

# Public Document Pack

<b>Date of meeting</b>	<b>Wednesday, 17th October, 2012</b>
<b>Time</b>	<b>7.00 pm</b>
<b>Venue</b>	<b>Civic Offices, Merrial Street, Newcastle-under-Lyme, Staffs ST5 2AG</b>
<b>Contact</b>	Julia Cleary 01782 742227

## **Cabinet**

### **AGENDA**

#### **PART 1- OPEN AGENDA**

- 1 Apologies**
- 2 DECLARATIONS OF INTEREST**  
To receive declarations of interest from Members on items included in the agenda.
- 3 MINUTES OF THE MEETING HELD ON WEDNESDAY 19TH SEPTEMBER 2012. (Pages 1 - 6)**  
To consider the minutes of the previous meeting held on 19th September 2012.
- 4 Proposed refurbishment and re-use of the former St Giles and St Georges School, Newcastle Town Centre. (Pages 7 - 14)**
- 5 Medium Term Financial Strategy (Pages 15 - 32)**
- 6 Business Rates Retention and Pooling (Pages 33 - 52)**
- 7 Review of Community Centre Provision (Pages 53 - 64)**
- 8 Bateswood Local Nature Reserve - Outcome of Public Consultation (Pages 65 - 76)**
- 9 Universal Credit (Pages 77 - 80)**
- 10 Replacement of Corporate ICT Data Storage Facilities (Pages 81 - 86)**
- 11 Outcomes following the Commissioning Process with the Third Sector (Pages 87 - 90)**
- 12 MADELEY CONSERVATION AREA APPRAISAL AND MANAGEMENT PLAN SUPPLEMENTARY PLANNING DOCUMENT (Pages 91 - 92)**  
The SPD is available for viewing by a request to Member Services.
- 13 Developing WarmZone to maximise future opportunities (Pages 93 - 108)**

**14 Review of Integrated Recycling and Waste Strategy 2016 (Pages 109 - 112)**

**15 URGENT BUSINESS**

To consider any business which is urgent within the meaning of Section 100B(4) of the Local Government Act 1972.

**Members:** Councillors Mrs Bates, Mrs Beech, Boden, Kearon, Snell, Stubbs and Williams

**'Members of the Council: If you identify any personal training / development requirements from the items included in this agenda or through issues raised during the meeting, please bring them to the attention of the Committee Clerk at the close of the meeting'**

Officers will be in attendance prior to the meeting for informal discussions on agenda items.

## CABINET

Wednesday, 19th September, 2012

**Present:-** Cllr Snell – in the Chair

Councillors Mrs Bates, Mrs Beech, Boden, Kearon, Snell, Stubbs and Williams

### 1. DECLARATIONS OF INTEREST

There were none.

### 2. MINUTES

**Resolved:** That the minutes of the meeting held on Wednesday 18 July 2012 be approved as a correct record.

### 3. FINANCIAL AND PERFORMANCE MANAGEMENT REPORT TO THE END OF QUARTER ONE (JUNE) 2012

Consideration was given to a report providing a detailed up-date on the Council's performance during the first quarter of 2012/13 by presenting data in a financial context and focusing on key performance indicators.

A summary of the overall position with regard to the Revenue Budget and Capital Programme was set out in the report and the Portfolio Holder explained that the adverse variance of £19,000 in the Revenue Budget was largely due to a fall in income from litter fines, burials and cremations and from Jubilee 2.

Although some positive performance was in evidence across a range of services Members were reminded that the results later in the year could be different with some services having seasonal factors. The proportion of indicators which had met their targets, based on available data, was 85%.

It was indicated that the Capital Programme would require regular monitoring to identify any projects that were falling behind their planned completion dates.

Members felt that some consideration should be given to the preparation of an Action Plan to address falling attendancies at The Borough Museum and Art Gallery and other recreational and leisure facilities in the Borough.

In conclusion it was indicated that with regard to the Council's frozen investment in Heritable Bank, the amount repaid to date amounted to £1,869,521 (74% of the total that was frozen). The Administrators currently predicted that at least 90% of the £2,500,000 originally invested would be re-paid.

**Resolved:** (a) That Members note the contents of the report and recommend that the Council continues to monitor and scrutinise performance alongside finances.

(b) That Members note that the appendix to the report is an interim performance report that is to be further developed as detailed in the Performance

Management Framework Review and that the intention is to report performance information in a new format as the work is progressed in each subsequent year.

**4. NEWCASTLE BOROUGH COUNCIL PLAN 2013/14-2015/16**

Consideration was given to a report recommending adoption of the Council Plan for 2013/14 to 2015/16.

It was explained that the Council Plan underpinned the entire planning structure of the authority and informed the organisation by acting as the major driver behind any budget proposals, longer term strategic plans and the service planning process.

**Resolved:**(a) That Members note the report and the draft copy of the Council Plan for 2013/14 to 2015/16 as set out on the appendix to the report.

(b) That Members approve the adoption of the Council Plan for 2013/14 to 2015/16.

(c) That Members note that the monitoring section of the plan is being progressed via senior officer workshops in order to determine the relevant measures/indicators in order to monitor improvement against the priorities and outcomes being developed as part of the Council Plan (Option A as set out in the report).

**5. BUDGET PREPARATION, SCRUTINY AND CONSULTATION PROCESS 2013/14**

Consideration was given to a report setting out the process whereby the 2013/14 budget was to be prepared, scrutinised and approved.

**Resolved:** That Cabinet approve the budget preparation, scrutiny and approval process as set out in the Appendix to the Officer's report.

**6. DEVELOPING A KIDSGROVE TOWN CENTRE PARTNERSHIP**

Consideration was given to a report outlining proposals for continuing support for town centre development, specifically highlighting ways in which support could be maximised in Kidsgrove by the development of a Kidsgrove Town centre Partnership to further engage with and support local businesses in that area in a similar way to the partnership arrangement now in place for Newcastle Town Centre.

**Resolved:** That the officers be authorised to proceed with the process of establishing a Kidsgrove Town Centre Partnership based around a Community Interest Company Model (or similar entity), including the appointment of Directors, in consultation with the Portfolio Holder for Regeneration, Planning and Town Centres.

**7. PROPOSED DECLARATION OF BATHPOOL PARK AS A LOCAL NATURE RESERVE**

A report was considered recommending that Bathpool Park be declared as a Local Nature Reserve in accordance with Section 21 of the National Parks and Access to the Countryside Act 1949.

The Council currently worked with Newcastle Countryside Project to manage and promote the site and the Project had prepared a management plan for the site details of which were set out in the officer's report.

Natural England supported the management plan and also to the park be declared as a Local Nature Reserve.

The process to be followed leading to declaration of the site was set out in the officer's report and it was felt that the action now proposed would demonstrate the Council's commitment to nature conservation, increase public awareness of the natural environment and secure the long term future of its wildlife habitat and natural features. The proposal was also in line with the Urban Staffs Green Space Strategy Action Plan.

Resolved:(a) That Bathpool Park be formally declared as a Local Nature Reserve under the provisions of the National Parks and Access to the Countryside Act 1949.

(b) That appreciation for the work carried out by the Friends of Bathpool Park and the Council's officers be recorded.

#### **8. PROPOSALS FOR THE REDEVELOPMENT AND DISPOSAL OF THE FORMER KNOTTON RECREATION CENTRE**

A report was submitted seeking views on the preferred way forward for the disposal and redevelopment of the Knutton Recreation Centre and adjoining land.

Members were advised about the appropriateness of reviewing the development and investment options for sites in Borough and County Council ownership in the centre of Knutton Village with a view to securing a more comprehensive regeneration scheme, in the light of the County Council's proposal to provide a new Enterprise Centre in High Street.

Also, the Borough Council was to undertake a comprehensive review of community centres which may have implications for the Knutton community and additionally, it was necessary to give consideration to the likely financial implications of this matter in the context of known/emerging capital programme commitments.

In giving its broad support to the County Council's proposals with regard to the replacement Enterprise Centre Cabinet agreed that this should be dependant upon the occupants of the existing units being similarly supportive.

Resolved: (a) That the officers be authorised to proceed with the process of disposing of the former Knutton Recreation Centre and adjoining land through a joint disposal process (comprising land owned by both the Borough and County Councils) facilitated by a thorough public consultation process as described in the report.

(b) That Staffordshire County Council be advised that this Council's support of the process detailed in resolution (a) above is subject to the proposals for

a new Enterprise Centre elsewhere in the Knutton area being acceptable to the tenants of the existing Enterprise Centre in High Street.

**9. LOCALISED COUNCIL TAX SUPPORT - CONSULTATION**

Consideration was given to a report recommending approval, for consultation purposes, the draft Newcastle-under-Lyme Council Tax Support Scheme that had been drawn up in accordance with the requirements of the Local Government Finance Bill that was currently making its way through Parliament.

The Bill made provision for the localisation of council tax support by imposing a duty on billing authorities to make a localised council tax reduction scheme by January 2013 and to consult with major precepting authorities and other such persons likely to have an interest in the scheme.

Resolved: (a) That the draft Newcastle-under-Lyme Council Tax Support Scheme be approved for consultation purposes.

(b) That the Executive Director – Resources and Support Services be authorised to initiate the statutory consultation process.

**10. BOROUGH HEALTH AND WELLBEING STRATEGY**

Consideration was given to a report advising of changes within the National Health Service and on the development of a Health and Wellbeing Strategy for the Borough that was currently being drawn up to support the Staffordshire Joint Health and Wellbeing Board.

The report identified areas of health inequalities within the Borough that would provide the impetus to address the various issues.

**Resolved:**(a) That the key messages in the report be accepted as important evidence against which the Borough's Health and Wellbeing Strategy will be developed.

(b) That a further report on progress made in the development of the Health and Wellbeing Strategy for the Borough be submitted to a future meeting of Cabinet for consideration.

**11. WESTLANDS SPORTS GROUND PAVILION**

Approval was sought to the replacement of the bowls pavilion at Westlands Sports Ground as set in the officer's report.

**Resolved:** (a) That Cabinet approve in principle the replacement of the bowls pavilion at Westlands Sports Ground.

(b) That the officers be authorised to provide project management support to Westlands Bowling Club to facilitate the replacement of the bowls pavilion.

(c) That the officers be authorised to draw up an appropriate agreement with Westlands Bowling Club for project delivery and funding.

(d) That a report be submitted to a future meeting of the Cabinet seeking approval of the final detailed scheme.

**12. SUPPLY OF SPRING AND SUMMER BEDDING PLANTS AND WEED CONTROL CONTRACTS**

Consideration was given to a report outlining the position with regard to the existing contracts for the supply of spring and summer bedding plants and weed control and options for the future procurement of the contracts to March and November respectively through a competitive tendering process.

For the reasons outlined in the officer's report it was also proposed to undertake an appropriate procurement exercise for the supply of replacement bedding plants for summer 2013 and 2014 only to take account of that part of the existing contract that was not now to be completed by the original contractor, Stoke-on-Trent City Council.

In addition to the above tendering procedure it was simultaneously proposed to explore the feasibility of weed control work being undertaken by the Council's Streetscene Business Unit and, if it proved beneficial, to set up the necessary arrangement to implement the work starting in April 2013.

**Resolved:** (a) That Cabinet authorises the Head of Operations to seek tenders for the supply of spring and summer bedding plants for a 5-year period commencing in December 2013, and following consultation with the Portfolio Holder, to accept the most economically advantageous tender within the existing budget provision.

(b) That Cabinet authorises the Head of Operations to undertake an appropriate procurement exercise for the supply of summer bedding plants for summer 2013 and spring 2014 only, following the decision of the current contractor who will be unable to meet the Council's requirement for the period.

(c) That Cabinet authorises the Head of Operations to seek tenders for the Weed Control Contract for a 5-year period commencing April 2013 and, following consultation with the Portfolio Holder, to accept the most economically advantageous tender within the existing budget provision.

(d) That simultaneously to (c) above, the Head of Operations explore the possibility of delivering the Weed Control Work using the Council's Streetscene Business Unit and, following consultation with the Portfolio Holder, set up necessary arrangements to implement the work if cost effective to do so.

(e) That if the action outlined in resolution (d) above proves to be the best option for the Council, the procurement exercise for the Weed Control Contract set out in resolution (c) above be cancelled.

(f) That in the circumstances that the contractor currently having the contract for summer bedding plants is closing down its operation, the officers be authorised to take appropriate action to recover any outstanding monies relating to the remaining period of the contract from them.

(g) That the Officers be asked to draw up options for the engagement of community groups/schools in smaller planting schemes at suitable locations across the Borough.

**13. PROCUREMENT OF THE REPORTER**

A report was submitted detailing the outcome of the procurement process for the distribution and printing of The Reporter.

**Resolved:** (a) That Cabinet notes the outcome of The Reporter procurement process.

(b) That Cabinet endorses the proposals to run a second procurement process to appoint a company to carry out The Reporter print contract and for the outcome of that process to be reported back to Cabinet.

(c) That Cabinet authorises the Portfolio Holder for Communications, Transformation and Partnerships to consider with the Head of Communications appropriate measures in response to proposals from the Transformation and Resources Overview and Scrutiny Committee.

**14. URGENT BUSINESS**

There was no urgent business

**Chair**



# Agenda Item 4

## **PROPOSED REFURBISHMENT AND RE-USE OF THE FORMER ST GILES & ST GEORGES SCHOOL, NEWCASTLE TOWN CENTRE**

**Submitted by:** Neale Clifton, Executive Director, Regeneration and Development

**Portfolio:** Regeneration, Planning & Town Centres

**Ward(s) affected:** Town

### **Purpose of the Report**

To consider the options available to the Council to bring forward the refurbishment and re-use of the former St Giles & St Georges School building in Newcastle Town Centre.

### **Decision Required?**

**Which option do Members wish to pursue?**

### **Recommendation**

**That Members authorise officers to take the necessary actions to implement option (a); i.e. to market the building again in its current condition without any requirement for community use or public access.**

### **Reasons**

The Council, as the owner of this attractive and historically important building must seek to balance a range of considerations before identifying a preferred course of action in order that the medium to long term interests of the town centre can be enhanced.

## **1. Background**

- 1.1 Members will be aware that this prominent town centre building, formerly the St Giles & St Georges School, situated at the rear of Queens Gardens, was acquired by the Borough Council from the Local Education Authority with a view to it being refurbished and converted into a Centre for Creative Industries at a cost of around £1 million. This cost would have been met by a (then available) grant from the North Staffordshire Regeneration Partnership (NSRP) and (then available) resources of the Borough Council and supported then on from rental income.
- 1.2 Following its acquisition however, Cabinet decided to explore instead the possibility of relocating the Borough Museum & Art Gallery into the town centre so that the town could more fully benefit from the significant footfall (and inherent interest) brought by the Museum and Art Gallery. This, however, proved to be too expensive for the Council both in terms of initial capital costs and subsequent annual running costs and this was not pursued further. When NSRP capital funding (and that of the Borough Council) then became increasingly scarce, the Council decided to put the building back on the market to see what interest there may be in its use (with the caveat that we were seeking a third party interest who was prepared to facilitate wider community use of the building – with the expectation that this would help to generate new footfall into the town centre and introduce greater social/community activity in the town).
- 1.3 This led to the selection of the King Street based social landlord, Choices Housing, which planned to use the building as its new headquarters and training centre, as the preferred

development partner. Discussions were also held with Newcastle Baptist Church (which had also expressed interest in the building) to pool resources and see if their space requirements could also be accommodated along with those of Choices (by extending the building to the rear). The attraction of this approach was the creation of a 280 seat auditorium in the town centre which could potentially be hired out and used for a range of other social, cultural or commercial uses, again generating further footfall and trade for the wider benefit of the town. This however could not be achieved as the Church was unable to contribute the necessary funding into such a partnership project.

(Note: in respect of the issue of the auditorium, Members will know that the Borough Council already has a 200+ seat meeting space available for use/hire in the town centre on the upper floor of Jubilee 2. This has access to catering within the building, together with toilets and break-out space as required. The space is used as dance studios).

- 1.4 During the gestation of the project the Choices Housing Association was joining the Wrekin Housing Trust. The Choices Housing Board in conjunction with the Board of Wrekin Housing Trust has now decided that the project is not commercially viable (the cost of the scheme is too great for the organisation to bear given the likely value of the premises upon completion of the improvement works) and has withdrawn its interest.
- 1.5 A number of options considering how the Council might now take the project forward were considered by the Economic Development and Enterprise Overview and Scrutiny Committee at its meeting on 28th June 2012. Scrutiny Committee expressed the view that the building should be refurbished and leased for a community use (preferably not a Council use as this does not fit with the Council's approach of sharing a main Civic Office). This is a combination of options (a) and (c) listed below. The Scrutiny Committee did not wish to see the clearance of the building as considered in option (b) listed below, as this was not considered appropriate.
- 1.6 Scrutiny Committee recognised that there is no capital funding allocated to refurbish the building, and asked that if Cabinet were minded to consider the Scrutiny recommendation including a simple refurbishment then Officers would need to advise on the financial implications. The views of Scrutiny Committee were fed back to the Portfolio Holder and he asked that officers should investigate the options and implications in more detail in order that Scrutiny Committee could undertake a more informed review.
- 1.7 Officers have therefore gone back to the architects / quantity surveyors who have carried out work previously for the building, to provide advice on the likely costs of a 'light touch' refurbishment of the building. This level of refurbishment would include carrying out necessary works to the roof, windows and external doors, the wall, floor and ceiling finishes, toilets and kitchenette, heating and lighting, together with a minimum of works outside the building. This level of refurbishment may not make the building attractive for commercial letting (or, at least, would have significant implications on the type of organisations which would be interested in leasing the building) but should be sufficient to render it useable for arts based groups and/or community organisations. The estimated cost of these works is £388,700. Note this figure is for works only and is exclusive of costs such as architects' fees, telephony, broadband and planning costs such as NTDS.
- 1.8 Scrutiny Committee again considered this issue with the benefit of this further financial information at its meeting on 17 September. It did not make an unequivocal recommendation to Cabinet on the five options put forward but Members did raise the following points:

- It was acknowledged that finding the resources even for a 'light touch' refurbishment of the building (options B and C above) would be difficult for the Council given the present budgetary circumstances.
- The re-siting of the Museum & Art Gallery (not one of the options listed above) was still considered to be desirable, if it could be afforded, given the boost in footfall and interest that this would give to the town centre.
- The question was asked whether Cabinet might consider the establishment of an indoor market here (the town used to have an indoor market where the Vue Cinema now stands). This might be considered as a further option; Option F.
- Scrutiny Committee remained opposed to the clearance of the building (Option B) but would be less hostile to this option if it could be satisfied that the building which was to replace it would be of the right scale and design.
- An indication of the likely value of a cleared site was also sought.
- There was a request that public consultation be undertaken regarding options for the site.
- That costs be ascertained for the indoor market and museum suggestions, and
- That more information is required before scrutiny can offer a preferred option.

## 2. **Issues**

- 2.1 The Borough Council is now in the difficult position of owning a building it recognises as having townscape, landmark and even historical value but does not now have the resources to refurbish, without the availability of external regeneration funding (from organisations like the NSRP or AWM) and with no obvious demand for the building in its current condition.

This has implications for:

- The aesthetic qualities of the town's built environment;
- The town's economy;
- The use of public resources and;
- Potentially, for community safety.

## 3. **Options Considered**

- 3.1 The Council now has several options to consider:

### Option (a)

Market the building again in its current condition – i.e. without Council money being expended on it, but without any requirement for community use or public access. However, it should be noted that Newcastle Town Centre has plenty of available buildings that organisations and businesses could lease/buy, most of which do not have such a large upfront refurbishment cost attached to them. That said the building is inherently attractive and distinctive, occupying a prominent position, with direct access onto the ring road and with on-site car parking.

### Option (b)

Offer the site to the market with the option of it being cleared for redevelopment (as long as the Council was satisfied with the design of the replacement building) - i.e. accept the demolition of the building. While the building is not listed it does lie within the Town Centre Conservation Area. This means that (as with the former Jubilee Baths building) its demolition will not be permitted until there are detailed plans agreed for a replacement building. There would almost certainly be objections to this option for both historical and

townscape reasons. As a cleared development site, however, it would almost certainly be a more marketable proposition than seeking a user which needs to spend significant monies to bring the building back into use. Nevertheless it should be noted that there are other available cleared development sites within the town centre environs which have been available for some time. Scrutiny Committee has already expressed the view that it does not wish to see the clearance of the building.

#### Option (c)

Explore a simple refurbishment of the building, funded by the Council and use the building for housing around 50 Borough Council staff. We now know that such a 'simple refurbishment' would cost the Council around £388,700 (though this figure does not include costs such as furnishing, telephony and broadband). Using the building for the Council's own purposes would have to be seen as part of a wider review of the Council's property needs. It may be possible to off-set some of the cost of this option by selling or leasing existing Council-owned premises elsewhere in the town, though, given market conditions, expectations of the prospects for (and the value of) property sales or rental income should be tempered. Furthermore, it is unlikely that any such option would present the most efficient property solution to any identified service need (taking account of both upfront refurbishment costs and ongoing maintenance liabilities, including energy costs).

#### Option (d)

Explore a simple refurbishment of the building, funded by the Council *and seek another user*. This would be a variation of option (a) above but with Borough Council money having been spent on it. As with option (c), we now know that such a 'simple refurbishment' would cost the Council around £388,700. The prospect of attracting a user having undertaken some investment in the building would be greater than in option (a). Officers have had some discussions with individuals and organisations representing community or arts based groups, which may be interested in making use of the building but typically these will not have significant capital funding to contribute to its refurbishment and, in most cases, would not be able to pay a full commercial rent. One such group has written to the council recently promoting the idea of establishing a faith-based charitable trust to manage an operation focussed upon the sale of locally/ethically sourced food with complementary uses including a café and other voluntary sector activities. Whilst at face value such proposals may appear to present an opportunity to bring the building back into use it is likely that more cost-efficient property solutions may be available to them.

(Note: options (c) and (d) could be seen as *interim options* pending a return to more buoyant economic conditions when there may be the opportunity to take stock and consider longer term options).

#### Option (e)

Use the site for housing. This would be a variation of option (a) in which the property would be offered to prospective housing developers or social landlords (Registered Providers) with a view to their refurbishing and converting the building to their own requirements or a variation of option (b) in which the site would be redeveloped.

In summary the options can be set out as follows:

Option	Likely benefits	Drawbacks	Comment
A – re-market as is	No financial outlay for NBC	Reputational damage /further deterioration of building if no interest	Highly uncertain outcome
B – offer as cleared site	Could appeal to developers for a range of suitable uses	Loss of landmark building, publicly unpopular	
C – refurbish and use for NBC purpose	Gets the building back into use; some footfall for the town centre	Cost to NBC; not a clear NBC service requirement	Probably not a realistic option
D – refurbish and use for community/arts based use	Gets the building back into use; some footfall for the town centre	Cost to NBC	Probably the option which would be most widely welcomed
E - housing	As A or B	As A or B	

#### 4. **Proposal and Preferred Solution**

4.1 Cabinet's views are now sought on the five options put forward (with the above comments made by Scrutiny taken into consideration), together with the sixth option put forward by Scrutiny Committee.

4.2 With regard to the options listed in section 3 above, your officers consider that the following factors are pertinent in coming to a decision on this issue:

- Option C – discount – there is no requirement for operational use of the building by the Council and it is unlikely that an economic business case could be prepared to justify such use.
- Option D – there is insufficient clarity about the needs of community-based organisations in order for the Council to consider investing any available capital funds even in a 'light touch' refurbishment of the building in the short term so it is unlikely that objectives in relation to use of resources and value for money could be proven.
- Option E – this will be considered alongside Options A & B because it has the potential to be delivered in either of those options.
- Option B – given the architectural and historic merit of the building and the Conservation Area designation your officers consider that this should be an option of last resort. Any proposal to demolish the building would require a Secretary of State decision even if the local planning authority were minded to support the proposition. It would be necessary to provide evidence that the Council had exhausted all reasonable avenues of enquiry.

In conclusion the above summary points towards Option A as the most feasible option at this stage and officers feel that removal of the requirement of community use may attract a wider level of interest than the previous marketing exercise.

#### 5. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

5.1 The original objective of the St Giles & St Georges project was:

- in part for regeneration purposes (to promote a livelier and more interesting town centre and to house new small businesses) and
- in part for environmental/conservation purposes (to bring an attractive and distinctive building back into use)

5.2 The other relevant corporate objective relates to the Council seeking to make best use of its resources. So any proposal must balance the likely financial consequences to the Borough Council.

## 6. **Legal and Statutory Implications**

There is no statutory requirement for the Council to retain the building (but see 3 (b) above).

## 7. **Equality Impact Assessment**

7.1 This has not been undertaken given that the final proposal / end use is still unknown at this stage.

## 8. **Financial and Resource Implications**

8.1 Subject to the comments in paragraph 8.3, Members are reminded that there is no specific project against which capital funding has been allocated, being mindful of the potential financial implications in the context of existing capital programme priorities and commitments and no evidenced business plan for a scheme. There is no provision in the current Capital Programme for any such project and the current forecast of the Council's uncommitted capital resources as at 31 March 2013 is estimated to be around £1m. At present the Council has a restricted Capital Programme owing to shortage of resources to fund schemes beyond a limited number of essential replacement and refurbishment projects, such as replacement operational vehicles and plant or repairs to buildings needed to allow them to continue to be used. Because of this any new projects proposed will have to be considered in conjunction with all other proposals for capital spending to determine which ones can be included in an affordable Capital Programme. At present, given the probable level of resources realistically anticipated to be available over the next few years, it appears likely that the Capital Programme will have to continue to be restricted to include only a limited number of essential, high priority projects which can be afforded.

8.2 The cost of options (c) and (d) we now know to be around £388,700 (but note the proviso in paragraph 1.6). It is not known what level of rental return might be made from Option (d). Officers believe that there may be some interest from community and arts based groups, however this would probably be on a reduced level of rent to enable such groups to operate at this economically challenging time.

8.3. Members will recall that the Capital Programme makes provision for £500,000 for Town Centre capital projects. This figure is required to cover the costs of new Market Stalls and to make a contribution toward the costs of both the Town Centre Public Realm scheme and the refurbishment of this building. This is on the basis that others (SCC in the case of the public realm scheme) would also make significant financial contributions toward these two projects. Given that £400,000 of this figure is required for the Market Stalls and Public Realm schemes (and ideally needing to make provision for contingencies, given the uncertain nature of civil engineering works) this would leave only a modest sum which could be allocated to any project at the former school. For the reasons cited above it is not considered justifiable to invest any funds into the building (other than to cover basic ongoing maintenance to keep the building wind and weather tight) in view of the prevailing uncertainty about its long term use.

## 9. **Major Risks**

9.1 The principal risks associated with this project are:

- (i) a lack of resource to undertake the required calibre of scheme,
- (ii) ongoing ownership costs (insurance, security, maintenance) while the building remains unoccupied;
- (iii) reputational damage through lack of action and;
- (iv) likely loss of the building because of deterioration (were refurbishment to be unviable).

10. **Key Decision Information**

- 10.1 This report has been placed on the Forward Plan. It does not at this stage commit the Council to expenditure.

11. **Earlier Cabinet Resolutions**

- 11.1 27 October 2004 - That Cabinet agrees to allocate the capital funding referred to in the report to support the Knutton Industrial Estate and Newcastle Design Studios projects, from either the Approved Capital Programme for economic regeneration projects and/or the Renew and Regeneration fund.

- 11.2 21 February 2007 - That Members note progress with the Newcastle Design Studios project and consider the need for a capital allocation to this project once more detailed cost and delivery information is available.

- 11.3 13 July 2007 PROPOSAL TO ACQUIRE THE FORMER ST GEORGE'S AND ST GILES' PRIMARY SCHOOL BUILDING, BARRACKS ROAD, NEWCASTLE

A report was submitted seeking guidance on the potential acquisition of the above premises from the Staffordshire County Council to maximise the economic and regeneration potential for Newcastle Town Centre.

Resolved:-

(a) That the officers be authorised to negotiate with Staffordshire County Council for the acquisition of the former school building.

(b) That the officers be authorised to establish the architectural and refurbishment costs of renovating the building for a new use.

(c) That the officers be authorised to investigate market options for the re-use of the former school building.

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## **MEDIUM TERM FINANCIAL STRATEGY 2013/14 TO 2017/18**

**Submitted by:** Executive Director – Resources and Support Services

**Portfolio:** Finance and Budget Management

**Ward(s) affected:** All

### **Purpose of the Report**

To provide the background on the financial strategy for the Council over the next five years in the light of the national and local financial situation and taking account of the Council's priorities.

### **Recommendations**

- (a) To approve the Medium Term Financial Strategy for 2013/14 to 2017/18.**
- (b) That the report be referred to the Transformation and Resources Overview and Scrutiny Committee for comment.**

### **Reasons**

The Medium Term Financial Strategy underpins the whole financial planning structure of the Authority. It is closely aligned to the Council's Council Plan and focuses on targeting its financial resources in line with its stated aims and objectives.

#### **1. Background**

- 1.1 The Borough Council is committed to achieving excellence in its service delivery. Integral to this ambition is the need to effectively target its financial resources in line with its stated aims and objectives.
- 1.2 The document attached as Appendix A, the Medium Term Financial Strategy (MTFS) for the period from 2013 to 2018, demonstrates alignment with the Council Plan (formerly the Corporate Plan) and will be the main vehicle in assessing the Council's financial position, ensuring efficiency in service delivery and targeting resources to agreed priority areas.

#### **2. Issues**

- 2.1 Local government in general and district councils in particular continue to face the prospect of operating within a severely challenging financial environment. With further large decreases in general government funding forecast, the Council must review the services that it provides and its approach to value for money to keep council tax increases as low as possible.
- 2.2 Local authorities have not yet been informed of their allocations of central government funding in support of their budgets for 2013/14. This support was formerly in the form of Formula Grant, the amount of which was notified as a provisional amount in December and confirmed the following January/February. Formula Grant for 2012/13 was £7.315m, comprising £0.142m Revenue Support Grant and £7.173m NNDR Grant.
- 2.3 The Government has recently carried out the Local Government Resource Review, which looked at how local authority services should be funded. One of the primary proposals resulting from this, which is contained in the Local Government Finance Bill, currently under

consideration by Parliament, is that local authorities should be allowed to retain a proportion of their locally raised business rates. This will commence in the financial year 2013/14. The retained amount of business rates will replace the NNDR Grant previously included in Formula Grant, whilst Revenue Support Grant will continue to be paid.

- 2.4 The details of how the business rates retention system will work are still being finalised by the government so there remains some uncertainty about how much the retained amount will be for 2013/14 and future years. There is also uncertainty about how much will be paid as Revenue Support Grant. In addition some other grants, chiefly New Homes Bonus will continue to be paid as separate grants but will be financed by the government by reducing the amount of business rates which can be retained. The amount of rates retained will also be modified by a further reduction to reflect the reduction in the national spending control totals required to respond to the current economic recession. In summary, there is uncertainty about the amounts payable as individual elements to the Council for 2013/14 and beyond. However, there have been indications of the overall amounts which local authorities should expect to see as reductions in central government support, implying a reduction of 5 per cent in 2013/14 and a similar reduction in the following year, which is the final year of the current spending review period. These reductions have been used in the MTFs, with further reductions of 2.5 per cent for the three following years.
- 2.5 The purpose of the comprehensive five year MTFs is to predict likely budget totals, if services are maintained at current levels, by projecting forward the different elements of the 2012/13 budget, such as employee pay or supplies and services, based on assumptions as to likely changes or specific pressures, such as pay increases or price increases or any agreed changes which will affect service levels. These assumptions are all set out in the MTFs. It also illustrates how the Council Plan is driving the medium term financial plan over the next five years. Whilst standing on its own as a strategy, it is an integral part of the Council's overall planning process comprising service delivery plans, the Council Plan and the Borough's Sustainable Community Strategy.
- 2.6 The MTFs identifies significant budgetary shortfalls over the next five years that will need addressing with robust financial and budget strategies. The amounts for each year are set out below:

2013/14 £1.627m  
2014/15 £0.810m  
2015/16 £0.797m  
2016/17 £0.655m  
2017/18 £0.657m

The detailed MTFs shows how these amounts arise and what measures are being proposed to address them. Previous budget strategies have sought to produce a balanced budget for the immediately following financial year, whilst noting the position for the following four years. However, the strategy contained in the MTFs is designed to balance both the 2013/14 and 2014/15 budgets and subsequent reports to Cabinet and Council will cover both years' budgets.

- 2.7 A Budget Review Group has been established, chaired by the Cabinet Portfolio Holder for Finance and Budget Management. The remit of the group is to oversee all aspects of the budget process, including service review and challenge, longer term planning, development of budget options, agreeing consultation arrangements and consideration of feedback and seeking to deliver service models that drive improvement to front-line services whilst offering value for money. Work to prioritise existing services has been carried out and a series of service challenges have taken place, whereby service managers have been requested to put forward options for improved service delivery and efficiency savings together with

suggestions for “invest to save” proposals whereby continuing increased efficiency can be obtained in return for a proportionally modest initial outlay. Performance and benchmarking data, was also considered for each service. Alongside these specific challenges, consideration has been given to savings which may be made in cross-cutting areas, such as procurement.

2.8 The results of the challenge process, together with those of the service prioritisation exercise, will enable a range of budget options, including some options for service improvements, to be developed and incorporated in the budget strategy.

2.9 Consultation to gain the views of stakeholders on the options contained within the MTFS is currently taking place. It will incorporate the Council Plan, to which the budget is closely linked. The results will be available for consideration by December and the MTFS amended, where necessary, to take account of them. Cabinet will consider these proposals, in the form of a draft budget for 2013/14 and 2014/15 at its meeting on 16 January, to enable this to be submitted to the Transformation and Resources Overview and Scrutiny Committee on 23 January.

### 3. **Proposal**

3.1 That Members approve the Medium Term Financial Strategy for 2013/14 - 2017/18.

### 4. **Reasons for Preferred Solution**

4.1 Without an MTFS it would be difficult to demonstrate the alignment of resources with the Council Plan. It is also the main vehicle for assessing the Council’s position, ensuring efficiency in service delivery and targeting resources to agreed priorities.

### 5. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

5.1 The MTFS identifies the resources to deliver the corporate priorities of the Authority linked to expected outcomes.

### 6. **Legal and Statutory Implications**

6.1 The MTFS is not a statutory document but it is considered best practice.

### 7. **Equality Impact Assessment**

7.1 Differential equality impact issues will be identified against the key strategies, policies and functions of the Council and will be considered in producing future service improvements, which will then be reflected within the Council’s budgets.

### 8. **Financial and Resource Implications**

8.1 The MTFS identifies future years’ shortfalls in financial resources which will need to be addressed as part of the Council’s budget strategies.

### 9. **Major Risks**

9.1 Section 25 of the Local Government Act 2003 places a duty on the Chief Finance Officer to report on the robustness of the budget. The main risks to the budget include:

- Spending in excess of the budget
- Income falling short of the budget

- Unforeseen elements, e.g. changes in interest rates

Such risks require regular and careful monitoring and it is essential that the council has sufficient reserves to call on if required, e.g. the council has a general fund balance of £1.40 million. In previous years the Chief Finance Officer has believed that the assurance required under Section 25 can be given and, with careful budget planning, robust monitoring and adequate level of reserves, there should be no reasons to alter that view.

10. **List of Appendices**

Appendix A - Medium Term Financial Strategy 2013/14 to 2017/18.

# Medium Term Financial Strategy 2013/14 to 2017/18



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## Foreword

The Council is committed to achieving excellence in its service delivery and considerable progress has been made over the last year with significant improvements in performance indicators and positive feedback from external auditors. Integral to this ambition is the need to effectively target its financial resources in line with the priorities of the Council.

It is the Council's ambition to continue to substantially improve its service delivery over the next five years. Sound and effective financial planning has a vital role to play in ensuring that ambition is realised, through providing sufficient resources to enable the services that matter most to our citizens to be delivered and to respond to the increased demands placed upon the Council. A key element will also be the need to improve the value for money that is given to council taxpayers.

The current recession and the reductions in central government support to local authorities, particularly for second tier district councils such as Newcastle-under-Lyme, reinforces the need for sound financial planning, not just for the year immediately ahead (2013/14) but over the medium term as well.

To meet this need, a Medium Term Financial Strategy (MTFS) has been developed for a period spanning five years, from 2013/14 to 2017/18. The MTFS demonstrates alignment with the Council Plan and will be the main vehicle in assessing the Council's financial position, ensuring efficiency in service delivery and targeting resources via a transparent process to agreed priority areas. It illustrates how the Council Plan is driving the medium term financial plans for each block of services over the next five years.

It is a key document informing the 2013/14 budget process. Indeed the assumptions about future costs and income together with those relating to investment and efficiency savings will be incorporated in the 2013/14 budget and will account for the majority of the change in net spending between the 2013/14 budget and that for 2012/13. The indications given in the MTFS concerning the gap between future years' expenditure levels and available resources will enable the Council to draw up an informed strategy, following a public consultation process, that reflects the priorities of the Council, to bridge those shortfalls.

The MTFS will be used during 2013/14 as the basis for reviewing the Council's financial position. The assumptions contained in it will be regularly reviewed and amendments made to the plan, where necessary. If any consequences in terms of significant adverse budget variations become apparent, this information will be used to formulate an action plan to deal with the budget shortfall. Conversely, if a significant positive variance is indicated, and likely to persist, this knowledge will enable the Council to decide whether to use this to increase reserves or to reallocate some or all of it to additional investments in line with corporate priorities

Whilst the MTFS stands on its own as a strategy, it is an integral part of the Council's overall planning process comprising service delivery plans (Service and Financial Plans), the Council Plan and the Borough's Sustainable Community Strategy.

A Budget Review Group has been established to inform and ensure that the budget setting process consults all stakeholders in a transparent manner. The Budget Review Group is chaired by the Cabinet Portfolio Holder for Finance and Budget Management. The Council Leader and the Cabinet Portfolio Holder for Regeneration, Planning and Town Centres are members of the group, together with the Chief Executive, Executive Director of Resources and Support Services and other appropriate finance and corporate support officers.

The remit of the group is to oversee all aspects of the budget process, including service review and challenge, longer term planning, development of budget options, agreeing consultation arrangements and consideration of feedback and seeking to deliver service models that drive improvement to front line services whilst offering value for money.

## **National context - background**

Central government support for local authorities' revenue budgets is provided in the form of Revenue Support Grant (RSG) and National Non Domestic Rates grant (NNDR). The amounts to be paid to local authorities as a whole and to individual authorities are announced via the annual local government finance settlement, provisional figures being announced usually in December and final ones in January.

Under existing arrangements NNDR (business rates) revenue collected by local authorities is pooled for redistribution to local authorities as the NNDR grant. So while local authorities have a vital role to play in supporting the local economy, there is limited fiscal incentive to do so.

The Local Government Finance Bill introduced business rate retention for local authorities and for the localisation of council tax benefit, i.e. for local authorities to assume responsibility for devising schemes for making payments to claimants, instead of acting as agents for the Department of Work and Pensions. It also contains some technical adjustments to the council tax system.

The revised arrangements take effect from 1 April 2013. The Council will still bill and collect business rates as now. But instead of contributing all business rates into the central pool and receiving formula grant (RSG and NNDR), a percentage of the business rates will be retained by the Council.

The baseline level of funding will be set so that at the start of the system, the budget is equivalent to what it would have been under the current system, less the reductions arising from the Local Government Resources Review. From then on the Council's funding may grow if the business rates base in Newcastle-under-Lyme grows, but could also fall if the business rate base declines.

At the current time the reductions in our funding from Central Government have not been confirmed. For the purposes of the MTFS a 5% reduction in Central Government funding has been assumed for the period of the Local Government Resources Review (2013/14 and 2014/15) and a 2.5% reduction has been assumed for the following 3 years.

## **Links to other strategies and plans**

The MTFS has links to a number of other Council and wider community strategies and plans. Where these have financial consequences for the Council, these are reflected in the MTFS. Those which have a particularly significant input are:

### ***Council plan***

The Council Plan describes the key actions that the Council will take over the next three years in order to make the Borough a better place to live, work and invest in. It sets out the Council's priorities and focuses on delivering these and ensuring that we continue to deliver high quality services for the Council's customers and bring real improvements in services for all in the Borough.

In these very challenging economic times it is important that we use resources prudently and effectively and review the way in which we do things and consider what is important for the borough. There is thus a clear and direct link to the MTFS from the Council Plan

The Council's priorities set out in the Council Plan are:

- A clean, safe and sustainable Borough.
- A Borough of opportunity.
- A healthy and active community.
- A Co-Operative Council delivering high quality, community driven, services.



The outcomes identified below reflect the Council's determination to ensure that resources follow priorities:

*A clean, safe and sustainable Borough*

- Levels of safety will have improved, along with standards of public health.
- Vulnerable citizens and victims of crime will be provided with high quality support.
- The negative impact that the Council, residents and local businesses have on the environment will have reduced.
- Our streets and open spaces will be clean, clear and tidy.
- Town centres across the borough will be sustainable and safe.

*A Borough of opportunity*

- Levels of worklessness will have reduced.
- Local people will be able to access opportunities for personal development and growth.
- Housing will be available and accessible to meet a range of diverse needs.
- Key parts of the borough will have been regenerated and there will have been overall growth.

*A healthy and active community*

- People who live, work, visit or study in the Borough will have access to high quality facilities.
- Levels of cultural activity and participation in the arts will have increased.
- There will be a range of healthy lifestyle choices, resulting in an increase in participation in sport and physical activity.
- Local people will be more able to work together to solve local problems.
- Council services will be influenced by resident engagement, enabling local communities to shape services which directly affect their lives.

*Becoming a Co-Operative Council delivering high quality, community-driven, services*

- The Council will have increased the capacity and skills of its workforce.
- Councillors will be community champions and powerful community advocates.
- The Council will have delivered further efficiencies.
- High performing services will be provided for all residents and customers.
- The Council will be an open, honest and transparent organisation which undertakes regular consultation with its residents and listens to their views.

**Capital strategy and capital programme**

The Capital Strategy sets out how the Council proposes to deploy its capital resources in order to assist it to achieve its corporate and service objectives. It also takes into account the resources which are likely to be available to the Council to fund capital investment and the effect of that investment on the Council's revenue budget. The Council's detailed capital investment plan is contained in its Approved Capital Programme. The current programme was approved by Full Council on 22 February 2012. This programme provides for £4,457,000 of investment during 2012/13 in projects across all of the Council's priority areas.

The Capital Strategy has been prepared against a background of unprecedented reductions in funding provided to local authorities by central government and its agencies, arising from the need to restrain public expenditure owing to the ongoing economic recession and to rebalance public finances. At the same time, the Council's own resources available to finance capital projects are running out and will need replenishing before any substantial further capital investments can be made. Whilst the Council has benefited from an ability to recycle income derived from the disposal of land and property over many years, it became evident that a more focused programme of asset

disposals would be required to counteract the effects of reduced external finance.

The Council is presently debt free, having no long term loans outstanding. However, if further capital receipts do not materialise borrowing may be the only option to finance proposed capital expenditure in future years. This will have an effect on the general fund revenue account through financing charges and reduced investment income.

### ***Asset management strategy***

The asset management strategy encapsulates the Council's response to national policies and guidelines; it sets out the processes for the strategic management of the Council's property assets in order to ensure the best use of assets to meet corporate objectives in an efficient and effective manner. These processes resonate with the Capital Strategy and in turn may result in projects being included in the capital programme.

Through a planned and ongoing review of the asset register, against current and anticipated usage, disposal of assets will provide investment into the Council's capital programme. In parallel the Council will seek partner contributions (for example through external grants, partner organisation use of Council assets to contribute to revenue streams and joint venture opportunities).

### ***Treasury management strategy***

This is approved annually and sets out the Council's strategy for investment of its funds. The investment strategy, together with the prevailing market conditions in relation to interest rates and counterparty security will be the major factor in determining the return which is obtained on investments. Interest on investments is a source of income in the revenue budget.

### ***Human resources strategy and workforce development plan***

The Human Resources Strategy provides the strategic linkages in people performance and management to enable the Council to meet the Council Plan objectives. The Workforce Development Plan sets out how the Council will develop the skills and capacity of its staff in line with the Human Resources Strategy. Where there are costs associated with this, these will be included in the MTFS.

### ***Charging policy***

The policy sets out what the Council intends to achieve through the charges it makes and the criteria which it will use to determine the level of charge for individual services. The annually approved scale of fees and charges is compiled in line with the principles set out in the policy. Income from fees and charges comprises a significant proportion of the income included in the revenue budget.

### ***Reserves and balances strategy***

The Council's Reserves and Balances Strategy indicates that, following a risk assessment, the minimum prudent level of general fund balance to hold is £1.4 million and that there should also be a contingency reserve of £100,000. Current indicators are that this strategy will be delivered.

### ***Departmental service delivery plans***

Service Plans are an integral part of the Council's planning process and demonstrate the actions and targets of each directorate in order to achieve the Council's corporate objectives and priorities.

### ***Other strategies which may influence the MTFS***

There are a number of other Council strategies whose contents may have implications for the MTFS. These are:

- Procurement Strategy.
- Economic Development Strategy.
- North Staffs Green Spaces Strategy.
- Health and Wellbeing Strategy (emerging).
- Private Sector Housing Renewal Strategy.
- Housing Strategy.
- Arts and Cultural Strategy (emerging).
- Energy Efficiency and Climate Change Strategy and Carbon Reduction Plan.
- Stronger and Safer Communities Strategy.
- North Staffs Core Spatial Strategy.
- Site Allocations and Policies Local Plan (emerging).

## **Compilation of the MTFS**

### ***Principles***

The MTFS considers changes to the 2012/13 base budget by breaking this budget down into its subjective cost and income components; pay, pensions, utilities, fuel, supplies and services, investment income, income from fees and charges, etc. An assessment is then made, in respect of each of these components, of the factors which might affect their cost or the amount of income receivable and whether there is likely to be a change in this cost or income, and if so how much it will amount to, in each year over the five year period. Also taken into consideration are any additional pressures which may apply to services over the five year period, plus any savings which have been identified and agreed or approved investments in services over the five years. The MTFS therefore shows the changes from the initial 2012/13 base budget through to 2017/18, demonstrating the variances between each of the years.

### ***Base budget components assessed for cost variances***

These are set out in detail in Appendix A, which shows by how much in monetary terms the estimated budget for each of the five years varies by comparison to the previous year on account of these factors alone. Also shown are the assumptions about price changes that have been made in respect of each component. In summary, the components examined and the factors which were taken into account to assess the changes were:

- Levels of central government funding (estimated) as referred to in the National Context section of the strategy (page 4);
- Pay awards and incremental pay increases;
- National Insurance increases, linked to increased pay;
- Superannuation increases, both to take account of increased pay and changes in contributions to the pension fund;
- Energy costs, based on advice from the Council's Procurement Officer;
- Business rates increases on Council properties;
- Fuel for vehicles, based on advice from the Council's Procurement Officer and allowing for changes to fleet numbers and in vehicle types;
- General inflation in relation to supplies and services and contract increases;
- Levels of grants and contributions paid by the Council to external bodies;
- Changes in amount of non-subsidisable rent allowances;
- Increase in income from customer receipts;
- Changes in specific government grants receivable;

- Changes in amounts of investment income receivable, both as a result of changes in forecasted interest rates and changes in relation to the capital sums available for investment;
- Contributions from reserves and ongoing effects of previous savings exercises or investments associated with them.

The following key assumptions were made:

- Full provision for known pay increases from incremental progression.
- A 1 per cent pay award in 2013/14 and 2014/15 and 2 per cent thereafter.
- Central Government funding will decrease by 5 per cent in 2013/14 with an assumed further 5 per cent reduction in 2014/15 and further reductions of 2.5 per cent thereafter, there is a degree of uncertainty surrounding these as the local government finance settlement will not be known until December.
- A 5 per cent increase in transport fuel in each of the five years, as per the forecast provided by the Freight Trade Association.
- An increase in pension contributions (source - Staffordshire County Council).
- An increase of general inflation on supplies and services, contracted services and ICT.
- Energy costs are based on an assessment by the Council's energy management consultants and Building Surveyor.
- Increases in line with inflation for most income heads.
- Interest rates based on forecasts supplied by the Council's treasury management advisors.
- Investment income takes account of the latest capital programme expenditure forecasts.

Whilst all of these are important and of some significance, a sensitivity analysis has been undertaken on the following four issues for which the main findings are:

- The level of central government funding which is received  
*These support around 50 per cent of the budget so have a major impact. A variation of 1 per cent in the level of external support via these two sources would amount to £73,000.*
- How movements in interest rates will affect the Borough Council  
*The Council has no external debt at the current time but does generate income from its investment portfolio. The Bank of England base rate is currently 0.50 per cent. It is estimated that a change of 0.50 per cent in the interest levels on the Council's investments would lead to £42,000 (based on anticipated investment levels) more or less interest.*
- How changes in nationally agreed pay awards will impact  
*There is provision for a 1 per cent pay award in 2013/14 and 2014/15 and 2 per cent thereafter. With a pay bill (excluding National Insurance and Superannuation) of £12.3m, a change of 0.50 per cent would save or cost £62,000.*
- How actuarial changes in the pension scheme will affect the Council  
*Pension costs are currently 23.7 per cent of salaries for all of those staff in the pension scheme. Over the next five years forecast increases have been factored in. A variation of 1 per cent would save or cost £111,000.*

## Council Priorities

A number of Council priorities have been provided for in the formulation of the MTFs, these include:

### **Town Centre Partnership (£30,000)**

The development/improvement of the two main town centres (Newcastle and Kidsgrove) has been identified as a clear priority. In order to demonstrate that the Council is able to support and

develop the town centres as vibrant places where people want to visit, work, invest and shop, the Council will seek to work in partnership with local businesses to develop an action plan for improving the economic prospects of the town centres.

### ***Apprenticeships (£40,000)***

In order to improve the opportunities and training prospects of young people in the Borough, the Council will provide further apprenticeship opportunities through the establishment of a 'shared apprenticeship scheme' in partnership with other local organisations within both the public and private sectors.

### ***Home Security Support for Vulnerable Residents (£10,000)***

Helping vulnerable people, including the elderly is a key priority of the Council. Community safety and fear of crime also remain an important theme for the council and partner agencies. In relation to home security there are two key issues: firstly the standard/condition of the property and secondly, the likelihood of the resident being targeted by a criminal. The Council seeks to address these issues by responding to resident requests for assistance and proactively targeting areas high crime in partnership with the Police.

## **Assessment of what the MTFS means**

The implications of the MTFS forecast will be taken into consideration in the preparation of detailed budgets for 2013/14 and give guideline figures for the budgets for the following four financial years. Details of the timetable, which is being followed, are shown later.

The summarised MTFS illustrates that the Council would have the following shortfalls over the next five years which need to be addressed by a combination of efficiency measures, better procurement, increased income generation, council tax increases, support from reserves, etc.

- £1.627m in 2013/14
- £810,000 in 2014/15
- £797,000 in 2015/16
- £655,000 in 2016/17
- £657,000 in 2017/18

As a percentage of the net budget, the potential shortfall in 2013/14 represents 11.4 per cent of the current year's net revenue budget.

## **Budget strategy**

The shortfalls identified from the MTFS above need to be managed so that balanced budgets are compiled with spending matched with resources. From the results of the service challenge process a strategy will be developed identifying proposals to bridge the gap. These proposals will be considered in accordance with the process and timetable as specified within the 'Timetable and Procedure' element of this report.

The potential savings, efficiencies and areas of increased income identified for 2013/14 and 2014/15, currently include:

- Procurement savings resulting from the negotiation of contracts and annual uplifts incurred, also from determining the actual need for goods, works or services and through ensuring that the Council commissions and procures quality services and supplies, as cost effectively as possible.
- Additional areas of income generation including areas where services are performing above their targets, a review of current fees and charges in comparison to other authorities and

- competitors and a review of areas where we provide a service for free or have the potential to provide a charged for service.
- Staffing efficiencies including a full and comprehensive review of employees' terms and conditions and a review of vacant posts within the Council and the need to recruit to these posts.
  - Good housekeeping efficiencies including a comprehensive review of services expenditure budgets that are under utilised and reductions in fees that are required to be paid to external bodies.
  - Better use of assets including a review of their usage or potential usage and the costs associated with the continued usage or occupation of these assets.

## **Timetable and procedure**

A Budget Review Group has been established, chaired by the Cabinet Portfolio Holder for Finance and Budget Management. The Council Leader and the Cabinet Portfolio Holder for Regeneration, Planning and Town Centres are members of the group, together with the Chief Executive, Executive Director of Resources and Support Services and other appropriate finance and corporate support officers.

The remit of the group is to oversee all aspects of the budget process, including service review and challenge, longer term planning, development of budget options, agreeing consultation arrangements and consideration of feedback and seeking to deliver service models that drive improvement to front line services whilst offering value for money.

A service challenge process, to be conducted by the Budget Review Group, has been initiated in which Cabinet Portfolio Holders and Heads of Service will participate. All services are potentially subject to challenge but the process will particularly concentrate on those with the potential to deliver significant improvements in the priority areas. Heads of Service put forward options for improved service delivery and efficiency savings together with suggestions for 'invest to save' proposals whereby continuing increased efficiency can be obtained in return for a proportionally modest initial outlay.

The results of the challenge process are being obtained and analysed. These, together with the results of the service prioritisation exercise will form the basis for a range of budget options, consistent with the draft revised council plan which are subject to consultation.

The consultation process seeks to gain views through a variety of means, both by face to face contact and electronically, from a broad range of stakeholders. The consultation will incorporate the Council Plan, to which the budget is closely linked, as well as the budget options put forward.

To assist members in their review of the budget, training sessions were held for members during September and October covering local authority finance generally, the budget process and an explanation of the contents of the budget.

The Budget Review Group will also consider the capital programme for 2013/14 and beyond and the resources available to finance it. There will be the opportunity for members to review and comment on this during the scrutiny process outlined above.

The budget timetable as regards member involvement and the completion of key stages in the process is set out in the table below:

<b>Event</b>	<b>Body Affected</b>	<b>Date</b>
Budget and local authority finance training	All members	September/October
Service Challenge Process	Budget Review Group	September
Consideration of MTFS plus outline of consultation process	Cabinet	17 October
Consideration of MTFS plus outline of consultation process	TROSC*	30 October
Public Consultation	Stakeholders	October/ November
Review of consultation feedback	TROSC*	10 December
Review of consultation feedback (Chair of TROSC to give verbal feedback at the Cabinet meeting)	Cabinet	12 December
Draft Budget proposals including options approved	Cabinet	16 January
Scrutiny Café	All members	17 January
Scrutiny of draft budget	TROSC*	23 January
Budget proposals recommended for approval by Full Council	Cabinet	6 February
Full Council to approve Budget	Full Council	27 February

\* TROSC = Transformation & Resources Overview & Scrutiny Committee

## **Risk statement**

Section 25 of the Local Government Act 2003 places a duty on the Chief Finance Officer to report on the robustness of the budget. The main risks to the budget include, spending in excess of the budget, income falling short of the budget and unforeseen elements, e.g. changes in interest rates.

Such risks require regular and careful monitoring and it is essential that the Council has sufficient reserves to call on if required, e.g. the Council has a general fund balance of £1.4 million. In previous years the Chief Finance Officer has believed that the assurances required under Section 25 can be given and, with careful budget planning, robust monitoring and an adequate level of reserves, there should be no reasons to alter that view.

## **Collection fund and taxbase**

The Council's taxbase represents the average "value" of the properties in its area as set against a standard band D property. For example a band D property is expressed as one whilst a lower value band A property is calculated as 6/9 of the band D. On the other hand, the highest value property is band H which is calculated at 18/9 of band D.

The calculation of the taxbase has an important effect on the level of council tax in that an increase in the taxbase (say, from new building) will mean that the amount to be raised is spread over more properties whilst a reduction (say, from demolitions) will mean that it has to be spread over fewer properties. For 2012/13 the taxbase was calculated at 39,136 properties.

The collection fund is the vehicle for which all council tax is collected. The Council makes an assumption as to the percentage of council tax which will be ultimately collected. That decision will be made in January 2013. If that target is not met then there will be a deficit which will have to be accounted for in the next financial year whilst if there is a surplus then this can be used to offset

whatever council tax is levied in the next financial year.

## **Environmental footprint**

One of the four priorities in the Council Plan is “A clean, safe and sustainable Borough” so it is clear that there is a wide understanding of the impact and implications of the Council’s policies on the environment and hence the need to develop and maintain a sustainable approach. In formulating the MTFS as a means of enabling the achievement of its priorities and to improve service delivery, it is essential that all staff, members and stakeholders are aware of the requirement to consider the environmental impact of their actions.

In response to such environmental issues the Council has prepared plans, most notably a Carbon Management Plan, which focus upon saving energy with a view to both saving costs and minimising our environmental footprint. The main three avenues of interest for achieving such efficiencies are around premises related energy saving measures, waste recycling and reducing vehicle fleet fuel consumption.

## **Procurement**

The Council has an approved Procurement Strategy which encompasses every aspect of the purchasing process from determining the need for goods, works or services, to buying and delivery in order to help achieve the Council’s key priorities and outputs.

The procurement role is to ensure the Council commissions and procures quality services and supplies, as cost effectively as possible. The Council must understand the market and seek to influence and develop it for the benefit of delivering low council tax. As part of this role all contracts that the Council currently has are to be reviewed in order to ensure that they are efficient and cost effective.

## **Equalities**

Differential equality impact issues will be identified against the key strategies, policies and functions of the Council and will be considered in producing future service improvements, which will then be reflected within the Council’s budgets.



**MTFS Summary**

**Appendix A**

<b>Summary</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>Notes</b>
<b><u>Changes to Base Budget</u></b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Employees:						
▪ Incremental Increases	47	26	8	3	0	As per Payroll
▪ Pay Awards	123	125	253	258	263	1% increase in years 1 & 2 & 2% thereafter
▪ Superannuation Increases	148	142	134	130	126	As per Staffordshire County Council
▪ Vacancy Factor	65	73	74	78	82	3% in year 1 reducing by 0.5% each year
▪ National Insurance	12	11	10	9	9	Per incremental increases & pay awards
Premises (e.g. Business Rates)	19	20	20	20	21	Based on 2% increase
Transport (e.g. Fuel)	19	20	21	22	24	Based on 5% increase
Other Costs (e.g. General Inflation, Grants & Contributions)	43	82	83	87	88	General inflation on supplies & services, contracted services & ICT
One Off Budget Items Removed 2013/14 Budget	(100)	100	0	0	0	Expenditure taken from/income added to 2013/14 budget for 1 year only
Council Priorities	80	0	0	0	0	Apprentices, home security & town centre partnership
Investment Income	59	(29)	(36)	0	0	Based on forecasted interest rates
Use of Budget Support Fund in 2012/13 Base	179	0	0	0	0	
Government Grants	366	348	165	161	157	Settlement decreased by 5% in 2013/14 & 2014/15 & 2.5% thereafter
Council Tax Freeze Grant	172	0	173	0	0	A Council Tax freeze grant was given by Government in 2011/12 which was given until 2014/15 only. A further one off Council Tax freeze grant was given in 2012/13 for that year only
Planning Delivery Grant	100	0	0	0	0	Grant to be removed from funding
Insurance Fund	100	0	0	0	0	Replenishment of balance of insurance fund to required level
Income Shortfall	300	0	0	0	0	To offset income budgets against the impact of the recession
Fees & Charges & other Income	(105)	(108)	(109)	(113)	(113)	Increase based on 2% increase in 2013/14 & thereafter
<b>TOTAL MTFS SHORTFALLS</b>	<b>1,627</b>	<b>810</b>	<b>797</b>	<b>655</b>	<b>657</b>	

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## **BUSINESS RATES RETENTION AND POOLING PROPOSAL**

**Submitted by:** Head of Finance

**Portfolio:** Communications, Transformation and Partnerships; Finance and Budget Management

**Ward(s) affected:** All

### **Purpose of the Report**

To outline the new arrangements for business rates retention, which replace the current National Non domestic Rates (NNDR) grant element of formula grant, and a proposal to form a business rates pool for Staffordshire.

### **Recommendations**

- (a) That Members note the proposed new arrangements.**
- (b) That Cabinet determine whether Newcastle Borough Council is to participate in the Stoke on Trent and Staffordshire business rates pool.**
- (c) That, if participation in the pool is approved, the final version of the Memorandum of Understanding is agreed by the Council Leader and the Portfolio Holder for Finance and Budget Management in consultation with the Chief Executive and the Executive Director (Resources and Support Services).**

### **Reasons**

A decision is required as to whether to participate in a business rates pool.

## **1. Background**

- 1.1 Currently business rates are collected by district and unitary councils from business ratepayers each year and this amount is paid to the government and held in a national business rates pool. The government redistributes the total amount of rates in the pool to every local authority in England (including districts, counties, unitary authorities, fire authorities and police authorities) in the form of NNDR Grant included in Formula Grant.
- 1.2 The Local Government Finance Bill, currently proceeding through Parliament, fundamentally changes the arrangements outlined above. It proposes a business rates retention scheme for local authorities, to commence from 1 April 2013. This will not, however, simply permit local authorities to retain all the money they collect. It will, in principle, allow authorities to retain a share of the amount of year on year growth in the business rates yield or bear part of the cost of a reduction in yield.
- 1.3 Some of the finer detail relating to the scheme has not yet been finalised or released, so in considering the best way forward your officers have had to make some assumptions based on data available, predictions of data applicable to future periods, emerging views and commentaries by interested parties such as the Local Government Association and financial modelling exercises.
- 1.4 It is important to understand that there will be no changes in the way that business rates are collected from taxpayers. They will see no difference at all in this regard. The new system relates solely to what happens to the money after it has been collected.

- 1.5 The new system involves district councils, county councils, unitary authorities and fire authorities. Police authorities are excluded and will have separate funding arrangements to replace the NNDR grant they previously received.
- 1.6 Appendix A sets out the principles of the business rates retention system showing how it will work in practice. The system which has been devised is a technically complex one, not easily understood or simple to operate. Members are advised to read Appendix A, which has been adapted from the Step by Step Guide to Business Rates Retention published by the Department for Communities and Local Government (DCLG), before considering the rest of this report. In addition, a “Glossary of Terms” in relation to business rates retention is provided at Appendix C for easy reference.
- 1.7 The proposals allow authorities to operate the scheme entirely on their own or to combine into business rates pools which aggregate the member authorities’ various key figures and calculations integral to the system, treating them as pool amounts. Depending on local circumstances, this could have a number of advantages, whereby the member authorities could be better off than if they acted alone. The rest of this report is concerned with considering whether Newcastle should join such a pool.

## 2. **Principles Relating to Business Rates Pools**

- 2.1 The option of pooling is available to authorities on a voluntary basis. Pools will consist of authorities within a defined geographical area such as within a county or a Local Enterprise Partnership (LEP) area. There must be a clear rationale for the geographic coverage and DCLG can refuse to allow a pool where this is absent. An authority can only be a member of one pool and must participate on a whole authority basis.
- 2.2 Where a pool is set up, all of the individual amounts, such as baseline funding levels and business rates baseline relating to each participating authority are combined to form a pool amount for those items. All money collected is paid into the pool and all payments to the government, such as for the tariff and the levy, are made out of the pool. Participating authorities receive the amounts due to them as retained business rates from the pool, either wholly or after setting aside a part (the pooled fund) to be used for the overall benefit of all members of the pool. Other payments (funded by the amount set aside) may be made from the pool to authorities, for example to compensate them where they would have received a safety net payment from the government, if not in the pool. The pool may also distribute surplus amounts in other ways, such as setting up funds to assist economic regeneration within the pool area or by directly giving participating authorities a share of any savings made. The precise details of how pools will be governed and operated are up to the participating authorities to decide, subject to operating within the overall framework laid down by the government. There will be legal agreements between the participants setting out how the pool is to operate.
- 2.3 There will be a “lead authority” which will administer the pool and account for its transactions.
- 2.4 All authorities will receive individual data from DCLG, whether they are in a pool or not. This, together with data they possess themselves, will enable pooling authorities to establish what their position would have been if they were not in a pool and so assess whether they are benefitting from membership.
- 2.5 Participating in a pool can be beneficial to authorities, as described below.

- 2.5.1 Taken individually all Staffordshire district councils will be tariff authorities and will be subject to a levy on the amount of growth in business rates. Staffordshire County Council, Stoke-on-Trent City Council and the Fire Authority will be top-up authorities and therefore will pay no levy. If some or all of the tariff authorities join with the top-up authorities in a pool, the levy formula (see 3.1.7 of Appendix A) will be based on the aggregate of all the authorities' baseline funding levels and business rates baselines, resulting in a lower levy rate. This rate will be applied to the aggregate growth of all the authorities in the pool to calculate the amount of levy payable, which will be a lower amount than the total of all the levy amounts otherwise payable by the districts if they had acted alone.
- 2.5.2 The benefits to top-up authorities are not so obvious as they would not have paid a levy as individuals so make no savings. However, they can benefit from any funds which may be set aside out of the overall savings and a pool also allows authorities to cooperate together for the overall benefit of the area covered by the pool, for example:
- by investing in measures to improve economic growth,
  - allowing investment decisions to support shared priorities,
  - contributing to the generation of increased business rates income.
- 2.6 However, because the eligibility for safety net payments is calculated at a pool wide level this means that participating districts will lose their eligibility for such payments or a much reduced amount would be paid to the pool. This is not a major consideration if districts anticipate or experience growth in the rates yield but would be of concern to a district which expected the income to fall by a significant and prolonged degree.
- 2.7 Pools must be approved by DCLG, who may attach conditions, if they consider them necessary. There will be an opportunity for proposals to be made each year, for pools to commence the following 1 April. Following receipt of a proposal to form a pool DCLG will consult with interested parties before giving approval by designating the pool. Pooling proposals to commence on 1 April 2013, signed by the Chief Executives and Section 151 Officers of all the participating councils, must be received by DCLG by 9 November 2012. Pools will be designated in November, following which there will be a "cooling-off" period during which any of the authorities can withdraw its intention to participate. If this happens, the whole pooling proposal collapses and no pool can be formed, until the next round of applications in a year's time.

### **3. Proposed Business Rates Pool for Staffordshire**

#### **3.1 Preliminary Work**

- 3.1.1 The Staffordshire Chief Finance Officers Group (SCFOG) has set up a working group of finance officers, chaired by a Chief Finance Officer to report back to them, to consider the feasibility of forming a business rates pool for Staffordshire with all Staffordshire authorities, apart from the Police as members. Since the group was set up, four authorities (Cannock, East Staffs, Lichfield and Tamworth) have decided to participate in other pools, based on LEP areas, so have left the group and will not be part of this proposed pool. However, this does not affect the viability of the proposed pool.
- 3.1.2 DCLG required non-binding expressions of interest in forming a pool to be sent to them at the end of July and to be confirmed by 10 September. Accordingly a letter, signed by the Chief Executives and Section 151 Officers of all of the Staffordshire authorities which were at that time interested in joining a Staffordshire pool, was sent to DCLG expressing an interest in doing so and a further letter of confirmation was sent in September. This was in order to keep options open since any group of authorities which did not express their interest would be barred from consideration for pooling in 2013/14. The authorities are not

in any way bound by this expression of interest, which was for the purposes of indicating the level of interest in pooling to the DCLG. It is understood that around 30 expressions of interest from around the country have been submitted.

3.1.3 The group has met frequently to deliberate upon the issues concerned and has concluded following examination of the principles and governance issues involved, data available and financial modelling that a pool would be a viable proposition. As a result a draft proposal for a “Stoke-on-Trent and Staffordshire Pool” has been developed.

3.1.4 A draft Memorandum of Understanding setting out the main provisions of the proposed pool agreement has been drawn up. The Draft Memorandum of Understanding is reproduced at Appendix B and is discussed in the following three sections together with any issues arising.

### 3.2 Financial Provisions of Proposed Pool

3.2.1 A basic principle of the pool will be that no authority will be worse off by being a member than if they were outside the pool. Authorities will retain the income they would have received, if no pool existed. The Pooled Fund will, therefore, consist of the levy payments that would have been paid to the government, i.e. the levy savings.

3.2.2 The Pooled Fund will be distributed on the following basis:

- 40% to the billing authorities as a local incentive payment based on relative growth performance to maintain an incentive to participate in the pool.
- 40% to be placed in a central investment pot to be used to deliver key projects which will regenerate the local economy within Staffordshire
- 20% to be placed in a contingency reserve to enable the pool to offer a protection mechanism to authorities that would have otherwise received a safety net payment from the government

3.2.3 The protection mechanism will operate as follows:

- If an authority’s business rate income drops by more than the government determined safety net trigger (which will be between 7.5% and 10.5% of its baseline funding level - the final percentage is still to be determined), then the authority will be entitled to receive a safety net payment from the contingency fund.
- All the participants in the fund will agree and approve the amount of a safety net payment. However, the payment will match any safety net payment that would otherwise be made if they were outside the pool.

3.2.4 If in a financial year there are insufficient funds in the contingency reserve to pay the safety net payments, then Staffordshire County Council and Stoke-on-Trent City Council will make a top-up payment to the contingency reserve sufficient to enable safety net payments to be made in full. They will be repaid the top-up amounts the following year. If the top-up requirement continues for two or more consecutive years, they may notify the other authorities that a variation or termination of the pooling agreement is needed. Staffordshire County Council has provisionally agreed to underwrite the fund in this way.

3.2.5 The contingency reserve is to be reviewed annually and if there are excess funds in it these can be distributed to the participating authorities as additional local incentive payments (50%) and paid into the central investment pot (50%), subject to the approval of the pool board.

3.2.6 Surplus pool monies will be invested to earn interest for the benefit of the pool. Some or all of this interest will be added to the central investment pot.

### 3.3 Governance Arrangements

- 3.3.1 A Pool Board consisting of the Leaders of each participating authority or their nominee will be responsible for governing the pool. The Board will operate on the principle of one member, one vote, all members being equal, with a quorum of 50% of members. Board meetings are likely to be held quarterly and rotated around authorities, the chair being taken by the host authority. Exact details will be decided at the first meeting at which the Board's terms of reference will be agreed.
- 3.3.2 The Board will be responsible for determining how the central investment pot will be spent.
- 3.3.3 Other matters to be dealt with by the Board include:
- Nomination of the lead authority
  - Receiving and considering an annual and other reports from the Lead Authority
  - Approving the investment strategy
  - Reviewing the contingency fund
  - Issues relating to members desiring to leave the pool
- 3.3.4 There will be a Lead Authority, accountable to the Board, which will administer the pool and account for its transactions. The consensus view of the SCFOG group is that this should be either Stoke-on-Trent City Council or Staffordshire County Council, as they have greater capacity to act in this regard. It is probable that the County Council will be the Lead Authority as they have indicated their willingness and already have a relationship with the districts and have already taken the lead in some areas of the preparatory work. It has yet to be determined whether the costs of the Lead Authority incurred on behalf of the pool will be reimbursed from the pool.

### 3.4 Termination Provisions

- 3.4.1 Membership of the pool is on a voluntary basis and all members of the pool will be able to leave the pool if they choose to.
- 3.4.2 It is intended that the pool agreement will remain in place until 2020 (which is the earliest date that DCLG is likely to reset the rates retention system) with membership being looked on as a long term commitment. However, it may be necessary to review membership on an annual basis if a material contraction in business rates is envisaged to ensure no member should be worse off as compared to whether they had pooled or not.
- 3.4.3 If any of the members leave the pool it will be necessary to apply to DCLG for redesignation of the pool, with a reduced membership. The agreement will, therefore, contain provisions relating to the period of notice which must be given by authorities wishing to leave in order to allow time to make application for the pool to continue the following year.
- 3.4.4 If an authority leaves the pool this could result in some cost being incurred by the pool or lead to the levy savings being reduced, thereby affecting the remaining members. Accordingly, the agreement may contain disincentives to leave the pool, related to the cost to the remaining members, for example requiring repayment of all or part of the local incentive payments made in the final year of membership.
- 3.4.5 In some cases it may be advantageous, both to a particular member authority and to the pool as a whole if that authority was to leave the pool. This might occur where the authority appeared likely to suffer a period of contraction in its business rates income. There will, therefore, be a "friendly leavers" clause in the agreement to permit authorities to leave in

these circumstances, without penalty, which would allow it to take advantage of the safety net payments from the government, whilst not reducing the levy savings made by the pool, to the benefit of the remaining members.

### 3.5 Other Issues

3.5.1 Currently each authority will have different policies in relation to discretionary rate relief. In order to be fair to all members of the pool, it will be necessary to “iron out” these differences, either by harmonising the relief policies across the membership or by devising a mechanism to compensate for the variations.

### 3.6 Further Actions

3.6.1 An application to form a pool has to be made to DCLG by 9 November. Once the identities of all the members of the pool have been established, an application will be made. DCLG designation of the pool is then awaited, which should be received in November.

3.6.2 All of the authorities that are potential participants in the pool need to decide that they will participate before 9 November. Whilst to date most of the deliberations have taken place at officer level, the decision to participate must be taken by members, after they have considered the financial case and any other relevant factors. Accordingly each authority is taking action to obtain approval to membership hence the compilation of this report for your consideration.

3.6.3 Authorities will be able to withdraw their interest in participating in the pool during a cooling off period (probably December to January). The finance settlement figures should be received from the government during this period which might influence some authorities to reconsider their earlier decision to participate. If an authority does withdraw, the whole pooling proposal collapses and no pool can be formed, until the next round of applications in a year’s time. It is important therefore that the decisions to participate are based on a firm commitment to do so. If there is any doubt about participation it would be better if the authority concerned decided not to participate at this stage so as to avoid potential collapse of the pooling proposal if they later withdrew.

3.6.4 A formal agreement will be drawn up and agreed and signed by all of the pooling authorities. The pool will then be able to commence operation on 1 April 2013.

## 4. Proposal

4.1 That the Council participate in the Stoke-on-Trent and Staffordshire Business Rates Pool.

## 5. Reasons for Preferred Solution

5.1 The Council is likely to benefit from membership of the pool, as outlined elsewhere in this report.

## 6. Legal and Statutory Implications

6.1 Powers to form business rates pools will be contained in the Local Government Finance Act once it has been enacted.

## 7. Financial and Resource Implications

7.1 The pool is intended to operate on a “no loss” basis so that no authority is worse off than if it stayed out of the pool. If this proves to be the case (and the pool agreement is designed so



that this happens) then there will be no detrimental effect upon the Borough Council. If the Council experienced exceptional growth in its business rates income this would have to be shared with the other members of the pool, via the levy savings but such a scenario seems unlikely at the present time.

- 7.2 The likely amount of the benefit to be gained from pool membership cannot be reliably quantified at present owing to insufficient data being available and full details of the rates retention system still to be decided by the government. Some financial modelling has been carried out, particularly using a Society of County Councils model but this still suffers from these data deficiencies and lack of final system detail. However, it would be reasonable to envisage that savings will arise in the pool as a whole in the first year, which will increase in subsequent years, provided growth is experienced across the pool area. 40% of this would be shared amongst the pool members as incentive payments, 40% paid into the investment pot and 20% paid into the pool contingency reserve.

## 8. **Major Risks**

- 8.1 The pool has been designed, particularly through the “no loss” principle to minimise the risk to its members. Most of the “risk” is that members might not be as well off in the pool as outside it rather than that they suffer as a result of membership.
- 8.2 There is a risk that the Council might incur costs, if it decided to leave the pool. A firm commitment to membership would mitigate this.

## 9. **List of Appendices**

Appendix A - Outline of the new arrangements for business rates retention  
Appendix B - Draft Memorandum of Understanding  
Appendix C - Glossary of Terms

## 10. **Background Papers**

Various technical consultation and explanatory documents published by DCLG in relation to business rates retention

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### OUTLINE OF THE NEW ARRANGEMENTS FOR BUSINESS RATES RETENTION

#### **1. Introduction**

- 1.1 The following is a simplified summary of the principles of the new system and how it will work in practice. In principle it will apply to both authorities acting alone or to pools containing a number of authorities.
- 1.2 The government has stated that it wishes to provide a stable starting point at the outset of the business rates retention scheme, whereby authorities will not be worse off than they would have been had the previous system continued. They have also made clear that the introduction of a new system must not jeopardise the national deficit reduction programme and should operate within spending review totals.
- 1.3 In two-tier areas, the District Councils and the County Council and Fire Authority will be included in the system, with districts (referred to as “billing authorities”) collecting the rates and then passing a proportion of this amount to the others. There are then separate calculations applicable to each individual authority to determine how much of the business rates attributable to them can be retained.
- 1.4 The rest of this note explains how what the government considers to be a stable starting point is to be arrived at and how an individual authority will calculate their retained amount, going through the process step-by-step.

#### **2. Setting the Baselines**

- 2.1 The baseline position will be established for 2013/14. The purpose of the process is to determine whether authorities should pay a tariff to the government, because their rates income is more than the funding they theoretically require or receive a top up from government, if their rates income is insufficient and how much these amounts will be. These will then continue to be used for future years (subject to indexation increases) until the system is “reset”, which the government does not intend to do for at least seven years from commencement (i.e. not before 2020).
- 2.2 The first step is to calculate a baseline figure for the amount of business rates income attributable to each authority.
  - 2.2.1 The Department for Communities and Local Government (DCLG) will calculate the total amount of business rates that will be collected nationally, based on an Office of Budget Responsibility forecast.
  - 2.2.2 DCLG will deduct 50 per cent of this amount. This represents the “central share” of business rates, which will be used, in its entirety, to fund local government through Revenue Support Grant and other specific grants.
  - 2.2.3 After deducting the 50 per cent “central share” DCLG will divide the remainder (the “local share”) between billing authorities, such as Newcastle. This will be by means of a “proportionate share” representing the amount of the total attributable to individual authorities. This share will be based on each billing authority’s historic business rates collection averaged over a number of years. The amount so calculated will be known as the “billing authority business rates baseline”.

## APPENDIX A

- 2.2.4 The billing authority business rates baseline is then split between the billing authority (Newcastle) and the County and Fire Authority, on the basis of respective percentages of 80/18/2. This gives a business rates baseline applicable to Newcastle alone of 80 per cent of the total.
- 2.3 The next step is to calculate a funding baseline for each authority.
- 2.3.1 DCLG will calculate a “baseline funding level” for each authority. This will be done by applying the 2012/13 formula grant process (with a small number of amendments) to the total local share and then arriving at an amount attributable to each authority.
- 2.4 Having calculated the business rates baseline and the baseline funding level for each authority, these are then compared to determine whether an individual authority’s business rates baseline is greater or less than its baseline funding level.
- 2.4.1 If an authority’s business rates baseline exceeds their baseline funding level, this means that their income from business rates is more than the funding which they are entitled to according to the system. They are, therefore, required to pay the excess amount to the government. Authorities in this situation are referred to as “Tariff Authorities” since they pay a tariff upon the rates collected.
- 2.4.2 If an authority’s business rates baseline is less than their baseline funding level, this means that their income from business rates is less than the funding which they are entitled to according to the system. They, therefore, will receive a “top-up” payment from the government to bring their income up to the required funding level, and are referred to as “Top-up” Authorities”.
- 2.4.3 Once the Tariff or Top-up amounts have been calculated for 2013/14 these amounts, increased annually by the retail price index percentage, will continue to be used in future years to determine how much of the rates collected will be retained by the authority.
- 2.4.4 Modelling using the data available clearly shows that Newcastle will be a Tariff Authority, as will all the district councils in Staffordshire. The County Council, Stoke City Council and the Fire Authority will be Top-up Authorities.

### **3. Running the System**

- 3.1 The following shows how a district council, such as Newcastle, will calculate the amount of rates it will retain when the system is in operation.
- 3.1.1 **Step 1** is to ascertain the amount of business rates collected in the year.
- 3.1.2 **Step 2** is to deduct the central share (50 per cent) from the amount collected.
- 3.1.3 **Step 3** is to deduct from the amount collected less the central share, as calculated at Step 2, the proportion attributable to the County Council and Fire Authority, i.e. 20 per cent. This gives the amount of rates attributable to the Borough Council.
- 3.1.4 **Step 4** is to deduct the amount of the Tariff from the rates attributable to the Borough Council. This gives the “business rates income” of the Council.
- 3.1.5 The government has decided that the growth in business rates income should be subject to a levy which will fund safety net payments to authorities in need of support owing to reductions in their business rates yield. This will prevent authorities which have greater potential for economic growth and hence growth in business rates income from benefitting disproportionately

## APPENDIX A

from the rates retention system whilst compensating those which have little prospect of growth or face a decline in the value of rateable properties, through closures, etc.

- 3.1.6 Business rates income growth will be calculated by deducting the amount of the baseline funding level from the business rates income calculated at Step 4.
- 3.1.7 Levy rates will be calculated by applying the following formula: 1 minus the authority's baseline funding level for the year divided by its business rates baseline. If the result is a positive amount, a levy is payable. If it is negative amount no levy is payable. The amount of levy payable is calculated by applying the levy rate to the amount of business rates income growth. The levy is then paid to the government. **Using this formula means that all Tariff authorities may pay a levy whilst no Top-up authority will do so.**
- 3.1.8 Safety Net payments will be made to any authority whose business rates income calculated at Step 4 is less than 91.5% of its baseline funding level. The payment will consist of the amount required to bring the business rates income up 91.5% of the baseline funding level. For this purpose the baseline funding level will be updated by the retail price index each year. Clearly an authority cannot pay a levy and at the same time receive a safety net payment - one or the other will apply.
- 3.1.9 **Step 5**, therefore, is to calculate whether a levy is payable or a safety net payment due and the amount due to be paid or received.
- 3.1.10 Authorities will be required to pay estimated amounts in respect of the Central Share and the amount of the Tariff to the government at predetermined intervals during the year. They will also be required to pay the County Council and Fire Authorities their shares of the rates collected at similar intervals. Payment dates are likely to be similar to those currently applicable to payments into and out of the present NNDR Pool. Levy payments will be calculated and paid after the end of the year, as will any safety net payments due to authorities.

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**DRAFT MEMORANDUM OF UNDERSTANDING**

**Draft to be finalised by 9 November**

**Draft Memorandum of Understanding - Subject to Contract**

**Business Rates Pooling Agreement**

- (A) All Local Authorities are currently obligated to pay a percentage of their Business Rate collection to Central Government.
- (B) In the future the Members have agreed to join together the Business Rates collect and establish a Business Rate Retention Scheme in accordance with the Local Government Finance [Bill July 2012] ("the Pool").
- (C) The rationale of the Pool is to deliver sustained economic growth by retaining resources that would otherwise have been lost to central government and to continually re-invest in Staffordshire and Stoke-on Trent.

**1. Membership**

1.1 The Members of the Pool are-

Staffordshire County Council  
Stoke-on-Trent City Council  
Staffordshire Fire and Rescue Service  
South Staffordshire District Council  
Stafford Borough Council  
Newcastle-under-Lyme Borough Council  
Staffordshire Moorlands District Council  
("Members")

- 1.2 The Pool Board will review its membership annually and will consider requests for new members to join or existing members to leave provided applications to join or leave are made at least 2 months prior to the Department for Communities and Local Government ("DCLG") deadline for pre designation of a Pool each year.

**2. Duration**

- 2.1 The Pool is a voluntary arrangement and Members will be able to review their continuing membership up to [2 months] prior to the annual nomination of the forthcoming year's Pool in accordance with DCLG's timetable.
- 2.2 Once the Pool has been finally designated by DCLG, the period of membership will be for a minimum of the forthcoming financial year.
- 2.3 Should a Member withdraw from the Pool during the settlement consultation period the Pool will be dissolved in accordance with DCLG rules.

### **3. Governance**

- 3.1 A Pool Board consisting of a representative from each of the Members will be responsible for the Governance arrangements of the Pool.
- 3.2 The Pool Board will be made up of one nominee from each of the Members, being the Leader/Chief Executive or a representative with sufficient delegated authority to be able to take decisions at Pool Board meetings on behalf of that Member.
- 3.3 Each member will have one vote in relation to decisions to be taken by the Pool Board.
- 3.4 A schedule of meetings will be agreed annually in advance of each financial year and a quorum for meetings will be 50% of the Membership of the Pool Board.
- 3.5 The Board will be hosted in each turn by each Member and chaired by the host Member.
- 3.6 If there is a an equal number of votes for/against a decision, the Chair will provide a casting vote.
- 3.7 The Pool Board will receive appropriate Legal and Financial support as required as from the Lead Authority.
- 3.8 The Members shall at its first meeting agree terms of reference for the Pool Board, subject to the clauses as contained in Section 4 of these Heads of Terms.

### **4. Pooled Fund**

- 4.1 The Pool will be based upon a “No Loss “or shared proceeds of net levy payments savings.
- 4.2 “No loss” is determined to be that a Member will be no worse off by being a Member of the Pool than they would have been if they had not been a Member of the Pool. Each Member will retain the income they would have received if they were not a member of the Pool.
- 4.3 50% of rates collected is payable to Central Government (Central Share) and the remaining balance of the business rates will then be paid into the Pool on a net basis.
- 4.4 Save in respect of levy savings as defined at clause 4.6 of this agreement, the Pool will redistribute the balance to ensure that each member retains the allocation that it would have individually received had they not been a Member of the Pool as determined by the annual Local Government Finance Settlement. The Pool will effectively be responsible for the distribution of tariffs/top ups.
- 4.5 Billing authority Members will retain their own collection funds and will retain their existing responsibility for bearing any shortfall in collected business rates.

#### **Levy Savings**

- 4.6 The remaining balance of the Pool which consists of the levy payments that would have been paid to the Government were it not for the Pool “Levy savings” will be dealt with in the following way:
  - 4.6.1 40% of the Levy Saving for each Member as determined by DCLG is retained by that Member to maintain an incentive to participate in the Pool “ Local Incentive Fund” (see section 5 below);
  - 4.6.2 40% of the Levy Saving will be pooled directly for use in delivering key projects which will regenerate the local economy constituting the “Central Investment Fund” (see Section 6 below) ;



- 4.6.3 20% of the Levy Saving will be pooled into a “Contingency fund” to enable the Pool to offer a protection mechanism to authorities who would have otherwise received a safety net payment from central government (see Section 7 below).
- 4.6 The distribution proportions as set out in clause 4.6 above will remain in place for the duration of the Pool subject to an annual review required as a result of the Contingency arrangements as outlined in Section 7 of this agreement .
- 4.7 If no Levy Savings are made in a particular financial year then no payments will be made to the Members in accordance with Clauses 4.6.1 and 4.6.3 above.

### **5. Local Incentive Fund**

- 5.1 Decisions on the use of the Local Incentive Fund will be made by the Council in whose area the Levy Saving has been generated.

### **6. Central Investment Fund**

- 6.1 The Central Investment Fund will be used to invest in projects to generate economic growth in Staffordshire and Stoke on Trent.
- 6.2 An Investment strategy will be determined and approved by the Pool Board taking into account the Stoke-on-Trent and Staffordshire Local Economic Partnership priorities.
- 6.3 In deciding on which projects to support, the Pool Board will be mindful that the Pool agreement is annual and it should not commit to funding that is not actually available within the Central Investment Fund.
- 6.4 As a general rule the Central Investment Fund will provide ‘one off’ funding for projects.
- 6.5 As a general rule it is expected that the revenue cost of projects supported through the Central Investment Fund will be met by the sponsors of the project and not supported through the Central Investment Fund.
- 6.6 The unused balance of the Central Investment Fund will be invested and earn interest in accordance with the return achieved by the Lead authority.

### **7. Contingency Fund**

- 7.1 If a Members business rate income drops by more than the Government determined safety net trigger, then a Party will be entitled to receive a Safety Net Payment from the Contingency Fund.
- 7.2 The Pool Board will agree and approve the amount of a Safety Net Payment. However, the payment will match any safety net payments that would otherwise be made if they were outside the Pool.
- 7.3 If in a Financial Year there are insufficient sums in the Contingency Fund then Staffordshire County Council and Stoke-on-Trent City Council will transfer an amount equal to the shortfall to enable the Contingency Fund to make the Safety Net Payments. This payment will be split on a pro rata basis, based on respective population sizes in the two areas.

- 7.4 Staffordshire County Council and Stoke-on-Trent City Council will be reimbursed for any such payments made from the contingency in the following financial year.
- 7.5 Safety net payments will be made as a first call on sums in the contingency fund, before reimbursements are made.
- 7.6 The Contingency Fund will be reviewed on an annual basis by the Pool board. Where the existing Contingency fund is, or is anticipated to be, insufficient, the distribution of the Levy Savings will be amended to increase the proportion allocated to the Contingency Fund and to reduce the allocation to the Local Incentive Fund and/or the Central Investment Fund accordingly as determined by the Pool Board.
- 7.7 If Staffordshire County Council and Stoke City Council are required to make Payments to the Contingency Fund in two (plus) consecutive Financial Years then they may notify the Members that a Variation to or Termination of the Pool is needed.

### **8. The Lead Authority/Accountable Body**

- 8.1 The Pool Board will nominate Staffordshire County Council as Lead Authority.
- 8.2 The Lead Authority is responsible for all accounting and administration of the Pool, including the Contingency Fund and the Central Investment Fund.
- 8.3 The Lead Authority is responsible for all auditing and accounting requirements as set out in legislation.
- 8.4 Each Member is be required to provide all relevant information to the Lead Authority as required to carry out its responsibilities. [to be determined by DCLG].
- 8.5 Each Member will transfer the relevant funds to the Lead Authority enabling the Lead Authority to carry out its responsibilities under this agreement.
- 8.6 The Members agree that the Pool will operate on a cash flow neutral basis. Payments should be actioned in accordance with the dates as determined by DCLG (as reasonably practical) on a net basis.
- 8.7 In addition Members will be required to provide medium term forecasts and monitoring information as determined by the Pool Board.
- 8.8 The Lead Authority will be accountable for producing as a minimum an annual report to the Pool Board or other such reports as required by the Pool Board.
- 8.9 The Lead Authority will be subject to no additional burdens other than those required to meet the normal requirements associated with the administration of the Pool and shall meet those within its own resources.

### **9. Termination**

- 9.1 A Pool will remain in place for each financial year that it has been designated by DCLG. Once designated, Members are not able to withdraw from the Pool for that financial year.
- 9.2 Prior to designation, the Pool is on a voluntary basis and all members will be able to choose to be a Member of the Pool for the forthcoming year's designation. In considering their continued

Membership, Members will need to have due regard to the Pool's aims and objectives and the impact on remaining Members.

- 9.3 Members must give a minimum of 2 months notice of intention to withdraw from the Pool prior to the provisional designation of the Pool in accordance with DCLG's timetable.
- 9.4 If a Member or Members leave the Pool without the required notice set out in 9.3 such that it is not possible for other Members to form an alternative pool for the forthcoming year then the exiting Member or Members, in addition to sums due under clause 9.6 below (contingency payments) shall pay 50% of the lost benefit to the Pool to be shared as determined by the Pool Board where the lost benefit is the net levy savings that would have been available to the Pool in the forthcoming year had the Member or Members not exited.
- 9.5 Clause 9.4 of this agreement shall not apply to the first year of the Pool or if the Pool Board unanimously agrees that it shall not apply.
- 9.6 Should a Member leave the Pool having provided the required notice then the only liability shall be in respect of sums due under clause 9.6 if any.
  - 9.6.1 In the event that the Pool is terminated the Pool Board must unanimously agree how any balances on the Central Investment Fund or the Contingency Fund are shared amongst the Members. For the avoidance of doubt this will include both positive and negative balances which will be netted off each other. The purpose is to ensure a net nil balance on each of the Contingency Fund and the Central Investment Fund.
- 9.7 In the absence of a unanimous agreement the decision will be subject to a dispute resolution procedure to be included in the final agreement.

### **10. Other Terms**

- 10.1 The Pool Agreement will also include other terms standard in Staffordshire County Council documents of this type e.g. Freedom of Information Act provisions, anti-discrimination provisions, Data Protection Act provisions etc.
- 10.2 Each Member will be responsible for its own legal fees in the connection with the drafting, negotiation and completion of the Pool agreement.

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## GLOSSARY OF TERMS

(As supplied by DCLG in their business rates retention technical consultation document)

### **Baseline funding level**

The amount of a local authority's *start up funding allocation* which is provided through the *local share* of the estimated business rates aggregate (England) at the outset of the scheme. It will form the baseline against which *tariffs* and *top-ups* will be calculated.

### **Billing authority**

A local authority which bills and collects business rates, for example a district council or unitary council.

### **Billing authority business rates baseline**

Determined by dividing the *local share* of the estimated business rates aggregate (England) between billing authorities on the basis of their *proportionate shares*, before the payment of any *major precepting authority share*.

### **Central share**

The percentage share of locally collected business rates that will be paid to central government by billing authorities. This will be set at 50%. The *central share* will be re-distributed to local government through grants including the *Revenue Support Grant*. This replaces the previous 'set-aside' policy.

### **Estimated Business Rates Aggregate**

The total business rates forecast to be collected by all billing authorities in England. This will include an adjustment for appeals losses.

### **Individual authority business rates baseline**

Derived by apportioning the *billing authority business rates baseline* between billing and major precepting authorities on the basis of *major precepting authority shares*.

### **Levy**

Mechanism to limit disproportionate benefit. This will be set on a proportionate basis so that an authority never sees more than a 1% increase in its *baseline funding level* for each 1% increase in its *individual authority business rates baseline*.

### **Local government spending control total**

The total amount of expenditure allocated to the local government sector by HM Treasury for each year of a Spending Review.

### **Local share**

The percentage share of locally collected business rates that will be retained by local government. This will be set at 50%. At the outset, the *local share* of the estimated business rates aggregate will be divided between billing authorities on the basis of their *proportionate shares*.

### **Proportionate Share**

This is the percentage of the actual national business rates which it has collected - on the basis of the average rates collected by authorities over the five years to 2011-12. This percentage will be applied to the *local share* of the estimated business rates aggregate to determine the *billing authority business rates baseline*.

### **Rate reliefs**

The rating system currently provides mandatory relief to charities and other categories of ratepayer (e.g. certain rural ratepayers) and permits authorities to grant discretionary relief to other rate payers. There will be no changes to mandatory and discretionary reliefs as a result of the introduction of the business rates retention scheme.

**Reset**

New *baseline funding levels*, new *individual authority business rates baselines* (and therefore new *tariffs* or *top-ups*) are set for each authority to take account of changes in relative need and resource.

**Reset period**

The years between *resets* in which local authorities are able to retain (after taking into account the *levy* and payments owing to *relevant shares*) the growth in business rates income. It is the Government's ambition that the initial *reset period* will last between 2013 and 2020.

**Safety net**

Mechanism to protect any authority which sees its *retained rates income* drop, in any year, by more than a set percentage (final percentage will be set between 7.5% and 10%) below their *baseline funding level* (with baseline funding levels being uprated by RPI for the purposes of assessing eligibility for support).

**Safety net payment**

A payment made by central government to local authorities who are eligible for safety net support. These will be made at the end of the financial year.

**Start-up funding allocation**

A local authority's share of the *local government spending control total* which will comprise its *Revenue Support Grant* for the year in question and its *baseline funding level*.

**Tariffs and top-ups**

Calculated by comparing an *individual authority business rates baseline* against its *baseline funding level*. *Tariffs* and *top-ups* will be self-funding, fixed at the start of the scheme and index linked to RPI in future years.

**Tariff authority**

An authority with a higher *individual authority business rates baseline* than its *baseline funding level*, and which therefore pays a *tariff*.

**Top-up authority**

An authority with a lower *individual authority business rates baseline* than its *baseline funding level*, and which therefore receives a *top-up*.

## **COMMUNITY CENTRE REVIEW**

**Submitted by:** Executive Director – Operational Services

**Portfolio:** Stronger and Active Neighbourhoods

**Ward(s) affected:** All

### **Purpose of the Report**

To seek authority to commence a review of Community Centres provided by the Council and to establish a project group to undertake this work.

### **Recommendations**

- (a) That Cabinet agree the brief of the Community Centre review.
- (b) The Cabinet approve the consultation programme.
- (c) That Cabinet agree to receive a future report in relation to the modernisation of Community Centre Provision within the Borough.

### **Reasons**

To facilitate the decision-making and delivery processes regarding the provision of Community Centres for the residents of the Borough.

## 1. **Background**

1.1 On 20 June 2012, Officers submitted a report to Cabinet highlighting the strategic need to undertake a review of the Borough's Community Centres, and as a result of this report, Cabinet made the following decisions:

- Approved the scope and the timeframe of the review and the establishment of a project working group.
- That the Scrutiny Co-ordinating Committee form a working group or task and finish group to shadow the work of the project working group, and as part of its work visit each site, speak with committees, users and make recommendations to the Cabinet for the future use of centres.
- That an interim report is submitted to Cabinet with a detailed plan of how the review will be conducted, including engagement with management committees and stakeholders having obtained the views of the Task and Finish group.
- That Officer's submit regular updates and progress reports to the Task and Finish Group during the review period.
- That a further report is submitted to Cabinet in the future in relation to the modernisation of community centre provision within the Borough.

## 2. **Issues**

2.1 Since your last meeting Officers have worked to implement the decisions made by Cabinet and subsequently the following tasks have been completed.

- Each of the fifteen management committees has been contacted informing them of the decisions that were made by the Cabinet on 20 June 2012.
- An Officer working group has been established which will meet on a monthly basis. The focus of this group will be to ensure that the community centre review is completed within the agreed timeframe and in order to achieve a project management structure has been developed to undertake the review. This can be seen at Appendix A.
- The project brief for the review and the consultation plan for the community centre review can be seen at Appendices B & C respectively of this report. Both of these documents were considered by the Overview and Scrutiny Co-ordinating Committee on 11 September 2012. They were supportive of the proposals for the review and agreed to establish a task and finish group of around 6 members to shadow the work programme. Letters were sent to group leaders for nominations to the task and finish group which were considered at the Overview and Scrutiny Coordination Committee on 24 September 2012 where 6 members were selected to include those with and without involvement on community centre management committees,

### 3 **Proposal**

- 3.1 That Cabinet agree your Officers recommendations set out in this report.

### 4. **Reasons for the Preferred Solution**

- 4.1 To enable the community centre review to move forward in line with the agreed timeframe, and to achieve the Council's vision for Community Centre provision of delivering effective community based activities that are provided through a well located network of high quality community centres, providing services people want and that are managed and well resourced.

### 5. **Financial and Resource Implications**

- 5.1 It should be noted that the Community Centre review will be carried out within existing revenue resources of the Council.
- 5.2 The current budget for the provision for Community Centres for the financial year 2012-13 has been set at £203,560 excluding central establishment costs and monies allocated within the capital programme. It is therefore envisaged that the community centre review will ensure that this valuable resource is spent in an effective and efficient manner whilst still maintaining a service that meets the needs of the Boroughs Communities.

### 6. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

- 6.1 The provision of accessible community facilities contributes to the delivery of the Council's Strategic Priorities as set out in the Corporate Plan. There will be a positive impact on those relating to health improvement, quality of life, and support for disadvantaged communities, community safety and potentially broader regeneration objectives for the Borough.

### 7. **Legal and Statutory Implications**

- 7.1 The Council has powers, under the Local Government Act 2000, to improve the social, economic and environmental well-being of the Borough's residents.

### 8. **Equality Impact Assessment (EIA)**

- 8.1 As part of the Community Centre review and the implementation of any recommendations,



an equalities impact assessment will be undertaken. Overall any changes will be made in accordance with the Council's equal opportunities policy and procedures to enhance community cohesion.

9. **Major Risks**

9.1 A full risk assessment/log will be developed in conjunction with the Council's Business Improvement Officer (Risk & Insurance) and will be subject to regular review by the project board as the risk owners, as identified in the risk management strategy.

9.2 Risks of not following the recommendations of your officers include not achieving corporate priorities; increased financial implications in central establishment costs; missed opportunities to develop local community engagement.

10. **Key Decision Information**

10.1 It is proposed that in order to achieve the aim of the Council for Community Centre provision across the Borough, that the following outcomes will be achieved as a result of the Community Centre review:

- Transparency and equity in resourcing Community Centres in order to provide effective services to local people.
- To ensure that the Community Centres continuously improve, and meet the aspirations of local neighbourhoods.
- To develop capacity and maximise resources through increased support through the Community Centre commissioning group. This should help the existing management committees access external funding.
- A more robust management structure for community centres.
- Increased capacity and competencies within local communities, enabling the Council to explore transferring Council assets to community groups where it is appropriate to do so.

11. **Previous Cabinet Decisions**

20 June 2012

12. **List of Appendices**

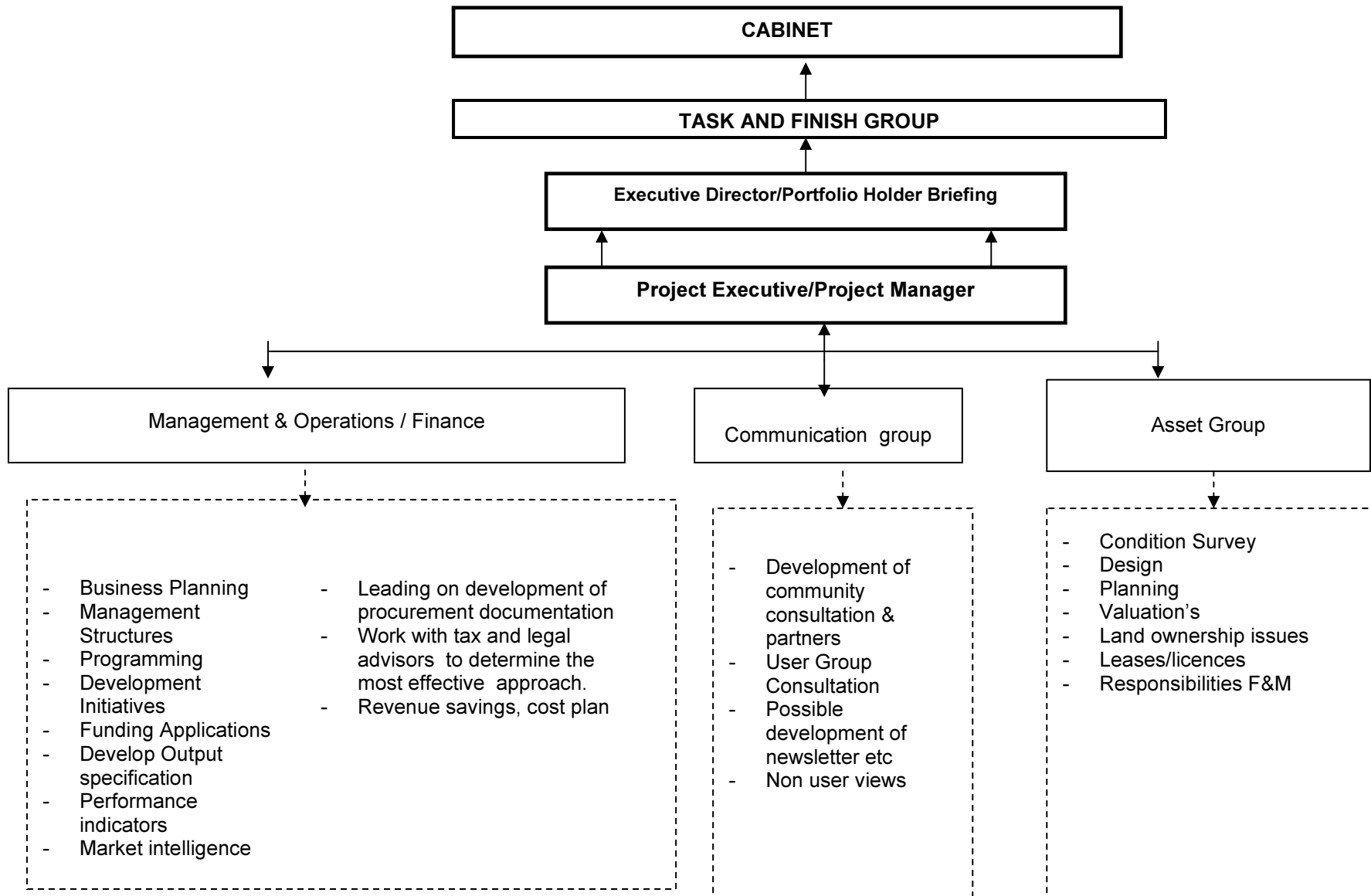
Appendix A - Community Centre Review Management Structure.

Appendix B - Community Centre Brief

Appendix C - Consultation Programme – to be provided at the meeting

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**COMMUNITY CENTRE REVIEW – MANAGEMENT STRUCTURE**





**A REVIEW OF COMMUNITY CENTRE PROVISION BY  
NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**

Draft Brief for Review

Version 2

## **Section 1**

### **1.1 Purpose of the review**

Newcastle Borough Council is keen to work in partnership, to further develop its ability to deliver services that meet the needs of local communities in an effective and efficient manner. The Borough currently has fifteen community centres through which a variety of activities are delivered but the impact is unknown, and therefore Cabinet approval was given in July 2012 to review how they are run, how they are used, and what their potential for the future might be.

With the increased national government focus on increased multi-agency neighbourhood working and the Localism Act, there is an opportunity to look at how well the community centres supported by the Council currently serve their local communities and how they could be utilised more effectively and efficiently in addition to understanding what other facilities they are in competition with.

Against this climate a review of the Borough's fifteen Community Centres is required that:

- Analyses the area profiles and identifies with the Council, stakeholders and partners how the use of community centres contributes to meeting local priorities
- Makes recommendations on the possible options for each community centre in terms of area priorities, service delivery options and fitness for purpose
- Develops a series of options for the future use and management of community centres
- Produces a final report including key findings and recommendations.

## **Section 2: Proposed Methodology of the Review**

It is proposed that the methodology employed for the review will combine a desk top investigation, structured interviews, discussions with key individuals & partners, market research, and review of local and national impact.

In summary it is proposed to focus on the following key issues as part of this review|:

- A desk top study of current centre usage, of staffing, of income and expenditure, and of historic stock condition surveys.
- Interviews with key managers, politicians, service providers, and voluntary sector agencies to gain overviews of the issues, and to test out possible scenarios and options for some or all of the centres.
- A review of Management Committee's capacities, and the scope for enhancing these.
- Structured interviews with a sample of users (groups & individuals) of each of the fifteen centres.
- Structured interviews with a sample of residents.
- A review of National policies i.e. The Localism Act, and assessment of the potential impact for the Council.
- SWOT (strengths, weaknesses, opportunities and threats) analysis, option appraisal, risk assessment and recommendations for each individual centre.

## Section 3: Local and National Context

### The local context

The Council currently owns fifteen community centres within the confines of the Boroughs Boundary. These vary in the degree of the activities provided, their facility mix, stock condition, locality, the level of competition from the immediate market place; however they are all operated by volunteers under an informal management agreement which has a range of issues that need to be addressed as part of the review of the Community Centres.

1. Audley Community Centre – Audley LAP.
2. Bradwell Lodge Community Centre – East Newcastle LAP.
3. Butt Lane Community Centre – Butt Lane LAP.
4. Chesterton Community Centre – Greater Chesterton LAP.
5. Clayton Community Centre – Clayton LAP.
6. Harriet Higgins Community Centre – Town, Thistleberry & Poolfields LAP.
7. Holly Road Community Centre - Greater Chesterton LAP.
8. Knutton Community Centre – Knutton/Cross Heath LAP.
9. Marsh Hall Community Centre - East Newcastle LAP.
10. Ramsey Road Community Centre - Knutton/Cross Heath LAP.
11. Red Street Community Centre - Greater Chesterton LAP.
12. Silverdale Community Centre – Silverdale, Parksite & Keele LAP.
13. Silverdale Social Centre - Silverdale, Parksite & Keele LAP.
14. Whitfield Community Centre - Town, Thistleberry & Poolfields LAP.
15. Wye Road Community Centre – Clayton LAP.

Over time there has been a variety of changes at local and national level which have impacted on the current approach and necessitated the current need for change. The move towards greater diversity in provision and the range of providers to meet shifting needs and social preferences of the public, has heralded change at a local and national level about how best to deliver community provision.

Key changes affecting the Borough's community centres and their role in serving local communities in recent times can be identified:

- Overall, citizens enjoy greater mobility and have more specialised interests, networking opportunities and access to a greater diversity of social and leisure choices
- There has been a significant growth from other voluntary, public and private sector providers in the development of modern flexible use facilities
- For the numbers of people using many of the community centres compared to the cost of providing them, it may prove to not be the most cost effective model for meeting community needs.

There has been a move towards working through the ten locality areas in the Borough through eleven Local Area Partnerships (LAP's), eight of which have one or more Community Centres in their area (see above). The LAP's have been established to encourage key people, including local residents, community groups and partner agencies, to plan and oversee improvement plans for each of these areas, and can provide an opportunity for consultation.

## **The National Context**

Local government plays a crucial role in the life of the communities it serves. It is directly responsible for vital public services, from street lighting, housing, waste collection and community facilities which often act as the focal point of an area.

Central Government is committed to passing on new powers and freedoms to local councils who have the direct responsibility for delivering local services, and as a direct result the Localism Act 2011 will have the following implications for the services it delivers, such as the provision of community centres:

- Makes it easier for local people to bid to take over the amenities they feel strongly about and retain them as part of their local life.
- Ensures that local social enterprises, volunteers or community groups with a bright idea for improving local services get a chance to say how things are done.
- Enables local residents to call to account local authorities for the careful management of tax payer's money.

## **Section 4: Vision for the Centres**

In order to adequately undertake the review of the Borough's fifteen community centres, on 20 June 2012 Cabinet agreed:

- The scope and timeframe for the community for the community centre review and the establishment of a project working group.
- To receive a further report in relation to the modernisation of community centre provision within the Borough.
- That the scrutiny coordinating committee form a working group or task and finish group to shadow the work of the project group and as part of its work visit each site, speak with committees, users and make recommendations to the Cabinet of the future of centres.
- That an interim report be submitted to Cabinet with a detailed plan of how the review will be conducted, including engagement with management committees and stakeholders, having obtained the task and Finish groups view on the plan.
- That regular progress and update reports and provided to the task and finish group on a regular basis.

The objectives of the community review will be as follows:

- To ensure transparency and equity in resourcing Community Centres in order to provide effective services to local people.
- To provide continuously improving community facilities and centres, which meet local need and achieve the aspirations of neighbourhoods.
- To ensure better use of resources by establishing a single resource for Community Centres. Resources will be allocated transparently and according to the Community Partnership Agreement with the Community Association.
- Better management of buildings and centres by having robust governance & performance management arrangements in place.
- Better quality of service by ensuring Community Centres are fit for purpose – this will be determined by use, user views, community aspirations and building quality.



- Develop capacity and maximise resources through increased support to volunteers and Community Centre management committees through the working group. This should help centres access external funding.
- A more diverse range of activities being delivered from Community Centres by developing capacity in communities and explore transferring Council assets to community groups where it is appropriate to do so.
- Better services provided through an improved network of Community Centres in the Borough which ensure quality and meet local need. This is likely to include the re-provision of a number of Community Centres.
- Better services by ensuring that the re-provision of Centres does not result in a reduction or removal of a service, rather than the improvement of a service.

The table below sets out an initial timetable and work programme for the team.

<b>Action</b>	<b>Completed by</b>
Community Centre Commissioning Team in place	August 2012
Review of the existing physical and social infrastructure in the vicinity of each facility.	October 2012
Review the capacity of each Community Centre management committee identifying specific training and other development needs.	October 2102
Identify key gaps in service provision and work with management committees to develop a business plan for their community centre that will ensure its longer-term sustainability. This could include identifying opportunities for asset transfer.	Timetable to be developed based on above assessment with aim to complete by April 2013.
Identify a range of funding to meet both capital investment needs and for ongoing revenue support.	February 2013
Develop options for the long term sustainability and management of Community Centres in partnership with the community and voluntary sector	March 2013
Review management arrangements linked to the options above and implement proposals.	From April 2013

### **Section 5: Appraisal of current Community Centre provision within the Borough**

The brief requires an assessment of the value of community centres in meeting local priorities. This appraisal will be carried out by visiting each centre, by conducting interviews with key staff, volunteers and users and thorough desk top study. A summary of the whole portfolio follows.

#### **Financial Assessment:**

- Improved revenue position

- Competition
- NNDR Savings
- Financial management

### **Social Assessment**

- Views of the local community
- Views of local users of the centre
- Views of partners
- Views of non users of the community centres
- Other community provision within the locality of community centres

### **Quality Assessment**

- Delivery of services
- Marketing
- Health and safety
- Management committee competencies

### **Physical Assessment**

- Stock condition reports
- Design of building
- Scope of improvements

### **Economic Assessment**

- Capital investment
- External funding
- Economic climate
- Capital Receipt's
- Management alternatives

<h2><b>Section 6: Structure for reporting findings</b></h2>
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It is proposed to review each of the fifteen community centres on a ward basis using the criteria set out in section 5 of this brief. Following the review it is proposed to present findings for each community centre under the following headings:

- Location and description of the area.
- Centre Description.
- Summary of key users and centre programme.
- Financial position statement for the centre.
- Vision for the Community Centre.
- Proposal for the community centre.
- Timeframe for implementation of the proposal.

## **BATESWOOD LOCAL NATURE RESERVE**

**Submitted by:** Head of Operations – Roger Tait

**Portfolio:** Culture and Leisure

**Ward(s) affected:** Halmerend/Audley and Bignall End

### **Purpose of the Report**

To report to Cabinet the Active and Cohesive Communities Overview and Scrutiny Committee's recommendations regarding requests from the community for additional bridle route provision and use of part of the main pool for fishing in Bateswood Local Nature Reserve.

### **Recommendations**

- (a) That the report detailing the recommendations of the Active and Cohesive Communities Overview and Scrutiny Committee be received.
- (b) That Cabinet decide whether or not to support the use of part of the main pool for fishing in principle.
- (c) That, subject to the decision on recommendation (b), Cabinet decide whether or not fishing be allowed in a designated area of the main pool but be managed by an experienced and responsible fishing club.
- (d) That Cabinet decide whether or not to support additional bridle route provision in principle on the routes which were subject to public consultation.
- (e) That the proposed Management Plan for the site be approved, subject to suitable amendment to reflect the decisions made in respect of recommendations b), c) and d).
- (f) That Cabinet endorses The Ethical Fishing Guidelines for angling facilities within the Council's control which have been implemented following consultation with appropriate stakeholders.

### **Reasons**

To ensure that Bateswood Local Nature Reserve is managed in such a way as to offer people special opportunities to study, enjoy and learn about nature.

To ensure that other identified community recreational needs in the locality are met and managed to co-exist with the educational and nature conservation uses of the site.

## 1. **Background**

- 1.1 At the meeting of the Cabinet on 7 September 2011, a report was considered on the proposed Management Plan for Bateswood Local Nature Reserve and community requests for additional recreational facilities on the site.

It was resolved:

- (a) That the petition be received.

(b) That the principle of allowing additional bridle route permission in Bateswood Local Nature Reserve be subject to consultation with local residents and appropriate stakeholders and appropriate agreements to manage angling on the pool and equestrian access to the site be prepared.

(c) That a further report on the outcome of the consultation be brought back to an appropriate Cabinet meeting for consideration and that the consultation takes into account all users of the land and all the possible conflicts that could arise.

(d) That the draft "Ethical Fishing Guidelines" which have been proposed in relation to the pool at Bateswood and other angling facilities in the Council's control be approved in consultation with appropriate stakeholders.

1.2 The consultation process was considered and approved by the Active and Cohesive Communities Overview and Scrutiny Committee at their meeting of 31 October 2011 and was subsequently undertaken.

## 2. **Issues**

2.1 Following completion of the consultation exercise, the Active and Cohesive Communities Overview and Scrutiny Committee resolved at their meeting of 5 March 2012 to establish a working group to carry out a formal scrutiny of the project.

2.2 The scrutiny process was supported by the Scrutiny Officer and is detailed in her report which is appended to your report at Appendix A. The report contains the recommendations of The Active and Cohesive Communities Overview and Scrutiny Committee for consideration at your meeting

2.3 Concurrently with the above process, consultation was undertaken with local angling clubs and other appropriate stakeholders on the proposed "Ethical Fishing Guidelines" for angling facilities controlled by the Council. The responses received were generally positive and it appeared that many of the guidelines were already being followed by local anglers. Therefore the "Ethical Fishing Guidelines" are to be implemented for all angling facilities in the Council's control.

2.4 The draft Management Plan for Bateswood Local Nature Reserve will need to be updated and amended to reflect the decisions made in respect of the requests for additional recreational facilities on the site, and it is proposed that the Management Plan, which has previously been considered, be approved subsequent to any such amendments.

## 3. **Options Considered**

3.1 Options in relation to this issue have been explained in previous reports and during the public consultation and scrutiny process.

## 4. **Proposal**

4.1 That the report detailing the recommendations of the Active and Cohesive Communities Overview and Scrutiny Committee be received.

4.2 That Cabinet decide whether or not to support the use of part of the main pool for fishing in principle.

- 4.3 That, subject to the decision on recommendation (b), Cabinet decide whether or not fishing be allowed in a designated area of the main pool but be managed by an experienced and responsible fishing club.
- 4.4 That Cabinet decide whether or not to support additional bridle route provision in principle on the routes which were subject to public consultation.
- 4.5 That the proposed Management Plan for the site be approved, subject to suitable amendment to reflect the decisions made in respect of recommendations (b), (c) and (d).
- 4.6 That Cabinet endorses The Ethical Fishing Guidelines for angling facilities within the Council's control which have been implemented following consultation with appropriate stakeholders.

## 5. **Reasons for Preferred Solution**

- 5.1 To ensure that Bateswood Local Nature Reserve is managed in such a way as to offer people special opportunities to study, enjoy and learn about nature.
- 5.2 To ensure that other identified community recreational needs in the locality are met and managed to co-exist with the educational and nature conservation uses of the site.

## 6. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

- 6.1 Creating a cleaner, safer and sustainable Borough.
- 6.2 Creating a healthy and active community.

## 7. **Legal and Statutory Implications**

- 7.1 The Council is empowered to provide recreational facilities by a number of statutes relating to open space, public health, miscellaneous provision and well-being. The Council is required by statute to consider the effect of any decision on crime and disorder and on bio-diversity.
- 7.2 Bateswood Local Nature Reserve has been declared as a Local Nature Reserve under the National Parks and Access to the Countryside Act 1949.

## 8. **Equality Impact Assessment**

- 8.1 It is considered that a positive differential impact will accrue from providing additional recreational opportunities at the site.

## 9. **Financial and Resource Implications**

- 9.1 Financial and resource implications have been detailed in previous reports to Cabinet.

## 10. **Major Risks**

- 10.1 Major issues have been detailed in previous reports to Cabinet

## 11. **Key Decision Information**

- 11.1 The reports impacts directly on two Wards and has been included in the Forward Plan

12. **Earlier Cabinet / Committee Resolutions**

- 12.1 Full Council 15 February 2012  
Cabinet 7 September 2011 – Res No 297/12  
Cabinet 18 December 2002 – Res No 799/03  
Cabinet 13 September 2006 – Res No 366/07

13. **List of Appendixes**

Appendix A – Scrutiny Officer’s Report from Active and Cohesive Communities Overview and Scrutiny Committee

**SCRUTINY OFFICER'S REPORT FROM ACTIVE AND COHESIVE COMMUNITIES OVERVIEW  
AND SCRUTINY COMMITTEE**

**BATESWOOD LOCAL NATURE RESERVE**

**Submitted by:** Scrutiny Officer – Louise Stevenson

**Portfolio:** Culture and Leisure/ Stronger and Active Neighbourhoods

**Ward(s) affected:** Halmer End/Audley and Bignall End

**Purpose of the Report**

To report to the Active and Cohesive Communities Overview and Scrutiny Committee the working group recommendations regarding requests from the community for additional bridle route provision and use of part of the main pool for fishing in Bateswood Local Nature Reserve and for the Committee to agree the recommendations that will be put forward for Cabinet to consider.

**Recommendations**

**That the Active and Cohesive Communities Overview and Scrutiny Committee support the working group recommendations to be put forward for Cabinet to consider:**

- (a) That the request for use of part of the main pool for fishing be supported in principle.**
- (b) That fishing be allowed in a designated area of the main pool, but be managed by an established, experienced and responsible fishing club.**
- (c) That the request for additional bridle route provision be rejected in principle due to health and safety concerns and the potential for conflict with other users of the nature reserve.**

**Reasons**

Well managed fishing on the main pool would help to curtail the problems that have been encountered with unauthorised fishing and stocking of the pool, camping and damaging wildlife and flora.

Concerns have been raised that the bridle route proposals are too close to the main pool and would result in a 'pinch point' where it would be difficult for horses to pass one another. The proposed new bridle route would increase the risk of conflicts arising between other users of the nature reserve.

**1. Background**

- 1.1 At the Cabinet meeting of 7 September 2011 it was resolved that consultation be carried out to ascertain public opinion on community requests for additional bridle route provision and use of part of the main pool for fishing in Bateswood Local Nature Reserve in Halmer End. It was also resolved that a further report on the outcome of the consultation be brought back to an appropriate Cabinet meeting for consideration and that the consultation take into account all users of the land and all the possible conflicts that could arise.

- 1.2 The Active and Cohesive Communities Overview and Scrutiny Committee considered a recommended consultation process and agreed that the proposed methods of consultation were acceptable at their meeting on 31 October 2011.
- 1.3 Ward members hand delivered 950 leaflets to local residents' homes which signposted residents to an online questionnaire and telephone/e-mail contact details to use to submit comments. The questionnaire was publicised via flyers in local shops and community buildings, an article in the Reporter and a press release. Letters were sent to relevant local and national organisations. During the consultation period, a local ward member arranged a public meeting held on 13 January 2012 at Halmer End Methodist Church. 102 people attended the meeting and the discussions that took place highlighted many conflicts and tensions between community user groups regarding the use of the site.
- 1.4 The closing date for responses was 27 January 2012 and the results of the questionnaires were then collated. The Council received 210 individual responses to the questionnaire and 10 letters from individual residents. Responses were received from 13 groups.
- 1.5 71.2% (148) of respondents to the questionnaire supported the principle of an additional bridle route in Bateswood LNR. Both route options were supported, option B was preferred by most. A petition was received on 25 January 2012 supporting the project and signed by 257 people. Support, subject to comments, which could be accommodated, was indicated by: The Environment Agency, Natural England, Staffordshire Police, Staffordshire County Council: Environment and Countryside, Staffordshire Wildlife Trusts, The North Staffordshire Bridleways Association and The Equestrian Forum. Opposition to the project was indicated by 28.8% (60) of respondents to the questionnaire and by a petition received on 26 January 2012 signed by 225 people. Halmer End Wildlife Trust opposed the project.
- 1.6 57.4% (116) of respondents supported the principle of allowing angling on part of the large pool. 55.1% (109) of respondents supported the proposed area (shown as the zigzag on the plan) being designated for fishing. Support, subject to comments which could be accommodated was indicated by: The Environment Agency, Natural England, Staffordshire Police and Staffordshire County Council: Environment & Countryside. Opposition to the project was indicated by 42.6% (86) of respondents to the questionnaire and by the petition signed by 225 people. Opposition was given by Halmer End Wildlife Trust and Staffordshire Wildlife Trusts. However, with regard to Staffordshire Wildlife Trust, although they did raise an objection to the proposals they stated that it would be possible to accommodate alternative uses.
- 1.7 Under the council's petition scheme, both petitions received enough signatures to trigger a Council debate. They were considered by full council on 22 February 2012. It was resolved that the petitions be referred to Cabinet for consideration in the context of the full consultation exercise which had recently been undertaken.
- 1.8 Following the completion of the consultation exercise the Active and Cohesive Communities Scrutiny Committee considered an officer report at their 5 March 2012 meeting and agreed that a working group should be established to carry out a formal scrutiny of this project.
- 1.9 The working group met on 30 March 2012 for an initial planning/scoping meeting and agreed that a site visit should take place with a subsequent meeting to consider the consultation results/comments etc. This would be followed by a meeting with interested parties, both for and against the proposals, to ascertain their views and question them as necessary.
- 1.10 The working group, accompanied by Officers, visited Bateswood Local Nature Reserve on 11 May 2012. The site visit allowed members to see the current arrangements at the nature



reserve, including the existing bridle routes, the main pool that should not be used for fishing and the authorised fishing pool (Cloggers Pool).

- 1.11 The working group met on 23 May 2012 to review the consultation results and to discuss the site visit. It was agreed to invite Halmerend Wildlife Trust, The Equestrian Forum and Kidsgrove and District Anglers to present their views to the working group on 27 June 2012. The working party felt it prudent to meet with Kidsgrove and District Anglers to ascertain how they manage their angling club at Bathpool Park; however their representative was unable to attend on the day. The Halmerend ward councillors were also invited to present their views and Councillor Becket met with the working party.

## 2. Issues

- 2.1 The working group felt it important to meet with interested parties to ascertain their views, whether for or against the proposals, and to consider these views before deciding upon any recommendations. The main points from the meetings are detailed below.

### Fishing

- 2.2 The ward councillor's main points were as follows:

- Having regularly visited Bateswood Local Nature Reserve on a number of occasions at different times of the day and week, and with differing weather conditions, fishing is taking place on the main pool by expert anglers with full equipment and some anglers leave a mess.
- Fishing will not be stopped; neither the Council, nor the Police can patrol the site to prevent the activity.
- Anti-social behaviour normally occurs on Fridays and it is mainly young anglers who visit the reserve at night who leave a mess.
- Handing fishing over to a recognised fishing club with a contract to control the site would regularise the situation. Angler numbers would increase, but their presence at night would help to curtail anti social behaviour.
- Any fishing platforms should be to the south of the main pool.

- 2.3 Halmerend Wildlife Trust's main points were as follows:

- Newcastle Borough Council acquired the land for Bateswood Nature Reserve from the Coal Board nearly 30 years ago as recompense for the underground and opencast mining in Halmerend. At that time it was agreed that there would be no fishing on the main pool, but Clogger's Pool was redeveloped to provide free fishing for the youngsters in the village.
- The main pool was empty of fish when it was first made available to the public.
- The pool is not big enough to allow fishing without a detrimental affect on wildlife, and as such the reserve should be retained as a wildlife habitat.
- If fishing is allowed on the main pool it would discourage wildfowl and ducks from breeding, whose numbers have increased due to being fed by trust members.
- Some anglers come for a short time but others camp for days at the water's edge or on the island leaving vast amounts of litter, which includes broken bottles as well as discarded cans and weights.
- The RSPCA have recently been called to attend to a swan which had two feet of fishing line and a weight wrapped around its beak.
- Parties of anglers from as far away as Liverpool and Manchester have arrived at the main pool with tents and allegedly dumped catfish into the pool. Catfish are large American fish that will eat practically anything, they are also illegal.

- Borough Council Rangers, the Police and Halmerend Wildlife Trust have been unable to control the illicit fishing.
- The Trust feel the only option is to have the pool de-fished again.

### **Bridle Routes**

2.4 The ward councillor's main points were as follows:

- The equestrian industry is very important to the local economy surrounding Bateswood.
- Livery and riding facilities bring income and employment to the area.
- Whilst many of the people supporting the bridle route proposals live outside of the area, the horses do not. Many local farms offer livery facilities and there is a well established riding school in the area. Horse boxes rarely come into the area and horse riders do not travel long distances by road on horseback.
- However, the ward councillor does not support the current bridle route proposals due to them being too close to the main pool and the potential for conflict with family groups in the vicinity of the main pool.
- Halmerend play area is the most popular entrance to the nature reserve and the proposed bridle routes would create a 'pinch point' with families there.
- Alternative routes could include using Red Hall Lane and the railway tracks. There are liveries along there and there would be no interference with wildlife or pedestrians.

2.5 Halmerend Wildlife Trust's main points were:

- The proposed new bridle route is completely unnecessary and the extension would only provide an extra 20 minutes of riding. The existing bridleways at Apedale and Silverdale Country Parks are sufficient and only a short distance away.
- The current proposals are only suitable for one horse in single file. There is concern about what would happen if two horses had to pass.
- The Trust obtained grants to purchase seats so people can sit and enjoy the surroundings. They feel that these would need to be removed if the proposed bridle route is allowed.
- There are concerns that access for disabled visitors would be compromised; the Trust feels that disabled visitors would not be able to use the proposed path to the lake due to the steep descent.
- The proposed wide path would prevent plants from spreading.
- The proposed bridle route cuts through trees where there are fox and badger sets and trees would need to be removed.
- There are no proposals that Halmerend Wildlife Trust would consider acceptable. They do not believe any more activities at the nature reserve are necessary.

2.5 The Equestrian Forum's main points were:

- The Equestrian Forum supports the proposed bridleway. One mile on a bridleway is one mile not on a road.
- There are many livery yards in Audley and the local area. All of these livery yards employ local people and apprentices from places such as Reaseheath College. They provide opportunities for youngsters, local vets, feed and seed producers etc.
- The equestrian industry is flourishing, with two new businesses recently opening in the local area: a saddlery and an equine laundry service.
- There is a desperate need for more off road riding facilities and Bateswood is the closest green space for the liveries in the local area. Roads are very busy and there

was an accident recently in Bignall End, where a horse had to be put down due to getting spooked in traffic.

- More horses in the nature reserve would not disturb nature. You can get closer to nature when riding as other animals are not afraid of horses.
- Shared paths do work in other areas; riders always pass in single file and at walking pace out of basic courtesy. People are mostly happy to see horses, especially if they are with children.
- The representative was only aware of one incident with a horse since Bateswood opened with the bridle routes as they are now. This occurred when the site first opened, and felt that one incident in 15 years was quite reassuring. The representative had not encountered any problems whilst out riding and it was usual to stop and thank dog walkers for letting them pass on their horses.
- The Equestrian Forum is aware that funding is being released for bridleways through the Joint Local Access Forum and their pathway initiative. There are people who are very willing to help with funding for new bridleways.

### 3. **Proposal**

#### **Fishing**

- 3.1 Upon consideration of the consultation, site visit and meetings with interested parties, the working group recommend that the request for use of part of the main pool for fishing should be supported in principle. Fishing should be allowed in a designated area of the main pool, but managed by an established, responsible fishing club of experienced anglers.
- 3.2 If fishing is permitted on the main pool in a controlled manner, and monitored/enforced by a responsible fishing club, it could help to reduce and manage the unauthorised fishing that already takes place on the pool. It is apparent from the working group's investigations that there are significant problems with illicit fishing on the pool. The main pool is isolated and it is difficult to monitor activity on it, unlike on more public pools such as Madeley Pool. The Police have been called on previous occasions with regard to fishing on the main pool. Both the ward councillor and Halmerend Wildlife Trust stated the lack of patrol of Bateswood Nature Reserve to prevent the illicit activity.
- 3.3 Halmerend Wildlife Trust referred to large parties of anglers from Liverpool and Manchester who have camped at the main pool and allegedly dumped catfish. It was a reputable fishing club that reported this problem to the Police, who visited the nature reserve that same night to address the problem.
- 3.4 The working group recommend an established fishing club be invited to share how they manage their club. The working group also recommend liaising with appropriate wildlife bodies to ensure that if fishing is permitted, it is implemented in the correct manner so as to not be detrimental to wildlife. The main pool was originally intended for nature, although this original intention has been lost with the stocking of the pool with fish. With this in mind, it is essential that if fishing is permitted the disruption to wildlife/nature at the reserve should be kept to a minimum. For example, if there is a possibility that nesting birds could be disturbed by fishing, then fishing should only be allowed at certain times of the year. The Council has recently adopted Ethical Fishing Guidelines would be included in any fishing authorisation.
- 3.5 Any agreement with a fishing club would have to be considered in detail, but the Committee recommend that it should be conditioned that the pool is for community use. Under 16s could be allowed to fish on the pool free of charge if they have a rod licence, which the club could manage. One option that could be investigated is for local shops to work with a club to sell tickets for the pool.

- 3.6 There would need to be a trial period for a club to manage fishing on the pool, with a period for review.

### **Bridle Routes**

- 3.7 Upon consideration of the consultation, site visit and meetings with interested parties, the working group recommend that the request for additional bridle route provision should be rejected in principle due to health and safety concerns and the potential for conflict with other users of the nature reserve. There is also a lack of funding available for additional bridle routes. However, alternative proposals would be considered.
- 3.8 The proposed extension to the bridle way runs too close to the main pool and there is concern that the current proposal would bring horses into too close proximity with walkers, dog walkers and families, thereby creating conflict. Furthermore, there would be a particular pinch point on the west side of the pool, where the steep bank is, which is of great concern.
- 3.9 The idea of more bridleways is not being discounted completely, alternative routes would be considered. However, it is important to be careful about the position of any new bridleway or extension on the reserve. The Council should look for co-operation and to work together, but the situation does need to be monitored, there cannot be a new bridleway without conditions.
- 3.10 The horse riding community are concerned about riding on public roads and would like circular routes which can be achieved through the extension of existing bridleways. The issue of increasing bridleways goes beyond the request at Bateswood. There needs to be a dialogue with private landowners to obtain access over their lands for additional bridleways. This is a wider issue for Staffordshire County Council and their Rights of Way Section.
- 3.11 Following the meetings with interested parties, the Chair of the Equestrian Forum has requested that an alternative proposal be discussed for the Bateswood Local Nature Reserve. In brief, this would be a track around the outer perimeter, to connect the linear bridleway with Red Hall Lane. The Equestrian Forum have indicated that DEFRA have recently launched a pot of money under the 'Paths4Communities' scheme. It is the understanding of the Equestrian Forum Chair that DEFRA are looking to the creation of new 'highest right' rights of way, which if this is the case, the alternative proposal for Bateswood may meet the criteria. The Equestrian Forum Chair has indicated that they would be looking for partnership approaches.
- 3.12 The Equestrian Forum have been informed that the consultation and scrutiny process has considered the proposed circular bridle route options which were put forward by the equestrian community, and has not considered alternative routes such as the new one proposed by the Equestrian Forum. It is too late in the current consultation and scrutiny process to introduce new options that have not been consulted upon with the wider community. Therefore, it has been felt inappropriate to enter in to discussions with the Equestrian Forum with regards to alternative proposals.
- 3.13 The greatest potential for improving off road links and routes for horse riding lies with negotiation and dialogue with private land owners. Staffordshire County Council hold the responsibility for the public rights of way network, and the Equestrian Forum have been informed by officers that the new proposal would be best discussed with the County Rights of Way officer in the first instance.

### 4. **Reasons for Preferred Solution**

- 4.1 Well managed fishing on the main pool would help to curtail the problems that have been encountered with unauthorised fishing and stocking of the pool, camping and damaging wildlife and flora.
- 4.2 The bridle route proposals are too close to the main pool and would result in a 'pinch point' where it would be difficult for horses to pass one another. The proposed new bridle route would increase the risk of conflicts arising between other users of the nature reserve.

### 5. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

- 5.1 Creating a cleaner, safer and sustainable Borough
- 5.2 Creating a healthy and active community

### 6. **Legal and Statutory Implications**

- 6.1 The council is empowered to provide recreational facilities by a number of statutes relating to open space, public health, miscellaneous provisions and well-being. The council is required by statute to consider the effect of any decision on crime and disorder.
- 6.2 Bateswood Local Nature Reserve has been declared as a Local Nature Reserve under the National Parks and Access to the Countryside Act 1949.

### 7. **Equality Impact Assessment**

- 7.1 It is considered that a positive differential impact will accrue from providing additional recreational opportunities at the site.

### 8. **Financial and Resource Implications**

- 8.1 It is envisaged that should a club assume responsibility for managing fishing on the main pool, there would be no associated costs for the Council. Fishing clubs would have access to funding that the Council would not. The club would be responsible for restocking the pool as necessary and maintaining the fishing pegs. However, the club would only be responsible for maintaining the designated section of the pool they would be managing, and would not be responsible for the rest of the pool.

### 9. **Major Risks**

- 9.1 The major risks associated with this report are:
  - Conflict and tensions between community user groups regarding the use of the site.
  - Pressure on the Council from community groups with differing views regarding the use of the site.
  - Potential loss of support from community groups involved in the management of the site.
  - Adverse media reaction.
  - Reputational damage.

### 10. **Key Decision Information**

The report impacts directly on two wards and has been included in the Forward Plan.

11. **Earlier Cabinet/Committee Resolutions**

Full Council 22 February 2012

Cabinet 7 September 2011. Resolution No 297/12

Cabinet 18 December 2002 Resolution No 759/03

Cabinet 13 September 2006 Resolution No. 366/07

# Agenda Item 9

## UNIVERSAL CREDIT

**Submitted by:** Head of Revenues & Benefits

**Portfolio:** Communications, Transformation and Partnerships/Finance and Budget Management

**Ward(s) affected:** All

### **Purpose of the Report**

To inform Cabinet Members of an intention to develop amended and updated working practices to assist with the implementation of Universal Credit and other welfare benefit changes.

### **Recommendation**

**That working practices to assist citizens with the introduction of Universal Credit and other welfare reform changes be explored and introduced where practicable.**

### **Reasons**

Universal Credit is the flagship element of the current national welfare reform agenda. It represents a major change to the way welfare benefits are to be delivered. Such a change will impact on many of the borough's citizens. Any transition from one system to another is likely to prove problematic for some service users and the local authority are anxious to mitigate these issues wherever possible.

## 1. **Background**

- 1.1 Universal Credit is planned to be introduced from October 2013. It is expected to replace six existing welfare benefits, including Housing Benefits, which is currently administered by local authorities on behalf of the Department for Work and Pensions.
- 1.2 It will be implemented on a phased basis for new claimants or those claimants experiencing a significant change in their circumstances that are of working age but are out of work. From April 2014 this will extend to all working age claimants, with full migration of all claimants by the end of 2017. The exact timetable for the full migration has yet to be established.
- 1.3 From the earliest announcements of plans for Universal Credit, the timescale for such a major reform was considered challenging. Much of the detail of its operation is still to be finalised and with less than twelve months before go live, there are still many issues to be resolved.
- 1.4 Universal Credit will sit within the Department for Work and Pensions and initially their view was that local authorities would not be involved in its delivery. Obviously local authorities have many years successful experience of involvement with the delivery of Housing Benefit and have teams of knowledgeable staff to achieve this.

## 2. **Issues**

- 2.1 The whole agenda of welfare reform, of which Universal Credit is only one element, will affect a large minority of our citizens. These citizens are used to the traditional delivery points provided by the local authority to receive help with their claims.

- 2.2 At its heart, Universal Credit is expected to be delivered mainly by self service, over the internet. In addition, regional call centres will be operated by Job Centre Plus.
- 2.3 Existing staff delivering the Housing Benefit service can see this element of their role diminishing over the next few years. They will still be involved with the delivery of the new Localised Council Tax Support scheme but nevertheless this situation is hardly motivational, particularly since 'normal service' will need to be maintained in the meantime, possibly until the end of 2017. In addition, the consequential affects of the welfare reform agenda will place increased demand on the services provided by the Housing Department in providing information and guidance to our most vulnerable citizens.

### 3. **Options Considered**

- 3.1 On behalf of English local authorities, the Local Government Association has been lobbying for the inclusion of current Housing Benefit departments within the Universal Credit model. They recognised that the potential loss of this important resource could be detrimental to both the ongoing delivery of the current system but particularly with the introduction of Universal Credit.
- 3.2 These representations resulted in the Local Government Association asking local authorities to prepare bids around areas of work where they considered they could assist with the delivery of Universal Credit.
- 3.3 A team of senior staff from within the Revenues and Benefits and Housing Department, together with colleagues from Aspire Housing and Job Centre Plus identified a solution that would assist the borough's citizens in their transition to Universal Credit and submitted the appropriate bid documentation to the Local Government Association by 18 May 2012 deadline.
- 3.4 On receipt of these bids, the Local Government Association selected a shortlist of fifteen local authorities to make a presentation about their proposals to Lord Freud, the Minister responsible for Welfare Reform at the Department for Work and Pensions. This was followed by a site visit by the Department for Work and Pensions to further discuss our proposal. All shortlisted councils were named in a speech by Lord Freud at a Local Government Association conference on Welfare Reform on 20 July 2012, which was widely reported in specialist local government media publications.
- 3.5 It was disappointing to discover that Newcastle were not one of the authorities finally selected to take part in the pilot process but equally satisfying to note this was not because of any short comings with our proposals. The Department for Work and Pensions had strictly limited financial resources to support the pilot projects and looked wherever possible for linking assessment criteria with other government priorities, together with selecting a range of different authority types and sizes. The successful authority in Newcastle's grouping also has major issues with internet broadband availability and the department were obviously keen to link in with this because it is the anticipated favoured means of delivery for Universal Credit.

### 4. **Proposal**

- 4.1 Having already committed a good deal of time and effort into working up our pilot bid, there is a firm basis prepared to take the principles of the bid forward even without formal pilot status. The core reason for taking part in the process was to be in the best position to aid our citizens through the various aspects of the changing national welfare reform agenda. Obviously, this rationale still exists with or without participation in a formal scheme.



4.2 An important aspect of formal bid status would have been access to additional funding streams provided by the Department for Work and Pensions to help facilitate delivery. Without this funding there will be a requirement to explore other sources of external funding and the potential to include some of the bids aspirations within other work streams around the welfare reform agenda, such as Localised Council Tax Support.

4.3 Whilst sharing our initially disappointment at not obtaining pilot status, some of our partner organisations involved in the bid have expressed their willingness to continue to participate with our stated aims of assisting our citizens throughout the period of welfare reform, wherever possible.

#### 5. **Reasons for the Preferred Solution**

5.1 The business areas affected by the changes to Universal Credit deal with some of our most vulnerable citizens. No doubt some of our citizens will be able to move onto Universal Credit with little difficulty and will be able to avail themselves of the self service facilities that will be provided. However, there will be others that will either need mediated service or full assistance. The continuation, as far as possible, to explore the areas of development contained within our bid will help to provide a safety net for these claimants to ensure they get the assistance they need. Additionally, it will help them to progress towards the self service route wherever possible.

#### 6. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

6.1 Universal Credit will contribute towards creating a healthy and active community.

#### 7. **Legal and Statutory Implications**

None.

#### 8. **Equality Impact Assessment**

8.1 Equality Impact Assessments already exist for the delivery of this service

#### 9. **Financial and Resource Implications**

9.1 The West Midlands Regional Improvement and Efficiency Partnership had indicated a willingness to help financially had the bid been successful. They have given a similar indication in respect of any scheme developed at a local level.

9.2 Partner organisations such as Job Centre Plus and Aspire Housing have agreed to provide assistance in delivery of any scheme.

#### 10. **Key Decision Information**

10.1 The move to Universal Credit represents a change in the delivery method of a statutory function. A large minority of our residents will be directly affected by this change. Involvement and interaction with our citizens who are having direct experience of the changes to the delivery of welfare benefits will enable the Council to be in the best possible situation to mitigate the impact these changes will bring.

#### 11. **Earlier Cabinet/Committee Resolutions**

None.

12 **List of Appendices**

None

13. **Background Papers**

None

## **REPLACEMENT OF CORPORATE ICT DATA STORAGE FACILITIES**

**Submitted by:** Executive Director Resources & Support Services

**Portfolio:** Communications, Transformation and Partnerships

**Ward(s) affected:** Non specific

### **Purpose of the Report**

To seek Cabinet approval for the procurement of replacement networked data storage devices within the ICT corporate infrastructure.

### **Recommendation**

**That ICT undertake a procurement exercise to source replacements for the existing end of life SANs to take advantage of the benefits detailed in the report.**

### **Reasons**

The devices within the Council's current Storage Area Network (SAN) in some cases are approaching their tenth year of service and in December 2012 four will reach the end of their extended operating life and will no longer be supported or maintained by the supplier. In addition, the capacity of the current SAN is reaching a critical level.

#### **1. Background**

- 1.1 The Council's Storage Area Network (SAN) is a dedicated network that provides access to consolidated, data storage and has been in place for nearly 10 years. SANs are primarily used to make storage devices, such as disk arrays<sup>1</sup>, accessible to servers so that the devices appear like locally attached storage to the operating system. This in effect means that when users' access and store data back they are not subject to the restrictions normally associated with single disk PCs or servers.
- 1.2 The Council has benefited from the many advantages that a SAN brings for a number of years. These include reliability, efficiency, high speed performance and increased resilience in a disaster recovery situation.
- 1.3 The demand for data storage has never been greater, with notable increases in the storage of electronic scanned documents to support the Council's channel shift ('digital by default'), agile working programmes and regulatory standards for data retention.
- 1.4 To further increase efficiency and cost effectiveness, the SAN stores data in 3 tiers. This ensures that data resides on the most cost-effective disk and that data is matched to its access requirements. In effect this means that tier 1 contains data where speed of access, reliability, high-performance and fault-tolerance is essential and is therefore used for critical business applications. This tier attracts the highest cost. Conversely, tier 3 contains data that needs to be retained over a long period but is rarely accessed, such as archived e-mail, and is low cost storage.

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<sup>1</sup> A disk array is a disk storage system which contains multiple disk drives.

## 2. **Issues**

- 2.1 The devices within the Council's current SAN are in some cases approaching their tenth year of service, and in December 2012 four will reach the end of their extended operating life. Whilst this will not cause an immediate problem it will place the Council at an increased level of risk from device failure. Two of these devices are within tier 1 of storage and the remaining two are within tier 3. When the devices reach their end of life, support for them will cease. As a consequence of not being supported, the supply of spare parts will not be maintained and further software updates to ensure they remain compatible with the latest operating system technology will not be provided.
- 2.2 SAN technology has moved on since the original purchase, and the capacity of current disks is much greater. Within the SAN, all of the physical hard disks must be the same size and type and drives which were common place 10 years ago are no longer available.
- 2.3 SANs use complex software to allocate storage space and facilitate disk access. Maintaining compatibility between the various components of the authority's physical and virtual infrastructure along with the storage area network is crucial. Failure to do this would limit the Council's capacity to improve its infrastructure and software, which in turn could be detrimental to our compliance with Government data security standards.
- 2.4 The capacity of the SAN is now reaching a critical level. Overall, the Authority's storage requirements have increased by approximately 8 terabytes per year over the past 2 years. Currently, the SAN only has 7 terabytes of storage capacity left and whilst activities such as e-tidy Fridays have helped to stem this growth, the increase in storage of images, sound and video will add further pressure to the existing capacity. This problem is not unique to this council and is currently a consideration for most companies and local authorities across the UK. Innovative moves by ICT are being considered over the next 12 months to manage the level of storage growth, but in all scenarios additional storage is going to be required.

## 3. **Options Considered**

### 3.1 **Option 1: Do nothing**

- 3.2 Four of the existing SAN devices will reach their end of life by December 2012. Doing nothing places the authority at increased risk of data loss for the following reasons:
  - (1) The current SANs have a recovery capacity without data loss if up to 2 disks fail. Within 12 months of going end of life, current statistics show that it is highly probable that more than 2 disks will fail and require replacement. ICT may not be able to guarantee a source of replacement disks, given the age and type. There is therefore a high risk of data being lost as the entire disk array will become inoperable. This becomes a serious issue for critical data stored as tier 1.
  - (2) Updates for our end of life devices will stop in December which means that any future compatibility issues between physical/virtual<sup>2</sup> servers, hosts and virtual PCs will not be resolved by the suppliers. This will limit the Authority's capacity to move forward and our compliance with aspects of Government security standards.
  - (3) Our increasing reliance on virtualised servers and PCs which do not have their own storage will mean increased demand for SAN transactions. The current SAN devices in tier 1 are already at the limits of their capacity and introducing further demand will

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<sup>2</sup> The Council has a small number of powerful physical servers i.e. hardware, with each supporting large numbers of smaller virtual servers and pcs.

slow access to data down for all users. This has a 'snowball' effect in that when a system begins to run slowly, demand increases which further exacerbates the problem.

### 3.3 Option 2: Revert to directly attached storage

3.4 Within this option, data stored on the existing end of life SAN devices would be moved to physical, directly attached storage. Each server would have dedicated storage directly attached to it, localising storage requirements in a similar way to how most commercial PCs work.

3.5 This option has the following limitations:

- (1) Storage capacity is physically limited by the maximum the disks attached can hold. Any expansion to increase disk capacity would result in user down time. This does not currently happen, as the SANs provide dynamic expansion.
- (2) Speed of access is reduced. In high demand environments such as Virtual PC disk servers, a slow disk can cause considerable issues and system performance can be dramatically impeded.
- (3) Reliability is reduced as a single point of failure is introduced to the whole system.
- (4) Disaster recovery capability is reduced as the storage device is physically attached to a particular server. Should a server fail, access to the attached storage medium also fails.

### 3.6 Option 3: Utilise "Cloud"<sup>3</sup> storage

3.7 Cloud storage is currently an area of intense activity and development. Within this solution, user data is stored on a number of externally hosted servers provided by a third party. This has the potential advantages of reducing storage costs and high availability.

3.8 Whilst the cost of using a cloud based service continues to fall, it does have some limitations:

- (1) Cloud storage is currently not compatible with certain Government security standards that the Council needs to comply with.
- (2) Cloud storage is internet based and would require a very fast internet connection. The Councils' current internet provision is under review but at the current time fast access, transfer and retrieval of essential data cannot be guaranteed<sup>4</sup>.

### 3.9 Option 4: Procure replacement SAN devices

3.10 ICT would undertake a procurement exercise to source replacements for the existing end of life SANs. ICT would additionally further develop the tiered storage system currently in place and procure two high performance SAN units for tier 1 storage and two cheaper, high capacity devices to enhance the tier 3 storage.

3.11 The new SANs would offer faster response times than the devices they replace and overall produce an increase in the capacity of the Council's storage system to meet the next three years of predicted data growth.

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<sup>3</sup> A service that allows customers to save data by transferring it over the Internet or another network to an offsite storage system maintained by a third party.

<sup>4</sup> Minimum current costs for equivalent Cloud Storage is £75.5k per year, rising to £330K per year for 'resilient' data. Source: Government Cloud Store ( part of the Government Procurement Service)

3.11 In this option, the intent would be to redistribute the end of life SAN devices for use within the Council's disaster recovery centre at Kidsgrove to maximise the investment made in them. Using these devices only in a disaster recovery situation is likely to result in an extended lifespan, as disk demand would be lower and speed would not be an immediate issue as fewer core systems would be reliant upon their service.

3.12 Key considerations for this option are:

- (1) Replacement devices will need to be compatible with the remaining SAN hardware. There is a high satisfaction level with the current hardware, with devices (on average) going end of life 5 years after the last device is sold. The most recently purchased SAN is less than 3 years old and is still a current product, giving the overall system a considerable remaining service life.
- (2) The procurement of faster, higher capacity devices will facilitate the Council's continued data growth and further expansion of the Council's virtual infrastructure.
- (3) Reliability will also increase as the newer SAN devices are more resilient to failure.
- (4) Replacement SANs are inevitably high cost devices due to their complexity.

#### 4, **Proposal**

4.1 That ICT undertake a procurement exercise to source replacements for the existing end of life SANs as detailed in Option 4 above.

#### 5. **Reasons for Preferred Solution**

5.1 The benefits of implementing this solution are:

- (1) Improves the performance of the Council's current Virtual Server environment, ensuring that users do not experience delays and applications continue to operate as expected.
- (2) Improves the resilience of the Council's virtual server environment by providing the capacity required to ensure that in the event of a physical host failing, sufficient resources are available to continue operations.
- (3) Reduces downtime by allowing server infrastructure upgrades on the physical hosts to be done without interruption of service. Physical host can be placed in maintenance mode, during which time their virtual servers are distributed to other active hosts, resulting in no down time.
- (4) Allows for future increases in data storage.
- (5) Supports the Council's on-going programme to replace physical servers with virtualised equivalents to negate the requirement to source 'out of manufacture' parts.
- (6) Improves the performance and capacity of the virtual PC infrastructure, allowing the deployment of further virtual PC devices rather than traditional desktop and laptop PCs.
- (7) Supports the Council's Green Agenda by reducing hardware assets.
- (8) Improves the capacity of ICT to respond quickly to a disaster by deploying a greater number of essential services at the Kidsgrove DR site.

#### 6. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

6.1 The proposal supports the Corporate Priority of Transforming our Council to achieve Excellence

#### 7. **Legal and Statutory Implications**

There are none directly arising directly from this proposal.

8. **Equality Impact Assessment**

No adverse impact has been identified as a result of delivering this proposal.

9. **Financial and Resource Implications**

9.1 Indicative costs for the preferred solution are provided below:

- |     |  |         |
|-----|--|---------|
| (1) | 2x SAN (14tb)  | £75,510 |
|     | (High performance tier 1 storage, 3 years on-site support) |         |
| (2) | 2x SAN (14tb)  | £30,500 |
|     | (High capacity tier 3 storage, 3 years on-site support)    |         |

Total cost **£106,010**

9.2 The solution does not attract any yearly maintenance costs.

9.3 Capital funding can be met from the ICT Development Fund which already has allocations of £70,000 (2012/13) and £40,000 (2013/14) set aside to meet planned costs for storage replacement.

9.4 Subject to approval, ICT would undertake a full procurement exercise to ensure that best value possible is obtained. ICT would also work closely with suppliers to ensure that the best combination of cost and performance is reached to meet our needs.

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## OUTCOMES FOLLOWING THE COMMISSIONING PROCESS WITH THE THIRD SECTOR

**Submitted by:** Beverley Cleary Business Improvement Officer (Performance & Procurement)

**Portfolio:** Finance and Budget Management

**Ward(s) affected:** All

### **Purpose of the Report**

To report on the outcome of the Council's Third Sector Commissioning Framework's process, June 2012

### **Recommendation**

**To inform Cabinet of the successful providers following completion of the commissioning process.**

### **Reasons**

The Commissioning process with the voluntary/community (third sector) for 2012/13 has now concluded after evaluation by the Commissioning Board, and the contracts for five services awarded. Returns for the sixth service 'Rough Sleepers Outreach Service' were also received in June 2012 having been collaboratively commissioned with the City Council and duly awarded. The contracts commenced from 1 July, 2012 and 1 August 2012 respectively.

## **1. Background**

- 1.1 The Third Sector Commissioning Framework was developed to ensure that the Council receives outcome-led, value-for-money, services from the Third Sector (Voluntary/Community Sectors) that better meet the Council's priorities. A report was provided to Cabinet in June outlining the intent to use the framework in the recent round of commissioning the six services identified in June 2012.
- 1.2 A total of 9 applications were received for the five service outlines and each scored by the Commissioning Board against pre-published criteria and a further 2 applications for the sixth service commissioned collaboratively with the City Council.
- 1.3 The final Service Specification and Performance Management targets were agreed between the successful applicants and officers of the Council before formal contracts issued; this was a collaborative process with both parties able to propose measures for inclusion. The contracts commenced on 1 July and 1 August as stated previously.
- 1.4 Third Sector providers are required to submit quarterly performance reports and payment is dependent upon their satisfactory receipt and analysis; if necessary the funds will be withheld should officers identify shortfalls. This will ensure that the Council is aware of the service's progress and any issues with delivery can be responded to in a timely manner.

## **2. Issues**

- 2.1 Recognising the current budgetary constraints, the contracts issued indicated the following:

- That funding would be made available for a three year period, conditional however to budgetary reviews 3 months prior to the anniversary date (financial year end) to ensure on going funding can be supported.
- That where funding levels can be sustained by the Council in each subsequent contract period and where the service provider's delivery is deemed to be satisfactory (based on acceptable quarterly feedback), the incumbent service provider will be offered an extension to contract, in line with the intention to contract for the three year period.
- That should funding levels be cut (reduced or no longer sustainable) the Council will consult with the service provider under the contract, prior to indicating the impacts to any ongoing service delivery.

### 3. **Commissioning Outcomes**

3.1 The Commissioning Board met on 13 June 2012 to consider applications for the five service outlines. The applicants are shown below along with their score and contract value. The applicants in bold are those that have been successful. The results for the commissioning of the sixth service, "Rough Sleepers Outreach", are also detailed in a separate table.

Service	Provider	Total Score	Average %	Indicative Cost pro-rata in year 1 2012/13	Total Cost of contract award 2012/15
<b>Information and Advice (Debt, Benefits &amp; Consumer Service)</b>	<b>North Staffs Consortium CAB</b>	<b>426*</b>	<b>85%</b>	<b>£112,499.24 9 month contract</b>	<b>£412,497.24 2 years &amp; 9 month contract</b>
<b>Infrastructure Advice</b>	<b>Newcastle-under-Lyme Community &amp; Voluntary Support (NCVS)</b>	<b>373*</b>	<b>75%</b>	<b>£8,557</b>	<b>£31,375.67 2 years &amp; 9 month contract</b>
<b>Homelessness Prevention for Young Persons</b>	<b>Arch</b>	<b>457*</b>	<b>91%</b>	<b>£20,591 9 month contract</b>	<b>£76,325 2 years &amp; 9 month contract</b>
Homelessness Prevention for Young Persons	Organisation A	381*	76%	£7,500	N/A
Homelessness Prevention for Young Persons	Organisation B	180*	36%	£15,000	N/A
Homelessness Prevention for Young Persons	Organisation C	133*	27%	£7,500	N/A
<b>Furniture Reuse</b>	<b>North Staffordshire Furniture Mine</b>	<b>442*</b>	<b>88%</b>	<b>£9,000 9 month contract</b>	<b>£33,000 2 yrs &amp; 9 month</b>
<b>ASB Vulnerable Victims Worker Service</b>	<b>Victim Support</b>	<b>431*</b>	<b>86%</b>	<b>£7,000 9 month contract</b>	<b>£ 25,667 2 yrs &amp; 9 month</b>

Service	Provider	Total Score	Average %	Indicative Cost pro-rata in year 1 2012/13	Total Cost of contract award 2012/15
ASB Vulnerable Victims Worker Service	Organisation D	286*	57%	£9,000	N/A

Scores marked \* are based on the total average of 5 Board Members present for scoring with the % scores also adjusted accordingly

Service	Provider	Total Score (Out of 1000)	Cost per annum	Total Cost of contract award 2012/15
<b>Rough sleeper's Outreach Service</b>	<b>Brighter Futures</b>	<b>828.62</b>	<b>£14,765 per annum</b>	<b>£44,295 3yrs (01.08.12 – 31.07.15)</b>
Rough sleeper's Outreach Service	Organisation E	755	£14,446 per annum	N/A

#### 4. **Proposal**

- 4.1 That this information report detailing the awards of the commissions to the successful providers is received.
- 4.2 That it is noted by members that a compliant commissioning process was adhered to in the commissioning of these services utilising the Council's Third Sector Commissioning process.

#### 5. **Reasons for Solution**

- 5.1 The solution to be delivered offers a compliant commissioning process in line with the Council's Third Sector Commissioning process.
- 5.2 The solution complies with compact regulations.
- 5.3 The solution enables officers to review available (ongoing) funding prior to extending contracts with the successful providers for a further period 12 month period as part of a contract to the end of March 2015.

#### 6. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

- 6.1 This commissioning impacts upon all of Council's Corporate Priorities as services will be commissioned to deliver against the corporate priorities.
- 6.2 It also ensures that resources follow priorities and that the Council works in partnership with the Third Sector to provide essential services to improve the quality of life of the Borough's communities.

7. **Legal and Statutory Implications**

7.1 The Contracts issued to Third Sector providers are legally binding.

8. **Equality Impact Assessment**

8.1 Equality Impact Assessment has been completed on the Framework and identified actions have/will be implemented.

8.2 Equality impact assessments have been undertaken by each of the successful service providers and will be reviewed internally by your officers on an ongoing basis.

9. **Financial and Resource Implications**

9.1 The Framework provides a more comprehensive long term approach to third sector funding allocations and commits the Council to supporting the Third Sector through the application and delivery stages with three year contracts. This has financial implications as a three year commitment is given however internal reviews of the ongoing budget will be undertaken prior to offering contract extensions into additional years.

9.2 There are resource implications for Council officers within Directorates who will need to develop Service Outlines when commissioning services and for the 'Commissioning Manager' (or designated assistant) referred to in the document who act as the point of contact for Third Sector applicants and service providers. Other departments involved include Business Improvement, Performance, Central Services, Risk and Audit.

10. **Major Risks**

10.1 There is a risk of reputational damage to the Council if it does not deliver on its Commissioning Framework commitments.

10.2 Risk assessments have been undertaken by each of the successful service providers and will be reviewed internally by your officers.

11. **Key Decision Information**

11.1 This information report is not classed as a key decision document and is submitted with the intention of informing Cabinet of the successful providers following completion of the commissioning process.

12. **Earlier Cabinet/Committee Resolutions**

12.1 There was an earlier Cabinet resolution in June 2012 to allow the awarding of contracts to successful providers using the commissioning process.

## **MADELEY CONSERVATION AREA APPRAISAL AND MANAGEMENT PLAN SUPPLEMENTARY PLANNING DOCUMENT**

**Submitted by:** Regeneration and Development

**Portfolio:** Regeneration, Planning and Town Centres

**Ward(s) affected:** All

### **Purpose of the Report**

To consider the recommendation of the Planning Committee that Cabinet adopt a Supplementary Planning Document (SPD) relating to the Madeley Conservation Area Appraisal and Management Plan. The SPD is available for viewing upon request from Member Services.

### **Recommendation**

**That the Supplementary Planning Document relating to Madeley Conservation Area Appraisal and Management Plan, as submitted, be adopted.**

### **Reasons**

The consultation relating to this SPD expired in June 2012 and officers reported the results to the Planning Committee in August. However, prior to adoption there was a further period within which representations could be made. This expired on 20 September 2012. No representations were received.

## **1. Introduction**

1.1 The Planning Committee resolved to accept a draft Madeley Conservation Area Appraisal and Management Plan SPD on 21 August 2012, prior to it being placed on deposit for representations. The Committee recommended that, subject to no representations being received on the SPD seeking significant changes, Cabinet be commended to adopt the document as a formal Supplementary Planning Document within the Council's Local Development Framework.

## **2. Background**

2.1 The SPD seeks to provide additional information to ensure that the Borough's Conservation Areas are safeguarded for the future to supplement the objectives and policies contained in the Joint Core Spatial Strategy. The SPD redefines the special interest of the Madeley Conservation Area and identifies issues which threaten these special qualities. The Management Plan provides a framework for future actions.

## **3. Consultation Process and Results**

3.1 The consultation exercise was undertaken and as indicated in the Consultation Statement then prepared the consultation response to the draft document was minimal, and that may be for a number of reasons. The document was written with the help and cooperation of the Parish

Council and Madeley Conservation Group, who are a local organisation acting on behalf of Madeley residents to protect and preserve the environment.

- 3.2 Some very minor typographical amendments have been made to the consultation draft Appraisal and Management Plan SPD. No representations were subsequently received as a result of the document, and the Consultation Statement, being “on deposit” for the required 4 week period.

#### 4. **Next Steps**

- 4.1 Once adopted, the SPD, together with an Adoption Statement, will be posted on the Council’s website and available in hard copy on request. Electronic copies of the SPD will be emailed to all those who participated in the consultation process and who asked to be notified of the adoption of the SPD.

#### 5. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

- 5.1 The SPD will have a positive impact on the priorities of ‘creating a cleaner, safer and sustainable borough’ and ‘creating a borough of opportunity’

#### 6. **Legal and Statutory Implications**

- 6.1 The Council has legal and statutory duties in relation to the production of the SPD to undertake public consultation as set out in its adopted Statement of Community Involvement under the Local Development Framework. The Consultation Statement demonstrates that the Council undertook sufficient public consultations, using its best endeavours to consult and involve the community in the most effective way possible.

#### 7. **Equality Impact Assessment**

- 7.1 The Newcastle-under-Lyme and Stoke-on-Trent Core Spatial Strategy, which this SPD supplements, has been subject to an equality impact assessment.

#### 8. **Financial and Resource Implications**

- 8.1 The cost of preparing and adopting the SPD has been met from the existing service budget.

#### 9.0 **Major Risks**

- 9.1 The Borough Council will not be subject to major risks by adopting this SPD.

#### 10. **Earlier Cabinet/Committee Resolutions**

- 10.1 Planning Committee, August 2012

#### 11.0 **Background Papers**

Consultation Draft SPD  
The SPD Consultation Statement

## DEVELOPING WARMZONE TO MAXIMISE FUTURE OPPORTUNITIES

**Submitted by:** Mike O'Connor

**Portfolio:** Environment and Recycling

**Ward(s) affected:** All

### **Purpose of the Report**

The Government is changing the way in which assistance is given to people to improve the energy efficiency of their home. In October the national Green Deal will be launched which is intended to assist home owners to improve their home through financial assistance in the form of a loan or grant. To complement Green Deal finance additional (ECO) grant funding can be targeted on five designated low income areas as well as low income households in rural settlements of fewer than 10,000 inhabitants. This report outlines the types of assistance that are planned and the mechanisms that the Council may consider to support local delivery.

### **Recommendations**

**(a) That the Council continues to support North Staffordshire Warm Zone to enable it to maximise the uptake of funds which will be on offer from the national Green Deal and ECO energy efficiency programmes.**

**(b) That officers discuss the level of funding required with Warm Zone with a view to the funding being allocated as part of the Housing Capital Programme alongside the 2013/14 budget setting process.**

### **Reasons**

It is appropriate that the Council considers the opportunities that are likely to exist when the Government launches the Green Deal and specifically the Eco element which supports vulnerable residents.

It is worth noting that one key aspect of considering supporting a local scheme is the Economic Development aspects as delivery of energy efficiency measures could support local installers.

## **1. Background**

1.1 The North Staffs Warm Zone (NSWZ) was established in 2006 as a partnership principally comprising Stoke-on-Trent City Council (SOT CC), Newcastle Borough Council and Warm Zones Limited (WZL). WZL is a not-for-profit company limited by guarantee which provides financial management and support services. Since the establishment of the NSWZ the Council has been a member of the Steering Group, which is responsible for the overseeing, challenging, advising and supporting the NSWZ Management Team.

1.2 The Warm Zone has delivered:

- 31500 home energy assessments
- Over 8,000 measures( principally loft and cavity wall insulation)
- The average energy efficiency of homes in the Borough has improved from a SAP of 48 to 57.

- £840,000 in annual fuel bill savings for residents + £600,000 in new benefits income equates to **£1.44 million** into the pockets of Newcastle under Lyme residents every year
  - The expected savings of the energy efficiency measures installed over their lifetime is **£25million** (based on today's fuel prices)
  - Similarly, the benefits income gain for householders will add up over the years, with estimated total gains over the next 15 years of **c£4.5 million**.
  - This equates to a total lifetime economic boost of **£29.5 million** for Newcastle under Lyme.
  - This additional income directly boosts the local economy and supports local jobs
  - For every £1 invested by Newcastle Borough Council the Warm Zone partnership levers in **an additional c£5.17**
- 1.3 The Warm Zone has provided a platform for improving energy efficiency in the majority of homes in the Borough. To improve further it is necessary to target the more problematic dwellings which are not suitable either because they were built before cavity walls became the norm or after building regulations required cavity walls and lofts to be insulated on new buildings, in addition it is necessary to address poor heating systems.

## 2. Issues

- 2.1 The Government is committed to reduce carbon emissions by 80% by 2050, alongside this there is a Climate Change Committee target for 2022 that 90% of all lofts and cavity walls will be insulated. There is also recognition that insulation needs to be applied to older properties which have solid walls and that such work will be more expensive and more difficult than filling cavity walls.
- 2.2 To assist with meeting these commitments the Government is introducing Green Deal. It has been described by ministers as the biggest home improvement programme since the second world war. The aim to make 14m homes more energy efficient by 2020 and another 12m by 2030, with the potential to create 250,000 "green jobs", Consumers will be able to make energy efficiency improvements to their properties without upfront costs, this is in effect a loan whereby the consumer will have the ability to pay via electricity bills over the long term (e.g. 25 years), making use of the money saved on fuel. Further help will be available to low income households. It is anticipated that Green Deal funded measures will commence in earnest in April 2013.
- 2.3 Alongside this the Government is introducing a new Energy Company Obligation (ECO) to replace the existing Carbon Emissions Reduction Target (CERT) and Community Energy Saving Programme (CESP). This ECO funding is intended to be launched in October 2012 and will be directed to several streams of support:
- (A) Carbon Saving Obligation (nationally £760m = 58%)  
Available to all tenures with a focus on solid wall insulation and non-standard hard to treat cavities. There are indications that obligation funding will pay for 48% of cost of works
- (B) Carbon Saving Communities Obligation including Rural (nationally £190m = 15%)  
Available in all tenures in the 15% most income deprived Lower Super Output Areas with a focus on solid wall, loft and cavity wall insulation. Of this funding 15% of the obligation nationally must be delivered in rural areas. There may be 100% funding available. Areas identified so far are indicated in the Appendix.
- (C) Affordable Warmth Obligation (nationally £350m = 27%)  
Available in the private sector only and measures for eligible households on benefits, focus on cavity wall and loft insulation plus heating (homes on wider SPG-type benefits).



Further information on these are outlined in the appendix.

- 2.4 Whilst there is Government commitment to invest in home energy efficiency and to reduce carbon usage there is no direct funding to particular local authority areas. This means that subsidised funding could all be allocated to proactive areas which seek to work with energy suppliers thus leaving residents of areas with no additional local support scheme unlikely to receive any kind of Green Deal / ECO support. There is also a chance that left to market forces private companies from outside of the region will come in to form brokerage services and will charge significant referral fees. If this was the case then the benefits of the funding may be taken out of the area and local businesses may not have a chance to deliver the installations. It is therefore considered advantageous for a local partnership to be developed to deliver the Green Deal to benefit local communities and businesses.
- 2.5 Should the Council consider supporting the development of a local Green Deal and ECO Brokerage Service there may be a range of benefits:
- Working across several local authority boundaries will create economies of scale
  - Having one agency with qualified experienced advisors will enable the delivery of a better service through a one stop shop approach. If this service has the backing of the local authorities it is also more likely to be trusted by customers.
  - Providing customers with a choice of 3 quotations from local installers will provide choice and reassurance on the costs of the works.
  - Developing local installers panels linked to the Centre of Refurbishment Excellence (CORE) service will mobilise the local supply chain and provide training opportunities in the sub-region. This will be important in driving forward the development of local 'green' companies to be able to compete with national suppliers.
  - The development of local supply chains and the use of a non-for profit brokerage will ensure that the benefits of Green Deal and importantly ECO funding will be retained within region.
  - Through the existing Warm Zone scheme there is a track record of working with vulnerable people across our local communities. This means that there is some understanding within the community of the Warm Zone and the power of word of mouth recommendation alongside marketing of an identified brand can be utilised.
  - The current mechanisms of assessing customers can also be enhanced so that customers are directed to the most suitable options to match their individual needs. Warm Zone will be able to offer advice on the full range of options including Green Deal and ECO funding, other services may only provide part of this service. Private companies may for instance only assess residents where they know there is a financial profit to be made leaving others with no service. Subject to securing additional funding from other partner agencies Warm Zone may also be able to offer an integrated benefits advice service. To date Warm Zone have been able to advise many vulnerable residents on available benefits and complementary services.

### 3. **Options Considered**

#### 3.1 The Council could

- decide to cease any support for this type of work and leave delivery to the market
- establish a new partnership structure to take forward plans
- or extend the current Warm Zone programme.

#### **4. Proposal and Reasons for Preferred Solution**

- 4.1 As outlined earlier the current arrangements with Warm Zone has delivered substantial benefits for the residents of the borough. It should be noted that schemes developed in other authorities have not been so successful and that other authorities are now considering joining Warm Zone.
- 4.2 Should the Council consider leaving the Warm Zone partnership there would be programme closure costs and in particular there would be redundancy costs should the company close. It is recognised that establishing new partnerships takes considerable resources, particularly where there are employment issues. It is therefore beneficial to develop the existing partnership and in doing so also save the costs of closing one partnership and establishing another. It is therefore recommended that the Council continues to support Warm Zone.
- 4.3 The North Staffs Warm Zone could be tasked to maximise uptake in the local authority area(s) through the removal of barriers such as price, acceptance and concerns regarding quality. Warm Zone have also achieved great success in targeting resources to areas or customers believed to be in the greatest need. By removing risk to investment and achieving economies of scale, energy suppliers are able to deliver their obligation cost effectively and therefore increase the level of ECO funding.
- 4.4 This item was considered by the Cleaner, Greener, Safer Communities Scrutiny and Overview Committee on 5 September 2012 and they endorsed the approach recognising the benefits of working with the Warm Zone to deliver home energy efficiency.

#### **5. Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

- 5.1 Assisting residents to improve the energy efficiency of their home clearly contributes to the priority of Creating a Cleaner, Safer and Sustainable Borough. The establishment of mechanisms to aid local businesses to secure contracts to install energy efficiency measures will also contribute to the priority of Promoting a Borough of Opportunity.

#### **6. Legal and Statutory Implications**

- 6.1 Stoke City Council as the major partner in the Warm Zone partnership has taken legal advice on procurement. This advice has stated that the partnership continues to meet the Teckal test and that the existing arrangements can be extended rather than going out to full tender. It is worth noting however that this only applies to the Warm Zone partnership and that the contracts for the Green Deal Providers and installers would be competitively tendered. As the lead authority Stoke CC are intending to utilise specialist procurement advice to ensure that these contracts are effectively procured.
- 6.2 The Home Energy Conservation Act 1995 (HECA) places a statutory obligation on the Council to identify practicable and cost-effective measures likely to result in significant energy reduction in all residential accommodation in their area. New guidance requires local authorities to publish a report on their plans to achieve improved energy efficiency by 31 March 2013. Proactive action in relation to the Green Deal, will be significant in helping local authorities to achieve their aims.

#### **7. Equality Impact Assessment**

- 7.1 The Government has completed an impact assessment on the national Green Deal. They recognise that the scheme particularly the ECO funding element is aimed to assist the equality strands such as the disabled, those on benefits and elderly. It is worth noting that

they recognise that the Green Deal loans may not be suitable for residents of all religious beliefs; however they highlight that the legislation is not too restrictive and Green Deal Providers may offer suitable products to comply with a range of religious beliefs.

## 8. **Financial and Resource Implications**

8.1 Each year the Council allocates a moderate level of funding from the Housing Capital Programme to the Warm Zone. This funding assists in the operation of the scheme and to date has enabled residents to access free cavity wall and loft insulation. The Warm Zone model works on securing additional funding to match funding the Council contribution, this funding varies but can come from utility companies and other national schemes.

8.2 Going forward there will be a requirement for the Council to contribute to the operation costs of Warm Zone. Subject to Members views it is recommended that the officers continue discussions within the Warm Zone partnership to establish what level of funding is required.

It may then be appropriate for the Council to consider the level of funding and make an allocation from the 2013/14 Housing Capital Programme, which is normally established in January prior to the new financial year.

## 9. **Major Risks**

9.1 There are no major risks. In supporting the option to extend the Warm Zone partnership the risks associated with developing new projects will be minimised and any future financial contribution will be below the triggers for a major risk.

## 10. **Key Decision Information**

10.1 If the proposals are taken forward the scheme would be available within all wards.

## 11. **Earlier Cabinet/Committee Resolutions**

11.1 In 2006 the Council agreed to become a partner in the North Staffordshire Warm Zone and allocated £85,000 per year over 3 years (£255,000) financed from the Council's Housing Capital Programme. In subsequent years a reduced level of funding was allocated from the Housing Capital Programme to ensure continued delivery.

11.2 On 5 September 2012 the Cleaner, Greener, Safer Communities Scrutiny and Overview Committee endorsed the approach recognising the benefits of working with the Warm Zone to deliver home energy efficiency.

## 12. **List of Appendices**

Appendix A - Papers to show the details of areas eligible for Carbon Savings Community Obligation(CSCo), Energy Company obligations and the types of ECO support available for a range of households, how the Green Deal process will operate, and property types and how the Green Deal ECO Brokerage Service may operate.

## 13. **Background Papers**

None.

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## LOWER SUPER OUTPUT AREAS IDENTIFIED WITHIN ENERGY COMPANY OBLIGATION

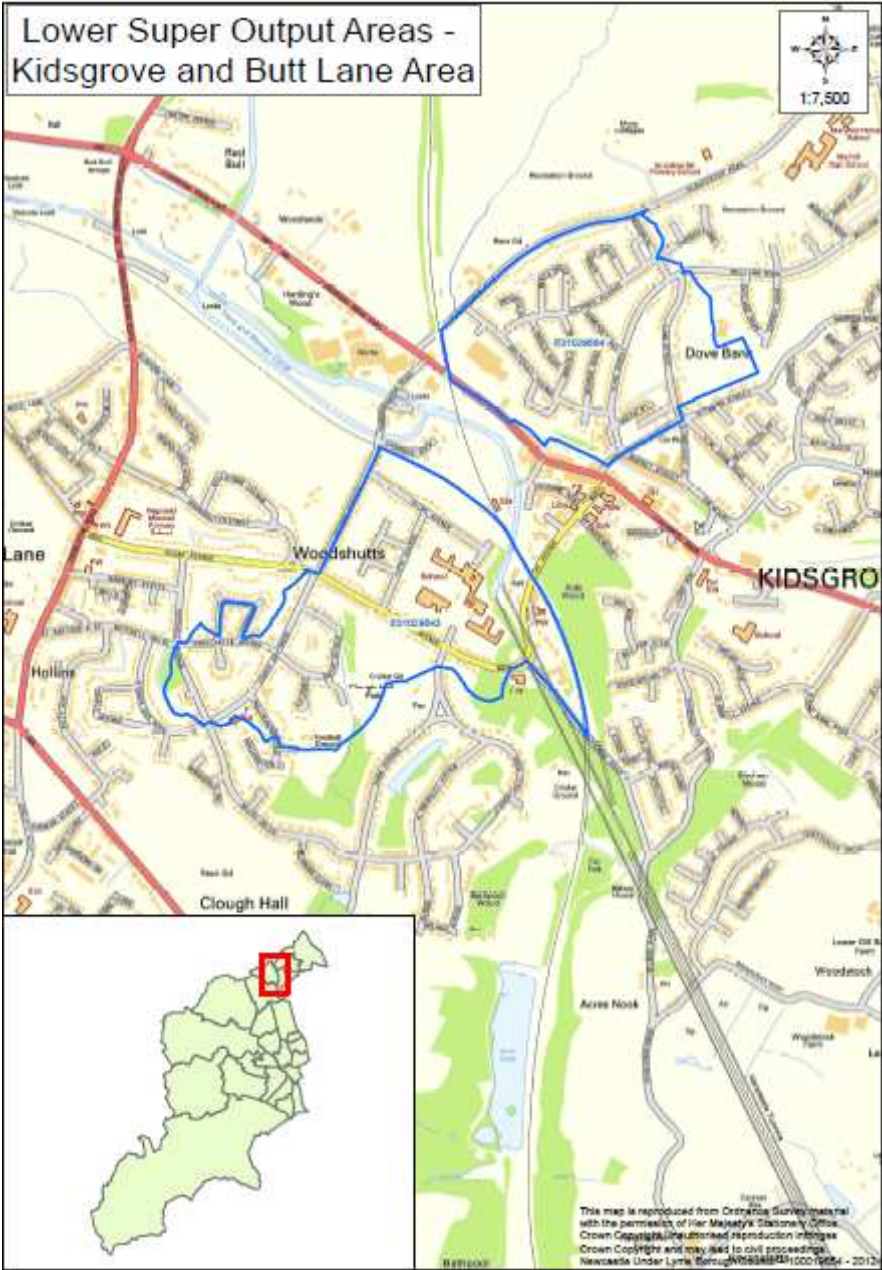
The CSCo will focus on low income households and areas and will contribute to removing families from fuel poverty through ensuring that their properties receive energy efficiency measures.

The areas of low income that will be eligible for ECO support have been selected using the Indices of Multiple Deprivation (IMD) in England, Scotland and Wales. For Newcastle under Lyme, these are:-

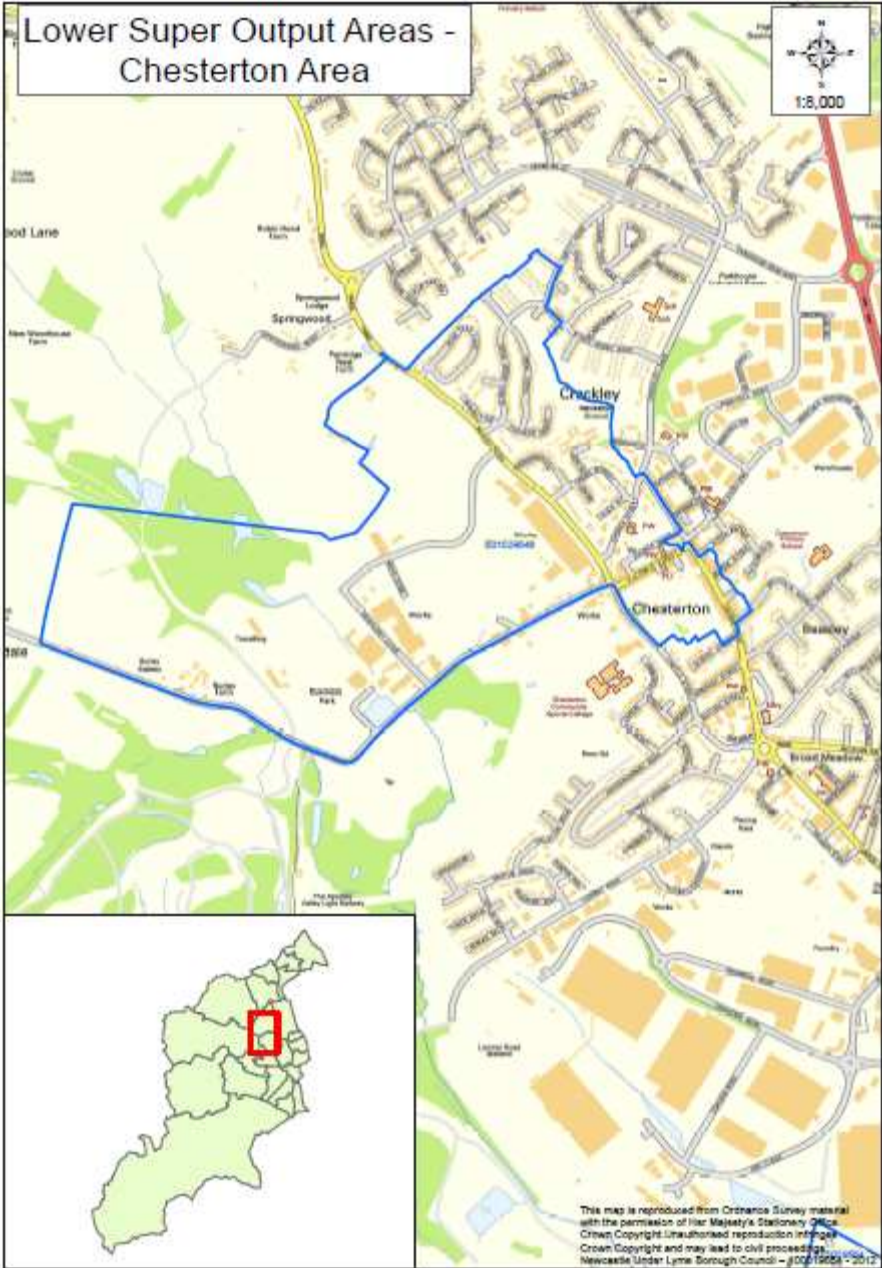
<b>LSOA</b>	<b>NAME OF LSOA</b>	<b>STREETS INCLUDED</b>
E01029554	Lower Milehouse Cross Heath	Albermarle Road Archer Grove Breedon Close Centurion Crescent Churchill Close Comet Avenue Crusader Road Cycleway From Church Street To Brampton Sidings Cycleway From Douglas Road To Supermarket Car Park Cycleway From Gort Road To Nsg 27002113 Cycleway Link From Near Loomer Road To Cycleway Running From Church Street To Brampton Sidings Cycleway Linking St Bernards Road To Cycleway Running From Church Street To Brampton Sidings Douglas Road Gort Road Hassam Avenue Hassam Avenue Rear Access Laxey Road Link Footway From Front Of House Number 2 To Front Of House Number 32 Ronaldsway Drive Link Footway From Ronaldsway Drive To Douglas Road Link Road From Hassam Avenue To Roberts Avenue Lower Milehouse Lane Lymebrook Way Orton Road Ramsey Road Roberts Avenue Rogers Avenue Ronaldsway Drive Thompstone Avenue Tynwald Grange Weston Close Wilmot Close Wilmot Drive Wilton Street
E01029566	Saints Estate Knutton & Silverdale	Arthur Street Camillus Road Church Lane Cotswold Avenue Cycleway From Church Street To Brampton Sidings Cycleway Linking Knutton Lane To Cycleway Running From Church

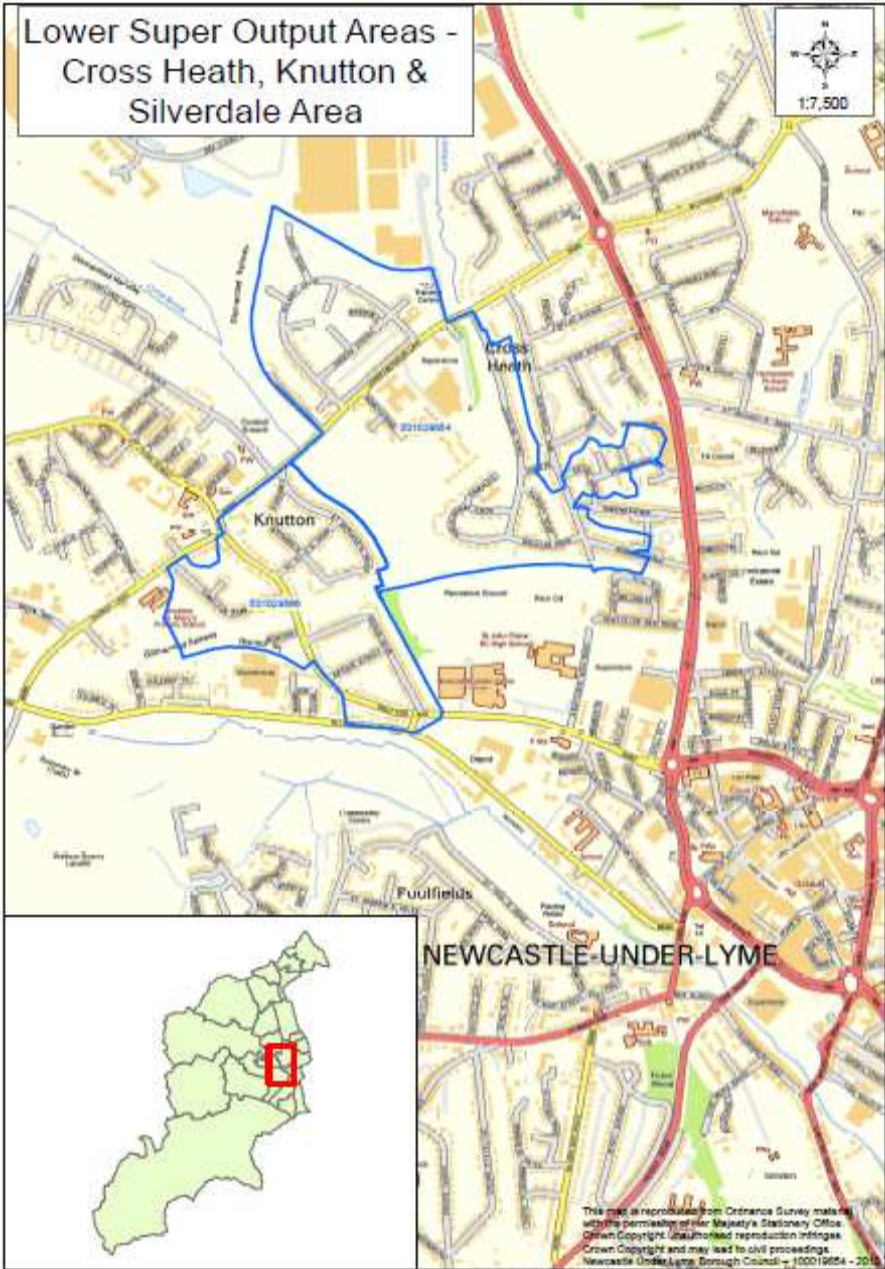
<b>LSOA</b>	<b>NAME OF LSOA</b>	<b>STREETS INCLUDED</b>
		Street To Brampton Sidings Cycleway Linking St Bernards Road To Cycleway Running From Church Street To Brampton Sidings High Street Knutton Lane Knutton Lane Link Lower Milehouse Lane Moran Road Silverdale Road St Bernards Road St Giles Road St Johns Place St Vincents Place Stanton Close Viggars Place
E01029548	Audley Road/Crackley Chesterton	Albert Street Alder Grove Apedale Road Audley Road Birch House Road Boxwood Place Brittain Avenue Castle Street Cherry Close Church Street Church Walk Cross Street Cypress Grove Dixons Row Dragon Square Edensor Street George Street Gibson Grove Hazel Road Heathcote Street High Street Holly Road Howle Close Kent Grove King Street Laburnum Place Lilac Close Link Footway From Cresswell Avenue To Cedar Road Link Footway From High Street To Lion Grove Lion Grove London Road Olive Grove Pear Tree Lane Queen Street Red Lion Square Ripon Avenue Rosevale Court Rowhurst Close Sunningdale Grove Victoria Place Victoria Street Walnut Grove Watermills Road Wetherby Close Willow Close

E01029543	Butt Lane	Boathorse Road Brindley Close Cedar Avenue Clough Hall Road Coronation Crescent Fifth Avenue First Avenue Fourth Avenue Grove Avenue Harecastle Avenue Hollins Crescent Hollinwood Road Lower Ash Road Mitchell Avenue Second Avenue Telford Close The Avenue Third Avenue
E01029564	Kidsgrove	Bedford Road Bourne Road Cycleway From Liverpool Road To Stoke City Boundary Essex Drive Gloucester Road Hampshire Gardens Heathcote Street King Street King Street Service Road Lamb Street Lincoln Road Liverpool Road Market Street Back Alley Rear Of Numbers 2 To 52 Norfolk Road Queen Street Somerset Avenue Sussex Drive Victoria Avenue Whitehall Avenue William Road





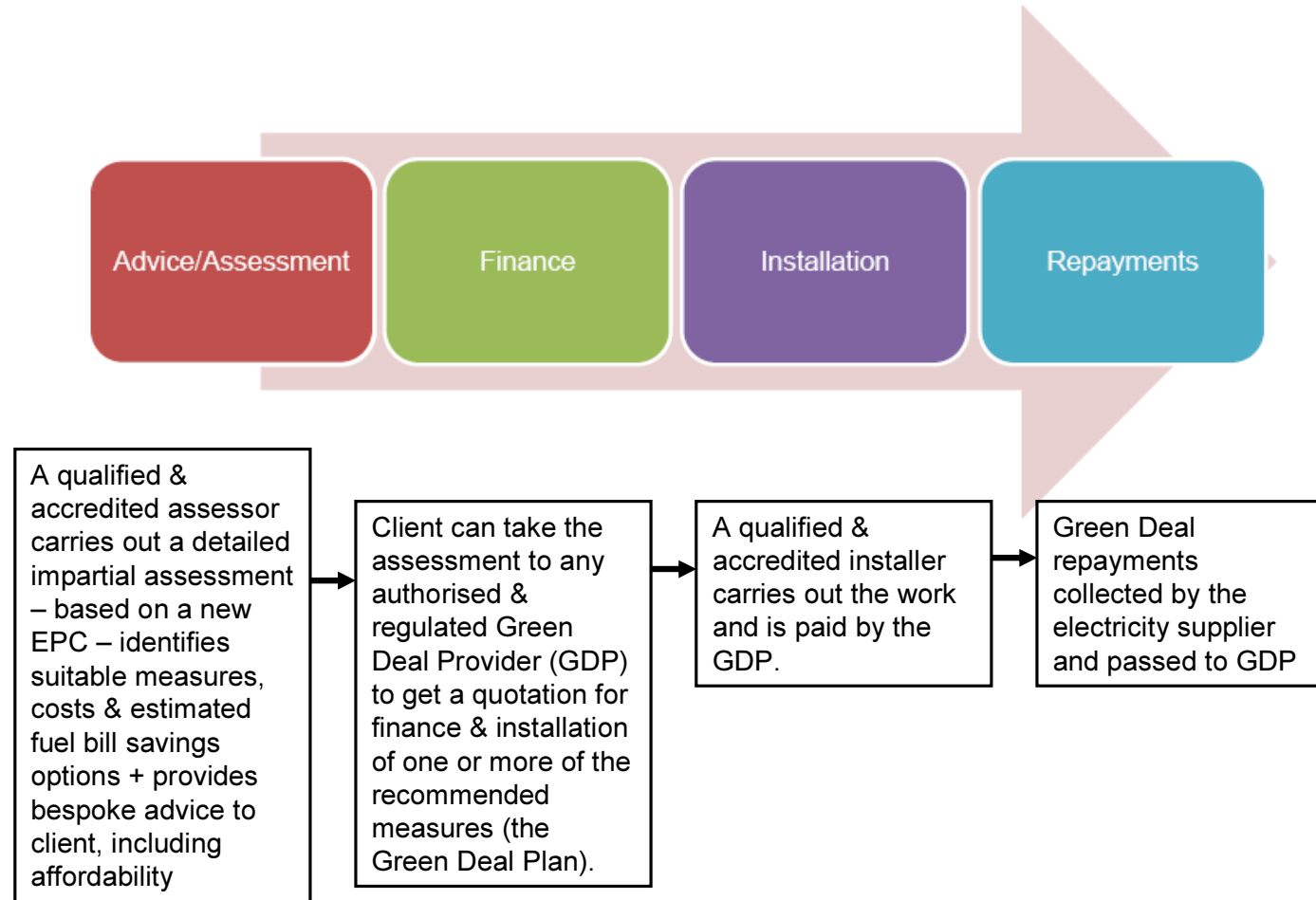




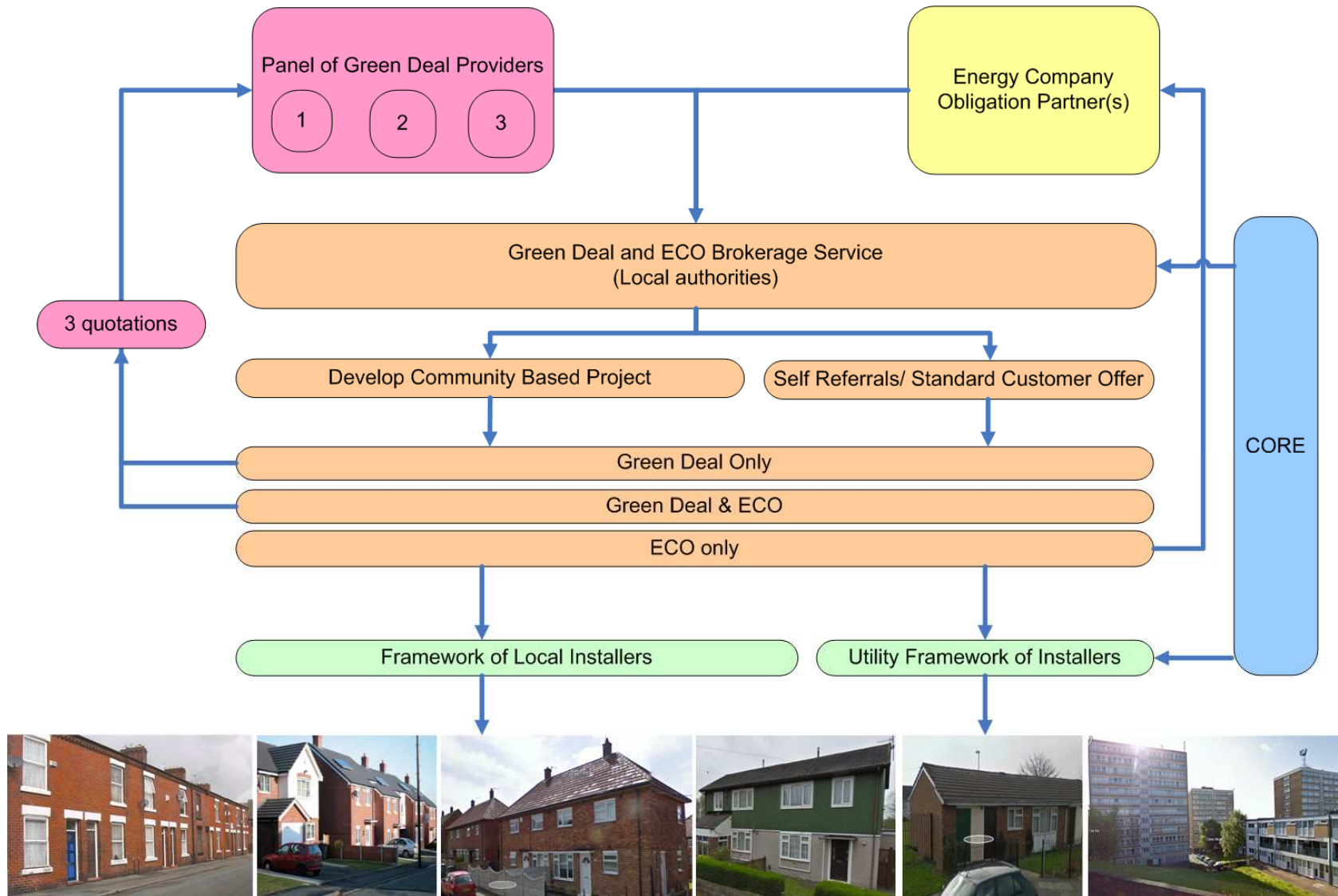
Energy Company Obligation (ECO) 1<sup>st</sup> October 2012 to 31<sup>st</sup> March 2015 (as at June 2012)

	Affordable Warmth	Carbon Target		
<b>Overall Cost</b>	<b>£350m year 27%</b>	<b>£76m year 58.4%</b>		<b>£19m year 14.6% (20% of carbon target)</b>
<b>Target</b>	£4.2bn notional space and water heating cost reduction (lifetime) by March 2015 Estimate 260,000 heating measures, 45,000 cavity and 90,000 loft installations	20.9 MtCO2 lifetime savings to March 2015 Reduce CO2 emissions by 0.52 MtCO2/yr  Estimate 147,000 solid wall installations and 446,500 hard to treat cavities plus other carbon saving measures up to March 2015		6.8 MtCO2 lifetime savings to March 2015 Area Based approach targeting insulation measures to 180,000 homes within low income communities
<b>Obligations</b>	<b>ECO Affordable Warmth</b>	<b>ECO Carbon Savings Target</b>		<b>Carbon Saving Community Obligation (CSCO)</b>
		<b>ECO Carbon Social Housing Focus</b>	<b>ECO Carbon Supporting Green Deal Finance</b>	<b>CSCO Standard</b>   <b>CSCO Rural Safeguard Target</b>
<b>Total Market Size</b>	2.8 million homes	7 million social housing properties	Unlimited	4 million homes - defined by IMD data
<b>Eligibility</b>	Based around Super Priority Group in receipt of qualifying benefits or tax credits  Private Sector only	Social Housing	All	All households in lowest 15% Index of Multiple Deprivation if Lower Super Output Areas. 80% must be delivered within qualifying areas   15% (£2.85m/year) to Affordable Warmth eligible households living in rural settlements with a population size of under 10,000
<b>Measures</b>	Any measure that results in reduction to notional heating costs to the household. Focus is on central heating, cavity wall and loft insulation  Up to 5% (£17.5m/yr) for repairs to A&B rated boilers with 1 or 2 year warranty for the repair  Credit can be given for Affordable Warmth eligible households on a <b>new</b> District Heating scheme	Solid wall insulation & hard to treat cavities  DH connections and other measures that reduce heat loss such as loft insulation, glazing and draft-proofing will also be eligible (when combined with SWI or HHT cavities)	Solid wall insulation or hard to treat cavities  Further measures which accompany either solid wall insulation or hard to treat cavity insulation which reduce the heat loss from a property such as loft insulation, glazing and draught proofing will also score	Cavity Wall, loft insulation and solid wall insulation  Focus is on cavity wall and loft insulation
<b>Proposed Funding</b>	100% Energy Company	Energy Company funding plus: Local authority/social housing provider funding, GD finance and/or other external funding sources	[43% Green Deal Finance 57% Energy Company ] Supported by £200m incentive funding announced in Autumn 2011 Statement	100% Energy Company – may be supported by local authority or other 3 <sup>rd</sup> party funding

# The Green Deal process



How the Green Deal ECO Brokerage may operate





## **REVIEW OF INTEGRATED RECYCLING AND WASTE STRATEGY 2016**

**Submitted by:** T Nicoll

**Portfolio:** Environment and Recycling

**Ward(s) Affected:** All

### **Purpose of the Report**

- To highlight the requirement to commence a review the current Integrated Recycling and Waste Strategy.
- To agree an outline basic timetable for the review and subsequent procurement phases.
- To outline a proposal for a cross party Cabinet Panel to be established to review the current strategy, consider options and risks for future provision and develop a new Strategy to be recommended to Cabinet.

### **Recommendations**

**(a) That Cabinet agree the outline and timetable for the review and subsequent procurement of the Integrated Recycling and Waste Strategy.**

**(b) That Cabinet agree to form a representative cross party Cabinet Panel to review options for the future service provision and risks and develop the new Strategy.**

### **Reasons**

- To ensure continuity of service at the end of current contract periods.
- To develop a service that provides residents with an affordable, environmentally sound, excellent, and compliant service.
- To provide the council with timely information regarding potential investment pressures and savings that may be provided from the adoption of a new strategy.
- Ensure that there is adequate time for review, consultation, procurement and implementation of the future service.
- To provide a stable platform to enable the Council to maintain and develop the recycling and waste service and to further to increase opportunities for recycling.

## **1. Background**

1.1 The Council's current recycling and waste strategy has been prepared following the principles agreed by Cabinet in October 2007 and consultation with stakeholders. It sets out the direction for the Waste Management services up to 2016. The strategy was prepared taking account of national guidance (Waste Strategy for England 2007) and the 'principles and policies' set out in the Integrated Municipal Waste Management Strategy for Staffordshire and Stoke-on-Trent (2020 Vision).

1.2 The service under went a major redesign in 2010, with the introduction of weekly food waste collection, fortnightly garden, residual and kerbside recycling of paper, card, plastic, cans and textiles. Due to residents and staff commitment to the service this has seen an increase in recycling from 27% in 2008/9 to 51% in 2011/12, as well as a reduction in residual waste by over 35%. Over the same period it has been possible to provide a more financially efficient service. The service has been recognised on a national basis and has won five

national awards and been nominated in a number of others over the last couple of years, due to the design and standard of the service.

## 2. Issues

- 2.1 The Councils current Integrated Recycling and Waste Strategy runs until 2016 which is the same time as all the Councils associated waste management collection, disposal and treatment contracts. In order for the Council to develop a future collection and treatment service it is important that the Council has a clear and stable integrated recycling and waste strategy to 2023 or further.
- 2.2 Due to the complexities and options surrounding provision of recycling and waste collections to residents it is important that a full review of the current integrated waste strategy is undertaken in good time to provide for continuity when the current waste contracts terminate in July 2016.
- 2.3 Below is a timetable that details the required key tasks and stages to ensure that this date is met:-

Tasks	2012	2013				2014				2015				2016	
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Formation Cabinet Working Group															
Review of Collection and Treatment Options															
Consultations of Collection and Treatment Options															
Determination of Collection and Treatment Options															
Development of service design															
Procurement of Services															
Implementation of Service															
Start of New Collection Service (6th July 2016)															

## 3. Proposal

- 3.1 It is proposed to progress the project in accordance with the timescales indicated above to ensure that there is no risk to the continuity of collection services in July 2016 when current arrangements terminate.
- 3.2 An important element of the project is the formation of a representative cross party Cabinet Panel of Members. This group of members will be an integral part of the development of the future waste strategy for the borough. The group will be involved in visiting other local authorities and treatment facilities to look at the benefits and weakness of other collection and treatment systems. These visits will enable Members to be well informed when considering the future direction for the Councils waste and recycling services. It is proposed that the Cabinet Panel will be involved throughout the process.



#### 4. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

- 4.1 The proposals relate to the effective delivery of high quality collection and treatment arrangements for recycling and waste, which would contribute to the following:

A clean, safe and sustainable borough

- ❖ The negative impacts that the Council, residents and local businesses have on the environment will have reduced
- ❖ Our streets and open spaces will be clean, clear and tidy

A Healthy and Active Community

- ❖ Council Services will be influenced by resident engagement, enabling local communities to shape services which directly affect their lives.

A co-operative Council delivering high quality, community driven, services.

- ❖ High performing services will be delivered for all residents and customers.

#### 5. **Legal and Statutory Implications**

- 5.1 The Landfill Directive (99/31/EC) requires a reduction in bio-degradable waste to be land-filled by 75% in 2010, when compared against the 1995 level.

- 5.2 The Government's Waste Strategy requires 40% of domestic waste by weight to be recycled by 2010 and 50% by 2020. The waste strategy is designed to increase recycling and therefore meet the legislative requirements without incurring financial penalties from Europe.

- 5.3 The Environmental Protection Act 1990 empowers the Council as a Waste Collection Authority to direct householders how to present waste.

#### 6. **Equality Impact Assessment**

- 6.1 During the development of the new strategy a full equality impact assessment will be undertaken during the selection of management options.

#### 7. **Financial and Resource Implications**

- 7.1 There are limited financial implications in respect of the formation of Cabinet Panel. Officer time will be accommodated from within existing staffing resources.

#### 8. **Major Risks**

- 8.1 The major risks are considered to be:

- Delays in developing a waste strategy, thus not being able to procure the services required at the end of the current contract periods.
- Failure to develop a waste strategy that is affordable to the Council or that does not meet the environment targets that the Council is required to meet.

#### 9. **Key Decision Information**

The decision is one that would affect all wards and has a significant positive budgetary implication for the Council. It has therefore been included on the Forward Plan.

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