



## NOTICE OF MEETING

<b>Meeting:</b>	<b>Overview and Scrutiny Committee</b>
<b>Date and Time:</b>	<b>Tuesday, 19 January 2016 at 7.00 pm</b>
<b>Place:</b>	<b>Committee Room 1, Civic Offices, Fleet</b>
<b>Telephone Enquiries to:</b>	<b>01252 774141 (Mrs G Chapman)</b> <b><a href="mailto:gill.chapman@hart.gov.uk">gill.chapman@hart.gov.uk</a></b>
<b>Members:</b>	<b>Axam, Bailey (Chairman), Clarke, Crisp, Dickens, Gray, Harward, Renshaw, Makepeace-Browne, Wheale, Woods</b>

Joint Chief Executive

CIVIC OFFICES, HARLINGTON WAY  
FLEET, HAMPSHIRE GU51 4AE

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## AGENDA

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AND BRAILLE ON REQUEST**

### **1 MINUTES**

The minutes of the meeting of 15 December 2015 are attached to be confirmed and signed as a correct record. **Paper A**

### **2 APOLOGIES FOR ABSENCE**

### **3 CHAIRMAN'S ANNOUNCEMENTS**

#### **4 DECLARATIONS OF INTEREST**

To declare disclosable pecuniary, and any other, interests.

#### **5 PUBLIC PARTICIPATION (ITEMS PERTAINING TO THE AGENDA)**

Anyone wishing to put a question or statement to the Committee should contact the Committee Services Officer by phone or email (see front page of this Agenda) at least two clear working days prior to the meeting. Further information can be found at [https://www.hart.gov.uk/sites/default/files/4\\_The\\_Council/Council\\_meetings/Public%20Participation%20leaflet%202015%20A4.pdf](https://www.hart.gov.uk/sites/default/files/4_The_Council/Council_meetings/Public%20Participation%20leaflet%202015%20A4.pdf)

#### **6 FEEDBACK FROM SERVICE BOARDS**

#### **7 PORTFOLIO HOLDER**

Councillor John Kennett to attend.

#### **8 REGULATION OF INVESTIGATORY POWERS (RIPA) – QUARTERLY UPDATE**

There has been no further use of the RIPA provisions (Covert Surveillance Policy) since the report to Overview and Scrutiny in April 2013.

#### **9 MANAGEMENT OF THE JOINT WASTE CONTRACT 2018 ONWARDS**

To update members on the options for extending / retendering of the joint Basingstoke/Hart Waste Contract before consideration by Cabinet. **Paper B**

***NB Appendix A to this report is Confidential.***

#### **RECOMMENDATION**

- 1 That work be commenced on retendering the joint waste contract, and that this proceeds in accordance with the outline programme attached at appendix B, subject to the Council not receiving (prior to July 2016) much improved terms for extension of the existing contract.
- 2 That £50k is allocated in the 16/17 waste budget to provide initial match funding for the procurement process with Basingstoke and Deane Borough Council.

#### **10 IMPLICATIONS OF GOVERNMENT CHANGES ON AFFORDABLE HOUSING POLICY**

To outline the impact of the government's Emergency Budget announcement regarding Registered Providers reducing rents by 1% a year and associated implications for affordable housing in Hart. **Paper C**

#### **RECOMMENDATION**

The Committee is asked to note that:

- 1 The Council continues to seek 40% affordable housing on new development sites, as set out in Hart's existing Affordable Housing Policy (see Appendix 1) and to maintain an appropriate mix of units (65% rented and 35% shared ownership as specified in earlier Strategic Housing Market Assessments); however
- 2 In doing so the Council takes account of the impacts of the 1% rent reduction by adopting a framework that operates within the existing policy to facilitate a more flexible approach to be applied on a site by site basis, subject to viability assessments and with regard to recent views expressed by the Housing Minister, where the existing approach to Affordable Housing Policy is challenged on viability grounds.

## **11 THE PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT: ENGLAND 2016 TO 2017 AND FUTURE YEARS**

To inform Members of the likely broader financial position, to enable the budget report to be considered within this context. **Paper D**

### **RECOMMENDATION**

That the information be noted.

## **12 DRAFT BUDGET 2016-17**

To provide a summary of the revenue and capital budget proposals for 2016/17 to enable the Overview & Scrutiny Committee to forward its recommendations on the budget and Council Tax levels to Cabinet on 4 February 2016. The report also includes the statutory statement of the Head of Finance (Section 151 Officer) to Council on the robustness of the estimates and adequacy of reserves. **Paper E**

### **RECOMMENDATION**

- 1 That the growth and savings set out in Appendix A be approved.
- 2 That the level of Council Tax for 2016/17 be increased by 1.99% and set at £154.86.
- 3 That the summary revenue budget for 2016/17 as set out (in Paragraph 12 of this report) be approved.
- 4 That the revised capital programme for 2015/16 and 2016/17 as detailed in Appendix B be approved.
- 5 That the proposals on Fleet Car parking charges be considered.
- 6 That the Council reconsider its decision not to implement the Council Tax Reduction Scheme.
- 7 That the Section 151 Officer's statutory report regarding the robustness of the estimates and the adequacy of reserves detailed in paragraph 13 be noted.

### **13 JOINT PROCUREMENT OF SERVICES**

To consult Overview and Scrutiny Committee and seek its comments on the report being submitted to Cabinet, regarding the potential commissioning of a range of services, including both 'soft services' including revenues and benefits and a range of 'back office services' (Lot 1) and 'hard services' such as Facilities Management, Property and Car Parks (Lot 2). **Paper F**

#### **RECOMMENDATION**

- 1 That Overview and Scrutiny notes the contents of the attached report which is being considered by Cabinet, and
- 2 Forwards any additional comments to Cabinet to help in their broader consideration of the procurement of these processes.

**NB** *This report contains confidential appendices.*

### **14 UPDATE ON TASK AND FINISH GROUPS**

### **15 CABINET WORK PROGRAMME**

The Cabinet Work Programme is attached for information. **Paper G**

### **16 OVERVIEW AND SCRUTINY WORK PROGRAMME**

The Overview and Scrutiny Work Programme is attached for consideration and amendment. **Paper H**

**Date of Despatch: 12 January 2016**

## **OVERVIEW AND SCRUTINY COMMITTEE**

**Date and Time:** Tuesday, 15 December 2015 at 7pm

**Place:** Committee Room 1, Civic Offices, Fleet

**Present:**

### **COUNCILLORS**

Bailey (Chairman)

Clarke, Cockarill (substitute), Dickens, Harward, Makepeace-Browne, Renshaw, Wheale

**In attendance:** Councillor Ken Crookes (for item 68)

### **Officers:**

John Elson                      Head of Technical Services and Environmental Maintenance  
Sarah Robinson                Waste and Recycling Manager

## **62 MINUTES**

The minutes of the meeting of 17 November 2015 were confirmed and signed as a correct record.

## **63 APOLOGIES FOR ABSENCE**

Apologies had been received from Councillors Axam, Gray, and Crisp. Councillor Cockarill had been nominated as substitute for Councillor Crisp.

## **64 CHAIRMAN'S ANNOUNCEMENTS**

None.

## **65 DECLARATIONS OF INTEREST**

None declared.

## **66 PUBLIC PARTICIPATION (ITEMS PERTAINING TO THE AGENDA)**

None.

## **67 FEEDBACK FROM SERVICE BOARDS**

Health and Wellbeing - Members had been updated on the design for a visitor centre at the Edenbrook country park.

## **68 PORTFOLIO HOLDER**

Councillor Ken Crookes, Portfolio Holder for Economic Development and Corporate Finance, gave an overview of his portfolio. Issues reported include the start of the budget process (Hart is waiting to find out the extent of the government grant), progress on the new leisure centre, economic development and helping local businesses.

## **69 WHEELED BIN PRICES AND REPLACEMENT BIN POLICY**

Members were asked to approve the revised wheeled bin prices.

Discussion focussed around benefits of reducing prices and comparison of charges with other authorities. After consideration it was agreed that there would be an amendment of prices for purchase of one refuse and one recycling bin - 140L £65, 240L £65. For new properties the prices would be 140L £72, 240L £90.

### **RESOLVED**

That the revised bin prices, detailed in Appendix 3 and amended as above, are recommended for approval.

## **70 EVENTS POLICY FOR WASTE AND RECYCLING COLLECTIONS**

Members considered the policy in relation to providing waste and recycling collections for events within the district. Members' discussions included what events would be eligible for free waste and recycling collections. Members supported implementation of the policy on the understanding that, officers notify the event organisers of the changes at the earliest opportunity, and the reference to Veolia Trust in Appendix 1 is removed.

### **RESOLVED**

That the policy as detailed in Appendix 1, with the above amendment, is recommended for approval.

## **71 QUARTER 2 CORPORATE PERFORMANCE INFORMATION – 2015/16**

To update Members on the Council's key performance indicator results in the second quarter of 2015/16 (1 July 2015 – 30 September 2015) as found in Appendix 1.

Members sought clarification on the following:

Page 4 - RB08/9 - is the annual target is average, and can be achieved?

Page 5 - HS07 - why is the status of this KPI not green as a lower figure should be good?

Page 6 - HR13 - is the sickness target a quarterly or annual target?

It was agreed these clarifications would be emailed to members.

## **RESOLVED**

The information was considered.

### **72 CABINET WORK PROGRAMME**

The Cabinet Work Programme was considered and noted.

### **73 OVERVIEW AND SCRUTINY WORK PROGRAMME**

The Overview and Scrutiny Work Programme was considered and amended as follows:

- Members would like to see the Parking Concessions report before Cabinet
- A Task and Finish Group be set up to look at markets across Hart -  
Councillors Makepeace-Browne and Wheale to lead.
- Review agenda for January which seems large
- Remove Project Integra Action Plan as this now only needs approval every 3 years
- Move retender of waste service to January meeting

The meeting closed at 9.00 pm.

**OVERVIEW AND SCRUTINY COMMITTEE**

**DATE OF MEETING: 19 JANUARY 2016**

**TITLE OF REPORT: MANAGEMENT OF THE JOINT WASTE CONTRACT 2018 ONWARDS**

**Report of: Head of Environment and Technical Services**

**Cabinet member: Councillor Steve Forster, Environment and Technical Services**

**1 PURPOSE OF REPORT**

- 1.1 To update members on the options for extending / retendering of the joint Basingstoke/Hart Waste Contract.
- 1.2 The Overview and Scrutiny Committee is requested to consider and comment on the recommendations in this report before they are considered by Cabinet.

**2 OFFICER RECOMMENDATION TO CABINET**

- 2.1 That work be commenced on retendering the joint waste contract, and that this proceeds in accordance with the outline programme attached at Appendix 2, subject to the Council not receiving (prior to July 2016) much improved terms for extension of the existing contract.
- 2.2 That £50k is allocated in the 16/17 waste budget to provide initial match funding for the procurement process with Basingstoke and Deane Borough Council.

**3 BACKGROUND**

- 3.1 In October 2011, following an EU procurement process, a joint waste contract was let to Veolia to serve both Basingstoke and Deane and Hart. The joint contract delivered significant savings for both authorities and included the outsourcing of Harts waste service. As part of the joint service it was agreed that Hart would be the administering authority for the contract and a joint client team was set up to manage the contract.
- 3.2 The contract term was 7 years with the option of extending for a further 7 years subject to the agreement of all parties, the initial 7 year term expires on 2<sup>nd</sup> October 2018
- 3.3 Strategic performance of the joint waste service is monitored by the Joint Governance Group (JGG). Membership comprises the relevant Portfolio Holder (or their nominated deputy) and a Corporate Director (now Hart Chief Exec) from each authority, the Head of Technical Services & Environmental Maintenance and the Waste & Recycling Manager (as required). The meetings are also regularly attended by the Procurement and Contracts Team Leader and Senior Lawyer from Shared Legal Services. The JGG meets at least quarterly.

- 3.4** With the exception of approximately 12 months of poor performance in Hart during 2013/14, service performance in both areas has been good. When contract options at the end of the current 7 year term were initially considered by the JGG group it was agreed, (subject to Veolia's agreement) that extension for a further 7 years would be preferred to retendering.
- 3.5** In April 2015 the JGG agreed that officers should commence negotiations with Veolia to seek agreement on the terms for a contract extension.
- 3.6** However, Veolia had previously stated that they were losing money on the contract, and would only agree to an extension to the contract if it could be made financially viable. This comprised a significant 'top up payment' for the remaining years of the existing contract and then a revised contract sum for the extension.
- 3.7** It was therefore agreed that the first stage of the negotiations would be for the Council to seek to understand Veolia's accounts. Whilst Veolia provided details of the contract costs, despite numerous requests for additional information and a high level meeting between the councils and Veolia executives, it has not been possible for the joint management team to fully verify that the alleged cost of the contract are accurate.
- 3.8** As the distribution of costs across the contract could not be verified, waste consultants, White, Young, Green, were commissioned to prepare a shadow bid. This bid was then used to compare Veolia's operational costs with the estimated market value of the contract.
- 3.9** The table attached at confidential Appendix I illustrates the amount both authorities pay for the joint waste contract, with the costings provided by Veolia, and the estimated market value of the contract from the shadow bid.
- 3.10** As can be seen from the table at confidential Appendix I, the estimated market value of the contract is broadly in line with the sum currently being paid, whilst the amount that the contract is costing Veolia to operate is significantly higher. A brief summary of the possible reasons for this is provided in Appendix I.
- 3.11** Veolia were offered the opportunity to provide additional costing information and invited to provide an initial price for the extension but declined to do so without confirmation that the top-up payment would be made. It was made clear to Veolia executives that this was not an option that either council would consider.
- 3.12** In the light that it has not been possible to verify Veolia's contract costs, and the fact that the consultants are confident that the market value of the contract is broadly in line with the amount currently being paid it is recommended that work is commenced on retendering the joint waste contract. A draft programme of the proposed procurement process is attached at Appendix I.
- 3.13** The only caveat to this approach is if Veolia reconsider their position and come back to the table with a much improved financial offer. In order to avoid abortive work on the tender documents this would have to be received by July 2016. Should such an approach be made and the cost be equivalent or less of the shadow bid, a further report will be brought to Cabinet to agree whether to progress with the

extension or continue with the tender process.

- 3.14** Whilst developing the shadow bid consultants reviewed the benefits that a joint waste contract provides, these include:
- A greater opportunity for cross boundary working, and potential savings in management costs for the contractor plus a saving in the number of spare vehicles which the contractor holds.
  - The opportunity for the contract to be managed with a smaller client team resource.
  - Having consulted with potential suppliers they are clear that a joint contract is far more attractive for bidders, resulting in increased competition and hence lower prices than would otherwise be the case.

It is therefore proposed that the joint management arrangements continue.

- 3.15** Although there are resource implications in retendering the contract, this also provides an opportunity to review and identify opportunities for service improvement and consider possible changes to service delivery over the next contract term.

## **4 CONSIDERATIONS**

- 4.1** There is a risk that the consultants estimate of the current market value is incorrect and that any tenders received could be more in line with Veolia's current operational costs. Whilst this is a risk, the consultants have significant experience of tendering local authority waste contracts and are confident that their estimate is an accurate reflection of the current market value.

- 4.2** The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) will apply to any staff employed on the current waste collection contract.

- 4.3** The proposals outlined in this report comply with the terms of the Basingstoke and Deane and Hart joint waste contract, and the proposed procurement process will comply with the requirements of the Public Contracts Regulations 2015, and the Official Journal of the European Commission.

## **5 FINANCIAL IMPLICATIONS**

- 5.1** Depending on the chosen procurement route, and excluding officer time, it is estimated that retendering of the joint waste contract will cost between £60k and £120k. It is proposed that this cost should be split equally between Hart and Basingstoke and Deane. This report therefore recommends that each council initially allocates £50k to provide funding for the procurement process.

## **6 ACTION**

- 6.1** Subject to the approval of this reports recommendations Veolia will be notified of the Council's decision to retender the waste service and a detailed programme of the procurement process will be agreed with the JGG. After July 2016 (provided an improved offer is not received from Veolia) work will commence on procurement of a new waste contract.

**Contact Details:** John Elson, Head of Technical and Environmental Services, extension 4491, [john.elson@hart.gov.uk](mailto:john.elson@hart.gov.uk)

**APPENDICES / CONFIDENTIAL APPENDICES**

Confidential Appendix 1 – Comparison of current contract costs with operational costs and the estimated market value.

Appendix 2 – Draft procurement programme for tendering of the Basingstoke/Hart joint waste contract.

**BACKGROUND PAPERS:**

- Notes of Joint Governance Group meetings between October 2011 and present.
- OPPORTUNITIES FOR INCREASING HART'S RECYCLING RATE – Cabinet Report – December 2014
- JOINT WORKING ON WASTE WITH BASINGSTOKE AND DEANE BOROUGH COUNCIL – CONTRACT AWARD REPORT – Cabinet Report - April 2011

**Draft procurement programme for tendering of the Basingstoke/Hart joint waste contract.**

<b>DATE</b>	<b>ACTION</b>
Prior to July	Consider outline service specification for the contract and agree membership of the procurement team.
	Consultation with members on the future specification for the waste service.
July 2016	Obtain consultants quote for supporting the procurement process.
September 2016	Appoint consultants.
September 2016 – April 2017	Prepare tender documents and process for evaluating tender returns.
April 2017	Pre Qualification Questionnaire (PQQ) to be sent out.
July 2017	Invitation to tender issued.
September 2017	Tenders to be returned
October 2017	Tender evaluation
January 2018	Cabinets in Hart and Basingstoke to agree tender acceptance.
April 2018	Contract award
3 <sup>rd</sup> October 2018	New contract start date

## OVERVIEW AND SCRUTINY COMMITTEE

**DATE OF MEETING:** 19 JANUARY 2016

**TITLE OF REPORT:** IMPLICATIONS OF GOVERNMENT CHANGES ON AFFORDABLE HOUSING POLICY

**Report of:** Head of Housing Services

**Cabinet Member:** Councillor Stephen Gorys, Housing

### 1. PURPOSE OF REPORT

- 1.1 To outline the impact of the government's Emergency Budget announcement regarding Registered Providers reducing rents by 1% a year and associated implications for affordable housing in Hart.

### 2. OFFICER RECOMMENDATION

The Committee is asked to note:

- 2.1 The Council continues to seek 40% affordable housing on new development sites, as set out in Hart's existing Affordable Housing Policy (see Appendix 1) and to maintain an appropriate mix of units (65% rented and 35% shared ownership as specified in earlier Strategic Housing Market Assessments); however
- 2.2 In doing so the Council takes account of the impacts of the 1% rent reduction by adopting a framework that operates within the existing policy to facilitate a more flexible approach to be applied on a site by site basis, subject to viability assessments and with regard to recent views expressed by the Housing Minister, where the existing approach to Affordable Housing Policy is challenged on viability grounds.

### 3. BACKGROUND

- 3.1 Hart District Council has a responsibility to enable the delivery of affordable housing to meet identified housing needs in the district.
- 3.2 The post-election Emergency Budget announced a number of measures relating to affordable housing which followed through into the Chancellor's Autumn Statement. These included the introduction of an annual 1% rent reduction on all affordable housing from 1<sup>st</sup> April 2016, and for a period of four years.
- 3.3 Prior to this announcement Registered Providers (RP's) were operating under a national agreement announced in the 2013 Spending Review that rents could be increased at the rate set by the Consumer Price Index (CPI) plus 1% year on year from 2015-16 for 10 years. In 2013 the CPI rate was 2.7% (it has subsequently reduced and in August 2015 was at 0.0%). RPs based business plans around the assumption in 2013/14 and borrowed money to undertake development based on rents providing a return predicated on projected rent increases of up to 3.7%. The 1% rent reduction therefore impacts on their financial outlook by nearly -4% when

considering the position at the time of the 2013 Spending Review and by -2% based on the position at August 2015.

- 3.4 Following the Emergency Budget, developing RP's have had to review Business Plans to account for the difference in income that will be created by a reduction of 1% each year. This has meant that many sites due to be constructed in Hart in the next few months are being reviewed financially by the RP's and moves to sign contracts have been put on hold for the time being.
- 3.5 The Homes and Communities Agency (HCA) requested forecast financial returns associated with rent restructuring to be submitted by all RPs by no later than 30<sup>th</sup> October. We anticipate, and have begun to see, a number of possible outcomes arising from new RP business models. These include:
- RP's losing appetite for developing new affordable housing.
  - RP's stopping developing new rented affordable housing and focusing their business on exclusively developing shared ownership properties.
  - RP's walking away from more complex and expensive sites.
  - RP's and developers seeking to reduce the amount of affordable housing on a site.
  - RP's seeking to vary the mix of affordable housing from Hart's policy of 65:35 to reduce the proportion of rented housing.
- 3.6 The Council has already been approached a developer and an RP to vary the affordable housing mix on sites that are due to commence construction of affordable housing in the next few weeks.
- 3.7 They have cited the 1% rent reduction as the reason they can no longer afford to fund a site consisting of an affordable housing contribution of 65% rent and 35% shared ownership. They have requested the Council amends its requirement to enable them to achieve a 50:50 split between rent and shared ownership, as it will otherwise be unviable. They have provided supporting information from their valuers.

#### **4. CONSIDERATIONS**

- 4.1 The Council's affordable housing policy requires 40% affordable housing with a split of 65% rented homes to 35% shared ownership. This was identified through the Council's Housing Needs Surveys. The highest need locally is for rented housing, which also contributes to the Council's ability to meet its duties under the provisions of homelessness legislation. There is scope within the policy for a degree of flexibility in our requirements.
- 4.2 At present it is not known how many sites may ultimately be affected by the rent reductions. We have identified options to consider that may support commercially viable affordable housing development locally. These options also seek to ensure any new affordable housing delivered provides the best possible fit with the Council's strategic housing needs.
- 4.3 The bullets below explain how we are responding to requests to reduce either the percentage of affordable housing on site and/or to reduce the percentage of rented affordable housing within the on-site affordable housing contribution:

- i. Initial expectation that developers and RPs work towards meeting the requirements of Hart's Affordable Housing Policy.
  - ii. The Council refers all viability challenges to an independent team of experts where a developer or RP suggests this level of affordable housing is not viable on a particular development and the Council does not agree based on a preliminary review of evidence supplied. Where the Council agrees there needs to be an amendment to affordable housing requirements we will
    - a. Agree to vary the affordable housing mix. For example, by changing the proportions of rented and shared ownership properties e.g. to a 50:50 split. This will reduce the amount of rented affordable housing being delivered in the district overall and increase the amount of shared ownership. There is a risk that the Housing Register numbers may increase if there are less new rented homes available to meet this need.
    - b. Alternatively, we could consider that a site delivers less than 40% affordable housing but the 65:35 split between rented and Shared Ownership is maintained. The Council will still receive less rented housing and also less shared ownership in this scenario. There is a risk that Registered Providers may still not be able to make this tenure split work financially depending on the size and type of properties, and there may be consequences for meeting the Housing Register demand by achieving overall numbers of affordable rented housing.
  - iii. Should the Council decide to reduce the overall percentage of affordable housing to enable a 65:35 split to be delivered, the amount of New Homes Bonus for the Council will also reduce.
- 4.4 The longer-term implications of the national rent restructuring are not yet known and this is a situation that will need to be kept under review. The Housing Minister, Brandon Lewis, recently wrote to local authority leaders about the impact of social rent changes on the delivery of affordable housing. In his letter he encourages local Council's "*...to respond constructively, rapidly and positively to requests for such renegotiations and to take a pragmatic and proportionate approach to viability. Where it is simply proposed that the tenure mix is adjusted, with the overall affordable housing contribution remaining the same, it is our view that this is unlikely to justify reopening viability by either side. We would ask local authorities to expedite such renegotiations so they can be dealt with in a timely manner, and avoid action which might result in unnecessary delay.*"
- 4.5 The specific issues addressed above in 4.3 may only be applicable on a small number of sites and affecting particular Registered Providers. This reinforces the need for this approach to apply on a site by site basis, with the starting point always being the position set out in Appendix I which seeks to maximise affordable housing delivery and secure the appropriate 65:35 mix of rented and shared ownership units. By adopting the approach in 4.3, the Council can balance the need to deliver affordable housing in line with our policy aspirations, whilst acknowledging the impacts of rent restructuring and responding pragmatically.
- 4.6 In addition to the rent restructuring, we are also considering the potential impact on the delivery of affordable homes associated with the government announcement

concerning Starter Homes. Detail is still emerging and so we are monitoring the implications of this national commitment on local affordable housing delivery. It may also contribute to further challenges associated with affordable rented housing delivery in Hart.

**5. POLICY IMPLICATIONS**

- 5.1 This may have implications for the overall levels of housing need in the District. If the number of rented affordable homes reduces, the number of households on the housing register may increase.
- 5.2 This paper is suggesting a pragmatic approach to existing policy that enables the Council to continue to work with developers and RPs to maximise affordable housing without jeopardising its delivery in Hart.

**6. FINANCIAL IMPLICATIONS**

- 6.1 Accepting below 40% affordable housing on new development sites will reduce the amount of New Homes Bonus the Council receives.

**7. ACTION**

- 7.1 Overview and Scrutiny Committee to consider the content of this report.

**Contact Details: Phil Turner [phil.turner@hart.gov.uk](mailto:phil.turner@hart.gov.uk) ext 4488**

**APPENDICES:**

Appendix I: Hart District Council Affordable Housing Policy (Altgen 13)

<b>ALT GEN 13 Affordable Housing</b>
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**ALT GEN 13**

**THE COUNCIL WILL SEEK TO NEGOTIATE THE PROPORTION OF AFFORDABLE HOUSING ON A SITE BY SITE BASIS BASED ON AN OVERALL GUIDELINE TARGET THAT 40% OF NEW DWELLINGS SHOULD BE AFFORDABLE IN INDIVIDUAL SCHEMES. OF THE AFFORDABLE HOUSING TO BE PROVIDED, IN TERMS OF THE TOTAL NUMBERS OF SOCIAL HOUSING FOR RENT AND OTHER FORMS OF SUBSIDISED HOUSING, THE COUNCIL WILL TAKE INTO ACCOUNT:**

- **THE NATURE AND CHARACTER OF THE SITE**
- **THE PROXIMITY OF LOCAL SERVICES**
- **ANY PARTICULAR DEVELOPMENT COSTS**
- **ANY SPECIFIC HOUSING NEEDS OF THE AREA IN WHICH THE SITE IS SITUATED**
- **ANY OTHER PLANNING OBLIGATIONS WHICH MAY BE REQUIRED IN CONNECTION WITH THE DEVELOPMENT OF THE SITE**

**THE COUNCIL WILL EXPECT FULLY SERVICED LAND TO BE PROVIDED OF A SUFFICIENT SIZE TO ACCOMMODATE THE RANGE AND TYPES OF DWELLING NECESSARY TO MEET THE IDENTIFIED HOUSING NEED AT NIL COST.**

**THESE REQUIREMENTS WILL APPLY TO SITES WHICH ARE 0.5 HA OR LARGER OR THAT WOULD PROVIDE 15 OR MORE DWELLINGS, WITH THE EXCEPTION OF SETTLEMENTS BELOW 5000 POPULATION WHERE THE REQUIREMENTS WILL APPLY TO SITES WHICH ARE 0.2 HA OR LARGER THAT WOULD PROVIDE 5 OR MORE DWELLINGS.**

**THE COUNCIL WILL SEEK TO GRANT PLANNING PERMISSION SOLELY FOR AFFORDABLE HOUSING ON LAND WITHIN OR ADJOINING RURAL COMMUNITIES THAT WOULD NOT OTHERWISE BE RELEASED FOR HOUSING, IN ACCORDANCE WITH THE PRINCIPLES OF EXISTING POLICY RUR 22 AND THE AMENDMENTS TO PPG 3. FOR THE PURPOSES OF THIS POLICY, RURAL COMMUNITIES ARE ALL SETTLEMENTS OTHER THAN THE URBAN AREAS OF FLEET, YATELEY AND BLACKWATER/HAWLEY. THIS PROVISION WILL BE MADE WHERE THERE IS AN IDENTIFIED LOCAL NEED AND IT WOULD CONTRIBUTE TO THE ATTAINMENT OF A MIXED AND BALANCED COMMUNITY. EXCEPTION SITES SHOULD BE SMALL IN SCALE IN RELATION TO THE SIZE OF SETTLEMENTS. SUCH SITES WILL NOT BE REQUIRED TO PROVIDE FULLY SERVICED LAND AT NIL COST.**

**THE COUNCIL WILL EXPECT THE MIX OF ACCOMMODATION IN TERMS OF SIZES AND TENURES TO REFLECT THE FINDINGS OF THE LATEST HOUSING NEEDS SURVEY, GRANT AVAILABILITY AND THE LOCATION AND CIRCUMSTANCES OF THE SITE IN QUESTION. THESE WILL BE MATTERS FOR NEGOTIATION BUT THE COUNCIL WILL REJECT DEVELOPMENTS THAT CONFLICT WITH THE OBJECTIVE OF WIDENING HOUSING CHOICE.**

**AFFORDABLE HOUSING SHOULD BE INTEGRATED WITH MARKET HOUSING AND 'PEPPERPOTTED' THROUGHOUT DEVELOPMENT SITES. PLANNING CONDITIONS WILL BE IMPOSED OR A LEGAL AGREEMENT SOUGHT TO ENSURE THAT THE INITIAL AND SUCCESSIVE**

**OCCUPANCY IS RESTRICTED TO THOSE IN HOUSING NEED AS DEFINED BY THE DISTRICT COUNCIL AND THAT**

**THE AFFORDABLE HOUSING PROVIDED REMAINS AFFORDABLE FOR SO LONG AS THERE REMAINS A NEED FOR IT. DECISIONS ON APPLICATIONS FOR RESIDENTIAL DEVELOPMENT WILL BE IN ACCORDANCE WITH THESE POLICIES UNLESS THE DEVELOPER OR LANDOWNER CAN DEMONSTRATE THAT THE PARTICULAR PHYSICAL AND ENVIRONMENTAL CONSTRAINTS OF A SITE, OR OTHER PLANNING REQUIREMENTS WOULD MAKE THE SPECIFIED LEVELS OF AFFORDABLE HOUSING UNACHIEVABLE.**

**THIS POLICY REPLACES POLICIES URB13 AND RUR21 OF THE HART DISTRICT LOCAL PLAN (REPLACEMENT) 1996 TO 2006**

### Policy Context

*The affordable housing policies in this Local Plan Alteration are based on:*

- *Circular 6/98, Planning and Affordable Housing*
- *Planning Policy Guidance Note 3, Housing (2000) (PPG3) as revised*
- *Regional planning and housing policies which in turn reflect national policies such as the Communities Plan*
- *The District wide Housing Needs Survey (2003)*

*PPG3 indicates that the need of a community for a mix of housing, including affordable housing, is a material planning consideration which should be taken into account in formulating development plan policies. Where it can be demonstrated by up-to-date surveys that there is a lack of affordable housing to meet local needs, local plans should include a policy to secure affordable housing. Additional advice is included in Circular 6/98, "Planning and Affordable Housing", which defines affordable housing and emphasises the need to secure a range of dwelling types and sizes to cater for different housing needs and create balanced communities.*

### **Housing Need**

*The Council has regularly reviewed the housing needs of the area and surveys were carried out in 1994, 1998 and 2003. Each successive survey shows an increase in the number of households unable to afford access to the housing market in Hart. The 2003 survey indicates that Hart is an affluent authority with nearly 60% of households having incomes in excess of £30,000 as opposed to a national percentage of 24.5%. However, the average price*

*for a property in the District is £227,000 ranging from £317,000 for a detached house to £152,000 for a flat or maisonette.*

*The high prices therefore exclude many families and single person households who are currently seeking access to local housing. Home ownership is beyond the reach of 80% of concealed households (i.e. those households which currently live as part of another household but which would form a separate household if affordable housing was available). In 2003 mortgage interest rates were at their lowest level for over 35 years and therefore people who cannot enter the market under these circumstances may never be able to do so.*

*The 2003 Housing Needs Survey shows that the need for flats and maisonettes generated by concealed households at 59% compares with a 2003 stock supply of all tenures of dwellings within*

*this category of only 8.5%. This indicates a clear need for policy to redress an undersupply of flats and small units in the District.*

*A lack of affordable accommodation is a contributory cause of outward migration from the District.*

*The survey concludes that there is an annual affordable housing requirement of 600 units per annum within the District in relation to which re-lets of existing social housing and new build social housing units total 182 leaving an annual shortfall of 418 units. The annual scale of affordable need is over seven times the average annual new units planned over the next 2 years.*

### **Definition of affordable housing**

*The Council defines affordable housing as:*

*“That provided with subsidy, both for rent and low cost market housing, for people who are unable to resolve their housing requirements in the local private sector housing market because of the relationship between housing costs and incomes”*

*The types of affordable housing which comply with this definition include:*

- *Social housing for rent*
- *Grant funded Shared ownership*
- *Low Cost market housing - subsidised housing for sale at below market levels where the discount can be retained for future purchasers*
- *Discounted market rented housing.*

*PPG 3 states that affordable housing should not normally be defined by reference to tenure. The above definition complies with this requirement because it is not tied to any single form of tenure and embraces both social rented and low cost market housing.*

*As Hart is such an expensive housing area, low cost market housing can only be that which is provided with the benefit of a subsidy sufficient to bring prices within the*

*range of those households who could not otherwise afford to buy within the District.*

*Lower priced market housing provided without subsidy, including small units and starter homes, does not fall within the definition of affordable housing in Hart. This is because prices, even at the lower end of the market, will be above affordable levels.*

*There is a particular “identified housing need” for social housing for rent that would not be met by other types of affordable housing*

*The Housing Needs Survey has also identified a need for smaller dwellings, including flats and apartments, and this is likely to be a separate policy requirement applying to private sector housing schemes additional to the provision of subsidised affordable homes.*

*Key workers are a category of housing need rather than a particular type of affordable housing. Their needs will be met by the various types of affordable housing defined above (and in some cases by loan schemes) rather than a dedicated form of provision.*

### **Target for affordable housing**

*Regional Planning Guidance for the South East (RPG 9) indicates a need for approximately 50% of the total provision for additional dwellings should be affordable housing. The Guidance states that more specific targets should be agreed in the light of local need assessments.*

*In Hart, the overall level of need for affordable housing would indicate that provision should be more than 50% of the total additional dwellings to be provided. However, a target based on housing need must be balanced against considerations of economic viability and what can realistically be achieved on individual sites.*

*In individual private housing schemes, the local planning authority will seek to achieve a target of 40% of new dwellings as affordable housing taking into account present levels of housing need and the requirement to secure other planning obligations. This guideline level of provision is consistent with land values in the area.*

*The Council will seek a 50:50 ratio of social rented housing to other types of affordable housing (such as shared ownership and subsidised market housing provision) within individual schemes. This is based on the “identified housing need” for social rented accommodation.*

*The exact level of provision on individual sites will be a matter of negotiation and will need to take into account:*

- *The nature and character of the site and its surroundings including the proximity of local services and accessibility to public transport.*
- *The economics of provision, including whether there will be particular costs associated with developing the site. The onus will be on the applicant to demonstrate which costs should be taken into account in negotiations.*
- *The specific housing needs of the area in which the site is located.*
- *The level of public subsidy available.*

*Targets will be set for specific sites as these are identified and allocated for development through the local plan process. In each case, the requirement will be based on an overall guideline target of 40% depending on site circumstances.*

### **House Sizes**

*The Housing Needs Survey identifies a range of house sizes required by both existing and concealed households in Hart. For concealed households there is a strong preference for small one and two bedroom accommodation that will be reflected in a separate policy requirement applying to private sector housing schemes.*

*Within the affordable housing component of individual schemes, the precise size and mix of accommodation will be a matter for negotiation with the District Council but should reflect assessed housing needs, grant availability, and site circumstances.*

### **Contributions to Affordable Housing**

*This policy will apply to all residential sites which are 0.5 ha or larger or that would provide 15 or more dwellings. In settlements below 5000 population, it will then apply to sites which are 0.2 ha or would provide 5 or more dwellings, unless they are designated as rural exception sites. Where possible, affordable housing will be located within the development proposed.*

*On larger sites, in exceptional circumstances, the Council may consider that it is preferable for a financial or other contribution to be made towards the provision of affordable housing on another site in the Council's administrative area. Such an arrangement, secured by legal agreement or planning obligation as a pre-requisite to a planning permission, must result in the provision of additional affordable housing that would not otherwise be provided in the Council's area.*

### **Securing Affordable Housing**

*To ensure that affordable housing remains available for successive as well as the initial occupiers of the property, the Council will seek, by means of a legal agreement or Condition, the involvement of a Registered Social Landlord, or other affordable housing provider in the management of affordable housing.*

### **Integration of affordable housing**

*In the interest of developing balanced and sustainable communities, the Council will expect that affordable housing will be integrated with market housing both in terms of spatial distribution and appearance.*

### **Affordable Housing in Rural Areas**

*Where the Council is considering permitting residential development for affordable housing on land within or adjoining existing villages in accordance with Policy RUR22 and as provided for in the 2005 revisions to PPG3, this will be a "bottom up" process carried out with full consultation and agreement with the village that is subject to the allocation. The Council will not expect land provided under its rural exception policy to be fully serviced and provided at nil cost.*

## OVERVIEW AND SCRUTINY COMMITTEE

**DATE OF MEETING:** 19 JANUARY 2016

**TITLE OF REPORT:** THE PROVISIONAL LOCAL GOVERNMENT  
FINANCE SETTLEMENT: ENGLAND 2016 TO 2017  
AND FUTURE YEARS.

**Report of:** Joint Chief Executive

**Cabinet member:** Councillor Ken Crookes, Finance

### **1 PURPOSE OF REPORT**

**1.1** To inform Members of the likely broader financial position, to enable the budget report to be considered within this context.

### **2 OFFICER RECOMMENDATION**

**2.1** That the attached briefing paper and appendix be noted.

### **3 BACKGROUND**

**3.1** In the lead up to the Spending Review the Chancellor asked non-protected departments such as the DCLG to work on a 25% and a 40% reduction in funding.

**3.2** The Provisional Local Government Settlement, for 2016 to 2017 and future years was published on the 17<sup>th</sup> December. It is a consultation, with the last date for responses on Friday 15<sup>th</sup> January. In light of this Hart District Council will ensure it makes an appropriate response, in consultation with the Portfolio Holder for Finance and the Leader.

### **4 CONSIDERATIONS**

**4.1** If the Government approve the settlement, based on the current consultation, then as highlighted, the Council will lose 64.8% of the Settlement Funding Assessment (which includes both Government Grant and Business Rates) by 2019/20/. Government grant will be down from around £1.2 million in 15/16, to £560K in 2016/17 and £80K in 17/18.

### **5 ACTIONS**

Members are asked to consider the briefing in considering the budget report, presented by the Head of Finance, for 2016/17

**Contact Details:** Patricia Hughes, Joint Chief Executive, extension 4450,  
[patricia.hughes@hart.gov.uk](mailto:patricia.hughes@hart.gov.uk)

## Briefing on the Provisional Local Government Finance Settlement 2016/17 for Hart District Council

### BACKGROUND

In the lead up to the Spending Review the Chancellor asked non-protected departments such as the DCLG to work on a 25% and a 40% reduction in funding.

[The Provisional Local Government Settlement for 2016/17 to 2019/20](#), which the Government is consulting on (consultation closing on Friday 15<sup>th</sup> January) shows;

#### Settlement Funding Assessment<sup>1</sup>

England	reduction 31.8%
Shire Unitaries	reduction 32.9%
Shire Counties	reduction 42.4%
District Councils	reduction 44.3%
<b>Hart DC</b>	<b>reduction 64.8%</b>

#### Core spending Power

Overall core spending power (taking into account New Homes Bonus and income from CTAX and NNDR) is showing an uplift in year 1 (0.5%) and then reductions of 2.7%, 9.3% and 0.9% - totalling over 12% reduction in spending power over the 4 year period. The larger reduction in 2018/19 is mainly triggered by the cut in funding to New Homes Bonus when they reduce the amount available by £0.8bn.

#### Business Rates Retention Scheme

When the scheme was introduced, (and still showing on the Government Website) it was stated that

“At the beginning of the scheme, the government will carry out calculations to ensure that councils with more business rates than their current spending will make a tariff payment to government. Similarly, where councils have greater needs than their business rates income, they will receive a top-up payment from the government. The total sums of these payments will equal each other. The levels of tariff and top-up payments will remain fixed each year, but will increase in line with the Retail Price Index.

They will not change until the system is reset. The government has said that this will not occur before 2020 at the earliest. This will provide councils with the certainty they need to plan and budget.”

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<sup>1</sup> The Settlement Funding Assessment is the sum of any grant provided by the Council, plus any Business Rate retained by the Council

However, the proposal clearly outlines in 18/19 tariff changes which result in a loss of income of £199K and a further reduction in 19/20 of £514K, the Council receive no government grant at this point, which in effect creates a 'negative grant' position.

### **Council Tax**

Hart's Council tax is less than the national average and has been for at least the past three years. During a period of increasing house values, the Council has not increased Council tax for four years.

All the government forecasts for Hart, show have assumed increase in Council tax of 1.75%. Councils in the lowest quartile for Council Tax have been provided the freedom to charge £5 to households (as Hart is not in the lowest 25% of Council Tax levied, we are not eligible to charge the higher £5 increase, which would equate to 3.6%)

In the provisional settlement, the government has chosen not to use the OBR forecast of tax base growth, but instead for each council the average growth between 2013/14 and 2015/16. This has produced ambitious projected council tax levels and as these figures are significant in future spending power, it is important we use the most robust forecast.

### **New Homes Bonus**

In addition to the provisional local government finance settlement, Government is also consulting on the how [New Homes Bonus](#) will be utilised in the future.

The government has set out, that the overall envelope for New Home Bonus will reduce from £1.485 billion in 2016/17 to £900 million in 2019/20, with £800 million being allocated to the Better Care Fund (social care services)

To find this reduction, there are a variety of options that are being consulted upon including;

- Reducing existing New Homes Bonus payments ('legacy' payments) from 6 years, to 4, 3 or even 2 years with adjustments from 2017/18
- That local authorities should lose their Bonus allocation in the years during which their Local Plan has not been submitted (or receive only 50% of the allocation where there is a published plan but not yet submitted to the Secretary of State)
- That local authorities should a reduced allocation of new homes bonus for homes allowed on appeal
- That Councils only receive new homes bonus where either
  - Where the Council builds more than the baseline set for all areas
  - Where the Council builds more than the baseline for their own area.

The summary of the financial position are shown in tabular form in Annex I (attached)

### **Summary**

The Government is understandably, seeking to ensure upper tier authorities have sufficient funds to ensure the continuance of 'life and limb' services such as adults and childrens services. They have new freedoms in setting Council Tax and New Homes Bonus will be 'top sliced' from 18/19 onwards.

Lower tier authorities, by comparison, are not provided with the same freedoms. Those with a high tax base relative to the Settlement Funding Assessment, are hit proportionately significantly more – accounting for a high percentage of district authorities in the South

## Provisional Local Government Settlement 2016-2020: Hart DC

<b>Government Grant</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	
Local Share of Business Rates (a)	2,091,379	1,265,000	1,290,000	1,330,000	1,370,000	
Tariff Adjustment				-199,000	-514,000	
Revenue Support Grant		565,000	80,000			
<b>Settlement Funding Assessment (SFA)</b>	<b>2,369,000</b>	<b>1,830,000</b>	<b>1,370,000</b>	<b>1,131,000</b>	<b>856,000</b>	
SFA Change (£)		-539,000	-460,000	-239,000	-275,000	-1,513,000
SFA Change (%)		-22.8%	-25.1%	-17.4%	-24.3%	-64.8%
<b>New Homes Bonus (b)</b>	<b>1,587,000</b>	<b>2,076,562</b>	<b>2,076,562</b>	<b>1,300,000</b>	<b>1,300,000</b>	
NHB Change (£)		489,562	0	-776,562	0	-287,000
NHB Change (%)		30.8%	0.0%	-37.4%	0.0%	-18.1%
<b>Total Grant Funding</b>	<b>3,956,000</b>	<b>3,906,562</b>	<b>3,446,562</b>	<b>2,431,000</b>	<b>2,156,000</b>	
Total Change (£)		-49,438	-460,000	-1,015,562	-275,000	-1,800,000
Total Change (%)		-1.2%	-11.8%	-29.5%	-11.3%	-45.5%

(a) These are the baseline figures which the Govt uses

(b) These are the figures set out in the Settlement Consultation.

<b>Core Spending Power</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	
Settlement Funding	2,369,000	1,830,000	1,370,000	1,131,000	856,000	
Council Tax Income	5,800,000	5,900,000	6,100,000	6,200,000	6,400,000	
NHB including returned funding	1,587,000	2,076,562	2,076,562	1,300,000	1,300,000	
<b>Total</b>	<b>9,756,000</b>	<b>9,806,562</b>	<b>9,546,562</b>	<b>8,631,000</b>	<b>8,556,000</b>	
Total Change (£)		50,562	-260,000	-915,562	-75,000	-1,200,000
Total Change (%)		0.5%	-2.7%	-9.6%	-0.9%	-12.3%

**OVERVIEW AND SCRUTINY COMMITTEE**

**DATE OF MEETING: 19 JANUARY 2016**

**TITLE OF REPORT: BUDGET 2016/17**

**Report of: Head of Finance**

**Cabinet Member: Councillor Ken Crookes, Economic Development and Corporate Finance**

**I PURPOSE OF REPORT**

1.1 This report provides a summary of the revenue and capital budget proposals for 2016/17 to enable the Overview & Scrutiny Committee to forward its recommendations on the budget and Council Tax levels to Cabinet on 4 February 2016. The report also includes the statutory statement of the Head of Finance (Section 151 Officer) to Council on the robustness of the estimates and adequacy of reserves.

**2 OFFICER RECOMMENDATION**

- 2.1 That the growth and savings set out in Appendix A be approved.
- 2.2 That the level of Council Tax for 2016/17 be increased by 1.99% and set at £154.86.
- 2.3 That the summary revenue budget for 2016/17 as set out (in Paragraph 12 of this report) be approved.
- 2.4 That the revised capital programme for 2015/16 and 2016/17 as detailed in Appendix B be approved.
- 2.5 That the proposals on Fleet Car parking charges be considered.
- 2.6 That the Council reconsider its decision not to implement the Council Tax Reduction Scheme.
- 2.7 That the Section 151 Officer's statutory report regarding the robustness of the estimates and the adequacy of reserves detailed in paragraph 13 be noted.

**3 BACKGROUND INFORMATION**

3.1 The period of austerity for local government continues based on the financial settlement the Council has received following the Chancellor's Comprehensive Spending Review. It is clear the government has faced a challenge in financing the costs of adult social care and it has tackled this largely by two measures:

- 3.1.1 Allowing authorities with social care responsibilities (Counties, Unitaries and Metropolitan Districts) to raise 2% on Council Tax specifically to help fund

social care budgets. This is in addition to their ability to raise up to 1.99% on Council Tax to fund general expenditure without recourse to a referendum.

- 3.1.2 Move resources away from District Councils to social care authorities. This has meant a significant reduction in grant to Districts, particularly those in the South East. This is illustrated by looking at the change in funding for each category of local authority for the years 2015/16 to 2019/20. Whilst all have suffered a reduction, Shire Districts have fared worst.

Inner London Boroughs and City	-24.6%
Outer London Boroughs	-33.4%
Metropolitan Districts	-28.0%
Shire Unitaries	-32.9%
Shire Counties	-42.4%
Shire Districts	-44.3%
England	-31.8%

- 3.1.3 For Hart, the comparable reduction is **-64.8%**.

- 3.1.4 A briefing paper elsewhere on this agenda provides further detailed background to the overall local government financial settlement

#### **4 GOVERNMENT GRANT FOR HART IN 2016/17 AND BEYOND**

- 4.1 The government has asked councils if they wish to agree the 4 year settlement announced by the Chancellor although it is unclear what advantages there are to this and further details are awaited. Currently the suggested settlement for Hart is:

	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Revenue Support Grant (RSG)	1.115	0.56	0.08	-0.2	-0.51
Business Rate Baseline Funding	1.254	1.265	1.290	1.33	1.37

- 4.2 The grant figures above show a negative figure for RSG in the last two years. Even though the government previously stated they would not change the amount of tariff that a council pays (the amount of business rates collected in excess of the amount the government thinks each local authority needs to retain), the figures above suggest otherwise as the negative RSG will be offset by a matching reduction in the Business Rate Baseline Funding paid to the Council. The government assumes Councils can make up the deficit by increasing Council Tax each year on a higher tax base as more houses are built in line with government estimates.
- 4.3 Members will be aware that from 2020 onwards the Chancellor intends to localise business rates and it is not known how this will affect the amount of business rates Hart is allowed to retain.
- 4.4 Clearly the settlement announced by the government is lower than had been anticipated although the New Homes Bonus has been protected for 2016/17 and the government is out to consultation on how this should change (see paragraph below).

## 5 COUNCIL TAX

- 5.1 As stated it is clear from the figures provided to local government that the government assumes some of the funding shortfall will be met by increases in Council Tax. This is a significant change in approach as previously councils were encouraged to freeze Council Tax levels and specific grants were provided to partly cover the cost to councils of not increasing the tax.
- 5.2 Freeze grants are no longer available and consequently the budget proposals included in this report assume a 1.99% increase in 2016/17 and 2017/18. Any figure above this will require the council to seek residents' approval through a referendum. The financial effect of this increase is to add approximately £117k per annum to income and this will increase each year if Council Tax increases are approved annually.
- 5.3 Interestingly, those authorities in the lower quartile of Council Tax charges will be able to increase their Council Tax by the higher of 2% or £5. Consequently councils such as Basingstoke will fall into this category because their Band D tax is lower than that at Hart.

## 6 NEW HOMES BONUS

- 6.1 New Homes Bonus remains a crucial part of the Council's budget and £2.07m will be received in 2016/17 and wholly used to support the revenue account. Whilst this is more than predicted in the Medium Term Financial Outlook (£1.7m), the risk is that future year's levels cannot be guaranteed. As mentioned earlier in the report, the government are consulting on changes to the scheme and comments are required by March 2016. A report will be provided to a future Overview & Scrutiny Committee and Cabinet so that Members have an opportunity to express their views on the proposals which include a number of options, for example:
- Overall reduction in the amount available for New Homes Bonus nationally (presumably to make more funds available for upper tier authorities to meet social care obligations).
  - To reduce payments to 4 years, instead of the current 6 (government's preferred option).
  - Reduce payments to 2-3 years (government's alternative option).
  - Potential of a transitional year in 2017/18 of 5 years to give councils effected time to plan their finances.
  - Withholding payment where there is no Local Plan (government's preferred option).
  - Reducing payments for homes built on appeal.
- 6.3 It is also intended that the scheme carries on indefinitely even though localisation of business rates is planned for 2020. How these two schemes will complement each other is unclear and a consultation paper of business rates is due this year.

- 6.4 This matter is of great concern because any reductions in this grant will have an adverse effect on financial projections and jeopardise the chances of making proper financial plans for the future.
- 6.5 At the extreme the Council would be in serious financial straits if no Local Plan meant the loss of all New Homes Bonus.

## **7 COUNCIL TAX REDUCTION SCHEME**

- 7.1 The introduction of this scheme in 2013 meant that Council Tax benefits would be replaced by a Council Tax discount scheme and the government reduced funding to 90% of the cost of discounts. Councils had either to reduce the discount paid to working age claimants or find income to make up the reduction. In the event this Council agreed not to reduce the discount (benefits) paid to such claimants but to fund the cost from the revenue account.
- 7.2 The Council faces difficult financial challenges in the future and Members are asked whether they wish to reconsider this decision. No changes could be made until the 2017/18 budget as a period of statutory consultation is required but it would probably save the Council around £40k per annum, although it will depend on the number of claimants at that time.

## **8 FEES AND CHARGES**

- 8.1 The budget has been prepared taking account of the following changes to charges in the main service areas:

- Green Waste - inflationary increase
- Car Parking \*- no increase generally but possible reduction in Fleet charges
- Housing - no increase
- Leisure - N/A
- Planning - no increase
- Building Control - no increase
- Licensing - no increase

\* The possible changes to car parking charges in Fleet would reduce income by an estimated £90k per annum. This cost has been shown separately in the draft budget summary in Paragraph 12. Details of the proposed changes in tariffs can be found on the Council's website [www.hart.gov.uk](http://www.hart.gov.uk)

## **9 GROWTH AND SAVINGS INCLUDED IN BUDGET**

- 9.1 Officers have again adopted a zero based approach to the budget as well as identifying areas for further savings, as well as any opportunities to secure new sources of income. Naturally, given the current financial climate, few discretionary growth items have been included.
- 9.2 Members need to be aware that no provision has been made for projects included in the draft Corporate Plan, currently out for consultation.

9.3 Appendix A attached shows the movement of budgets between 2015/16 and 2016/17.

## 10 OUTTURN BUDGET FOR 2015/16

10.1 The expected deficit for the current year is expected to be £300K higher than originally anticipated for the reasons reported to this Committee in December.

## 11 CAPITAL PROGRAMME

11.1 The Capital Programme is attached as Appendix B. No new schemes have been added at this stage and the most significant items are the building of the new leisure centre and the refurbishment at Frogmore Leisure Centre.

## 12 DRAFT BUDGET 2016/17 AND INITIAL PROJECTION 2017/18

12.1 The table below summarises the draft budget for 2016/17, showing a use of resources of £67k, and an initial projection for 2017/18.

	2016/17 Draft Budget	2017/18
Cost of Services	9,796	10,302
Leisure Centre Residual Costs	138	116
Leisure Management Fee from Everyone Active	-36	-247
Local Plan	200	60
Car Parking Possible Reduction in Fee Income	90	90
<b>Net Cost of Services</b>	<b>10,188</b>	<b>10,321</b>
<u>Less</u>		
Interest on Balances	-51	-51
New Homes Bonus	-2,076	-2,076
<b>Net Budget Requirement</b>	<b>8,061</b>	<b>8,194</b>
<u>Financed By</u>		
Government Grant		
- Business Rates Retained	-1,265	-1,290
- Revenue Support Grant	-562	-80
Collection Fund (Surplus) / Deficit	-37	-50
Council Tax Income	-5,844	-5,869
2% Increase in Council Tax	-117	-235
S106 Receipts	-41	-41
SANG Receipts/Loan Repayments	-139	-142
Minimum Revenue Provision / Loan Repayments	11	855
<b>Transfer (to) from Reserves to balance Revenue Account</b>	<b>67</b>	<b>1,342</b>
General Fund Balance as at 1 April	4,629	4,262
Less Estimated Overspend in 2015/16	-300	
Transfer to (from) Reserves	-67	-1,342
<b>General Fund Balance at 31 March</b>	<b>4,262</b>	<b>2,920</b>

12.2 However, there are currently a number of inherent difficulties in looking beyond 2016/17 with any degree of certainty. The major issues are:

- The results of the consultation of the New Homes Bonus scheme will not be known until later in the year (consultation ends in March).
- Any savings from the joint procurement exercises will not be known until after this report is finalised but can be included in the final budget report to be considered by Cabinet and Council in February.
- The Leader, along with colleagues from the District Council Network, has recently met with the Secretary of State for Communities and Local Government to express concern, along with other council leaders, about some aspects of the financial settlement. The Secretary of State agreed to come back on a couple of issues although it is unlikely the settlement figures will change.
- No financing costs of borrowing for constructing the new leisure centre have been included in the revenue budget for next year. This is because officers are trying to delay borrowing until it is absolutely necessary so that such costs are not borne until as close as possible to the positive income stream guaranteed from the new contract. Currently the Council is using internal balances to pay invoices but these will clearly have to be refreshed at some stage. The Head of Finance is currently in discussions with consultants about when to borrow and any such decisions are delegated to him in conjunction with the Cabinet Member for Economic Development and Corporate Finance. It is likely borrowing will take place in 2016 and there will be a period when the cost of such borrowing will have to be met from reserves until they are wholly covered by the fee from the management company, Everyone Active. It is anticipated this will be in the year 2018/19. Until such borrowing decisions are made it is difficult to project the impact on the Council's revenue reserves.

12.3 A number of factors will change in 2018/19 (higher leisure fee but almost certainly less NHB) so there is nothing at this stage to suggest 2018/19 will not present further challenges.

12.4 As a consequence of the above it is intended to bring an updated Medium Term Financial Outlook to Committee when the impact of the above factors are known.

### **13 ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES**

13.1 Section 25 of the Local Government Act 2003 requires the Chief Financial Officer to report on the robustness of the estimates and adequacy of proposed financial reserves.

13.2 The budget has been constructed following a detailed and robust process involving budget holders, finance staff, the leadership team and Members. Account has been taken of identified financial issues and pressures and realistic budget assumptions have

been made and key risks identified. Service changes and savings options have been considered by Heads of Service and Members through the service review process.

- 13.3 Budget risks are managed throughout the year by a comprehensive budget monitoring process, which acts as an early warning of budget issues allowing corrective action to be taken, and via the general fund reserve.
- 13.4 The Council has limited reserves available to it. A summary of the estimated movement on the General Fund balance is shown in paragraph 12.
- 13.5 The S151 Officer considers that the projected General Fund balance is adequate to help manage the 2016/17 budget risks. While the use of the General Fund balance is for financing unplanned one-off costs and does not underwrite on-going expenditure, the level of the General Fund balance does provide a buffer against the uncertainty of future central government funding. As this report makes clear there is considerable uncertainty around future resources available to the Council and further reports on the Medium Term Financial Outlook will be needed during the year.

#### **14 COMMENTS OF THE MONITORING OFFICER**

- 14.1 This report recommends the adoption of a lawful budget and the level of Council Tax for 2016/17. It also outlines the Council's current and anticipated financial circumstances, including matters relating to capital expenditure and resources.
- 14.2 The setting of the Budget and Council Tax by Members involves their consideration of choices. No genuine or reasonable options should be dismissed out-of-hand and Members must bear in mind their fiduciary duty to the council taxpayers of Hart.
- 14.3 Members must have adequate evidence on which to base their decisions on the level and quality at which services should be provided. Where a service is provided pursuant to a statutory duty, it would not be lawful to fail to discharge it properly or abandon it, and where there is discretion as to how it is to be discharged, that discretion should be exercised reasonably. Where a service is derived from a statutory power and is in itself discretionary that discretion should be exercised reasonably.
- 14.4 Should Members wish to make additions or reductions to the budget, on which no information is given in the report before Members, they should present sufficient information on the justification for and consequences of their proposals to enable the Council to arrive at a reasonable decision on them.
- 14.5 The report sets out the relevant considerations for Members to consider during their deliberations and members are reminded of the need to ignore irrelevant considerations. Members have a duty to seek to ensure that the Council acts lawfully. They are under an obligation to produce a balanced budget and must not knowingly budget for a deficit. Members must not come to a decision which no reasonable authority could come to; balancing the nature, quality and level of services which they consider should be provided, against the costs of providing such services.

- 14.6 Members are also reminded of Section 106 of the Local Government and Finance Act 1992 which prohibits any Member, who has not paid for at least two months his/her Council Tax when it became due, from voting on setting the Budget and Council Tax.

CONTACT: Tony Higgins, Head of Finance, x4207, email: [tony.higgins@hart.gov.uk](mailto:tony.higgins@hart.gov.uk)

**APPENDICES:**

Appendix A - Comparison of Original Budget 2015/16 to Draft Budget 2016/17

Appendix B - Current Available Budget

**PAPER E**  
**Appendix A**

<b>Comparison of Original Budget 2015/16 to Draft Budget 2016/17</b>			
Cost Centre	2015/16 Original Budget £	2016/17 Revised Total Budget £	Notes
Community Safety - Shared Serv	235,050	235,050	
<b>Community Safety</b>	<b>235,050</b>	<b>235,050</b>	
Civic Function & Chairman	20,300	20,300	
Corporate - Apprentices	59,050	24,865	Staff Vacancies Freeze £38k
Corporate Communication	55,230	130,110	One off Budget £65k for Website Development
Leadership Team	573,720	562,295	Staffing budget re-alignments from Business Support £33k, 5 Council's consultants £25k. Transfers to Hart Development (82k)
Corporate Performance Team	56,500	61,765	
External Audit	93,400	66,660	Saving Ernest External Audit Fee
Non Distributed Costs	468,300	167,900	Pension Deficit allocated to services £330K
Climate Change	13,300	12,300	
Business Support Unit	605,530	313,760	Supplies & Services transferred to Corporate Support Non Staff. Saving in Staffing Business Change Manager Post (£22K), Building Control (£38k)
Admin Bldgs - R & M	343,785	381,755	
Hart Development	0	133,650	New Cost Centre includes Economic Development. £82k transfer from Leadership Team, additional Contractors and Consultants £11k, New post Strategy & Policy £40k
Corporate Support - Non Staff	0	150,000	Supplies and Services from Business Support Unit. reduction in Microfilming (£10k)
Customer Services Contract	285,820	296,693	Increase in Xmas Opening Hours
IT Contract	413,400	297,810	IT Contract saving (£117k)
HR Contract	105,120	105,615	
Customer Services Client	38,400	50,560	Increase postage and Machine rental £10k
IT Client	383,871	314,530	Savings in Consultants (£20k) and Telephone costs (£30K)
HR Client	68,810	59,660	Professional Days saving (£8k)
Print Room & Photocopying	39,750	40,500	
Internal Audit	93,170	93,830	
Legal Services	226,960	233,660	
Local Land Charges	-73,360	-79,915	Increased search fee Income
Planning Policy	451,957	428,470	
<b>Corporate Services</b>	<b>4,323,013</b>	<b>3,866,773</b>	
Rechargeable Elections	0	0	
Register Of Electors	108,023	98,587	
Election Expenses	156,691	200,279	
Support To Elected Bodies	232,975	290,189	
<b>Democratic Services</b>	<b>497,689</b>	<b>589,055</b>	
Housing Act & Housing Ass. Adv	0	0	
Bank Charges	48,500	58,000	Bank Charges increased volumns
Finance Client	76,440	85,980	
Finance Contract	470,740	465,750	
Revs & Bens Contractor Costs	1,206,120	1,211,785	
Revenues & Benefits Client	-318,563	-269,170	Reduction in court costs recovered (£20k), increased Licence fees £16k
Housing/Council Tax Benefits	-2,000	95,000	Reduction in rent allowance subsidy £100k
Meals On Wheels	8,000	8,000	
<b>Finance</b>	<b>1,489,237</b>	<b>1,655,345</b>	
Private Sector Housing	164,750	183,840	Staffing Budget Re-alignments
Strategic Housing Services	106,240	118,890	Staffing Budget Re-alignments
Housing Needs Service	476,004	541,314	Staffing Re-alignments £27k, Lower recovery of rent deposits £8k.
Help for Single Homelessness	0	0	100% Grant Funded
Domestic Abuse	0	0	100% Grant Funded
<b>Housing</b>	<b>746,994</b>	<b>844,044</b>	
Land Repossessions	4,480	4,480	
Leisure Centre Maintenance	90,000	20,000	Saving in Maintenance
Leisure Strategy	106,320	50,660	Staff Saving (£36k) Other Leisure Centre budgets (£21k)
Fleet Pond	54,070	66,776	
Commons	41,820	63,900	
Odiham Common	36,930	56,335	

Comparison of Original Budget 2015/16 to Draft Budget 2016/17			
Cost Centre	2015/16 Original Budget £	2016/17 Revised Total Budget £	Notes
Elvetham Heath Nature Reserve	43,610	48,400	
Hart Leisure Centre (Client)	-177,910	46,715	Transfers of Leisure Centre to Everyone Active
Frogmore LC (Client)	16,640	50,905	Transfers of Leisure Centre to Everyone Active
Parks/Play Areas Outside Fleet	50,580	50,580	
Edenbrook Country Park	102,060	65,520	
QE II Fields	25,700	9,930	
Biodiversity	28,100	28,355	
Landscape & Conservation	51,600	60,990	
Tree Preservation Orders	82,670	93,730	
Environmental Promotion - Stra	139,711	135,470	
<b>Leisure &amp; Env Promotion</b>	<b>696,381</b>	<b>852,746</b>	
Building Control - Fee Earning	-153,838	-116,640	Change in apportionment of Fee and Non Fee Services
Building Control - Non-Fee	105,710	78,400	Change in apportionment of Fee and Non Fee Services
Planning Development	15,160	-97,875	Additional S106 Fee Income (£100k)
Street Naming & Numbering	0	10	
<b>Planning</b>	<b>-32,968</b>	<b>-136,105</b>	
Churchyards	7,000	7,000	
Licences	-20,070	-8,940	Reduction in Gaming Permits
Hackney Carriages	-20,750	-26,120	Additional licence income
Dog Warden	57,120	60,295	
Pest Control	2,620	3,040	
Env Health Pollution	0	0	
Env Health Commercial	130,420	145,620	
Environmental Protection	209,380	203,110	
Health and Policy	0	47,800	New Service Area
Env Health Public	0	0	
Out Of Hours Noise Service	25,610	26,700	
Health & Safety	35,180	31,000	
<b>Environmental Services</b>	<b>426,510</b>	<b>489,505</b>	
Flood repairs & Maint work	0	0	
Estates/Asset Management	52,050	53,170	
Corporate Building Maintenance	0	0	
CCTV	165,910	165,600	
Street Furniture	8,100	8,340	
Highways Traffic Management	37,000	40,110	
Highways Agency - Development	-14,200	-25,220	Development Agency Income
Off Street Enforcement	-401,710	-425,650	Increased Fee Income
On Street Enforcement	69,020	101,250	Reduction in Penalty notice income £9k, White Lining Contractors £6k
Waste Client Team	-705,305	-672,400	£50k procurement Consultancy. £8k Direct Debit set up fee. Additional Garden Waste Income £52k
Waste Contract	1,715,440	1,579,960	Reduction to reflect reduced inflation on Veolia Contract
Grounds Mtn Contract	356,920	352,410	
Street Cleaning	500,970	494,730	
Clinical and Bulky	-6,340	-6,410	
Basingstoke Waste Contract	0	0	
Emergency Planning	36,160	41,160	
Hart Drainage	59,445	84,490	£30k additional budget for Riparian Ditches
<b>Technical Services</b>	<b>1,873,460</b>	<b>1,791,540</b>	
<b>Grand Total Excluding Acc</b>	<b>10,255,366</b>	<b>10,187,953</b>	

	Current Available Budget 2015/16	Budget Requirement 2016/17
<b>Capital resources available as at 1st April 2015</b>		
<b>Receipts in year</b>		
<b>Corporate Services</b>	382	0
<b>Housing &amp; Customer Services</b>	1,215	560
<b>Leisure &amp; Environmental Promotion</b>	24,454	0
<b>Technical Services</b>	517	0
<b>TOTAL CAPITAL PROGRAMME</b>	<b>26,568</b>	<b>560</b>
<b>Capital Resources available as at 1st April 2015</b>		

Service Area	Scheme	Current Available Budget	Budget Requirement 2016/17
<b>Corporate Services</b>	CCTV-Rushmoor	176	0
	Telephony System	70	0
	Contact Centre	0	0
	Civic Office Refurbishment	59	0
	Rural Broadband	0	0
	Upgrade to IT infrastructure	58	0
	Door Entry System	19	0
		<b>382</b>	<b>0</b>
<b>Housing &amp; Customer Services</b>	Private Sector Renewal - Minor Works Grants(Home trust Loan)	60	60
	Existing Satisfactory Purchase	200	0
	Grant for 13x 4 bed dwellings.	455	0
	Disabled Facilities Grants	500	500
	<b>1,215</b>	<b>560</b>	
<b>Leisure and Environmental promotion</b>	Fleet Pond Project-Restoration	44	0
	Broadoak Common (District) (S106)	13	0
	Edenbrook Country Park (S106)	30	0
	Fleet pond Nature Reserve Visitor Strategy (S106)	40	0
	Odiham Common (S106)	27	0
	Fleet Area Football (S106)	180	0
	Leisure Centre SCAPE project appraisal	90	0
	Strategic Leisure	26	0
	Leisure Centre Pre Construction Stage	609	0
	Hook Football Pitch Drainage Improvements (S106)	29	0
	Countryside Service Vehicles (S106)	50	0
	Cricket Hill Pond (Yateley) (S106)	41	0
	Boiler Replacements - Frogmoor LC	41	0
	Odiham Signs	5	0
	Hook Meadow	6	0
	S106 Leisure Parish Funded Projects	75	0
	Frogmore leisure	1,500	0
	Leisure Centre Construction	21,550	0
Leisure Centre Consultants & Fees	98	0	
	<b>24,454</b>	<b>0</b>	
<b>Technical Services</b>	Fernhill Road, Pedestrian Facilities (S106)	70	0
	Church Road (Victoria Road) Car Park - Pay on Foot	247	0
	Phoenix Green, Hartley Wintney	0	0
	Mill Corner, North Warnborough	0	0
	Parking Enforcement Vehicles	0	0
	S106 NEHTS parish	0	0
	S106 NEHTS Fleet Station Contributions	200	0
		<b>517</b>	<b>0</b>
	<b>TOTAL CAPITAL PROGRAMME</b>	<b>26,568</b>	<b>560</b>

**OVERVIEW AND SCRUTINY COMMITTEE**

**DATE OF MEETING: 19 JANUARY 2016**

**TITLE OF REPORT: JOINT PROCUREMENT OF SERVICES**

**Report of: Joint Chief Executive**

**Cabinet Member: Councillor Burchfield, Portfolio Holder for Corporate Services**

**1 PURPOSE OF REPORT**

1.1 To consult Overview and Scrutiny Committee and seek its comments on the report being submitted to Cabinet, regarding the potential commissioning of a range of services, including both 'soft services' including revenues and benefits and a range of 'back office services' (Lot 1) and 'hard services' such as Facilities Management, Property and Car Parks (Lot 2).

**2 RECOMMENDATION**

2.1 That Overview and Scrutiny notes the contents of the attached report which is being considered by Cabinet, and

2.2 Forwards any additional comments to Cabinet to help in their broader consideration of the procurement of these processes.

**3 ACTION**

3.1 Staffing Committee are considering the attached report on Monday 18<sup>th</sup> January. The Staffing Committees comments and recommendations will, along with those made by this Committee, be taken into the consideration as part of the and decision by Cabinet on Thursday 21<sup>st</sup> January; therefore the views of the Overview and Scrutiny are sought to help inform Cabinets decision.

**CONTACT:** Patricia Hughes – Joint Chief Executive  
**EXTENSION:** 4450 **EMAIL:** patricia.hughes@hart.gov.uk

**APPENDICES:**  
Appendix A Cabinet Report on the Joint Procurement

## **CABINET**

**DATE OF MEETING: 21 JANUARY 2016**

**TITLE OF REPORT: JOINT PROCUREMENT OF SERVICES**

**Report of: Joint Chief Executive**

**Cabinet Member: Councillor Burchfield, Portfolio Holder for Corporate Services**

### **I PURPOSE OF REPORT**

- 1.1 To recommend to Council the commissioning of a range of services, including both 'soft services' such as revenues and benefits and a range of 'back office services' (Lot 1) and 'hard services' such as Facilities Management, Property and Car Parks (Lot 2).

### **2 RECOMMENDATIONS**

- 2.1 That Cabinet agree to the outsourcing of Lot 1 and Lot 2 services on the following basis:
- A. Designates Capita as the preferred bidder for Lot 1 of the 5 Councils new joint corporate services contract commencing 1 October 2017 with delegated authority to the Joint Chief Executive in consultation with the Portfolio Holder, to implement services earlier as set out in 5.6
  - B. Designates Vinci as the preferred bidder for Lot 2 of the 5 Councils new joint corporate services contract commencing 1 October 2017 with delegated authority to the Joint Chief Executive in consultation with the Portfolio Holder for Corporate Services, to implement services earlier as set out in 6.6
  - C. Authorises the Joint Chief Executive in consultation with the Portfolio Holder for Corporate Services, to agree final terms to enter into the contracts referred to in A and B and authorises the Solicitor to the Council to, following this, enter into contracts and make any other necessary agreements.
  - D. Agrees to enter into an Inter Authority Agreement (IAA) with the four partner councils substantially in the form attached (Appendix 1) and delegates to the Joint Chief Executive authority to finalise the terms of the agreement and to enter into the agreement
  - E. Agrees to the establishment of a joint client team, based on the principles established (Appendix 2), and to delegate authority to the Joint Chief Executive, in consultation with the Portfolio Holder for Corporate Services, to seek any minor changes to the client team arrangements as necessary .

## 2.2 **RECOMMENDATIONS to Council**

- F. The establishment of a Joint Committee in accordance with the details outlined in Appendix 3 and to delegate authority to the Joint Chief Executive, in consultation with the Portfolio Holder for Corporate Services, to be authorised to seek any minor changes to the Joint Committee terms of reference as necessary and be delegated to sign this agreement on behalf of the Council.
- G. The establishment of a Joint Overview and Scrutiny Committee with details outlined in Appendix 4 and to delegate authority to the Joint Chief Executive, in consultation with the Portfolio Holder for Corporate Services, be authorised to seek any minor changes to the Joint Overview and Scrutiny Committee terms of reference as necessary and be delegated to sign the agreement on behalf of the Council
- H The Monitoring Officer in consultation with the Chairman of Standards Committee and the Three Group Leaders be delegated to amend the constitution accordingly

## 3 **BACKGROUND**

- 3.1 At its September 2014 meeting, Cabinet considered a report which gained agreement to testing the market for services based on, wherever possible, a single specification and approval to work towards a shared client team.
- 3.2 Further to this, at its meeting in December 2014, Cabinet also considered and approved the range of services to be market tested, the procurement strategy, and the principles of the governance of the procurement process.
- 3.3 A Steering Group of Senior Managers, supported by a Project Board of the Leaders/Portfolio Holders and chief executives across the Five Councils has therefore been seeking to build on these Cabinet approvals and to set out a way forward for the design of a new service delivery arrangement and potential outsourcing.
- 3.4 There are a number of key choices, which the Council has to make, and a number of factors to take into account, in a decision whether to outsource services. This paper discusses those choices and factors and recommends a route for Cabinet and Council to adopt.
- 3.5 The Steering Group's discussions have been facilitated by additional expert advice from the Councils' specialist consultants, New Networks Limited (Procurement/Commercial) and Sharpe Pritchard LLP (Legal).
- 3.6 Members may recall that the Portfolio Holder for Corporate Services announced at Full Council on the 29<sup>th</sup> October that, recognising the opportunities that can be gained to obtain resilient, professional and cost effective services, East Hampshire District Council had (due to the existing partnership with Havant) added a number of their services in with Havant, increasing volumes.

## **4 THE PROCUREMENT PROCESS**

4.1 In December 2014, Cabinet approved the broad approach to services to be market tested and that, as part of the approved procurement strategy, these would be formed into two core lots. The final services to be market tested for Hart District Council were:

4.1.1 Lot 1

- Council tax, business rates, Council tax discounts and housing benefits
- Finance including exchequer, accountancy and treasury management
- HR and payroll
- IT
- Land Charges
- Procurement support
- Customer Services (reception only)

4.1.2 Lot 2

- Car Parking
- Facilities Management
- Property Management

4.2 Due to the size of the potential contracts (circa £25 million per annum across all the Councils) the process has been subject to EU procurement rules and has been carried out through the competitive dialogue approach.

4.3 This has been an iterative process, starting with a large number of potential contractors, with the numbers being reduced at each stage, with two companies making full and final bids, for each lot, in November (lot 2) and December 2015 (lot 1).

4.4 Each stage of the procurement process has been focussed on retaining and improving customer service, whilst increasing value for money. The Procurement Strategy considered by the Project Board, established the key outcomes the Councils wished to achieve for the new services and this was built into many areas of the invitation to tender including customer service, health and safety and quality assurance. Tenderers were required to submit service delivery plans which were compared to these outcomes, upon which the evaluation matrix was established, scoring 0-5, 5 being exemplary, 2 being the minimum acceptable and 1 being unacceptable without further improvement (details are provided in Appendix 5). During the life of the contract the operator will be monitored to ensure that the contractual standards are always attained or improved upon.

## **5 LOT 1 SERVICES**

5.1 The broad majority of the lot 1 services outlined above are already outsourced, to Capita, with a contract expiry in October 2017.

- 5.2 The only two additional services that have been included in the process for Hart have been land charges and procurement support, which currently equates to a small staffing resource, which is discussed further in the report to Staffing Committee (see Appendix 8). The comments from Staffing Committee will be reported to Cabinet, once this Committee has met to consider the report on the 18<sup>th</sup> January.
- 5.3 Whilst the market recognised the potential risk of working with a client that consisted of five separate Councils, there was a high level of interest in the provision of these services, in the market, due to the size of the contract, at over £20 million per annum (for Lot 1).
- 5.4 Having received the full and final tenders, this shows that against current spend for Lot 1, there are savings to Hart of circa £200K in year 1, and the costs of the services at the end of the contract will be 43% cheaper than current, providing an overall saving of 27% over the contract term.
- 5.5 A short summary of the bid from Capita is set out in Appendix 6 and details of the financial offer are held in Appendix 7. In addition to the details outlined in the appendices, Capita have established a mechanism that should further Councils be encouraged to work from the same 'platform', this could lead to a further cost reduction to the Councils.
- 5.6 For Hart, if Cabinet approve the appointment of Capita as the preferred bidder, all new services will, at the latest, start in October 2017. Dependant on any potential exit costs associated with the current contract, or for those elements of service currently in-house, it is possible that it would be best value for the Council to enter into dialogue with the contractor to bring forward (from October 2017) implementation of some or all of the services.

**Recommendation A: That Cabinet designates Capita as the preferred bidder for Lot 1 of the 5 Councils new joint corporate services contract commencing 1 October 2017 with delegated authority to the Joint Chief Executive in consultation with the Portfolio Holder, to implement services as set out in 5.6**

## **6 LOT 2 SERVICES**

- 6.1 Lot 2 services are currently already provided by a 'mixed market' of internal and external suppliers.
- Car parking management and administration is provided by an in-house team
  - Facilities Management services are provided by Kier (through a framework agreement with Hampshire County Council) with additional support provided on an ad-hoc basis by Pegasus Services. The Council also employs Stewards.
  - Property management services are provided by Capita with a contract expiry in October 2017

- 6.2 The Council decided the best way to establish whether outsourcing would be financially beneficial, was to test the market. Throughout the dialogue, the Councils have been clear that there are areas where the bidders could look at opportunities to reduce costs or increase income, such as reduced utility spend or enhanced levels of rented property. The Councils were also clear that there were other areas that would remain vested in the control of the Councils individually, such as the setting of parking charges.
- 6.3 Having received the full and final tenders, this shows that against current spend for Lot 2 there are savings of £58K in year 1, exit costs will be 25% lower than current, providing an overall saving of 15% over the contract term. Details of the two bids are outlined in Appendix 6.
- 6.4 Due to the nature of the procurement approach, the Council must choose to opt into Lot 2 in its entirety or not at all. A short summary of the offering from Vinci is captured in Appendix 6 and details of the financial offer are in Appendix 7. In addition to the details outlined in the appendices, Vinci have also established a mechanism that should further Councils be encouraged to work from the same 'platform', this could lead to a further cost reduction to the Councils.
- 6.5 The Council has a legal requirement to continually consider best value for money. As part of this, Appendix 7 also sets out what the financial position would be, were the Council to retain the current mixed market of services. It is clear that the Council could continue to use its own in-house team for car parking, as well as other existing suppliers however, whilst recognising the specifications require a high level of service, the financial difference between retaining existing services and outsourcing is over £300K.
- 6.6 Should Cabinet approve the designation of Vinci as the preferred bidder for Lot 2, due to multi-faceted nature of the current provision, implementation is likely to be phased based on whether the service is currently provided in-house, the appropriate level of notice each supplier requires (where the contract is annual or roll on/roll off) or with a formal contract expiry. Once again, it is possible that it would be best value for the Council to enter into dialogue with the contractor to bring forward implementation of some or all of the services.

**Recommendation B: That Cabinet designates Vinci as the preferred bidder for Lot 2 of the 5 Councils new joint corporate services contract commencing 1 October 2017 with delegated authority to the Joint Chief Executive in consultation with the Portfolio Holder, to implement services earlier as set out in 6.6**

**Recommendation C: That Cabinet authorises the Joint Chief Executive in consultation with the Portfolio Holder, to agree final terms to enter into the contracts referred to in recommendation A and B and authorises the Solicitor to the Council to, following this, enter into the contracts and make any other necessary agreements.**

## **7 INTER AUTHORITY AGREEMENT**

- 7.1 The Council entered into an Inter Authority Agreement to ensure the effective delivery of the procurement phase of this project. This agreement established several key principles including the creation of a multi authority project team, lead by a senior officer from each Council to ensure that the project delivered effectively whilst providing an opportunity to advocate for their own council, if required. The officers were supported by a Leader/Portfolio Holder and chief executive Project Board.
- 7.2 Should the Council approve the outsourcing, for the good governance of the future partnership of the Councils working collaboratively together, a new Inter Authority Agreement will provide clarity on how and where decisions will be made throughout the contract term, how costs and benefits will be shared and how disputes between the Councils will be resolved. Details of the IAA are outlined in Appendix 1

**Recommendation D: That Cabinet agrees to enter into an Inter Authority Agreement (IAA) with the four partner councils substantially in the form attached (Appendix 1) and delegates to the Joint Chief Executive authority to finalise the terms of the agreement and to enter into the agreement**

## **8 JOINT CLIENT TEAM**

- 8.1 Should the Council outsource, it would still retain some elements of costs. This will include joint client management costs, a principle agreed by Cabinet in September 2014, to ensure effective management of the contract, as well as the transfer of some resources (which sit outside the specifications) to meet our policy and strategy requirements which will help identify the IT and HR strategies that will continue to support the Councils' corporate priorities.
- 8.2 The IAA sets out details of the mechanism for contributions to pay for the joint client team based on the percentage of the Lot 1/Lot 2 contract costs are being paid by that Council. Further details regarding the operation of the Joint Client Team are set out in Appendix 2
- 8.3 These costs have been included in the financial information set out in Appendix 7.

**Recommendation E: That Cabinet agrees to the establishment of a joint client team, based on the principles established (Appendix 2), and to delegate authority to the Joint Chief Executive, in consultation with the Portfolio Holder for Corporate Services, to seek any minor changes to the client team arrangements as necessary .**

## **9 JOINT COMMITTEE**

- 9.1 As part of this proposal, the officer recommendation is that Cabinet recommend to Council, the establishment of a Joint Committee, replacing the existing Project

Board of Leaders/Portfolio Holders and chief executives, to ensure a strategic approach to the management of these contracts, addressing issues that may be common across all councils and bring a consistency of approach from all Councils in the partnership. The arrangement should also lead to more effective ways of working with the provider and partner authorities.

- 9.2 A Combination Agreement setting out the legal framework for the operation of a Joint Committee would need to be signed by the relevant parties. The Joint Committee would also have Terms of Reference setting out its governance structures and procedures for its strategic activity across all the councils. Each council would be represented through the relevant Portfolio Holders, supported by a senior manager. Details of the draft terms of reference for the Joint Committee are set out in Appendix 3.

**Recommendation F: That Cabinet agrees to the establishment of a Joint Committee in accordance with the details outlined in Appendix 3 and to delegate authority to the Joint Chief Executive, in consultation with the Portfolio Holder for Corporate Services, to be authorised to seek any minor changes to the Joint Committee terms of reference as necessary and be delegated to sign the agreement on behalf of the Council.**

## **10 JOINT OVERVIEW AND SCRUTINY COMMITTEE**

- 10.1 Should Council approve the creation of a Joint Committee, then it is also a recommendation, that a Joint Overview and Scrutiny Committee is formed. This Committee, with representatives from each authority would be established to scrutinise decisions of the Joint Committee as well as to act as a consultative body in relation to new or changed policies or services and monitor and review performance. Draft terms of reference are outlined in Appendix 4

**Recommendation G: That Cabinet agrees to the establishment of a Joint Overview and Scrutiny Committee with details outlined in Appendix 4 and to delegate authority to the Joint Chief Executive, in consultation with the Portfolio Holder for Corporate Services, be authorised to seek any minor changes to the Joint Overview and Scrutiny Committee terms of reference as necessary and be delegated to sign the agreement on behalf of the Council**

- 10.2 The arrangements outlined in recommendation F and G do necessitate an amendment to the Councils constitution, hence recommendation H seeks to make those necessary amendments.

**Recommendation H: That the Monitoring Officer in consultation with the Chairman of Standards Committee and the Three Group Leaders are delegated to amend the constitution accordingly**

## **11 STAFFING IMPLICATIONS**

- 11.1 There are a number of staff who are within scope as part of this potential outsourcing. As a result, the Joint Chief Executive has taken the opportunity to engage both with Unison and the staff themselves (either at team meetings or on an individual basis) to keep them informed of the process.
- 11.2 The staff in scope as part of this joint procurement fall into two categories; those that may be subject to TUPE transfer to a new service provider and those that may be transferred to the joint client team and remain employees of their respective Councils, in the first instance, but may be transferred to another partner council in time.
- 11.3 In accordance with the Councils TUPE guidance and Policy, the Staffing Committee considered the report outlined in Appendix 8. Recommendations of the Committee being held on the 18<sup>th</sup> January, will be reported to Cabinet to help inform their decision.

## **12 FINANCIAL IMPLICATIONS**

- 12.1 The delivery of the Project represents excellent value for money. Further details are contained within the body of this report, and appendix 7. Projecting over 9 years the Contract is estimated to deliver savings to the tax payer across all 5 Councils of £50.65m; whilst delivering a broad range of services in Lot 1 and 2.
- 12.2 The financial models are based on three criteria to ensure savings are delivered throughout the life of the contract. The impact for Hart District Council under each criteria is as follows:

### **Initial saving against baseline - Year 1**

- Lot 1 saving £0.219m (10.3%)
- Lot 2 saving £0.058m (10.0%)

### **Overall financial benefit against the base budget across the period of the Contract**

- Lot 1 saving £4.666m (27.4%)
- Lot 2 saving £0.696m (15.0%)

### **Operational Cost Reduction at Hand Back (contract end)**

- Lot 1 saving £0.922m (43.3%) against the Hart budget for 2015/16
- Lot 2 saving £0.145m (25.0%) against the Hart budget for 2015/16

- 12.2 Hart District Council has, amongst all the Councils, the smallest current client team. It was always understood, that the additional complexity of 5 councils, across 2 Lots and over 10 services, with new performance payment mechanisms, was likely to lead to an uplift in costs of the client, to Hart.

- 12.3 In line with the approach taken on the apportionment of financial savings (i.e. that the financial savings from the bids is the sum of its part rather than individualized financial packages per Council) it is proposed that the overall costs of the Joint Client team is applied to the individual Councils on the basis of their allocation of the baseline figures.
- 12.4 For Hart District Council in year 1-3, this cost is £117K. In year 3, when the services have reached the target operating model and the client team is reduced, this cost is anticipated to reduce to £74K.
- 12.5 Against a total saving of £5.36 million (across Lot 1 and Lot 2 across the 9 years of the contract), the worst case impact of the increased level of client costs, reduces this total figure to £4.66 million.
- 12.6 In addition to the above, Capita currently pay £25K per annum for the office accommodation at Hart. If identified as the preferred bidder, discussions will continue regarding where services will be provided. However, a principle which was agreed, early on in the process, was that we would not charge bidders for accommodation within any council buildings (as these costs would be recycled into the bid price). The impact to Hart's revenue stream is £225K over the 9 year contract, however, this is independent of any decision on either bidder.

### 13 LEGAL AND EQUALITY IMPLICATIONS

13.1 **Legal implications:** Officers asked all bidders to confirm their acceptance of the contract terms and all bidders substantially confirmed this. Various derogations were agreed in dialogue and where further derogations were made in the submission of final tenders these have been taken into account in evaluation. These points will be further clarified with each preferred bidder. Therefore, it is not anticipated that there will be any additional issues encountered to prevent the signing of the contracts once awarded. The principal contractual derogations and any risk associated with them are set out in appendix 9 (confidential).

#### 13.2 **Equality implications:**

13.2.1 **Lot 1 – Capita:** Having considered the impact on residents and staff with protected characteristics, it is the council's view that the overall impact on the council's ability to eliminate discrimination and advance equality of opportunity is likely to be positive. There is likely to be a neutral impact on our ability to foster good relations between people who share a protected characteristic and people who do not share it.

The councils believe that the service and employment changes for Capita are compatible with the rights under the Convention of Human Rights.

13.2.2 **Lot 2 – Vinci:** Having considered the impact on residents and staff with protected characteristics, it is the council's view that the overall impact on the council's ability to eliminate discrimination and advance equality of opportunity is likely to be positive for residents and neutral for staff. There is

likely to be a neutral impact on our ability to foster good relations between people who share a protected characteristic and people who do not share it.

The councils believe that the service and employment changes for VINCI are compatible with the rights under the Convention of Human Rights.

## **14 NEXT STEPS**

14.1 If the Council is minded to accept these recommendations, the Councils working collaboratively can seek to clarify any outstanding questions with the preferred bidders with a view to signing the contracts with Capita and Vinci to enable a suitable 'mobilisation' period both for the operators and the Councils, so as to ensure a safe transfer of services, from the 1<sup>st</sup> August.

14.2 Assuming the Council decides to go ahead, next stages of work would include:

Finalise joint client structure and appoint to Manager role	February 2016
Sign contracts for Lot 1 and Lot 2	April 2016
Confirmation of Joint Client team and any additional transitional resources	April 2016
Finalise arrangements for the Joint Committee and Joint Overview and Scrutiny	Summer 2016
First services are delivered (to South Oxfordshire and Vale of the White Horse, with the potential for certain Hart services to come forward)	August 2016
All remaining Hart services transferred to new providers	October 2017

## **15 CONCLUSIONS**

15.1 This report sets out the findings of the procurement process that Cabinet approved in 2014, working with a group of other authorities. It shows a significant benefit to the 'public purse'. Cabinet is asked to approve the outsourcing of services encompassed by Lot 1 and Lot 2, and entering into Joint Client and Inter Authority Agreements. Cabinet is also asked to recommend to Council the establishment of a Joint Committee and Joint Overview and Scrutiny Committee, to ensure the effective management and oversight of these services.

**CONTACT:** Patricia Hughes, Joint Chief Executive, x4450, [patricia.hughes@hart.gov.uk](mailto:patricia.hughes@hart.gov.uk)

**APPENDICES /CONFIDENTIAL APPENDICES**

Appendix 1 – IAA

Appendix 2 – Joint Client Team

Appendix 3 – Joint Committee terms of reference

Appendix 4 – Joint Overview and Scrutiny terms of reference

Appendix 5 – Evaluation Matrix

Appendix 6 – Short Summary of the Capita and Vinci Bids (Confidential)

Appendix 7 – Summary of the financial offer from both Lot 1 and Lot 2 (Confidential)

Appendix 8 – Report to Staffing Committee (Confidential)

Appendix 9 – Report on contractual derogations (Confidential)

Appendix 10 – Equalities Impact Assessment (Confidential)

**BACKGROUND PAPERS:**

Cabinet Reports on the Joint Procurement in September and December 2014

DATED

2016

;

**HART DISTRICT COUNCIL;**

**HAVANT BOROUGH COUNCIL;**

**MENDIP DISTRICT COUNCIL**

**SOUTH OXFORDSHIRE DISTRICT COUNCIL;**

and

**VALE OF WHITE HORSE DISTRICT COUNCIL**

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**INTER AUTHORITY AGREEMENT**

**relating to the corporate services contracts procured  
following a joint procurement undertaken by the  
Councils**

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**SHARPE PRITCHARD  
ELIZABETH HOUSE  
FULWOOD PLACE  
LONDON  
WC1V 6HG**

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**INTER AUTHORITY AGREEMENT**

**A DEED DATED**

2016

**PARTIES**

- (1) **HART DISTRICT COUNCIL** of Civic Offices, Harlington Way, Fleet, Hampshire GU51 4AE (subsequently referred to as "Hart");
- (2) **HAVANT BOROUGH COUNCIL** of Public Services Plaza, Civic Centre Road, Havant, Hampshire PO9 2AX (subsequently referred to as "Havant");
- (3) **MENDIP DISTRICT COUNCIL** of Council Offices, Cannards Grave Road, Shepton Mallet, Somerset BA4 5BT (subsequently referred to as "Mendip")
- (4) **SOUTH OXFORDSHIRE DISTRICT COUNCIL** of 135 Eastern Avenue Milton Park Milton OX14 4SB (subsequently referred to as "South Oxfordshire");
- (5) **VALE OF WHITE HORSE COUNCIL** of 135 Eastern Avenue Milton Park Milton OX14 4SB (subsequently referred to as "Vale");

(together the "Parties").

**RECITALS**

- (A) On [ ] 2015, the Parties placed a joint contract notice in the Official Journal of the European Union, seeking expressions of interest from providers for corporate services to be provided to the Parties (the "Corporate Services").
- (B) Following the procurement exercise, the Parties decided to award the contracts to [ ] (Company Registration No. [ ]) of [ ] (the "Lot 1 Supplier") and [ ] (Company Registration No. [ ]) of [ ] (the "Lot 2 Supplier". Those contracts were entered into on [ ].
- (C) The Parties wish to continue with the joint approach that they have taken with the procurement in order to ensure that the Corporate Service Contracts have a single point of management and that the Mutual Aims are achieved. To that end the Parties have established the Joint Committee.
- (D) To achieve their desired result the Parties wish to enter into this agreement in order to define the governance of their relationship and in order to set out the joint approach they will take in the management of the Corporate Services Contracts.

**1. DEFINITIONS AND INTERPRETATION**

1.1. Definitions

In this IAA, unless the context otherwise requires the following terms shall have the meanings given to them below:

Ad Hoc Reviews	means the reviews conducted in accordance with clause 9;
Contract Manager	means the person appointed to this role in accordance clause 5.1
Contributions	means the amounts to be paid by the Parties in accordance with clause 12 and Schedule 8
Corporate Services Contract(s)	means the contract(s) (together with their schedules) dated [ ] that the Parties have entered into with the

## Appendix 1 Inter Authority Agreement

	Lot 1 Supplier and/or the Lot 2 Supplier for the provision of the Services
Deputies	means those persons appointed to in accordance with clause 5.3
Dispute Resolution Procedure	means the procedure for the resolution of disputes set out at clause 13;
Effective Date	means the date of the Corporate Services Contracts;
Expiry Date	means the date which is defined in the Corporate Services Contracts as being the end of the “Term”;
IAA	means this inter authority agreement (including its schedules);
IAA Commencement Date	means the date of this IAA;
Joint Committee	means the joint committee established under [section 101(5) of the Local Government Act 1972 and section 20 of the Local Government Act 2000] by the parties to be responsible for the management of the Corporate Services Contract, the terms of reference of which are set out at Schedule 1
Joint Scrutiny Committee	means the joint committee established under [section 101(5) of the Local Government Act 1972 and section 20 of the Local Government Act 2000] by the parties to be responsible for the overview and scrutiny of the Joint Committee management of the Corporate Services Contract, the terms of reference of which are set out at Schedule 2
Lot 1 Supplier	means [insert name of successful bidder] (Company Registration No. [ ] of [ ]);
Lot 2 Supplier	means [insert name of successful bidder] (Company Registration No. [ ] of [ ]);
Mutual Aims	means the shared objectives of the Parties as set out in Schedule 3 of this IAA;
Project	means the Corporate Services Contracts and the delivery of the Services
Project Strategic Group	means the body established under clause 8;
Representative	means a person (or their nominated deputy) appointed by each party to represent them at meetings of the Project Strategic Group
Review	means the activity described in clauses 8 and 9;

## Appendix 1 Inter Authority Agreement

Review Notice	means the notice as described in clause 9;
Review Procedure	means the procedure for review set out at clauses 8 and 9;
Service Charges	means the amounts payable by the Parties to the Suppliers in consideration of the Services pursuant to Schedule 7.1 of each of the Corporate Services Contracts
Service Levels	means those service levels identified and defined in the Corporate Services Contracts
Services	those services provided under the Corporate Services Contracts by the Suppliers
Supplier(s)	means the Lot 1 Supplier and/or the Lot 2 Supplier
Transition Lead	means an officer of the applicable Party with the appropriate skills and experience to contribute to the planning of the Transition Phase implement and co-ordinate such actions as may be necessary to ensure that the requirements of the Transition Phase are successfully delivered
Transition Phase	means the period of the Project in which changes to the ways in which Services are delivered by the Suppliers take place in accordance with the Corporate Services Contracts and the requirements of the Transition Phase are to ensure that the savings and efficiencies to be delivered by changes to the delivery of the Services are achieved

### 1.2. Interpretation

In this IAA, except where the context otherwise requires:

- 1.2.1. the masculine includes the feminine and vice-versa;
- 1.2.2. the singular includes the plural and vice-versa;
- 1.2.3. a reference in this IAA to any clause, sub-clause, part, paragraph, schedule, appendix or annex is, except where it is expressly stated to the contrary, a reference to such clause, sub-clause, paragraph, schedule, appendix or annex of this IAA;
- 1.2.4. save where stated to the contrary, any reference to this IAA or to any other document shall include any permitted variation, amendment, or supplement to such document;
- 1.2.5. any reference to any enactment, order, regulation or other similar instrument shall be construed as a reference to the enactment, order, regulation or instrument (including any EU instrument) as amended, replaced, consolidated or re-enacted;
- 1.2.6. headings are for convenience of reference only;
- 1.2.7. words preceding "include", "includes", "including" and "included" shall be construed without limitation by the words which follow those words;

- 1.2.8. any obligation on a Party to do any act matter or thing includes, unless expressly stated otherwise, an obligation to procure that it is done; and
- 1.2.9. subject to any express provisions to the contrary, the obligations of either Party are to be performed at that Party's own cost and expense
- 1.2.10. words and expressions beginning with capital letters which are not defined above have the meanings given to them in the Corporate Services Contracts

**2. COMMENCEMENT AND DURATION**

- 2.1. This IAA will commence from the Effective Date of the Corporate Services Contracts and continue in full force and effect until:
  - 2.1.1. the Expiry Date of the Corporate Services Contracts; or
  - 2.1.2. if one Corporate Services Contract is subject to early termination, the Expiry Date of the surviving Corporate Services Contract; or
  - 2.1.3. if both Corporate Services Contracts are subject to early termination, the Termination Date of the second of the Corporate Services Contracts to be terminated(whichever date is the earlier). Notwithstanding the Expiry or early termination of the Corporate Services Contracts or either of them, clauses [3 ] to [13 ] of this Agreement shall remain in force until all outstanding issues and any disputes arising out of the Corporate Services Contracts or either of them have been resolved.
- 2.2. If the term of either or both of the Corporate Services Contracts are extended in accordance with clause 4 of those contracts, the term of this IAA shall be extended until the expiry of any Extension Period
- 2.3. Any Party which exercises its right to terminate both of the Corporate Services Contracts under clause 33.1(a) or 33.1(b) in circumstances where Corporate Services Contract remains in force shall cease to be a Party to this Agreement. If a Party exercises its right to terminate one of the Corporate Services Contracts in accordance with these clauses it shall cease to participate in this Agreement insofar as it relates to the Corporate Services Contract to which it is no longer a party.

**3. EFFECT OF THE IAA**

Nothing in this IAA shall serve to obviate, reduce or otherwise affect the Corporate Services Contracts or the Parties' rights and obligations under the Corporate Services Contracts.

**4. ACTING IN GOOD FAITH AND REASONABLY**

- 4.1. All the Parties agree to act in good faith and reasonably to:
  - 4.1.1. resolve any difficulties between themselves openly, quickly and honestly, before any such issues have a negative impact on the operation of this IAA or any of the Corporate Services Contracts;
  - 4.1.2. provide information to each other that will (or could) impact upon the obligations, rights and liabilities of any other Party to this IAA or to the Supplier; and
  - 4.1.3. mitigate any losses, costs or expenses incurred as a result of the application or breach of this IAA.
- 4.2. The Parties shall act at all times in a way that promotes effective partnership working. In particular, each Party will:

## Appendix 1 Inter Authority Agreement

- 4.2.1. work in good faith with the other Parties towards the mutual advantage of the Parties;
- 4.2.2. provide such reasonable information (as determined by the Party from whom the information is sought) to each of the other Parties in a form that is readily usable and in a full and timely manner. Relevant information shall include, without restriction or limitation:
  - 4.2.2.1. early warning of any potential failure by a Party or the Supplier in meeting their obligations under one or both of the Corporate Services Contracts where such failure might impact on the delivery of the Services to any other Party or where that potential failure might be indicative of the Supplier having committed a Default (as such term is defined in the Corporate Services Contracts) under the Corporate Services Contract(s);
  - 4.2.2.2. details of any actual failure by a Party or the Supplier in meeting their obligations under the Corporate Services Contracts;
  - 4.2.2.3. any other information that could reasonably be expected to impact upon this IAA, the Parties to this IAA, or the delivery of the Services under the Corporate Services Contracts (or any of them).
- 4.2.3. co-operate in identifying, as early as reasonably possible, any issues or problems which will or may tend to prevent the achievement of the Mutual Aims and to reach and implement solutions to overcome such issues or problems and the identification and resolution of such issues and problems shall be a matter for the Project Strategic Group, or in the event that the Project Strategic Group are unable to agree, a matter for the Joint Committee.

### 5. **CONTRACT MANAGER**

- 5.1. The Parties shall appoint the Contract Manager. The Contract Manager shall have the powers and authority delegated to him/her by the Joint Committee to take steps on behalf of all the Parties as set out at Schedule 4.
- 5.2. [The Contract Manager shall have power to exercise the powers of the Contract Manager under the Corporate Services Contracts including the right to make deductions under the Payment Mechanism and to issue warning notices.] [DN: This clause can be moved to Schedule 4 when that is completed.]
- 5.3. The Contract Manager may appoint one or more Deputies. The Deputies may be employees of one or more of the Parties or an appointment of an external consultant. If the Contract Manager proposes the appointment of an external consultant the terms of the appointment shall be agreed by the Representatives. The salaries of the Contract Manager and any Deputies and the fees of any external consultants shall be met jointly by the Parties.
- 5.4. [The Contract Manager is an employee of [ ] Council and it is agreed that s/he is working jointly for the Parties to this Agreement in accordance with section 113 of the Local Government Act 1972.] [Terms of agreement to be included and may also be applicable to Deputies.]

### 6. **REPORTS AND RECORDS**

- 6.1. The Parties agree to provide and share such information necessary to monitor and measure the overall performance of the Suppliers under the Corporate Services Contracts.

- 6.2. From the Effective Date the Contract Manager shall provide quarterly monitoring reports to members of the Project Strategic Group detailing:
  - 6.2.1. a summary of the Supplier's performance against the Service Levels;
  - 6.2.2. areas of particular success and issues that might have wider applicability;
  - 6.2.3. efficiency savings proposed and achieved;
  - 6.2.4. how any problems were resolved and any areas of non-performance by the Suppliers and the remedial action that the Contract Manager has taken or intends to take in respect of any default or failure by the Suppliers or either of them under the Corporate Services Contract(s).
- 6.3. The Parties shall operate this IAA on an "open book" basis in respect of the management of the Corporate Services Contracts.

## **7. DECISION MAKING**

- 7.1. The Parties have established the Joint Committee. The Joint Committee shall have the constitution and terms of reference set out at Schedule 1 or such other constitution and terms of reference as the Parties may agree. The Joint Committee shall meet at least every three months in accordance with its constitution.
- 7.2. The Parties have established the Joint Scrutiny Committee. The Joint Scrutiny Committee shall have the terms of reference set out at Schedule 2 or such other terms of reference as the Parties may agree. The Joint Scrutiny Committee shall meet at least annually and shall have the responsibility of scrutinising the operation of the Joint Committee and the Corporate Services Contracts. The Parties agree that issues which relate to the Corporate Services Contracts shall be subject to scrutiny by the Joint Scrutiny Committee and not by the Overview and Scrutiny Committees for the individual Parties unless there are exceptional circumstances and that issue relates to that Party only.

## **8. GOVERNANCE**

- 8.1. The Parties agree to participate in the following bodies to ensure the governance of the Project;
  - 8.1.1. The Project Strategic Group
  - 8.1.2. The Partnership Tactical Board/Joint Partnership Management Team
  - 8.1.3. The Service Improvement Groups
  - 8.1.4. The Innovation and Transformation Team
- 8.3. Meetings of the Project Strategic Group shall be held at least every three months in accordance with the programme set out at Schedule 5 unless otherwise agreed by the Parties. The Parties shall ensure that a Representative attends each meeting of the Project Strategic Group [but shall be quorate when four of the Parties are represented. The provisions of Schedule 5 shall apply.
- 8.4. For the avoidance of doubt, Representatives attending the Project Strategic Group shall have a suitable level of authority to make strategic decisions (including day to day management and operational decisions where appropriate) and to authorise the giving of instructions accordingly to the Supplier. Actions and recommendations of the Project Strategic Group shall be reached by consensus and (other than by way of guidance to assist in forming a further discussion).
- 8.5. The Project Strategic Group shall not have decision making powers beyond the level of authority of the attendees and the Project Strategic Group shall not have any power or authority to bind

any Party. It is acknowledged that decisions and approval of recommendations beyond the authority of a Representative of a Party shall be referred to the Joint Committee.

- 8.6 A recommendation to terminate the Corporate Services Contracts or either of them on the grounds of a Supplier Default shall be made by the Project Strategic Group to the Joint Committee, if satisfied that the breach of the Corporate Services Contract(s) is substantial and that it would be in the interests of all the Parties to terminate it, taking into account legal advice as to whether there are grounds for termination. The recommendation shall be referred to the Joint Committee for consideration. The Contract Manager shall notify each Party of the Joint Committee's recommendation and the reasons for it in writing within five Working Days of the date of the decision to make the recommendation. Each Party shall within three months of such notification make a decision as to whether to support the termination of the Corporate Services Contract(s). If any Party or Parties does not support the termination the other Parties shall consider whether to exercise the right of partial termination under clause 33.1(a) or (b) of the Corporate Services Contract(s).
- 8.7 The Parties shall arrange for the representatives referred to in Schedule 5 to attend the meetings of the Partnership Tactical Board/Joint Partnership Management Team, the Service Improvement Groups and the Innovation and Transformation Team in accordance with the provisions of Schedule 8.1 of the Corporate Services Contracts set out as Schedule 6 to this Agreement.

**9. SIX MONTHLY REVIEW**

- 9.1. The Parties shall meet every six months to review the operation of this IAA and the Corporate Services Contracts.
- 9.2. Where possible the Review shall be programmed to suit each Party's political cycle and shall be brought forward or postponed by a reasonable time to allow for elections and for any new members to be in situ.
- 9.3. The Review shall be initiated by the Contract Manager sending an emailed notice to the email addresses for notices (contained in Schedule 7 (Delivery Addresses for Notices)) setting out any issues it would like to discuss at a meeting of the Project Strategic Group and inviting each Party to include items for the agenda of the Six Monthly Review meeting. Standing agenda items will include:
- 9.3.1. a general review (to include without limitation a review of any Supplier Defaults under the Corporate Services Contracts) of the Supplier's performance under the Corporate Services Contracts, including a review of the summary of the Supplier's performance against the Service Levels for the Corporate Services Contracts, as contained in the monitoring reports;
  - 9.3.2. the impact of any Changes in Law;
  - 9.3.3. a discussion of any proposed efficiency savings which might be beneficial to the parties as a whole;
  - 9.3.4. Changes that may be proposed by a Party;
  - 9.3.5. without prejudice to any other requirement of this IAA, a discussion of any proposed Change to the Corporate Services Contracts that might impact on the Services delivered to any other Party or which might further the achievement of the Mutual Aims of the Parties;
  - 9.3.6. opportunities for further and/or closer joint working;
  - 9.3.7. the effectiveness of the Service Levels in measuring the Supplier's performance;

- 9.3.8. any other issues under the Corporate Services Contracts or this IAA that the Parties feel that should be brought to the others attention;
- 9.3.9. In the 18 months prior to the Expiry Date, any possible extension of this IAA and/or the Corporate Services Contracts.
- 9.4. The written agenda and supporting papers will then be re-circulated to all Parties by the Contract Manager and should be in sufficient detail and where relevant include supporting papers to enable the Parties to take internal soundings and discuss the contents prior to the Six Monthly Review meeting.
- 9.5. Any Party may require an item to be added to the agenda by the Contract Manager.

**10. AD HOC REVIEW MEETINGS**

- 10.1. Notwithstanding the Six Monthly Review process set out in clause 8 above, any Party to this IAA shall be entitled to call for a meeting of the Project Strategic Group (an 'Ad Hoc Review') to consider (without limitation) any matter in relation to the Corporate Services Contracts which in the view of that Party requires a decision or consideration of the Project Strategic Group which cannot be deferred until the next Six Monthly Review including any Changes (see clause 10 below)
- 10.2. A Review shall be called by a Party via an emailed notice (a Review Notice) sent to the email addresses for notices (contained in Schedule 7 (Delivery Addresses for Notices)) to the other Parties setting out in detail and (if necessary supporting information) of:
  - 10.2.1. the nature of the Review;
  - 10.2.2. the reasons for it;
  - 10.2.3. the proposed action and/or solution;
  - 10.2.4. the Party or Parties potentially affected; and
  - 10.2.5. how the proposed solution could or should be implemented.
- 10.3. The Project Strategic Group shall meet to discuss and carry out the Review within three weeks of the Review Notice having been served. Following such a meeting the Parties shall implement the actions (or action plan as the case may be) in accordance with the agreed timetable. The three week notice period provided in this clause 9.3 may be reduced by an appropriate time if the Party issuing the Review Notice reasonably considers the Review is urgent and states its reasons on the face of the Review Notice.
- 10.4. A Review shall be held on or about 18 months before the expiry of the Initial Term to consider whether to recommend that either or both of the Corporate Services Contracts should be extended beyond the Initial Term

**11. CHANGES**

- 11.1. If a Party wishes to propose a Change to the Corporate Services Contracts pursuant to clause 13 and Schedule 8.2 of either of the Corporate Services Contracts which will have an impact on other Parties it shall arrange for the proposed terms of the Change to be discussed at a meeting of the Project Strategic Group. The Party seeking the Change, shall provide a paper, in consultation with the Contract Manager setting out the terms of the proposed Change, its likely impact on the other Parties and the implications as to the likely cost of the Change and/or any savings resulting from it. A Change that has no impact on the other Parties other than the Party proposing the Change may be implemented by the Contract Manager and any adjustment to the Service Charges shall be made by adjusting that Party's Contribution.

- 11.2. If the Supplier proposes a Change to the Corporate Services Contracts or either of them pursuant to clause 13 and Schedule 8.2 of the Corporate Services Contracts the Contract Manager shall arrange for the proposed terms of the Change to be discussed at a meeting of the Project Strategic Group. The Contract Manager shall provide a paper setting out the terms of the proposed Change, its likely impact on the Parties and the implications as to the likely cost of the Change and/or any savings resulting from it.

**12. TRANSITION PHASE**

- 12.1. Each Part shall nominate its Transition Lead no later than [1<sup>st</sup> July 2016] and notify the other Parties of the name and contact details for that person.
- 12.2. The Parties shall work together in preparing a plan setting out the steps which need to be taken to ensure the successful implementation of the requirements of the Transition Phase. Such plan shall be completed and agreed between the Parties no later than [1<sup>st</sup> September 2016].
- 12.3. The Parties shall co-operate and work together during the Transition Phase in order to ensure that any necessary steps are taken and changes made to ensure the successful implementation of the requirements of the Transition Phase.

**13. PAYMENT PROVISIONS**

- 13.1. The amounts of each Party's Contribution and the means by which the Contributions are calculated are set out in Schedule 8.
- 13.2. Each Party shall pay its Contribution in the manner set out in Schedule 8.
- 13.3. If one or more Parties exercises the right to terminate the Corporate Services Contracts in part under clause 33.1(a) or 33.1(b), then once the changes to the Service Charges have been calculated pursuant to clause 33.6(a) the Party or Parties which have exercised the right of partial termination shall pay to the Party or Parties which remain as parties to the Services Contract(s) the difference between the revised Service Charges calculated pursuant to clause 33.6 and the Services Charges payable by such Parties prior to the right of partial termination being exercised. If more than one Party has exercised the right of partial termination, then the amounts payable to the other Party/Parties pursuant to this clause shall be payable by them according to the proportion of the reductions made in accordance with Schedule 8.
- 13.4. Any amounts received by the Parties from the Supplier in respect of Losses under the Corporate Services Contracts shall be paid to the Parties in proportion to the extent of the Losses incurred by that Party/those Parties. Any amounts received by the Parties in respect of Service Credits shall be distributed in accordance with the provisions set out at Schedule 8.

**14. INDEMNITY FOR PARTY'S DEFAULT**

- 14.1. If the Corporate Services Contracts or either of them is terminated by the Supplier for Authority Default (as defined in the Corporate Services Contract(s)) as a result of a default by one or more of the Parties, that Party/those Parties shall indemnify the other Parties against all losses, costs and other liabilities arising as a result of the termination for Authority Default.

**15. DISPUTE RESOLUTION**

- 15.1. If there are any disputes or differences between the Parties or any of them in relation to the Corporate Services Procurement, they shall use their best endeavours to resolve such disputes amicably between themselves.

- 15.2. Any dispute between the Parties which has not been resolved without formal consideration shall be referred to the Project Strategic Group
- 15.3. If the dispute is not resolved by the Project Strategic Group it shall be referred to a meeting of the Joint Committee which shall use its best endeavours to ensure that the dispute is resolved.

**16. CHANGES TO THE IAA**

- 16.1. The Parties may make such amendments to this IAA as they think fit. Such changes may include the addition of further bodies as Parties to this IAA on such terms as the Parties may decide.
- 16.2. Any such amendment to the IAA shall be made in writing and executed by all Parties.

**17. PUBLIC RELATIONS AND PUBLICITY**

The Parties shall not by themselves, their employees, or their agents, and shall procure that its sub-contractors shall not, communicate with representatives of the press, television, radio or other communications media on any matter concerning the contents of this IAA without first consulting the Project Manager who shall be responsible for all such communications and who shall refer any issues relating to communications to the Project Strategic Group as necessary.

**18. NOTICES**

- 18.1. No notice required to be served upon any of the Parties under this IAA shall be valid or effective unless it is in writing and served:
  - 18.1.1. by delivering the notice by hand to that Party at the relevant address set out in Schedule 7 (Delivery Addresses for Notices) or to such other address as that Party may notify the other Party in writing, and the notice shall be deemed to have been duly served at the time it is so delivered provided a receipt is obtained;
  - 18.1.2. only where the terms of this IAA expressly permit it, emailed to the email addresses set out in Schedule 7 (Delivery Addresses for Notices); or
  - 18.1.3. by posting the notice in a pre-paid envelope sent by recorded delivery and addressed to that Party at the relevant address set out in Schedule 7 (Delivery Addresses for Notices) or such other address as that Party may notify the other Party in writing and the notice shall be deemed to have been duly served two days after the date of posting.
- 18.2. Where any notice is deemed served pursuant to clause 18.1.1 after 4 p.m. on any day, the notice shall be deemed to have been served on the next working day.

**19. ENTIRE AGREEMENT**

- 19.1. Except where expressly provided in this IAA, this IAA constitutes the entire agreement between the Parties in connection with its subject matter and, in the absence of fraud, supersedes all prior representations, communications, negotiations and understandings concerning the subject matter of this IAA.
- 19.2. The Parties acknowledge that they have not entered into this IAA on the basis of any representation that is not expressly incorporated into this IAA.
- 19.3. Without limiting the generality of the foregoing, no Party shall have any remedy in respect of any untrue statement made to him upon which he may have relied in entering into this IAA, and a Party's only remedy is for breach of contract. Nothing in this IAA purports to exclude liability for any fraudulent statement or act.

20. **AGENCY**

Nothing in this IAA shall constitute a legal partnership or agency between the Parties.

21. **ASSIGNMENT**

This IAA is personal to the Parties and the rights and/or obligations under this IAA shall not be assigned, novated or otherwise transferred to any person other than to a successor body following a reorganisation within government or to a body which substantially performs any of the functions that previously had been performed by the affected Party. The Parties shall enter into such agreement and/or deed as may reasonably be required to give effect to such assignment, novation or transfer.

22. **WAIVER**

Failure by one Party to enforce the provisions of this IAA or to require performance by the other Party of any of the provisions contained in this IAA shall not constitute or be construed as a waiver of or as creating an estoppel in connection with any such provision and shall not affect the validity of this IAA or any part thereof or the right of the former Party to enforce any provision in accordance with its terms.

23. **SEVERABILITY**

If any term, condition or provision of this IAA shall be held to be invalid, unlawful or unenforceable to any extent by a Court of competent jurisdiction, such term, condition or provision shall be severed and shall not affect the validity, legality and enforceability of the other provisions of or any other documents referred to in this IAA.

24. **RIGHTS OF THIRD PARTIES**

The Parties agree that this IAA shall not be enforceable by any third party pursuant to the Contracts (Rights of Third Parties) Act 1999 and any rights contained therein are excluded.

25. **LAW AND JURISDICTION**

This IAA shall be governed by and construed in all respects in accordance with the laws of England. Subject to clause 15, the English courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with this IAA.

26. **COUNTERPARTS**

This IAA may be executed in any number of counterparts, all of which when taken together shall constitute one and the same instrument.

EXECUTED AS A DEED by:

The common seal of **SOUTH OXFORDSHIRE DISTRICT COUNCIL**  
in the presence of:

Authorised Signatory

EXECUTED AS A DEED by:

The common seal of **VALE OF WHITE HORSE DISTRICT COUNCIL**  
in the presence of:

Authorised Signatory

EXECUTED AS A DEED by:

The common seal of **HART DISTRICT COUNCIL**  
in the presence of:

Authorised Signatory

EXECUTED AS A DEED by:

The common seal of **HAVANT BOROUGH COUNCIL**  
in the presence of:

Authorised Signatory

EXECUTED AS A DEED by:

The common seal of **MENDIP DISTRICT COUNCIL**  
in the presence of:

Authorised Signatory



**SCHEDULE I**

**Terms of reference of Joint Committee**

**SCHEDULE 2**

**Terms of Reference of Joint Scrutiny Committee**

**SCHEDULE 3**

**Mutual Aims**

[1. Support the achievement of each Authority's corporate targets through:

- Development of insight and evidence based decision making
- Integration of strategic planning and financial management
- Helping customers input into service planning and redesign and self-service
- Supporting multi-agency, partnership and two-tier collaborative working
- Supporting community-led initiatives
- Supporting growth in the areas served by the Authorities

2. Improve the satisfaction of customers and service users through:

- Ensuring the public sector only needs to be told once
- Simplifying engagement around key life events
- Enabling customers to engage with each Authority through the devices they want to use
- Ensuring customers and users can access information that is relevant to them
- Resolving customer and user issues quickly
- face to face service provided in a secure, accessible and fit for purpose environment
- maintaining and enhancing the public perception of the Authorities as effective providers of public services

3. Improving the productivity of the Authorities' staff through:

- Helping them to attract the right people and onboard them quickly
- Ensuring they are equipped with the right skills throughout their employment
- enabling them to work flexibly
- supporting effective performance management
- providing them with access to the right applications and management information
- minimising administration and paper within the Authorities whilst retaining compliance
- supporting effective and efficient workflow processes
- providing access to fit for purpose working and meeting facilities

4. Achieve high levels of resilience and compliance through:

- minimising dependency on specific locations to deliver service
- standardising processes and applications
- achieving open data standards
- protecting the Authorities, their customers and their staff from unauthorised activity
- engaging effectively with external assurance
- forecasting and planning for changes in levels of service demand
- achieving a highly utilised but flexible civic estate demonstrating transparency to the public

5. Deliver improved value for money through:

- Ensuring the Authorities achieve greater financial benefits through collaboration
- Harmonising and improving service performance
- Consistent and unit-based pricing of common elements of scope
- Developing a flexible partnership model that increases flexibility and innovation in the delivery and provision of the services and allows the Authorities to transfer services within the scope of this procurement at a date of their choosing
- Reducing the cost to the Authorities of providing the services including reducing the unit cost of transactions
- Encouraging the use of and access to the services through more cost effective and efficient channels and assisting with demand management
- Enabling the Authorities to achieve efficiencies in, and better outcomes from, their client and contract management function
- Enabling capability to support future transformation
- Utilising modern approaches to the provision of ICT infrastructure and new technology generally.]



**SCHEDULE 4**

**Powers of Contract Manager**

**SCHEDULE 5**  
**Functions of Partnership Tactical Board/Joint Partnership Management Team,**  
**programme and membership**

**SCHEDULE 6**  
**Corporate Services Contracts Governance**

**SCHEDULE 7**  
**Delivery Addresses**

**Hart District Council**

Tricia Hughes  
Joint Chief Executive  
Civic Offices, Harlington Way, Fleet, Hampshire GU51 4AE

[Patricia.hughes@hart.gov.uk](mailto:Patricia.hughes@hart.gov.uk)

**South Oxfordshire District Council**

Steve Bishop  
Strategic Director  
135 Eastern Avenue Milton Park Milton OX14 4SB [Steve.bishop@southandvale.gov.uk](mailto:Steve.bishop@southandvale.gov.uk)

**The Vale of White Horses district Council**

Steve Bishop  
Strategic Director  
135 Eastern Avenue Milton Park Milton OX14 4SB  
[Steve.bishop@southandvale.gov.uk](mailto:Steve.bishop@southandvale.gov.uk)

**Mendip District council**

Chris Atkinson  
Corporate Manager – Access to Services  
Council Offices,, Cannards Grave Road, Shepton Mallet Somerset BA4 5BT

[Chris.atkinson@mendip.gov.uk](mailto:Chris.atkinson@mendip.gov.uk)

**Havant Borough Council**

Jane Eaton  
Executive Head of Governance and Logistics  
Public Service Plaza, Civic Centre Road, Havant, Hampshire PO9 2AX

[jane.eaton@havant.gov.uk](mailto:jane.eaton@havant.gov.uk)

**SCHEDULE 8  
Payment Arrangements**

## **Corporate Services contract – Client side arrangements**

This short paper sets out the approach to managing the corporate services contract. The Project Board (including Leaders and Chief Executives) endorsed this approach at their meeting of the 7<sup>th</sup> January.

The services being outsourced under Lots 1 and 2 have a combined annual value of around £25 million. By any standards these are large contracts, particularly Lot 1, and will need careful and sophisticated management if they are to be delivered successfully.

The Lot 1 bidders have put in place strong management arrangements headed up by a senior member of staff operating at the equivalent of director level within a local authority. The client arrangements need to reflect the sophistication apparent in the bidders' proposals.

This document forms an appendix to each local authorities reports regarding the outsourcing, to help in their consideration of the recommendation regarding a Joint Client Team.

### **Client Manager**

The starting point will be to recruit a Client Manager. The salary has been an area of interest, reflecting the range of salaries within the five councils. The final salary will be a matter for negotiation and will reflect the skills and experience of the person chosen and where they intend to locate. It has been agreed that Havant will lead on recruitment to this post, with all Councils involved in the interview process.

Once the Client Manager is in post their first task will be to consider in more depth the resourcing requirements for the client team at the different stages of the process ie, mobilisation, transition and then through various stages to target operating model. Members of the team will transfer from their current roles as and when their skills and capacity are required.

### **Client Team principles**

These principles have been developed to give a broad estimate of how the team will operate and the potential cost. This has been done so Councils can understand the impact of the Joint Client team alongside the financial outcomes of the procurement process and inform final decisions on contract award.

A key principle is that the Joint Client team is established as a virtual team. This means that members of the team might be located in any of the five council offices. Running a virtual

team will bring challenges but it will also ensure that there is an on-site presence in each location and help to avoid any perception that one council is “in charge” of the contract.

Differential salaries will undoubtedly be an issue moving forward and one that will require careful handling. On the one hand we do not want to set salaries at a level that effectively excludes those working for the highest paying councils. Equally we do not want to set salaries at a level where those in the lower paying councils are suddenly earning a lot more than colleagues around them. This will be a key issue for the Client Manager to address once in post.

With the beginning of the new contract in August 2016 for South and Vale Councils and the potential for others (subject to business case) to seek to bring their forward, a key principle is that the team is established quickly.

### **Client team size**

Recognising the peak of workload that will need to be undertaken during the early transition phase, it was agreed by the Project Board that the team will need to be bigger at the outset to support the transition phase than when the contract is in steady state.

The Contract Manager will be expected to keep the resourcing under review, but in the first instance, it is anticipated that 27.5FTE (inclusive of the manager) will be required and would cost a little over £1.4 million per annum on a contract value of around £25 million.

Audit Commission guidance published some years ago recommended that client costs should be in the range of 3-5 per cent of contract costs. These are a little higher than the top end reflecting the transitional period but it is anticipated that any review would bring down the resource levels, towards the lower end of the Audit Commission range at the point the Contract reaches its target operating model.

**DATED**

**2016**

;

**HART DISTRICT COUNCIL;**

**HAVANT BOROUGH COUNCIL;**

**MENDIP DISTRICT COUNCIL**

**SOUTH OXFORDSHIRE DISTRICT COUNCIL;**

and

**VALE OF WHITE HORSE DISTRICT COUNCIL**

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**CONSTITUTION OF THE CORPORATE SERVICES  
JOINT COMMITTEE**

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## CONSTITUTION OF THE CORPORATE SERVICES JOINT COMMITTEE

**THIS IS THE CONSTITUTION** of the CORPORATE SERVICES JOINT COMMITTEE made on the day of 2016

### BETWEEN

- (1) **HART DISTRICT COUNCIL** of Civic Offices, Harlington Way, Fleet, Hampshire GU51 4AE (subsequently referred to as "Hart");
- (2) **HAVANT BOROUGH COUNCIL** of Public Services Plaza, Civic Centre Road, Havant, Hampshire PO9 2AX (subsequently referred to as "Havant");
- (3) **MENDIP DISTRICT COUNCIL** of Council Offices, Cannards Grave Road, Shepton Mallet, Somerset BA4 5BT (subsequently referred to as "Mendip")
- (4) **SOUTH OXFORDSHIRE DISTRICT COUNCIL** of 135 Eastern Avenue Milton Park Milton OX14 4SB (subsequently referred to as "South Oxfordshire");
- (5) **VALE OF WHITE HORSE COUNCIL** of 135 Eastern Avenue Milton Park Milton OX14 4SB (subsequently referred to as "Vale");  
(together the "Partner Authorities").

### 1. NAME AND LEGAL STATUS

- 1.1. The name of the joint committee is the Corporate Services Joint Committee ("the Joint Committee"). It is a joint committee constituted by the Partner Authorities under sections 101 and 102 of the Local Government Act 1972 and regulation 9 of the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012.
- 1.2. The Joint Committee is to exercise its authority in the administrative districts of the Partner Authorities.
- 1.3. The Partner Authorities have entered into contracts with [ ] of [ ] ("the Lot 1 Contract") and [ ] of [ ] ("the Lot 2 Contract"), (together "the Corporate Services Contracts") to deliver services to fulfil the functions of the Partner Authorities. The scope of the Services which are or may be included in the Corporate Services Contracts ("the Corporate Services") are as follows: [ ]
- 1.4. The Partner Authorities have entered into an agreement ("the Inter Authority Agreement") to govern the way in which the Partner Authorities will undertake joint working arrangements for the operation of the Corporate Services Contracts

### 2. PURPOSE OF THE JOINT COMMITTEE

- 2.1. The Joint Committee shall carry out the strategic, financial and operational functions delegated to it by the Partner Authorities as set out in Schedule 1 to this Constitution and such other functions and statutory responsibilities as may be delegated to it from time to time by the Partner Authorities.

### 3. COMPOSITION OF THE JOINT COMMITTEE

- 3.1. The Joint Committee shall comprise five members being one councillor appointed by each Partner Authority each of whom shall be a member of the Cabinet of the Partner Authority which appointed them.

## Appendix 3 Joint Committee Terms of Reference

- 3.2. Partner Authorities may change the members of the Joint Committee appointed by them at any time provided that they shall notify each other in writing of any such change and the change shall take effect on receipt of such notification by all recipient Partner Authorities.
- 3.3. A member who is unable to attend a meeting of the Joint Committee may appoint another member of the same Partnering Authority as his/her deputy.

### 4. THE ROLE OF MEMBERS OF THE JOINT COMMITTEE

- 4.1. The role of each member of the Joint Committee will be to:
  - 4.1.1. Attend all meetings of the Joint Committee where possible, vote on the items of business and make a positive contribution to the Joint Committee
  - 4.1.2. Demonstrate commitment to and act as champion for the Corporate Services Project and the Mutual Aims as set out in Schedule 2 to this constitution;
  - 4.1.3. Act as ambassador for the Joint Committee and ensure that his or her Partner Authority supports the Corporate Services Project and the Mutual Aims; and
  - 4.1.4. Act as advocate for the Joint Committee in seeking any necessary approvals from his or her Partner Authority;
- 4.2. Members of the Joint Committee shall not represent themselves as having any power or authority to incur any obligation of any nature express or implied on behalf of the Joint Committee or any other member of it.

### 5. ADMINISTRATION

- 5.1. The Partner Authorities shall host meetings of the Joint Committee. The hosting of meetings shall be divided evenly among the Partner Authorities and the Partnering Authority of which the Chairman is a member shall be the host.
- 5.2. The Partner Authority hosting the meeting shall be responsible for the administration of the Joint Committee which shall include:
  - 5.2.1. Organisation of the meeting and venue;
  - 5.2.2. Distribution of agendas and reports;
  - 5.2.3. The keeping of minutes and ensuring compliance with legal requirements;
  - 5.2.4. Such other administrative support as shall be required from time to time.
- 5.3. The post of Chairman of the Joint Committee shall be held by a member and shall rotate between the Partner Authorities every year in accordance with the following rota: [            ]
- 5.4. In the absence of the Chairman the responsibilities of the Chairman shall be undertaken by the Vice-Chairman who shall be a member of a different Partner Authority from that of which the Chairman is a member.

### 6. MEETINGS

- 6.1. The Joint Committee shall meet every three months or at such other times as may be determined by the members of the Joint Committee.
- 6.2. The summons and agenda for each meeting shall be despatched in accordance with the legal requirements for the convening of meetings as set out in the Local Government Act 1972.
- 6.3. The quorum for meetings shall be one member for each Partner Authority.

## Appendix 3 Joint Committee Terms of Reference

- 6.4. The Chief Executives of the Partner Authorities (or a senior officer representing the Chief Executive if the Chief Executive is unable to attend) shall attend meetings of the Joint Committee for the purpose of participating in discussions about the matters being considered by the Joint Committee. The Chairman of the Joint Committee may invite any person to attend a meeting of the Joint Committee for the purposes of making a presentation or participating in a discussion on any item relevant to the Joint Committee's functions.
- 6.5. Meetings of the Joint Committee shall be open to the public and press except where items containing confidential or exempt information (as defined in the Local Government Act 1972) are being discussed.
- 6.6. The minutes of the Joint Committee shall be available to the press and public except where they contain confidential or exempt information.

### 7. **DECISION MAKING**

- 7.1. Each member of the Joint Committee (or their duly authorised deputies) is entitled to one vote.
- 7.2. If a vote is required it shall be taken by a show of hands.
- 7.3. Any resolutions shall be passed by a simple majority.
- 7.4. If there is an equal number of votes for and against a resolution the Chairman shall have a casting vote.
- 7.5. Decisions of the Joint Committee shall be notified to Partner Authorities within five working days of the date of the decision.
- 7.6. The decisions of the Joint Committee shall be subject to overview and scrutiny by the Joint Scrutiny Committee to which the Partner Authorities have delegated their overview and scrutiny functions relating to the Corporate Services Project. The Joint Scrutiny Committee shall have the terms of reference set out at Schedule 3 or such other terms of reference as the Parties may agree. The Joint Scrutiny Committee shall meet at least annually and shall have the responsibility of scrutinising the operation of the Joint Committee and the Corporate Services Contracts. The Parties agree that issues which relate to the Corporate Services Contracts shall be subject to scrutiny by the Joint Scrutiny Committee and not by the Overview and Scrutiny Committees for the individual Parties unless there are exceptional circumstances and that issue relates to that Party only.

### 8. **DELEGATION**

- 8.1. The Joint Committee may appoint sub-committees and working groups to consider specific issues and report back to it.
- 8.2. The Joint Committee may delegate functions to sub-committees or to individual officers.

### 9. **CONDUCT AND EXPENSES OF MEMBERS**

- 9.1. All members of the Joint Committee shall observe at all times the provisions of the Code of Conduct adopted by their Partner Authority.
- 9.2. Each Partner Authority shall be responsible for meeting any expenses incurred by any member of the Joint Committee appointed by them as a result of their attendance at meetings of the Joint Committee.

**10. LIABILITIES**

- 10.1. If the Joint Committee authorises the entry into any contract then any liabilities under such contract shall rest with the Partner Authorities which are a party to such contract.

**11. TERMINATION**

- 11.1. If a Partnering Authority ceases to be a party to the Corporate Services Contract, it shall cease to be represented on the Joint Committee with effect from the date on which it ceased to be a party to the Corporate Services Contract.
- 11.2. If the Corporate Services Contract is terminated or expires, then the Joint Committee shall be dissolved as soon as practicable but shall retain responsibility for resolving any outstanding issues relating to the Corporate Services Contract.

## SCHEDULE I

### Responsibilities of the Corporate Services Joint Committee

#### STRATEGIC

- (a) Oversee the achievement of the Mutual Aims
- (b) Review and revise as necessary the Mutual Aims in accordance with the strategic objectives of the Partner Authorities
- (c) Monitor and review the performance of the Corporate Services Contracts at a Strategic Level
- (d) Develop and agree proposals for the future management of the Corporate Services for the Partner Authorities
- (e) Review opportunities to align policies and services where they create efficiencies or cashable savings
- (f) Approve the inception of strategic projects including cross cutting projects that interface with the retained services
- (g) Resolve conflicts (and highlight synergies) between the project and other initiatives/projects involving the Councils individually or collectively

#### FINANCIAL

- (a) Oversee expenditure on the Corporate Services Contract to ensure that the Corporate Services are delivered
- (b) Agree a draft budget by [30 November] for the following financial year to include the contribution required from each Partner Authority
- (c) Consider how expenditure may be targeted more effectively to deliver the Mutual Aims
- (d) Agree three year strategic plans and annual business plans for the Project and the Corporate Services Contracts

#### OPERATIONAL

- (a) Take decisions in relation to all matters relating to the Corporate Services Contracts referred to it by the Project Strategic Group including changes to the Corporate Services Contracts recommendations as to termination, partial termination and the exercise of step-in rights and the resolution of disputes between Partner Authorities
- (b) Consider and recommend improved and more cost effective ways of delivering the Mutual Aims
- (c) Carrying out publicity for the Corporate Services Project and the Mutual Aims
- (d) Review, update and agree the agreement entered into between the Councils to manage the Project (the Inter Authority Agreement) and the Corporate Services Contracts dated [ ] as required.

## Appendix 3 Joint Committee Terms of Reference

## SCHEDULE 2

### Mutual Aims

[1. Support the achievement of each Authority's corporate targets through:

- Development of insight and evidence based decision making
- Integration of strategic planning and financial management
- Helping customers input into service planning and redesign and self-service
- Supporting multi-agency, partnership and two-tier collaborative working
- Supporting community-led initiatives
- Supporting growth in the areas served by the Authorities

2. Improve the satisfaction of customers and service users through:

- Ensuring the public sector only needs to be told once
- Simplifying engagement around key life events
- Enabling customers to engage with each Authority through the devices they want to use
- Ensuring customers and users can access information that is relevant to them
- Resolving customer and user issues quickly
- face to face service provided in a secure, accessible and fit for purpose environment
- maintaining and enhancing the public perception of the Authorities as effective providers of public services

3. Improving the productivity of the Authorities' staff through:

- Helping them to attract the right people and onboard them quickly
- Ensuring they are equipped with the right skills throughout their employment
- enabling them to work flexibly
- supporting effective performance management
- providing them with access to the right applications and management information
- minimising administration and paper within the Authorities whilst retaining compliance
- supporting effective and efficient workflow processes
- providing access to fit for purpose working and meeting facilities

4. Achieve high levels of resilience and compliance through:

- minimising dependency on specific locations to deliver service
- standardising processes and applications
- achieving open data standards
- protecting the Authorities, their customers and their staff from unauthorised activity
- engaging effectively with external assurance
- forecasting and planning for changes in levels of service demand
- achieving a highly utilised but flexible civic estate demonstrating transparency to the public

5. Deliver improved value for money through:

- Ensuring the Authorities achieve greater financial benefits through collaboration
- Harmonising and improving service performance
- Consistent and unit-based pricing of common elements of scope
- Developing a flexible partnership model that increases flexibility and innovation in the delivery and provision of the services and allows the Authorities to transfer services within the scope of this procurement at a date of their choosing
- Reducing the cost to the Authorities of providing the services including reducing the unit cost of transactions

### **Appendix 3 Joint Committee Terms of Reference**

Encouraging the use of and access to the services through more cost effective and efficient channels and assisting with demand management

Enabling the Authorities to achieve efficiencies in, and better outcomes from, their client and contract management function

Enabling capability to support future transformation

Utilising modern approaches to the provision of ICT infrastructure and new technology generally.]

### **SCHEDULE 3**

#### **Terms of reference of Joint Scrutiny Committee**

#### **JOINT SCRUTINY COMMITTEE**

##### **1. Terms of Reference**

- 1.1 To scrutinise decisions made or other action taken, by the Joint Committee in connection with the provision of services through the joint procurement of corporate services.
- 1.2 To act as a consultative body for the Joint Committee responding to requests in relation to new and changed policies and services in relation to any matter within their purview.
- 1.3 To monitor and review the performance of the Joint Committee.
- 1.4 To make reports or recommendations to the Local authorities and Joint Committee with respect to the provision of services through the joint procurement of corporate services.
- 1.5 The committee shall prepare an annual report for the Councils.

##### **2. Composition of the Committee**

- 2.1 The committee shall consist of ten Councillors to be made up of two Councillors from each authority.
- 2.2 With the exception of Cabinet members, any Councillor of the respective Council may act as a substitute for the nominated member.
- 2.3 Each council may change their nominated Councillor at any time.
- 2.4 The committee may co-opt external representatives or appoint advisors as it sees fit.

##### **3. Administration and proceedings of the Committee**

- 3.1 The administration and chairmanship of the committee shall rotate between the councils on an annual basis.
- 3.2 The committee shall follow the procedures of the hosting council.

## **Draft Terms of Reference**

### **JOINT SCRUTINY COMMITTEE**

#### **1. Terms of Reference**

- 1.1 To scrutinise decisions made or other action taken, by the Joint Committee in connection with the provision of services through the joint procurement of corporate services.
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- 1.3 To monitor and review the performance of the Joint Committee.
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- 3.1 The administration and chairmanship of the committee shall rotate between the councils on an annual basis.
- 3.2 The committee shall follow the procedures of the hosting council.





	3. Tailoring	<p>Potential Provider's solution provides suitably underpinned commitment to provide:</p> <ul style="list-style-type: none"> <li>– the maximisation of the benefits of collaboration between the councils;</li> <li>– the retention by each council of their ability to deliver individual transformation projects in line with local political priorities and environmental factors.</li> </ul>	4			<p><b>Strengths:</b></p> <p><b>Weaknesses:</b></p>
<b>Flexibility in the Contract Total</b>			<b>12%</b>			
People/ Mobilisation	4. Transition	Potential Provider provides suitably underpinned commitments to deliver benefits in line with the planned schedule and minimise risk to the Councils during transition.	3			<p><b>Strengths:</b></p> <p><b>Weaknesses:</b></p>
	5. Internal Impact	<p>Potential Provider provides suitably underpinned commitments to delivering:</p> <ul style="list-style-type: none"> <li>– improved satisfaction from service users within the councils retained staff;</li> <li>– an understanding of the importance of staff irrespective of employer to service delivery and the success of the councils</li> </ul>	3			<p><b>Strengths:</b></p> <p><b>Weaknesses:</b></p>







	11. Added Value	Potential Provider provides suitably underpinned commitment to deliver tangible additional benefits and opportunities to add value	3			<b>Strengths:</b>  <b>Weaknesses:</b>
<b>Service Delivery Total</b>			<b>24%</b>			
Transformation	12. Planning	<p>Potential Provider provides :</p> <ul style="list-style-type: none"> <li>– a roadmap of transformation to integrate, rationalise and aggregate services in scope to deliver benefit for the councils;</li> <li>– suitably underpinned commitment to delivering transformation within the retained services through reconfiguration and better interaction with the transferred services.</li> </ul>	2			<b>Strengths:</b>  <b>Weaknesses:</b>
	13. Programming	Potential Provider provides a mechanism to ensure that transformation projects are conceived, designed, commissioned and implemented effectively	2			<b>Strengths:</b>  <b>Weaknesses:</b>
	14. Benefits Realisation	Potential Provider provides a mechanism to guarantee that benefits are realised and with sufficient transparency to deliver an equitable share of these	2			<b>Strengths:</b>

		benefits between it and each of the participating councils.				<b>Weaknesses:</b>
<b>Transformation Total</b>			<b>6%</b>			
15. Legal/Commercial Please note that there are no Level 3 Criteria relating to Legal/Commercial	Acceptability of proposed contractual terms including: <ul style="list-style-type: none"> <li>Degree of compliance with/derogation from the Councils' Draft Contract and Schedules evaluated by the extent to which such derogations adversely affect the Councils; and</li> <li>Degree of acceptance of the proposed risk allocation in the Contract and Schedules</li> </ul>	6				<b>Strengths:</b>          <b>Weaknesses:</b>
<b>Legal/Commercial Total</b>			<b>6%</b>			

## EVALUATORS SCORING SHEET (Financial)

**Bidder:**

**Evaluators:**

For the response to Cost of Service Financial Evaluation Criterion number 16, the evaluation team will use the following scoring methodology/approach. The score will then be multiplied by the relevant weighting.

Outline Solution	A Initial Core Services Price Reduction	B Core Services Financial Benefit	C Operational Cost Reduction	Mark
An excellent response	10% or above	25% or above	35% or above	5
A very good response	10% or above	20% or above	30% or above	4
A good response	10% or above	15% or above	25% or above	3
A satisfactory response	5% or above	15% or above	25% or above	2
An unsatisfactory response	5% or above	exceeds minimum savings target (10% for each council)	20% or above	1
An unacceptable response	Below 5%	Does not achieve minimum savings target for each council	Below 20%	0

For the purposes of this Final Tender evaluation the following shall apply:

- In order to score a particular mark the Potential Provider's response to the Cost of Service Financial Evaluation Criterion must satisfy each of the requirements in columns A, B and C attributable to that mark. For example, to achieve a 'good response' mark of 3, the response must deliver 10% or more as the Initial Core Services Price Reduction for the first 12 months of the Initial Term under column A, 15% or more as the Core Services Financial Benefit over the Initial Term under column B and 25% or more as the Operational Cost Reduction by the end of the Initial Term under column C.
- **Column A (Initial Core Services Price Reduction):** The Initial Core Service Price Reduction percentage is the difference between (1) the Council Cost Baseline (Transferring Budgets) for the first 12 months following the anticipated operational service commencement date for each Council (these being: 01/08/16 for South Oxon and Vale of White Horse, 01/07/17 for Mendip and 01/10/17 for Hart and Havant) and (2) the Total Core Services Price from Bidder for the same period, as a percentage of the Council Cost Baseline (Transferring Budgets). This figure is reported in cell L79 of the 'Summary' tab of the Financial Pro-forma spreadsheet.

- **Column B (Core Services Financial Benefit):** The Core Services Financial Benefit percentage is the cash total for the Initial Term of the Total Core Services Financial Benefit as a percentage of the cash total for the Initial Term of the Council Cost Baseline (Transferring Budgets). This figure is reported in cell Q60 of the 'Summary' tab of the Financial Pro-forma spreadsheet.
- **Column C (Operational Cost Reduction):** The Operational Cost Reduction percentage is the difference between (1) the Current Operational Expenditure and (2) the Total Final 12 Months Operational Expenditure, as a percentage of the Current Operational Expenditure. This figure is reported in cell Q72 of the 'Summary' tab of the Financial Pro-forma spreadsheet.
- The Council Cost Baseline (Transferring Budgets) and Current Operational Expenditure figures are set out in the summary sheet of the Financial Pro-Forma.
- For the purposes of the Total Core Services Price, Core Services means the services in scope of this procurement and for which a cost baseline has been calculated as set out in line 22 of the 'Summary' tab of the Financial Pro-forma spreadsheet.

**Table C – Level 2 Financial Criteria**

Please note that there are no Level 3 Criteria relating to the financial criteria.

Level 2 Financial Criteria and criterion number	Evidenced by	Weighting (%)	Score (1-5) See Scoring Methodology	Weighted Score (Score x Weighting)	Comments: Comments must be added to justify each of your scores, this is a legal requirement.
16. Cost of Service	<p>The amount of satisfactorily underpinned net financial benefit that the councils will obtain from the contract based on the Potential Provider's declared commitment in the financial proforma as moderated by the evaluation team. This to include net benefits from: savings in transferred services; transformational savings obtained from retained budgets; improved asset values and/or reduced liabilities during the term and any other commitment that the Councils deem to be of financial benefit e.g. the extent of structural cost reduction in the core services.</p> <p>The financial benefit that the Councils will obtain from the Contract on any other partially underpinned basis, e.g. risk/reward</p> <p>The guaranteed amount of financial benefit for the services as a whole meets or exceeds the minimum stated requirement of 10% per council.</p> <p>As shown in the Potential Provider's financial proforma, the profile of the guaranteed financial benefits to the Councils throughout the term of the contract is in line with or</p>	24			

	<p>exceeds the financial benefits required.</p> <p>This component of the evaluation shall be evaluated using the financial evaluation methodology supplied separately.</p>				
17. Price Performance Mechanism	<p>Potential Provider offers a price performance regime that incentivises delivery against a set of service outputs, strategic objectives, milestones and longer term outcomes that represent the Potential Provider's offer at an appropriate level of granularity</p> <p>The Potential Provider's response shows how the price performance mechanism provides sufficient encouragement to ensure successful delivery of services in line with the councils performance requirements and encourages continuous improvement throughout the term of the contract.</p>	<b>8</b>			
18. Ability to Transfer Risk	<p>The Potential Provider's proposal offers a value for money approach to risk transfer.</p> <p>The Potential Provider's financial offer is not unduly reliant on achieving savings from budgets that are retained by the councils. However the partner offers clear risk and reward models</p> <p>The Potential Provider demonstrates an awareness of the issues associated with the delivery of services to multiple clients within a single contract and contributes to the minimisation of associated risks</p>	<b>8</b>			

### Scoring Methodology

For each written response (save for the written response to Cost of Service Financial Evaluation Criterion number 16), the evaluation team will use the following scoring methodology/approach. Each score will then be multiplied by the relevant weighting.

Outline Solution	How well does the Potential Provider's response to Final Tender questions demonstrate an ability to meet the relevant Councils' requirements as set out in the ISFT documents	Mark
An unacceptable response	The Potential Provider does not understand or fails to address the Councils' requirements or the solution is incapable of meeting the Councils' requirements	0
An unsatisfactory response	The Potential Provider understands the Council's requirements but there are some major risks or omissions in the response or the proposed solution to the deliver the services and the Councils would not be confident of the Councils' requirements being met	1
A satisfactory response	The Potential Provider understands the Councils' requirements and the solution could meet them but there are some areas in the response or the proposed solution to deliver the services which require refinement to ensure that the solution meets the Councils' needs	2
A good response	The solution shows that the Potential Provider understands the Councils' requirements, offers attractive risk and commercial positions, has a robust methodology, service delivery plan or other processes and resources to deliver the service and the solution is capable of meeting the Councils' needs	3
A very good response	The solution shows that the Potential Provider understands the Councils' requirements, offers very attractive risk and commercial positions, has a robust methodology, service delivery plan or other processes and resources to deliver the service and the solution has additional benefits and opportunities to add value or otherwise enhance the delivery of the required outputs.	4
An excellent response	The solution shows that the Potential Provider understands the Councils' requirements, offers excellent and highly attractive risk and commercial positions, has a robust methodology, service delivery plan or other processes and resources to deliver the service and the solution has significant ability to add value or otherwise enhance the delivery of the outputs.	5

## CABINET

### KEY DECISIONS/ WORK PROGRAMME AND EXECUTIVE DECISIONS MADE

#### January 2016

Cabinet is required to publish its Key Decisions and forward work programme to inform the public of issues on which it intends to make policy or decisions. The Overview and Scrutiny Committee also notes the Programme, which is subject to regular revision.

Report Title	Ref (Note 1)	Outline/Reason for Report/Comments	Original Due Date	Revised Due Date	Key Decision Y?	Cabinet Member (Note 2)	Service (Note 3)
Procurement of a range of services with other authorities	Mar 15	For approval – decision on the company or organisation who will provide services such as Revenues and Benefits, IT, HR and frontline reception as part of a 8 year contract <i>NB An extra Cabinet meeting to consider this item has been scheduled for 21 January 2016</i>	Jan 16			BB	CX
SANG: Identifying Provision and Priorities	Dec 15	Report for consideration	Feb 16			SP	PP
Establishment of a Local Housing Company	Oct 15	Update on the formation of a local housing company.	Feb 16			SG	H
Consideration of the extension or reprocurement of the Waste Collection Services	Dec 16	For approval – decision on whether to seek to extend the existing contract or reprocure.	Feb 16		Y	SF	TS&EM
Treasury Management Strategy	Annual	Update	Feb 16			KC	F
2016/17 Revenue Budget, Capital Programme and Council Tax Proposals	Annual	Approval. Recommendation to Council.	Feb 16			KC	F
Installation of Electric vehicle charging points	Nov 15	Consideration of installing charging points in car parks	Feb 16			SF	TS&EM

<b>Report Title</b>	<b>Ref (Note 1)</b>	<b>Outline/Reason for Report/Comments</b>	<b>Original Due Date</b>	<b>Revised Due Date</b>	<b>Key Decision Y?</b>	<b>Cabinet Member (Note 2)</b>	<b>Service (Note 3)</b>
Parking Concessions and on-street Parking	Dec 15	Review of current on- and off- street parking strategy	Feb 16			MM	TS&EM
Corporate Plan	Dec 15	Consultation results and implementation plan.	Feb 16			L	CX
Car Parking Maintenance Review	Dec 15	Overview of how we are maintaining our car parks and how we effectively make use of our resources	Mar 16			MM	TS&EM
Fleet Car Park Charges and Pay on Exit parking	May 15	Report from Task and Finish Group with recommendations.	July 15	Mar 16	Y	MM	TS&EM
Budget Monitoring	Quarterly	Quarterly Budget Monitoring	Mar 16 Dec 16			KC	F
Service Plans	Annual	Service Plans 2016/17	April 16			BB	All
Revenue and Capital Outturn 2014/15	Annual	Report on outturn	July 16			KC	F
Treasury Management Outturn	Annual	Report on outturn	July 16			KC	F
Ecology and Countryside Capital Works Programme 2016-2019	Oct 16	For approval	Jan 16	TBC	Y	AC	L&EP
Odiham Neighbourhood Plan	Nov 15	Response to submission documents	TBC			SP	PP

Notes:

- 1 Date added to Programme
- 2 Cabinet Members
  - L – Leader & Planning Policy (SP)
  - KC Economic Development
- 3 Service:
  - JCX Joint Chief Executive
  - CS Community Safety
  - F Finance
  - SLS Shared Legal Services
  - BB Corporate Services
  - SG Housing
  - HS Housing Services
  - CCS Corporate & Customer Services
  - PP Planning Policy
  - MO Monitoring Officer
  - AC Community Welbeing
  - JK Regulatory Services
  - RS Regulatory Services
  - L&EP Leisure and Environmental Promotion
  - TS &EM Technical Services and Environmental Maintenance
  - SF Environment
  - MM Town Regeneration

**EXECUTIVE DECISIONS**

None

**OVERVIEW AND SCRUTINY COMMITTEE WORK PROGRAMME – January 2016**

Issue and Description of Topic	Current Position Objective	Original Due Date	Revised Due Date	Resources Required	Contact
<b>Consideration of the extension or reprocurement of the Waste Collection Services</b>	Decision on whether to seek to extend the existing contract or reprocure.	Feb 16	Jan 16	Report	Environmental and Technical Services
<b>Procurement of a range of services with other authorities</b>	Decision on the company or organisation who will provide services such as Revenues and Benefits, IT, HR and frontline reception as part of a 8 year contract. <i>NB An extra Cabinet meeting to consider this item has been scheduled for <b>21 January 2016</b></i>	Jan 16		Report	Joint Chief Executive
<b>Draft Budget 2016/17</b>	Report	Annual	Jan 16	Report	Head of Finance
<b>RIPA</b>	Quarterly Update	Jan 16 April 16 July 16 Nov 16		Report	Monitoring Officer
<b>Affordable Housing Policy</b>	Report on Implications of Government Policy Changes on Affordable Housing Policy	Jan 16		Report	Housing
<b>Blue Badge Charging</b>	Report on issues of blue badge charging	Jan 16	Feb 16	Report	Environment & Technical Services
<b>Planning Development Control</b>	Review of Service – Terms of Reference for Task and Finish Group	Oct 15	Feb 16	Report	Head of Regulatory Service
<b>Quarterly Budget Monitoring</b>	Quarterly update	Feb 16 Aug 16 Oct 16		Report	Head of Finance

**OVERVIEW AND SCRUTINY COMMITTEE WORK PROGRAMME – January 2016**

<b>Issue and Description of Topic</b>	<b>Current Position Objective</b>	<b>Original Due Date</b>	<b>Revised Due Date</b>	<b>Resources Required</b>	<b>Contact</b>
<b>Performance Information</b>	Quarterly highlight reports.	Feb 16 Aug 16 Dec 16		Report	Performance and Innovation Officer
<b>Education</b>	Mark Saunders from HCC to attend - establishing the County approach to school expansion plans, how they account for growth and how do they fund this with a particular focus on Hart (as October Minutes)	Feb 16			Joint Chief Executive
<b>Service Plans</b>	Draft Service Plans 2015/16	Mar 16		Report	Joint Chief Executive
<b>Body Worn Video</b>	Annual monitoring	April 16		Report	Environment & Technical Services
<b>Outside Bodies</b>	Reports from Representatives on Outside Bodies	April 16		Report	Joint Chief Executive
<b>Annual Review</b>	Review of work and outcomes from past year	April 16		Report	Joint Chief Executive
<b>Flooding</b>	Notes from twice yearly meeting of Agencies	Apr 16 Oct 16		Minutes	Environmental and Technical Services
<b>2015/16 Performance Information – Annual Outturn</b>	Annual update	June 16		Report	Performance and Innovation Officer
<b>Crime and Disorder Scrutiny</b>	Annual meeting	Mar 16	June 16	Report	Community Safety
<b>Nominations to Service Boards</b>	Member nominations	June 16			Chairman O&S Committee
<b>2014/15 Budget Outturn</b>	Annual	July 16		Report	Head of Finance

**OVERVIEW AND SCRUTINY COMMITTEE WORK PROGRAMME – January 2016**

Issue and Description of Topic	Current Position Objective	Original Due Date	Revised Due Date	Resources Required	Contact
<b>Medium Term Financial Outlook</b>	To consider the medium term financial position	Oct 16		Report	Head of Finance
<b>Treasury Management Strategy</b>	Report setting out the treasury management strategy for the council	Annual	Jan 17	Report	Head of Finance
<b>Markets Across Hart</b>	Task and Finish Group - Councillors Makepeace-Browne and Wheale to lead.	TBC			
<b>Procurement Process</b>	Report	TBC			Joint Chief Executive
<b>Ecology and Countryside Capital Works Programme 2016-19</b>	To consider the proposed Capital Works Programme	Dec 15	TBC	Report	Head of Leisure & Environmental Promotion
<b>Portfolio Holders</b>	Councillors to attend: 21 July                      Stephen Parker 15 September              Mike Morris 20 October                  Stephen Gorys 17 November                Steve Forster 15 December                Ken Crookes 19 January 2016            John Kennett 16 February                 Brian Burchfield 15 March                      Anne Crampton				

## **OVERVIEW AND SCRUTINY COMMITTEE**

**Date and Time:** 19 January 2016 at 7pm

**Place:** Committee Room 1, Civic Offices, Fleet

**Present:**

### **COUNCILLORS**

Bailey (Chairman)

Axam, Clarke, Crisp, Dickens, Gray, Renshaw, Makepeace-Browne

**In attendance:** Councillors Kennett, Parker, Burchfield, Forster, Billings and Radley JR

### **Officers:**

Patricia Hughes	Joint Chief Executive
John Elson	Head of Environment and Technical Services
Tony Higgins	Head of Finance
Phil Turner	Head of Housing

## **74 MINUTES**

The minutes of the meeting of 15 December 2015 were confirmed and signed as a correct record.

## **75 APOLOGIES FOR ABSENCE**

Apologies had been received from Councillor Harward and Woods

## **76 CHAIRMAN'S ANNOUNCEMENTS**

The Chairman raised the suggestion that Overview and Scrutiny may wish to scrutinise the processes around the recent Refined Housing Options Paper; looking at options for learning for future consultations (not to include substantive elements or contents of the consultation itself).

The Chairman circulated a proposed terms of reference (see Appendix 1). The Overview and Scrutiny Committee approved the terms of reference subject to the addition of the following within the scope: To recommend improvements in process.

The Committee agreed that the Chairman would chair this piece of work, and that all Members of Overview and Scrutiny would be invited to take part.

The Committee agreed that the Chairman would establish a schedule for this work to be completed, with an anticipated report to Overview and Scrutiny in February 2016, whilst noting that this was a challenging timeline to achieve.

It was also noted that this should be added to the O&S work programme

It was noted that there may be further work as a result of recommendations, with regard to the content of future consultations and how this engages the public.

**77 DECLARATIONS OF INTEREST**

None declared.

**78 PUBLIC PARTICIPATION (ITEMS PERTAINING TO THE AGENDA)**

A member of the public raised concern regarding the terminology used with regard to the now closed consultation in particular with regard to use of the words 'stopped' and 'withdrawn'.

A member of the public asked that the SHMAA was due to be released mid February, what was the efficacy of timing the new consultation before the evidence from this was available. The Chairman confirmed that this fell outside the work identified in item 76 above.

Phil Gower (Fleet and Church Crookham Society) reflected on the complexity of the consultation, which had meant it was a difficult consultation to fill in. A lot of residents had filled this consultation in and we need to ensure we help them have their feedback included in the new consultation.

- The Leader confirmed that the Council was ensuring that suitable arrangements for the new consultation was being put in place. The Council would be contacting all those who had provided their contact details, as part of their response and if they confirm that their response has not changed, having reflected on the new consultation, that their previous response would be included.

**79 FEEDBACK FROM SERVICE BOARDS**

No issues were highlighted by the Committee.

**80 PORTFOLIO HOLDER**

Councillor Kennett updated members on his Regulatory Services Portfolio which includes Planning (Development Control), Community Safety, Environmental Health, Dog Warden Services, Licensing and Building Control. There have been challenges around recruitment in particular to the Planning Team.

Councillor Kennett answered questions regarding the recent review of pest control, the review of development control and food and hygiene inspections as well as our continued relationship with community safety through the partnership.

**81 REGULATION OF INVESTIGATORY POWERS (RIPA) – QUARTERLY UPDATE**

There had been no further use of the RIPA provisions (Covert Surveillance Policy) since the report to Overview and Scrutiny in April 2013.

**82 MANAGEMENT OF THE JOINT WASTE CONTRACT 2018 ONWARDS**

Members were updated on the options for extending / retendering of the joint Basingstoke/Hart Waste Contract before consideration by Cabinet.

**RESOLVED to recommend to Cabinet**

- 1 That work be commenced on retendering the joint waste contract, and that this proceeds in accordance with the outline programme attached at appendix B, subject to the Council not receiving (prior to July 2016) much improved terms for extension of the existing contract.
- 2 That £50k is allocated in the 16/17 waste budget to provide initial match funding for the procurement process with Basingstoke and Deane Borough Council.
3. That the following comments be past to Cabinet when considering the approach moving forward;
  - that there may be wider economies of scale if we were to work with other local authorities
  - that the Council may wish to consider the opportunities with regard to the existing depot, if this were to be excluded from the specification moving forward.

**83 IMPLICATIONS OF GOVERNMENT CHANGES ON AFFORDABLE HOUSING POLICY**

The report outlined the impact of the government's Emergency Budget announcement regarding Registered Providers reducing rents by 1% a year and associated implications for affordable housing in Hart.

**RESOLVED to note:**

- 1 That the Council continues to seek 40% affordable housing on new development sites, as set out in Hart's existing Affordable Housing Policy (see Appendix 1) and to maintain an appropriate mix of units (65% rented and 35% shared ownership as specified in earlier Strategic Housing Market Assessments); however
- 2 That, in doing so the Council takes account of the impacts of the 1% rent reduction by adopting a framework that operates within the existing policy to facilitate a more flexible approach to be applied on a site by site basis, subject to viability assessments and with regard to recent views expressed by the Housing Minister, where the existing approach to Affordable Housing Policy is challenged on viability grounds.

**84 THE PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT:  
ENGLAND 2016 TO 2017 AND FUTURE YEARS**

Members were informed of the likely broader financial position, to enable the budget report to be considered within this context.

**RESOLVED**

That the information be noted.

**85 DRAFT BUDGET 2016-17**

The Committee was provided with a summary of the revenue and capital budget proposals for 2016/17 to enable the Committee to forward its recommendations on the budget and Council Tax levels to Cabinet on 4 February 2016. The report also included the statutory statement of the Head of Finance (Section 151 Officer) to Council on the robustness of the estimates and adequacy of reserves.

**RESOLVED to recommend to Cabinet**

- 1 That the growth and savings set out in Appendix A is approved subject to clarification which Members will raise on any individual budget lines directly with the Head of Finance.
- 2 That Overview and Scrutiny supports the principle that Cabinet consider an increase in the Council Tax for 2016/17 and that should it do so, the Council ensures effective communication with residents of Hart to explain that most of any other increases are applied by other precepting authorities.
- 3 That the summary revenue budget for 2016/17 as set out (in Paragraph 12 of this report) be approved subject to clarification which Members will raise on any individual budget lines directly with the Head of Finance.
- 4 That the revised capital programme for 2015/16 and 2016/17 as detailed in Appendix B be approved.
- 5 That the Council could investigate its decision not to implement the Council Tax Reduction Scheme.
- 6 That the Section 151 Officer's statutory report regarding the robustness of the estimates and the adequacy of reserves detailed in paragraph 13 is noted.

**86 EXCLUSION OF THE PUBLIC**

The following item's appendices contained confidential information. Members considered whether the public interest in maintaining an exemption outweighed the public interest in disclosing the information.

**RESOLVED**

In accordance with Section 100A(4) of the Local Government Act 1972, the public be excluded during the discussion of the matters referred to, on the grounds that they involve the likely disclosure of exempt information, as defined in the respective paragraph of Part 1 of Schedule 12A of the Act, and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

**87 JOINT PROCUREMENT OF SERVICES**

The Committee was consulted and comments sought on the report being submitted to Cabinet, regarding the potential commissioning of a range of services, including both 'soft services' including revenues and benefits and a range of 'back office services' (Lot 1) and 'hard services' such as Facilities Management, Property and Car Parks (Lot 2).

The Overview and Scrutiny Committee considered the issues and agreed to forward any additional comments to Cabinet to help in their broader consideration of the procurement of these processes as follows:

**RESOLVED**

That the Overview and Scrutiny Committee noted the contents of the report which would be considered by Cabinet and agreed to forward comments as detailed below;

- That terms of reference for the Joint Overview and Scrutiny Committee be amended to recognise that the appointment of Members to that Committee would be from Members of the Hart Overview and Scrutiny Committees.

**87 UPDATE ON TASK AND FINISH GROUPS**

No update.

**88 CABINET WORK PROGRAMME**

The Cabinet Work Programme was considered.

**89 OVERVIEW AND SCRUTINY WORK PROGRAMME**

The Overview and Scrutiny Work Programme was considered and amended to reflect the work item identified in item 76.

The meeting closed at 9.50pm

### **Scrutiny of the Decision Making Process around the Refined Housing Options Consultation**

In accordance with its terms of reference, it is the role of Overview and Scrutiny to:

- 6.2.1 review and/or scrutinise decisions made or actions taken in connection with the discharge of any of the Council's functions
- 6.2.2 make reports and/or recommendations to the full Council and/or the Executive and/or any policy, joint or area Committee in connection with the discharge of any functions
- 6.2.3 consider any matter affecting the area or its inhabitants; and
- 6.2.4 exercise the right to call-in, for reconsideration, decisions made but not yet implemented by the Executive and/or any policy or area Committees.

It has been suggested that Overview and Scrutiny Committee would wish to review and scrutinise the decisions made and actions taken in connection with the recent consultation regarding the Refined Housing Options.

In particular, the scope that Overview and Scrutiny wish to include are:

- a How decisions are made to approve and authorise the Refined housing Options consultation going 'live' in November 2015
- b How decisions were made to alter consultation documents part way through the consultation process
- c On what basis and rationale were decisions taken to withdraw the consultation.
- d Identify actions that the Council should take with regards to future consultation exercises.

Need to confirm timescales and Chairmanship.