operative working time.
- Harmonisation of single service design.
- Rationalisation of processes and services.

The exact amount of money saved by introducing the above is difficult to quantify but could easily be in the order of £100k pa for Cheltenham based on 3% savings on total collective budget spend, however this can not be guaranteed until detailed work and analysis has been undertaken by the JMU supported by the GJWC. It is accepted by all partners that if meaningful projected savings have not been identified by the end of year three then it is highly likely that the Gloucestershire Joint Waste Project will be in serious jeopardy.

Any costs or savings arising from partnership activity will be shared on a formula based on disposal versus collection costs and on household numbers. In effect this means that the county council will share approximately 56% costs/savings and the districts will share the other 44% based on household numbers. However any savings or costs which arise which are not partnership based ie arising from the way CBC may wish to commission services from Ubico will fall directly to the borough council.

2.2   Cheltenham already shares a strategic client officer with Cotswold District Council and therefore is used to its support and advice being provided by an officer not directly employed by Cheltenham Borough Council. We have already seen the benefit of such a shared post in identifying good practice, sharing ideas and costs. The establishment therefore of a joint management unit is a logical extension of this and will in addition provide resilience and access to a wider knowledge pool of experience and advice on waste and recycling matters.

2.3   The council will continue to retain the annual decision on budget setting as part of the business and planning process for the GJWC. Officers from the JMU will work with the constituent councils to understand the outcomes they wish to realise and any improvements which will assist with the delivery of these outcomes. A business plan will be devised based on such discussions, along with the input from the GJWC as to the strategic outcomes that they wish to achieve and the budget required to deliver this along with identified savings will be calculated. Once drafted there

will be an opportunity for the constituent councils to be consulted. In practice this means that the GJWC will need to provide the relevant information to the council for inclusion in the budget setting process and the council will make a specific recommendation as part of its budget setting process.. The joint management unit will then monitor the contract within the budget that has been set and agreed by council and be empowered to make decisions which are within the overall budget framework.

2.4   Service charges will be set as part of the business plan and the budget process. Where changes are proposed which are outside of this cycle then they will need to be ratified by the council as the proposed changes fall outside of the original policy framework. Officers from the JMU along with relevant GJWC members will liaise with cabinet and the council's s151 officer and any changes will be reported appropriately along with reasons as to why such changes were considered necessary.

It is recognised that minor changes to service delivery may be made, where they fall within existing policies and budgets. These are currently made by agreement between CBC and Ubico i.e. in 2012/13, often quite informally and as a result of issues raised by local ward members. This is detailed with examples in paras 4.3ff of the cabinet report of 15-Nov-2011. It is intended that this practice will continue without requiring prior permission of the JMWU or GJWC.

In order to facilitate the above and other matters specific to Cheltenham, an adequate proportion of the JMWU client officer's time will be ring-fenced for availability on Cheltenham specific matters. There will be a named Cheltenham JMWU client officer, with an appropriate level of delegated authority, and located within the Borough for specific periods of time. Whilst the client officer will have a good deal of delegated authority to expedite – and where appropriate troubleshoot - Cheltenham specific matters, it is expected he/she will consult and report back to the JMWU so as to share best practice principle across the range of GJWC authorities.

2.5   One of the main benefits of the GJWC will be the opportunity for the district councils and the county council to work together to provide a more consistent service within Gloucestershire, allowing us to share best practice and resources, save money, increase marketing opportunities and to bring about behaviour change. By doing so it will help to reduce environmental impact of waste management, and provide more stability to support greater investment in facilities in the future. By being able to plan across district council boundaries, we will make optimum use of depot and transfer station infrastructure, including the most effective use of resources. It will also be able to negotiate better deals with service providers. However any such policy changes will be a retained decision and require approval. In practice is it likely that major changes would be considered by the overview and scrutiny committee before a report was submitted to cabinet and officers from the JMU would provide professional advice to the council on the benefits, risks and opportunities of any such changes.

2.6   Whilst recognising that the GJWC will be providing advice/recommendations to partner authorities on their procurement options and may be carrying out procurement exercises on the partnership's behalf, the GJWC will not make decisions in respect of the contract entered into between the council and Ubico Limited in respect of the functions delegated to the GWJC. The JMU however will be undertaking the contract management of the contract with Ubico and providing advice and support to the council on its operation.

2.7   The council will still be responsible for media statements on all waste collection issues, and the JMU client will continue to build on effective working relationships with the communications team. The GJWC and JMU will be issuing promotional and marketing statements and other forms of

similar communication. However there will need to be close working arrangements with local communications teams who will need to liaise with the relevant cabinet lead when there are Cheltenham specific issues. Also given that the customer service interface for waste, recycling and street cleaning remains with the district council, the responsibility for disseminating local information to media and householders, and for putting it on our websites etc will remain with the Council so that the customer has the information they require.

However the GJWC and JMU will be issuing media statements and other forms of communication, particularly regarding HRC's, joint operations and strategy. Hence there will need to be close working arrangements with local communications teams who will need to liaise with the relevant cabinet lead when there are Cheltenham specific issues.

2.8 The council will still be responsible for enforcement action for illegal flytipping etc and the JMU will need to build effective working relationships with the public protection team. However it is envisaged that the current working arrangements between Ubico (who gather the initial evidence) and the public protection team who will take the necessary enforcement action will continue.

2.9 Staff who undertake functions undertaken by the JMU will transfer to Gloucestershire County Council as the administering authority. They will transfer under the TUPE regulations. Cheltenham currently do not have any directly employed officers within scope as we share an officer with Cotswold DC. The budget for this post however will be transferred to the JMU. Work is ongoing to analyse business processes and ensure that on day one there is a clear understanding of roles and responsibilities. Cheltenham are fairly well placed for these new arrangements because in setting up the new arrangements with Ubico roles and responsibilities were set with a view to the establishment of the JMU.

2.10 The council's involved in the GJWC will sign an inter authority agreement (IAA), a copy of which is available in the Members room.. This sets out the way in which the committee will operate, the powers delegated to the committee and the decisions which will be retained by the councils. It also sets out how liabilities and exit strategies will be dealt with should the need arise. This IAA is a legally binding document and provides assurance to the council as to the way in which the GJWC will discharge its responsibilities.

3. Alternative options considered

3.1 Given that the numbers of councils involved in the GJWC has decreased from the original business case, consideration was given as to whether this business case still applied, and whether it would be more appropriate to just concentrate on savings accruing from the establishment of Ubico. Partnership activity could continue through the Joint Waste Partnership but vision of aligning waste disposal and collection methods would be more complicated and take longer to achieve.

4. Consultation and feedback

4.1 A copy of the report has been circulated to members of the waste and recycling cabinet member working group. The chair and vice chair of the O&S committee have been advised about the report and asked to consider how the committee might be involved through the implementation stage. Members seminars were held last year and a further member seminar has been held when members had the opportunity to ask questions.

5. Performance management –monitoring and review

5.1 The GJWC will have its own governance arrangements (which are being administered by the county council) but will report back to constituent councils on the performance against its annual business plan which will have been approved by CBC.

5.2 The council's scrutiny arrangements will apply to decisions of the GWJC. and the head of the JMU will be required to attend meetings of the council's scrutiny committee should it so wish.

5.3 Each council will have representation on the GJWC and it is proposed in the first instance that CBC will be represented by the leader and the cabinet member sustainability. As members of the GJWC it is envisaged that they would report back to the council on the work of the GJWC.

5.4 In addition there will be a strategic officer group comprising commissioners from each of the councils who will meet with the head of the JMU to discuss performance issues.

5.5 The establishment of the GJWC and JMU is being run as a project with governance arrangements in place to ensure that the implementation is progressed to meet the 1 April 2013 deadline.

Report author	Contact officer: Jane Griffiths, Director of Commissioning *jane.griffiths@cheltenham.gov.uk*, 01242 264126
Appendices	1. Risk Assessment 2.
Background information	1.

Risk Assessment

| Risk ref. | Risk description | Risk Owner | Date raised | Original risk score (impact x likelihood) | | | Managing risk | | Deadline | Responsible officer | Transferred to risk register |
				Impact 1-5	Likeli-hood 1-6	Score	Control	Action			
1	If the JWC is unable to agree to savings which can be used to fund the ongoing operational costs of the JMU and JWC then there may be additional costs for the council after five years	Jane Griffiths	November 2012	2	3	6	R	All partners are agreed that the JWC must be able to identify savings of a magnitude which will make the partnership viable in the longer term	April 2014	Jane Griffiths	Commissioning
2											

Explanatory notes

Impact – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)

Likelihood – how likely is it that the risk will occur on a scale of 1-6

(1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)

Control - Either: Reduce / Accept / Transfer to 3rd party / Close

Guidance

Types of risks could include the following:

- Potential reputation risks from the decision in terms of bad publicity, impact on the community or on partners;
- Financial risks associated with the decision;
- Political risks that the decision might not have cross-party support;
- Environmental risks associated with the decision;
- Potential adverse equality impacts from the decision;
- Capacity risks in terms of the ability of the organisation to ensure the effective delivery of the decision
- Legal risks arising from the decision

Remember to highlight risks which may impact on the strategy and actions which are being followed to deliver the objectives, so that members can identify the need to review objectives, options and decisions on a timely basis should these risks arise.

Risk ref

If the risk is already recorded, note either the corporate risk register or TEN reference

Risk Description

Please use "If xx happens then xx will be the consequence" (cause and effect). For example "If the council's business continuity planning does not deliver effective responses to the predicted flu pandemic then council services will be significantly impacted."

Risk owner

Please identify the lead officer who has identified the risk and will be responsible for it.

Risk score

Impact on a scale from 1 to 5 multiplied by likelihood on a scale from 1 to 6. Please see risk scorecard for more information on how to score a risk

Control

Either: Reduce / Accept / Transfer to 3rd party / Close

Action

There are usually things the council can do to reduce either the likelihood or impact of the risk. Controls may already be in place, such as budget monitoring or new controls or actions may also be needed.

Responsible officer

Please identify the lead officer who will be responsible for the action to control the risk.
For further guidance, please refer to the risk management policy

Transferred to risk register

Please ensure that the risk is transferred to a live risk register. This could be a team, divisional or corporate risk register depending on the nature of the risk and what level of objective it is impacting on

Cheltenham Borough Council

Cabinet – 11 December 2012
Housing Options Review

Accountable member	**Councillor Peter Jeffries, Cabinet Member Housing and Safety**
Accountable officer	**Pat Pratley, Executive Director**
Ward(s) affected	**All**
Key Decision	**No**
Executive summary	Housing Options delivers the Council's statutory duties towards households who are homeless or in housing need, as required under the Housing Act 1996. The service performs well and the staff work with and provide support to some of the most vulnerable people within the community of Cheltenham.

Earlier this year the Council adopted its new Housing and Homelessness Strategy in response to the impending welfare reforms announced by Government. The strategy outlines the outcomes the Council wishes to achieve to prevent homelessness in the Borough.

In anticipation of the welfare reforms, the Council had already committed to review its Housing Options service to make sure that it was fit for purpose and also to consider how the service may be commissioned in the future.

The commissioning review has reached the conclusion, at the end of the analysis phase, that there are 2 potential commissioning options available; in-house provision or, alternatively, to transfer the service to a registered provider, in this case the Council's Arms Length Management Organisation (ALMO), Cheltenham Borough Homes (CBH).

CBH is a 3 star ALMO. During the autumn CBH will, together with its stakeholders, including the Council, be considering its future service priorities, seeking to build upon its excellent performance record as well as its community engagement and community development role. Commissioning Housing Options on behalf of CBC will be one of the service options that CBH will consider.

In the meantime, the in-house Housing Options team will consider how the service needs to adapt, or consider new service delivery methods to achieve the Council's stated outcomes for homelessness prevention. This thinking and work is necessary regardless of who delivers the service in the future as it will form the basis of a service specification/service plan against which the provider will be judged against on delivery and performance.

Recommendations	1. When undertaking service re-design, and commissioning the service, the Council requires the future service provider to identify and implement innovative services/schemes in an effort to combat the affects of welfare reform on the most vulnerable households. (Para 4.1.6)
	2. Housing Options Management continue to pursue enhancements to the Homeseeker system and that the necessary training and changes to processes identified through systems thinking are progressed. (Para 4.2.5)
	3. Cabinet endorse the conclusion that there are 2 potential commissioning options for Housing Options, ie, in-house and transfer the service to CBH and that a further report be brought back to Cabinet in May 2013 recommending the proposed commissioning option. (Para 4.3.9)
Financial implications	A reduction of £30,000 in the cost of the existing service has been identified (paragraph 2.2). There are no direct financial implications arising from this report. The financial implications of potentially commissioning the service will be considered as part of the commissioning review and reported to Cabinet in May 2013. **Contact officer: Sarah Didcote** **Sarah.Didcote@cheltenham.gov.uk, 01242 264125**

Legal implications	Part VII of the Housing Act 1996 contains the provisions on the council's functions in relation to homelessness. By virtue of the Local Authorities (Contracting Out of Allocation of Housing and Homelessness Functions) Order 1996 the council will be able to authorise CBH to exercise those functions contained in Part VII of the Housing Act 1996 with the exception of:
	Section 179(2) and (3) - power to give assistance to any person providing advisory services about homelessness and the prevention of homelessness by the means specified in the Section which include assistance by way of grant, loan and use of council premises or assets.
	Section 180 – power to give assistance to voluntary organisations concerned with homelessness or matters relating to the homeless by the means specified in the Section which include assistance by way of grant, loan and use of council premises or assets.
	If the service is contracted out to CBH the council will still have a duty as the local housing authority to comply with Sections 1 – 3 of the Homelessness Act 2002 (carrying out reviews and publishing new homelessness strategies within five years of publication of the current strategy) and also to keep the council's tenancy strategy under review and publish any modifications under Sections 150-151 of the Localism Act 2011.
	As CBH is a company wholly owned by the Council, the Council can engage it to carry out the Housing Options services without having to undertake a competitive EU procurement process by relying on the 'Teckal' case. This case provides an exemption to compliance with the EU procurement rules.
	If CBH is to undertake this service no changes to its Articles of Association will be necessary as they already permit CBH to provide services of any description for Cheltenham Borough Council. The council would need to decide whether to amend the current management agreement to include these services or enter into a separate contract for services.
	Contact officer: Donna Ruck, Solicitor, donna.ruck@tewkesbury.gov.uk, 01684 272696
HR implications (including learning and organisational development)	No direct HR implications from the content of this report. Implications will arise if the decision is taken to transfer the service to CBH where the TUPE process and timescales will need to be followed and a full consultation process will need to take place.
	Contact officer: Sarah Flury, sarah.flury @cheltenham.gov.uk, 01242 775215
Key risks	**See appendix 1**
Corporate and community plan Implications	The outcomes for tackling homelessness are contained within the Councils Housing and Homelessness Strategy adopted by Cabinet on 17 July 2012. The commissioning review is an action within the Corporate Plan.
Environmental and climate change implications	

1. Background

1.1 Housing Options delivers the Council's statutory duties towards households who are homeless or in housing need, as required under the Housing Act 1996. If a person is homeless or at risk of losing their home, Housing Options advise on what options exist to enable householders to stay in their own home. The team also advise on what other housing options may exist for householders. Their priority is preventing homelessness. The team also carry out the assessment of homelessness applications and are responsible for determining an individual's homelessness status, ie, intentional or otherwise.

1.2 Housing Options delivers a number of preventative services to its customers to help them avoid becoming homeless in the first instance. These services include guidance and support to increase financial capability which may help householders to remain in their current accommodation or secure private rented accommodation. The service also signposts applicants to other services/agencies where appropriate and provides advice and guidance on adaptations to existing accommodation, again, where this may assist an applicant remaining in their existing home.

1.3 Housing Options also operates Gloucestershire Homeseeker which is the Gloucestershire's choice based lettings system for letting social housing. It is a partnership formed between the 6 Gloucestershire district councils and many of the housing associations and social landlords, also known as registered providers.

1.4 The total General Fund (GF) revenue budget for the Housing Options service is £797Kpa. Of this budget £101Kpa is recharged to the Housing Revenue Account (HRA). External grants (ongoing and one-off) total £248Kpa and are used to commission homelessness prevention activity.

2. Strategic Context

2.1 The strategic context for the review is clearly set out in the Housing and Homelessness Strategy 2012-17. The Localism Act 2011, and the social housing reform contained within it, brought about changes to the statutory homelessness duties and social tenure reform. The Welfare Reform Act 2012, legislated for the biggest change to the welfare system for over 60 years. Most significantly are changes to the Local Housing Allowance (LHA) scheme which began in May 2011 leading up the introduction of Universal Credit in 2013.

2.2 Prior to the significant changes brought about through legislation, Cabinet had already determined that it wished to consider how Housing Options services should be commissioned so that it could effectively meet the challenges of welfare reform. In the light of a challenging financial backdrop Cabinet also sought to achieve a modest reduction in the cost of the service of £30Kpa which it has been possible to achieve through a reduction to the grant budgets within the service cost centre.

3. Tackling Homelessness – Commissioning Outcomes

3.1 The Homelessness Strategy states the Council's priority will be to seek to mitigate against the potential impact of the welfare reform changes. The strategy also articulates the outcomes the Council wishes to achieve to mitigate against any negative impacts welfare changes could bring to those most in housing need.

3.2 The Homelessness Strategy outcomes (below) will be used to guide the evaluation of alternative delivery options in the coming phases of the review.

- To prevent homelessness
- To reduce manageable debt, which if left unchecked can lead to homelessness
- To improve the financial capability of households

- To maximise incomes
- To ensure that vulnerable people are adequately supported through the welfare reforms

4. Commissioning Housing Options – Analysis Phase

4.1 Service Performance

4.1.1 The number of households approaching the Council as homeless or threatened with homelessness has remained fairly constant at just below 300pa. However, the number of homelessness preventions has increased meaning that, in recent years, fewer households have been accepted as statutory homeless. This is good news for households because fewer are being housed in temporary accommodation such as bed and breakfast accommodation.

4.1.2 Whilst Cheltenham's Housing Options service has consistently been a top quartile performer when compared at a regional (South West England) and a sub-regional level (Gloucestershire), performance in the last quarter of 2010-11 did dip. This meant that Cheltenham's service moved from its performance being in the top 14% of all local authorities in England to the top 19%. However, in absolute terms, the number of households affected is small and is not currently considered to represent the start of a significant trend.

4.1.3 Looking at resources used to achieve top quartile performance, the number of staff employed to deliver Cheltenham's Housing Options service is 8 compared to an average of 8.12 (2010-11)[1].

4.1.4 The service has concluded that the dip in performance, arising from a small reduction in homelessness preventions and a small increase in homelessness acceptances, is a direct result of the welfare reform. Tenants are finding the private rented sector less affordable, and private landlords are more reluctant to take on tenants who claim benefits

4.1.5 The performance data analysed confirms that the Housing Options service performs well against its peer district council group. The recent dip in performance identifies the need for the service to continue to focus efforts on the prevention of homelessness, a focus which has led to the service performing well in the past.

4.1.6 It is recommended, therefore, that when undertaking service re-design, and commissioning the service, the Council requires the service provider to continue to identify and implement innovative services/schemes in an effort to combat the affects of welfare reform on the most vulnerable households. **(Recommendation 1)**

4.2 Systems Thinking

4.2.1 Systems thinking is a way of thinking about a service as a system of work designed around what matters to the customers of that service. The Council uses systems thinking in the early stages of its commissioning reviews as a way of assessing demand within the system and, if at all possible, look to find ways to improve the current service by reducing waste, also known as failure demand, in the system.

4.2.2 The analysis period covered 5 weeks (July – August). Demand for the service was collated into 2 work-streams; housing options work and Homeseeker work. The value demand attributed to housing options work was 70% which is a good result when compared to other Council services that have undergone the "check phase" of systems thinking.

4.2.3 The value demand attributed to Homeseeker work was less than 30%. The waste identified fell into 2 main categories; customer contact and the Homeseeker computer system. In terms of

[1] Average of 13 responses from non-metropolitan district councils

waste attributable to customer contact, a significant proportion is driven by behaviour and is not preventable. For example, households will continue to contact the team to find out how long it will take them to move and what they can do to move more quickly. In relation to the Homeseeker computer system, the functionality needs improving so that customers can help themselves more easily thereby avoiding the need to contact the team. System enhancement requests have been raised with the system provider who is looking into a solution.

4.2.4   The team also have identified a number of training and/or changes to processes to improve the efficiency of the service and are planning to implement these in the coming months.

4.2.5   It is recommended, therefore, that Housing Options Management continue to pursue enhancements to the Homeseeker system and that the necessary training and changes to processes identified through systems thinking are progressed. **(Recommendation 2)**

4.3   Service Options Analysis

4.3.1   The service options analysis identified a long-list of 12 potential commissioning options.

Service Option	Keep or Discard?
In-house	Keep
Bring all housing functions in-house	Discard
All housing options services contracted out to registered provider	Keep – restrict to CBH
All housing options services contracted out to another provider	Discard
Retain homelessness and allocations – contract out prevention	Discard
Social enterprise in any of its corporate forms	Discard
Closure	Discard
Shared service	Discard
Wholly owned company	Discard
Joint venture	Discard
New charitable trust	Discard
Parish councils	Discard

4.3.2   The analysis and evaluation was carried out by officers within the service area, led by the Housing and Communities Manager, but with critical friend challenge from the commissioning division. The options analysis report was presented to the Project Board on 26 September and the Board accepted the conclusions within it.

4.3.3   The analysis report is fairly detailed, explaining the rationale to discard, if appropriate. The report is available as a background paper. Reasons for discarding potential commissioning options include;

- No evidence in the sector that the provider had experience of delivering housing options, eg, third sector, private sector, social enterprise

- Splitting the service provision, eg, contracting out prevention retaining homelessness and allocations, would mean customers having to deal with 2 organisations, plus duplication and more pressure on the service

- Shared service examples tend to have developed where Chief Executives are shared and there is a programme of shared service implementation, eg, South Hams and West Devon

- The services in scope do not fit the characteristics of certain delivery models, eg, new

charitable trust, joint venture

4.3.4 The conclusion of the analysis, giving due consideration to case study research and the Council's agreed outcomes for Housing Options, was that there are 2 potential commissioning options available; in-house provision or, alternatively, to transfer the service to a registered provider, in this case the Council's Arms Length Management Organisation (ALMO, Cheltenham Borough Homes (CBH).

4.3.5 The rationale for considering transferring the service to CBH include:

- Alignment of Housing Options and CBH Neighbourhood Services may increase the potential to develop solutions of mutual benefit based where there is a shared understanding of the needs of both services and also the fact that both services are Cheltenham centric

- Increasing tenant, leaseholder and resident relationships, by creating a more seamless service from provision of housing advice to the offer of a tenancy

- Aligned priorities, eg, both Housing Options and CBH are working separately to build financial capability of households following the implementation of welfare reforms

- Existing tenancy management resources/expertise which may assist with the development of new initiatives, eg, Social Lettings Agency for the private rented sector.

4.3.6 The identification of CBH as a potential provider of Housing Options coincides with CBH, in the autumn, considering its future service priorities. Assuming that CBH see Housing Options as a priority area for them the opportunity will exist to conduct a thorough appraisal of the benefits of in-house provision of Housing Options versus a transfer of the service to CBH. It is expected that any decision to transfer the service, should that be the outcome, will not be made before May 2013.

4.3.7 In the period leading up to May 2013, Housing Options management will be considering how Housing Options needs to be designed in the future to continue to both deliver the Council's statutory homelessness obligations but also, in the light of the welfare reforms, to continue to provide an effective homelessness prevention service. This thinking and work is necessary regardless of who delivers the service in the future.

4.3.8 It is therefore recommended that Cabinet endorse the proposal that there are 2 potential commissioning options for Housing Options, ie, in-house and transfer the service to CBH and that a further report be brought back to Cabinet in May 2013 recommending the proposed commissioning option. **(Recommendation 3)**

5. Community Right to Challenge

5.1 The Localism Act 2012 introduced a community right to challenge which aims to give community and voluntary sector groups, charities, parish and town councils and groups of council staff the opportunity to bid for the running of council services. Statutory guidance on the right to challenge was published in June 2012.

5.2 As per recommendation 3, Cabinet will receive a further report in May 2013 recommending the commissioning option for Housing Options. If Cabinet agrees to retain the service in-house, then the opportunity for community rights to challenge to be received by the Council will be from 28 May to 5 July (6 weeks).

6.   Reasons for recommendations

6.1   This report summarises the work carried out in this first phase of the Housing Options review together with the conclusions drawn and the recommendations made. Background documentation which supports this report provides further details as to the work performed to support the recommendations made.

7.   Alternative options considered

7.1   See section 4.3 of this report.

8.   Consultation and feedback

8.1   A small officer project team, comprising the Housing and Communities Manager and members of the Housing Options team, plus other officers, has conducted the work within this phase of the review. Consultation has taken place with the Cabinet Member for Housing and Safety and also the Director of Commissioning to whom the Housing Options service reports.

8.2   The Housing Review Group has been consulted on the content of this report and the conclusions reached regarding the commissioning options.

9.   Performance management –monitoring and review

9.1   Depending on the commissioning option recommended to Cabinet a service specification or service plan will need to be developed which will provide a framework against which the Housing Options service can be monitored. Further details of this will be set out in the May Cabinet report.

Report author	Contact officer: Pat Pratley, Executive Director and Lead Commissioner Pat.Pratley@cheltenham.gov.uk, 01242 775175
Appendices	1. Risk Assessment 2.
Background information	1. Systems thinking update for Project Board 26.9.12 2. Housing Options Service; Benchmarking Analysis 2009-10 to 2011-12 3. Housing Options Commissioning Review – Service Options Paper – Project Board 26.9.12

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likeli-hood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
1	If the Housing Options service is not commissioned so that there is an requirement for innovation and creativity in service delivery then opportunities may be missed to increase the effectiveness of homelessness prevention and to generate additional income	Martin Stacy	4.10.12	3	4	12	Reduce	The specification or service plan will require the provider to demonstrate the ability to innovative and implement creative solutions to improve and enhance the homelessness prevention service	31.3.13	MS	
2	If the waste identified in the Homeseeker system is not addressed then the service will continue to be less efficient than it could be and customers will be inconvenienced	Janice Burnell	4.10.12	3	4	12	Reduce	The Homeseeker system issues be pursued with the Operational Group	31.3.13	JB	
3	If the preventable waste identified through systems thinking is not addressed then capacity will not be released to enable more effective service delivery	Janice Burnell	4.10.12	2	4	8	Reduce	Action plan for reducing preventable waste in place and being implemented	31.3.13	JB	

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4	If the Housing Options services once commissioned is not able to respond quickly to changing Government priorities and emerging local needs then this may mean the service is not able to respond to households in housing need	Martin Stacy	20.9.12	3	4	12	Reduce	The specification or service plan will require the provider to demonstrate how they are able to accommodate flexibility within their service delivery arrangements	31.3.13	MS	
5	If the potential to deliver additional savings by transferring the service to CBH is a priority for Members then this may reduce the scope of services currently delivered	Martin Stacy	4.10.12	3	4	12	Reduce	The business case presented to Cabinet in May 2013 to support the commissioning decision needs to be clear on the cost of the service moving forward.	31.3.13	MS	
6	If Housing Options is transferred to CBH then some residents may be unwilling to seek advice because they could feel the service may not treat them on an equal basis because of their previous tenancy/household history	Martin Stacy	4.10.12	2	4	8	Reduce	A distinctive housing options branding of the service and a clear separation of neighbourhood (housing) management functions may help overcome this perception.	31.3.13	MS	
Explanatory notes											
Impact – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)											
Likelihood – how likely is it that the risk will occur on a scale of 1-6											

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(1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)

Control - Either: Reduce / Accept / Transfer to 3rd party / Close

Guidance

Types of risks could include the following:

- Potential reputation risks from the decision in terms of bad publicity, impact on the community or on partners;
- Financial risks associated with the decision;
- Political risks that the decision might not have cross-party support;
- Environmental risks associated with the decision;
- Potential adverse equality impacts from the decision;
- Capacity risks in terms of the ability of the organisation to ensure the effective delivery of the decision
- Legal risks arising from the decision

Remember to highlight risks which may impact on the strategy and actions which are being followed to deliver the objectives, so that members can identify the need to review objectives, options and decisions on a timely basis should these risks arise.

Risk ref

If the risk is already recorded, note either the corporate risk register or TEN reference

Risk Description

Please use "If xx happens then xx will be the consequence" (cause and effect). For example "If the council's business continuity planning does not deliver effective responses to the predicted flu pandemic then council services will be significantly impacted."

Risk owner

Please identify the lead officer who has identified the risk and will be responsible for it.

Risk score

Impact on a scale from 1 to 5 multiplied by likelihood on a scale from 1 to 6. Please see risk scorecard for more information on how to score a risk

Control

Either: Reduce / Accept / Transfer to 3rd party / Close

Action

There are usually things the council can do to reduce either the likelihood or impact of the risk. Controls may already be in place, such as budget monitoring or new controls or actions may also be needed.

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Responsible officer
Please identify the lead officer who will be responsible for the action to control the risk.
For further guidance, please refer to the risk management policy

Transferred to risk register
Please ensure that the risk is transferred to a live risk register. This could be a team, divisional or corporate risk register depending on the nature of the risk and what level of objective it is impacting on

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Agenda Item 11

Cheltenham Borough Council
Council 17 December 2012
Council Tax Discounts on Empty properties

Accountable member	**Councillor John Rawson, Cabinet Member Finance**
Accountable officer	**Mark Sheldon, Director of Resources**
Accountable scrutiny committee	**Overview and Scrutiny**
Ward(s) affected	**All**
Key Decision	**Yes**
Executive summary	The Local Government Finance Act 2012 introduced discretionary power allowing councils to set local discount levels on certain categories of empty properties that have previously been subject to exemptions from council tax for a limited period of time. It also included the provision to increase the level of charge on properties classed as second homes from 90% to 100%
Recommendations	**That Council** 1. **Sets the level of discount for former class A exempt properties at 25% for the 12 month period, as detailed in table 1** 2. **Sets the level of discount for former class C exempt properties at 100% for the first month and 25% for the remaining 5 months, as detailed in table 1.** 3. **Confirm the level of discount for long term empty properties should remain at zero, as detailed in table 1** 4. **Sets the level of discount on properties classed as second homes at zero, as detailed in table 1**

Financial implications	Table 3 at point 3.3 shows the potential additional council tax that could be raised as a result of proposals in this report. However, it should be noted that the actual council tax collected may be lower than the figures stated as owners of empty properties may bring them back in to use more quickly. These changes will also impact on the Housing Revenue Account as they will apply to council owned empty properties managed by Cheltenham Borough Homes **Contact officer: Mark Sheldon, mark.sheldon @cheltenham.gov.uk, 01242 264123**
Legal implications	The legislative context is set out in the report. **Contact officer: peter.lewis@tewkesbury.gov.uk, 01684 272012**
HR implications (including learning and organisational development)	None arising from this report **Contact officer: julie.mccarthy, julie.mccarthy @cheltenham.gov.uk, 01242 264355**
Key risks	**As detailed in appendix 2**
Corporate and community plan Implications	The proposal to reduce the level of council tax discounts in respect of empty properties as outlined on the report will support the following outcomes • A balanced and sustainable housing market • Reducing crime and disorder
Environmental and climate change implications	These changes will support the Council's strategy for bringing empty homes back in to use

1.   Background

1.1   The Local Government Finance Act 2012 makes some technical reforms to council tax giving new flexibilities for councils with regards to the level of council tax levied on second homes and certain categories of empty dwellings.

1.2   These changes present an opportunity to reduce the level of discounts currently awarded as a measure to help bring empty properties back in to use more quickly. They will also increase the council tax income which could help with reduction in Government funding for the council tax support scheme in 2013/2014.

1.3   Finance and revenue officers from all Gloucestershire districts as well as the County Council and Police have been working together to agree a countywide approach to all of the changes affecting council tax and council tax benefit from April 2013. If this can be achieved it will provide some budget certainty for all councils and mean there is a consistent approach across district boundaries.

2.   Changes being proposed

2.1   Currently there are various categories of exemptions which apply to empty dwellings. Two of these exemption classes are being abolished and replaced with discount classes for which councils can set their own level of discount. With regard to second homes, this Council has used existing powers to reduce the discount to 10% but the new powers allow for the discount to be removed completely.

2.2   The table below details the current position for the classes of dwelling affected by the changes, changes in the local Government Finance Act 2012 and the discount levels it is recommended that the Council should adopt from April 2013.

Table 1 – Details of Proposed Council Tax Reforms

Current Position	Changes in Local Government Finance Act 2012 and The Council Tax (Prescribed Classes of Dwellings) Regulations 2012	Proposed changes for Cheltenham from 01 April 2013
Exempt Class A This applies to properties in need of or undergoing structural repairs to render them habitable. The exemption can apply for a maximum period of 12 months	The exemption is being abolished and a new local discount class D can be set with a discount level between zero and 100%. The circumstances in which a property would fall in to this class are the same as for exemption class A The maximum 12 month period will apply after which properties will be classed as long term empty	Set the discount level at 25% for Class D
Exempt Class C This applies to properties which are unoccupied and unfurnished and e awarded for a maximum of 6 months	The exemption is being abolished and properties which are unoccupied and unfurnished will fall in to discount Class C which can be set with the discount level between zero and 100%	Set the discount level for Class C at 100% for the first month and at 25% for the following 5 months to replace the 6 month period previously subject to the exemption
Long Term Empty Properties These are properties which are unoccupied, unfurnished and where no exemption category	The discount Class C which already applies for long term empty properties now incorporates the initial 6 month period previously covered by the	Confirm the discount level for Class C at zero in respect of properties which have been unoccupied and unfurnished for 6 months or more (long

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applies. The discount level has been set at zero since approved by Council on 1st December 2003	exemption class	term empty properties)
Second Homes Second homes are properties which are furnished but not occupied as a main home. In accordance with current local discretionary powers the discount level has been set at the minimum level allowed which is 10%	The discount level may now be reduced to zero	Set the discount level at zero

2.3 Council only has the discretion to set the discount level. The qualifying conditions and maximum time periods which apply to the exemptions will continue to apply to the local discount classes.

2.4 A complete list of all exemptions which apply in respect of empty properties is shown in Appendix 1.

3. Tax Base and Collection Fund

3.1 If the above proposals are implemented the tax base used to set the council tax for 2013/2014 will be increased to reflect the changes.

3.2 Table 2 below shows how the changes will affect the tax base. The number of properties in each category is taken from a tax base extract on 1st October 2012.

Table 2 – Additional Tax Base due to Proposed Changes on Second Homes and Empty Dwellings

Tax Base for additional 10% charge on second homes 75% charge on former class A & C exemptions	A	B	C	D	E	F	G	H	Total
Band Proportions to Band D	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
Additional 10% charge on second homes	199	212	160	98	65	32	28	3	797
Class A (75% of full charge)	20	21	39	11	11	6	5	1	114
Class C (75% of full charge)	211	214	141	71	35	21	17	1	708
Equivalent number of properties (10% on second homes, 75% on Class A, 75% on Class C	193.15	197.45	151.00	871.30	41.00	23.45	17.05	1.80	696.20
Band D Equivalents	128.8	153.6	134.2	71.3	50.1	33.9	28.4	3.6	603.86

		603.86
Gross Tax Base		603.86
Net Tax Base (98.5%)		594.80

3.3   Table 3 below shows the potential additional income that could be generated as a result of the increased tax base

Table 3 - Potential Additional Income Generated from Proposed Changes

	County (£)	Police (£)	Cheltenham (£)	Total (£)
2012/2013 Band D Council Tax	1,090.50	199.69	187.12	1,477.31
Net Tax base (98.5%)	594.80	594.80	594.80	594.80
Council Tax generated	**684,633**	**118,776**	**111,300**	**878,709**

3.4   These calculations estimate the total income that we could expect to generate based on an extract from the council tax database on 1st October 2012. For Cheltenham this could be in the region of £111,000, for the County Council £648,000 and for the Police £118,000.

3.5   A significant portion of the estimated additional income is generated from the changes to class A and C exemptions. The figures assume that the number of properties in each class is fairly consistent throughout the year. The changes being proposed will encourage owners of empty properties to bring them back in to use more quickly which would reduce the additional income being generated.

4.   Impact of These Changes

4.1   Table 4 below details who will be affected by these changes

Additional 10% charge on second homes	• Owners of properties used as second homes either for work of leisure purposes • Landlords who let furnished properties which are treated as second homes between lets

75% charge instead of class A exemption	- Owners of empty properties which have fallen in to disrepair - Owners of empty properties undergoing major renovation or structural repairs - Property developers converting or renovating properties
75% charge instead of class C exemption where properties have been empty and unfirnished for more than one month	- Owners who move out of a property but retain ownership - Tenants who vacate proprties prior to the end of their lease - Landlords of properties which are between tenancies - Owners, property developers, landlords who but can't sell or let properties

4.2 The 100% discount for the first month on former class C exempt properties will reduce the impact where properties are empty for short periods between occupations. The amount of council tax which would otherwise be raised in these cases is very small. It would not be cost effective try and bill and collect such small amounts. It would also take up valuable staff resource.

5. Reasons for recommendations

5.1 The proposed changes are part of the Government's wider agenda for localism. They give local authorities to increase the income from council tax without increasing the overall level of council tax.

5.2 Discounts and exemptions reduce the council tax base which impacts on the level of council tax set and the revenue available. The proposed changes will increase the resource available to fund local services. The County Council and Police will also benefit from the increased tax base.

5.3 The proposed changes are also intended to incentivise owners of empty properties to bring them back in to use more quickly. Bringing empty properties back in to use forms part of the calculation for the New Homes Bonus and therefore may attract further additional resources for the Council.

6. Alternative options considered

6.1 The countywide working group considered various options.

7. Consultation and feedback

7.1 Consultation has taken place with Leadership Gloucestershire, representatives from the County Council, Police and other Gloucestershire districts

8. Performance management –monitoring and review

8.1 The impact of these changes on the level of council tax income and the collection rate will be monitored closely and reported to members in budget monitoring reports.

8.2 The discount levels set will apply initially in respect of 2013/2014 and will be reviewed in advance of 2014/2015.

Report author	Contact officer: Jayne Gilpin, Revenues Manager, jayne.gilpin@cheltenham.gov.uk, 01242 264323
Appendices	1. List of council tax exemptions which apply to unoccupied properties 2. Risk Assessment
Background information	1. The Local Government Finance Act 2012 http://www.legislation.gov.uk/ukpga/2012 2. The Council Tax (Prescribed Class of Dwellings (England) Regulations 2003 http://www.legislation.gov.uk/uksi/2003/3011/contents/made 3. The Council Tax (Prescribed Class of Dwellings (England) Regulations 2012 http://www.legislation.gov.uk/uksi/2012/2964/contents/made 4. The Council Tax (Exempt Dwellings) (England) (Amendment) Order 2012 http://www.legislation.gov.uk/uksi/2012/2965/contents/made 5. DCLG consultation paper – Technical Reforms of Council Tax https://www.gov.uk/government/consultations/technical-reforms-of-council-tax

Appendix 1

Council Tax Exemptions for Unoccupied Properties

A   Dwellings requiring or undergoing structural alteration or major repair (maximum 12 months)

   (**This is being abolished and replaced with a local discount)**

B   Dwellings last occupied for the purposes a charity (maximum 12 months)

C   Unfurnished Dwellings (maximum 6 months)

   (**This is being abolished and replaced with a local discount)**

D   Dwellings left unoccupied by persons detained in prison

E   Dwellings left unoccupied by persons now living and receiving care in a hospital or care home

F   Dwellings formerly occupied by a deceased person where probate has not been granted and for 6 months after probate has been granted

G   Dwellings where occupation is prohibited by law

H   Dwellings awaiting occupation by a minister of religion as a residence of office

I   Dwellings left unoccupied by persons who have moved to receive personal care

J   Dwellings left unoccupied by persons who have moved to provide personal care to another person

K   Dwellings left unoccupied by the owner who has moved to become a student

L   Dwellings which have been repossessed by a mortgage lender

   (**This is being abolished and mortgagees in possession will be liable for the relevant class of charge)**

Q   Dwellings left empty by a person made bankrupt and a trustee in bankruptcy is responsible

R   Caravan pitches and boat moorings not occupied by a caravan or boat

T   Dwellings comprised of a self contained unit which cannot be let separately from the main property without breaching planning (granny annexes)

Risk Assessment

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likeli-hood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	If there is a reduction in the number of class A and C properties the additional income may be lower than estimated	Mark Sheldon	11/12/2012	2	3	6	Accept	Monitor and review the estimated income	31/03/2014	Jayne Gilpin	

Explanatory notes

Impact – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)

Likelihood – how likely is it that the risk will occur on a scale of 1-6

(1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)

Control - Either: Reduce / Accept / Transfer to 3rd party / Close

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Cheltenham Borough Council
Cabinet– 11th December 2012
Localisation of council tax support

Accountable member	**Councillor John Rawson, Cabinet Member Finance**
Accountable officer	**Mark Sheldon, Director of Resources**
Accountable scrutiny committee	**Overview and Scrutiny Committee**
Ward(s) affected	**All**
Key Decision	**Yes**
Executive summary	To feed back the results of the public consultation on the proposal to keep the 2013/14 council tax support scheme for working age customers similar to the current council tax benefit scheme, to agree a localised council tax support scheme from 1st April 2013 and recommend its adoption to Council.
Recommendations	a) **That Cabinet recommend to Council the adoption of the Department for Communities and Local Government (DCLG) default scheme as the Council's Local Council Tax support scheme for 2013/14, subject to the enactment of the relevant legislation and the final grant settlement being in line with current forecasts.** b) **That Cabinet recommend to Council that the local council tax support scheme disregards in full war widows and war disablement pensions when assessing entitlement to council tax support for working and pension age customers as currently happens for housing and council tax benefit.** c) **That work commences on developing a robust council tax support scheme for working age customers, to take effect from April 2014, which reduces the council tax support costs, protects vulnerable people as far as possible and keeps work incentives.**

Financial implications	Should the Council adopt the DCLG default scheme, then the cost to the Council in 2013/14 will be approximately £90,000 and the cost to the County Council and the Police Authority will be £522,000 and £96,000 respectively. The Government have recently announced that a one-off transitional grant is being made available for 2013/14 to support councils with well designed schemes. Initial indications seem to suggest that if the Council adopts the DCLG default scheme, then it will qualify for this funding, provided it makes an application within 14 days of 31st January 2013. If awarded this would reduce the Council's share of the costs down to £68,020, the County Council's share to £396,587 and the Police to £73,035. The cost of also disregarding war widows and war pensions as a local variation to the default scheme will cost an additional £8,000 for 2013/14 which may be shared between the District, County and Police depending on the final regulations. The Council will need to find other budget savings to meet these costs or consider using other council tax reforms introduced in the Finance Act relating to empty properties. A separate report will be presented to the Cabinet on this option. **Contact officer: Mark Sheldon, _mark.sheldon@cheltenham.gov.uk_, 01242 264123**
Legal implications	Cheltenham Borough Council must approve its local council tax support scheme at full council by 31st January 2013. In order to meet implementation timetables this report is being considered in advance of the final regulations. The draft regulations are complex and extensive, but the DCLG have assured local councils that the final regulations will mirror what is currently available in draft to help local authorities with the tight deadlines for implementation. **Contact officer: Peter Lewis, _peter.lewis@tewkesbury.gov.uk_, 01684 272012**
HR implications (including learning and organisational development)	None arising from this report **Contact officer: Julie McCarthy, _julie.mccarthy@cheltenham.gov.uk_, 01242 264355**
Key risks	There is a risk that council tax support take-up could increase during 2013/14, which will increase the projected costs that need to be found.
Corporate and community plan Implications	None
Environmental and climate change implications	None

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1. Background

1.1 In the 2010 Spending Review, the Government announced it would localise support for council tax from 2013/14 and reduce expenditure. This reform is part of a wider policy of decentralisation, aimed at giving councils increased financial autonomy and a greater stake in the economic future of their local area.

1.2 This means that from 1st April 2013, council tax benefit will no longer exist and in its place must be a scheme designed by the Council that gives support for council tax. Funding for this scheme will be at least 10% less than is currently received.

1.3 The Welfare Reform Act 2012 contains provisions for the abolition of council tax benefit paving the way for new localised schemes. The Local Government Finance Act 2012 imposes a duty on local authorities to design a localised council tax reduction scheme by 31 January 2013 and to consult about the scheme with major precepting authorities and such other persons as it considers likely to have an interest. Failure to do so will result in the DCLG imposing a default scheme, which is the same as the current council tax benefit scheme.

1.4 This Local Government Finance Act also contains a requirement to protect vulnerable pensioners, who will continue to receive the same levels of support under any localised scheme as they currently receive from council tax benefit.

1.5 At the time of writing the report the relevant regulations under the Local Government Finance Act are being finalised. The prescribed requirements, default scheme and council tax base are due to be announced at the end of November 2012 with details of funding and appeals and data sharing not due until the end of February 2013.

1.6 On 17th July 2012 the Cabinet approved in principle that existing working age council tax benefit claimants will not be affected by the introduction of a local support scheme for 2013/14 and resolved to carry out a full public consultation on that basis as set out in the report.

2. Council Tax Benefit

2.1 The Council currently pays approximately £7.1 million in council tax benefit each year and receives the same in benefit subsidy from the Government. A 10% reduction in funding will mean having to design a local scheme that reduces support for council tax by £710,000.

2.2 The protections in place for eligible pensioners will mean that a higher cut will have to be borne by working age claimants. In Cheltenham eligible pensioners make up 40% of the total caseload

2.3 Of the working age claimants in Cheltenham, about 68% receive other benefits and allowances from the DWP and so automatically qualify for council tax benefit. These claims are referred to as 'passported' claims and very little data is held by the Council for these people in order to assess their eligibility for support from a local scheme.

2.4 The new scheme for working age claimants is also expected (but this is not compulsory) to protect the vulnerable (not defined by the Government) and not to disproportionately disadvantage those in work.

2.5 Based on the Finance Act timetable the data sharing procedures etc will not be available until the end of February 2013, making it difficult to develop a sustainable localised scheme for 2013/14.

2.6 In addition to this, universal credits are due to go live in October 2013 and at this stage we are unable to predict the impact of these changes on the council tax support customer base.

3. Local council tax support scheme and war pensions

3.1 Under the old council tax benefit regulations and the new default local council tax support scheme the first £10.00 of any war widows/widower's or war disablement pension is disregarded when working out a claimant's entitlement.

3.2 Cheltenham, along with most other councils, disregarded in full the remaining part of these types of income under a local scheme in council tax benefit and housing benefit. In return the Government reimbursed 75% of the cost of this local scheme.

3.3 The local scheme on the housing benefit side will continue under the existing powers.

3.4 In Cheltenham we have 13 pension age customers and 3 working age customers who currently fall under our local scheme for council tax benefit.

3.5 Should the final version of the default scheme for working age customers and the prescribed scheme for pension age customers not disregard in full war widows/widowers or war disablement pensions, then it is proposed that this should be included in our local scheme, subject to having the necessary legal powers.

4. Impact of the Reduction in Funding

4.1 The table below shows that the cost of Cheltenham choosing the default scheme would be around £90,000 in 2013/14. The County and Police share would be around £618,000 with their countywide costs being £3.273m.

10% Reduction in Funding for Gloucestershire

Precepting body	CBC £'ooo	CDC £'ooo	FoDDC £'ooo	GCC £'ooo	SDC £'ooo	TBC £'ooo	Total £'000
County Council	522	355	433	647	481	327	2,765
Police Authority	96	65	79	119	88	60	507
District	90	47	63	107	82	30	419
Parishes	0	17	21	0	26	13	77
Total	**708**	**484**	**596**	**873**	**678**	**430**	**3,768**

4.2 The Government have recently announced that £100m is being made available for 2013/14 as a one–off transitional grant to support councils that have designed schemes which limit the reduction in support to less than 8.5%.

4.3 Initial indications seem to suggest that if we adopt the DCLG default scheme for 2013/14, then the Council will qualify for this funding, provided it makes an application within fourteen days of 31st January 2013. If awarded this would reduce the Council's share of the costs to £68,020, the County Council's share to £396,587 and the Police share to £73,035.

4.4 The cost of also disregarding war widows and war pensions as a local variation to the default scheme for working age customers and the prescribed scheme for pension age customers would be an additional £8,000 for 2013/14.

4.5 Depending on the final regulations, this could be either a full cost to Cheltenham as a billing authority or a shared cost between Cheltenham, County and Police under the collection fund.

5. Reasons for recommendations

5.1 Details regarding welfare reform are still emerging and the picture continues to change and develop. The rules surrounding data sharing will not be finalised until February 2013.

5.2 Universal credits are due to go live in October 2013 and at this stage we are unable to predict the impact of these changes on the council tax support customer base.

5.3 The Government have announced a one off £100m transitional grant on the condition that local authorities cap any increased liability for council tax benefit customers to less than 8.5% for 2013/14. This means our shortfall, if we adopt the default scheme, is reduced to £68,000.

5.4 By delaying the adoption of a true local support scheme until 2014/15, we have twelve months to come up with a scheme which takes into account all the welfare benefit changes, public opinion, amount of savings we need to make long term, develop/test new software and understand the impact on collection levels of councils who didn't adopt the default scheme in 2013/14.

6. Alternative options considered

6.1 Alternative options were considered at the 17th July 2012 meeting and it was agreed only to consult on keeping the 2013/14 council tax support scheme for working age customers similar to the current council tax benefit scheme.

6.2 If an alternative option was considered we would not have time to do a public consultation within the deadline of 31st January 2013 and therefore the default scheme would be imposed on the Council by the DCLG.

7. Consultation and feedback

7.1 Based on the Cabinet decision on 17th July 2012, the Council embarked on a consultation exercise in collaboration with the other five local authorities in Gloucestershire, the County Council and Police during the period 10th August to 5th October 2012.

7.2 The consultation included a telephone survey, a publicised online web survey and a paper based survey (where requested). The full telephone survey results and a summary of the online web survey can be found in the background papers.

7.3 The consultation asked the key question of whether the Council should adopt the current council tax benefit scheme (DCLG default scheme) as its local council tax support scheme for 2013/14. The exercise was also used to start to gauge opinion on potential changes that could form part of the revised local scheme from April 2014.

7.4 In response to the key question, 69% of the telephone responses and 64% of the online web responses strongly agreed/agreed that the local council tax support scheme for 2013/14 should be broadly the same as the current council tax benefit scheme and the funding shortfall should be found from other sources.

8. Performance management –monitoring and review

8.1 The benefits service will monitor additional expenditure against budget and any increased take-up of council tax support and any significant changes will be reported to cabinet.

Report author	Contact officer: Paul Aldridge, Paul.aldridge@cheltenham.gov.uk, 01242 264196

Appendices	1. Risk Assessment
Background information	- Link to telephone survey - Link to Online survey - Link to DCLG default scheme for working age customers - Link to DCLG prescribed scheme for pension age customers

Risk Assessment

Risk ref.	Risk description	Risk Owner	Date raised	Original risk score (impact x likelihood)			Managing risk		Deadline	Responsible officer	Transferred to risk register
				Impact 1-5	Likeli-hood 1-6	Score	Control	Action			
	Financial risk if take up of council tax support significantly increases during 2013/14	Mark Sheldon		4	2	6	Accept	Monitor throughout year as part of the ongoing controls			
	Potential reputation risk if war pensions is not disregarded under the local council tax support scheme	Council		3	2	6	Accept	Council takes this risk into account when making the decision			

Explanatory notes

Impact – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)

Likelihood – how likely is it that the risk will occur on a scale of 1-6

(1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)

Control - Either: Reduce / Accept / Transfer to 3rd party / Close

Guidance

Types of risks could include the following:

- Potential reputation risks from the decision in terms of bad publicity, impact on the community or on partners;
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- Environmental risks associated with the decision;
- Potential adverse equality impacts from the decision;
- Capacity risks in terms of the ability of the organisation to ensure the effective delivery of the decision
- Legal risks arising from the decision

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Risk Description
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Risk owner
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Risk score
Impact on a scale from 1 to 5 multiplied by likelihood on a scale from 1 to 6. Please see risk scorecard for more information on how to score a risk

Control
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Action
There are usually things the council can do to reduce either the likelihood or impact of the risk. Controls may already be in place, such as budget monitoring or new controls or actions may also be needed.

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For further guidance, please refer to the risk management policy

Transferred to risk register
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Cheltenham Borough Council
Cabinet – 11 December 2012
ICT Commissioning Review

Accountable member	**Councillor Jon Walklett, Cabinet Member for Corporate Services**
Accountable officer	**Mark Sheldon, Director, Resources**
Ward(s) affected	**None**
Key Decision	**Yes**
Executive summary	The ICT service, like all other parts of the council, has been under pressure to reduce its spending over recent years. The council is currently faced with the twin challenges of: i) improving its corporate ICT infrastructure requiring significant investment; and ii) responding to a significant increase in staff turnover in the last 12 months. Although the service has been successful in delivering a number of high profile projects such as the support and hosting centre of excellence provision to GO Shared Services (GOSS), overall the service is under pressure. It was acknowledged that the creation of GOSS could provide the catalyst for other shared service arrangements between the GO partner councils and ICT was always a service area where there appeared to be great potential to collaborate. The ICT commissioning review has provided an opportunity to consider and evaluate the commissioning options available to the council and to recommend a way forward for the future.
Recommendations	**It is recommended that Cabinet:** 1. Approves the ICT Infrastructure Upgrade Strategy at Appendix A and recommends to Council that it approves the allocation of funding to finance the programme as part of the budget setting process for 2013/14. 2. Approves the ICT Review Business Case at Appendix B. 3. Cabinet endorses the development of a Business Case for 4 way sharing between the GO partner councils (Forest of Dean District Council, Cotswold District Council, West Oxfordshire District Council) with any decision being brought back to Cabinet at the latest by August 2015 and that the service delivery model (i.e. outsourcing; managed service etc.) be reviewed again at that time.

	4.	Subject to obtaining the agreement of the GO partner councils, CBH Limited and Ubico Limited to :

<table>
<tr><td></td><td></td><td>

- Approve the sharing of the council's ICT service with the Forest of Dean District Council, as lead authority.

- Delegate authority to the Director of Resources in consultation with the Cabinet Member for Corporate Services and the Borough Solicitor to enter into an agreement under Section 101 Local Government Act 1972 and s19 and s20 Local Government Act 2000 with Forest of Dean District Council, as the lead authority, for the provision of ICT services as outlined in Annex A of the ICT Business Case (Services in Scope for ICT Services) with effect from 1st April 2013 to January 2016.

- Delegate authority to the Director of Resources in consultation with the Cabinet Member for Corporate Services and the Borough Solicitor to enter into an agreement under Section 101 Local Government Act 1972 and s19 and s20 Local Government Act 2000 for the receipt of GO ICT Hosting and Support with effect from 1 April 2013 with the Forest of Dean District Council as lead authority for the GO Hosting and Support Centre of Excellence. This agreement may be incorporated into the s101 agreement referred to above.

- In order to ensure that existing agreements are consistent with the new agreements mentioned above to delegate authority to the Director of Resources in consultation with the Cabinet Member for Corporate Services and the Borough Solicitor to make consequential amendments to the following GO agreements:

  i) Collaboration Agreement dated 8th November 2010 (as varied (1st April 2012)

  ii) ERP System supply contract with SCC dated 8th November 2010.

</td></tr>
<tr><td></td><td>5.</td><td>The council's ICT staff whose roles fall within the scope of the list of services outlined in the service directory (Annex A to the Business Case) transfer to Forest of Dean District Council with effect from 1st April 2013 in accordance with the Transfer of Undertaking (Protection of Employment) Regulations 2006.</td></tr>
</table>

Financial implications	As detailed at sections 2 and 5 of the report **Contact officer: Mark Sheldon, mark.sheldon@cheltenham.gov.uk, 01242 264123**

Legal implications	In 2010 and earlier this year, the council together with the GO partner councils entered into a number of agreements to create the GO shared service. These agreements are:
	• Collaboration Agreement dated 8th November 2010 – This agreement is an over-arching contract between the GO partner councils and was entered into pursuant to s1 Local Authorities (Goods and Services) Act 1970, s3 Local Government Act 1999 and Part 1 Local Government Act 2000 and s111 Local Government Act 1972. Consequential amendments were made to this agreement when the GOSS agreement was entered into on 1st April 2012.
	• Support and Hosting Section 101 dated 8th November 2010– under this agreement the Council is the lead authority undertaking the services for the other partner Councils in accordance with s101 Local Government Act 1972 and s19 and s20 Local Government Act 2000
	• ERP System Supply Contract dated 8th November 2010– this contract relates to the ERP System with SCC
	• GOSS Agreement dated 1st April 2012-under this agreement the council delegated its finance, procurement, HR and payroll services to Cotswold District Council in accordance with s101 Local Government Act 1972 and s19 and s20 Local Government Act 2000
	The sharing of ICT services between this council and the Forest of Dean requires the agreement of all the GO partner councils as well as Ubcio Limited and CBH Limited (who receive their ICT services from this council). It is likely that each council and organisation will need to obtain the formal authority of their council to terminate the existing GO Support and Centre of Excellence s101 with the council and to transfer the functions to the Forest of Dean District Council.
	Contact officer: Shirin Wotherspoon, shirin.wotherspoon @tewkesbury.gov.uk, 01684 272017
HR implications (including learning and organisational development)	HR implications are detailed within the business case. The HR Business Partner will work closely with the service to ensure the TUPE process is followed correctly, keeping trade unions and employees fully informed.
	Contact officer: Donna Sheffield, donna.sheffield@cheltenham.gov.uk, 01242 774972

Key risks	An initial risk assessment is attached in Annex I of the ICT Review Business Case. Risks categorised with a risk score of 16 or above (red within the risk assessment matrix) will be transferred to the Council's Corporate Risk Register. The key strategic risks associate with this project are: i) Risks associated with the development and implementation of a shared ICT Service ii) Risks associated with the critical nature of ICT services iii) Risk associated with need to make the infrastructure investment
Corporate and community plan Implications	The successful implementation of a shared ICT service will make a significant contribution to the delivery of the council's corporate plan outcomes (i.e. back-office efficiencies to protect front-line service delivery)
Environmental and climate change implications	Being a shared service there will be an increase in staff travelling between the two partner councils (Cheltenham and Forest of Dean). With the rationalisation of the ICT infrastructure there is the potential to reduce the electricity usage required for the server room at Cheltenham Borough Council.

1. Background

1.1 Along with the rest of the Public Sector, Cheltenham Borough Council is undergoing a significant reduction in its operating budget. The challenge facing all Councils is how to continue to provide good quality services to customers with ever decreasing resources. In this respect, it is well acknowledged that back office efficiencies can significantly reduce operational costs for frontline services.

1.2 The ICT service, like all other parts of the Council, has been under pressure to reduce spending over recent years. This has led to under-investment in the corporate ICT infrastructure (PCs, laptops, operating systems etc) which is now becoming apparent through increased ICT service interruptions.

1.3 Coupled with this, the ICT Service has experienced a high turnover of staff in the last twelve months and, although there has been successful delivery of high profile projects such as the Support & Hosting Centre of Excellence provision to the GO Shared Services programme, overall the Service is under pressure.

1.4 However, as Cheltenham Borough Council is a commissioning authority, the current situation presents an opportunity to review what is required from the ICT service, and to assess options for its provision.

CBC ICT Service – Current Issues

1.5 The overall cost of the ICT service, excluding the annual ICT infrastructure renewals programme cost but including support services charges to the ICT service e.g. GO charges and the cost of the Municipal offices, is £739,000 per annum.

1.6 During 2010 data was collated as part of a SOCITM (Society of ICT Managers) value for money

benchmarking assessment for all Local Authorities. Since 2008-09 the service has contributed towards cost savings through the use of new technologies and efficiencies. Overall savings totalling £346,000 per annum have been achieved.

1.7 However, whilst the SOCITM survey in 2010 assessed the ICT service as generally good and fit for purpose, most recently a number of pressures are being felt by the service:

- The impact of single status and the resulting loss of key technical staff responsible for databases, servers, telephony and network

- ICT management numbers reducing from 3 to 1 since the departure of the Assistant Director CAST and with the ICT Business Support Manager moving to the Commissioning Division

- The need not only to invest in the Council's corporate ICT infrastructure but also to provide the ICT team with the necessary technical skills to support the infrastructure implementation.

2. CBC ICT Infrastructure Upgrade Strategy

2.1 The proposed ICT infrastructure upgrade strategy is attached at Appendix A. When evaluating the options open to commission CBC's ICT service provision, assumptions regarding the capital investment that will needed for each commissioning option have been made.

2.2 A summary of the capital investment requirement and the funding strategy over the period of the MTFS is set out in the table below:

Funding strategy - capital	2013/14 (£k)	2014/15 (£k)	2015/16 (£k)	2016/17 (£k)	2017/18 (£k)	5 Year Total (£k)
Total annual investment strategy budget (based on the shared service – preferred option)	409.5	241.1	275.6	77.4	62.8	1,066.4
Funded by:						
Existing one off funding available	348.0					348.0
General Fund Capital Reserve	11.5	141.1	225.6	77.4	62.8	518.4
Housing Revenue Account (HRA)	50.0	100.0	50.0			200.0
Total funding	409.5	241.1	275.6	77.4	62.8	1,066.4

2.3 he infrastructure investment supports the full range of council activities and services including the Housing Revenue Account. The Cabinet's agreement to the recommendations for corporate ICT infrastructure investment is necessary to underpin the commissioning decision recommended and addresses the issue of lack of investment which came out of the review.

2.4 There is a requirement for additional resources, over and above the sources of funds currently earmarked to support the ICT commissioning review and existing budgets. The Cabinet is requested to support a recommendation to council to earmark an additional £518.4k from the Capital Reserve and use £200,000 from Housing Revenue Account Reserves to support the ICT Infrastructure investment programme.

2.5 In addition, there is a revenue investment requirement associated with the capital investment over the period of the MTFS as outlined in the Annex B of the Infrastructure Upgrade strategy. The Infrastructure upgrade strategy includes expenditure which was already in the programme including some items which were funded from existing revenue budgets. By agreeing the funding

strategy for the capital investment, revenue budgets are released to fund the above revenue implications of the infrastructure upgrade programme; therefore no additional revenue funding is required.

3. ICT Review Business Case

3.1 The ICT Review Business Case (Appendix B) outlines the business drivers which have lead to the commissioning review of ICT, namely:

- The ICT estate has been under invested over the last few years - service levels, resilience and project support are suffering as a result.

- The resource pool in the organisation is not sufficiently sized or skilled to deliver the ICT needs of the Council.

3.2 In addition, the Council is seeking to achieve further efficiencies from its back-office services and whilst ICT has reduced its cost of the last 4 years the Medium Term Financial Strategy (MTFS) is such that all areas of the Council are being expected to contribute to achieving a balanced budget.

ICT Service Delivery Scope

3.3 A service directory has been compiled which outlines the services in scope of this ICT Review and this is outlined at Annex A to the Business Case. When evaluating options, this service directory has been used as the basis on which the services have been assessed, for both a financial and non-financial perspective.

Service Operation	The activities required to deliver 'business as usual', such as fault resolution, support and maintenance.
Service Strategy	The governance arrangements and decision-making processes that align service offerings to business needs. This includes ICT strategy, service delivery, standards, performance, portfolio (applications) and financial management.
Service Design	Building structural service integrity into the infrastructure, systems software and applications deployed to advance the strategy. This includes identification of service requirements, design of technical solutions, service level management and service assurance.
Service Transition	The activities that support the preparing for, and management of, change, including transition planning, asset and configuration management, and change management.

Ambition and Outcomes for the ICT Service

3.4 The overall ambition for ICT is:

A modern, in touch and innovative ICT service, which is an integral part of the business that understands and responds to the complex business needs of the Council and its partners enabling delivery of services in innovative, effective and efficient ways.

3.5 Commissioning requires a focus on the outcomes which the Council is looking to deliver once the service has been commissioned. The project team engaged with Members, Senior Leadership Team (SLT) and service managers to identify what was important to them from ICT in the future.

In summary the options that Members and officers were looking for from ICT in the future are:

- An up to date ICT infrastructure which meets business needs

- Resilience – systems and technologies plus staffing numbers and support

- Secure – systems that are secure and tested ICT disaster recovery / business continuity plans in place

- Flexibility / agility – to refocus resources etc as situations change and opportunities arise

- Modern and innovative – able to respond to complex needs of the Council and its partners business requirements

- Providing an opportunity for formal ICT support outside of normal office hour in the future

- Continuous improvement – ensuring ICT continues to provide an excellent service to the Council and to all partners

- Horizon scanning – ability to identify emerging technologies and assess their relevance for services and achievement of the Council's outcomes

3.6   Annex D (Evaluation of Service Delivery Models) to the Business Case summarises how each of the identified service delivery options measures up against the outcomes the Council is seeking to achieve from commissioning ICT.

Scrutiny Task Group Recommendations

3.7   Commissioning reviews are generally supported by a Cabinet Member Working Group who provide a critical friend challenge to the Cabinet Member and the project team. In the case of ICT, this role was performed by a scrutiny task group which had been set up to review the Council's current ICT provision.

3.8   The scrutiny task group undertook a high level review of the ICT service from which a number of recommendations were made and considered and accepted by Cabinet at its meeting on 16 October 2012.

3.9   In addition to meeting the requirements of the ICT services laid out in the service directory, the scrutiny task group felt it was important that the following contextual issues were addressed in any decision to commission the service:

- A long-term ICT infrastructure plan was essential to support the future delivery of a modern and effective ICT service regardless of how the service was delivered

- As part of the long-term infrastructure plan, the impact of GO and other existing and any new IT applications on the Council's infrastructure, current and future, be understood and underpin the commissioning review decision

- The Council's desire to move offices in the future must be taken into account when determining future ICT provision as must the potential impact of the Council commissioning other services away from the Council's direct provision

- Particular provision must be made for Members ICT to ensure that it is as flexible as possible and compliant with Government required security arrangements

- Disaster recovery and business continuity planning must be carefully considered in any decision to commission ICT

GO Shared Services and ICT Hosting and Support

3.10   The Council is in a fairly unique position in that it is the Support and Hosting Centre of Excellence

for GOSS and has been delegated, under Section 101 Agreements, to provide GO related ICT services to the GO partner councils (Cotswold District Council, Forest of Dean District Council and West Oxfordshire District Council).

3.11   Any decision to move away from direct provision of ICT by the Council will require agreement from the GO partner Councils, based on a due diligence process, and this will be covered later when considering implementation of the shared service with Forest of Dean District Council.

3.12   Discussions with the GO partners at the GO Client Officer Group (GO COG) determined that none of the partners had any objection to the support and hosting moving to the Forest of Dean District council and none of the GO partner councils put forward any alternative bids for support and hosting.

4.   Service Delivery Options

4.1   Section 2 of the Business Case outlines the options appraisal process and describes how the long-list of options was reduced to 3 potential delivery arrangements:

- Outsourcing
- In-house
- Shared Service

4.2   Annex F to the Business Case shows a SWOT (strengths, weaknesses, opportunities and threats) analysis of the three potential delivery arrangements.

Assumptions

4.3   When evaluating the different service delivery models available, it has been assumed that the ICT Infrastructure Upgrade Strategy – November 2012 has been approved for the funding of the required improvements to the council infrastructure.

4.4   When evaluating the 3 potential commissioning options it was determined that no matter which option was chosen it would require a similar level of investment to update the infrastructure to what would be considered appropriate for servers and storage hardware.

5.   Options Appraisal

5.1   The option appraisal process has 2 parts. Firstly, a non-financial qualitative assessment of how well each of the short-listed options might deliver against the outcomes (criteria) set by the Council and, secondly, a financial appraisal of the costs and benefits of each option.

Non-financial Assessment

5.2   Earlier in this report the strategic outcomes which Members and officers wanted to see from the Council's ICT service in the future were described. These outcomes or criteria formed the basis of the non-financial appraisal of the 3 potential delivery options.

5.3   Annex D (Evaluation of Service Delivery Models) to the Business Case shows the outcome of the assessment and concludes that all three options are capable of supplying the required outcomes but the requirements will be best met by either outsourcing or through a shared service with Forest of Dean.

5.4   The in-house option was assessed to be lacking in terms of resilience and disaster recovery / business continuity. It would also be less well equipped to provide out of hours support.

5.5 It was also considered at this point of the assessment that the shared service option with Forest of Dean provided the greatest flexibility to facilitate the wider sharing of ICT services across the GO partner councils. Therefore, the outcome of the financial assessment would be important to determine whether the financial case for sharing was either better than outsourcing or, if not, whether it would be worthwhile sacrificing greater savings in the short term for potential bigger savings in the longer term.

Financial Assessment

5.6 Earlier reference was made to the ICT Infrastructure Upgrade Strategy. The strategy is important to the commissioning decision because the three options result in slightly different infrastructure and associated costs. The Business Case outlines these in detail but a summary of investment required over the period of the MTFS i.e. 2013/14 to 2017/18, is as follows:

	Outsource (£)	In-house (£)	Shared Service (£)
Total Capital Investment	1,050,400	1,079,100	1,066,400
Total Revenue Investment	251,500	340,900	285,000

5.7 Annex I to the Business Case (Costs and Savings) provides a summary of the costs / (savings) that each option is expected to deliver over the period of the MTFS i.e. 2013/14 to 2017/18:

	Outsource (£)	In-house (£)	Shared Service (£)
Annual costs / (savings) by 2015/16	£(11,800) to £(33,900)	146,700	(159,500)
Total costs / savings 2012/13 – 2017/18	£(59,000) to £(169,500)	733,500	(516,200)

5.8 Against the overall cost of the ICT Service (£739,000 per annum) the Shared Service option will deliver annual savings of £159,500 per annum (22%) by 2015/16.

5.9 Although over the next five years, there will need to be a slightly larger investment made in the Shared Service option (an additional £16,000 capital and £33,500 revenue); the savings that will be made are significantly larger. From a financial perspective it is therefore recommended to proceed with the Shared Service option.

Shared Service Savings

5.10 Savings are likely to arise from the standardisation of the infrastructures, including the creation of common PC and laptop images across both councils. Further savings are likely to arise from the creation of the shared service. In addition, having so many applications is also expensive in licensing and presents complex support issues. Working with the relevant service units, common business applications will be reviewed to see if they can be shared or change how they are delivered (e.g. through cloud computing). It is anticipated that annual fees can be significantly reduced.

Potential Future Savings

5.11 The Business Case (Section 3) also identifies additional areas where it is anticipated savings will

be achieved:

Delivery Roadmap

5.12 The Business Case (Annex H) outlines the roadmap for sharing ICT with Forest of Dean District Council. The roadmap has been discussed with the relevant senior officers and Cabinet Member and if Cabinet endorse the approach to share between the two councils then Forest of Dean will present the proposal to their Cabinet in January 2013.

5.13 Key milestones from the roadmap are:

- January 2013 to April 2014 – share ICT Manager and Business Application Manager between Forest of Dean and CBC – commence work on standardising infrastructure and investigating opportunities presented by hosted solutions or cloud computing

- April 2013 to July 2015 – CBC ICT services staff (16.8FTE) TUPE to Forest of Dean as the lead authority effective from 1 April 2013 – continue to rationalise infrastructure and applications and complete the infrastructure standardisation by October 2014

- April 2015 (overlap) – December 2015 – Develop Business Case for enlarged ICT shared service (four way sharing) detailing cashable savings, efficient and resilient service delivery

- January 2015 onwards) – Depending on the outcome of previous stage formalise three way sharing with Cotswold and West Oxfordshire District Councils.

Funding Strategy

5.14 The council had previously allocated funds to support both the commissioning project and elements of the infrastructure upgrade in setting the budget for 2012/13 in February 2012.

5.15 The funding strategy for the Infrastructure Investment has been outlined at section 2. The following table summarises the revenue implications of the recommended service delivery option to set up a shared service. It should be noted that these are indicative estimates only.

	2012/13		2013/14	2014/15	2015/16	2016/17	2017/18	TOTAL
Shared Service	£9,200		£41,800	-£79,500	-£159,500	-£159,500	-£159,500	**-£516,200**

5.16 At this stage it is assumed that the additional revenue costs in 2012/13 and 2013/14, which arise from the creation of the shared service, will be met from within the existing current and next year's budget. This will be reviewed at the 2012/13 financial year end.

5.17 In addition, there are one off revenue set up costs totalling £59,500, associated with potential de-commissioning costs, initial legal and pensions advice (see Business case - Annex I). These costs will be met from the budget already set aside and agreed by the council in February 2012.
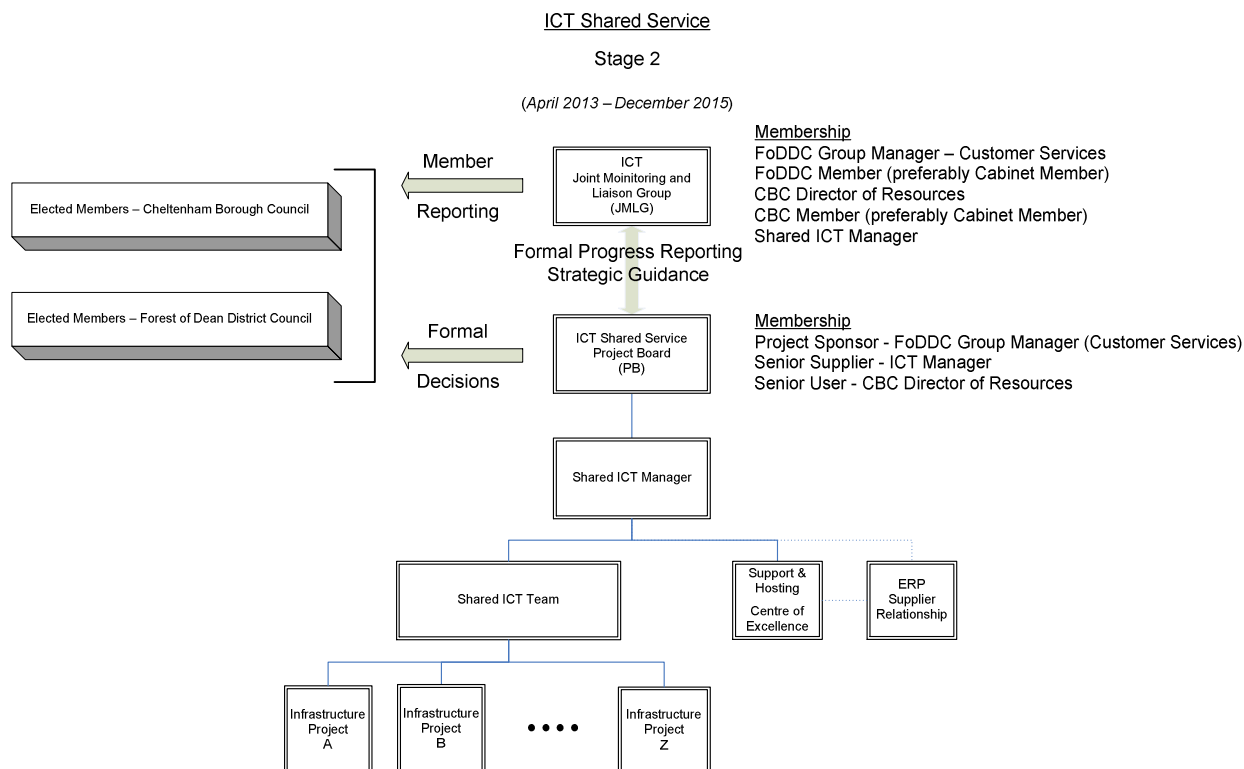
6. Recommendations and Next Steps

6.1 Based on the non-financial assessment of the 3 short-listed options and the outcome of the financial assessment the option which best satisfies both the strategic outcomes identified by officers and Members and delivers the best financial outcome for the Council is a shared service with Forest of Dean District Council.

6.2 Furthermore, the recommendation is that Forest of Dean District Council be designated the lead authority for the shared service with effect from 1 April 2013 under an agency agreement under Section 101 Local Government Act 1972 and Sections 19 and 20 Local Government Act 2000.

6.3 The creation of the shared service will require the TUPE - Transfer of Undertakings (Protection of Employment) Regulations 2006 - of CBC staff to Forest of Dean District Council with effect from 1 April 2013.

6.4 As the Council is currently the Support and Hosting Centre of Excellence for GOSS the creation of the shared service and the consequent eventual TUPE transfer of CBC staff, will be subject to the completion of a due diligence process carried out by the GO Shared Services Client Officer Group. Once this is complete to the satisfaction of the client officers, formal Cabinet endorsement by Cotswold District Council and West Oxfordshire District Council will be required to accept the GOSS Hosting and Support Centre of Excellence service from Forest of Dean District Council from 1 April 2013.

7.   Performance Management – Monitoring and Review (Governance arrangements)

7.1 In terms of the Project Team structure, it is expected that the Project Board will comprise the Project Sponsor (Forest of Dean District Council Group Manager (Customer Services)); the Senior Supplier (ICT Manager) and the Senior User (Cheltenham Borough Council Director of Resources).

7.2 Forest of Dean District Council will appoint a Project Manager(s) to be responsible for the delivery of the project to standardise ICT infrastructures and the eventual restructuring of the ICT Team.

7.3 From April 2013 there will be three reporting mechanisms in place:

- An ICT Shared Service Project Board that will be managing the delivery of the standardised infrastructure within Cheltenham Borough Council

- An ICT Joint Monitoring and Liaison Group (JMLG) that will be monitoring the performance of the Shared ICT Services at both Forest of Dean District Council and Cheltenham Borough Council

- The GO Shared Services Joint Monitoring and Liaison Group that will continue to monitor the performance of the GO Support & Hosting Centre of Excellence as currently happens.

7.4 The performance of the Shared ICT Service will be monitored through Service Level Agreements (SLA) agreed as part of the Section 101 Agreement. The SLA will be monitored by the ICT JMLG comprising:

- Group Manager (Customer Services) - Forest of Dean District Council

- Cabinet Member - Forest of Dean District Council

- Director of Resources - Cheltenham Borough Council

- Cabinet Member - Cheltenham Borough Council

ICT Shared Service

Stage 2

(April 2013 – December 2015)

Membership
FoDDC Group Manager – Customer Services
FoDDC Member (preferably Cabinet Member)
CBC Director of Resources
CBC Member (preferably Cabinet Member)
Shared ICT Manager

Membership
Project Sponsor - FoDDC Group Manager (Customer Services)
Senior Supplier - ICT Manager
Senior User - CBC Director of Resources

Member

Reporting

Formal

Decisions

Formal Progress Reporting
Strategic Guidance

Elected Members – Cheltenham Borough Council

Elected Members – Forest of Dean District Council

ICT Joint Moinitoring and Liaison Group (JMLG)

ICT Shared Service Project Board (PB)

Shared ICT Manager

Shared ICT Team

Support & Hosting Centre of Excellence

ERP Supplier Relationship

Infrastructure Project A

Infrastructure Project B

Infrastructure Project Z

Governance Arrangements flowchart

7.5 Suggested Key Performance Indicators (KPIs) for the monitoring of the Shared ICT Service are included in Annex J of the ICT Review Business Case.

8. Equalities and Impact Assessment

8.1 Based on the initial equalities impact assessment, due to the nature of the project, the equalities impact is very small. The Project Board will ensure that equalities impacts are considered during all major processes from procurement through configuration to business and employee change arrangements.

Report author	Contact officer: Mark Sheldon mark.sheldon@cheltenham.gov.uk, 01242 264123
Appendices	A. Infrastructure Upgrade Strategy B. ICT Review Business Case
Background information	1. ICT Shared working agreement

ICT Infrastructure Upgrade Strategy

Project	**:**	ICT Review
Title	:	**ICT Infrastructure Upgrade Strategy**
Status	:	Release
Filename	:	
Issue Number	:	1.0
Date	:	23 November 2012
Originator	:	Mike Brown

Approval:

Name	Role	Signature
Pat Pratley	Project Executive	
Mark Sheldon	Director of Resources	

Distribution List

Name	Role
Paul Woolcock	ICT Manager – Cheltenham Borough Council
Matthew Thomas	ICT Manager – Forest of Dean District Council
Mark Sheldon	Director of Resources - Cheltenham Borough Council
Cllr Jon Walklett	Cabinet lead for Corporate Services

Document Control

Changes History

Release	Date	Reviser	Summary of Changes
0.1	23/10/12	M. Brown	First Draft – circulated to PW and MT for accuracy checks and amendments
0.2	25/10/12	M. Brown	Second Draft – circulated to MS for comments/amendments
0.3	29/10/12	M. Brown	Third Draft – incorporating MT, PW comments and updated to include Scrutiny Task Group recommendations – to MS for discussion
0.4	31/10/12	M. Brown	Fourth Draft – incorporating MS and CC amendments
0.5	5/11/12	M. Brown	Fifth Draft – reformatting sections 4 and 5, adding section 7
0.6	7/11/12	M. Brown	Sixth Draft – adjustments to reflect 570 users
0.7	21/11/12	M. Brown	Seventh Draft – updated section 3 post virus attack and financials
0.8	22/11/12	M. Brown	Eighth Draft – restructured with MS comments
1.0	23/11/12	M. Brown	Release version

Changes Planned

None

References

1.   ICT Review Business Case

2.   Scrutiny Task Group Report – ICT Review – September 2012

3.   Shared ICT Working Strategy, version 3.0 - 9 October 2012

ICT Infrastructure Upgrade Strategy

1.   Purpose

The ICT Scrutiny Task Group has recommended that a long-term ICT infrastructure investment plan is put in place as part of the current budget cycle and as an essential element to support the ICT Commissioning review.

The purpose of this document is to create this plan by:

- outlining the current position of the Council's ICT infrastructure,
- identifying existing or imminent issues for each of the infrastructure components, and
- proposing upgrade paths and costs over a 5 year period.

It also compares the cost of implementing this strategy against existing ICT capital and revenue budgets, to identify any short-fall.

This is a five year strategy that will be reviewed, and revised, on an annual basis.

2.   Introduction

The ICT Infrastructure comprises of all the technologies required to be able to gather, store, secure, back up, manipulate, print, transmit and share Council information. This includes servers, desktop devices such as PCs, voice and data networks. It also includes the Council's telephone system. For each of these technologies, there are usually three basic elements – hardware, software and an operating system. Surrounding these core technologies are other products which add protection (e.g. anti-virus systems on email servers) and provide security (e.g. firewalls).

This Strategy looks at what effect Cloud Computing has on the infrastructure elements (4.2), and analyses the financial implications of using a managed service to deliver Cloud Computing via 'data centre' infrastructure services, rather than the Council investing in its own technology (6.1).

The ICT Scrutiny Task Group recommended that the impact of the Council's accommodation strategy be fully understood regarding any decisions on expenditure (or delay in expenditure) on ICT infrastructure. Therefore this Strategy takes into account the potential impact of the Accommodation Review, especially in respect of a move away from the Municipal Offices in the next two to three years, and wherever possible utilises solutions and technologies that are portable between different locations. This is also considered in areas such solutions for remote and flexible working (4.8).

During the upgrade process old equipment will be removed from a live environment. ICT will try wherever possible to reuse this on the Disaster Recovery site, within a Test environment, donate to charity (e.g. IT Schools for Africa) or, if it cannot be re-used, then disposed of in accordance with the Waste Electrical and Electronic Equipment (WEEE) Directive.

3.   Assumptions

3.1   Commissioning

As a strategic commissioning Council, the new organisational model will move towards a slimmer strategic core with more services delivered at arms length through a variety of delivery bodies. This makes infrastructure planning for the next five years difficult, as these new delivery bodies may choose to use their own ICT services, sourced from a supplier of their choosing.

The current Commissioning Review of Leisure and Culture may result in a Trust being formed. Past experience indicates that these bodies tend to use their existing ICT service provider for at least two years after the body has been formed. During Year 3 of this Strategy investment in server and data storage is planned. The level of expenditure planned will substantially decrease should service demand be reduced.

3.2   Accommodation

If the Council moved out of the Municipal Offices, then the server room will need to be replicated elsewhere, and all of its incoming and outgoing voice and data communications networks re-routed. Alternatively, the server room and/or the services provided from the server room could be relocated to a third party to manage on the Council's behalf. The investment proposed is, as far as possible, portable to a new office location.

4.   Current Position / Infrastructure upgrade requirements

This section provides high level detail of the Council's core technologies, identifying any major issues and/or areas requiring upgrades/investment.

Unless otherwise stated, all equipment and costs detailed within this document include Cheltenham Borough Homes, GO, Ubico, One Legal, Building Control and Audit staff based in the Municipal Offices. It does not include Cheltenham Festivals.

4.1   Microsoft licensing

Almost all of the Council's servers, PCs and laptops use Microsoft Windows operating systems. The Council buys licenses to use these operating systems on a one-off basis. When the Council wants to use later versions of the operating system (e.g. Windows 7), Office (e.g. Office 2010) and associated infrastructure products, it has to re-license and pay for the new licenses.

The last time that the Council undertook a similar, major re-licensing project was in 2000. The Council is now at a point where it needs to update all of its Microsoft licenses to reflect the new products required to bring the infrastructure up to date. As an example, the Council's PCs use the Microsoft Windows XP operating system, and that becomes unsupported by Microsoft in 2013-14.

The ICT department has been working with a third party (ComputaCenter) and Microsoft to identify the products required, and the most cost effective procurement framework to use. The conclusion was that a Microsoft Enterprise Agreement was the best option for the Council. This option is heavily discounted for local government.

The majority of work on upgrading the infrastructure would need to be carried out in Years 1-3, therefore the spend profile would reflect this. The Council would enter into an Enterprise Agreement for three years, then have a 2 year 'break' before it would be time to upgrade all the licences again in Year 6. This licensing approach is common with the other GO partners.

There are some licences which the Council will not need immediately, but may/will need in the next three years (e.g. Sharepoint, Lync). In order to secure the discounted licence price for these products for the next three years, one licence has been factored in per product. At the end of each year, the Council would inform Microsoft of the number of licences in use and will pay Microsoft for these additional licences at the discounted rate. This process is known as 'true-ing up'.

There are some products which are more cost-effective procured using another type of Microsoft Agreement called a Select Agreement. The Council already has a Select Agreement in place. These Microsoft products are bought as and when required. The Council currently has licences for the following products which fall under this category: Microsoft Project (20 licences) and Visio (26 licences). An allowance has been included in the table below to bring these products up to date.

The table below captures the estimated total cost of Microsoft licences over the next five years, including 'true-ing up'. If the number of licences were to drop during the year, the Council would have the opportunity to 'true-down' the number of units (up to a maximum of 10%).

A more detailed breakdown of the Table below can be found in Annex C.

Year 1	Year 2	Year 3	Year 4	Year 5
Microsoft Licences and Software Assurance	Microsoft Licences and Software Assurance +	Microsoft Licences and Software Assurance +	Licence 'true-ing up' or 'true-ing down'*	Licence 'true-ing up' or 'true-ing down'*

£86.1k	Licence 'true-ing up' **£100.5k**	Licence 'true-ing up' **£113.4k**	- assume cost neutral	- assume cost neutral

4.2 Microsoft Office and Cloud Computing

It is possible to 'rent' the latest version of Microsoft Office rather than buying a licence for it. This Cloud-based offering is called Office 365 and for the type of service the Council requires, would be charged at £15 per user per month. Based upon the Council's 570 users, this equates to £513k over a 5 year period. The Office product covered in 4.1 above will cost £114k for the same period, therefore Office 365 is not a financially viable option.

4.3 Servers and Virtualisation

4.3.1 Servers

Until the introduction of a technology called Server Virtualisation, a server consisted of physical hardware (you could see it and touch it) and inside was its own operating system, processor, memory and storage discs. So if the server room contained 60 servers, there were 60 boxes.

Server virtualization is the partitioning of a physical server into smaller virtual servers to help maximize server resources. In server virtualisation the resources of the server itself are hidden, or masked, from users, and software is used to divide the physical server into multiple virtual environments, called virtual or private servers. This is in contrast to dedicating one server to a single application or task as described in the first paragraph.

It is highly desirable to virtualise the Council's servers for a number of reasons including power reduction (running less physical servers), easier to administrate and manage, better utilisation of processing power etc.

The Council started a server virtualisation programme some time ago. At the time of writing, the Council has 117 servers, of which 65 are virtualised. Although some servers cannot be virtualised for technical reasons, the remainder will be virtualised in Year 1, and there is sufficient capacity on the existing hardware (a HP enclosure and 7 blades) to accommodate this.

However, this HP hardware platform is nearing the end of its productive life (5 years) and needs to be replaced in Year 1.

Year 1	Year 2	Year 3	Year 4	Year 5
Replacement cost **£25k**		Additional equipment required for growth **£15k**		Additional equipment required for growth **£15k**

4.3.2 Server Storage

The Council's data is held on Storage Access Networking devices (SANs) – one is in the server room in the Municipal Offices and the other is located at the Depot and used for Business Continuity/Disaster Recovery.

The Municipal Office SAN is two years old and should be replaced in Year 3. An allowance is also made for the growth in the volume of data which the Council requires to retain (estimated at 25% per annum)

Year 1	Year 2	Year 3	Year 4	Year 5
	Additional equipment required for growth **£15k**	Replacement cost **£55k**		Additional equipment required for growth **£15k**

4.3.3 Server Backup

The Council's application databases are backed up to disc, and then copied to magnetic tape on pre-defined timescales. The magnetic tape library system is expensive in terms of the hardware it uses, and

the cost of the media (tapes). The system has been in place for five years and would have needed replacing in Year 1.

However, assuming that the Council engages with the Forest of Dean District Council (FOD) on shared ICT working, then it is intended to put in place reciprocal arrangements for the backing up of data between CBC and FOD, or another GO partner, each night over existing high speed data links.

This will mean that there will no longer be a requirement for daily magnetic tape backups.

It would be necessary to have a small tape library system to backup files 'off line' (i.e. backups can carried out during the day and will not have any impact on the live environment) and this is cost is included in Year 1.

Year 1	Year 2	Year 3	Year 4	Year 5
Replacement (smaller) tape library system **£7k**	Increase in Rev **£2k**	Backup Server replacement **£5k** Increase in Rev **£2k**	Increase in Rev **£3k**	Increase in Rev **£3k**

4.4   Desktops

4.4.1   PCs

The ICT departments supports 494 PCs, which should normally be written off financially after 3 years, but usually later become 'not fit for purpose' after 5 years. Around 75% of these PCs are 5 years old, or older.

Based upon the age of each PC, the required replacement budget would normally be profiled in Years 1 and 2. However, with the amount of essential work which needs to be undertaken in Year 1 on other ICT activities, large scale PC replacement will not be possible until Year 2.

First iteration

Year 1	Year 2	Year 3	Year 4	Year 5
	494 PCs @ £350 **£172.9k**			

The ICT industry is moving towards Desktop Virtualisation (see 4.4.2) and it will be possible to extend the life of the Council's current PCs by an extra 2 to 3 years by installing Citrix 'client' software on the PC and effectively converting it into a low-powered PC. This technology is not suitable for 'power' users of PCs (estimated to be around 75 within the Council).

There are some very old machines within the Council and these need replacing very quickly as they are causing operational problems daily. It is estimated that there are around 40 of these.

The final iteration below assumes desktop virtualisation is implemented.

Final iteration

Year 1	Year 2	Year 3	Year 4	Year 5
40 New PCs @ £350 19 Client licences @ £41 and 30 replacement monitors@ £90 **£17.5k**	200 Client licences @ £100 and 25 PCs @ £350 and 20 replacement monitors@ £90 **£30.5k**	100 Wyse devices @ £250 200 Client licences @ £100 and 25 PCs @ £350 and 20 replacement monitors@ £90 **£55.5k**	100 Wyse devices @ £250 Replace 25 PCs @ £350 and 20 replacement monitors@ £90 **£35.5k**	100 Wyse devices @ £250 20 replacement monitors@ £90 **£26.8k**

4.4.2   Desktop virtualisation

Desktop virtualisation is a set of mainstream technologies that allows servers to hold images of user desktops, which get downloaded from the server when the user logs in. So, if the user is using a PC that PC does not load up its own operating system (e.g. Windows XP) and does not use its own processing power etc.

This type of technology has many benefits but the main one for this section is that PCs can have a longer life as they are not confined by what version of the operating system they are capable of running. Another advantage is that PCs can be replaced by thin client terminals, which are considerably cheaper than PCs.

The Council uses Citrix XenDesktop as its virtual desktop infrastructure product, and has 85 licenses. This solution is currently in use by any staff using the remote access functionality. A small number of staff also use this facility at their office based location.

The majority of users require a standard desktop (e.g. Microsoft Office, e-mail, access to the Internet etc) and these users are suitable for using desktop virtualisation. A small number of users will require access to a wide range of applications and will therefore not be suitable candidates for virtualisation and will need to retain a PC.

The cost of introducing this technology is captured elsewhere in this document.

4.4.3   Laptops

The ICT department supports 76 laptops which are more expensive than desktops and should be financially written off after 5 years. A laptop currently costs £550 and a docking station £120. Not all laptop users use docking stations, and so an estimate of around one in three laptops will be used to estimate costs. Therefore a unit cost of £590 will be used for budgetary purposes.

Based upon the age of each laptop, the required replacement budget is profiled as follows:

Year 1	Year 2	Year 3	Year 4	Year 5
30 laptops @ £590 **£17.7k**	20 laptops @ £590 **£11.8k**	16 laptops @ £590 **£9.5k**	10 laptops @ £590 **£5.9k**	-

It is no longer necessary to have a Council laptop in order to work from home, as home computers can be used in association with 'Citrix' and dual factor authentication (see 4.4.2 and 4.7.6). Off site working may utilise iPads and a small number of corporately owned laptops on a daily, weekly or monthly loan basis. Therefore the budgets identified above include where iPads will be purchased instead of laptops.

4.5   Data Networks

4.5.1   Local and Wide Area Networks

The Council has a mixture of links including those which connect Council offices to the main network in the Municipal Offices, and to the internet. The cost-effectiveness and bandwidth capacity of each of these links is reviewed annually. As the links and associated termination equipment have been provided by the supplier during installation, there are no replacement costs.

If the links need to be upgraded because of lack of bandwidth, then this will require additional capital and revenue expenditure. However, as the cost of links and bandwidth are decreasing year on year, it is likely that this can be accommodated within current budgets.

4.5.2   Network Switches

The network is essential for servers, applications, PC's and telephones to connect to each other. There are two categories of network switches – core switches and edge switches.

Core switches control the 'backbone' of the network, and no data can be transmitted between devices (e.g. between PCs and servers) without them. They are programmed with 'routing tables' to ensure that data is sent to the correct location. The switch used in the Municipal Offices was installed around 2004 and is in urgent need of replacement.

Year 1	Year 2	Year 3	Year 4	Year 5
New resilient core switch **£50k**				

Edge switches control data between the core switch and other parts of the Municipal Office, and remote Council offices, including Cheltenham Borough Homes.

Most of these switches will not have the speed and capacity to deliver the volume of data to desktops that the new versions of the software (e.g. Windows 7 etc) will require. After taking into account the potential reduction in edge switches required (e.g. Cheltenham Festivals) 53 replacements will be required.

Year 1	Year 2	Year 3	Year 4	Year 5
22 edge switches @ £2k each **£44k**	31 edge switches @ £2k each **£62k**			

4.5.3   Wireless (WiFi)

The Council has started to invest in wireless networking and has piloted provision of three wireless services – for Council staff, for guests, and for GO shared services in the Municipal Offices. There is an increasing requirement for staff and Members to be able to bring their own devices into work and use them for Council business.

As a principle, every new site should install wireless networks as standard. Investment in wireless networks for existing sites will be considered on a site-by-site basis. Some of the wireless technology is reusable (e.g. the access points) but the installation cost (£150 to connect each access point to the central core) is not.

Below is the estimated capital cost of installing a comprehensive wireless network **within the Municipal Offices only:**

30 access points @ £650 per device £19.5k	30 cable installs from access points to the central core @ £150 per cable £4.5k	Equipment for the core connections £3k	**Total capital to install wireless connections throughout the Municipal Offices £27k** Increase in Rev Yrs 2-5 **£3k pa**

4.6   Telephony

4.6.1   Switch

The Council's Avaya 1000M Succession telephone switch (or telephone exchange) is a system of electronic components that connects telephone calls – but it also does much more, including diverts, hunt groups, contact centre, voicemail etc. It was installed around 2004, and is maintained and supported by a company called Intrinsic Technologies. There are 90 trunks (lines) used for both incoming and outgoing telephone calls, but it may be possible to reduce this number should the demand drop due to changes within shared services or the results of Commissioning within the Council.

The telephony switch needs to be upgraded but it would make sense to first decide whether or not to have one Switch used by both councils (i.e. the Forest of Dean and Cheltenham).

If it was decided not to share Switches, then the Council will need to spend approximately £70k in Year 2 (plus every 2 years) on consultancy services (engineers, consultants etc) just to maintain the current solution.

There would be an additional revenue stream required in Years 4 and 5 for Voice over IP (VOIP) handset repairs/replacements

However, there is a third option in order to move the phone system forward. The telephony industry has moved to VOIP (Voice over IP) and now more recently to SIP (Session Initiation Protocol). The recommended way forward is to migrate to Microsoft Lync (option 4.6.2 below) which will facilitate flexible working i.e. soft phone technology whereby phones follow individual login anywhere on the network. Lync licensing costs have been included in the Microsoft Enterprise Agreement.

Year 1	Year 2	Year 3	Year 4	Year 5
Option 1 - Upgrade current phone system to VOIP **£135**	No Cost	**£70k**	No Cost	**£70k**
Option 2 - Migrate to single Telephone system **£115k**	No Cost	No Cost	Handset repairs and replacements **£3k**	Handset repairs and replacements **£3k**
Option 3 – Migrate to Lync as main phone system **£10k (Has to be done in-conjunction with 3.5.2)***	**£5k**	No Cost	No Cost	No Cost

4.6.2   Unified Communications

Unified Communications is the streamlining of inbound and outbound communication. It integrates and connects landlines, mobiles, email, SMS and instant messaging, presence and desktop. It combines a Council's switch (an IP-PBX), mobile network, data network and desktop environment. It means staff would be able to access any communication channel on any device. They could switch seamlessly between channels – moving from their mobile to their desk phone, or clicking to call the sender of an email. Some councils have fully introduced this technology, many (such as the Forest of Dean) have implemented some aspects of this technology and others, such as Cheltenham, are yet to start. It is expected that the Council will complete a full roll-out within the next five years.

Lync is Microsoft's version of Unified Communications and this is the product which the Council will use. Lync takes away the need for a physical phone, as calls can be routed to a 'soft phone' on, for example, a laptop. This allows greater opportunities for flexible working.

Year 1	Year 2	Year 3	Year 4	Year 5
Handsets, video cameras etc for the pilot group **£13k**	Handsets, video cameras etc **£6k** Increase in Rev **£2k**	Handsets, video cameras etc **£6k** Increase in Rev **£3k**	Handsets, video cameras etc **£6k** Increase in Rev **£4k**	Handsets, video cameras etc **£6k** Increase in Rev **£4k**

4.6.3   Mobiles

The Council and Cheltenham Borough Homes have 451 registered numbers, of which 303 are mobile phones, under a contract with Vodafone. As the contract comes to an end it can be re-negotiated or a new supplier selected. It is envisaged that all GO partners will go out to tender for a joint procurement of a mobile service provider. Whichever option is progressed, the overall contract value is likely to be **cost neutral** as new handsets are usually provided free of charge as part of any new contract.

4.6.4   Smart phones

The Council has 32 Blackberry devices, connected to the Blackberry Enterprise Server (BES) to provide security. The future for Research in Motion as a company is unsure, therefore alternative provision will be investigated. As the majority of Blackberry users are senior staff and managers, who are likely to have their own smart phones anyway, it is likely that CBC email and calendaring facilities will be provided to staff on their personal smart phones, provided that the devices are Government Connect approved (currently iPhone, iPad and specific Samsung Galaxy devices). This move will be **either cost neutral or provide a small revenues saving**.

4.7   Security

4.7.1   Firewalls

The Council currently has 6 firewalls in operation.

- 4 are located at the Municipal Offices (2 x WatchGuard) for general internet access, 1 is for GO staff access (Cisco), and the other is for GCSX staff access (Cisco).
- 1 is at the Depot (Watchguard) and is only used when disaster recovery is activated.
- 1 is in Leisure@ (Cisco) to control public and equipment supplier access.

The 3 Watchguard firewalls are over 5 years old and are due for replacement. It is intended to rationalise the 6 firewalls and to consolidate down to 3 over Years 1 and 2. This excludes the firewall at the Depot as it is expected to have DR arrangements with FOD or another GO partner, who would already have a firewall in place.

Year 1	Year 2	Year 3	Year 4	Year 5
2 firewalls @ £15k each **£30k**	1 firewall @£3k for GCSX **£3k** Increase in Rev **£10k**	Increase in Rev **£11k**	Increase in Rev **£11k**	Increase in Rev **£11k**

4.7.2   Anti virus protection

Anti virus protection is required for PCs/laptops, Servers, Email and Sharepoint (it is assumed that it will be decided to use this product).

- **Anti virus protection for PCs/laptops** is currently included in a security product suite. Assuming that the Council enters into the Microsoft Enterprise Agreement, then this protection will be included within the Agreement.

- **Anti virus protection for servers** is also currently included in the security product suite. Assuming that the Council enters into the Microsoft Enterprise Agreement, then this protection will also be included within the Agreement.

- **Anti virus for Email** is protected at two levels. The first level is provided by a company called MessageLabs who scan Council email messages before they reach the Council. They scan for viruses, spam and other unsolicited emails. Upon arrival at the Council, the email server itself has Sophos scanning software, to carry out a second check. Although it is prudent to have emails scanned by two systems, the MessageLabs service is relatively expensive and will be replaced by a less expensive product expected to cost £3k p.a. Therefore, it is estimated that there will be an annual revenue saving of £4k.

Year 1	Year 2	Year 3	Year 4	Year 5
Revenue saving £-4k	Revenue saving £-4k	Revenue saving £-4k	Revenue saving £-4k	Revenue saving £-4k

- **Anti virus for Sharepoint** is protected on a per Sharepoint server basis. If a service such as Electronic Document Management (EDMS) is needed, then that requires a minimum of 2 servers

Sharepoint option

Year 1	Year 2	Year 3	Year 4	Year 5
	-	2 x Sharepoint server @ £5k each **£10k**	Increase in Rev **£2k**	Increase in Rev **£2k**

4.7.3   Internet filtering/scanning

This facility is currently provided by the Watchguard product and is included within the cost of the firewall. Changing to a new product is likely to be cost-neutral.

4.7.4   Endpoint Protection

This is required for all of the Council's laptops and PC estate to have endpoint protection restricting the use of USB drives and CD-Roms which are common methods for introducing viruses and data leakage in an organisation.

Year 1	Year 2	Year 3	Year 4	Year 5
570 user licenses **£30k**	Increase in Rev **£4k**	Increase in Rev **£3k**	Increase in Rev **£2k**	Increase in Rev **£2k**

4.7.5   Laptop Encryption

Laptop hard discs are encrypted using a product called Becrypt. As this type of encryption is a Government Connect requirement, this will stay in the short term. As Windows 7 is introduced, (currently projected in Year 2), a separate disk encryption solution will no longer be required, but the savings are likely to be only a few hundred pounds.

4.7.6   Dual Factor Authentication

To achieve dual factor authentication (two different levels of access security), the Council uses a password plus physical Vasco tokens. The Council has 185 licenses. 45 people are on the new Citrix Access Gateway, and others are in the process of being migrated to the new solution. It is anticipated that an overall total of 250 licences will be needed, therefore an additional 65 licences will be required.

Year 1	Year 2	Year 3	Year 4	Year 5
20 Licences @ £112 per licence **£2.2k**	25 Licences @ £112 per licence **£2.8k** Increase in Rev **£1k**	20 Licences @ £112 per licence **£2.2k** Increase in Rev **£1k**	Increase in Rev **£3k**	Increase in Rev **£3k**

4.8   Remote/Flexible working

This type of working has increased, and will continue to increase over the next five years. The Council has addressed this issue by setting up a 'Working Flexibly' project in 2008. In respect of the ICT infrastructure, the project has introduced:

- A hot-desk/drop-in room in the basement of the Municipal Offices, used primarily by the Joint Core Strategy (JCS) team
- Provision of home and remote access to business applications using a Citrix platform. There are currently 170 users of this service, including members and GO Shared Service personnel working at GO partner sites
- Installation of wireless hotspots in the council chamber, committee rooms and the first floor which currently provides wireless network access for 20 officers and guest internet access for visitors

- Investigations and pilots of mobile working solutions. Pilot service areas included Trees Management, Building Control and Public Protection and thin client devices to replace traditional desktop PCs

The project has more recently been focussed on delivering some analysis work to support the Accommodation Strategy (see also 6.2). Service areas occupying the Municipal Offices were consulted to ascertain what levels of flexible working was feasible. The outcome of this survey was that:

- 53% needed to be office based – no potential to deliver services other than from an office based location
- 1% could be partial flexibility – the potential exists for partial working from a remote location, thereby requiring a non dedicated workstation within the officer environment
- 46% could be home based – the potential exists for service to be delivered effectively from a totally remote environment, no dedicated officer based accommodation required

The Council will seek to provide staff working flexibly with more appropriate mobile devices which may include iPADs, tablet PC's, smart phones etc. It will be important to maintain the same level of security and configuration management that it currently deploys on its PCs and laptops. Consequently ICT will need to buy software products which will provide complete mobility management for the entire fleet of mobile devices deployed across the Council. The software product would provide the Council's ICT department with the ability to quickly enroll devices into enterprise environment, configure and update device settings over-the-air, enforce security policies and compliance, secure mobile access to corporate resources, and remotely lock and wipe these 'managed' devices.

There will also be a move towards staff and Members bringing their own devices to work – a trend which is called Bring Your Own Device 'BYOD'. Software products can be used to ensure that any Council information can be 'wiped' from these devices when necessary (e.g. if the device is lost or stolen etc).

Software product pricing ranges from £20 to £120 per mobile device, and so £50 per mobile device will be used for budgetary purposes.

It is possible that around 250 staff and Members will move to this technology over the next three years, and will need this software product.

Year 1	Year 2	Year 3	Year 4	Year 5
80 Licenses @ £50 per license **£4k**	90 Licenses @ £50 per license **£4.5k** Increase in Rev **£1k**	80 Licenses @ £50 per license **£4k** Increase in Rev **£2k**	Increase in Rev **£2k**	Increase in Rev **£2k**

4.9   Members ICT Support

New Members are no longer provided with ICT equipment and are expected to use their own PCs, laptops, iPads etc. Existing Members who have been issued with Council equipment in the past, will not be issued with new equipment should their existing equipment fail.

However, the Council will pay for the software (Citrix XenDesktop – see 4.4.2) which gives the Member access to the Council systems, the software used for security access to the Council systems (Dual Factor Authentication – see 4.7.6.), and the software to manage BYOD (see 4.8). This will ensure that any services offered to Members are fully compliant with data security requirements relating to Government Connect, and meets the ICT Scrutiny Task Group recommendation.

No other infrastructure costs have been identified for this area.

4.10   Printing

The Council has recently reviewed its Print strategy and has rationalised the number of multi-functional devices required by introducing faster and more efficient devices, plus a 'follow me' printing facility which has given staff the flexibility to print to any device.

These are on three year leases with Ricoh, with the option to extend by up to two years. The leases commenced in 2011.

There are no additional budgetary requirements anticipated during the next 5 years.

4.11   Service Desk

4.11.1   Service Desk Application

The ICT Department uses an application called Touchpaper. Over the last couple of years other products were trialled but didn't prove as reliable.

Touchpaper is also used by the Forest of Dean and, should shared working with the Forest be agreed, then the two instances of the application will be merged – this will require consultancy services from the company, but would cut the cost by 50%.

Year 1	Year 2	Year 3	Year 4	Year 5
Relicense, reimplement and training £25.7k – but assuming sharing with FOD **£13k**	Additional revenue budget required for annual support & maintenance **£4.5k**	Additional revenue budget required for annual support & maintenance **£4.5k**	Additional revenue budget required for annual support & maintenance **£4.5k**	Additional revenue budget required for annual support & maintenance **£4.5k**

4.11.2   Service Desk Call/Performance Monitoring

It is important that everyone (i.e. Service Desk analysts and back office staff responding to service requests) has immediate visibility as to how the Service Desk is performing. In particular, how many outstanding calls there are, who they are allocated to, how long they have been awaiting resolution etc.

To achieve this, display screens are required – one in the Service Desk area, and two in the back office areas. These screens run off PCs, but only one PC is required in the back office as it can support two display screens.

Year 1	Year 2	Year 3	Year 4	Year 5
Setup cost – 2 PCs and 3 display screens **£3k**				

4.12   Business Continuity

4.12.1   Common GO and Council provision

The ICT Scrutiny Task Group has recommended that the options for disaster recovery should be reviewed in discussion with the Council's GO partners to ensure the best long-term solution is adopted (as part of the commissioning review) and the Council continues to review and enhances its plans on an ongoing basis.

Office accommodation at the current DR site – the Council's Depot - is being reviewed and the outcome may be a loss of space. There have also been recent issues experienced with the loss of power at both the Municipal Offices and the Depot.

During the last year an enhanced uninterrupted power supply (a very large battery) has been installed in the Municipal Offices server room which allows the GO and Council servers to continue to remain operational for up to one and a half hours in the event of a power cut.

The potential loss of accommodation at the Depot means that other locations are being considered to provide fail-over facilities. These include the Forest of Dean, where reciprocal arrangements would minimise financial outlay. Another option may be at Cotswold District Council, where there is a large, refurbished computer room.

4.12.2   GO provision

Disaster recovery arrangements for the GO 'Agresso' ERP system have been fully tested and fail-over protocols have been agreed. This arrangement involves the use of the Council's Depot, where replicas of the 'live' Agresso system are held on servers, and data updates occur every four hours. The data is transmitted across a secure private data network between the Municipal Offices and the DR site.

The cost of the GO DR equipment was paid for by the Council. It is not anticipated that moving the GO DR equipment to the Forest of Dean or another GO partner (as part of a reciprocal DR arrangement) will incur any significant costs.

4.12.3   Council provision

The Council is continuing to develop its disaster recovery/business continuity arrangements for its business systems. The Council is prioritising these systems so that it is clear which systems need to be reinstated first, in the event that disaster recovery is required.

During the summer of 2012 an exercise was undertaken to calculate the cost to implement a full Disaster Recovery solution for critical Council systems using the DR site had been estimated to be around £90k. However, this amount can be reduced by reusing old server equipment being released from the server replacement project (see 4.3.1). This cost has now been reduced to £30k to provide servers to run the critical Council systems.

Enhancements will have to be made to the secure data link between the Municipal Offices and the Forest of Dean District Council offices to provide a larger bandwidth to replicate the data between both sites.

Year 1	Year 2	Year 3	Year 4	Year 5
Disaster Recovery implementation for Council systems **£30k**	Increase in Rev **£15k**	Increase in Rev **£15k**	Disaster Recovery Refresh **£30k** Increase in Rev **£15k**	Increase in Rev **£15k**

4.13   Shared Services – GO, Ubico and Others

4.13.1   GO Shared Services (GOSS)

The Council provides a Support and Hosting service for this shared service. GOSS has provided the finances for all the associated ICT equipment and software, and the private data network it uses. It also funds two ERP Applications Support staff, and one Service Desk person.

The ICT Scrutiny Task Group has recommended that the impact of GO, and other IT applications, on the Council's current ICT infrastructure, and network performance be reviewed as part of this infrastructure strategy.

In terms of the current ICT infrastructure, the GOSS infrastructure is almost all 'stand-alone', in that the servers etc can be physically moved to a different location/host site if necessary.

The only exception to this is the server storage (see 4.3.2) where GO data is held on the Council central storage device. This approach was agreed between ICT and the then GO Programme Board in order to keep costs to a minimum. There has been an estimate made on GO storage growth (and the costs

included in 4.3.2) over the next five years, but this does not include any allowance for additional partners or the introduction of new services.

In terms of the network, the replacement of Core and Edge switches (see 4.5.2) will eliminate current network contention between GO and other Council data 'traffic' within Council buildings, especially in the Municipal Offices (and therefore the ICT Server Room).

It will be necessary to work with GOSS senior management to understand their business's five year business plan and any impact it may have on the GOSS infrastructure.

Assuming a 5 year write-off period for the GOSS servers, these will need to be replaced in 3 years time, but as replacements will need to be financed by GOSS (rather than the Council), these costs are not included in this strategy.

4.13.2 UBICO

When UBICO was set up, the ICT facilities (i.e. PCs, telephony, email etc) used by ex Council but now UBICO staff, was transferred to the company at no cost.

For the purposes of this Strategy document, potential additional Ubico requirements and growth are not considered or costed, as these should be included in Ubico business cases (e.g. for the inclusion of Tewkesbury, setting up of temporary depot sites etc). However, replacement equipment costs are included within other sections of this document.

4.13.3 Others

There are other, smaller shared services in operation, such as One Legal, the Audit Partnership etc. ICT requirements and equipment replacement for these shared services are not considered or costed within this document, although replacement equipment is included for staff based in the Council.

5.   Financial Analysis

A full analysis of the ICT Infrastructure investment requirements for capital and revenue for the next 5 years are detailed in Annexes A and B.

5.1   Fixed and Variable Costs

There are elements of the infrastructure which the Council will need to spend money on, which are fixed costs and apply to all service delivery options. These include Microsoft licences, PCs. Laptops, network switches, wireless (for the Municipal Offices only), dual factor authentication and remote/flexible working. The 5 year Capital cost of these elements is £743.4k.

The remaining elements are costs which vary according to the service delivery options. For example, an outsourcer will provide its own Service Desk but the in-house team will need to pay full cost for its Service Desk system but would be half the cost if sharing the system with the Forest of Dean District Council.

These elements include servers, server storage, server backups, telephone switch, unified communications, firewalls, anti-virus email scanning, and business continuity. The 5 year Capital costs of these elements range from £307k to £335.7k depending on the service delivery option.

5.2   Summary Investment Costs

5.2.1   Capital

A summary of the 5 year capital cost to upgrade the infrastructure is set out in the table below:

	Shared Service 5 year costs (£k)	Outsourced 5 year costs (£k)	In-House 5 year costs (£k)
Fixed costs	743.4	743.4	743.4
Variable costs	323.0	307.0	335.7
TOTAL	**1,066.4**	**1,050.4**	**1,079.1**

Note 1   The 5 year cost to upgrade the infrastructure (fixed and variable), based on shared working with the Forest of Dean District, is £1,066.4k.

Note 2   Variable costs reduce for the Outsourcing option as the outsourcer will provide its own Service Desk

Note 3   Variable costs increase for in-house provision, as the in-house team will need to pay full cost for its Service Desk system, rather than half the cost if sharing the system with the Forest of Dean District Council.

5.2.1   Revenue

A summary of the 5 year revenue cost to upgrade the infrastructure is set out in the table below:

	Shared Service 5 year costs (£k)	Outsourced 5 year costs (£k)	In-House 5 year costs (£k)
Fixed costs	34.0	34.0	34.0
Variable costs *	251.0	217.5	306.9
TOTAL	**285.0**	**251.5**	**340.9**

* Variable costs include consultancy and training costs

Note 1   Consultancy costs to plan and implement the new technologies will vary depending upon which option is selected. The introduction of new technologies is estimated to take 70 days consultancy time to design and plan the implementations, and 100 days engineer time to roll out the solutions in the Council.

Note 1.1   Shared Services - The Forest of Dean District Council's ICT management team will provide the majority of consultancy time as it has already planned and implemented the upgrades at the Forest. However, consultancy will still be required where the two council's technologies do not match (e.g. the telephone systems etc.) Therefore it is anticipated that a budget of £80k will be required over the five years. Within the Council, additional resource will be needed to roll-out the technologies, but this will be achieved by paying overtime. Therefore, the overall consultancy/engineer budget required over the next five years for this option is estimated to be circa £85k.

Note 1.2   Outsourcing - the outsourcer will provide its own consultants and engineers to plan and implement the new technologies. The typical outsource daily rate for consultancy is £850, and for engineers is £500k. Therefore, the overall consultancy/engineer budget required over the next five years for this option is estimated to be circa £109.5k.

Note 1.3   In House - The in-house team will have no experience or skills in planning and implementing the new technologies, and so a suitable company will need to be selected by a tender process. The typical company daily rate for consultancy is £1000, and for engineers £700. Therefore, the overall consultancy/engineer budget required over the next five years for this option is estimated to be circa £140.9k.

Note 2   The training budget required to implement and support the new technologies will be in addition to the existing ICT training budget (currently £5k pa)

Note 2.1   Shared Services – the training budget needs to be increased to enable Council ICT staff to be trained on the new technologies. Therefore the overall training budget required over the next five years for this option is estimated to be circa £40k.

Note 2.2   Outsourcing – the outsourcer will be responsible for training its own staff, therefore no requirement to increase the budget.

Note 2.3   In House - the training budget needs to be increased to enable Council ICT staff to be trained on the new technologies. Unlike the shared service delivery option where some training can be carried out by FOD ICT for CBC ICT staff, all training will be required from external companies. Therefore the overall training budget required over the next five years for this option is estimated to be circa £70k.

5.3   Conclusion

Although over the next five years, there will need to be a slightly larger investment made in the Shared Service option (an additional £16,000 capital and £33,500 revenue); the savings that will be made are significantly larger. From a financial perspective it is therefore recommended to proceed with the Shared Service option.

5.4   Funding Strategy

5.4.1   Capital

Given the preferred option for shared service, the following table summarises the strategy for capital funding of the infrastructure investment programme to support that option.

Funding strategy	2013/14 (£k)	2014/15 (£k)	2015/16 (£k)	2016/17 (£k)	2017/18 (£k)	5 Year Total (£k)
Total annual investment strategy budget (based on the shared service – preferred option)	409.5	241.1	275.6	77.4	62.8	1,066.4
Funded by:						
Existing one off funding available	348.0					348.0
General Fund Capital Reserve	11.5	141.1	225.6	77.4	62.8	518.4
Housing Revenue Account (HRA)	50.0	100.0	50.0			200.0
Total funding	409.5	241.1	275.6	77.4	62.8	1,066.4

The Capital investment outlined in Annex A (summarised above) assumes that the budget will be provided for the 5 year period, and that any budget not spent in the year will be carried forward to the following year. It is vital that the investment strategy is reviewed on an annual basis to ensure that the infrastructure investment keeps pace with changes in technology and prices.

5.4.2   Revenue

The revenue implications of the capital investment are outlined in Annex B (summarised below) along with the strategy for its funding based on the shared service option.

Funding strategy - revenue	2013/14 (£k)	2014/15 (£k)	2015/16 (£k)	2016/17 (£k)	2017/18 (£k)	5 Year Total (£k)
Total annual investment strategy budget (based on the shared service – preferred option)	36.0	73.5	60.5	57.5	57.5	285.0
Funded by:						
Existing revenue budgets	36.0	73.5	60.5	57.5	57.5	285.0
Total funding	36.0	73.5	60.5	57.5	57.5	285.0

The Infrastructure upgrade strategy includes expenditure which was already in the programme including some items which were funded from existing revenue budgets. By agreeing the funding strategy for the capital investment, revenue budgets are released to fund the above revenue implications of the infrastructure upgrade programme; therefore no additional revenue funding is required.

6.   Owned Equipment or Managed Services

The Capital expenditure summarised in 5 above and detailed in Annex A assumes that the Council will own its own equipment. However, some infrastructure requirements can be delivered through a managed service, and this option is explored below.

6.1   Managed Service

A Managed (or Hosted) service is one where a provider would use its own data centre and its own equipment to run server-based services back to the Council. Therefore the Council would not need to invest in servers, server storage, backup and other server room equipment.

This is a form of Cloud Computing, which is a general term for anything that involves delivering hosted services over the Internet.

The benefits of this arrangement include:

- the service is fully managed by the provider (the Council end user needs nothing but a personal computer and Internet access).
- the Council only pays for as much capacity as is needed, and is able to bring more capacity online as soon as required (at an additional cost)
- security issues are (by and large) managed by the provider
- the need to set up a new computer room and transfer equipment at a new location if/when the Municipal Offices are vacated is potentially negated.
- the provider is responsible for system backup and disaster recovery

The drawbacks of this arrangement include:

- there are large set-up costs
- the provider will be seeking to use virtualised servers in its data centre to deliver the business applications back to the Council, but not all of the Council's business applications can run on virtualised servers
- some of the Council's most critical business applications have interfaces or connectors to other business applications and to the internet. All these interfaces will need to be replicated in the data centre

In order to determine the <u>financial</u> aspects of whether to invest in upgrading/replacing Council-owned equipment or to have services provided by a managed service, the 5 year summary in Annex A was used.

The costs in that Annex are based upon the assumption that the Council will own its infrastructure equipment such as servers.

By looking at the variable costs (see 5.2.1 above), if a managed service could be provided for less than £323k over 5 years (£64.6k per annum) for all of the Council's business applications, then it would be financially viable to pursue this option.

At the time of writing, the Council has 117 servers, of which 65 are virtualised. It has approximately 70 business applications running on these servers. The minimum one-off setup costs are likely to be in the region of £70k. Taking this into account, the provider would have to charge £50.6k per annum or less. A typical annual charge for this volume of servers would be £80-100k, therefore this is not a viable option.

7.   Risk Assessment

The key risks associated with this project can be categorised as:

- Risks associated with the failure to invest in the ICT infrastructure, and the implications it will have in sustaining a viable ICT Service
- Risks associated with the success of the project in meeting its time, cost and scope targets
- Risks associated with staff resources and retention

Annex D analyses the risks identified, their likelihood, impact and management.

8.   Conclusions

There has been significant under-investment in the ICT infrastructure for a considerable period of time. Whilst the amount of investment needed to bring the infrastructure up to date is considerable, it is in line with investment made by neighbouring council s over recent years.

This investment will, as far as the Council is able to in a period of rapidly changing technologies, address the current shortfall and ensure that the core infrastructure which supports the delivery of key Council services is modern and up to date – one of the key outcomes identified in the Commissioning process.

It will also allow the Council to take a major step forward in the delivery of existing and emerging technologies – e.g. soft phones, iPads etc – to support flexible and modern working patterns. More specifically, this investment strategy will help deliver/address some of the issues raised by the Members' Task Group supporting the review e.g. wireless technologies and more robust business continuity arrangements.

Failure to invest will result in the inability to effectively deliver any one of the service delivery options identified.

Managed services and other Cloud based technologies have been considered, but not considered cost effective at this time.

9. Annex A – Summary of Capital Investment

Technology Area	2013/14 Capital (£k)	2014/15 Capital (£k)	2015/16 Capital (£k)	2016/17 Capital (£k)	2017/18 Capital (£k)	5 Year Total Capital (£k)
CAPITAL INVESTMENT REQUIRED ACROSS ALL DELIVERY MODELS						
Microsoft Licensing	86.10	100.50	113.40	0.00	0.00	300.00
PCs	17.50	30.50	55.50	35.50	26.80	165.80
Laptops	17.70	11.80	9.50	5.90	0.00	44.90
Network switches - core	50.00	0.00	0.00	0.00	0.00	50.00
Network switches - edge	44.00	62.00	0.00	0.00	0.00	106.00
Wireless (MO only)	27.00	0.00	0.00	0.00	0.00	27.00
Endpoint protection	30.00	0.00	0.00	0.00	0.00	30.00
Dual Factor Authentication	2.20	2.80	2.20	0.00	0.00	7.20
Remote/flexible working	4.00	4.50	4.00	0.00	0.00	12.50
TOTAL COSTS	**278.50**	**212.10**	**184.60**	**41.40**	**26.80**	**743.40**
CAPITAL INVESTMENT REQUIRED PER DELIVERY MODEL						
Servers	25.00	0.00	15.00	0.00	15.00	55.00
Server storage	0.00	15.00	55.00	0.00	15.00	85.00
Server backup	7.00	0.00	5.00	0.00	0.00	12.00
Telephony switch	10.00	5.00	0.00	0.00	0.00	15.00
Unified Communications	13.00	6.00	6.00	6.00	6.00	37.00
Firewalls	30.00	3.00	0.00	0.00	0.00	33.00
Anti Virus for Email	0.00	0.00	0.00	0.00	0.00	0.00
Antivirus for Sharepoint	0.00	0.00	10.00	0.00	0.00	10.00
Service Desk application	13.00	0.00	0.00	0.00	0.00	13.00
Service Desk Call/Perf Monitor	3.00	0.00	0.00	0.00	0.00	3.00
Business Continuity	30.00	0.00	0.00	30.00	0.00	60.00
TOTAL SHARED SERVICE COSTS	**131.00**	**29.00**	**91.00**	**36.00**	**36.00**	**323.00**
Servers	25.0	0.0	15.00	0.00	15.00	55.00
Server storage	0.0	15.0	55.00	0.00	15.00	85.00
Server backup	7.0	0.0	5.00	0.00	0.00	12.00
Telephony switch	10.0	5.0	0.00	0.00	0.00	15.00
Unified Communications	13.0	6.0	6.00	6.00	6.00	37.00
Firewalls	30.0	3.0	0.00	0.00	0.00	33.00
Anti Virus for Email	0.0	0.0	0.00	0.00	0.00	0.00
Antivirus for Sharepoint	0.0	0.0	10.00	0.00	0.00	10.00
Service Desk application	0.0	0.0	0.00	0.00	0.00	0.00
Service Desk Call/Perf Monitor	0.0	0.0	0.00	0.00	0.00	0.00
Business Continuity	30.0	0.0	0.00	30.00	0.00	60.00
TOTAL OUTSOURCED COSTS	**115.00**	**29.00**	**91.00**	**36.00**	**36.00**	**307.00**
Servers	25.0	0.0	15.00	0.00	15.00	55.00
Server storage	0.0	15.0	55.00	0.00	15.00	85.00
Server backup	7.0	0.0	5.00	0.00	0.00	12.00
Telephony switch	10.0	5.0	0.00	0.00	0.00	15.00
Unified Communications	13.0	6.0	6.00	6.00	6.00	37.00
Firewalls	30.0	3.0	0.00	0.00	0.00	33.00
Anti Virus for Email	0.0	0.0	0.00	0.00	0.00	0.00
Antivirus for Sharepoint	0.0	0.0	10.00	0.00	0.00	10.00
Service Desk application	25.7	0.0	0.00	0.00	0.00	25.70
Service Desk Call/Perf Monitor	3.0	0.0	0.00	0.00	0.00	3.00
Business Continuity	30.0	0.0	0.00	30.00	0.00	60.00
TOTAL IN-HOUSE COSTS	**143.70**	**29.00**	**91.00**	**36.00**	**36.00**	**335.70**

	2013/14 Capital (£k)	2014/15 Capital (£k)	2015/16 Capital (£k)	2016/17 Capital (£k)	2017/18 Capital (£k)	5 Year Total Capital (£k)
SUMMARY OF CAPITAL INVESTMENT COSTS PER DELIVERY MODEL						
Shared Service	409.50	241.10	275.60	77.40	62.80	**1,066.40**
Outsourced	393.50	241.10	275.60	77.40	62.80	**1,050.40**
In-House	422.20	241.10	275.60	77.40	62.80	**1,079.10**

10.   Annex B – Summary of Future Revenue Expenditure

Technology Area	2013/14 Revenue (£k)	2014/15 Revenue (£k)	2015/16 Revenue (£k)	2016/17 Revenue (£k)	2017/18 Revenue (£k)	5 Year Total Revenue (£k)
REVENUE INVESTMENT REQUIRED ACROSS ALL DELIVERY MODELS						
Microsoft Licensing	0.00	0.0	0.0	0.0	0.0	0.00
PCs	0.00	0.0	0.0	0.0	0.0	0.00
Laptops	0.00	0.0	0.0	0.0	0.0	0.00
Network switches - core	0.00	0.0	0.0	0.0	0.0	0.00
Network switches - edge	0.00	0.0	0.0	0.0	0.0	0.00
Wireless (MO only)	0.00	3.0	3.0	3.0	3.0	12.00
Endpoint protection	0.00	4.0	3.0	2.0	2.0	11.00
Dual Factor Authentication	0.00	1.0	1.0	1.0	1.0	4.00
Remote/flexible working	0.00	1.0	2.0	2.0	2.0	7.00
TOTAL COSTS	**0.00**	**9.00**	**9.00**	**8.00**	**8.00**	**34.00**
REVENUE INVESTMENT REQUIRED PER DELIVERY MODEL						
Servers	0.0	0.0	0.0	0.0	0.0	0.00
Server storage	0.0	0.0	0.0	0.0	0.0	0.00
Server backup	0.0	2.0	2.0	2.0	2.0	8.00
Telephony switch	0.0	0.0	0.0	0.0	0.0	0.00
Unified Communications	0.0	2.0	3.0	4.0	4.0	13.00
Firewalls	0.0	10.0	11.0	11.0	11.0	43.00
Anti Virus for Email	-4.0	-4.0	-4.0	-4.0	-4.0	-20.00
Antivirus for Sharepoint	0.0	0.0	0.0	2.0	2.0	4.00
Service Desk application	0.0	4.5	4.5	4.5	4.5	18.00
Service Desk Call/Perf Monitor	0.0	0.0	0.0	0.0	0.0	0.00
Business Continuity	0.0	15.0	15.0	15.0	15.0	60.00
Consultancy	25.0	25.0	15.0	10.0	10.0	85.00
Training	15.0	10.0	5.0	5.0	5.0	40.00
TOTAL SHARED SERVICE COSTS	**36.00**	**64.50**	**51.50**	**49.50**	**49.50**	**251.00**
Servers	0.0	0.0	0.0	0.0	0.0	0.00
Server storage	0.0	0.0	0.0	0.0	0.0	0.00
Server backup	0.0	2.0	2.0	2.0	2.0	8.00
Telephony switch	0.0	0.0	0.0	0.0	0.0	0.00
Unified Communications	0.0	2.0	3.0	4.0	4.0	13.00
Firewalls	0.0	10.0	11.0	11.0	11.0	43.00
Anti Virus for Email	-4.0	-4.0	-4.0	-4.0	-4.0	-20.00
Antivirus for Sharepoint	0.0	0.0	0.0	2.0	2.0	4.00
Service Desk application	0.0	0.0	0.0	0.0	0.0	0.00
Service Desk Call/Perf Monitor	0.0	0.0	0.0	0.0	0.0	0.00
Business Continuity	0.0	15.0	15.0	15.0	15.0	60.00
Consultancy	40.0	40.0	15.0	10.0	4.5	109.50
Training	0.0	0.0	0.0	0.0	0.0	0.00
TOTAL OUTSOURCED COSTS	**36.00**	**65.00**	**42.00**	**40.00**	**34.50**	**217.50**
Servers	0.0	0.0	0.0	0.0	0.0	0.00
Server storage	0.0	0.0	0.0	0.0	0.0	0.00
Server backup	0.0	2.0	2.0	2.0	2.0	8.00
Telephony switch	0.0	0.0	0.0	0.0	0.0	0.00
Unified Communications	0.0	2.0	3.0	4.0	4.0	13.00
Firewalls	0.0	10.0	11.0	11.0	11.0	43.00
Anti Virus for Email	-4.0	-4.0	-4.0	-4.0	-4.0	-20.00
Antivirus for Sharepoint	0.0	0.0	0.0	2.0	2.0	4.00
Service Desk application	0.0	4.5	4.5	4.5	4.5	18.00
Service Desk Call/Perf Monitor	0.0	0.0	0.0	0.0	0.0	0.00
Business Continuity	0.0	15.0	15.0	15.0	15.0	60.00
Consultancy	50.0	45.0	25.0	15.0	5.9	140.90
Training	15.0	10.0	5.0	5.0	5.0	40.00
TOTAL IN-HOUSE COSTS	**61.00**	**84.50**	**61.50**	**54.50**	**45.40**	**306.90**

	2013/14 Revenue (£k)	2014/15 Revenue (£k)	2015/16 Revenue (£k)	2016/17 Revenue (£k)	2017/18 Revenue (£k)	5 Year Total Revenue (£k)
SUMMARY OF REVENUE INVESTMENT COSTS PER DELIVERY MODEL						
Shared Service	36.00	73.50	60.50	57.50	57.50	**285.00**
Outsourced	36.00	74.00	51.00	48.00	42.50	**251.50**
In-House	61.00	93.50	70.50	62.50	53.40	**340.90**

11.   Annex C – Microsoft Licence Detail

Product Description	Part Number(SKU)	Qty	Unit Price	Year 1 Price	Year 2 TrueUp	Year 2 Unit Price	Year 2 Price	Year 3 TrueUp	Year 3 Unit Price	Year 3 Price	Agreement Price
WinPro ALNG UpgrdSAPk MVL Pltfrm wMDOP	FQC-03030	570	£ 19.35	£ 11,029.50	-		£ 11,029.50			£ 11,029.50	£ 33,088.50
OfficeProPlus ALNG LicSAPk MVL Pltfrm	269-12445	570	£ 66.69	£ 38,013.30	-		£ 38,013.30			£ 38,013.30	£ 114,039.90
EntCAL ALNG LicSAPk MVL Pltfrm DvcCAL wSrvcs	76A-00007	570	£ 47.06	£ 26,824.20	-		£ 26,824.20			£ 26,824.20	£ 80,472.60
ExchgSvrEnt ALNG LicSAPk MVL	395-02412	1	£ 1,052.18	£ 1,052.18	-		£ 1,052.18			£ 1,052.18	£ 3,156.54
SharePointSvr ALNG LicSAPk MVL	H04-00232	1	£ 1,279.77	£ 1,279.77	-		£ 1,279.77			£ 1,279.77	£ 3,839.31
LyncSvrEnt ALNG LicSAPk MVL	6PH-00298	1	£ 1,052.18	£ 1,052.18	-		£ 1,052.18			£ 1,052.18	£ 3,156.54
LyncSvrPlusCAL ALNG LicSAPk MVL forECAL DvcCAL	YEG-00631	1	£ 22.34	£ 22.34	30	£ 27.00	£ 832.34	170	£ 48.00	£ 8,992.34	£ 9,847.02
SysCtrDatactr ALNG LicSAPk MVL 2Proc	T6L-00237	1	£ 542.21	£ 542.21	-		£ 542.21			£ 542.21	£ 1,626.63
SQLSvrEntCore ALNG LicSAPk MVL 2Lic CoreLic	7JQ-00341	1	£ 3,571.48	£ 3,571.48	1	£ 4,500.00	£ 8,071.48	1	£ 8,000.00	£ 16,071.48	£ 27,714.44
WinSvrDataCtr ALNG LicSAPk MVL 2Proc	P71-07280	2	1248.68	£ 2,497.36	1	£ 1,500.00	£ 3,997.36	1	£ 2,700.00	£ 6,697.36	£ 13,192.08
WinSvrStd ALNG LicSAPk MVL 2Proc	P73-05897	1	228.78	£ 228.78	2	£ 300.00	£ 828.78	2	£ 500.00	£ 1,828.78	£ 2,886.34
Sub Total				£86,113.30			£93,523.30			£113,383.30	£ 293,019.90

Select Agreement

Product Description	Part Number(SKU)	Qty	Unit Price	Year 1 Price			Year 2 Price			Year 3 Price	
Project		20	£233.00				£4,660.00				
Visio		26	£90.00				£2,340.00				
Sub Total											

TOTAL				£86,113.30			£100,523.30			£113,383.30	£ 300,019.90

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12.   Annex D – Risk Log

ICT Infrastructure Strategy – Initial Risk Assessment								
The Risk				**Original risk score (impact x likelihood)**			**Managing Risk**	
Risk ref.	**Risk description**	**Risk Owner**	**Date Raised**	**I (1 - 5)**	**L (1 - 6)**	**Score**	**Control**	**Action**
Governance and General Issues								
1	If the strategy is not implemented then there will be a risk that the ICT services will become not fit for purpose and could lead to additional financial and reputation risks.	Mark Sheldon	29/10/12	4	3	12	Reduce	
2	If the delivery of the Information Upgrade Strategy is not managed in away that resources are aligned with other known demands on the service then there is a risk that some or all of the objectives will not be met which in turn could lead to increased costs	Mark Sheldon	29/10/12	3	4	12	Reduce	
Project Management								
3	If the project delivery plan does not recognise the importance of prioritising the sequence of tasks in relation to other projects then there is a risk that additional costs or reworking will be required.	Mark Sheldon	29/10/12	4	1	4	Reduce	
HR								
4	If there is a loss of key staff within the shared service team during the project then there is a risk that it will not be delivered on time and to budget.	Mark Sheldon	29/10/12	4	2	8	Reduce	
Financial								
5	If the financial estimates included within this strategy are affected because of factors beyond our control e.g.. fluctuating exchange rates then there is a risk that costs could increase or decrease	Mark Sheldon	29/10/12	3	2	6	Reduce	

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13.   Annex E - Rollout Plan and Outcomes

The Current Position section (4 above), identifies when each of the technologies require the investment and the business reasons why. This Annex identifies, from a user's perspective, the improvements that Cheltenham Borough Council staff and members will start to see, and in which years.

Year 1
- As the replacement PC & Laptops project gets underway, those power users that currently struggle with large documents and large GIS work will see improvement in speed and productivity.
- All new PC's & Laptops will be delivered with Microsoft Office 2010 providing a great leap forward in Word & Outlook productivity. Other than for power users, PC's\Laptops currently on desks will be refreshed using technologies that will allow for more mobility (using any machine in the Council buildings, working from home & working from any Council site). This will increase the lifespan of our existing machines.
- The Council's servers run in a virtualised environment which is now under performing. The planned server upgrades will give immediate performance improvements to backend systems like email, corporate Intranet, Idox etc.
- The expansion of Wi-Fi throughout the Municipal Office will aid mobility and flexibility, will facilitate future projects such as 'Bring Your Own Devices', and will allow future expansion to all other sites.
- The introduction of Unified Communications will bring opportunities for mobility and flexibility across all Council sites. This technology will allow changes in the way staff interact with each other, interact with other organisations, and all staff to pick up their phone and take it with them (anywhere).
- During this year a key central improvement will be Firewalls and Antivirus upgrades. These will be key to providing a protected and secure environment to allow all staff to share data, and provide our customers with the confidence that the Council is able to handle their data correctly.
- Business Continuity and Disaster Recovery is always a core function of the ICT department, with shared facilities and greater storage, a wider range of key business functions can be provided from a DR site. This will allow for reduced downtime for a large number of Council services.
- Users of Microsoft Project and Visio will be rationalised and upgraded to the latest versions.

Year 2
- As the PC & Laptop replacements continue, staff will receive the latest operating system/ Microsoft Office, together with increased compatibility with business applications. This is also fundamental in allowing more flexibility and mobility.
- The continued roll out of Unified Communications will allow more staff to work differently and allow greater productivity.

Year 3
- As the PC & Laptop replacements continue, staff will receive the latest operating system/ Microsoft Office, together with increased compatibility with business applications. This is also fundamental in allowing more flexibility and mobility.
- The main storage and backup systems will be expanded to allow for the growth in the amount of data needing to be stored.
- The continued roll out of Unified Communications will allow more staff to work differently and allow greater productivity.
- Business Continuity and Disaster Recovery is always a core function of the ICT department, with shared facilities and greater storage, a wider range of key business functions can be provided from a DR site. This will allow for reduced downtime for a large number of council services.
- The introduction of a SharePoint pilot will allow for document management and records management to be investigated and a corporate approach identified.

Year 4
- PC & Laptop replacements will continue
- The continued roll out of Unified Communications will allow more staff to work differently and allow greater productivity.

- The rollout of SharePoint will allow for document management to be implemented across all departments, and allow much better collaboration.

Year 5
- PC & Laptop replacements will continue
- The continued roll out of Unified Communications will allow more staff to work differently and allow greater productivity.
- The main storage and backup systems will be expanded to allow for the growth in the amount of data needing to be stored.

CHELTENHAM
BOROUGH COUNCIL

BUSINESS CASE

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Document Control

Changes History

Release	Date	Description
0-01	16-Oct-2012	Initial draft for review and comment
0-02	18-Oct-2012	Include initial review amendments
0-03	22-Oct-2012	Minor modifications
0-04	29-Oct-2012	Amendments following informal Gate Review
0-05	6-Nov-2012	Revised timetable and financial figures
0-06	20-Nov-2012	Amendments following Gate Review
0-07	27-Nov-2012	Include amendments from Project Board
1-00	27-Nov-2012	Approved by Project Board

Changes Planned

Changes in next issue will incorporate comments from review of this issue.

References

[1].   ICT Service Directory, version 1.0 – 25 May 2012

[2].   Shared ICT Working Strategy, version 3.0 – 9 October 2012

[3].   Scrutiny Task Group Report – ICT Review – September 2012

[4].   ICT Infrastructure Upgrade Strategy, version 1.0 – 23 November 2012

Contents

1. Introduction

Background

1.1. Along with the rest of the Public Sector, Cheltenham Borough Council is undergoing a significant reduction in its operating budget. The challenge facing all Councils is how to continue to provide good quality services to customers with ever decreasing resources. In this respect, it is well acknowledged that back office efficiencies can significantly reduce operational costs for frontline services.

1.2. The ICT service, like all other parts of the Council, has been under pressure to reduce spending over recent years. This has led to under-investment in the corporate ICT infrastructure (PCs, laptops, operating systems etc) which is now becoming apparent through increased ICT service interruptions.

1.3. Coupled with this, the ICT Service has experienced a high turnover of staff in the last twelve months and, although there has been successful delivery of high profile projects such as the Support & Hosting Centre of Excellence provision to the GO Shared Services programme, overall the Service is under pressure.

1.4. However, as Cheltenham Borough Council is a commissioning authority, the current situation presents an opportunity to review what is required from the ICT service, and to assess options for its provision.

ICT Services – value for money (vfm) comparisons

1.5. During 2010 data was collated as part of a SOCITM value for money benchmarking assessment for all Local Authorities. Their report highlighted that:

(a) The ICT Service was not expensive overall – 5.34% of revenue spend on ICT (median was 9.18%) but had a higher cost for PC acquisition and support

(b) The ICT investment per user was £1,317 – the median was £2,695

(c) End user satisfaction levels were high – score of 5.19 (median was 5.15, on a scale of 1 to 7)

(d) Fault resolution – 80% within 4 hours (median was 69%); and

(e) Competence of employees was 5.56 against a median of 5.01

1.6. According to SOCITM the ICT service levies a low recharge to the authority, but it was unclear how accurate this statement is when the underinvestment over the years is taken into account. The current infrastructure is showing signs of age, with system downtime happening more often. It is not critical at this stage but does indicate a need for investment.

1.7. The service is generally good and fit for purpose; however the results of both 'single status review' and the loss of any 'market supplement' have had a detrimental effect on staff morale.

1.8. There has been a reduction in senior ICT management numbers from three to one since the departure of Assistant Director CAST and with the ICT Business Support Manager moving to the Commissioning division and this has meant some lack of direction.

1.9. In addition, four key technical staff - responsible for databases, servers, telephony and the network - have left in the past 12 months, primarily as a result of reductions

in their salary due to single status and the market rate review. Furthermore, the ICT Manager has recently resigned and will be leaving at the end of this calendar year.

1.10. The pressures faced by the Council trying to do more for less, together with the loss of key personnel, has simultaneously put ICT Services under great pressure.

1.11. In addition to staff savings, the ICT Service has contributed towards costs saving through the use of new technologies and efficiencies. Overall savings totalling £346,000 per annum have been generated both directly from the ICT budget and from corporate wide budgets since 2008/09, as per the table below.

	Savings per annum
2008/09 savings: – Staffing (3 posts) – ICT infrastructure (PC replacement)	£75,000 £45,000
Single Status – reduced salary bill	£42,000
Removal of market forces supplements	£20,000
Restructure – Business Support Manager relocated to Commissioning Division	£52,000
Server virtualisation	£60,000
ICT systems thinking	£30,000
BT phone lines review	£3,000
Mobile phones – divert to landline	£10,000
Follow me printing	£9,000
TOTAL	**£346,000**

Table 1-1: Annual savings achieved from ICT Services

1.12. Recent steps have been taken to relieve the pressure on the current ICT service and to reduce the future escalation of ICT infrastructure costs (networks / storage) and out of hours support – for example a one-off payment of £139,000 to enable Cheltenham Festivals to buy its own IT equipment, allowing the council's IT team to concentrate on its authority-specific work - but it is clear that a substantial investment in the ICT infrastructure is now required, as is a review of the ICT staffing structure.

Business drivers

1.13. These drivers have been identified as:

(a) The ICT estate has been under invested over the last few years - service levels, resilience and project support are suffering as a result.

(b) The resource pool in the organisation is not sufficiently sized or skilled to deliver the ICT needs of the Council.

Strategic Outcomes

1.14. As part of the service review a workshop was held with Members, Senior Leadership Team (SLT) and Service Members to identify their needs and outcomes. These were defined as:

(a) **An up to date ICT infrastructure which meets business needs**

The current ICT infrastructure is in urgent need of updating, and a request for funding for an infrastructure investment programme will be taken to Council. The preferred option must be capable of planning and successfully implementing these new technologies (e.g. Windows 7, Office 2010 etc) in the most cost-effective manner.

The ICT Infrastructure Upgrade Strategy, version 1.0 – 23 November 2012 document (see reference [4] above) has taken into account the Accommodation Strategy, and wherever possible is specifying equipment that will be portable between different locations.

(b)   **Resilience** – both in terms of the systems and technologies supported and in the depth of staff numbers providing this support.

The current ICT service is not resilient in that typically there is only one person looking after a service component (e.g. servers etc) or a business application (e.g. cash receipting). This can lead to service interruption should that person not be available.

(c)   **Secure** - ensuring that systems are secure and that tested ICT disaster recovery/business continuity plans are in place.

It is essential that any solution has tested ICT disaster recovery/business continuity plans in place. This relates only to what is under the control of ICT (the technology, escalation procedures etc) and not the business processes (i.e. what happens within service departments).

(d)   **Flexibility/Agility** – ability to refocus resources etc as situations change and opportunities arise.

One of the benefits of the current in-house service is the ability to reschedule staffing resources at very short notice, to respond to urgent requests or new priorities. This flexibility/agility needs to be retained at no additional cost.

(e)   **Modern and innovative** - an ICT team that understands and responds to the complex needs of the Council and its partners' business requirements.

Better business-partnering with service managers and partners (e.g. GOSS, Ubico etc) is required in order to understand their current and future business plans and to advise how ICT can assist.

(f)   **Providing the opportunity for formal ICT support outside of normal office hours in the future**

Some service areas work outside of normal office hours, including weekends (e.g. Leisure@) and have asked for ICT support during these periods. The impact on ICT staffing levels required to deliver this extended service, plus the financial implications, are currently being evaluated.

(g)   **Continuous improvement** – ensuring that ICT continues to provide an excellent service to Cheltenham Borough Council and to our partners (e.g. GO shared services etc).

It is important that the preferred option is always exploring ways to improve the service it provides.

(h)   **Horizon-scanning** – ability to identify emerging technologies and assess their relevance for services and achievement of outcomes.

At the moment the ICT Service is not able to be proactive in advising departments how emerging technologies (e.g. smart phone technologies) can assist them in providing improved services.

1.15.   The overall ambition for ICT can be summarised as:

A modern, in touch and innovative ICT service which is an integral part of the business that understands and responds to the complex business needs of the

Council and its partners enabling delivery of services in innovative, effective and efficient ways.

1.16.   These strategic outcomes have been used to assess each of the possible service delivery models being reviewed within this Business Case - refer to Annex D: Evaluation of service delivery models for a comparison of the three service delivery models being reviewed.

Scrutiny Task Group

1.17.   Following a request from the Overview and Scrutiny Committee, a Scrutiny Task Group was set up to review the council's current ICT provision and to provide input into this review of ICT services.

1.18.   The Scrutiny Task Group produced a report Scrutiny Task Group Report – ICT Review – September 2012 (see reference [3] above) containing a number of agreed recommendations, seven of which were to be addressed within this review of ICT Services:

	Recommendation	Action
i.	the Senior Leadership Team ensure the necessary strategic lead is given to the service and its staff.	The Director of Resources attends Senior Leadership Team (SLT) meetings and acts as a champion on behalf of ICT Services.
ii.	a long-term ICT infrastructure investment plan is put in place as part of the current budget cycle and as an essential element to support the ICT commissioning review.	The ICT Infrastructure Upgrade Strategy, version 1.0 – 23 November 2012 document (see reference [4] above) details the required investment plan, and the approval of that strategy is a pre-requisite to this Business Case.
iii.	the impact of GO, and other IT applications on the council's current ICT infrastructure, and network performance, be reviewed and fully understood as part of the ICT commissioning review.	The ICT Infrastructure Upgrade Strategy, version 1.0 – 23 November 2012 document (see reference [4] above) considers all relevant ICT requirements to ensure the infrastructure is sound and performs as expected. The approval of that strategy is a pre-requisite to this Business Case. In considering the various service delivery models available, the ability for the provider to support the ICT infrastructure was assessed.
iv.	the impact of the council's accommodation strategy on any decisions regarding expenditure (or delay in expenditure) on ICT infrastructure are fully understood	The ICT Infrastructure Upgrade Strategy, version 1.0 – 23 November 2012 document (see reference [4] above) considers the impact on the accommodation strategy, and wherever possible is utilising solutions and technologies that are portable between different locations. The approval of that strategy is a pre-requisite to this Business Case.
v.	the cost and operational impact of the requirements of Government Connect should be assessed by the Director of Resources and if significant then the Cabinet Member should consider making higher representations to government.	This assessment will be completed by the Director of Resources.

vi.	the options for disaster recovery should be reviewed in discussion with our GO partners to ensure the best long-term solution is adopted as part of the commissioning review and the council continues to review and enhances its plans on an ongoing basis.	In considering the various service delivery models available, the ability to provide disaster recovery capabilities and long-term solutions was assessed. The ICT Infrastructure Upgrade Strategy, version 1.0 – 23 November 2012 document (see reference [4] above) includes costs associated with disaster recovery plans
vii.	requirements for members ICT support are fully specified as an outcome from the commissioning review and that any services offered to members are fully compliant with data security requirements relating to Government Connect.	The ICT Infrastructure Upgrade Strategy, version 1.0 – 23 November 2012 document (see reference [4] above) details the required investment for the provision of members ICT support. The ability to provide and support compliant and secure ICT services was a consideration when assessing the various service delivery models

Table 1-2: Scrutiny Task Group recommendations

Scope

1.19.   A Service Directory has been compiled (see Annex A: Services in Scope for ICT Services) which details all components of the required ICT Service.

The Directory is divided into four sections:

Service Operation	The activities required to deliver 'business as usual', such as fault resolution, support and maintenance.
Service Strategy	The governance arrangements and decision-making processes that align service offerings to business needs. This includes ICT strategy, service delivery, standards, performance, portfolio (applications) and financial management.
Service Design	Building structural service integrity into the infrastructure, systems software and applications deployed to advance the strategy. This includes identification of service requirements, design of technical solutions, service level management and service assurance.
Service Transition	The activities that support the preparing for, and management of, change, including transition planning, asset and configuration management, and change management.

Table 1-3: ICT Services Directory

1.20.   Annex B: Services out of Scope for ICT Services details the ICT functions supported by the Council but which will not form part of the scope for this project. The teams / divisions responsible for these services are also detailed.

1.21.   It is understood that all of the service delivery models reviewed within the remainder of this Business Case are able to fulfil the scope of the ICT service required.

Stakeholders

1.22.   For the development of this Business Case the following groups of stakeholders (individuals or groups who will feel the impact of the project) have been identified and a Stakeholder Mapping completed. This categorises stakeholders into the following groups:

Group A	These are the people with whom we must fully engage and make the greatest effort to satisfy. We will need to construct good working relationships with these stakeholders to ensure an effective coalition of support for the project.
Group B	We will put in enough work to keep these people satisfied, but not so much that they will become bored with our message. With high influence, they can affect the project outcomes, but their interests are not the target of this project. These stakeholders may be a source of significant risk, and they will need careful monitoring and management.
Group C	We will keep these people adequately informed, and talk to them to ensure that no major issues are arising. These people can often be very helpful with the detail of our project. They will require special initiatives if their interests are to be protected.
Group D	We will monitor these people, but not bore them with excessive communication. They are unlikely to be the subject of project activities or management.

Table 1-4: Stakeholder Mapping Groups

1.23.   See Annex C: Stakeholder Mapping for the completed ICT Review stakeholder map which is based on these groupings.

1.24.   Through this mapping a communications plan will be developed to ensure the correct level of engagement is obtained with each group of stakeholders. As the project continues and develops, new stakeholders will be identified and the categorisation of stakeholders may change to reflect the level of their involvement at that time.

1.25.   The aim of the communications plan will be to promote and publicise the introduction of an ICT shared service, based on a shared team with Forest of Dean District Council. The communication activities will be based on maintaining open dialogue with all of the stakeholders identified, informing them of the shared service, detailing the impact of the new service and highlighting key dates within the project timetable.

2. Options Appraisal

Long and short list of options

2.1. The Council's *Commissioning Nine Model Options Definitions Paper* identifies the following service delivery options:

(a) Outsourcing

(b) In-house provision

(c) Hosting / Shared service

(d) Wholly owned companies

(e) Joint Ventures

(f) Charitable Trust

(g) Social Enterprise

(h) Parish Council

(i) Closure / Part closure

2.2. Options (a) to (c) are considered to be viable means of providing an ICT service, and are considered in detail in the following sections.

2.3. Options (d) to (i) have been discussed by the Project Team but discounted for the following reasons:

(d) Wholly owned LA companies for a stand alone service – this would not generate savings, making it an uncompetitive option.

(e) Joint Ventures – there are some examples of public/private sector joint ventures, such as SW1, but it is unlikely that a large private company (e.g. Capita, IBM etc) would be interested in a joint venture with just the Council.

(f) Charitable Trusts – to be a charity an organisation must have purposes which are exclusively charitable and must be set up for the benefit of the public. ICT Services do not fall within the broad areas of potentially charitable activities set out in the Charities Act 2011.

(g) Social Enterprise and Parish Council – will not have the infrastructure capabilities to provide ICT services to the Council.

(h) Closure / Part closure – ICT is a key support service to the Council, therefore closure or part closure of ICT services is not feasible.

Gloucestershire County Council

2.4. Discussions took place earlier this year with Gloucestershire County Council and their outsourcing partner (Capita) to investigate possible opportunities for shared working. A new state-of-the-art computer centre was planned, as was the roll-out of new technologies. However, as everything was at the planning stage, it was felt that a high level of risk would be associated with this option. Also the offering appeared to be more like outsourcing than shared working.

Assumptions

2.5.   When evaluating the different service delivery models available, it has been assumed that the ICT Infrastructure Upgrade Strategy, version 1.0 – 23 November 2012 (see reference [4] above) has been approved for the funding of the required improvements to the council infrastructure.

Service Delivery Options

2.6.   When reviewing the three viable options it was determined that no matter which option (outsourced; improved in-house; shared service) was chosen it would require the similar level of investment to update the infrastructure to what would be considered appropriate for servers and storage hardware.

2.7.   Refer to Annex D: Evaluation of service delivery models for a comparison of the three service delivery models being reviewed against each of the identified Strategic Outcomes (see page 5).

Outsourcing

2.8.   There are a number of examples of local authorities outsourcing their ICT departments to private companies; and there are a number of companies that now specialise in providing those services highlighting benefits in resilience, service performance and cost savings.

2.9.   Outsourcing is defined as an arrangement in which a supplier would provide services for the Council that could also be, or usually have been, provided in-house.

2.10.   There are various types of outsourcing. For example, it is possible to outsource part of an ICT service, such as the management of the servers. Even within this part-outsourcing example there are further options. Servers can be owned by the Council and a supplier manages them on the Council site or moves them to a data centre, or the Council no longer retains its own servers and rents server space at the supplier's data centre to run its business applications (a form of "Cloud Computing").

2.11.   Informal discussions have been held with one of the leading outsourcing companies with experience of working with local authorities. They were provided with details of the ICT infrastructure components including the number of servers utilised, the business applications, the number and type of service desk calls, and the number of full time equivalent posts with job descriptions and grading.

2.12.   They summarised the challenges facing the current ICT team as:

(a)   The ICT estate has been under invested over the last few years.

(b)   The resource pool in the organisation is not sufficiently sized or skilled to deliver the ICT needs of the Council.

(c)   Service levels, resilience and project support are suffering as a result.

2.13.   They recommended that the existing server room within the Municipal Offices is used to host the required infrastructure, as it represents a more cost effective approach for the Council rather than utilising an external hosting facility.

2.14.   It is also recommended that staff be based locally but supplemented by remote resources – this will provide the reassurance of personnel on site whilst benefiting from the cost savings of resources operating remotely.

2.15.   Whilst the majority of current ICT staff would be part of the outsourcing arrangement it will still be necessary for the council to employ a full-time ICT Manager and a full-time ICT Client Officer.

2.16.   The ICT Manager would be responsible for ensuring the effective and efficient delivery of service through the outsourced contract, and duties would also include:

   (a)   the ongoing development of an ICT strategy that aligns with the Corporate Business Transformation Strategy and of a service delivery plan that puts the strategy into action;

   (b)   the management of the primary ICT out-sourcing contract, and monitoring against Key Performance Indicators, including action to tackle underperformance; and

   (c)   ensuring probity and compliance with the Council's constitution, financial regulations and information security policy in managing all aspects of the ICT service.

2.17.   The ICT Client Officer would be responsible for managing the day to day running of the ICT Facilities Management (FM) contract and act as the point of contact between the FM company and Council staff. Other key responsibilities would include:

   (a)   the research and evaluation of new products;

   (b)   co-ordinating infrastructure enhancement projects; and

   (c)   ICT purchasing.

2.18.   Refer to Annex E: Analysis of outsourcing for a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis of the outsourcing option.

2.19.   ICT outsourcing is a mature and well established method of service delivery. Over the years, a number of councils of all sizes have chosen to outsource their ICT services. There is no reason to suspect that outsourcing would not be achievable. Outsourcers are able to provide evidence of similar projects, and reference sites can be contacted for assurance.

2.20.   However outsourcing ICT Services now will inhibit the possibility of partnering in a shared service in the future. At the moment there is an opportunity to develop a shared service with one, or possibly three, local districts – partners in GO Shared Services.

2.21.   A number of Local Authorities (including Cotswold District Council) are now bringing ICT Services back "in-house" having previously been outsourced. Amongst the issues being cited leading to this decision are:

   (a)   Loss of managerial control – when outsourcing the management and control of that function is handed over to another company. Whilst there will be a contract the outsourcing company will be driven to make profit and not necessarily driven by the same standards as the Council.

   (b)   Hidden costs – the contract with the outsourcing company will cover the details of the service that they will be providing. Any thing not covered in the contract will be the basis for the Council to pay additional charges.

   (c)   Lack of flexibility – as with (b) above, changes to the contract (e.g. the need to implement a new system or even amendments to agreed processes as a result of legislative changes) will be subject to Requests For Changes, and will need to be scheduled with the outsourcing company.

In-house Provision

2.22. In-house provision will mean that the ICT Service will be provided by Cheltenham Borough Council employees, as is currently the case, but enhanced so that it can meet the service specification and achieve the stated outcomes.

2.23. In addition to the investment required to update the existing infrastructure, this option will also require additional expenditure in order to bring in the necessary skills and experience to install and configure the next equipment and systems.

2.24. To address the issue of resilience there will need to be an increase in the size of the existing ICT team, and the provision for this has been included in the costs associated with this option.

2.25. Finally this option will not allow for any future rationalisation or savings from ICT services in the future.

2.26. Refer to Annex F: Analysis of in-house service for a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis of the in-house option.

Shared Service - partnership

2.27. The GO Shared Services programme has demonstrated that it is possible for a number of councils to work co-operatively on a shared service which will bring about savings and enable more efficient ways of working. Shared working on an ICT service also has the potential to increase the resilience of ICT support services in terms of staff resource.

2.28. It will be building upon a successful track record of commissioning smaller shared services with partner councils (e.g. Legal, Building Control and Audit) which have delivered service resilience and retained savings within the partner councils.

2.29. Refer to Annex G: Analysis of shared service for a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis of the shared service option.

2.30. With the ICT service within the council provided by a single organisation, accountable directly through the management structure of the council, this is an opportunity to provide an enhanced service and to reshape ICT support and development according to the needs of the business, without the constraints imposed by a long-term outsourcing contract.

2.31. The shape of Cheltenham Borough Council is also evolving rapidly. It is likely that, over the lifetime of this strategy, the services offered directly by Cheltenham Borough Council, and the balance between which services are commissioned by third parties and which are devolved to community ownership or management will change significantly. It is important that the ICT Services are flexible and responsive enough to manage these changes and downsize accordingly.

2.32. In reviewing the shared services option, discussions have been held with:

    (a)   Gloucestershire County Council (refer to paragraph 2.4 above).

    (b)   Forest of Dean District Council together with both Cotswold District Council and West Oxfordshire District Council (the other three partners in GO Shared Services).

Forest of Dean District Council

2.33. The ICT Service at Forest of Dean District Council has recently changed its staffing structure after gaining a better understanding of the needs of its service users and in order to make it as efficient as possible, however Forest of Dean District Council is

still looking to find more savings. It is difficult to see where additional revenue savings can be made, therefore the Forest of Dean District Council is actively exploring opportunities for sharing with other local councils.

2.34. Working initially with the Forest of Dean the focus will be to standardise the infrastructure and applications, decommissioning duplicated and redundant equipment and investigating hosted services ("cloud computing") and other technologies where it makes sense to do so.

2.35. As noted earlier, Cotswold District Council have recently brought their ICT Services back under the control of the council, and are now actively working towards a Shared ICT Service with West Oxfordshire District Council. There is currently a shared ICT Manager, and a number of other positions within the ICT Team are shared between the two councils.

2.36. The ICT managers at Forest of Dean District Council and Cheltenham Borough Council have met on a number of occasions to compare ICT business processes, staff resourcing and infrastructure technologies.

2.37. In addition to these meetings there have also been ongoing discussions at Director level and an ICT Shared Working Strategy has been agreed between all the councils.

ICT Shared Services Working Strategy

2.38. It has been identified that through collaborative working there is a roadmap for the wider sharing of ICT services across all of the partners within GO Shared Services. This will involve Cheltenham Borough Council partnering with Forest of Dean District Council and Cotswold District Council partnering with West Oxfordshire District Council.

2.39. The roadmap has been documented in the Shared ICT Working Strategy, version 3.0 – 9 October 2012 (see Reference [2] above) and summarised in Annex H: Roadmap for ICT Shared Services.

Non-financial Recommendation

2.40. Having reviewed the three viable options (also refer to Annex D: Evaluation of service delivery models) the recommended options are:

    (a)   Shared service with Forest of Dean; or

    (b)   Outsourcing.

2.41. Both of these options will provide the required strategic outcomes:

    (a)   An up to date ICT infrastructure which meets business needs

    (b)   Resilience

    (c)   Secure

    (d)   Flexibility / Agility

    (e)   Modern and innovative

    (f)   Providing the opportunity for formal ICT support outside of normal office hours in the future

    (g)   Continuous improvement

    (h)   Horizon-scanning.

2.42. However the shared service route also provides a roadmap for the wider sharing of ICT services across all of the partners within GO Shared Services.

2.43. In conclusion, a Shared Service is the preferred non-financial recommendation.

3. Financial Assessment

Summary savings / Payback

3.1. The infrastructure investment is required regardless of the option determined for service delivery. It is required to update the Council's ICT infrastructure rather than absolutely necessary to deliver savings in each option.

3.2. Refer to Annex I: Costs and Savings for a summary of the investment required and anticipated savings for each service delivery model being reviewed, however the following table provides an indication of the period over which savings offset the investment in the Council's infrastructure:

	Outsource *	In-House	Shared Service
	(£)	(£)	(£)
Annual cost / (savings) by 2015/16	£(11,800) to £(33,900)	£146,700	£(159,500)
Accumulated cost / (savings) 2012/13 – 2017/18	£(59,000) to £(169,500)	£733,500	£(516,200)
Payback Period	7 years 0 month	N/A	2 years 9 months

Table 3-1: Annual / accumulated costs / savings (£)

* The costings for an outsourced service have been modelled on both a full time and part time Client Officer, hence the range of savings generated.

Infrastructure Upgrade Strategy

3.3. The following (taken from the ICT Infrastructure Upgrade Strategy, version 1.0 – 23 November 2012 – see reference [4] above) summarises the costs to upgrade the infrastructure for each service delivery model option, over the period of the MTFS:

Capital	Outsource	In-House	Shared Service
	(£k)	(£k)	(£k)
Fixed costs	743.4	743.4	743.4
Variable costs	307.0	335.7	323.0
TOTAL	1,050.4	1,079.1	1,066.4

Table 3-2: 5 year capital costs (£k)

Revenue	Outsource	In-House	Shared Service
	(£k)	(£k)	(£k)
Fixed costs	34.0	34.0	34.0
Variable costs	217.5	306.9	251.0
TOTAL	251.5	340.9	285.0

Table 3-3: 5 year revenue costs (£k)

Savings

3.4. Savings are likely to arise from a number of areas.

(a) The first being derived from the standardisation of the infrastructures, including the creation of common PC and laptop images across both councils.

(b) Further savings will be realised when rationalising staff into a shared service. No detail of future structures or staff numbers has been worked up at this stage.

3.5. Having so many applications is also expensive in licensing, and presents complex support issues. Working with the relevant service units, common business applications will be reviewed to see if they can be shared, or change how they are delivered (for example, through "cloud computing") it is expected that these annual fees can be significantly reduced.

Further Potential Savings

3.6. There are also additional areas where it is anticipated savings will be achieved:

(a) Currently the server room at Cheltenham Borough Council accounts for 70% (nearly £45,000 per annum) of the Municipal Offices electricity usage. The rationalisation of this equipment will reduce this energy bill.

(b) The ability to utilise an existing server room at a partner council site will reduce the costs of the existing Business Continuity Plans

(c) The potential relocation of the council offices from the Municipal Offices will also be considered when standardising the council infrastructure.

Funding

3.7. The financing of the overall project cost is addressed in the ICT Infrastructure Upgrade Strategy, version 1.0 – 23 November 2012 (see reference [4] above) which will require Council approval.

Financial Recommendation

3.8. Although over the next five years, there will need to be a slightly larger investment made in the Shared Service option (an additional £16,000 capital and £33,500 revenue); the savings that will be made are significantly larger. From a financial perspective it is therefore recommended to proceed with the Shared Service option.

4.   Recommendations

4.1.   Based on the non-financial recommendation (see paragraphs 2.40 to 2.42) and the financial recommendation (see paragraph 3.8) it is recommended that delivery of ICT Services is initially through shared working with Forest of Dean District Council; and then, if appropriate, in a partnership with all four partners in GO Shared Services.

4.2.   Once the shared ICT service has been established with Forest of Dean District Council it is recommended a feasibility study be commissioned to review the option of a 4 way partnership (with Cotswold District Council and West Oxfordshire District Council) and that the service delivery model (i.e. outsourcing; managed service etc.) be reviewed again.

5.   Implementation

Service delivery options – who will deliver the project?

5.1.   The Shared Service with the Forest of Dean will be developed in accordance with the roadmap detailed in Annex H: Roadmap for ICT Shared Services.

5.2.   During **Stage 1** (Jan. 2013 to Apr. 2013), there will be two shared positions:

(a)   ICT Manager.

(b)   Business Application Manager.

These two members of staff will be employed by Forest of Dean District Council. The costs for these two positions will be shared equally between Cheltenham Borough Council and Forest of Dean District Council.

5.3.   The performance of the shared ICT service will be monitored through Service Level Agreements (SLA) and the standard appraisal process.

5.4.   During Stage 1, work will be completed on any due diligence that may be requested by GO Shared Services in order for Forest of Dean District Council to be the provider of the Support & Hosting Centre of Excellence

5.5.   Staff within the two ICT Services will be shared as required between the two councils. The experience and expertise of staff from Forest of Dean District Council will work alongside Cheltenham staff to assist with skills and knowledge transfer.

5.6.   The principle has been agreed that there will be no recharging for skills / knowledge transfer, the allocation of staff will be monitored to ensure that the effectiveness of neither ICT team is impacted.

5.7.   If the business case is approved, and the future ambitions realised, a more robust governance structure will be required.

5.8.   During **Stage 2** (from April 2013 to July 2015) ICT staff will TUPE to Forest of Dean District Council. The work to complete the infrastructure standardisation will be run as a project managed by Forest of Dean District Council.

5.9.   In terms of the Project Team structure it is expected that the Project Board will comprise the Project Sponsor (Forest of Dean District Council Group Manager (Customer Services)); the Senior Supplier (ICT Manager) and Senior User (Cheltenham Borough Council Director of Resources).

5.10.   Forest of Dean District Council will appoint a Project Manager(s) to be responsible for the delivery of the project to standardise ICT infrastructures and the eventual restructuring of the ICT Team.

5.11.   The performance of the Shared ICT Service will be monitored through Service Level Agreements (SLA) agreed as part of the Section 101 Agreement. The SLA will be monitored by a Joint Management and Liaison Group (JMLG) comprising the Head of Paid Service and a Cabinet Member from Forest of Dean District Council and an Executive Director and a Cabinet Member from Cheltenham Borough Council.

5.12.   Suggested Key Performance Indicators (KPIs) for the monitoring of the Shared ICT Service are included in Annex J: Service Level Performance.

5.13.   Once **Stage 4** is realised (January 2016) it will become a critical part of each council's working and therefore each partner will need to ensure it is managed and

monitored carefully and it is robust and resilient. A shared ICT service also requires the partners to align their working practices and agree on changes and developments on the system and the governance structure will need to be flexible enough to support swift decision making on priorities in circumstances where there are urgent issues to be resolved.

5.14. The options for the organisation structure to manage the enlarged ICT Shared Service into the future, and the legal implications of those options, will be reviewed during the next phase of the project.

Impact on ICT Customers

Cheltenham Borough Homes (CBH) and Ubico

5.15. The council currently provide ICT services to CBH and Ubico. These are managed through Service Level Agreements (SLA). The managers at CBH and Ubico will be consulted and, with their agreement, responsibility for the SLA will be transferred to Forest of Dean District Council in order that ongoing service provision can be maintained.

GO Shared Services

5.16. The council is the Support & Hosting Centre of Excellence for GO Shared Services and has been delegated, under Section 101 Agreements, to provide GO related ICT services to the GO partner authorities.

5.17. Under the shared service proposal, the Joint Management and Liaison Group (JMLG) for GO would need to agree that the Forest of Dean will manage and be responsible for the Support & Hosting Centre of Excellence.

5.18. When Cheltenham Borough Council was selected as the Support & Hosting Centre of Excellence, the GO Programme Board completed a due-diligence exercise confirming that the ICT requirements for GO Shared Services could be satisfactorily delivered by the council. The JMLG and the GO Shared Services Management Team will need to:

(a) Approve Forest of Dean District Council as the "lead authority" providing the required ICT services to the GO partner authorities;

(b) new Section 101 Agreements prepared (amendments to the existing Section 101 Agreements).

Strategic Risks

5.19. The key strategic risks associated with this project can be grouped into three areas:

(a) Risks associated with the development and implementation of the shared ICT partnership.

(b) Risks associated with the critical nature of ICT Services.

(c) Risks associated with the level of change required by the project.

5.20. Risks associated with the partnership arise principally from the fact that the project benefits are derived from aggregations of scale; initially sharing with Forest of Dean District Council and then a combined ICT Shared Service including Cotswold and West Oxfordshire District Councils. While all partners are fully committed at the start of the project, the main benefits will require a number of years of shared working before they materialise. It is important that the Business Case is valid for just sharing

with Forest of Dean District Council as well as the proposed larger ICT shared service.

5.21. Risks associated with the critical nature of ICT Services. Any failure to provide and support business critical applications, could have severe consequences for the councils concerned which will result at least in loss of money and effectiveness, or in the worst case loss of reputation and legal action.

5.22. Risks associated with the level of change required by the project arise if the councils cannot realise the benefits identified above because stakeholders are unwilling or unable to change the way in which they work.

Risk management strategy

5.23. Clearly a project of this scale and nature will carry a number of significant risks and a comprehensive risk register will need to be developed along with accompanying risk strategy. These documents will be developed in compliance with a standard Risk management approach (PRINCE2 / Managing Successful Programmes (MSP)) for assessing and managing risk.

5.24. In compiling the project risk strategy there are some fundamental questions that will need to be addressed, including:

   (a) what risks are to be managed.

   (b) how much risk is acceptable.

   (c) who is responsible for the risk management activities.

   (d) what relative significance time, cost, benefits, quality, stakeholders have in the management of risks.

5.25. Possible risks to the success of the project in meeting its time, cost and scope targets will be identified, assessed and managed. A risk log (Annex I: Risk Log) has been generated to register and track the project risks in a simple and pragmatic way.

6. Annex A: Services in Scope for ICT Services

6.1. The document, ICT Service Directory, version 1.0 – 25 May 2012, reference [1] above, details the full range of ICT services provided for Cheltenham Borough Council.

6.2. The Directory is divided into four sections:

(a) **Service Operation** – the activities required to deliver 'business as usual', such as fault resolution, support and maintenance.

(b) **Service Strategy** – the governance arrangements and decision-making processes that align service offerings to business needs. This includes ICT strategy, service delivery, standards, performance, portfolio (applications) and financial management.

(c) **Service Design** – building structural service integrity into the infrastructure, systems software and applications deployed to advance the strategy. This includes identification of service requirements, design of technical solutions, service level management and service assurance.

(d) **Service Transition** – the activities that support the preparing for, and management of, change, including transition planning, asset and configuration management, and change management.

6.3. Each section is subdivided into its individual elements (activities) listed below. Within the Service Directory for each element there is a service definition, deliverables and critical success factors to demonstrate how the success of the element will be measured.

Service Operation (Business as Usual)

1	Processing
2	Equipment maintenance
3	Systems software support
4	Network management
5	Network support
6	Application administration
7	Application support
8	Application maintenance
9	Database administration
10	Data storage management
11	Environmental management
12	Service desk
13	Output distribution (printing)
14	Incident management
15	Problem management
16	Request fulfilment
17	ICT training

18	Telephony
19	Mobile and Smart Phones
20	Invoicing and recharging
21	Contract negotiation and tendering
22	Purchasing equipment and software

Service Strategy (Governance and Decision Making)

1	ICT governance
2	Technology opportunity
3	Advice and consultancy
4	ICT strategy
5	Account/relationship management
6	Service delivery review
7	Standards management
8	Performance management
9	Portfolio management
10	Financial management

Service Design (Building Structural Service Integrity)

1	Identification of service requirements	
	1.1	Feasibility study
	1.2	Requirement definition
	1.3	Business justification
	1.4	Infrastructure planning
2	Design of technical solutions	
	2.1	Option evaluation
	2.2	System design
	2.3	System purchase
	2.4	System customisation
	2.5	System development
	2.6	System orchestration
	2.7	Rapid application development
	2.8	System integration
	2.9	Application planning
	2.10	Application documentation
	2.11	Benefits realisation

2.12   Post-implementation review

2.13   Service level management

2.14   Service level management

2.15   Contract management

2.16   Production scheduling

3   Service assurance

3.1   Security policy

3.2   Security control

3.3   Business continuity planning

3.4   Disaster recovery

3.5   Protection against malicious intent

Service Transition (Preparing for Change)

1   Transition planning:

1.1   Project management (currently outside the ICT remit)

1.2   Management of user development

2   Asset and configuration management:

2.1   Technology provision

2.2   Asset management

2.3   Supplier management

3   Change management:

3.1   Installation and implementation

3.2   Operational change management

3.3   Acceptance testing

3.4   Service Knowledge Management

7.   Annex B: Services out of Scope for ICT Services

7.1.   The document, ICT Service Directory, version 1.0 – 25 May 2012, reference [1] above, details the full range of ICT services provided for Cheltenham Borough Council. Not included within ICT Services are:

1	Web development – Internet / Intranet – *managed within the Communications team*
2	Local Land and Property Gazetteer (LLPG) – *managed within Built Environment team*
3	Geographical Information Systems (GIS) – *managed within the Commissioning Division*

8.   Annex C: Stakeholder Mapping

8.1.   The Stakeholder Map for the ICT Review is as follows:

<table>
<tr>
<th rowspan="2">Power / Influence</th>
<th>High</th>
<th>Group B
Consult / Keep Satisfied

CBC (Senior Leadership Team – SLT)
FoDDC (Corporate Leadership Team – CLT)
Employees – remainder of CBC
Cheltenham Borough Homes (CBH)
Members
Overview & Scrutiny
Senior Management Team
Ubico / CBH
</th>
<th>Group A
Engage / Key Players

Cabinet
Chief Executives Group
Project Board
Project Team
Employees – within ICT
Employees – within ICT (FoDDC)
GO Shared Services (JMLG / COG / GOSS SMT)
Unions
</th>
</tr>
<tr>
<th>Low</th>
<td>Group D
Monitor / Minimal Effort

Public
Media
Suppliers of new business applications
</td>
<td>Group C
Keep Adequately Informed

External/Internal Audit
Suppliers of new business applications
Service Managers
Suppliers of existing business applications
ICT Managers Group (FoDDC / CDC / WODC / TBC / GCC / GCC / SDC)
</td>
</tr>
<tr>
<td></td>
<td></td>
<td align="center">Low</td>
<td align="center">High</td>
</tr>
<tr>
<td></td>
<td></td>
<td align="center" colspan="2">Level of Interest</td>
</tr>
</table>

Table 8-1: Stakeholder Mapping for the Review of ICT Services

9.   Annex D: Evaluation of service delivery models

9.1.   A comparison of the three different service delivery models under consideration compared to the planned strategic outcomes is as follows:

Strategic Outcomes	Out-sourcing	In-house	Shared Service	Comments
An up-to-date ICT infrastructure which meets business needs	• Similar level of investment required to update infrastructure	• Similar level of investment required to update infrastructure	• Similar level of investment required to update infrastructure	• No difference between any of the service delivery models.
Resilience	• Contractual. Outsourcing company would be expected to provide improved resilience	• Need to increase size of team to improve resilience	• Experience and expertise shared with Forest of Dean • Shared resources increase resilience • The alignment of infrastructure will result in duplication of knowledge across ICT teams	• Most cost effective resilience provided by shared service. Will be aware of infrastructure and applications
Secure	• Contractual	• Data replication to Depot – would still present a risk due to close geographical location	• Improved disaster recovery with data replication at different geographical location	• Improved disaster recovery will be provided through shared service and outsourcing • Outsourcing will transfer the risks associated with business continuity but this will be at a cost.

Strategic Outcomes	Out-sourcing	In-house	Shared Service	Comments
Flexibility / Agility	• Would incur change control and additional costs • Would not necessarily have experience with all business applications • Would be able to draw upon specialist resources	• Able to respond but impact on support to other areas / changes to priorities • Lack of resilience in a small team	• Increased resource pool increases ability to respond to urgent requests	• Shared service will provide most cost effective flexibility with staff experienced in infrastructure and applications • Contract with outsourcing company would need to reflect future commissioning opportunities for the council and the impact they may have on staffing levels
Modern and innovative	• Experience and expertise from broad base • Any changes would incur additional costs • May not necessarily consider implications of proposed change on service areas	• Recent experience of implementing GO Shared Services infrastructure	• Recent experience of implementing new technologies at Forest of Dean District Council and GO Shared Services infrastructure • Improved service engagement	• Outsourcing will provide broad base of experience and potentially insight from private sector
Providing the opportunity for formal ICT support outside of normal office hours in the future	• Contractual – external support provided	• Additional resources required to extend support coverage – may require changes to existing Terms and Conditions	• Increased resource pool will enable improved opportunities	• Outsourcing and Shared Service will provide most flexibility for out of hours support but will likely be at a cost to the business. • Shared service, with increased resource pool, improves flexibility to provide out of hours support

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Strategic Outcomes	Out-sourcing	In-house	Shared Service	Comments
Continuous improvement	• Would incur change control and additional costs	• Business Partnering – provision of strategic advice to business units on the use and future development of the ICT	• Business Partnering – provision of strategic advice to business units on the use and future development of the ICT	• In-house and Shared Service will work with business units to develop and deliver business needs of ICT • Outsourced company will operate within terms of the agreed contract and maintain Service Level Agreements
Horizon scanning	• Experience and expertise from broad base • Niche business applications may not be addressed • Require business areas to lead and respond to change	• Require business areas to lead and respond to change	• Experience and expertise shared with Forest of Dean • Require business areas to lead and respond to change	• In all options ICT Services will be identifying emerging technologies and the appropriateness for the council; it will however be the business areas that need to lead and adopt those changes

Table 9-1: Evaluation of service delivery models

9.2.   Having evaluated the three service delivery models under consideration against the strategic outcomes required from an ICT Service, it is concluded that all three options are capable of supplying the required outcomes but the requirements will be best met by either outsourcing or through a shared service.

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10.   Annex E: Analysis of outsourcing

10.1.   Analysis of the outsourcing option:

Advantages	Disadvantages
- External expertise – bringing new ways of thinking and working - Greater access to a pool of expertise e.g. network / server support - Guaranteed performance through Service Level Agreements (SLAs) - Can be for provision of a full ICT service, or part (e.g. the server room/data centre only) - Possibly better intelligence on ICT industry trends and exploitation/take-up of latest technologies	- Would be outsourcing the problem for others to drive out any saving / increase profit - Time scale – may require a full procurement process - Potentially different solutions for staff in GO/Audit Partnership across different sites. - Lack of control / flexibility over work programme and budget – request for additional for additional work would require additional funding and the contract price could spiral (e.g. indicative days rates £400 -700 per consultant) - Would lose the opportunity for reciprocal Business Continuity back up arrangements - Would not be able to deliver initial / quick solution to CBC capacity issues, e.g. shared helpdesk, analyst and telephony support - Would lose opportunity for potential sharing across GO Partnership at later stage – CDC currently in sourcing and no appetite at FoDDC to outsource service. - Would lose potential to put ICT with GO shared service into a GO company - Would lose saving opportunity for shared solutions (e.g. GIS) savings - Would lose opportunity to share applications - Would still need to employ a CBC ICT Manager and Client officer – retained cost

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Opportunities	Threats
	• Contractually bound for (typically) five years, therefore cannot opt out if new opportunities for service provision arise • The external provider withdraws from providing its service to the public sector during the contract period • Contract value could remain the same, even if the number of users reduce due to new governance arrangements

Table 10-1: Analysis of outsourcing

11.   Annex F: Analysis of in-house service

11.1.   Analysis of the in-house service option:

Advantages	Disadvantages
• Retains control / flexibility over work programme and budget • Leaves future options for shared service, outsourcing etc open	• No potential for savings • Still resilience issues as 'doubling up' in each area would be unaffordable • Same pool of expertise • No experience of implementing the new technologies required in the next 2 years • Additional costs for increasing staff levels
Opportunities	**Threats**
	• Continued negative perception of in-house ICT provision regardless of improvements

Table 11-1: Analysis of in-house service

12.   Annex G: Analysis of shared service

12.1.   Analysis of the shared service option:

Advantages	Disadvantages
- Cost savings from shared management / systems and staff. - Avoids duplication of processes / systems and results in shared solutions to problems - Allows for service resilience in a period of reduced resources and sharing of staff (e.g. GIS, DBA roles.) - Provides a higher service quality through simplified, standardised processes based on best practice. - Sharing of best practice improves service delivery (e.g. audit partnership) - Builds on the shared GO infrastructure and the investment made. - Retains control / flexibility over work programme and budget - Strong desire by FoDDC to progress quickly - FoDDC have already implemented the technological solutions required by CBC, therefore benefiting from their experience/expertise - Most cost-effective solution to CBC's capacity issues (e.g. shared helpdesk, analyst and telephony support) - This option most likely to provide the highest level of savings over the next 3-4 years	- Shared working arrangements with the FoDDC come to an end and the financial impact this would have in procuring and running a CBC standalone infrastructure, plus the additional staff required - ICT staff in FoDDC and CBC are on different terms and conditions

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Opportunities	Threats
• May lead to the potential for four-way sharing across the GO partnership, and the potential to enhance the offer. • Has the potential to enable more cost effect procurement of key systems and solutions. • Enhanced Business Continuity by introducing reciprocal data backup arrangements between sites • Potential for savings through shared project management (secondment arrangements already in place) • Potential to share Geographical Information System (GIS) solution, increasing resilience and saving money • Potential to share FoDDC's customer services technology • Potential to share a common Service Desk system and staff, increasing resilience and saving money • Potential to share more of our business applications (CBC has more than 60) • Potential to introduce common technology platforms to be used by all staff in GO, the Audit partnership etc • Virtualising servers, reducing the amount of power needed and realising carbon savings from decommissioning physical machines	• FoDDC will not engage unless there is an adequately funded CBC Infrastructure budget • Key ICT staff leave at critical points in the project • Projected cost savings and increased resilience not realised • FoDDC/CBC infrastructures not aligned, reducing initial identified savings for sharing in the future. • Shared working arrangements do not work effectively - i.e. different goals • Lack of willingness from employees to work across different sites • Trade Unions are not engaged with the project aims from the outset • Insufficient employee engagement during and after the completion of sharing services • Shared working arrangements with the FoDDC come to an end and the impact this would have in terms of loss of ICT skills and knowledge. • Shared working arrangements fail to deliver an acceptable level of service provision • FoDDC need to complete single status review which may impact on existing FoDDC ICT staff's existing salaries/morale

Table 12-1: Analysis of shared service

13. Annex H: Roadmap for ICT Shared Services / Governance arrangements.

13.1.   The roadmap has been documented in the Shared ICT Working Strategy, version 3.0 – 9 October 2012 (see Reference [2] above) and summarised in the following diagram:
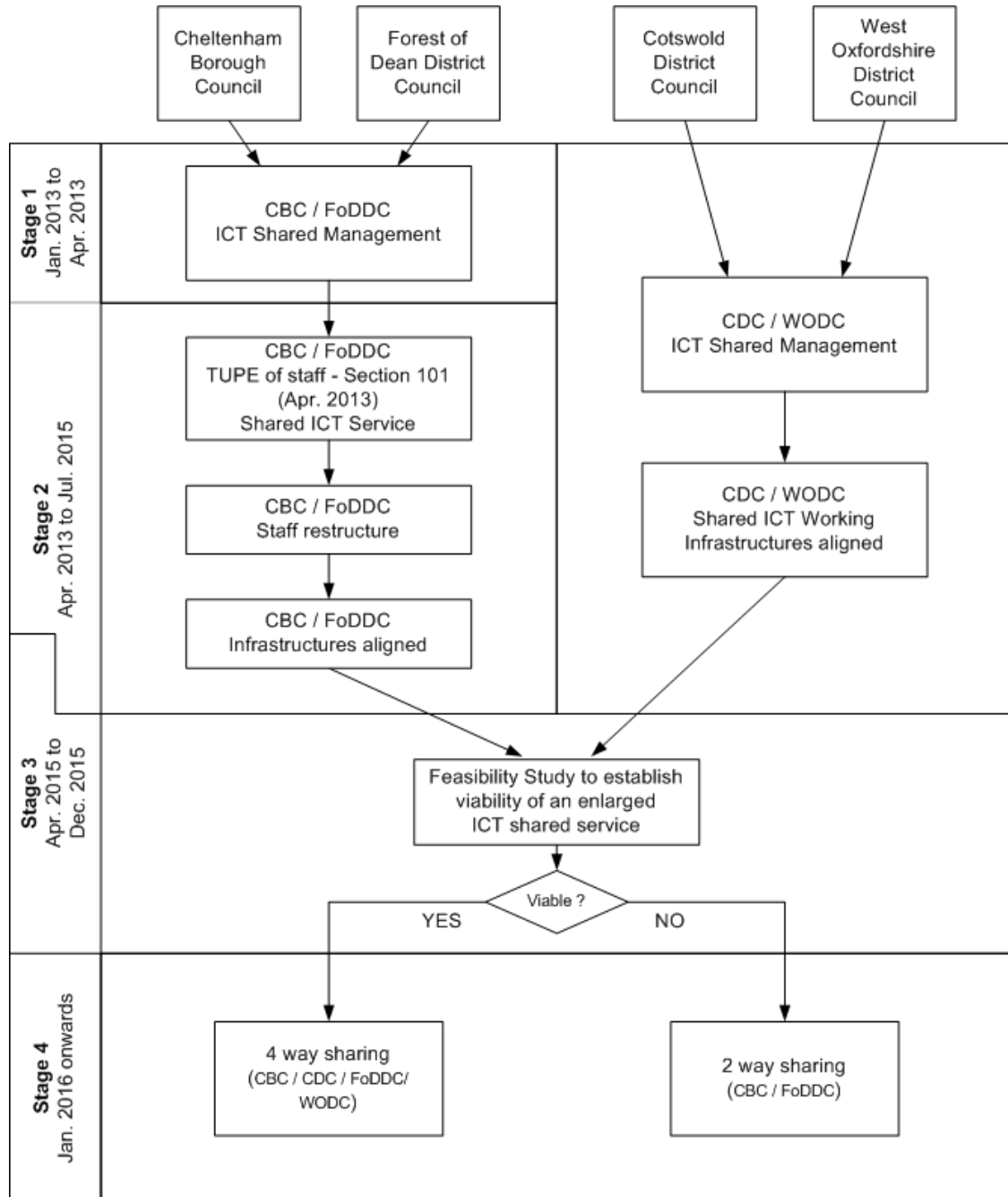

Figure 13-1: Roadmap for ICT Shared Services

13.2.   Stage 1 (January 2013 to April 2013)

(a)   Shared ICT Management:

ICT Manager and Business Application Manager. The shared ICT Manager will report directly to Director of Resources (Cheltenham Borough Council) and Group Manager – Customer Services (Forest of Dean District Council).

(b) Performance will be monitored through standard appraisal process.

(c) Work will commence on:

(i) standardising infrastructure and applications – reducing the cost of licences and simplify support arrangements.

(ii) investigating new technologies as they develop and adopt them on their merit – investigate the opportunities presented by hosted solutions or "cloud computing".

(d) The advantages and risks of exploiting software-as-a-service will be considered. The Council has a successful track record of exploiting hosted solutions, for example the Choice Based Lettings system is accessed through the cloud. The Council website is also hosted externally.

(e) No staff reductions are envisaged at either council as current staffing levels will need to be maintained in order to carry out the large amount of technical work required to standardise a range of different technologies.

13.3. Stage 2 (April 2013 to July 2015)

(a) ICT Services staff (16.8 FTE) TUPE to Forest of Dean District Council – the "lead authority" with effective from 1 April 2013.

(b) A Section 101 agreement will be agreed for Forest of Dean District Council to provide ICT services to Cheltenham Borough Council.

(c) There will be three reporting mechanisms in place:

(i) ICT Shared Service Project Board that will be managing the delivery of the standardised infrastructure within Cheltenham Borough Council

(ii) An ICT Joint Monitoring and Liaison Group (JMLG) that will be monitoring the performance of the Shared ICT Services at both Forest of Dean District Council and Cheltenham Borough Council

(iii) The GO Shared Services Joint Monitoring and Liaison Group that will continue to monitor the performance of the GO Support & Hosting Centre of Excellence as currently happens.

(d) The S101 Agreement will be managed by the ICT Joint Monitoring and Liaison Group (JMLG). The following diagram illustrates the governance arrangements which will support the service delivery.
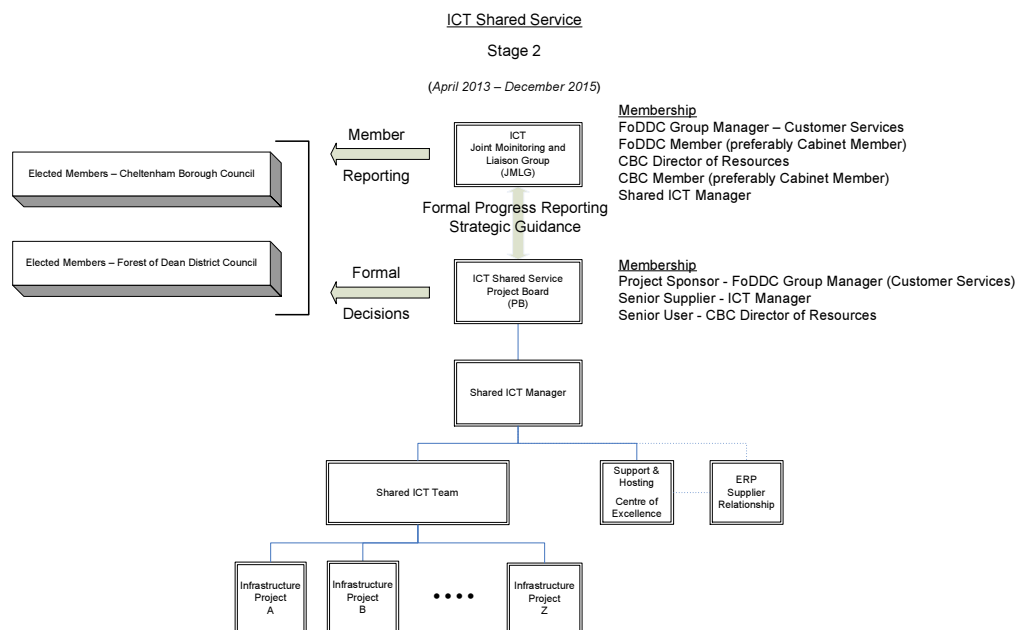

Figure 13-2: Governance arrangements – Shared ICT Services

(e) Council Staff, Members and other stakeholders will have clear guidance on how and where to access ICT services. The increased pool of staff with their expertise and knowledge will enhance the current service to stakeholders. The ability to balance workloads will improve service response times.

(f) Continue to rationalise the infrastructure and applications, decommissioning duplicated and redundant equipment. Investigate hosted services ("cloud computing") and other technologies where it makes sense, or is cheaper, to do so.

(g) Complete the infrastructure standardisation, enabling a reduction in the level of staff from October 2014.

13.4. Stage 3 (April 2015 to December 2015)

(a) Develop business case for enlarged ICT shared service detailing cashable savings; efficient and resilient service delivery.

(b) The advantages and risks of exploiting infrastructure-as-a-service will be considered.

13.5. Stage 4 (January 2016 onwards)

(a) Depending upon the outcome of Stage 3, formalise the four-way sharing with Cotswold and West Oxfordshire District Councils.

(b) A 4-way shared service will lead to a further restructuring and review of staffing levels.

14.   Annex I: Costs and Savings

Annual / Accumulated costs / (savings)

		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	TOTAL	Rank	Pay back Period
Option 1a	Outsource – F/T	£0	-£11,800	-£11,800	-£11,800	-£11,800	-£11,800	**-£59,000**	2	7 yrs 0 mths
Option 1b	Outsource – P/T	£0	-£33,900	-£33,900	-£33,900	-£33,900	-£33,900	**-169,500**	n/a	n/a
Option 2	In-House Service	£36,700	£146,700	£146,700	£146,700	£146,700	£146,700	**£733,500**	3	n/a
Option 3	Shared Service	£9,200	£41,800	-£79,500	-£159,500	-£159,500	-£159,500	**-£516,200**	1	2 yrs 9 mths

Incremental Medium Term Financial Strategy (MTFS) Savings

		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	TOTAL	Rank	One-off costs
Option 1a	Outsource – F/T	£0	-£11,800	£0	£0	£0	£0	**-£11,800**	2	£80,000
Option 1b	Outsource – P/T	£0	-£33,900	£0	£0	£0	£0	**-£33,900**	n/a	£80,000
Option 2	In-House Service	£36,700	£110,000	£0	£0	£0	£0	**£146,700**	3	TBC
Option 3	Shared Service	£9,200	£32,600	-£121,300	-£80,000	£0	£0	**-£159,500**	1	£59,500

Note:

1. Outsourced modelling based on 2 scenarios – full time or part time client officer. Option 1a has been used for comparison purposes.

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15. Annex I: Risk Log

ICT Shared Service – Initial Risk Assessment								
The Risk				**Original risk score (impact x likelihood)**			**Managing Risk**	
Risk ref.	**Risk description**	**Risk Owner**	**Date Raised**	**I (1 - 5)**	**L (1 - 6)**	**Score**	**Control**	**Action**
Governance and General Issues								
1	If there is a conflict of Interest due to the staff leading the project also having an interest in its outcome there is a risk that any restructuring of the Shared ICT Service would not be fair and equitable	Mark Sheldon	4-Sep-2012	1	3	3	Accept	Ensure effective scrutiny of roles via the Project Board and governance arrangements
2	If there is a loss of key staff within the shared service team during the project then there is a risk that it will not be delivered on time and to budget.	Mark Sheldon	24-Oct-2012	3	3	9	Accept	
Project Management								
3	If the project delivery plan does not recognise the importance of prioritising the sequence of tasks in relation to other projects then there is a risk that additional costs or reworking will be required.	Mark Sheldon	24-Oct-2012	4	1	4	Accept	
Partnership								
4	If the Shared ICT Service fails to recognise different corporate priorities and policies at each authorities there is a risk that the Shared ICT Service is not seen to be supporting the business units at each council	Mark Sheldon	24-Oct-2012	2	2	4	Accept	
HR								
5	If the trade unions are not fully engaged there is a risk that their opposition delays project or results in increased costs, prejudicing the business case.	Mark Sheldon	24-Oct-2012	3	2	6	Accept	Address within communications plan

ICT Shared Service – Initial Risk Assessment								
The Risk				**Original risk score (impact x likelihood)**			**Managing Risk**	
Risk ref.	**Risk description**	**Risk Owner**	**Date Raised**	**I (1 - 5)**	**L (1 - 6)**	**Score**	**Control**	**Action**
Financial								
6	If the project plan does not include effective Benefits Realisation monitoring then there is a risk the shared service will fail to achieve benefits of service efficiencies and reduction in support costs.	Mark Sheldon	24-Oct-2012	3	3	9	Accept	

The total risk score is the multiplication of *Impact* and *Likelihood*

Code	Risk Score	Risk Management View
Red	25 – 30	Must be managed by SLT to reduce risk scores as soon as possible, or agree a contingency plan
Red	16 – 24	Must be managed down to reduce risk scores as soon as possible, or agree a contingency plan and escalated to SLT for consideration
Amber	7 – 15	Seek to improve the risk score in the short/medium term or develop a contingency plan
Green	1 - 6	Tolerate and monitor within the division

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16.   Annex J: Service Level Performance

16.1.   A formal Service Level Agreement (SLA) will be prepared as part of the Section 101 Agreement between Forest of Dean District Council and Cheltenham Borough Council regarding the provision of ICT Services.

16.2.   The exact content of the Service Level Agreement will need to be confirmed, but it is suggested that Key Performance Indicators (KPI's) are specified to help ensure services provided are performing well.

16.3.   Performance against the targets in the SLA will be reported for review on a regular basis to the ICT Joint Monitoring and Liaison Group (JMLG).

16.4.   The suggested KPIs are as follows:

(a)   KPI 1 – Support Desk Incident Reports

(i)   Percentage of first time fixes

(ii)   Summary report of incidents not classified as first time fix

(iii)   Open incidents by location

(iv)   Incidents opened by location and priority

(v)   Incidents exceeding SLA by location

(b)   KPI 2 – Availability of key systems

(i)   This is a breakdown of the availability of individual systems during service hours

(c)   KPI 3 – Unplanned outages

(i)   Sum of the number of unplanned outages occurring per calendar month.

(d)   KPI 4 – Data communications network availability

(i)   The availability of the network measured across council infrastructure

(e)   KPI 5 – Customer satisfaction surveys

(i)   Every 12 months a customer satisfaction survey will be carried out.

(f)   KPI 6 – Production of Management Information

(i)   A single, or set of, document(s) containing the KPI information relating to the performance period

END OF DOCUMENT

Agenda Item 14

Cheltenham Borough Council
Cabinet – 11 December 2012
Licensing of Rickshaws in Cheltenham - Rickshaw Safety

Accountable member	**Cllr Peter Jeffries – Cabinet Member for Housing and Safety**
Accountable officer	**Sonia Phillips – Director Wellbeing and Culture**
Ward(s) affected	**All**
Key Decision	**No**
Executive summary	On the 25th of September 2012 Cabinet resolved to defer a decision on the licensing of rickshaws in the borough pending further information relating to safety issues. At the Cabinet meeting Mr Meyer requested a meeting to discuss his concerns relating to the proposed draft policy. This was facilitated by the Cabinet Member for Housing and Safety and took place on Friday 5th October 2012. Officers have sought further clarification on the points raised by Members and are now reporting back in conjunction with the report submitted to Cabinet on the 25th of September 2012.
Recommendations	**Cabinet is recommended to:** 1. **Note the contents of this report,** 2. **Resolve whether it will approve the licensing of rickshaws in Cheltenham and whether a trial period is necessary, and** 3. **Subject to resolution 2, approve and recommend the draft amended policy for adoption by Council.**

Financial implications	There are no financial implications arising from this report. **Contact officer: Sarah Didcote** **sarah.didcote@cheltenham.gov.uk, 01242 264125**

Legal implications	The Council is responsible for the licensing of Hackney Carriages within the Borough of Cheltenham. Rickshaws fall under the definition of Hackney Carriages. As part of the licensing regime the Council can introduce policies which provide guidance on the requirements that the Council will seek when determining applications.
	There are no safety standards that specifically apply to Rickshaws. If however the Council grants any Hackney Carriage Licences in respect of Rickshaws the Council can grant those licences subject to conditions (which can include condition standards for design, use and safety) that the Council feel are necessary and proportionate.
	Contact officer: Sarah Farooqi
	sarah.farooqi@tewkesbury.gov.uk, 01684 272693
HR implications (including learning and organisational development)	There are no direct HR implications detailed in this report.
	Contact officer: Julie McCarthy
	julie.mccarthy@cheltenham.gov.uk, 01242 264355
Key risks	**As identified in appendix 1**
Corporate and community plan Implications	**Carbon emissions are reduced and Cheltenham is able to adapt to the impacts of climate change.**
	Cheltenham has improved access and travel options.
	Unemployed people are able to access employment and training.
	Attract more visitors and investors to Cheltenham.
Environmental and climate change implications	**Rickshaws offer an environmentally friendly alternative form of public transport.**

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1.   Background

1.1   In June 2012 Cabinet approved for the purpose of consultation a draft policy in respect of the licensing of rickshaws in the borough.

1.2   A consultation process was undertaken between June and July. During the consultation a large proportion of respondents raised issues relating to the safety of rickshaws. Furthermore, a report by the Transport Research Laboratory ("TRL") highlighted further safety related issues.

1.3   As a result, Cabinet resolved in September to defer a decision pending further clarification on a number of safety related issues. The issues related to the existence of any recognised safety standards for rickshaws and further to address a number of safety related issues recognised in the TRL report.

1.4   This report addresses the specific issues and questions raised by Members.

2.   Recognised Safety Standards for Rickshaws

2.1   There are currently no recognised safety regulations or legislation that specifically relate to the use or manufacture of rickshaws. There are in existence a number of regulations relating to bicycle safety which have been applied to rickshaws by both manufacturers and licensing authorities. These regulations are:

   a) BS EN 14766:2005 Mountain-bicycles - Safety requirements and test methods or equivalent,

   b) Pedal Cycle (Construction and Use) Regulations 1983,

   c) Pedal Bicycle (Safety) Regulations 2003,

   d) Road Vehicle Lighting Regulations 1989, and

   e) The Electrically Assisted Pedal Cycles Regulations 1983.

2.2   Although the principles contained in the above regulations can and have been applied to rickshaws, Members should bear in mind that these regulations are intended to primarily deal with bicycle safety not cycles adapted for carrying passengers.

2.3   The lack of any recognised safety standards or regulations has largely been the reason why it has been necessary to apply the above regulations to rickshaws. Below is a brief breakdown of the regulations as they relate the scope of this report.

BS EN 14766:2005 Mountain-bicycles – Ensures that parts are properly manufactured and tested to comply with EU regulations.

Pedal Cycle (Construction and Use) Regulations 1983 – Deals generally with minimum construction regulations of bicycles and tricycles such as the requirement to be fitted with a braking system, steering etc.

Pedal Bicycle (Safety) Regulations 2003 – These regulations define, and therefore relate to, a bicycle as "…a two-wheeled vehicle that is propelled solely by the muscular energy of the person on that vehicle by means of pedals and has not been constructed or adapted for propulsion by mechanical power". Again these safety regulations did not take into account rickshaws or any other cycle adapted either for mechanical propulsion or for carrying passengers.

Clearly, cycles adapted to carry passengers should be required to comply with the highest

possible safety standards. The Pedal Bicycle (Safety) Regulations 2003 deal with safety requirements for the average bicycle and additional safety concerns relating to cycles adapted or constructed to carry passengers would not have fallen in the scope of these regulations.

Road Vehicle Lighting Regulations 1989 – These regulations relate to the basic lighting and reflector requirements for, amongst others, cycles. As with the previous regulations above, the lighting regulations did not take into account, and therefore also do not specifically deal with, the additional lighting and reflector requirements that may be required for cycles adapted or constructed to carry passengers.

The Electrically Assisted Pedal Cycles Regulations 1983 – Deals with the class of electrically assisted cycles in terms of electric output and kerb weight.

2.4 A number of UK based manufacturers were contacted to ascertain which safety standards they apply when constructing rickshaws. The manufacturers contacted were H7 Engineering, Cycles Maximus and the Tartan Rickshaw Company. There was no response from the Tartan Rickshaw Company. Cycles Maximus confirmed verbally that they construct their rickshaws to the specifications contained in the above regulations in so far as it is possible. However, H7 Engineering stated in their response that because there is no one recognised safety standard applicable to rickshaws, most manufacturers apply and test to EN 14764:2005 standards but this, in their opinion, is wrong because the EN 14764:2005 safety standards do not apply to rickshaws.

2.5 H7 Engineering instead applies the safety standards that were set out in the 2006 Department for Transport and Transport for London public consultation on the licensing of rickshaws in London. The outcome of that consultation never made it onto the statute books but the standards mentioned in the consultation are nonetheless listed at **Appendix 2** for information.

2.6 Members will note from the Transport for London consultation document that they too proposed to apply the above mentioned regulations in the absence of recognised safety standards applicable to rickshaws.

2.7 In light of the above, Members must decide how much weight and assurance to attach to existing safety and manufacturing regulations. It is clear that these were never intended to deal with rickshaws as a separate type of cycle although as already mentioned, some aspects can be applied.

2.8 The lack of any recognised safety standards or regulations specifically in respect of rickshaws could put the Council in a difficult position because although most responsible operators would source their rickshaws from reputable manufacturers, an application for a "home made" rickshaw could legitimately be made. Provided the applicant uses BS approved parts and complies with the Council's adopted policy, the Council will find it difficult to find grounds for refusal.

2.9 Officers are not currently proposing a maximum age limit on rickshaws primarily because the reasons such a rule applies to motor vehicles would not apply to rickshaws such as for example, emission standards. The draft policy does propose that rickshaws be tested and inspected at least annually to ensure basic safety compliance.

3. Findings of the TRL Report

3.1 In addition to the above, Members have also requested that a number of safety related issues mentioned in the TRL report be addressed. These are listed below:

a) Crash testing of vehicles,

b) Lap belt design unsuitable for children,

c) Braking performance of a laden pedicab significantly lower than of a car,

d) Unladen/lightly laden stability, and

e) Slow reaction time by riders.

3.2 The number of safety related issues identified in the TRL report cannot further be addressed or eliminated because in essence a rickshaw is a cycle adapted to carry passengers therefore the scope for enhanced safety features is somewhat limited. Some measures can be put in place to mitigate some of the safety issues such as better visibility, rider training and regular safety inspections but in essence, and for the reasons mentioned above, they are manufactured as safe as is possible with such a type of vehicle.

3.3 For example, although it is recognised that the lap belts fitted in rickshaws are not entirely suitable there are no alternatives due to lack of any other suitable anchorage points.

3.4 Equally, very little can be done to deal with the braking and handling issues again due to the nature and construction of rickshaws.

3.5 The safety risk should be balanced against the likelihood of an incident occurring in the first instance. Unfortunately as mentioned in the previous report, since rickshaws have never been licensed in the borough a measure of the likelihood of incidents occurring in the first place is not possible to quantify beyond speculation.

3.6 In light of the above, it is accepted that rickshaws will cause some measure of congestion particularly in the town centre which could be a contributing factor. Also the likelihood of incidents affecting public protection occurring will be increased during late night operation as a result of diminished visibility and anti-social behaviour.

4. Options

Imposition of Relevant Conditions

4.1 In the absence of any recognised safety standards particularly in relation to rickshaws, the Council has a number of options available to it if it were to resolve to licence rickshaws.

4.1.1 Option 1 - The Council can impose its own safety standards by way of conditions attached to the issue of a rickshaw licence. However, Members are to note that officers do not have the required technical knowledge to undertake such a project therefore more specialist input would be required. Furthermore and as has already been alluded to in this report, officers are of the opinion that rickshaw safety standards cannot substantially be enhanced beyond existing standards.

Members are to note that draft conditions have been drawn up and these are contained at Appendix B of the draft policy.

4.1.2 Option 2 - The Council can adopt the current safety standards insofar as they can be applied to rickshaws, the implications of which have been discussed in this report.

4.1.3 Option 3 – The Council can choose not to adopt any standards although this is not considered a viable option.

Taxi Law Reform Proposals

4.2 Alternatively, Members can decide to defer a decision pending the outcome of the Law Commission's proposals to reform taxi licensing law.

4.3 The purpose of licensing is to ensure public protection and safety. If Members are not satisfied that the current legislative provisions in place in respect of the licensing of rickshaws are sufficiently robust to ensure public protection, then Members are encouraged to resolve not to licence them in the borough.

4.4 The law commission recently consulted on a number of taxi law reform measures which included a proposal to properly incorporate rickshaws and similar types of vehicles into the licensing regime. It was further proposed that guidance from central government with regards to minimum vehicle standards would also be issued in respect of, in this case, rickshaws. New draft legislation is expected to be introduced in 2013.

Report author	Contact officer: Louis Krog
	louis.krog@cheltenham.gov.uk, 01242 77 5004
Appendices	1. Risk Assessment 2. Transport for London Consultation on the Licensing of Pedicabs, June 2006 – Appendix C 3. Amended Draft Policy
Background information	1. Officer report and minutes from Cabinet - 25th of September 2012 2. Law Commission Consultation on Taxi Law Reform 3. Transport for London Consultation on the Licensing of Pedicabs, June 2006 (http://www.docstoc.com/docs/47382075/Consultation-on-the-Licensing-of-Pedicabs#)

Risk Assessment

Appendix 1

Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likeli-hood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	There exists the possibility that the licensing of rickshaws could adversely affect public safety for the reasons contained in this report.		25 Sept, 2012	4	3	12	Accept	Based on the feedback and supporting evidence, Members must make a judgement with regards to the likely adverse effect on public safety and base a decision to licence rickshaws accordingly. If adopted, close monitoring will have to be undertaken and if required, suspension of the scheme must be considered.	Ongoing		
	Rickshaws are not able to offer transport options for people with disabilities and a decision to licence these does adversely impact on equalities.			2	2	4	Accept	Monitoring and feedback.	Ongoing		
	Any adverse impact on public safety resulting from the licensing of rickshaws will adversely affect the Council's reputation.			2	4	8	Accept	If adopted, close monitoring will be required and if required, suspension of the scheme must be considered to mitigate further damage.	Ongoing		
	The licensing of rickshaws will require additional enforcement resources to properly control.			2	4	8	Accept	The impact on additional resources required will be monitored against the effectiveness of supply of these additional controls.	Ongoing		

Explanatory notes

Impact – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)

Likelihood – how likely is it that the risk will occur on a scale of 1-6

(1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)

Control - Either: Reduce / Accept / Transfer to 3rd party / Close

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Appendix 2 - Transport for London Consultation on the Licensing of Pedicabs, June 2006

Proposed conditions of fitness for pedicabs

Recognising that pedicabs are expected to be regarded as taxis, these draft Conditions of Fitness for Pedicabs are based on the existing Conditions of Fitness for motor hackney carriages (MHCs) in London with appropriate modifications. The final document may be published as an Annex to the Conditions of Fitness for MHCs.

Transport for London Public Carriage Office Conditions of Fitness for Pedicabs

Part 1 - Procedure to be followed by manufacturers and owners of pedicabs for use in London

1. New types of pedicab
2. Presentation for vehicle licence
3. General

Part 2 - Conditions of Fitness

4. General construction
5. Wheel configuration
6. Additional fittings
7. Lighting
8. Steering
9. Tyres
10. Wheel and tyre protection
11. Brakes
12. Electrical equipment
13. Body
14. Canopy or roof
15. Passenger seating
16. Rider's area and controls
17. Fare table, certificate of insurance and small identification plate
18. Floor covering
19. Audible warning device
20. Maintenance

Part 3 – Directions

21. Advertisements
22. Badges/Emblems
23. Additional advisory requirements not forming part of inspection

Notes
a) In these Conditions the "Licensing Authority" means Transport for London which will exercise the duties imposed by the London Cab Order 1934 as amended by the Greater London Authority Act 1999.
b) The term "approved" in the Conditions of Fitness refers to approval by the PCO Head of Vehicle Inspections and Standards.
c) Transport for London's Conditions of Fitness in Part 2 and Directions in Part 3 are laid down or made in accordance with the terms of paragraphs 7 and 14 respectively of the London Cab Order 1934, as amended.

d) The Conditions of Fitness in Part 2 operate from the commencement of pedicab licensing. Vehicles that meet these conditions remain subject to the conditions while the vehicle is licensed unless specific amendments to the Conditions of Fitness for Pedicabs identify retrospective requirements.

e) The Directions in Part 3 apply to all licensed vehicles.

Construction and licensing of pedicabs in London

In accordance with the provisions of paragraph 7 of the London Cab Order 1934, in pursuance of the Metropolitan Public Carriage Act 1869, no vehicle shall be licensed as a cab unless it is ft for public service and conforms to the requirements in this booklet. Where legislation identified within these Conditions of Fitness is amended then those amendments are automatically incorporated in these Conditions.

Issued by: The Public Carriage Office, 15 Penton Street, London, N1 9PU

Part 1 - Procedure to be followed by manufacturers and owners of pedicabs for use in London

1. New types of pedicab

a) Before constructing any new type of pedicab, manufacturers are advised to study the Conditions of Fitness set out in Part 2 of this booklet. Where the design or concept of the proposed vehicle is significantly different from those set out here, the manufacturer should send to the PCO Head of Vehicle Inspections and Standards dimensioned drawings or blueprints, together with detailed specifications of the proposed cycle, for advice as to its general suitability for public service in London. It is also advisable to arrange for a preliminary inspection. The address is:

The Public Carriage Offce, 15 Penton Street, London, N1 9PU

b) In any case, application for the approval in advance of licensing of a pedicab must be made in writing to the Public Carriage Office, and must be accompanied by dimensioned drawings or blueprints, together with detailed specifications and any particulars required by the Head of Vehicle Inspections and Standards.

2. Presentation for vehicle licence

a) Before a pedicab licence can be issued, the vehicle must be presented at such passing station or other place that Transport for London may direct and any previous licence and licence plate must be returned.
b) A licence will be issued for a specified maximum number of passengers, based on the size of the passenger area and seating.

3. General

a) Even where the conditions set out in this booklet have been complied with, approval will be withheld if the Licensing Authority is of the opinion that a vehicle is unsuitable for public use.
b) Although the Licensing Authority may extend its approval of any particular type of pedicab to all other pedicabs conforming to the design of that type, he may withdraw such general approval if, in his opinion, any unsuitable features arise.
c) It is accepted that the nature of pedicabs, and in particular the differences between them and standard bicycles, may make it impractical to comply with all of the requirements of the standards and regulations referred to below. Allowances will therefore be made for situations identified below where it is not practical to comply.

Part 2 Conditions of fitness
N.B. The following requirements apply to all vehicles licensed in London, including those that have been modified after first licensing.

4. General construction

Every new and existing type of pedicab must comply where practicable with the requirements of:
a) BS EN 14766 2005 or equivalent;
b) The Pedal Cycle (Construction and Use) Regulations 1983; and,
c) The Pedal Bicycle (Safety) Regulations 2003 will apply to pedicabs regardless of seat height and classification as a bicycle.

5. Wheel configuration

Pedicabs will be so constructed that they will have a minimum of three wheels, at least two at the rear and one at the front. This will apply to all pedicabs unless the Head of Vehicle Inspections and Standards grant specific exemption.

6. Additional fittings

No fittings, other than those approved, may be attached to or carried on the inside or outside of the vehicle.

7. Lighting

Pedicabs must comply with the Road Vehicles Lighting Regulations 1989 and must be fitted with:
a) a minimum of one obligatory front position lamp, (as identified in schedule 2 of the lighting regulations). Two front position lamps will be required if the pedicab has four or more wheels.
b) a minimum of two obligatory rear position lamps, (as identified in schedule 10 of the lighting regulations).
c) a minimum of two obligatory rear retro reflectors, (as identified in schedule 18 of the above regulations).
d) a minimum of two additional stop lamps, (as identified in schedule 12 of the lighting regulations). Illumination of the stop lamps may be switched by the operation of either or both braking systems, a decelerometer switch or another automatic means; and,
e) directional indicators (identified as 'optional direction indicators' in schedule 7 of the lighting regulations) must be fitted. The visibility requirements of schedule 7 part 3 must be met.

Note: the above requirements may exceed the minimum requirements for pedal cycles.

8. Steering

The driving position must be the forward most position on the pedicab unless granted specific exemption by the Head of Vehicle Inspections and Standards. The steering when turned to full lock in either direction must not affect the stability of the vehicle when turning.

9. Tyres

All tyres must comply with the following requirements:
a) the tread pattern should be clearly visible over the whole tread area, around the entire circumference and across the whole breadth of the tread.

b) there should be no exposed cords; and,
c) the load ratings of all tyres must be suitable for the pedicab when fully loaded.

Where a tyre does not display a maximum load weight, then the tyre manufacturer's technical information must be presented.

10. Wheel and tyre protection

a) All wheels (including the tyre and brake mechanism) that are in the vicinity of the passenger compartment must be covered for the protection of passengers or their clothing. It must not be possible for passengers or their clothing to touch any part that may rotate whilst riding on the vehicle.

11. Brakes

a) Braking systems used on pedicabs must comply where practicable with the requirements of BS EN 14766 2005, the Pedal Cycle (Construction and Use) Regulations 1983 and relevant EU Directives[1].

b) The braking system must be at least 50% efficient at all times, with or without passengers.

12. Electrical equipment

Any electrical installation to the pedicab, including the battery and switches must be:
a) adequately insulated;
b) suitably protected from contact by passengers;
c) suitably fused;
d) securely fitted; and
e) permanently wired.

Any electrical equipment fitted must be maintained in good condition and fully functional. Any battery fitted must be of a type that will not leak.

13. Body

a) The overall size of the pedicab will not exceed 1250mm in width (excluding rear view mirror) or 2650mm in length.
b) There must be at least one mirror fitted to the offside of the vehicle in order to monitor other road users. A nearside mirror will also be permitted in order to monitor the view to the nearside.
c) The outer edge of any entrance to the floor of the passenger compartment should not exceed 38cm above ground level when the vehicle is unladen. It should be fitted with non-slip high visibility (yellow) markings. These markings should be secure at all times and must not present a trip hazard.
d) Holds or handles to aid passenger access or egress should be clearly identified with high visibility (yellow) markings.

14. Canopy or roof

a) Any canopy or roof, when fitted, must remain fixed in position until required to be raised or lowered. This should be achieved by means of a locking mechanism to secure the canopy or roof in the raised or lowered position as required.
b) Visibility from the passenger compartment must not be restricted by the design of the pedicab. If the canopy or roof restricts vision then it must incorporate a clear panel to the rear no smaller than 600mm wide by 200mm high. If vision is restricted

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[1] The minimum requirements for brakes are set by regulation 7 of the Pedal Cycle (Construction and Use) Regulations 1983. This section requires two independent braking systems front and rear.

to the sides then clear panels, not less than 200mm square, should be incorporated in the sides. Any canopy or curtain to the front must be predominantly clear.
c) Where the design of the canopy or roof does not allow for windows or clear panels of this size then consideration will be given to a specific exemption by the Head of Vehicle Inspections and Standards.

15. Passenger Seating
a) The rear seat dimensions must be adequate to accommodate one or two adult passengers, based on a width of 450mm per passenger. Passenger seating must be forward facing.
b) Every pedicab presented for licensing must be fitted with seatbelts which are adequate to retain the passenger in the vehicle and which bear an EC or BSI mark.

16. Rider's area and controls.

a) The rider's controls and surrounding area must be so designed that the rider has adequate room, can easily reach and quickly operate the controls and give hand signals when required.
b) The position of the rider's seat must not be such that it restricts access or egress to the passenger compartment.

17. Fare chart, certificate of insurance and small identification plate

The fare chart (if required), certificate of insurance and interior identification plate must be displayed within the view of passengers and should remain static when the canopy or roof is raised or lowered.

18. Floor covering

The flooring of the passenger compartment must be of a non-slip material which can be easily cleaned.

19. Audible warning device

Pedicabs will be required to have a warning bell fitted complying with the requirements of the Consumer Protection, Pedal Bicycles (Safety) Regulations 2003.

20. Maintenance

Pedicabs and all their fittings, advertisements etc. must be maintained to standards that meet these Conditions of Fitness for pedicabs throughout the validity of the licence. The vehicle must be kept clean and in good order at all times.

Pedicabs will at all times be subject to test and inspection and, should it be found that a vehicle is not properly maintained or in good working order, a notice will be served on the owner prohibiting its use until the defect has been rectified and the vehicle has been re-inspected.

Part 3 Directions

21. Advertisements
a) Suitable advertisements may be allowed on the exterior or interior of pedicabs subject to the approval of the Licensing Authority. All materials used in the

manufacture of, and for the purpose of fixing, advertisements to the pedicab mustbe approved.
b) Advertisements will not be approved for use unless they comply with the Consolidated Guidelines for advertising on licensed London taxis.

22. Badges/Emblems

a) In addition to advertisements displayed in accordance with the previous paragraph, vehicles may display the official badge or emblem of organisations which provide emergency vehicle repair and/or recovery services or membership of which indicates that the rider possesses professional skills/qualifications which enhance the pedicab service provided to the public.

b) Badges may be affixed to the front of the vehicle only and in such a manner as not to be detrimental to the operation of the vehicle, or likely to cause injury to any person, or to detract from any authorised sign which the vehicle may be required to display.
c) No advertisement, badge or emblem, including the stick-on type is to be exhibited other than is provided for in the directions contained in these paragraphs.

23. Additional advisory features not forming part of inspection

Passenger compartmental

a) The vertical distance between the highest part of the floor in the passenger compartment and the underside of any canopy or roof (when locked in the raised position) should be not less than 1.3 metres.
b) The materials used to form the passenger seat should be waterproof so that they will not absorb or retain water. Seats must be constructed of a suitable fre resistant material to BS 5852 part 1 1979 or equivalent.

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Cheltenham Borough Council

Policy, Procedure and Conditions for Licensing Rickshaws

All enquiries should be directed to:-
Licensing Section
Municipal Offices
Promenade
CHELTENHAM
GL50 9SA
Tel: 01242 775200
E-mail: licensing@cheltenham.gov.uk
Website: www.cheltenham.gov.uk/licensing

This policy was adopted by Cheltenham Borough Council on xxxx.

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1. Procedure for Licensing Rickshaws

2. Policy

3. Conditions

Introduction

It is an established fact (R v Cambridge City Council [1999] R.T.R. 182) that non-motorised vehicles are to be licensed as Hackney Carriages. For the purpose of this policy therefore, rickshaws will be understood to mean Hackney Carriages and riders as Hackney Carriage drivers.

The Council has the responsibility to regulate and control all drivers and vehicles used for carrying passengers for hire and/or reward within the borough under the provisions of the Town Police Clauses Act 1847 and the Local Government (Miscellaneous Provisions) Act 1976. This policy will provide guidance to applicants and other interested parties, officers and Members on the approach the Council will take when licensing rickshaws.

For the avoidance of doubt, this policy has been set and adopted in addition to the Council's general *Licensing Policy, Guidance and Conditions for Private Hire and Taxis*. Unless otherwise stated, the scope and provisions of this policy has no bearing on the Council's general policy and vice versa.

Definitions

"The 1847 Act"	The Town Police Clauses Act 1847
"The 1976 Act"	The Local Government (Miscellaneous Provisions) Act 1976
"The Council"	Cheltenham Borough Council
"The Borough"	The Borough of Cheltenham
"The Licence"	a licence granted in respect of a Rickshaw granted pursuant to Section 37 of the Act of 1847
"Rickshaw"	a vehicle in respect of which there is a licence in force under Section 37 of the Act of 1847
"Rickshaw Rider"	a driver licensed by the Local Authority to be in charge of a licensed rickshaw and which there is a licence in force under Section 46 of the Act of 1847
"Rickshaw licence number"	the number allocated by the Council to a licence granted for a Rickshaw
"Vehicle plate"	the plate provided by the Council for affixing to a rickshaw pursuant to Section 38 of the Act of 1847
"Core Commercial Area"	The said area as outlined in the "Cheltenham Borough Local Plan" adopted July 2006

References to the male gender shall be construed as including reference to the female gender where appropriate.

References to "rickshaw" shall be construed to also include Pedicabs or any other non-motorised vehicles.

All other words and phrases in these conditions shall bear the meanings ascribed to them (if any) in the 1976 Act and the 1847 Act.

All obligations contained in the Licence Conditions are to be construed as the obligations of the Licence.

1. Procedure for Licensing Rickshaws

1.1   The Council has a statutory duty to regulate Hackney Carriages and Hackney Carriage Drivers in the interest of public safety and protection. To this end, the Council will adopt the following procedures for licensing rickshaws and rickshaw riders.

1.2   Non-motorised vehicles will be subject to the same statutory provisions as motorised vehicles which includes the Council's Hackney Carriage byelaws.

Initial Application Riders

1.3   To apply for a licence, the applicant must be over 18 years of age, be a fit and proper person as defined by section 59(1)(a) of the 1976 Act, hold a full original DVLA driving licence for a period of no less than 12 months and be proficient in English.

1.4   In addition, the applicant must provide the Council with the following documents when making a first application:-

a) Licence application form completed in full;
b) The appropriate fee;
c) A full original DVLA driving licence (or equivalent driver's licence) that has been issued for at least 12 months;
d) A passport sized, colour photograph which must be clear and concise, with no face or head covering;
e) CRB enhanced disclosure application form and fee;
g) Documentation regarding applicant's right to work in UK (if applicable);
h) Medical certificate (In accordance with DVLA Group 2 driver standard for medical fitness of Hackney and Private Hire drivers & by a practitioner who has access to the applicant's medical history);
i) Provide evidence of having achieved Level 3 of The National Standards for Cycle Training using a rickshaw and must be able to provide certified documentary evidence of this achievement.

1.5   If convictions or charges are revealed, the Council will make a decision as to their relevance in reference to its adopted policy on the Relevance of Convictions (from the Council's general policy available at www.cheltenham.gov.uk/licensing). The Council may require further information from the Police or Crown Prosecution Service prior to making a decision.

1.6 Applicants who have previous criminal convictions, cautions, fixed penalty notices or charges pending will be interviewed and details of that interview may be included in any report which is referred to the Licensing Committee.

1.7 If the information received is deemed relevant the licence may be refused.

1.8 Failure to disclose any previous convictions, cautions fixed penalty notices or pending charges maybe construed as an attempt to deceive and appropriate and proportionate action will be taken.

1.9 All riders will be issued with 2 driver badges detailing the licence number, expiry date and a photograph of the licence holder. One badge must be worn at all times when the rider is working and be clearly visible and the other must be displayed inside the rickshaw in a prominent position so that it can be clearly seen by passengers.

Rider Renewal Applications

1.10 Holders of existing licences must apply to renew their licence in the month preceding the expiry date and ideally should be submitted as early as possible prior to the expiry of the previous licence. The Council has no duty to notify riders that their licence is due for renewal, but as a courtesy and part of the Council's customer service will send reminders generally four to six weeks in advance of the expiry of the licence.

1.11 Upon renewal, the applicant will be required to produce the following:-

a) Completed renewal application form completed in full;
b) Current valid DVLA Driving Licence;
c) DVLA mandate form completed in black;
d) Correctly completed enhanced CRB form and fee;
e) Medical certificate (In accordance with DVLA Group 2 driver standard for medical fitness of Hackney and Private Hire drivers & by a practitioner who has access to the applicant's medical history);
f) The appropriate fee;
g) A passport sized, colour photographs which must be clear and concise, with no face or head covering.

1.12 All riders will be issued with 2 driver badges detailing the licence number, expiry date and a photograph of the licence holder. One badge must be worn at all times when the rider is working and be clearly visible and the other must be displayed inside the rickshaw in a prominent position so that it can be clearly seen by passengers.

Initial Application Rickshaw Vehicles

1.13 The applicant must provide the Council with the following documents when making a first application:-

a) Licence application form completed in full;
b) Policy of public liability insurance which covers use for hire and reward with passenger risks of no less than £5 million (The insurance certificate must have effect for the duration of the licence);
c) Signed and completed certificate of fitness compliance sheet.

1.14 All vehicles will be issued with a window badge outlining the vehicle licence number, the vehicle licence expiry date, vehicle make, model and number of passengers permitted to be conveyed in the vehicle. The window badge must be displayed inside the vehicle in a visible position to passengers.

Rickshaw Renewal Applications

1.15 Holders of existing licences must apply to renew their licence in the month preceding the expiry date and ideally should be submitted as early as possible prior to the expiry of the previous licence. The Council has no duty to notify licence holders that their licence is due for renewal, but as a courtesy and part of the Council's customer service will send reminders generally four to six weeks in advance of the expiry of the licence.

1.16 Upon renewal, the applicant will be required to produce the following:-

a) Licence application form completed in full;
b) Policy of public liability insurance which covers use for hire and reward with passenger risks of no less than £5 million (The insurance certificate must have effect for the duration of the licence);
c) Signed and completed certificate of fitness compliance sheet.

1.17 All vehicles will be issued with a window badge outlining the vehicle licence number, the vehicle licence expiry date, vehicle make, model and number of passengers permitted to be conveyed in the vehicle. The window badge must be displayed inside the vehicle in a visible position to passengers.

2. Policy

General

2.1   Each application will be determined on individual merits.

Vehicle Types to be Licensed

2.2   The Council recognise that Rickshaw can present unique challenges with regards to traffic flow, highway access, obstruction and safety.

This is particularly relevant in Cheltenham town centre where:

a) a number of one way systems are in operation,
b) a significant section of the town centre being pedestrainised with limited vehicular access, and
c) on street parking combined with bus stops narrow the width of the road which can cause obstruction and difficulties with traffic flow.

Mechanically propelled vehicles will present difficulty for the Council, in reference to the above, and as a result, the Council considers it appropriate to only licence purpose built cycle rickshaws fitted with at least 2 passenger seats and of a design, which has the rider in the front or forward position and the passengers seated to the rear.

2.3   All Rickshaws must:-

a) Display a vehicle plate which must be securely attached to the exterior of the rear of the vehicle in a prominent position;
b) Be capable of carrying a minimum of *2 but a maximum of 3* passengers in safety and comfort;
c) Have sufficient roof and weather covering to be kept water proof;
d) At all times comply with the safety standards contained in this policy;
e) Be fitted with operational lap belts, one for each passenger;
f) Be fitted with operational and adequate lights;
g) Display at all times, in a prominent position, the adopted fare card;
h) Display licence badge.

Safety

2.4   All Rickshaws must comply at all times with the following safety standards:-

a) BS EN 14766:2005 Mountain-bicycles - Safety requirements and test methods or equivalent;
b) Pedal Cycle (Construction and Use) Regulations 1983;
c) Pedal Bicycle (Safety) Regulations 2003;
d) Road Vehicle Lighting Regulations 1989; and
e) *The Electrically Assisted Pedal Cycles Regulations 1983*.

Advertising

2.5   *Advertising will be permitted insofar as it is not inappropriate or offensive and the Council reserves the right to seek the removal of any advertising that is deemed or construed to be either or both.*

Fares

2.6 Theoretically it is possible to fit a meter on a rickshaw, however this is considered impractical, as it would require a battery and waterproof enclosure, be expensive and inappropriate. Furthermore battery failure or loss of charge would require regular re-setting of the calendar control system. Finally, a rickshaw is unlikely to ever go fast enough to allow charging by distance.

2.7 The Council can set maximum fares in accordance with section 65 of the Local Government (Miscellaneous Provisions) Act 1976. However, it is accepted that the operation of a rickshaw is sufficiently different from a normal motorised licensed vehicle and to that end the Council does not consider it necessary to formally control fares in relation to rickshaws.

2.8 However, under the aforementioned section of the 1976 Act the Council reserves the right to introduce a formal fare structure for rickshaws at anytime.

2.9 Furthermore, to enable the Council to properly investigate and respond to complaints, it is a condition of this policy and the accompanying licence conditions that riders be required to issue receipts to customers for each and every journey and retain copies for inspection.

Area of Operation

2.9 Rickshaw Hackney Carriages can stand or ply for hire on any street within a prescribed district and may undertake any request for a journey. However, it would be unrealistic to expect rickshaws to undertake all such journeys due to the physical demands on the rider. There must nonetheless be assurances that the passengers will be safely delivered to their destination with no reasonable risk that they may be ejected by the rider who becomes tired or fatigued. Consideration needs to be given to control of the areas of operation for Rickshaw Hackney Carriages in the borough.

2.10 To this end the Council considers it appropriate that the area of operation for Rickshaws be limited to the core commercial area of the town and Evesham Road up to Walnut Close for access to Pittville Park.

2.11 Rickshaws will only be *permitted to stand or ply for hire* on-street within the areas defined at paragraph 2.10 above. Access to pedestrainised areas and/or cycle lanes or routes will **not** be permitted.

2.12 Rickshaws will not be permitted to operate from designated hackney carriage ranks used by motorised hackney carriages.

Duration of Licences

Drivers

2.14 The Council will issue driver's licenses for a period of 1 or 3 years.

Vehicles

2.15 The Council will issue vehicle licences for a period of up to 1 year.

Inspection of the Vehicle

2.16 Prior to a licence being granted to the intended Rickshaws must be inspected by officers of the Council.

2.17 Rickshaws will also require to be inspected annually by an officer of the Council. An inspection will include, but will not be limited to, the following:

a) Front and rear brakes;
b) Front and rear lights;
c) Operation of lap belts;
d) Condition of tyres, wheels, spokes & steering;
e) Reflectors;
f) Quick release mechanisms;
g) Bell/Horn;
h) Condition of external body work.

Reporting Accidents

2.18 The rider must notify the Council of any accident or incident within 72 hours.

3. Conditions

3.1 Driver Code of Conduct for in respect of Rickshaws is attached at **Appendix A**.

3.2 Conditions attached the grant of a Rickshaw licence is attached at **Appendix B**.

CHELTENHAM
BOROUGH COUNCIL

Code of Conduct for Cheltenham Borough Council Rickshaw Riders

I (insert name) .... hereby certify that in the course of my activities as a rickshaw rider I will:

1) Ensure the safety of my passengers, other road users and myself at all times and take all measures to avoid accidents and incidents.

2) Abide by the rules as set out in The Highway Code at all times.

3) At no time be under the influence of alcohol or any drugs, including prescription drugs that may affect my judgement.

4) Ensure that my passengers are offered the safety belt or lap belt before all journeys.

5) Charge a standard fare for all journeys which will be for the hire of the vehicle (not per passenger) and agree that fare with passengers prior to embarking on a journey and not to charge or demand more.

6) Ensure that all items belonging to passengers are stowed away and that scarves, coats or any other items are safely contained within the rickshaws.

7) Not solicit or tout for business.

8) Not overload the rickshaw. I will only take the number of passengers specified on the licence plate.

9) Be courteous and considerate to other road users, pedestrians, passengers and other persons at all times.

10) Not cause an obstruction to other vehicles or pedestrians especially around fire exits from buildings, e.g. theatres and licensed premises.

11) Wear my licensed driver's badge (ID badge) at all times whilst working.

12) Carry out safety checks of brakes, steering, tyres, pedals, lights and the rickshaw in general before the commencement of work each day.

13) Assist any other rickshaw rider if they are experiencing difficulties.

14) Not become involved in racing of any kind.

15) Hand in any lost property to the Police station on Lansdown Road, Cheltenham.

16) Ensure that my passengers arrive at their destination safely and that I will take particular care of the vulnerable.

17) Not smoke, consume alcohol or use a mobile phone whilst riding or allow passengers to smoke, consume alcohol during any journey.

18) Not ride in pedestrian areas, cycle lanes or routes or on the pavement.

19) Not to operate in any area outside the designated area for operation.

20) Not use ranks designated for motorised Hackney Carriages.

21) Not take any action that might damage the reputation of the industry or licensing authority.

22) Report and document any accident or incident within 72 hours to the licensing authority.

23) *Issue receipts to customers for each and every journey that I undertake and retain copies of issued receipts in accordance with Cheltenham Borough Council's policy.*

Signed: ……...……..…….... Company: ……...…………..…… Date: …...……...…....

RICKSHAW VEHICLE LICENCE CONDITIONS

1) The rickshaw must at all times comply with the requirements of the BS EN 14766:2005 Mountain-bicycles - Safety requirements and test methods or equivalent, the Pedal Cycle (Construction and Use) Regulations 1983, the Pedal Bicycle (Safety) Regulations 2003, *The Electrically Assisted Pedal Cycles Regulations 1983* and the Road Vehicle Lighting Regulations 1989.

2) The rickshaw will be so constructed that it has a minimum of three wheels, one at the front and at least two at the rear.

3) The rickshaw must be fitted with a minimum of one front position light and a minimum of two rear position lamps and two rear retro reflectors.

4) The steering wheel when turned to full lock will not affect the stability of the rickshaw when turning.

5) Tyres must comply with the following requirements:-

   • tread pattern clearly visible over the whole tread area
   • no exposed cords
   • the load ratings of all tyres must be suitable for a rickshaw when fully loaded.

6) Any electrical installations to the rickshaw must be adequately insulated, protected from passengers and any battery fitted must be of the type that does not leak.

7) A rickshaw must not exceed 1250mm in width (excluding rear view mirror) or 2650mm in length.

8) There must be at least one mirror fitted to the offside of the rickshaw in order to monitor other road users. A nearside mirror is also permitted.

9) The floor covering of the passenger compartment must be of a non-slip material which can be easily cleaned. Any holds or handles to aid passenger access or egress should be clearly identified with high visibility yellow markings.

10) Any canopy or roof, when fitted, must remain fixed in position until required to be raised or lowered which will be achieved by means of a locking mechanism to secure the canopy or roof when raised or lowered and must remain water-tight.

11) The rear seat dimensions must be adequate to accommodate one or two adult passengers based on a width of 450mm per passenger and shall be forward facing.

12) Visibility from the passenger compartment must not be restricted by the design of the rickshaw. If the canopy or roof restricts vision then clear panels should be fitted to aid vision.

13) Every rickshaw licensed by Cheltenham Borough Council shall be fitted with seatbelts or lap belts which will be adequate to retain the passenger in the vehicle and must bear an EC or BSI mark.

14) The rider's controls and the surrounding area of the controls must be so designed that the rider has adequate room. The rider must be able to easily reach and quickly operate the controls and give hand signals when required. The position of the rider's seat must not be such that it restricts access or egress to the passenger compartment.

15) A written receipt will be given to each paying passenger and a copy kept by the licensed rider/proprietor. A chart explaining the fares shall be displayed in full view of any passengers.

16) The certificate of insurance must be displayed within the view of any passengers and should remain so when roof or canopy is lowered.

17) All rickshaw shall be required to be fitted with an audible warning instrument (bell) complying with the Pedal Cycles (Safety) Regulations 2003.

18) Rickshaws and all their fittings must be maintained to standards that meet these conditions of licence throughout the validity of the licence. They must be kept clean and in good order at all times and will be subject to tests and inspections. Any rickshaw found to be not properly maintained may have its licence suspended until such time as it is re-presented for inspection having had the defect(s) rectified. All testing will be carried out by CYTECH qualified technicians.

19) Suitable advertisements may be allowed on the exterior or interior of rickshaws subject to the approval of Cheltenham Borough Council. In addition they may display signs or notices which indicate professional skills or qualifications of the driver which enhance the rickshaw service to the public.

20) The materials used to form the passenger seats should be waterproof so that they will not absorb or retain water and should be constructed of a suitable fire resistant material to BS 5852 Part 1, 1979 or equivalent.

21) The rickshaw shall be of a design which has the rider to the front and passengers seated to the rear.

22) Rickshaws licensed by Cheltenham Borough Council will only operate within the specified area as outlined in the Council's adopted policy.

23) Rickshaws will only operate on-street within the areas defined above. Access to pedestrainised areas and/or cycle lanes or routes will not be permitted.

24) Rickshaws are not permitted to operate from designated hackney carriage ranks used by motorised hackney carriages.

26) The rickshaw shall not display any other signs or notices except those detailed above or approved by the Council.

27) The rickshaw shall not be a licensed rickshaw of any other Council.

28) The licensed proprietor shall immediately notify the Council of the name and address of any other proprietor or person concerned in the keeping, employing or letting for hire of the licensed vehicle.

29) Upon a change of proprietor, the Council shall be notified within 14 days of such change by the licensed proprietor (which expression includes both Companies and Partnerships).

30) The Council's Licensing Section shall be notified within 72 hours of the following:-
   a) any accident or incident affecting the safety, performance or appearance of the licensed vehicle or the comfort or convenience of passengers,
   b) any alteration in the design or construction of the vehicle which may affect its general condition or suitability for use as a rickshaw.

31) The licensed proprietor of a rickshaw shall permit the inspection of all documents relating to the licensed vehicle at all reasonable times and by prior arrangement by authorised Officers of the Council or Police Officers.

32) Every vehicle shall display a licence plate, supplied by the Council, externally on the rear of the vehicle. The licence plate issued by the Council should be securely fixed to the rear of the

vehicle so that it is clearly visible. The licence plate will remain the property of the Council and must be returned to the Council immediately upon a change of vehicle or when requested upon the suspension, revocation or expiry of a vehicle licence.

33) Licensed vehicles must display a sign, supplied by the Council, inside the vehicle in a visible position to passengers, displaying the Council's details and the plate number of the vehicle. The sign will remain the property of the Council and must be returned to the Council when requested upon the suspension, revocation or expiry of a vehicle licence.

34) A driver's badge (ID badge) must be displayed inside the rickshaw when the rider is working, within the view of any passengers and should remain so when roof or canopy is lowered.