

MEETING OF THE CABINET

DATE: MONDAY, 13 DECEMBER 2010

TIME: 1:00 pm

PLACE: THE TEA ROOM - FIRST FLOOR, TOWN HALL, TOWN

HALL SQUARE, LEICESTER

Members of the Committee

Councillor Patel (Chair)
Councillor Dempster (Vice-Chair)

Councillors Bhatti, Dawood, Naylor, Osman, Palmer, Russell, Westley and Wann

Members of the Committee are invited to attend the above meeting to consider the items of business listed overleaf.

for Director, Corporate Governance

MEMBERS OF THE PUBLIC:

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YOU ARE VERY WELCOME TO ATTEND TO OBSERVE THE PROCEEDINGS. HOWEVER, PLEASE NOTE THAT YOU ARE NOT ABLE TO PARTICIPATE IN THE MEETING.

Officer contact: Julie Harget/Heather Kent Democratic Support, Leicester City Council Town Hall, Town Hall Square, Leicester LE1 9BG (Tel. 0116 229 8809/ 8816 Fax. 0116 229 8819)

Email: julie.harget@leicester.gov.uk / heather.kent@leicester.gov.uk

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Press Enquiries - please phone the Communications Unit on 252 6081

PUBLIC SESSION

AGENDA

1. APOLOGIES FOR ABSENCE

2. DECLARATIONS OF INTEREST

Members are asked to declare any interests they may have in the business to be discussed and/or indicate that Section 106 of the Local Government Finance Act 1992 applies to them.

3. LEADER'S ANNOUNCEMENTS

4. MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 22 November 2010 have been circulated to Members and the Cabinet is asked to approve them as a correct record.

5. MATTERS REFERRED FROM COMMITTEES

6. REPORT OF THE CULTURE AND LEISURE SCRUTINY TASK GROUP: REVIEW OF FUNDING FOR THE SPECIAL OLYMPICS

Appendix A

The Culture and Leisure Task Group Leader submits a report that presents the findings of the Task Group review into the Special Olympics Leicester 2009. Cabinet is asked to note the conclusions and recommendations outlined in sections 4 and 5 of the report.

7. REPORT OF THE REGENERATION AND TRANSPORT Appendix B SCRUTINY TASK GROUP REVIEW ON CYCLING ACCESS TO NEW WALK

The Regeneration and Transportation Task Group Leader submits a report that presents the findings and recommendations of the Regeneration and Transportation Task Group's review of cycling issues on New Walk and a Divisional response to the report is attached. Cabinet is asked to agree the recommendations set out in Paragraph 2 of the report.

8. RE-ORGANISATION OF THE CHILDREN'S INFORMATION SERVICE

Appendix C

Councillor Dempster submits a report that outlines the nature of the Children's Information Service and seeks comment upon a revised service delivery model and approval for the commencement of appropriate HR procedures to bring about this change in delivery model. Cabinet is recommended to approve the new service delivery model detailed in the report, authorise the immediate decommissioning of the current operations base at 12 Bishop Street and the

commencement of appropriate HR procedures to implement the new delivery model.

A minute extract from the Children and Young People Scrutiny Committee meeting on 7 December 2010 will be circulated as soon as it is available.

9. STATEMENT OF PURPOSE FOSTERING SERVICE Appendix D

Councillor Dempster submits a report that provides details of the Statement of Purpose of the Fostering Service. Cabinet is recommended to approve the Statement of Purpose of the fostering service.

A minute extract from the Children and Young People Scrutiny Committee meeting on 7 December 2010 will be circulated as soon as it is available.

10. REVISIONS TO WORKING TOGETHER 2010 Appendix E

Councillor Dempster submits a report that outlines the key changes to the guidance to inter-agency working to safeguard and promote the welfare of children contained within the revised Working Together to Safeguard Children 2010. Cabinet is asked to approve the recommendations in Paragraph 2 of the report.

A minute extract from the Children and Young People Scrutiny Committee meeting on 7 December 2010 will be circulated as soon as it is available.

11. REPLACEMENT CITY ART GALLERY PROJECT Appendix F

Councillor Wann submits a report that informs Cabinet of the review of the Business Case for the proposed development of a new Contemporary Art Gallery, to replace the City Gallery, on the site of the former Workplace Nursery at 50 New Walk. Cabinet is asked to agree the recommendations set out in Paragraph 2.1 of the report.

A minute extract from the meeting of the Overview and Scrutiny Management Board Committee on 7 December 2010 will be circulated as soon as it is available.

12. DE MONTFORT HALL BUSINESS PLAN Appendix G

Councillor Wann submits a report that presents a business plan for the operation of De Montfort Hall and seeks to agree a way forward to ensure the Hall is adequately funded and provides a cost effective and varied programme of live entertainment for the people of Leicester and beyond. The development of a sustainable business plan is an integral component of the improvement plan for the Hall. Cabinet is asked to agree the recommendations set out in Paragraph 2.1 and 2.2 of the report.

A minute extract from the meeting of the Overview and Scrutiny Management Board on 7 December 2010 will be circulated as soon as it is

available.

A minute extract from the meeting of the Performance and Value for Money Select Committee on 8 December 2010 will be circulated as soon as it is available.

13. 82-86 RUTLAND STREET - CREATIVE INDUSTRIES Appendix H WORKSPACE

Councillor Wann submits a report that seeks Cabinet approval for conversion of Council owned buildings at 82-86 Rutland Street to workspaces for the creative industries sector. Cabinet is asked to agree the recommendations in Paragraph 2.1 of the report.

A minute extract from the meeting of the Overview and Scrutiny Management Board on 7 December 2010 will be circulated as soon as it is available.

14. DECLARATION OF GLEN HILLS LOCAL NATURE Appendix I RESERVE

Councillor Russell submits a report that seeks approval to declare City Council owned land at Glen Hills a Local Nature Reserve (LNR) in parallel with the LNR designation of the adjoining land by Blaby District Council, Leicestershire County Council and Glen Parva Parish Council. Cabinet is asked to approve declaration of land in the Council's ownership at Glen Hills, as shown in Appendix 1 of the report, as a Local Nature Reserve.

15. ECO-MANAGEMENT AND AUDIT SCHEME (EMAS) Appendix J ANNUAL REPORT

Councillor Russell submits a report that provides Cabinet with information on the Council's annual environmental progress through the Eco-Management and Audit Scheme (EMAS. Cabinet is asked to approve the recommendations set out in Paragraph 3 of the report.

A minute extract from the meeting of the Overview and Scrutiny Management Board on 7 December 2010 will be circulated as soon as it is available.

16. DEVELOPING INTERMEDIATE CARE AND DEMENTIA Appendix K FACILITIES IN LEICESTER: PROGRAMME RESOURCES

Councillor Palmer submits a report that requests the allocation of £235,000 capital funding to the 'Creating Dementia and Intermediate Care Facilities' PFI programme. Cabinet is requested to release the £235,000 from the £3.5m Intermediate Care capital funding to support stage one of the PFI process.

17. REVISED ORGANISATIONAL REVIEW AND REDUNDANCY POLICIES

Appendix L

Councillor Dawood submits a report that presents the new Organisational Review and Redundancy polices for approval. Cabinet is asked to consider the points raised in the report and agree to the adoption of the new policies with immediate effect.

18. REVIEW OF FEES AND CHARGES

Appendix M

Councillor Patel submits a report that asks Cabinet to consider whether they wish to review some charging policies early. Cabinet is asked to approve the recommendations in Paragraph 2 of the report.

A minute extract from the meeting of the Overview and Scrutiny Management Board on 7 December 2010 will be circulated as soon as it is available.

19. REVENUE BUDGET MONITORING 2010/11 - PERIOD Appendix N 6

Councillor Patel submits a report that shows a summary position comparing spending with the budget. Cabinet is recommended to agree the recommendations in Paragraph 3.1 of the report.

A minute extract from the meeting of the Performance and Value for Money Select Committee on 8 December 2010 will be circulated as soon as it is available.

20. CAPITAL PROGRAMME MONITORING - 2010/11 - Appendix O PERIOD 6

Councillor Patel submits a report that shows the position of the capital programme for 2010/11 at the end of Period 6. Cabinet is asked to agree the recommendations in Paragraph 3.1 of the report.

A minute extract from the meeting of the Performance and Value for Money Select Committee on 8 December 2010 will be circulated as soon as it is available.

21. ORGANISATIONAL DEVELOPMENT AND IMPROVEMENT PROGRAMME - IMPROVING PROCUREMENT

Appendix P

Councillor Patel submits a report that seeks member approval to the general direction in securing improvements and efficiency in the Council's procurement activities. Cabinet is asked to agree the recommendations in Paragraph 4.1 of the report.

A minute extract from the meeting of the Overview and Scrutiny

Management Board on 7 December 2010 will be circulated as soon as it is available.

22. LEARNING DISABILITIES - SECTION 75 AGREEMENT Appendix Q AND SERVICE LEVEL AGREEMENT

Councillor Palmer submits a report that brings to the attention of Cabinet that the appropriate legal framework has now been developed and agreed to ensure the council is compliant with new guidance. Cabinet is asked to approve the recommendations in Paragraph 2 of the report.

23. EXTENDING DISTRICT HEATING AND COMBINED Appendix R HEAT & POWER (CHP) IN LEICESTER

Councillor Westley submits a report that updates Members on the outcome of the Competitive Dialogue conducted in accordance with EU procurement regulations for the Project for "Extending District Heating and Combined Heat and Power in Leicester". Cabinet is asked to agree the recommendations set out in Paragraph 3 of the report.

The legal and financial implications to the report are marked 'Not For Publication' as they contain exempt information as specified within paragraph 3 of Schedule 12A of the Local Government Act 1972, as amended, as they contains information relating to the financial or business affairs of any particular person (including the authority holding that information).

The legal and financial implications are attached for Members only, and if the Board wishes to discuss the contents of these in detail, it is recommended that the Board resolves to move into private session, taking into account whether this would be in the public interest.

The appendices to the report are attached for Members of the Board only. Further copies are available on the Council's Web Site at: http://www.cabinet.Leicester.gov.uk or by phoning Committee Services on 0116 229 8818.

24. ANY OTHER URGENT BUSINESS



Appendix A



WARDS AFFECTED All Wards

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

OSMB 2 September 2010 22 November 2010

Report of the Culture and Leisure Scrutiny Task Group "Review of funding for the Special Olympics 2009"

Report of Councillor Clair, Task Group Leader, Culture and Leisure

1. Purpose of Report

1.1 This report presents the findings of the Culture and Leisure Scrutiny Task Group's review into the funding arrangements for the 2009 Special Olympics held in Leicester.

2. Summary

- 2.1 In 2009 OSMB requested that the Culture and Leisure Task Group conduct a review of the funding arrangements for the 2009 Special Olympics. This was in response to the decision taken by Cabinet to make up a £1M funding shortfall for the event.
- 2.2 In commencing this review it was the Task Group's intention to focus exclusively on the funding arrangements behind Special Olympics 2009 rather than the overall success of the event. At the outset of the evidence session it was the Task Group's intention to reaffirm that the event itself was an outstanding success and provided participants and their families with inspirational experiences they will never forget.
- 2.3 This review was conducted through one evidence session on 28th July. Giving evidence to that session were:
 - Richard Watson, Director of Cultural Services, Leicester City Council
 - Ted Cassidy, Chair, Tim Davies Vice Chair and Nick Townsend, Board Members, Leicester Games Ltd
 - Neville Hammond, Financial Advisor to Leicester Games Ltd

3. Recommendations

- 3.1. OSMB is asked to endorse the findings of this report in sections 4 and 5.
- 3.2. Cabinet are asked to receive this report and to note the conclusions and recommendations outlined in sections 4 and 5.

4. Conclusions

- 4.1 The Task Group made the following conclusions against its Terms of Reference:
 - 4.1.a. To assess whether all efforts were made to obtain commercial sponsorship; Given the financial backdrop the Task Group accepts that all reasonable efforts were made to obtain the necessary commercial sponsorship.
 - 4.1.b. To evaluate whether the expectations to raise up to £3M in commercial sponsorship was an achievable aim at that point in time;

 The Task Group accepts that Leicester Games Ltd believed that this level of commercial sponsorship was achievable and notes how close the event came to gaining a major sponsor. On the evidence provided the Task Group concludes that it is difficult for members to take a considered view on whether the expectations at the outset were realistic.
 - 4.1.c. To evaluate alternative ways of securing funding that could have been explored and to identify lesson learned to improve the chances of securing commercial sponsorship for similar events in the future
 The Task Group concludes that lots of sponsorship activity was undertaken at national and local level and that, given the timelines involved in negotiations, any extra activity would have been extremely difficult. The Task Group would make the observations that:
 - i. More extensive risk assessments could be undertaken in the future at the outset of the planning phase for such an event, and
 - ii. Fundraising activity for such an event should be undertaken much more in partnership with the governing body (in this case Special Olympics GB).

5. Task Group Recommendations

- 5.1 In addition to the above conclusions the Task Group agreed the following recommendations:
 - 5.1.a. In leading and hosting an event of this size and significance in the future the City Council should ensure fuller cross-party involvement during the planning stages;
 - 5.1.b. The resource implications of hosting the Special Olympics means that consideration should be given to either:
 - Holding the event on a regional basis rather than a specific city;
 - The provision of a central Government funding stream specifically in support of sporting events for people with learning disabilities;
 - People with learning disabilities should be explicitly acknowledged in the national development plans of all sports in Britain.

Cabinet is asked to write on behalf of the Council to the Minister for Sport, the Minister for Disability and Special Olympics GB, outlining the points in 5.1.b.

In addition the Task Group Leader would like to receive and give consideration to the research report commissioned from Leicester and De Montfort Universities, covering the impact and legacy of the event, when it is completed in September 2010.

6. Report

- 6.1 In summer 2007 Leicester was successful in winning the right to stage the national Special Olympic Games. The Games were to include 21 sports at 16 venues with 2700 athletes, 1200 coaches, 6000 visiting families and 1500 volunteers.
- 6.2 The Games were to leave a legacy for the Special Olympics Community that would ultimately promote the sporting achievements and equality of opportunity for those with learning disabilities.
- 6.3 In April 2007 Cabinet had endorsed and supported the bid to host the Games and allocated £200k for a games Director and other key appointments. This led to the creation of a company, limited by guarantee, called Leicester Games Ltd. The Board of Directors for the company later appointed a sponsorship and fundraising company to acquire between £2-3M in sponsorship and support.
- 6.4 In May 2009 OSMB called in a Cabinet paper entitled Special Olympics Leicester 2009. This paper was seeking Cabinet agreement to fund Leicester Games 2009 Ltd up to £1M. This was because a funding gap was becoming increasingly difficult to fill through sponsorship alone.
- 6.5 The paper pinpointed the growing economic crisis as the main reason behind the failure to attract the necessary sponsorship.
- 6.6 In receiving this paper OSMB resolved that the Culture and Leisure Task Group should investigate further, with specific emphasis on the financial aspects of the Special Olympics.
- 6.7 The purpose of the Task Group evidence hearing held on 28th July 2010 was for members to clarify whether the fundraising and sponsorship of the Special Olympics could or should have been handled differently at the time, and whether there were lessons to be learnt that might assist Leicester in the future hosting of large events such as this.
- 6.8 The minutes of the hearing are attached at Appendix A and provide the basis for the conclusions and recommendations contained in this report.
- 6.9 Members of the Task Group wish to record their thanks to the Board Members of Leicester Games Ltd for being part of an intensive and wide reaching evidence session.

7. Implications

7.1 There are no specific legal or financial implications arising out of this report.

8. Report Author

Gordon Armstrong, Interim Members Support Manager

Tel: 229 8824

Gordon.Armstrong@leicester.gov.uk



Minutes of the Meeting of the OVERVIEW AND SCRUTINY MANAGEMENT BOARD

Held: THURSDAY, 2 SEPTEMBER 2010 at 5.30pm

P.R.E.S.E.N.T.

<u>Councillor Grant– Chair</u> Councillor Bhavsar – Vice-Chair

Councillor Aqbany Councillor Joshi Councillor Scuplak Councillor Clair
Councillor Newcombe

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41. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Suleman.

48. CULTURE AND LEISURE TASK GROUP - FINAL REPORT - REVIEW OF SPECIAL OLYMPICS LEICESTER 2009

Councillor Clair submitted a report that presented the findings of the Culture and Leisure Task Group review into Special Olympics Leicester 2009.

Councillor Clair introduced the report and explained that the Task Group met once formally in the form of a session that gained evidence from key stakeholders including the Chair and Board Members of Leicester Games 2009 Ltd, the Director of Cultural Services and the financial advisor to Leicester Games 2009 Ltd. The core element of this meeting was the conduction of a questions and answers session that sought to clarify several issues of concern raised by the Task Group.

Councillor Clair informed the Board that a number of conclusions were formed following the session. One such conclusion was an acceptance from the Task Group that all reasonable efforts were made to obtain necessary commercial sponsorship for the games. It was also noted how close Leicester Games 2009 Ltd were in achieving sponsorship, but that it was difficult for Members to take a considered view on whether the expectations at the outset were realistic.

It was reported that the Task Group also concluded that lots of sponsorship activity was undertaken at a national and local level and that given the timescales involved in negotiations, any extra activity would have been extremely difficult. However, the Task Group did recommend that more extensive risk assessments be undertaken in the future at the outset of the planning phase for similar events and that general fundraising activities for such events should be undertaken much more in partnership, and with the direction of the governing body.

Amongst the recommendations put forward by the Task Group was that fuller cross-party involvement of the planning of future similar events was required. It was recommended that given the resource implications of hosting events such as the Special Olympics, consideration should be given to holding the event on a regional basis rather than in a specific city and to the provision of a central Government funding stream specifically in support of sporting events for people with learning difficulties. The report also asked Cabinet to write on behalf of the Council to the Minister for Sport, the Minister for Disability and Special Olympics GB, outlining the recommendations.

The Chair endorsed the model of scrutiny employed by the Culture and Leisure Task Group during this review, and welcomed future scrutiny exercises to be carried out in a similar way. It was also noted by members that officers who presented evidence were open in their participation.

RESOLVED:

- (1) That the recommendations of the Culture and Leisure task Group be supported; and
- (2) That the report be forwarded to Cabinet for consideration.



Appendix B



WARDS AFFECTED

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

Cabinet Briefing Cabinet

22 November 2010 13th December 2010

Scrutiny Review of cycling on New Walk

Report of Regeneration and Transportation Chair Cllr Paul Newcombe

1. Purpose of Report

1.1. To present the findings and recommendations of the Regeneration and Transportation Task Group review of cycling issues on New Walk.

2. Recommendations

- 2.1. Cabinet notes the findings and recommendations set out in Appendix A pars 2.1-2.5
- 2.2. Cabinet supports the Divisional comments in Appendix B Pars 2.1-2.3

3. Summary

- 3.1. The Regeneration and Transportation Task Group endorsed the continuation of the ban on cycling on New Walk. It endorsed the use of both education and the use of fixed penalty fines as a way of enforcing the ban.
- 3.2. It recognised that many cyclists were concerned about safety on roads and endorsed research into a safe cycle route to and from the south of the city.
- 3.3. However it did not support the idea of dedicated enforcement team which would be paid for out of the fines imposed on cyclists using New Walk.

4. Report

- 4.1. The Regeneration and Transportation Task Group was asked to look at the issue of cycling on New Walk following a petition to the Council asking for the appointment of a dedicated enforcement team to impose on-the-spot fines on cyclists using New Walk.
- 4.2. This followed a Petition to the Council asking for this enforcement measure. This was considered by the Overview and Scrutiny Management Board on 8th July 2010. The

Management Board asked the Regeneration and Transportation Task Group to review the issue.

4.3. The outcome of this review, including a wide range of public and other comments, is contained in Appendix A. Divisional comments are in Appendix B.

5. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

5.1. Financial Implications

No current financial implications

5.2. Legal Implications

No legal implications

5.3. Climate Change Implications)

The issues are aimed at encouraging both walking and cycling, with the outcome of reducing the carbon footprint within the City.

6. Other Implications

OTHER IMPLICATIONS	YES/ NO	Paragraph/References Within the Report
Equal Opportunities	N	
Policy	Υ	Appendix A 2.1
Sustainable and Environmental	Υ	Appendix A 2.5
Crime and Disorder	Υ	Appendix A 3.9; 3.11
Human Rights Act	N	
Elderly/People on Low Income	N	
Corporate Parenting	N	
Health Inequalities Impact	N	

7. Consultations

7.1. Public consultations are annexed in Appendix A

8. Report Author

8.1. Jerry Connolly: Member Support Officer

0116 229 8823 jerry.connolly@leicester.gov.uk



OVERVIEW AND SCRUTINY MANAGEMENT BOARD 23rd SEPTEMBER 2010

Report of the Regeneration and Transport Scrutiny Task Group Review on cycling access to New Walk

1. Purpose of report

- 1.1 To present the findings of the Task Group inquiry into cycling access on New Walk.
- 1.2 To ask the Overview and Scrutiny Management Board to agree the recommendations set out in Section Two below.

2 Recommendations

- 2.1 That the pedestrian-only status of New Walk be retained
- 2.2 That pavement-based signs be considered to reinforce the existing no cycling signs
- 2.3 That consideration be given to moving existing no cycling signs to make them more visible
- 2.4 Where just one no cycling sign is present at an entrance to New Walk a second sign should be added to make sure there is no doubt about the no cycling status of New Walk
- 2.5 That the concerns about cycling safety on alternative routes to New Walk into and out of the city be highlighted to the Cabinet Lead for Regeneration and Transportation.

3 The Review

- 3.1 The Review was requested by the Overview and Scrutiny Management Board following representations to the Council about the need to enforce the no cycling regulations on New Walk.
- 3.2 It followed representations to the Council from Mark Burbidge, of New Walk, who opposed the use of New Walk by cyclists.
- 3.3 The Review started with an inspection of New Walk. Members, Mr Burbidge, police community support officers and Council staff went on the inspection (which featured several incidents in which cyclists were stopped and warned for using their bikes on New Walk).

- The inspection was followed by a meeting at the Town Hall. The minutes of this meeting are in Appendix 3.
- 3.5 Consultations took place with cycle user groups and other interested parties. Responses are set out in the appendices. Appendix 1 is made up of representations made before the meeting.
- 3.6 Appendix 2 is comprised of subsequent representations which were too late to present to the hearing.
- 3.7 In summary four main views came from those making representations, namely:
 - 3.7.1 New Walk should stay pedestrianised
 - 3.7.2 New Walk should allow free rein to cyclists and pedestrians;
 - 3.7.3 A cycle lane should be created on New Walk
 - 3.7.4 A cycle lane should be created as an alternative to New Walk and providing a safer route to and from the south of the city than London Road/Regent Road.
- 3.8 Comments supporting the use of cycling on New Walk were often accompanied by observations about how dangerous alternative cycling routes were for cyclists.
- 3.9 Comments against cycling on New Walk refer to the danger caused by the comparative speeds of bikers, particularly going downhill, and pedestrians.
- 3.10 The difficulties of creating a safe cycle route not including New Walk were also well recognised in comments to the Review.
- 3.11 Enforcement of the no cycling regulations was felt to be best remaining in the hands of the police but that it be reinforced with education and awareness campaigns.

4 Conclusions

- 4.1 While the recommendations are clear, members appreciated the range, complexity and in several cases the elegance of the arguments set out in appendices 1 and 2.
- 4.2 It was not felt that funding of staff to provide a rigid enforcement of the no cycling ban through a regime of fines would have a long term future as it was thought that cyclists would learn to avoid New Walk under these circumstances.

Cllr Paul Newcombe: chair of the Task Group: 1st September 2010

Jerry Connolly Member Support Officer:

Jerry.connolly@leicester.gov.uk 0116 229 (39) 8823

APPENDICES

Appendix 1

Submissions to meeting of 3rd August 2010

From Cllr Lynn Senior: Castle Ward Councillor

I am speaking as a Ward Councillor, someone who walks up and down New Walk most days, and someone who has had near misses with cyclists on several occasions on New Walk.

The main problem with a cycle lane on New Walk for me is that the steepness of the slope downhill means that a fair number, although certainly not all, cyclists go down New Walk at a very fast pace.

Putting aside for the moment most of the arguments both for and against having a cycle lane on New Walk I have worries about the steepness of the slope and how a number of cyclists going this fast could be contained within a narrow cycle lane down New Walk.

Cllr Patrick Kitterick endorsed these comments

From City Council Cycling Officer Andy Salkeld

Legal cycling on New Walk is logical, technically possible and a proactive step to take. However;

- 1. There will be public opposition
- 2. There are political risks if the move is promoted by the City Council
- 3. There are more important priorities for limited resources like reducing road danger on adjacent roads (London Road & Regent Road)
- 4. Any change should be actively managed as city-wide 'Safer Cycling' initiative

There are examples of similar routes here in Leicester signed and used quite effectively - Bede Park, Great Central Way, Belgrave Way and the very successful City Centre Pedestrian Zone.

From Sally Slade, Leicester City Council

I am responding in my role of ex-pedestrian officer.

This is a very tricky subject. Whilst I appreciate that New Walk is an ideal route for cyclists travelling from the SE to the city centre, I have reservations about converting it to a cycle route.

The problems that would need to be investigated are:

- There is a considerable amount of cross-movement along New Walk.
 Introducing a segregated cycle lane would encourage conflict between the cyclists travelling along New Walk and pedestrians or cyclists crossing it.
- Creating a segregated route is likely to increase the speed of cyclists and therefore the seriousness of any conflict between pedestrians and cyclists.
- Segregating a cycle lane does not prohibit pedestrians from walking in it.
- New Walk is popular with families, where the children are free to walk without the fear of conflict with vehicles, which is one of the unique and very desirable aspects of New Walk.

There is a cycle route along Lancaster Road, Newton Street, Upper King Street and King Street get to the city centre.

The ideal solution would be to use Princess Road East and West and to provide a pedestrian/cyclist bridge over Waterloo Way to connect the two. This should be considered under the next Local Transport Plan, however, the reduction in Government spending on transport is likely to make it difficult to fund in the near future.

From Anne Provan: Team Leader, Conservation and Nature Team, Leicester City Council.

Please find attached a memo concerning cycling on New Walk. I think the Conservation starting point is that cycling should not be allowed at all.

However, is a recognition that a safe cycle route is required and there is a possible option that would involve some encroachment on to New Walk that could be discussed.

From Jenny Timothy

Senior Building Conservation Officer: Leicester City Council

- 1). New Walk is a 1.1km linear public walk extending from Welford Place to Victoria Park. It is a conservation area and a registered park and garden (grade
- II). Under the definition contained in PPS5 it is a designated heritage asset.

New Walk was proposed in 1785 by the Corporation as a public walk and originally stretched into open fields with wide and pleasing views along its length.

In 1824 the Corporation gave permission for residential development of a type which would preserve the pedestrian character of New Walk with covenants

stating that buildings had to be set back 10 yards from the Walk itself and the gardens to be fronted by iron palisading to prevent vehicular access.

Historically the aspiration has always been for a pedestrian walk without the intrusion of vehicular traffic. Given that motor vehicles were not invented when the walk was originally conceived and laid out, the definition of vehicles can be applied in its widest sense to include bicycles and other forms of non motorised transport. Therefore part of the historic value and character of the designated heritage asset is as a purely pedestrian route.

This pedestrian character is one of the main contributors to the quiet and tranquil atmosphere of the New Walk allowing it to be an oasis within the city centre.

It is also felt to be a safe place for families and others who not only use it as a connection from the City to Victoria Park and beyond but also as a park in its own right with space to run and sit without having to be vigilant for traffic.

New Walk rises quite steeply from Welford Place along its length. Cyclists coming from Victoria Park to could reach relatively high speeds along the length of the Walk.

This would introduce an amount of risk currently not present. This in itself would harm the ambulant character of the space as well as presenting a danger for pedestrians and deterring users who appreciate the space for its safe, calm and tranquil character.

There is an argument for a safe cycle route from Welford Place to Victoria Park and Leicester University beyond given that both London Road and Regent Road are busy roads in and out of the city centre. It may be possible to use part of New Walk to form this route to enable cyclists to cross the railway line and inner ring road without needing to use these main roads.

This would involve using Princess Road West cutting along beside New Walk Museum into New Walk over the bridge then exiting New Walk at De Montfort Square to carry on along Princess Road East.

This needs to be very carefully considered and laid out to prevent cyclists being encouraged to carry on along New Walk. This could be done through the use of barriers along New Walk, although additional street furniture would introduce a cluttered environment contrary to the current open character.

There would also be the option of greatly improving cyclist access along Princess Road East and West with dedicated cycling lanes and priority for cyclists. Consideration also needs to be given to access along or through Salisbury Road to prevent cyclists being fed back onto Regent Road or encouraging them back onto New Walk.

In general terms the introduction of cyclists onto New Walk would not be supported in terms of its detrimental affect on the historic and environmental

character of the conservation area and registered park and garden. However there may be an opportunity for discussions to create a safe cycle route which connects the city centre to Victoria Park.

From Fiona Bromley

I am a regular cyclist and am in full support of a designated cycle lane along the length of New Walk. Alternatives such as Regent Road and London Road are very dangerous for cyclists. In fact, my husband has been knocked off his bike twice on London Road by car drivers pulling out of side streets without looking.

Currently my route to avoid cycling on New Walk takes me down Regent Road and turning right onto Waterloo Way, up the path and straight across New Walk onto Wellington street. This is not ideal as I have to cross New Walk and ride on the pavement for a short while but there simply is no alternative available.

I have been stopped twice by CSO's who generally sympathise. It would be wonderful to have a safe alternative to London Road and Regent Road. New Walk seems to be ideal.

I don't know why residents/businesses are so precious about it. Shared cycle and pedestrian routes work very well elsewhere and you only have to look at the number of cyclists using New Walk to know that it is sorely needed for both cyclists and pedestrians.

As far as Traffic Wardens handing out fines; well instead of that the city Council should be looking at why so many cyclists use New Walk - as above - there is no other safe alternative, without going a very long way around up and down the very steep Lancaster Road

From Andrew Dunn: University of Leicester

I feel very strongly that cycling should be allowed on New Walk. It is the safest, most direct and least steep route to get into and out of town. At the moment New Walk is unsafe because cyclists cycle on it despite the ban. As there is no cycle lane, they weave around pedestrians putting both themselves and the pedestrians at risk.

Allowing cycling and designating a side of the Walk for cyclists (i.e. putting cycle lane on New Walk) would provide a safe way for both cyclists and pedestrians to get into town and give cyclists an alternative route to busy, crowded and pot-holed roads.

From Tony Abbey: University of Leicester Bike User Group

I would welcome a cycle lane down New Walk - I have never understood its pedestrians-only status - there are plenty of pavements on local roads which are (supposed to be) cycle free, but the council's specific cycle lanes are appallingly haphazard.

While on the subject of cycle lanes, I note that in the last few years, pedestrians have assumed a blatant disregard for cycle-only lanes, and children and mothers with prams and mobile phones have become a real safety hazard.

My next door neighbour recently was hospitalised after a woman with pram crossed in front of him without looking and he went over his handlebars. Is the council trying to do any form of policing or education on these matters?

On the other side of the coin, I cycle to work partly along the A47 from Kirby Muxloe and offer you many thanks for the nice wide cycle paths, but I cannot understand why the majority of (younger) cyclists and/or families still use the pavements - education again I guess.

From Steve Lowman

There are other issues on this topic that need discussion. As well as the issue of maintaining the rare tranquility that usually pervades New Walk, I think there are substantial practical safety problems with the idea of putting a cycle lane there. It is surely not wide enough to safely accommodate both 2-way pedestrian traffic and 2-way bicycle traffic.

I think the Victoria Park cycle lane is very unsafe in this regard, but it just about gets away with this because the levels of both pedestrian and cycle traffic there are generally low, there are very few actual crossing points or entrances or exits there, and the visibility there is generally excellent.

On New Walk, the pedestrian traffic level is much higher, there are more crossing points and numerous entrances and exits, visibility is variable, and there is a slope that enables fast cycling.

I think it would be just about wide enough to safely accommodate a two-way cycle lane if there were no pedestrians and the use of entrances and exits was in some way restricted, which is clearly a ridiculous idea.

This is a non-starter, and if it is pursued, this will only be further evidence of the lack of touch with reality that seems to pervade much of the planning and implementation cycle routes in Leicester and just about everywhere else in this crazy country.

New Walk is not broke, so please don't fix it. Most of the Leicester cycling network is very broke indeed, so please fix that instead.

From Dave Pegg

I feel a cycling/skateboard lane in New walk would be ideal I have just returned from Spain, they have them in urban areas and they do not cause a nuisance.

I have noted this over a two week holiday in Fuengirola Costa Del Sol. People know they are there if they are out for a walk and obviously, they get on well in civilised society,

Ps I have used Great Central Way in Leicester over a number of years as a cycling route into Leicester City Centre.

From Michael Holmes

- 1. I think the "no cycling" signs on New Walk are a bad idea. New Walk is the perfect route for cyclists to the south of the city. It is a much better option than the alternatives (London Road & Regent Road), which have much more traffic. I understand that pedestrians may be affected by dangerous/inconsiderate cyclists, but see my points below.
- 2. If there was a cycle lane, I think it would be a good idea for city wardens to be able to intervene in the case of dangerous/inconsiderate cycling (and dangerous/inconsiderate pedestrians). If there was not a cycle lane, I do not think it would be a good idea.
- 3. I think this would be a good idea. It would make the route easier to use for both cyclists and pedestrians. I have my doubts about how effectively this could be policed, but I think it would be a good start. Hopefully it would be the start of a move to make all road/pavement users more considerate towards each other.

From Matt Hassall: Cycle training co-ordinator

As a cycle instructor I'm all for cycling on roads but feel the best way from town to Victoria Park is New Walk. If there is scope there should be a cycle lane.

I often see many people cycling down New Walk and more often than not do it myself with no trouble at all, I feel if there was a cycle lane or even a mixed lane (like the one through the centre of town) people would be more aware of the cyclists.

It's been cycle free for over 200 years so I think its time to bring the footpath up to modern standards and encourage people to cycle.

As for the city wardens I don't feel they warrant the powers to stop and fine cyclists, I feel a large proportion of the people challenged would simply ride away without stopping.

From Linda Faulkner

I'd very much welcome a look at allowing cyclists a path along the New Walk. It is an obvious safe route for cyclists who want to travel from the city centre to Clarendon Park area, Victoria Park, De Montfort Hall or the Leicester University campus.

I lived in Gothenburg for a few years and there was a lovely cycle, pedestrian tree-lined path from the city centre to the cultural quarter and it always had a nice ambience with cyclists and pedestrians respecting each other.

They just marked part of the path off for cyclists. You might find that more families feel that it is safe to cycle from the Clarendon Park area to the city centre or from the city centre to the park which would definitely be a plus!

From Dr Tom Matheson

I'm a very experienced cyclist who commutes from Oadby to the University on London Road and/or Queens Road every day, and who cycles both on- and off-road for pleasure. I have ridden almost every working day of my life for around 30 years in different cities.

For experienced cyclists like me, the provision of high quality cycle lanes on University Road and London Road would most likely be the best solution, because that gives the cyclist priority at intersections as per the road rules, and is thus the quickest route into town.

A cycle lane along New Walk would require stopping at each crossing, and would almost certainly require cycling at a lower speed to cope with nearby pedestrians/children/dogs/drunks etc.

I have not tried Lancaster Road as a route into town so I can't comment on the cycle lane provision there, but it seems from the comments of others (e.g. Steve Lowman) that this is poor.

University Road is certainly hopeless, which is a nonsense if we (as a City and University) are to provide encouragement for staff and students to cycle to work, and to use their bikes for lunchtime trips in to town.

There is essentially NO provision for cyclists. The road surface is dangerously rutted (even for skilled cyclists like me) particularly on the approach to London Road. The traffic lanes are very narrow along the length of University Road, particularly at the intersection with Regent Road, where there is simply no room for cyclists to approach the lights past stationary cars.

Conversely, when the traffic is moving, cars do not have room to safely overtake cyclists, all of which makes this very frustrating for all - and dangerous for cyclists.

Even exiting the University onto University Road is difficult, as vision is obscured by on-road car parking, and there are no cycle-controlled lights to interrupt the traffic flow.

Removing the on-road parking and using the space to provide a cycle lane from the University Entrances to the Lancaster Road intersection would be a good start to solve this.

London Road in the direction of the city centre is also poorly provided with cycle lanes. The surface of the bus lane is very poor in places (near the Landsdowne Pub springs to mind), and only confident cyclists would feel able to tackle the intersection with the inner ring road near the railway station because there is no real alternative to merging with the traffic.

From Granby St onwards things are OK, but the return journey (centre to University via London Road) is very unpleasant, involving a detour on Charles Street to get onto St Georges Way, then a daunting battle with traffic on the ring road up past the railway station, with no provision for cyclists on either Charles Street or St Georges Way. I doubt my own sanity every time I do this.

For less experienced cyclists (and to encourage more people to cycle), I can see the initial attraction of a cycle lane along New Walk, but overall I am not in favour of this.

As a pedestrian, I value the relatively wide and quiet route that it provides for walking in to town, and I think a cycle path would completely ruin that - at least it would do so if the cycle path was wide enough to be usable by cyclists in both directions.

A narrow cycle path is simply not worth contemplating. Moreover, since pedestrians (and possibly cyclists) merge onto New Walk (or cross it) at many points along its length, there would be a continual problem of people having to walk across the cycle lane. I can't envisage how it would work particularly well for either cyclists or pedestrians.

Other points:

The No Cycling signage is probably OK. It should fit with the character of New Walk.

I would have thought that the odd police foot patrol and instant fines for cycling on New Walk would be appropriate.

In summary I would urge you to improve significantly the provision of wide unidirectional cycle paths between the University and the city centre along existing roads (London Road and/or Regent Road/Kings St and/or Lancaster Road), with appropriate cycle marking and priority at all the key intersections. Very poor road surfacing - particularly in the 1m extent from the kerb - is clearly a significant danger at present on these roads that have high traffic loads.

From Andy Morley

 An assessment of the current 'no cycling' signage in and around New Walk.

I think it would perhaps be helpful to supplement the existing signage with a NO CYCLING message on the surface of New Walk Itself, at the entry points.

The major problem is, of course, that people simply ignore the signs. For this reason, I agree with your correspondent when he suggests it could be a lucrative exercise if the Council had power to issue on-the-spot fines for cycling on New Walk.

2. Whether city council staff such as city wardens can be empowered to intervene in certain circumstances

I don't know how complicated a legal process this would be but, in principle, I would support it.

3. An assessment of the viability and desirability of putting in place a cycle lane down the length of New Walk.

I would oppose this unreservedly. The green signs on New Walk say it all. It was created as a quiet walkway a couple of centuries ago, and it is an important and unique part of our heritage as a result.

Anyone taking a quiet walk knows how irritating (and on occasions unsettling) it can be to have a bike whizzing by at great speed. If a lane were to be introduced, would there also be a speed restriction? If so, who would police that?

Please note that I write these comments as a committed urban cyclist. I deplore the state and design of many of our city's cycle lanes, but putting a cycle lane down New Walk (arguably the greatest jewel in the City's crown) is not an answer.

From Martin Bromley

I would like to respond to your survey about cycling on New Walk.

1 Signage

Whilst the green signs are in keeping I suspect the message they convey is not enforceable. 'Proper' no cycling signs are needed at entry points.

2 Enforcement by council staff

If they had the power to levy fines then they could be very effective. I am aware that a police Community Support Officer occasionally takes an interest but because they have limited powers they are of limited use.

3 Cycle lane down the length of New Walk.

As you know I am a daily urban cyclist. I want to encourage bike use and providing a cycle lane on New Walk would achieve this, as it would be a very attractive route.

The alternatives – London Road and Regent Road are very unpleasant to cycle along and no doubt they put off a lot of would-be cycle commuters. The signed alterative using Lancaster Road is better but much more out of the way and the hill is a killer when leaving town.

However despite this I think that encouraging cycling on New Walk is not a good idea. This is because of the large number of pedestrians that use it and the fact that cycle speeds down hill would be considerable.

Based on my own infrequent observations the mixed use of the city's pedestrian areas seems to work. However there appear to be relatively few cyclists trying to get through and speeds are low because of the volume of pedestrians.

I fear that New Walk would not be treated the same, mainly because of the hill and the fact that it would be used by commuters who want to get somewhere in a hurry.

The best alternative would be to reopen Princess Road to cycle traffic by installing a bridge over Waterloo Way. If that cannot be done because of costs then I think there is an argument for allowing cyclists to use New Walk just for crossing Waterloo Way. Such cyclists might come from DeMontfort Square and then go into town along Wellington Street.

PS Peter Veasey sent me his comments. Not sure if he has sent them to you. He said, "At least if there is a defined lane (down the middle would be my suggestion) it would be safer than the current situation with bikes arriving from all angles (unlawfully)."

Leicester Mercury News report: Cycle wardens 'could collect £1,500 a week'

Residents and businesses have called for cycle wardens in New Walk, Mark Burbidge, of New Walk, suggested the idea at a city council meeting.

He believes £1,500 in fines could be collected every week by two cycle wardens employed for about £15,000 a year. The 45-year-old said: "This is a way of generating money for the council in difficult times."

The Friends of New Walk, which represent locals and businesses in the area, backs the idea. Council officers point out they have no power to fine people and that the responsibility lies with the police.

Superintendent <u>Phil Whiteley</u> said: "It would be difficult to justify a scheme which is self-funded through fines as the objective needs to be one of education and the reduction in the number of cyclists."

The scrutiny board has asked for a letter to be sent to police and for a short review of the number of 'no-cycling' signs to take place.

Appendix 2

Further representations and submissions received but not available in time for the Task Group meeting

From Patrick Davis, Sustrans Area Manager

Subject to adherence to sound conservation design principles, Sustrans would support the creation of a segregated cycle lane on New Walk, not least in an attempt to manage the chronic conflict between rogue riders and righteous pedestrians.

As a corollary, the presently slightly smug signage might be re-cast to ask cyclists to ride with caution/consideration. We'd also welcome community policing in hopes of subduing a long-running skirmish.

Recognising that the issue is still likely to generate strong opposition even in these changing times, I'd like to offer a fall-back position. To many, the short section of New Walk between the eastern end of Wellington Street, southern end of Regent Street / Nelson St and the north-west corner of De Montfort Square would offer a valuable connection between legitimate cycling streets. If a full-length scheme is resisted, I'd urge that this short section be progressed regardless.

From Martyn Smith

I wholeheatedly agree with Patrick (Davis') suggestion to provide for cycling along the section of New Walk between Wellington St/Regent St and De Montford.Square

This would even encourage those who cycle the entire length of New Walk to switch to the very quiet back-route alternatives such as Wellington St/Princess Roads E&W. I think it is a good compromise and would be in line with the city travel plan.

The main problem at present for University staff/students is how to get between the train station and campus by bicycle. The use of a short section of New Walk would meet this need.

The University BUG also had a range of views on the prospect of cycling along New Walk, however the majority were not in favour and preferred the idea of improving alternative routes.

I would agree with this view, and mainly use the Lancaster Rd/Newtown/Kings St route. However, sections are in need of improving such as speed restrictions, wider shared path under the railway bridge, reduced delays at the lights etc.

I campaigned to improve the Lancaster Rd/University Road lights for cyclists and it emerged these were under SCOOT control which was completely inappropriate for a cycle route.

This has now been revised and works well. The lights at Lancaster Rd/Waterloo Way and also Regents St/Kings St could also benefit from a cycle-friendly review.

It took substantial numbers of emails to signals division and an on-site meeting to overcome the problems. I felt I was battling against a huge mountain and it would be great to pull together a focused group that achieved these clear and obvious improvements without such effort.

I have often wondered whether a group of people could get together and cycle the routes in dedicated problem-solving sessions....similar to your street hearing

Tony Abbey from the Uni who attended your street hearing fed back that you were thinking about the Princess Rds route as an alternative: how would you connect to Victoria Park and would you be able to afford a bridge over Waterloo Way?

Back to the topic of cycling over a short section of New Walk: shared cycle/pedestrian routes work successfully around the country. The problematic cycling on such paths falls under the umbrella of anti-social behaviour, not normal cycling. Signs over short sections of New Walk used as connecting routes (eg Wellington to DeMontford Square) could encourage responsible cycling.

In support of this proposal, I felt it worthwhile pasting from a site http://www.bikeforall.net/content/cycling and the law.php

"On 1st August 1999, new legislation came into force to allow a fixed penalty notice to be served on anyone who is guilty of cycling on a footway. However the Home Office issued guidance on how the new legislation should be applied, indicating that they should only be used where a cyclist is riding in a manner that may endanger others. At the time Home Office Minister Paul Boateng issued a letter stating that:

"The introduction of the fixed penalty is not aimed at responsible cyclists who sometimes feel obliged to use the pavement out of fear of traffic and who show consideration to other pavement users when doing so.

"Chief police officers, who are responsible for enforcement, acknowledge that many cyclists, particularly children and young people, are afraid to cycle on the road, sensitivity and careful use of police discretion is required."

Overall, this supports the view that the 100 year cycle ban on New Walk needs revisiting. It also suggests the £30 fines are not in line with Home Office views.

The police largely ignore the endemic practice of motor vehicles parked on footpaths/ cycleways, which I would like targeted before cyclists who briefly use useful connecting sections of path because they are not confident along a busy road.

From John Tompkins

Technical and Information Officer: Institute of Lifelong Learning - University of Leicester

I would like to think that this information could be passed on to the appropriate Council Office as well as the Police.

- Cyclists are directed up Wellington Street from Belvoir Street by way of a green marking within a dedicated cycle lane.
- There are no signs between Belvoir Street and the footpath at the top of Wellington Street indicating that cyclists should leave this route.
- The footpath across the small park on De Montfort Square is painted green indicating that it is for cycles.
- I was cycling along the small section of New Walk, approximately 100 yards, which joins Wellington Street to De Montfort Square which would seem a feasible and reasonable thing to do.

I am fully aware that New Walk has been cycle free for the past two hundred years but I think everyone would agree that it is now a completely different place.

I think that everyone would also agree that London Road and probably the whole of the City of Leicester has changed considerably. I have no idea what the increase in traffic volume is but from when I cycled to school in the 50s and 60s to now, well there is just no comparison.

I have added to this letter a small piece about New Walk which I found on the Council Website. I would just draw your attention to the reference to Victoria Park. Victoria Park along with all of the City parks now has extensive, very safe and useful, cycle lanes. Surely cycle lanes on New Walk should now have some serious consideration.

Cycle lanes across the whole of the City and County make cycling not only a pleasure for the people of Leicester but also a safer, greener healthier way to travel.

I have particularly taken advantage of the facilities, after suffering a serious health scare some ten years ago I lost nine stone in weight and became a whole lot fitter and healthier through cycling. Indeed my wife and I own a tandem which we use constantly.

It must be great for people to walk out of the Council Offices into New Walk on a lovely sunny day, which are few and far between, but London Road is a horrendous place to cycle along on a cold dark winter's day, especially during the 5:00 pm madness.

I would respectfully suggest that this small section of New Walk could be easily marked and signed for cyclists thus completing a very useable, safe cycle route from the City Centre to the University, Victoria Park and beyond, indeed to the whole of the South of Leicester.

After recently speaking to colleagues at the University, I understand that since cyclists on New Walk have been targeted there has been a considerable increase in the number of cyclists using the pavements along London Road posing an even greater danger to pedestrians.

I would add one final point regarding cycling on High Street/Gallowtree Gate. The very discreetly placed blue and white cycle signs do not make pedestrians aware that cyclists are allowed.

Travelling to work early in a morning is fine but cycling home at 5:00 in the evening is pretty daunting. Cyclists are not particularly well liked by pedestrians at the best of times but a couple of cyclists on a busy Saturday cycling through High Street/Gallowtree Gate can do more to confirm this "hatred" than a month's worth of cycling along this small section of New Walk.

I feel grieved to waste tax-payers money in this way, having to have someone read and deal with this matter, but felt that I needed to do something to place on record the inherent dangers on London Road, High Street and Gallowtree Gate to pedestrians and cyclists alike, especially after recently witnessing some very near misses on London Road.

Even yesterday during the busy lunchtime when the additional market was occupying most of the walk way on Gallowtree Gate there was no attempt to either warn or prevent cyclists from cycling along there. Wake up somebody!

APPENDIX 3

Minutes of the Meeting of the
CYCLING ON NEW WALK theme of the
REGENERATION AND TRANSPORT TASK GROUP

TUESDAY, 3 AUGUST 2010 at 5.30pm

PRESENT:

Councillor Newcombe - Task Group Leader

Councillor Clayton
Councillor Joshi

Councillor Mayat

Others Present;

Tony Abbey

- University of Leicester Cycle Groups

PCSO. Ahmed - Police Mark Burbidge - Resident

Jerry Connolly - Members Support Officer
Mike Keen - Democratic Services Officer

PC. McKagan - Police

Anne Provan - Conservation Officer

*** ** **

SITE VISIT

Immediately prior to the meeting a Site Visit was held on New Walk to help identify the issues around the use of the thoroughfare by pedestrians and cyclists.

The views of those present were sought as to whether New Walk should remain cycle free or be made shared use, the comments made are summarised as follows: -

Anne Provan - Conservation Officer

Anne stated that New Walk had been in place since 1824 as a pedestrian walk, and as a historic feature of Leicester it was felt that it should remain as a pedestrian only route.

Options were however available to provide a dedicated cycle route, avoiding New Walk. To provide the integration of cycling on New Walk would necessitate the provision of markings on the surface of the footway, together with some form of segregation.

PCSO Ahmed

PCSO Ahmed stated that he had met a number of people from within the local community. Frustrations existed amongst elderly persons who lived on, or near New Walk, regarding the use of the route by cyclists. A proportion of the cyclists using New Walk use it knowing full well that cycling is prohibited. Police regularly patrolled New Walk and actually issued fines to offenders.

Mr Burbridge - Resident

Mr. Burbridge stated that the police were not present on New Walk all day and he felt that education and advice would not make a major difference. Mr Burbridge stated that his view was that all cyclists riding bikes on New Walk should be fined.

PC Mc Kagan

PC Mc Kagan stated that he was always happy to advise cyclists against riding their bikes on New Walk. The general view was that the public were generally aware that cycling was not allowed on New Walk. A hardcore of cyclists would continue to ride on New Walk whatever happened. PC Clayton stated that in his view that to allow cycling on New Walk would jeopardise the safety of pedestrians.

Councillor Newcombe

Councillor Newcombe stated that he was aware that signage was an issue and currently was not always in the right location. He felt that signage on the actual surface of New Walk, and at the various junctions along the entire length of New Walk. To introduce separate cycle lanes would not necessarily work due to the restricted width of New Walk in places and also the gradient.

Councillor Newcombe stated that he welcomed the suggestions of alternative Cycle Routes utilising King Street and Princess Road East, thus avoiding New walk, and suggested that costings be looked at.

Councillor Clayton

Councillor Clayton agreed that New Walk was historically a traffic free zone and to change this would not be a good thing. Councillor Clayton stated that the width of New Walk was an issue regarding potential shared use involving a dedicated cycle lane, and would lead to increased pedestrian accidents, particularly in the vicinity of existing businesses that open directly onto New Walk.

Councillor Clayton supported the view that Cycling within Leicester should be encouraged but not on New Walk.

Councillor Joshi

Councillor Joshi stated that, following the Site Visit, he was of the opinion that the width of New Walk was not sufficient for a dedicated cycle lane to be installed

Councillor Joshi supported the view that markings be placed on the surface of New Walk and at junctions as cyclists tended to be either looking ahead or down at the surface as they rode.

Councillor Mayat

Councillor mayat supported the views of Councillor Joshi, particularly following the Site Visit and stated that any problems would be magnified when the students were back at the local Universities. He said he was completely in favour of not allowing cycling on New Walk.

Councillor Joshi

Councillor Joshi suggested that, particularly as Leicester encouraged a large number of students, that Uniiversities include information within student welcome packs highlighting the 'No Cycling' status of New Walk. Secondary school pupils within the City could also be educated in a similar way.

Councillor Mayat

Councillor Mayat further suggested that City Wardens be encouraged to patrol New Walk, in addition to the Police, to help enforce the total ban on cycling.

Jerry Connolly, Members Support stated that he had spoken with the Team Manager (City Wardens) on this issue and they were adamant that enforcement of the cycling ban was a Police issue.

PC. Mc Kagan

PC. Mc Kagan stated that the Police had already agreed to undertake a 'once per month' operation on New Walk to educate cyclists, or to enforce if need be by the issue of penalty notices. To date in 2010 some 70 penalty notices at £30 each had been issued on New Walk.

Tony Abbey, University of Leicester Cycle Group

Tony Abbey stated that he would only stop cycling on New Walk if he knew he was to be fined, or that a viable alternative route existed.

Education was a priority, as it was clear that a proportion of cyclists were not confident of riding on roads, judging by the number of cyclists that rode on pavements across the City. The fine imposed by the penalty notices was felt to be too high.

Anne Provan

Anne stated that there was a need to look at the longer term aims, to provide more attractive routes for cyclists both into and out of the City. To fund a segregated cycle lane on New Walk would take funding from the provision of other cycle routes.

Jerry Connolly

Jerry stated that, resulting from the City Centre Cycling Review carried out a couple of years previously the issue of cycling on New Walk had been very much an issue then as it was now. Observations received on the current Task Group investigation from various individuals/organisations had been circulated to Task Group members. Jerry questioned whether there was any encouragement by the Universities towards students to use bicycles.

Tony Abbey

Tony stated that a policy document was due to be released shortly on parking and other issues at the University. Jerry questioned whether the University of Leicester might be interested in part-funding an alternative cycle route. Tony stated that this could be looked at.

Anne Provan

Anne suggested that the Cycling Officer be invited to attend a future meeting to discuss work around the work being done to create cycle routes to link principal sites e.g. University to the Science Park.

The Task Group agreed the following: -

RESOLVED THAT

- 1) New Walk remains a pedestrian-only thoroughfare
- 2) Signage be place in the surface at main entrances to New Walk to reinforce the existing no cycling signs
- 3) that this by supported by a continued programme of education and enforcement by police and city wardens
- theTask Group recognises the legitimate concerns of cyclists who want to use New Walk because of safety concerns on alternative routes such as London Road.
- 5) ways of establishing an alternative cycle route involving King Street and Princess Road West.
- 6) the Council seeks joint funding and co-operation with Leicester University to establish a safer cycle route as suggested in recommendation 5.



OVERVIEW AND SCRUTINY MANAGEMENT BOARD 4th NOVEMBER 2010

Divisional response to the report of the Regeneration and Transport Scrutiny Task Group Review on cycle access to New Walk

1. Purpose of report

1.1 To provide a Divisional response to the Task Group's report to the Overview and Scrutiny Management Board on 23rd September 2010

2 Report

- 2.1 The Regeneration Highways and Transportation department supports recommendation 2.1 to retain New Walk as pedestrian only status.
- 2.2 We will implement recommendations 2.2, 2.3 and 2.4, taking into account signing regulations, signing guidance and costs.
- 2.3 The cabinet lead member will be briefed on the task group report and a scheme to improve cycling facilities on the "London Road Corridor" will be considered when preparing the Local Transport Plan 2011 to 2026 programme of schemes.

Mark Wills Head of Transport Strategy 0116 252 8933 mark.wills@leicester.gov.uk





Minutes of the Meeting of the OVERVIEW AND SCRUTINY MANAGEMENT BOARD

Held: THURSDAY, 23 SEPTEMBER 2010 at 5.30pm

P.R.E.S.E.N.T.

<u>Councillor Grant– Chair</u> Councillor Bhavsar – Vice-Chair

Councillor Aqbany Councillor Bajaj
Councillor Clair Councillor Newcombe
Councillor Newcombe Councillor Suleman

Also In Attendance

Councillor Wann Cabinet Member for Culture

52. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Scuplak.

53. DECLARATIONS OF INTEREST

Members were asked to declare any interests they had in the business on the agenda, and/or indicate that Section 106 of the Local Government Finance Act 1992 applied to them.

There were no declarations.

57. REGENERATION AND TRANSPORT TASK GROUP - FINAL REPORT - CYCLING ACCESS TO NEW WALK

Councillor Newcombe submitted a report that presented the findings of the Regeneration and Transport Task Group inquiry into cycling access on New Walk.

Councillor Newcombe reminded the Board that the review arose from a representation submitted by Mr Mark Burbidge to the Board in relation

to illegal cycling on New Walk. The Task Group undertook a site visit to New Walk, followed by a formal meeting.

The Task Group sought to find out whether cycling should be permitted on New Walk, and Councillor Newcombe was pleased with the volume and quality of responses that were acquired. It was reported that the Task Group accepted that there were real concerns about the safety of cyclists on New Walk and that those who were doing so were conducting antisocial behaviour. However, the Task Group did not accept the suggestion in the initial representation that significant enforcement from the police and council staff would result in thousands of pounds a year in income from fines.

Mr Burbidge was also in attendance and was asked to address the Board. He was of the view that since he lodged his representation, the Council would have gained a significant amount of income from imposing fines to those who cycled on New Walk. He also enquired when 'no cycling' floor markings would appear on New Walk. In response, it was made clear that the Task Group had recommended that such pavement-based markings be considered, but that all recommendations would be considered by Cabinet before any final decisions are taken. He also offered his thanks to the Task Group for conducting the review and was hopeful that an there would be an increase in the number of fines that were imposed.

Councillor Joshi explained that he formed part of the Task Group. He stated that the Task Group were keen to retain New Walk as a cycle-free area, and that it was not feasible to create a cycle lane on new Walk given the width of the pavement.

RESOLVED:

That the recommendations of the Task Group set out in paragraph 2.1 of the report be endorsed.

Appendix C



WARDS AFFECTED

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

Children and Young People Scrutiny Cabinet

7 December 2010 13 December 2010

Re-organisation of the Childrens Information Service

Report of the Strategic Director, Children

1. Purpose of Report

- 1.1. Following the announcement of the Spending Review on 20 October 2010 the City Council has been exploring alternative service delivery options to enable front line services to be protected and continue to operate within a reduced financial envelope. As part of this exercise a review of the Childrens Information Service has been undertaken and an alternative delivery model is now proposed that will provide for a more cost efficient locality based service whilst protecting core statutory data management requirements.
- 1.2. This report outlines the nature of the Childrens Information Service and seeks comment upon a revised service delivery model and approval for the commencement of appropriate HR procedures to bring about this change in delivery model.
- 1.3. This matter is being brought forward now as the lease on the current operations base at 12 Bishops Street expires on 3 July 2011 and in order to effect the necessary efficiency savings an early decision is necessary on the proposed future service delivery model.

2. Recommendations (or OPTIONS)

- 2.1 Scrutiny is invited to comment upon the proposed service delivery model.
- 2.2 Cabinet is recommended to approve the new service delivery model detailed in the accompanying report, authorise the immediate decommissioning of the current operations base at 12 Bishops Street and the commencement of appropriate HR procedures to implement the new delivery model.

3. Summary

3.1 <u>Duty to provide information</u>: The Children's Act 1989 gave local authorities the duty to provide information to parents and carers regarding childcare and this was revised in the Childcare Act of 2004 to include information regarding all children's services provision. The Childcare Act 2006 broadened this scope to further include all services for families.

- 3.2 The Children's Information Service discharges our statutory duties under the above legislation and currently provides a number of key functions for parents and carers in the city. These are:
 - a. Face to face contact with parents through the shop in Bishop Street and at events such as Adult Learning Enrolment evenings;
 - b. The maintenance of a Family Information Directory website http://families.leicester.gov.uk . This is linked to the national website and itself provides two main functions:
 - i. an enhanced childcare directory which has details of childcare providers, their Ofsted outcomes, vacancies, place availability, costs and contact details.
 - ii. The Family Services Directory which provides details of out of school hours activities for all age groups including holiday and evening provision. The directory includes nature of the activity, contact details, times, availability and costs.

Local service information is collected, checked and collated by the Childrens Information Service and uploaded to the website.

- c. The development and provision of materials to promote the website, access to childcare, access to working tax credits and the brokerage service.
- 3.3 <u>Provision of advice and guidance</u>: In addition to the above the Children's Information Service also provides a brokerage service. This is provided to parents or carers who are finding it difficult to secure child care and find that this is hindering their return to work. (Parents or carers may find it difficult to secure the childcare because of the number of children they have, the specific needs of the child or their own needs.)
- 3.4 <u>Proposed new delivery model</u>: This report proposes a new delivery model that splits the functions between the collection, cleaning, collation and distribution of information about provision and the face to face contact with parents including brokerage services. The face by face element will largely be delivered through Children's Centres and existing Children's centre staffing.
- 3.5 <u>Move towards locality provision:</u> Central to this revised service model is ensuring face to face contact in localities where parents can access the support locally. This requires a movement of face to face activity away from the current service base at 12 Bishops Street to our 23 Childrens Centres across the City. Within their respective children's centre parents can then be supported by existing Childrens Centres staff to access the information from the directory if that is what is required; they would also be able to discuss what is available locally. However with the provision of enhanced information across Leicester they could consider activities nearer to their place of work. If required they could then be supported further via a brokerage officer.
- 3.6 Capture and maintenance of high quality data: The maintenance of high quality Childrens Services data remains critical and it is proposed that this is undertaken in the central Knowledge Information Management Customer Access (KIMCA) Service within the current

Planning and Commissioning Division. This would ensure access to high quality data by members of the public direct, brokerage officers, local childrens centre staff and other corporate and partner services.

- 3.7 Details of the proposed service model is given in Section 4 below.
- 3.8 <u>Service efficiencies and savings</u>: Implementation of this redesigned service model will bring services closer to those that need to access them and support the development of locality working. If a prompt decision is taken to re-engineer the service in accordance with the recommendations within this report it is estimated that savings of approximately £200,000 can be effected in the longer term operating costs of the Service.

4. Report

- 4.1. Nature of current provision: The current service spans the base at 12 Bishop Street, the FID website and a brokerage service, underpinned by the collection of data on childcare and out of school activities. The CIS comprises eight posts, of which five are occupied by permanent staff and three by agency personnel, at a total staffing cost of £242,600. The annual non-staffing costs are £138,300 (including £37,000 for Bishop Street and £80,000 for marketing), making a total annual cost of £380,900.
- Nature of proposed service delivery model: The proposed service model would move the front-facing service away from the Bishop Street shop-based service, and out into Childrens Centres in the localities. The bulk of face to face contact work would be undertaken by existing Children's Centre staff who would be able to access information via the FID website; when required further targeted assistance would be provided via the work of two brokerage officers. A re-modelled centrally based team in KIMCA would be retained to manage the FID system and the associated ONE system and to ensure the on-going currency of the FID website and other materials. In summary this alternative delivery model would comprise five staff at an annual cost of £146,100, plus £34,800 for promotion of childcare and systems costs. The total annual cost would be £180,900.
- 4.3 <u>Potential savings</u>: The total cost to deliver the re-engineered service would be £180,900. The proposed model would therefore achieve an annual saving of £200,000 compared to the current model.
- 4.4 Clearly the above changes could not be effected without terminating the lease on the current operations base (due 3 July 2011) and impacting on staff currently in post. The current proposal would require a reduction of 3 fte and potential severance costs of £60,000 should no suitable alternative positions be found through redeployment. The impact of change might however in part be mitigated through the termination of the three agency staff who are currently covering positions within the current structure.
- 4.5 If Cabinet are minded to support this proposal then clearly appropriate HR advice will be sought and appropriate procedures will be followed. Every endeavour will be sought to ensure staff are "slotted" or supported to apply for positions in the new service including, where appropriate, interview skills training and advice on skills development and acquisition.

5. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

5.1. Financial Implications

This report sets out proposals to reorganise the Children's Information Service. The proposed new model is estimated to save £202,400 per year, once fully in place and after any initial severance or redeployment costs. The service is currently funded from the Council's General Fund budget and the General Surestart Grant. The latter will become part of the non-ring fenced Early Intervention Grant from April 2011, and therefore all the savings would effectively contribute to managing the significant reductions in Council funding following the national Spending Review.

- Colin Sharpe, Head of Finance, Investing in Children, ext. 29 7750

5.2. Legal Implications

- 1. There are a number of statutory provisions that govern the duty of the Council to provide information:
- Schedule 2, Part 1 para 1(2) Children Act 1989 duty to provide information about services
- <u>Section 12 Children Act 2004</u> duty to maintain information databases of children in order to facilitate the 'duty of cooperation' between agencies to (i) promote the well being of children and (ii) safeguard and promote their welfare
- <u>Section 12 Childcare Act 2006</u> duty to provide information, advice and assistance on (a) the provision of childcare in the area of the local authority; (b) any other services or facilities, or any publications, which may be of benefit to parents or prospective parents in their area; (c) any other services or facilities, or any publications, which may be of benefit to children or young persons in their area.
- 2. The Employment Law considerations that flow from the re-organisation will be the subject of more specific legal advice.
- Kamal Adatia, Barrister, ext. 29 7044

5.3. Climate Change Implications (Contact Climate Change Environment team on 29-6776 for guidance)

The proposals set out in this paper will not have any significant climate change implications however, transferring services from Bishop Street into the Children's Centres is likely to reduce the travel requirements of those accessing the services and so may result in a small reduction in carbon emissions from transport - this will not have a significant impact on the Council's climate change targets.

- Helen Lansdown, Senior Environmental Consultant - Sustainable Procurement, ext. 29 6770

6. Other Implications

OTHER IMPLICATIONS	YES/ NO	Paragraph/References Within Supporting information
Equal Opportunities	Yes	Entire report seeks to ensure the continued delivery of a statutory service to vulnerable low income families.
Policy	Yes	Entire report proposes an alternative method of discharging statutory duties under the Children's Act 1989 and Childcare Act 2004.
Sustainable and Environmental	No	
Crime and Disorder	No	
Human Rights Act	No	
Elderly/People on Low Income	Yes	Entire report recommends a redesign of the CIS to improve front line access for vulnerable low-income families seeking information on childcare provision and other children and family services.
Corporate Parenting	No	
Health Inequalities Impact	Yes	The provision of children and families information via Childrens Centre and Brokerage Officers will support greater service integration and the promotion of advice and guidance in connection with health and well being.

7. Risk Assessment Matrix

Risk	Likelihood L/M/H	Severity Impact L/M/H	Control Actions (if necessary/appropriate)
Service re-design will not achieve required savings or result in service improvement.	L	M	Commence decommissioning and service re-design process as quickly as possible. Ensure brokerage service deployed in accordance with needs reported by Childrens Centre and Joint Strategic Needs Assessment.
2. Alternative face to face advice model will prove inadequate.	L	M	Ensure Childrens Centre staff are suitably trained upon and have access to the FID.

3. Brokerage model will	L	М	Ensure the brokerage service
be unable to meet			is targeted at communities
demand.			and population cohorts in
			greatest need.

8. Background Papers – Local Government Act 1972

8.1. None.

9. Consultations

9.1. No consultations have been undertaken with staff about this proposed change to service delivery model. A decision to progress this model will require the initiation of formal organisational review processes with respective staff and their Trades Unions.

10. Report Author

10.1. Trevor Pringle

Divisional Director, Planning & Commissioning

0116-252-7702

Appendix D



WARDS AFFECTED

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

CYPS Scrutiny Cabinet

7th December 2010 13th December 2010

Statement of Purpose Fostering Service

Report of Andy Smith, Divisional Director, Social Care & Safeguarding

1. Purpose of Report

1.1 Local Authority as the registered provider for a fostering service is required to produce an annual Statement of Purpose for approval. The Local Authority is required under statutory regulations to have a Statement of Purpose for its Fostering Service, which is revised and reviewed on an annual basis.

The statement of purpose is written to inform all stakeholders in the service of Leicester City's function, structure and processes.

2. Recommendations

2.1 For Cabinet to receive the report and approve the Statement of Purpose as attached at Appendix 1 in accordance with National minimum standard.1.3 'The registered provider' (in the case of a local authority, the elected members) formally approves the statement of purpose of the fostering service.

3. Background

3.1 Fostering Regulations and National Minimum Standards 2002 require each fostering provider to produce a statement of purpose. This includes the aims and objectives of the service, details staff working in the service and outlines fostering services provided. This is an important statement and is scrutinised as part of the Ofsted inspection process. A full copy of this statement is attached to this document at Appendix 1.

4. Report

4.1 Regulation 3(1) of the Fostering Services Regulations 2002 requires every fostering service provider to compile a written Statement of Purpose which

shall consist of:

- (a) a statement of the aims and objectives of the fostering service; and
- (b) a statement as to the services and facilities to be provided by the fostering service. This includes:
 - Aims of The Fostering service
 - Principles and Standards of Care
 - Management Structures
 - Service Provided by the service
 - Services for Young people
 - Services for carers
 - Procedure for recruiting, approving, training, supporting and reviewing foster carers
 - Kinship
 - Foster carers development, support and supervision
 - Complaints.

Regulation 4 requires that the Statement of Purpose be kept under review and revised where appropriate.

The National Minimum Standards for Fostering (NMS) which accompany the regulations require that the registered provider [in the case of a Local Authority, the elected members] formally approves the Statement of Purpose of the fostering service, and reviews, updates and modifies it where necessary at least annually.

- 4.2 The Statement of Purpose supports the Council's key outcomes in relation to children and families as set out in the Children and Young Peoples Plan. The Fostering Service is fully supported by all Council Services d partner agencies, which including Learning Services, Leisure and Health Services.
- 4.3 The service is committed to working alongside and in support of carers to promote the highest level of health, education and wellbeing for all our looked after children to ensure that the 5 objectives of Every Child Matters are promoted for children in the care of Leicester City Council and the Children & Young Peoples Strategic Partnerships.
- 4.4 The outcome of audit in relation to the Children's Pledge will inform the continuous improvement in the service design and delivery.

5. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

5.1 Financial Implications

There are no financial implications which arise directly as a consequence of this report. - Colin Sharpe, Head of Finance, Investing in our Children, ext. 29 7750

5.2 Legal Implications

There are no legal implications relating to this report. Kamal Adatia, Legal Services.

5.3 Climate Change ImplicationsNone

Other Implications

OTHER IMPLICATIONS	YES/ NO	Paragraph/References Within Supporting information
Equal Opportunities	Yes	Entire report
Policy	Yes	Entire report
Sustainable and Environmental	N/A	
Crime and Disorder	N/A	
Human Rights Act	Yes	Entire report
Elderly/People on Low Income	N/A	
Corporate Parenting	Yes	Entire report
Health Inequalities Impact	N/A	

6. Background Papers

Fostering Regulations 2002 Fostering National Minimum Standards 2002

7. Report Author

Cheriel O'Neill Head of Service Children's Resources Tel. 0116 2565213 / 35 5213 Email cheriel.oneill@leicester.gov.uk

Andy Smith
Divisional Director
Social Care & Safeguarding
Tel. 0116 2528306 / 29 8306
Email andy.smith@leicester.gov.uk

Key Decision	No
Reason	N/A
Appeared in Forward Plan	N/A
Executive or Council Decision	Executive (Cabinet)



Fostering Service

Children and Young People's Services

Statement of Purpose & Function July 2010

1 Introduction

This Statement of Purpose and Function explains the range of Fostering Services provided by Leicester City Children and Young People's Services, and the management arrangements that are in place to ensure a good quality and effective service is provided to the young people we look after.

The Statement of Purpose and Function is a requirement of the National Minimum Fostering Standards (and Regulations) 2002, and is available for information to staff of the organisation, foster carers and young people placed with carers on request.

The Fostering Service, referred to in the Statement, is within the management of the Social Care and Safeguarding Division within the organisation of Leicester City Council.

2 Aims of the Fostering Service

Primary Aim

The primary aim of the Fostering Service is to achieve the best outcomes for children and young people, (while being looked after by foster carers) enabling them to reach their full potential by providing safe, quality family placements.

Additionally our aim is to:

- Meet the full range of standards and requirements as set out in the National Minimum Standards (Foster Care 2002).
- Provide comprehensive support to the carers who look after our children and young people, many of whom have complex needs.
- To provide a high level of supervision to ensure our carers are able to provide a safe and nurturing environment.
- Work in partnership with other parents, family members, significant others (where appropriate) and other agencies to secure positive change for the young people.
- Continually improve the service in consultation with key people, particularly young people and carers.

3 Objectives of the Service

- To ensure that all staff and foster carers work to achieve the Outcomes of Every Child Matters
- To provide a safe caring, healthy and nurturing environment for all Looked After Children through assessment, supervision and support of all foster carers
- To provide appropriate matches of carers to young people's needs and additionally the services required to supervise and support, to ensure the placement is effective and appropriate.
- Children and young people living in substitute families have the right to stability and permanence. Strategies and plans will be developed by all involved in the child's life to assist establish, or maintain permanence and to prevent placement disruption.

4 Principles and Standards of Care we aspire to

Principles

- i) The Fostering Service, as part of the Leicester City Council works to the principles of the Children Act 1989, that the "welfare of children is paramount" and that there are unique advantages for children experiencing family life in their own birth family and, in most circumstances, children's needs are best met by being cared for within their families. Those children unable to live within their birth families (or appropriate friends) have a right to proper care within a substitute family in most instances.
- ii) The circumstances of children and their individual social, health and educational needs should be assessed before any placement is made, including risks to themselves or others. Placement decisions should reflect these assessed needs.
- iii) Children have the right to be consulted and their views given appropriate consideration in any placement decisions, provision will be made to ensure this occurs.
- iv) Young people who are placed in the service should not be disadvantaged or stigmatised by virtue of their race, language, culture, religion, gender, ability or sexuality. The Service will always consider these needs when matching carers and placing children. The Service operates to the Equality Policy of Leicester City Council, which is available on request.
- v) Looked after children have the right to expect high quality, safe, day-to-day care within the context of a clear, overall plan.
- vi) Children should not 'drift' in care. Social Workers and Foster Carers should prepare children for reunification with parents or extended family, permanence or independence.
- vii) The Local Authority has a responsibility to protect looked after children from harm, or from harming others, and policies within the service reflect those agreed by the local Children's Safeguarding Board.

Standards

The Fostering Service ensures that its practices comply with those set out in the National Minimum Standards (and Regulations 2002). Also The Fostering Services (Amendment) Regulations 2009 and The Independent Review of Determinations (Adoption and Fostering) Regulations 2009. To comply with the standards, a set of policies, procedures and guidance documents are available which clearly inform the way in which the standards inform day-to-day practice.

Where children /young people are placed in independent foster care placements standards will be monitored by the Commissioning Service and Team Manager.

A copy of the Foster Care Standards is provided to all foster carers.

In order to ensure foster carers have full information on children and to assist in matching children to carers, the Fostering Service will require a range of records and information including a risk assessment from the placing social worker before a placement is made.

Foster Carers will all have a 'Foster Care Agreement' with the Foster Care Service, on approval. This will be renegotiated, when changes are made to the carer's terms of approval.

5 <u>Management Structure</u>

The Fostering Service is the responsibility of Leicester City Children and Young People's Service and managed by:

Service Director, Andy Smith (0116 252 8306)

Head of Service, Cheriel O'Neill (0116 256 5213)

The Service Manager responsible for the day-to-day management of the service is Mark Tingley, (0116 2995876). A copy of the management structure is detailed in Appendix A. In absence of the Service Manager (Fostering Service) the Service Manager for Residential Care (Children and Young People) will deputise for the Service.

The Fostering Service employs 4 team managers, 23 supervising social workers including a temporary post dedicated to the recruitment of short breaks carers and 4 senior practitioners, a fostering development officer, an enquiry officer and a recruitment and publicity officer. A dedicated administrative team support and manage the following services

Assessment and Recruitment Team

Penni Barwany is the Team Manager responsible for the team, having a MA in Social Work Qualification and 14 years experience in social work.

Short Term Team

Teresa Selby is the Team Manager responsible for this team, having a Diploma in Social Work qualification and 38 years experience in social work.

Kinship Care Team

Georgina Oreffo is the Team Manager responsible for this team, having a Diploma in Social Work qualification and 25 years experience in social work.

Permanence Team

Mel Aked is the Team Manager responsible for this team, having a Diploma in Social Work and 27 years experience in social work.

The team's social workers have considerable experience in social work (and other work backgrounds) ranging from newly qualified to 38 years.

Additionally, the service employs a number of staff who support the day-to day running of the service:

Administrative staff (x 4.5 full time)
Development officer/trainer (x 1)
Publicity Co-coordinator (x 1)
Enquiry Officer (x 1)

The Fostering Service recruits, assesses and approves new foster carers.

The Fostering Service maintains a comprehensive range of policies and procedures that support the management of the Service, the care of children and advice/guidance/protocols to foster carers. This manual is available to all staff and will be available for Child Care Teams and other relevant childcare staff.

6 The Services provided by the Fostering Service

The Fostering Service provides family placements for children and young people of the ages from birth up to and including the age of 18 years. Some young people who are aged 18 may continue to be placed within a family placement if their assessment of need (and legal status) recommends that continuing support for the young person is required into their young adult life. Any transition to another placement, return home or independent living post 16/17 years of age, will be part of their planning process to ensure appropriate services are offered.

The Fostering Service provides placements for children and young people from varying ethnic, religious and cultural backgrounds.

The Fostering Service provides placements for the following

- Placements for babies and young children
- Disabled children.
- Children with severe disabilities and/or medical needs and who might need adapted accommodation
- Children and young people with a range of complex needs
- Unaccompanied asylum seeking children and young people
- Under 18 parent and baby placements

The Fostering Service is located at Eagle House, 11 Friar Lane, and Leicester, LE1 5RB. There is a Foster Care and Adoption reception service located on the ground floor of Eagle House. This is open to the public, who want to find out about fostering and adoption, and to existing foster carers and adopters.

Opening times

9.00 am - 4.30 pm, Monday to Thursday

9.00 am - 4.00 pm, Friday.

Additionally current carers can access the reception service should they need to speak to a duty social worker.

All of the social work teams/managers in the service are located at Eagle House.

The Fostering Service provides the following range of placements and services

• **Emergency placements** initially provided for 24 hours and up to 5 working days in view of returning young people to their previous or alternative placement. Some placements may continue to be provided for a short-term

- period (where the care plan agrees this assessment, and the carer is registered and approved for such placements).
- Short-term placements that meet the care plan for the young person, to enable the young person to return home or to an alternative placement within a short time-scale. Flexibility of care is a significant feature in ensuring success in moving children on to appropriate next placements and at an appropriate time in consideration of the child's needs/circumstances.
- **Permanent placements** where the child's care plan is permanency, within foster care.
- **Kinship Foster Care** this service is where relatives or friends are approved for specific named children. The length of the placement will vary dependent on whether permanency is achieved through another legal route (i.e. Residence Order) or a return to parent.
- Family Link Scheme this service is designed to give flexible breaks to parents/carers of moderate to severely disabled children who are assessed as needing a planned series of short term breaks
- Respite Care this service gives support to birth and care families by providing time limited overnight stays for children and young people to maintain children in their main family base.
- Contract care placements this service is provided to children and young people who require an intensive level of support over and above the other services, young people will have had their care plan considered and agreed by the Department's "Placement Decision Group" to access this service. These carers are self-employed, and work within a six-month contracting arrangement this group of children. The contract care scheme is currently under review, to ensure that its specifications meet the changing needs of the Looked After children
- Remand care this service is not directly the responsibility of the Children and Young People's Services however there is a partnership agreement with the Youth Offending Service to provide placements for young people, who have been involved in criminal activity. One full-time and one part-time qualified social worker, which are managed by a Youth Offending Team Manager, are responsible for supervising and supporting the remand foster carers within this service. How this service is provided is currently under review.
- Private Fostering assessments Assessments, support and advice to carers who care for children within private fostering arrangements
- Assessment and Support Plans for Special Guardianship the service contributes to the assessment and development of special guardianship support plans, where the foster carer seeks to, or does obtain a Special Guardianship Order on a child for whom they are caring.

The Fostering Service also provides a range of services/facilities to support the work that the social work team and carers undertake. These include:

6.1 For young people

- Children's Guides for children and young people about the foster care service.
- Access to primary mental health workers for young people who require assessment/services with regard to their behavioural/emotional needs.

- Access to a team of professionals whose remit it is to raise the educational needs of looked after children (RALAC team) and secure appropriate educational arrangements for the young people either in mainstream or specialist provision
- A dedicated health team advising and implementing a health care programme to support the general health and well being of children looked after in foster care
- Liaison with and services available to young people who are preparing to leave care to live as independently as possible and secure employment/training into adulthood.
- Leisure activities: All foster carers are provided with: A free sports pass for use in all city swimming pools and other sports facilities and a youth worker is available for young people aged 11years and over to promote take-up of leisure/sporting activities amongst Looked After Children.
- A dedicated Children and Young Peoples Rights and Participation Service for looked after children ensures young people know and understand their rights when being looked after and offers advice, assistance and advocacy in having their views heard, and/or in making complaints. A regular newsletter is sent to all looked after children, by the service and opportunities for the young people to meet together.
- Opportunities are also provided through initiatives arising from the work of the Corporate Parenting Forum, these can include free cycle maintenance and riding courses, free access to museum activities, work experience and apprenticeship scheme, job interview practice.
- Independent visitors: This scheme enables children and young people who
 do not have visits from their parents or extended family (or a significant adult)
 to be matched to approved people whose role is to visit children in care,
 including foster care. This service is available if it is agreed that it is in the
 child's best interest, and a suitable visitor can be matched to the child.
- A range of equipment is provided or loaned to the carer to meet the assessed needs of children & young people in placement.
- Child and Family Support Team to provide appropriate direct work and support to maintain placement stability.

6.2 For Carers

The following services are provided to foster carers:

- A named, allocated supervising social worker, with a duty system backup in absence of a worker.
- 24-hour on-call system, staffed by qualified social workers. In the daytime this
 is provided by the Foster Care Service, after 5.00 pm 8.30 am by the
 Emergency Duty Team of Leicester City (Leicestershire County/Rutland), and
 a 24 hour support line run by the Leicester Foster Care Association, which is
 available to all foster carers
- A comprehensive Foster Care Handbook is provided to all approved foster carers.
- The Foster Care Service identifies activities during school holidays that meet the needs of a range of children/young people in foster care.
- Contract foster carers receive 4 weeks' paid leave per year, in view of their specialist function.

- An ongoing training programme linked to carers' accreditation from the point of approval to Level 5 and contract care. This includes access to the NVQ Level 3 Caring for Children and Young People's Award. Significant progress has been made to ensure the Children's Workforce Development Council Training, Support and Development Standards for Foster care are implemented by April 2011.
- Development and support group sessions for carers and briefing sessions on key issues that are likely to affect them or the service due to national/local change.
- The Foster Care Service may decide after further assessment of a situation that some young people with complex needs require additional support.
 Therapeutic services are offered by the Child and Adolescent Mental Health Service, and the Child and Family Support Team
- Fees are paid to the Leicester Foster Care Association (support for foster carers). An introduction to the LFCA and how it can support carers is detailed in the "Foster Care Handbook" which is given to all approved carers of the foster placement service. Additionally, the Foster Care Service funds an advice and information service to carers through the Fostering Network.

7 The Procedures for Recruiting, Approving, Training, Supporting and Reviewing Carers

7.1 Recruitment and Approval of Carers

Appendix D shows the process of recruitment through to approval.

Mainstream

- i) The Fostering Service has a dedicated publicity officer who discusses the recruitment initiatives required, with Team Managers and the Service Manager of the Service. These initiatives are planned to ensure recruitment is focused on the areas where there is the greatest need i.e. long-term placements, sibling groups, teenagers, disabled children respite and long-term, and dual heritage Black/Asian children.
- ii) Recruitment of carers is always planned on a timely basis to maximise the public's interest in considering being a foster carer, therefore the foster care service usually targets specific times of year, specific areas of the City and events happening in the City.
- iii) The Fostering Service has an enquiry service working from Eagle House completed by the enquiry officer. Potential applicants can call in person or by phone to request information. An information pack is sent to them within 24 hours. The enquiry officer does some doing outreach work to black community groups within the city.
- iv) Once someone has expressed an interest in becoming a carer and returned the application form, an invitation is sent to the applicant to the next **information evening** (held monthly). Here they will get the opportunity to hear about the Fostering Service, meet current carers and ask questions about becoming a foster carer. If the applicant still wishes to continue, they will be

visited by social workers from the recruitment and assessment team to discuss their interest, complete an initial assessment proforma and a basic health and safety check of the home.

- v) If the initial assessment is positive and demonstrates that the carers are likely to have sufficient space, and time, to foster, they will be placed on a waiting list for the next available preparation training course and also receive a series of visits by a qualified social worker to complete a full assessment. This might take 3-4 months of approximately 8 visits. A specific form (Form F) is used for assessment and is competency based.
- vi) The Department will also carry out Criminal Record Bureau (CRB) checks, probation, CAFCASS, health visitor/schools references (if have children) and character references. Applicants have to have full health assessments completed by their own GP.
- vii) Once the assessment is complete the social worker will write a report, which is read and signed by the applicant. The report is submitted to a Fostering Panel whose task it is to consider the approval of foster carers. At the panel, all members will have read the reports. Prospective carers and a social worker will attend the panel. Foster carers can only be carers for one fostering provider. viii) The panel makes a recommendation to the Agency Decision Maker and where foster carers are approved, a letter of approval detailing the terms on which the carer is approved will be sent i.e. children's ages; gender; the number of placements, and the type of placement. The carer will also be sent:

Foster Carer Agreement

Foster Carer Handbook

Complaints and Access to Records

A copy of the National Minimum Standards

A copy of the Fostering Services Regulations 2002

Leaflet on the function of the Independent Review Mechanism

Fostering Network leaflets on record keeping, insurance, contact, regulations and guidance.

Letter to carer starting in business.

Notification details

RALAC Information

Children's guides according to carer's approval.

Application form for Leicester City Council swimming passes

Leaflets for Library access.

Copy of Fostering Training Newsletter and Diary

Continuing Professional Development Folder

ix) After approval, responsibility for the carer's support and supervision will remain with the assessing social worker for a short period and then be transferred to a supervising social worker from the Short Term Team or the Permanence Team.

Kinship

- (i) The Service Manager, Fieldwork Service, may agree to an immediate placement under Regulations 38 of the Fostering Services Regulations 2002 following a viability assessment completed by the child care social worker. The child care social worker will inform the kinship care team of an immediate placement, if made. This will trigger a foster payment, and an assessment by the kinship care social worker.
- (ii) A family member may be identified as a possible future foster carer for a specific child (ren) by a social worker and will be referred for assessment by the Kinship care team.
- (iii) A form F (2) for a named child (ren) will be submitted to the Fostering Panel.
- (iv) Following Panel recommendation and approval by the Agency Decision Maker, a letter of approval detailing the terms on which the carer is approved will be sent i.e. children's ages; gender; the number of placements, and the type of placement. The carer will also be sent:

Foster Carer Agreement

Foster Carer Handbook

Complaints and Access to Records

A copy of the National Minimum Standards

A copy of the Fostering Services Regulations 2002

Leaflet on the function of the Independent Review Mechanism

Fostering Network leaflets on record keeping, insurance, contact, regulations and guidance.

Letter to carer starting in business.

Notification details

RALAC Information

Children's guides according to carer's approval.

Application form for Leicester City Council swimming passes

Leaflets for Library access.

Copy of Fostering Training Newsletter and Diary

After approval, responsibility for the carer's support and supervision may remain with the assessing social worker, or be transferred to a supervising social worker from the in the Kinship Care team.

Foster Carers Development, Support and Supervision

- i) Matching of children to carers is carefully undertaken from both the child and the carer profiles on the placement desk, and for children needing long-term placements by the family finding worker.
- the foster carers are also supported by supervising social workers throughout the time of the placement of children in their care by phone and visits. Supervising social workers also have a responsibility to monitor the standard of care that carers provide. Supervising social workers have experience in supporting and advising carers on a range of matters that might be about children's behaviour, contact visits from parents/families, at risk behaviour,

finance, legal matters etc. Carers can ring supervising social workers directly, the Placements Desk or Appropriate Team Managers if there is an urgent matter. Out of hours the Emergency Duty Team, provide an emergency advice. If any carers find themselves subject to a serious allegation by a child in their care, the Foster Care Service, while having due regard for the child's best interests, will also ensure appropriate support is provided to the carer(s) throughout any investigation.

iii) Foster Carers are reviewed annually. The first review conducted within the first year of approval is also submitted to the Fostering Panel, which will decide on the terms of their approval.

The Foster Care Panel has the powers to recommend that:

- (a) Carers can continue to look after children as previously approved.
- (b) Their approval can be altered either an increase/decrease in numbers of children, or type of placement.
- (c) They can also recommend that the carer's approval should be terminated. Where this is the case, the Fostering Panel follows a specific procedure. Further details on the approval and review of foster carers can be requested from the Fostering Service, (contact details in section 6.4)

Carers professional development

- i) All carers will discuss their development and training needs with their supervising social workers. An annual training plan is produced by the service, and newsletters are regularly sent to all carers detailing courses available There is a dedicated development/training officer, who co-ordinates training for the Fostering Service. There are also joint training opportunities for foster carers to attend training with supervising social workers and residential social workers.
- iii) The carers annual review will highlight all courses undertaken and in specific circumstances those that might be required to be undertaken to maintain the carers approval, and to develop carers knowledge and skills.
- iv) Each carer has his/her own Training and Development File so they can build up a portfolio of training, specific work or research study they have undertaken,
- v) Continuing professional development groups are also held in carers homes, where they have the opportunity to discuss specific practice issues
- vi) The CWDC training development and support standards for foster carers has been introduced for all new carers from 1 April 2008.

8 The Children's Guide(s) to the Fostering Service(s)

All children who are placed in a foster home, will receive a booklet which informs them of what the service is for, what it might feel like to live in another family home, the services that children/young people can expect from a foster carer (and the service) and what to do if they are unhappy about any aspect of their care. Three booklets are available for differing age ranges/reading abilities and types of placement and reviewed regularly, with young people, to ensure the details are updated.

A copy of the children's guide should also be available to carers of young people, their parents/social workers on request. The range of matters detailed in the children's booklet is based on best practice, expected standards and the principle of the Children's Act 1989 – the welfare of the child is paramount. Copies of this booklet can be obtained on request from the reception service at. Eagle House:

Fostering Team
Eagle House
11 Friar Lane
Leicester
LE1 5RB

Telephone: 0116 299 5800

9 Safeguarding Children

The Fostering Service, as part of the Local Authority adheres to all the policies and procedures of the Local Children's Safeguarding Board in keeping children safe and responding to enquiries of concern when children are thought to be at risk. The Fostering Service will ensure their staff listen to every concern that is raised with them about the care of children who are placed in its service. If there are general concerns about children's care, this can be dealt with by using the complaints procedure of Leicester City Council. If it is about the welfare or treatment of children physically; sexually, emotionally or neglectful care, the Children and Young People's Services will initiate enquiries and decide what the plan of investigation will be.

- If the matters of concern are about the foster carers, or that of their family or siblings, there is a procedure within the Fostering Service to inform carers (at an appropriate time) of any allegations made about them and what is likely to happen. This procedure is also laid out in the 'Foster Care Handbook' for all carers, and for staff in the staff procedure manual (copies can be requested from the Fostering Services).
- Foster carers will receive support from the Foster Care Service/Leicester Foster Care Association. Children will be supported by social workers, Children's Rights Officer, Independent Visitor, family, as appropriate.
- The placement of the child (other children) will be carefully considered during all stages of the investigation and subsequently when the outcome of the investigation is known.

- Children and carers and relevant others will be informed of the outcome of any investigation.
- The Fostering Service works closely with the placing social workers of the children the Safeguarding Unit and relevant others, i.e. police, to co-operate with any investigation and ensure records are kept of all complaints/allegations made and their outcomes. The service will be aware of any trends/patterns that emerge with particular children/carers/or the organisation, when evaluating complaints on an annual basis.

General Complaints

- There is a separate procedure for children/others to make general complaints about their care in the carer's home or about the services of the Fostering Service. This procedure can be requested from the Foster Care Service at Eagle House or the Complaints Manager (Children). Children themselves will receive information about making complaints. Foster carers are aware of the need to take the time to talk to young people about this, so young people feel they can openly discuss their concerns.
- There are three stages to the complaints procedure. Stage 1 will involve the foster care manager responding to the complaint. Stage 2 complaints are investigated by a person who is independent of the Council. Stage 3 is an independent panel which reviews the Stage 2 investigation. There are timescales to meet when investigating complaints; these are recorded in the complaints procedure. If after Stage 3 is complete, the complainant is not satisfied, they may then refer the matter to the Local Government Ombudsman.
- Where it is appropriate, the parents of children (or legal guardian) will be informed of any complaint/allegation made and the outcome and their views considered. Parents/family members, friends or advocates can act on behalf of a child to make a complaint about the Fostering Service or the child/young person can ask the Children's Rights and Participation Service to support them.

Safe Caring Policy

Each family will have a Safe caring Policy, and bedroom risk assessment completed prior to approval, and regularly reviewed. The Safe Caring Policy aims to reduce risks to all family members and the Looked after child.

All carers will be trained on child safeguarding procedures.

All investigations that are held where there is a substantiated allegation of abuse made about a carer will be reported to the Ofsted, as outlined in the Foster Care Standards and Regulations (Regulation 43).

10 Monitoring the Quality of the Service

The Fostering Service is monitored (and inspected) by a number of qualified professionals:

- Foster carers receive at least one unannounced visit a year to their home by the supervising social worker, and a minimum six monthly supervisory visit. A proforma for both the visits is used. Carers will sign these records and retain a copy.
- The Service Manager responsible for the day-to-day management of the Foster Care Service, monitors a range of matters identified in the National Minimum Foster Care Standards and Regulations (2002) to ensure the standards are adhered to and the service is developing to meet the needs of a range of children.
- Inspectors from Ofsted inspect the Local Authority's Foster Care Service's premises and management arrangements according to requirements laid down by the Department for Children, Schools and Families, and can contact and/or inspect foster care homes unannounced.
- Complaints made about the Service, including carers, are monitored on an annual basis; this also includes any allegations made about staff/carers. The current number of complaints and their outcomes is documented in Appendix C and updated on a quarterly basis. Compliments will also be recorded and reported on.

11 Review of the Fostering Service Statement of Purpose & Function

The Fostering Service will review the Statement of Purpose & Function on an annual basis to ensure its aims, objectives, services and facilities provided - remain appropriate to the care of children and young people. Any review of the Statement of Purpose and subsequent changes will be notified to Ofsted, carers and relevant others on request within 28 days of any change, and will have the approval of the Council's Elected Members.

Ofsted, National Business Unit Royal Exchange Building St Ann's Square, Manchester M27LA	Telephone: 08456 404040
The Children and Young People's Rights service Ground Floor, B Block New Walk Centre Leicester LE1 6ZG	Telephone: 0116 252 8409 and 07976848391 Email childrensrights@leicester.gov.uk
The Foster Care Service Eagle House 11 Friar Lane Leicester LE1 5RB	Telephone: 0116 299 5810 Fax: 0116 233 6053
Leicester Foster Care Association 10/12 Hoball Close New Parks Leicester LE3 6QW	Telephone: 0116 232 2173 Mobile: 07958587443

NEXT REVIEW: July 2011

APPENDIX A - STRUCTURE OF FOSTERING SERVICE Andy Smith Divisional Director Cheriel O'Neil Head of Service Children's Resources Mark Tingley **SM Placements** (Fostering & Adoption) 1 x Team Manager T.Selby 1 x Admin Officer 1 x Team Manager P.Barwany 1 x Team Manager 1 x Team Manager 3.5 x Clerical 1 x Snr Practitioner G.Oreffo p/t M.Aked 1 x Snr Practitioner 1 x Snr Practitioner 1 x Snr Practitioner Assistants 3 x SSW SSW – Independent Visitors 2 x SSW p/t 4 x SSW 4 x SSW

1 x SSW p/t

p/t

Workers

4 x Supervising Social

1 x Enquiry Officer

1 x SSW p/t - temp

3 x SSW p/t

APPENDIX B

Profile of the Foster Care Service

(Leicester City Children and Young People's Service)

As of 31st March 2010 the Foster Care Service has:

- 161 carers and 65 Kinship carers providing a range of placements described on pages 5 & 6.
- Children and young people are placed with carers, in addition a further 38 children regularly use the Family Link Scheme.

APPENDIX C

Formal complaints received into the Foster Care Service

During 2009/2010 (to date) the following complaints have been received by the fostering service: -

Children and young people none

Foster carer one (upheld)
Child / Young persons family one (upheld)

Other i.e.) public, MP, etc. one (currently under investigation)

All complaints made about the fostering service are referred to the Complaints Manager (Children) where these are recorded. Statistical data concerning complaints are submitted to Ofsted on an annual basis.

APPENDIX D

Process For Prospective Foster Carers

Target Times:	Interest expressed in Foster Care
1 Working Day	Enquiry Officer sends out an information pack
	When application form received
	Attend Information Evening
	When they state still interested in fostering then will be allocated for member of the Pre-Panel Team for an Initial Assessment
	If Initial Assessment is positive
	Invitation to the Preparation Course
	Allocation for Assessment – all checks sent out
	Fostering Panel

Approval as Foster Carer

Appendix E



WARDS AFFECTED

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

Scrutiny 07.12.10 Cabinet 13.12.10

Revisions to Working Together 2010

Report of the Divisional Director, Social Care & Safeguarding

Purpose of Report

1.1. The purpose of this report is to outline the key changes to the guidance to inter-agency working to safeguard and promote the welfare of children contained within the revised Working Together to Safeguard Children 2010.

2. Recommendations

- 2.1. The report is received and the changes to the guidance to inter-agency working to safeguard and promote the welfare of children contained within Working Together 2010 are noted.
- 2.2. That the necessary changes to the Leicester Safeguarding Children Board procedures are agreed.
- 2.3. That the funding recommendations as detailed under Financial Implications are noted having previously been agreed by the Local Safeguarding Children Board Executive Group.

3. Summary

- 3.1. Working Together 2010 sets out how organizations and individuals should work together to safeguard and promote the welfare of children and young people in accordance with the Children Act 1989 and the Children Act 2004.
- 3.2. The Working Together 2010 guidance came into force on 1st April 2010. It follows the publication of Lord Laming's report *The Protection of Children in England: A Progress Report* March 2009. Many of Lord Laming's recommendations are reflected in or given effect by this revised guidance. It also reflects changes and developments in legislation, policy and practice relating to safeguarding children since 2006.

- 3.3. Working Together is addressed to practitioners and frontline managers who have particular responsibility for safeguarding and promoting the welfare of children, and to senior and operational managers in:
 - Organizations that are responsible for commissioning or providing services to children, young people, and adults who are parents/carers; and
 - Organizations that have particular responsibility for safeguarding and promoting the welfare of children and young people.
- 3.4. At this juncture it remains unclear whether or not the Coalition Government will make any revisions to Working Together. However, pending any further changes in the future, the Local Authority and partners are under a statutory obligation to implement this revised guidance.
- 3.5. Since the publication of Working Together the Coalition Government has written to all LSCB Chairs and Directors of Children's Services (September 2010) confirming immediate changes to the document as a result of the abolition of Government Officers. This is largely in relation to the role Government Office previously had in agreeing the timetable for and publication of Serious Case Reviews. The timetabling has now been taken over by Ofsted and communication regarding publication will be communicated directly to the Department for Education.

4. Report

Working Together 2010 - Summary of Key Changes

Part 1: Statutory Guidance

4.1. Chapter 1: Introduction

Key changes include:

- New reference to the impact of the Laming report (2009) together with the Government's response.
- New section on the importance of the child in focus.
- Definition of children at risk widened.
- New importance of child's perceptions inserted.

Specific changes:

- The child in focus summarises the duties under Children Act 2004 relating to ascertaining the wishes and feelings of children and young people before making decisions to protect them. Further definition of keeping child's voice heard includes involving the child in decision making, eliciting their wishes for the future and inviting them to make recommendations.
- Children at risk definition now includes young people at risk of harm from community based violence such as gang, group and knife crime.

 New expectation on communicating effectively with children includes a reference to use of interpreters.

4.2 Chapter 2: Roles and Responsibilities

Key changes include:

- New statutory duties including the specific duties of Directors of Children's Services under section 18 of the 2004 Children Act.
- New statutory guidance on safer recruitment, Safeguarding Children and Safer recruitment in Education, due to be updated in 2010, is referenced and prescribed as a standard for academies and independent schools.
- New duties for Early Years providers under section 40 of the Childcare Act 2006.
- UK Borders Agency duties from section 55 of Borders, Citizenship and Immigration Act 2009 to promote well being and safeguarding children.
- Expectations on all organisations regarding CRB checks.
- A significant expansion on infrastructure for all organisations providing services to children, parents or families, taking into account the importance of explicitly stating safeguarding policy within commissioning strategies; a culture of listening to children; a complaints procedure and the importance of understanding online risks.
- A new section on CAF emphasising its importance, its use in supporting referral or specialist assessments but that CAF is not a referral form and the absence of a CAF should not be a barrier to accessing resources.
- New emphasis on the benefits of an integrated and co-located workforce. Also the critical role of the Children's Trust Board in ensuring proper commissioning of services.
- Special consideration must be given to support for children and young people and information sharing processes.
- An awareness of the importance of working with adult social care is made clear and for working with Tenant Services Authorities.
- The Safe Networks role in supporting sport, culture and leisure services.
- Greater clarity on the responsibilities of Youth Justice Services to safeguard children and young people from themselves, adults and peers and to share information with the LSCB and ensure that staff are trained and safer workforce practices in place.
- UK Border Authorities duties to promote the safeguarding of children including identification of and response to trafficking.
- Schools and Further Education Colleges: includes reference to new Ofsted inspection framework support and planning for young people in custody and requirements for 14-16 year olds, including children educated off site in 'extended vocational placements'

- Greater emphasis on the contribution made by Early Years settings to safeguarding.
- Faith community's duty to report people who pose a risk to children direct to the Local Authority Designated Officer for the management of allegations and faith group's duty to have effective arrangements for working with sexual and violent offenders.

4.3 Chapter 3: Local Safeguarding Children Boards

Key changes include:

- The requirement for Local Safeguarding Children Boards (LSCB's) to produce and publish an annual report on the effectiveness of safeguarding in the local area.
- The appointment of two representatives of the local community to each LSCB.
- Statutory representation on the LSCB of schools.
- Provision to ensure appropriate information is disclosed to the LSCB in order to assist it in the exercise of its functions (subject to the passage of the Children Schools and Families Bill).
- Further clarity over roles of the LSCB and the Children's Trust Board, including the requirement for the Chair to be someone independent of the local agencies.

4.4 Chapter 4: Training and development for inter-agency work

Key changes include:

 Greater detail about the specific requirements for different groups of staff within the Children's Workforce, and defines the responsibilities for training delivery between the Children's Trust and the LSCB.

4.5 Chapter 5: Managing Individual Cases

Key changes include:

- Increased focus on the child ensuring that direct contact takes place/observation of the child/child seen alone where appropriate and that a therapeutic relationship is developed with the child, with good analysis undertaken and an emphasis on good recording.
- Clarification of the relationship between the CAF and the Initial Assessment (IA).
- Extension of timescales for completing of the IA from 7 to 10 days.
- Strengthening the assessment of significant harm, and the engagement of all partners.
- Integration of the planning and review process for children subject to CP plans who are also looked after.

4.6 Chapter 6: Supplementary guidance on safeguarding and promoting the welfare of children

Key changes include:

Additional and supplementary guidance on complex or specialist cases.

4.7 Chapter 7: Child Death Review Processes

Key changes include:

- Involvement of parents/family members.
- Revised definition of unexpected deaths.
- Revised definition of preventable deaths.
- A revised structure to provide a more logical and chronological approach to responding to both expected and unexpected child deaths.
- Expanded guidance on the process in the light of experience in the field.
- Clarity on the roles of registrars and coroners and increased clarity about how to respond appropriately to the deaths of children with life limiting illnesses.

4.8 Chapter 8: Serious Case Reviews

A revised version of chapter 8 was published in December 2009.

Key changes:

- Expanded explanation of Reviewing and investigative functions of LSCBs and prime purpose of Serious Case Reviews (SCR's).
- Membership of SCR sub committees and panels and the Chair of the SCR panel should be independent.
- Anonymisation of SCR documents and information prior to submission to an external organisation.
- SCRs to be completed within 6 months from date to decision to proceed.
- Copies of individual management reviews, overview report, executive summary and action plans to be sent to Ofsted.
- Briefing relevant bodies prior to publication of executive summary.
- SCR sub-committee to provide information to LSCB on actions taken in response to SCRs which will feed into the LSCB annual report.

Further amendments made to chapter issued in December 2009:

Cross reference to child death procedures (chapter 7) and SCR process.

- Further advice on the format and content of the Serious Case Review Executive Summary.
- It is important to note that in addition to Chapter 8 a letter from the DfE dated 10.06.10 made it clear that the presumption in favour of publication is very strong, and that publication of both the executive summary and overview report post 10.06.10 should be the norm.

Part 2: Non-Statutory Practice Guidance

4.9 Chapter 9: Lessons from research and inspection

- Sections on the impact of domestic violence, parental mental ill health, parental problem drug use and parental problems alcohol use have been significantly developed.
- A section on parental learning disability has been added in light of the learning about the impact of these issues on children and young people and the increased understanding of agencies responsibilities to support parents and safeguard children from the risks that can arise.

4.10 Chapter 10: Implementing the principles on working with children and their families

 New section on children in families at risk having very poor outcomes and the need to intervene early where there are risk factors.

4.11 Chapter 11: Safeguarding and promoting the welfare of children and young people who may be particularly vulnerable

- New focus on all those who work with children to be aware of their development and that LSCB procedures apply to every situation and in all settings.
- A wider description of responsibilities for children in prison.
- Links to Anti Social Behaviour teams and adult services are key.
- A new section on violent extremism.
- A revised section on domestic violence.
- A revised section on child abuse and information communication technology
- Revised guidance on children missing from home and education.
- Revised section on unaccompanied asylum-seeking children (UASC)

4.12 Chapter 12: Managing individuals who pose a risk of harm to children

Specific changes:

 New emphasis on young people who may pose a risk of harm to children, and the role of Youth Offending Teams (YOT's).

- Updating in accordance with the MAPPA process includes requirements for the Strategic Management Boards to maintain working relationships with the LSCB.
- Broader definition of Multi Agency Public Protection Arrangements (MAPPA) 'Eligible Offenders', e.g. includes those disqualified from working with children.
- Duty on YOTs to identify cases that meet the MAPPA criteria and make appropriate referrals. Although young people should be assessed and managed differently from adults using age appropriate assessment tools. Children's Social Care should always be represented at MAPPA meetings where a young person is being discussed.
- New section on Multi Agency Risk Assessment Conferences.
- A new section on the Vetting and Barring Scheme and the role of Independent Safeguarding Authority (ISA) replacing the section on POCA and list 99.
- The section of CRB checks makes refers to intention to consult on proposals to amend requirements for CRB disclosures once individuals have been ISA registered.
- New requirement on young people who have offended and received a conviction or caution for certain sexual offences to notify the police of their whereabouts in the community.
- New section describing the Child Sex Offender Review Disclosure Process and the intention to roll out nationally from August.
- New section describing Violent Offender Orders, civil orders which may be used to manage offenders who pose a serious risk of harm to children.

5. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

5.1 Overall Implications

The main implication following the revision of Working Together is the need to update the LSCB Procedures so that they reflect key changes in practice. The Leicester Safeguarding Children's Board will also need to assure itself through its quality assurance role that these changes have been implemented across the children's workforce.

5.2 Financial Implications

The Local Safeguarding Children's Board Procedures need to be updated to reflect the changes in procedures contained within Working Together. The Leicester Safeguarding Children's Board and the Leicestershire and Rutland Board are seeking to commission an external source to provide updated procedures for both Boards (a decision was made as part of the joint LSCB disaggregation process for procedures to remain joint). The procedures will be linked to guidance and be maintained by the source. It is estimated that this cost with be £5000.00 with a yearly maintenance cost of £1000.00 per LSCB.

Colin Sharpe Head of Finance (Investing in our Children)

5.3 Legal Implications

All organisations working with children, young people and their families need to implement the new procedures.

Kamal Adatia, Barrister Head of Community Services Law

5.4 Climate Change Implications

This report does not contain any significant climate change implications and therefore should not have a detrimental effect on the Council's climate change targets.

Claire Pipe Senior Environmental Consultant Climate Change

Other Implications

OTHER IMPLICATIONS	YES/ NO	Paragraph/References Within the Report
Equal Opportunities	х	All of the guidance held within WT 2010 requires action to tackle unfair discrimination and to provide services and other interventions that are responsive to the diverse and changing needs of children, young people and families
Policy	x	There is a requirement for LSCB procedures and a range of internal procedures to be updated in the light of the WT 2010 guidance.
Sustainable and Environmental		
Crime and Disorder		
Human Rights Act		
Elderly/People on Low Income		
Corporate Parenting	No	
Health Inequalities Impact		

6 Background Papers – Local Government Act 1972

6.1 None

7 Consultations

7.1

Report Author

Caroline Tote Head of Service Children's Safeguarding Andy Smith Divisional Director Social Care & Safeguarding

Key Decision	No
Reason	N/A
Appeared in Forward Plan	N/A
Executive or Council Decision	Executive (Cabinet)



Appendix F



WARDS AFFECTED CASTLE / CITYWIDE

OSMB CABINET 7th December 2010 13th December 2010

REPLACEMENT CITY ART GALLERY PROJECT

Report of the Strategic Director, Development, Culture & Regeneration

1. PURPOSE OF REPORT

- 1.1 To inform Cabinet of the review of the Business Case for the proposed development of a new Contemporary Art Gallery, to replace the City Gallery, on the site of the former Workplace Nursery at 50 New Walk.
- 1.2 To present a range of potential options for the future provision of contemporary visual arts within the City.

2. RECOMMENDATIONS

- 2.1 Cabinet is recommended to:
 - i) Proceed with Option 2 Integration of contemporary visual art services within the exhibition programme and overall offer at New Walk Museum and Art Gallery.
 - ii) Open market the lease of the former workplace nursery property at 50 New Walk.
 - iii) Delegate authority to the Chief Operating Officer in consultation with the Director of Legal Services, the Council Leader and Cabinet Lead Member for Children & Young People's Services to agree the terms of the lease of the former workplace nursery property (50 New Walk) following open marketing.
 - IV) On completion of the Central Library amalgamation, transfer the former Central Lending Library (Belvoir Street) property to the Adults & Communities property portfolio to enable the Adult Education Centre to develop a Multi Access Centre.

3. SUMMARY

- 3.1 Cabinet at its meeting on 3 August 2009 approved continued work on the proposed replacement for the City Gallery on the site of the former Workplace Nursery at 50 New Walk.
- 3.2 Following public concern about the original design, Cabinet received a further report on 29 March 2010 which sought agreement to proceed with the construction of a new contemporary art gallery on the basis of the revised design. This was agreed subject to Cabinet's endorsement of a robust business case that would also consider further and review:
 - i) the financial viability of the project from both a capital and revenue perspective,
 - ii) whether the location is the most appropriate and
 - iii) whether the project represents value for money.
- 3.3 The Strategic Director for Development, Regeneration and Culture presented the review of the Business Case to the Cabinet Lead for Culture & Leisure on 28 April 2010. Following this meeting officers were asked to explore further the feasibility of using the Central Lending Library (CLL) as a Contemporary Visual Arts Gallery / replacement for the City Gallery.
- 3.4 Since that time Central Government has undertaken its comprehensive spending review and although the full impact of public expenditure reductions will not be clear for some time, both Arts Council England and Leicester City Council have been asked to model reductions of around 30% over the next 3 to 4 years. The City Gallery is currently a Regularly Funded Organisation (RFO) by the Arts Council and, in common with other RFOs, has received a 0.5 % reduction in grant in the current year with a further expected reduction of up to 10% in 2011/12. Following the Comprehensive Spending review announcement on 20th October, the Arts Council budget has been cut by 29.6% over the next 4 years. However, ACE have been asked to try to ensure that funding to arts organisations is not more than 15%.. Consequently there is an immediate reduction in grant of £10k in 2011/12 and an enhanced level of risk with regard to future revenue support from the Arts Council.

4. REPORT

Background

- 4.1 The former City Gallery was, until 9 January 2010, located in a leased property at 90 Granby Street, which had over time become unsuitable in terms of its scale, facilities offered and location.
- 4.2 ABL Consulting were commissioned by the Council in 1999/ 2000 to undertake extensive consultation and mapping to inform the development of a Capital Arts Strategy for the City. The strategy set out proposals for the development of the Cultural Quarter in St Georges south and these proposals were subsequently reported and adopted by Cabinet / Council in November 2002.
- 4.3 Consultation and research undertaken as part of the Capital Arts study demonstrated a need and demand for a new Contemporary Art Gallery; to replace the City Gallery, with increased exhibition space (suitable to host

- major touring national and international contemporary art exhibitions) and the facilities and resources to improve the way the gallery worked with local practitioners, communities and third sector organisations.
- 4.4 Subsequent feasibility work undertaken by a Contemporary Visual Arts Consultant in 2002/2003 estimated that a development of the required nature within the Cultural Quarter was likely to cost in the region of £9 million, and would also need a significant increase in revenue budget which was not available. The project was therefore shelved.
- 4.5 In 2007/2008 Officers were requested to look at options for the development of a new Contemporary Visual Arts Gallery, to replace the City Gallery. At that time development at the scale and cost envisaged in the Arts Capital Strategy (2000/02) was considered as unfeasible and unaffordable and therefore options of a more modest nature were explored.
- 4.6 A site options appraisal was undertaken in 2008 and the former workplace nursery at 50 New Walk was selected for development.
- 4.7 Over the period from September 2008 to August 2009 a number of options were looked at in some detail to determine the most appropriate approach for the development to take to meet the requirements of the business and to deliver the expected benefits and outcomes. Cabinet at its meeting on 3 August 2009 agreed to proceed with a new build development on the former workplace nursery site at an estimated cost of £2.441 million.

The Business Case for Contemporary Visual Arts

4.8 The Rationale for Contemporary Visual Arts?

- 4.8.1 The visual arts are evident in most human activities, since the creative impulse is a fundamental aspect of the human character, important at every time and every culture.
 - An enjoyment of visual art is common among people of all backgrounds and age groups (even including people with visual impairments.) These include for example rangoli, textiles, tattoos, fashion, web sites, ceramics, paintings, posters, photographs, holograms, sculptures, furniture, quirky installations etc.
- 4.8.2 Although visual art can be experienced anywhere, dedicated locations provide good presentation and interpretation, enable things to be enjoyed that otherwise could not be, and provide an identifiable place to go which is a visitor attraction in its own right. Activities linked to the exhibitions, such as our school and community programmes and retail offer, enhance people's experiences and help to attract visitors.
- 4.8.3 We provide visual arts exhibitions as part of the overall mix of our cultural offer because people like different things. By providing a range of opportunities we maximize the number of people benefitting from the council's cultural provision. This is their entitlement as our citizens.

- 4.8.4 The enrichment provided to a great many people through the experience of visual things is just as valid as any other cultural activity. There are very few people who have no ability or desire at all to appreciate any kind of visual art provided that it is presented in the right way and it is relevant for them, and a great many people already enjoy or have the potential to enjoy visiting art galleries.
- 4.8.5 Contemporary Art has been created recently, often by a living artist. Whilst all visual art is full of interest because of the way it reflects our own time and culture, contemporary art has a particular appeal since it is new, and reflects the times that we live in. It has a particular resonance because it is about today. Also, by definition, it often does not exist in collections, but is experienced through exhibitions and direct contact with the artist. This is why it tends to be treated separately from art that has existed for longer. However the two link together in many ways and both can benefit from being presented together.
- 4.8.6 Investment in a replacement for the City Gallery significantly increases our ability to deliver against the One Leicester priorities, and specifically Talking Up Leicester, Investing in Skills & Enterprise and Investing in our Children themes.
- 4.9 Current service aims and objectives.
- 4.9.1 To provide public access to contemporary visual art exhibitions and related activities which are relevant to and reflective of modern Leicester.
 - To engage with the largest possible numbers of city residents, who are as reflective as possible of the demography of the City.
 - To increase the number of new and non-traditional gallery visitors enjoying contemporary visual art.
 - To inspire and enrich people and make a positive difference to their lives. To support agendas for learning and skills, children and young people, diversity, community cohesion, and help to create a strong sense of identity and local pride.
 - To provide community, family and learning programmes.
 - To enable people to purchase contemporary art and craft at affordable prices.
- 4.9.2 This helps to strengthen Leicester's wider cultural offer which should include a good mix of performing and visual arts and helps to develop people's experiences of the city as modern, dynamic and attractive. This is in line with public expectations of similar cities where a range of visual arts are now provided, including a gallery and the ability to purchase good and affordable contemporary visual arts and crafts.
- 4.9.3 A strong contemporary visual arts offer will help to increase the number of skilled creative people within Leicester's overall workforce.

- 4.9.4 It will help to encourage young people, like recent graduates, to stay in Leicester rather than look for jobs elsewhere, since it helps to create the kind of environment that is known to be attractive to them and provides graduates in relevant subjects with opportunities to continue their creative practice.
- 4.9.5 It helps to encourage city and county residents to work in Leicester rather than look for jobs elsewhere. These people are also crucial to Leicester's economy and it will help create the kind of environment that is known to be attractive to them.
- 4.9.6 It helps support other initiatives (e.g. LCB Depot, Phoenix Square, and Creative Leicestershire) to encourage people in the creative industries to live and/or work locally, especially if it offers an outlet for their work.
- 4.9.7 It will encourage visitors from the sub-region and region and encourage and support tourism, retail, and other aspects of economic development.

4.10 Analysis of the previous offer at the Granby St Gallery

- 4.10.1 The City Gallery, located at 90 Granby Street, closed on 9 January 2010 to enable a move from the site in accordance with the lease expiry date.
- 4.10.2 The former City Gallery service was located in a commercially rented shop front premise. The accommodation comprised; 1 x large, double height, gallery at ground floor level, 2 smaller Galleries 1 at ground floor and the other at mezzanine level (with a stair lift providing disabled access), a main reception that doubled up as the shop 'point of sale', 2 small offices located on the first floor and a small store / workshop at the rear of the ground floor accommodation. A total of 440 square metres of space.
- 4.10.3 The service comprised of both in-house and touring contemporary visual art and craft curated and promoted exhibitions, learning and community activities & events (which took place in the main gallery owing to the limited space), private hire, by artists, community groups and organisations of the 'upstairs' gallery and a craft shop (primarily wall mounted display cases located between the entrance and the reception).
- 4.10.4 The Granby Street site / accommodation and gallery spaces did not meet the government indemnity standards which are necessary to borrow valuable or important items from major collections. This impacted on our ability to present a full range of art, media and types of exhibitions including historical works. The small entrance and low ceilings also prevented large items being displayed. This along with other contributing factors (use of the gallery for events and learning activities etc) impacted on the quality and range of exhibition offered, subsequently impacting on exhibition attendances and participation.
- 4.10.5 Customer, visitor and access facilities, when compared to other galleries, were well below the standard that customers and visitors expect / demand.

4.10.6 The City Gallery performed less well in comparison with the rest of the museums and galleries service in terms of participation. The table below shows City Gallery users compared with museum users in 2009/10:

Users in 2009/	City Gallery (exc off site programme) Jan-Dec 2009	NWM 2009-10	All Museums (exc City Gallery) 2009-10
Total	24,648	170,486	350,375
BME	19%	16.62%	19.22%
Disabled	2.3%	4.34%	5.26%
Under 16	24%	32.17%	33.33%
Over 60	10%	17.33%	17.82%
C2DE	28%	33.8%	30.61%

4.10.7 The City Council core annual revenue contribution is £129K per annum and represents a cost per user of £5.23. The City Gallery service is also supported by an Arts Council England as a regularly funded organisation (RFO). ACE funding is £137K creating a total budget of £266K, and an overall public subsidy of £10.79 per user.

4.11 The Replacement City Gallery Project

- 4.11.1 Owing to the limitations of the Granby Street site / location and the potential need for Council investment to improve the standard of the service, officers, in 2007/08 were requested to identify and review options for the development of a new Contemporary Visual Arts Gallery, to replace the City Gallery.
- 4.11.2 An initial site options appraisal was undertaken in 2008. This considered a number of city centre locations; including the former HSBC Bank on Granby Street at its juncture with Bishop Street, the former Habitat Store on the High Street, the former Guild of Disabled Building on Colton Street, number 82-86 Rutland Street, and the former Workplace Nursery at 50 New Walk. The former Workplace Nursery was chosen as it was considered to best meet the requirements of the business and be able to deliver the expected benefits and outcomes.
- 4.11.3 Cabinet at its meeting on 1 September 2008 agreed to proceed with the development of a replacement for the City Gallery through conversion of the former Workplace Nursery on New Walk. Following more detailed feasibility and development work, Cabinet at its meeting on 3 August 2009 agreed to replace the City Gallery with a 'new build' development on the former Workplace Nursery site at a total project cost, excluding the value of the site, of £2.441 million.
- 4.11.4 Following public concern about the original design, Cabinet received a further report at its meeting on 29 March 2010. At this meeting Cabinet supported the proposed gallery, noting the contribution of the education work and its potential benefits to people's wellbeing but requested a more robust business case, to clearly demonstrate:

- i) the financial viability of the project from both a capital and revenue perspective,
- ii) whether the location is the most appropriate and
- iii) whether the project represents value for money.
- 4.11.5 The proposal to replace the City Gallery at 50 New Walk has a number of capital and revenue risks associated with it. The main areas of risk are:
 - The site is 'tight' and access is only available from Wellington Street and this is in close proximity to the Crown Court.
 - Risk in the ground specifically uncertainty as to whether or not there is a petrol tank.
 - The current delay will result in increased costs if the project goes ahead.
 - Issues associated with the removal of the boundary wall adjacent to the grade 2 listed Georgian property at 50 New Walk.
 - The revenue budget is dependant on achieving increased income from sales and externally funded project grants which now may not materialise.
 - A staffing review will be required to inform further development of the Business Plan / revenue forecasts. Potential need for increase in front of house resources due to the increase in size of Gallery space, and 2 public entrances.
 - Overall a risk that actual revenue costs may be higher than the budget available.
 - Uncertainty of continued funding from Arts Council England (ACE) in light of the recent DCMS decision to model reductions in spending of around 29% and ACE's current review of all RFO's.

4.12 Review of the Options for Contemporary Visual Arts Exhibitions & associated activities in the City.

- 4.12.1 Following the outcome of the Cabinet meeting officers have carried out a further review of the options for the provision of a Contemporary Visual Arts Service and replacement of the former City Gallery, in particular looking at developing a gallery in the Central Lending Library site and extending existing provision at New Walk Museum and Gallery.
- 4.12.2 Following a briefing on the Review of the Business Case (28 April 2010) with the Cabinet Lead further feasibility work was undertaken to ascertain the scope and potential to develop a new Contemporary Visual Arts Gallery in the Central Lending Library (CLL); once the Library Service has relocated to the Learning & Information Library on Bishop Street.
- 4.12.3 Initial Architects' proposals have demonstrated that the CLL can accommodate the Contemporary Art Gallery Function, subject to more detailed development. If this option is supported, it is proposed that:
 - The Visual Arts Gallery is located within the original part of the CLL building including its original entrance and that the infill '70's wedge and Belvoir Street entrance are 'freed' up for use by Adult Education for the MAC. Liaison with Adult Education about joint working and the

- development of a partnership approach to shared use and development of the Central Lending Library site is ongoing.
- Subject to the necessary consents, the entrance to the new Gallery is formed using the original Belvoir Street entrance with wheelchair access from Wellington Street this will require the service lift to be replaced with a passenger lift.
- The Main Gallery is located in the basement, with the ground floor being used for retail, café, reception and learning (this will enable us to retain many of the features on this level such as the recessed book shelves).
- The balcony level be used as a Gallery for the display of small works and craft items, with ramped access being formed at the Belvoir Street end of this level to give access into the third (private hire) gallery space / function room.
- 4.12.4 New Walk Museum and Gallery has an existing track record of modern and contemporary visual art exhibitions. Over the last three years these have included: Leicester Society of Artists Annual Exhibitions and thematic shows; Picasso ceramics: the Attenborough Collection; Wildlife Photographer of the year, Craft and Design, Ernest Gimson and the Arts and Crafts Movement, Nanoq- flat out and bluesome; celebrating New Walk, Journey Out of Darkness: Leicester's Collection of German Expressionist Art; Meri Rail; Sarah Kirby- Linocuts of Leicester; Gifts of Art, artworks gifted to Leicester by the Contemporary Art Society, Jenny Grevatte, a painter's progress", Artist Rooms: Gerhardt Richter (Tate gallery/Arts Fund programme) and Rosalind Nashashibi: the states of things. The City Gallery's Open 22 2010 is also currently being held at New Walk Museum.
- 4.12.5 However given the very considerable financial challenges the Council faces an alternative and financially more feasible option would be to incorporate the most successful elements of the previous offer at the City Gallery, including some exhibitions, retail, learning and community engagement activities. The Arts Council RFO grant would no longer be payable, however it would be possible to apply for one off Arts Council grants or programme funding.
- 4.12.6 The amount of revenue saving which could be achieved would depend on the extent of services to be integrated from the City Gallery. The maximum saving of £95,000 pa assumes a total remaining budget of £34,000 pa to cover the staffing costs of exhibition, learning and community engagement support at New Walk Museum and Gallery. Management would be completely integrated into the Museums and galleries structure. All other costs e.g. any additional costs for the annual open exhibition would be found from New Walk Museum and Gallery's existing budget.
- 4.12.7 The extra staffing resource would be used to continue to deliver the annual Open exhibition (to complement the LSA annual exhibition which has a membership eligibility criterion), and to deliver learning and family activities at New Walk Museum bringing the rich collections of historical art and design from around the world alive through contemporary creativity and participation.

It is expected that in addition to the Annual Open Exhibition, New Walk Museum would continue to host at least one large art exhibition and one smaller one each year, and the programme would benefit from input from a contemporary visual art specialism adding value to not just art exhibitions and interpretation but all its work.

4.12.8 The shop's financial performance would be reviewed and those elements of it that are profitable will be considered for inclusion in the wider retail offer rather than continuing as a separate shop.

4.13 Options

4.13.1 Option 1: Discontinue contemporary visual art exhibitions, retail and learning services previously provided from the City Gallery in Granby Street

Financial Implications:

Capital - £308,000 (expenditure already incurred at 50 New Walk) Revenue – Saving of £129k per annum

Pros:

- Capital and revenue savings could be reinvested in other activities
- Contribution to revenue budget reduction targets
- Alternative use for or achievement of capital receipt from 50 New Walk

Cons:

- Loss of dedicated contemporary visual arts service
- Likelihood of negative publicity
- Loss of users
- Staff redeployment and or redundancy
- Central Lending mothballed at a cost of £10k pa

4.13.2 Option 2: Integrate contemporary visual art services within the exhibition programme and overall offer at New Walk Museum and Art Gallery

Financial Implications:

Capital - £308,000 (expenditure already incurred at 50 New Walk) Revenue – Saving of £95,000 per annum

Pros:

- Capital and revenue savings could be reinvested in other activities.
- Contribution to revenue budget reduction targets
- Alternative use for or achievement of capital receipt from 50 New Walk.
- Potential to increase audiences at NWM
- Able to apply to ACE for one off project grants
- Continue key elements of existing programme eg Annual Open, whilst eliminating dependency on RFO funding

 Already has Government Indemnity status and is capable of taking shows of national and international standard

Cons:

- Exhibition programme would be reduced and incorporated within the temporary exhibitions programme at New Walk Museum. As a minimum it would include three specific shows per year rather than an all year round programme. (ie. One major exhibition; the annual "Open" exhibition, and one further small show)
- Off site learning activities or exhibitions would not be possible without increasing staffing resources
- Retail provision would be amalgamated and reduced to profitable lines only
- Possible negative publicity especially from traditional stakeholders seeking priority for other exhibitions e.g. Gimson if contemporary visual art shows significantly increase in number
- Reduces NWM flexibility in programming broad based programmes in the temporary galleries
- Staff redeployment and redundancy
- Central Lending mothballed at a cost of £10k pa.

Providing the Contemporary Visual Arts service in New Walk Museum provides a reduced service provision, but it has no capital costs and lower revenue costs. This option provides the most cost effective solution and avoids the risks associated with reliance on continued Arts Council funding.

4.13.3 Option 3: Develop a new contemporary art gallery in the Central Lending Library

Financial Implications:

Capital – Estimate of £1,650,000 (including expenditure on 50 New Walk)
Revenue – Estimate subject to a detailed business plan/whole life costing of £364,000 pa (assumes £137K from Arts Council and £90k from Income Generation)

Pros:

- Benefits from more central location and closer links to the Adult Education College and De Montfort University
- Makes good use of an historic landmark building, which is considered less marketable than 50 New Walk. Also avoids mothballing costs of £10k per annum
- Increased income generation potential and some scope for re-investment of capital savings as a result of lower capital cost
- Potential for positive publicity
- Alternative use for or achievement of capital receipt from 50 New Walk
- Joint work with Multi Access Centre

Cons:

- Constraints of using listed building including risks of unknown additional capital costs until commencement of capital works
- Premises costs are known to be higher than 90 Granby St and operating costs may be higher due to the increased size of the building, potentially placing further pressure on limited revenue budgets
- Unlikely to achieve Government indemnity standards for major touring exhibitions although capacity for further development in the future
- Major risk that revenue budget will not be sustainable term if ACE RFO funding ceases after 2011/12

Although more detailed design and costing is required, this option provides a central location, has significantly greater floor space and estimates of capital costs would suggest that a replacement for the City Gallery would be lower than those associated with a new building on New Walk – although it should be noted that refurbishing listed (and older buildings) can often lead to unexpected additional works / prolongation of works costs that cannot be known prior the work has started. Further work is required on revenue costs, but initial indications would suggest these would be cost neutral, provided ACE RFO funding is maintained. This, however is a major risk.

4.13.4 Option 4: Existing scheme at 50 New Walk

Financial Implications:

Capital - £2, 440,000

Revenue - Estimate of £364,000 pa (assumes £137K from Arts Council and £90k from Income Generation).

Pros:

- Able to meet Government indemnity standards for national touring exhibitions
- Custom built 'fit for purpose' facility
- Potential for positive publicity
- Capital costs are known, although there are still some risks, and are considered by ACE to offer good value

Cons:

- Still some risks to capital costs e.g. party wall implications and prolongation costs
- Design and Build timeframe of approx 24 months
- The revenue costs are not fully evaluated and there remains a risk that these will exceed the available budget due to the size of the building, the potential need for increased security and the capability to generate sales and grant income.
- Concern that Gallery should be located in City Centre or Cultural quarter for maximum benefit
- Central Lending mothballed at a cost of £10k pa
- Major risk that revenue budget will not be sustainable if ACE RFO funding ceases after 2011/12

This option has been reviewed and some potential risks with regard to both capital and revenue budgets have been identified.

4.13.5 Option 5: Cheaper scheme at 50 New Walk

Financial Implications:

Capital - £1,654,000

Revenue - Estimate of £364,000 pa (includes £137K from Arts Council and £90k from Income Generation)

Pros:

 Some scope for re-investment of capital savings as a result of lower capital cost

Cons:

- Does not meet Government Indemnity standards and no capacity for future service development
- Concern that Gallery should be located in City Centre or Cultural quarter for maximum benefit
- Major risk that revenue budget will not be sustainable if ACE RFO funding ceases after 2011/11
- Central Lending mothballed at a cost of £10k pa

4.14 Conclusion

- 4.14.1 This report reviews the business case for the Replacement City Gallery and the issues raised by Cabinet on 29th March about choice of location, financial risk and value for money and additionally issues arising from the comprehensive spending review.. The report sets out a range of options with varying impacts and allows Cabinet to consider the scale, quantity and location of contemporary visual arts provision it would wish to see in the future together with the potential advantages and disadvantages of different options.
- 4.14.2 From an officer perspective, I would advise Cabinet that, provided members wish to provide a coherent contemporary visual arts programme as part of it cultural activities in the City that:
 - Integrating the service into the exhibition programme at New Walk Museum (option 2) would provide a lower quantity of service provision, but would enable Leicester to host occasional major exhibitions, with minimal capital costs and lower revenue costs. This option provides the cheapest and most cost effective solution, and is not dependant on continued ACE RFO funding towards revenue costs. It, therefore, presents the least financial risk.
 - The option to utilise the Central Lending Library (option 3) provides a central location and has significantly greater floor space. Initial estimates of capital and revenue costs would suggest that capital costs for a replacement gallery would be lower. Further detailed feasibility would be needed to determine whether or not the building could be adapted in the

future to meet Government Indemnity Standards. Further work is required on revenue costs particularly in view of the enhanced risk of reduction and or loss of ACE RFO funding as a result of the DCMS spending review. This option provides the best location and reduced capital costs for the Gallery and also provides scope to develop the site with Adult Education to provide a new Multi Access Centre providing services to the public, including:

- o 1-2-1 information, advice and guidance around employment
- Access to training, vocational courses
- Access to voluntary work linked to organisations based in the new building
- Help to improve English and maths skills
- Self employment and business start up guidance
- Signposting to other support services offering help and advice related to Welfare benefits, health, money and debt consumer and legal, housing and immigration
- Along with classrooms and café facilities and conference facilities in the new Hansom Hall

Use of the former Central Lending Library for this purpose would avoid 'mothballing' a grade 2 listed building at an estimated cost of £10,000 per annum.

- The proposal to create a new build on the site of the former Workplace Nursery (option 4) has been reviewed and there are some substantial risks with regard to both capital and revenue budgets allocated. This option provides a value for money solution, compared to regional comparators, which meets Government Indemnity standards in a reasonable location. Further work is required on revenue costs particularly in view of the enhanced risk of reduction and or loss of ACE RFO funding as a result of the DCMS spending review At this stage it poses a greater level of financial risk and higher cost than the proposals for New Walk Museum or Central Lending.
- Options 1, 3, 4 and 5 are not recommended for further consideration as the disadvantages substantially outweigh the advantages as described in the options analysis.
- Strategic Management Board recommends Option 2.

5. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

5.1. Financial Implications

5.1.1 Option 4 requires £2.1m from Council resources, £0.1m unconfirmed from ACE and £0.24 prudential borrowing to be funded from within Cultural Services. There is doubt now whether the prudential borrowing repayments could be sustained and whether the ACE capital funding would still be available.

- 5.1.2 The revenue budget required for options 3, 4 and 5 rely on ACE funding and a significant increase in income generation compared to the old City Gallery. Both of these funding sources totalling £226k or 62% of the total annual revenue budget are at risk.
- 5.1.3 The capital cost already incurred on the original replacement scheme of £308k is a sunk cost and does not have any bearing on the option appraisal. Options 1 and 2 provide revenue savings.
- 5.1.4 Options 1 and 2 are the least risky options and save the Council any further capital expenditure.

 Martin Judson, Head of Finance, Ext 7390

5.2 Legal Implications

- 5.2.1 The Council have powers to provide and maintain an art gallery under section 12 of the Public Libraries and Museums Act 1964, and for exhibitions of arts or crafts under section 145 of the Local Government Act 1972, and for incidental etc purposes under section 111 of the Local Government Act 1972.
- 5.2.2 Possible redeployment and redundancy issues for affected staff are identified in the report.
- 5.2.3 Funding from external sources such as Arts Council is (a) project specific and (b) subject to terms and conditions which would include clawback if the scheme does not progress satisfactorily or if it is not achieved.

Joanna Bunting, Head of Commercial & Property Law, Ext 296450

5.3 Climate Change Implications

- 5.3.1 Each of the options available for the replacement of the City Gallery would have a varying level of impact on the Council's ability to meet its carbon reduction targets.
- 5.3.2 Option 1 would have no impact on the Council's carbon footprint as the service would be not provided.
- 5.3.3 Option 2 would not increase the Council's carbon footprint as the service would be moved into the New Walk Museum and should not result in an increase in the existing carbon emissions of this building.
- 5.3.4 Option 3, utilising the Central Lending Library, would result in an increase in carbon emissions (compared to mothballing the CLL or doing nothing). The CLL currently emits 126 tonnes of CO2 per annum which would then be taken on by the City Gallery; although this figure could be reduced through energy saving measures or actions taken in the process of converting the building for gallery use.

5.3.5 Option 4 and 5, using the 50 New Walk building, would again result in additional carbon emissions. A projection of what the carbon footprint of the building would be is not possible to assess at this stage as this would depend on the final design of the building. However, the use of the 50 New Walk site as the City Gallery would result in an increase in the Council's carbon emissions.

Helen Lansdown, Senior Environmental Consultant - Sustainable Procurement

6. OTHER IMPLICATIONS

OTHER IMPLICATIONS	YES/NO	Paragraph references within the report
Equal Opportunities	No	No specific reference
Policy	No	No specific reference
Sustainable and Environmental	No	No specific reference
Crime and Disorder	No	No specific reference
Human Rights Act	No	No specific reference
Elderly/People on Low Income	No	No specific reference
Corporate Parenting	No	No specific reference
Health Inequalities Impact	No	No specific reference

7. RISK ASSESSMENT MATRIX

Risk	Likelihood L/M/H	Severity Impact L/M/H	Control Actions (if necessary/appropriate)
1 Negative press and media interest & coverage. (High profile scheme that has to date attracted media and public interest)	Н	M	Liaise with Corporate Communications and prepare a statement that focuses ('pros' of the Cabinet decision
2 Abortive expenditure, on the development of the date totalling £308,000.	М	H	Actively market the 50 New Walk site to secure the best price to 'off set' the abortive expenditure.
3 Loss or reduction of ACE RFO funding	Н	Н	The impact would vary depending on the severity of the reduction, 25% is around £34,000,

L-Low L-Low M-Mediu M-Mediu H-High H-High

8. BACKGROUND PAPERS - LOCAL GOVERNMENT ACT 1972

Cabinet Reports dated 1 September 2008, 3 August 2009 and 29 March 2010

9. CONSULTATIONS

Martin Judson, Head of Finance Joanna Bunting, Legal Services Helen Lansdown, Environment Team Lorna Simpson, Children & Young Peoples Services Chris Minter, Head of Adult Education

10. REPORT AUTHOR

Richard Watson, Director of Cultural Services

Tel 29 7301

Email <u>richard.watson@leicester.gov.uk</u>

Mike Candler, Cultural Quarter Project Director

Tel 261 6821

Email mike.candler@leicester.gov.uk Sarah Levitt, Head of Arts & Museums

Tel: 29 8912

Email sarah.levitt@leicester.gov.uk

Key Decision	Yes
Reason	Is significant in terms of its effect on communities living or working in an area comprising more than one ward
Appeared in Forward Plan	Yes
Executive or Council Decision	Executive (Cabinet)

Appendix G



WARDS AFFECTED Castle Ward/City Wide

7th December 2010 8th December 2010 **PVFM** 13th December 2010 Cabinet

De Montfort Hall - Business Plan

Report of the Chief Operating Officer and Deputy Chief Executive

1. **Purpose of Report**

- To present a business plan for the operation of DMH and agree a way forward to ensure the 1.1. Hall is adequately funded and provides a cost effective and varied programme of live entertainment for the people of Leicester and beyond. The development of a sustainable business plan is an integral component of the improvement plan for the Hall.
- 1.2. To present a range of potential options for the future management and operation of De Montfort Hall

2. Recommendations

Cabinet is recommended to:-

- 2.1. Agree the proposed Vision and Objectives for De Montfort Hall (as set out in para 4.4.1)
- 2.2. Adopt and implement the proposed Programme Policy for De Montfort Hall (as set out in 4.5.7) by:
 - a) Increasing the number of single-night popular income generating events,
 - b) Increasing the number of long-run touring musical theatre productions,
 - c) Prioritising popular income generating shows, and
 - d) Maximising commercial hires for non-performance events
- 2.3 Reduce the cost of the Philharmonia Orchestra residency by decreasing the number of concerts from 9 to 7, noting that additional funding is being sought by the Philharmonia for a bespoke programme of concerts tailored for Leicester primary schools (Para 4.7.1-6)
- 2.4 Reduce the cost of the outdoor festivals, by changing the arrangements for Summer Sundae Weekender to a guaranteed fee model followed by a % split of income. This model will reduce costs substantially, share risk more equitably, and provide a mechanism to manage and control expenditure more effectively, as described in Para 4.6. As part of this

- arrangement, and in agreement with our partners, Concert Clinic, Big Session Festival will not take place in its current format in 2011, with any resulting programme gaps being met by the indoor programme.
- Continue with the current governance arrangements for the management and operation of 2.5 De Montfort Hall (Para's 4.8.6-8) on the understanding that:-
 - Hall Management will be supported by an Advisory Board made up of councillors, stakeholders and representatives from the Business Community to ensure every effort is made to improve the financial performance of the Hall. The terms of reference and membership of the Advisory Board to be delegated to the Director of Cultural Services in consultation with the Cabinet Lead Member for Culture and Leisure
 - A Finance and Business Manager is recruited as soon as possible so that the financial performance of the Hall can be constantly reviewed and developed
 - The ongoing cost of this arrangement, (an increase of £287k per annum), as described in the Financial Implications section of the report are noted and incorporated within the base budget for 2011/12 onwards
 - A further report is brought to Cabinet on governance which looks in more detail at the feasibility and potential benefits of establishing a trust model for the long term future operation and management of De Montfort Hall
- 2.6 Support the development of an asset management plan (see para's 4.9.1-4)

3. Summary

- 3.1. DMH has been operating for the 3 years to 2009/10 with a subsidy of between £1.1 - £1.3m, significantly in excess of the approved budget of £0.7m. The funding gap of £0.6m has been paid for from within the former R&C Department using a variety of one off funds and in year savings generated by other divisions within the department.
- 3.2. As part of the Improvement Plan for De Montfort Hall, it was agreed to appoint an Interim Manager to manage the operation of the hall; to undertake a fundamental review of the business: and to develop a sustainable Business Plan going forward for approval by Cabinet. A key component of the business plan is to establish what could be done to address the funding gap of £0.6m on an ongoing basis. The need to do this has been brought into even sharper focus recently with the announcement by Central Government of major reductions in public expenditure.
- 3.3 The review of the business identified that there were a number of reasons for the increased cost. These were an inadequate allowance for inflation (i.e. If the budget in 2005 had not been reduced but rather increased in line with inflation, the budget in 2009/10 would have been £0.9m as opposed to the actual budget of £0.71m); the increased cost of festivals; the lack of priority given to the indoor programme, compared to the outdoor festivals; and issues relating to control and management of budgets.
- 3.4. Summer Sundae Weekender and to a lesser extent Big Session Festival are high profile events which attract significant numbers of visitors to the City. However, despite previous efforts to reduce and manage costs and despite their popularity, they still require a significant subsidy. The subsidy for Big Session amounts to £10.70 per head and £15.39 for

Summer Sundae Weekender (based on 2009 figures). A total of 25 days is needed to set up and take down in addition to the festival days themselves. This has restricted the ability to programme other events (including commercial and private hires) and generate income during this time.

- To ensure the financial sustainability of the Hall, and to comply with the proposed 3.5 Programme Policy, it is also critical to review the arrangements for non - commercial bookings, especially those relating to bookings by local amateur organisations, to enable priority to be given to popular single-night or longer running touring shows during peak touring periods. This can be achieved by encouraging organizers of these events to consider the use of alternative venues and/or by the introduction of a bookings policy which will restrict the availability of key dates for amateur shows during peak touring periods. It will also encourage organizers to plan some of their shows and concerts during off peak periods.
- 3.6 The popularity of shows can never be guaranteed and therefore there remains the risk that the deficit will fluctuate year on year. The business plan recommends that the option of outsourcing be fully explored as this option will transfer this risk to a third party. There are now very few (about 12) comparable venues currently operated by local authorities and this number is decreasing all the time. Operating in isolation, DMH is not in as strong a position in terms of negotiating fees with producers or agents compared to specialist management companies that operate a number of venues and who can negotiate package deals. Exploratory discussions with 2 theatre management companies have confirmed that there would be interest from the private sector and that further savings could be achieved, whilst maintaining a high quality entertainment programme for the people of Leicester.

Report

4.1 **Background**

De Montfort Hall is the largest venue in Leicestershire with a maximum auditorium capacity of 2,200. De Montfort Hall is a 'receiving' venue that presents ready produced touring shows and 'packaged' events. The Hall has the 16th (joint) largest auditorium in the UK. De Montfort Hall was built in 1913 as a concert hall and still contains the organ that was installed a year later. The Hall is a Grade II listed building and is therefore subject to statutory obligation in terms of the building's usage and change. The Hall benefits from flexible seating enabling a wide range of options that includes raked seating for 1600+ and flat floor standing with seated balcony for 2,100+ customers. The acoustics for classical music are world renowned. The Hall is unique in being situated in grounds that can accommodate a further 7,000 people, meaning that large-scale events and festivals can be presented both in the Hall and the grounds simultaneously. The Hall presents a mixed programme of large-scale popularist, mainstream touring artists and shows, commercial hires and smaller-scale community and amateur events

4.2 **Current Position**

De Montfort Hall is owned and operated by Leicester City Council and currently receives no other external funding. The Hall's annual operating cost is £1.3 million which amounts to a £5.00 annual subsidy per user. The Programme has previously lacked focus and direction and needs a Programme Policy adopted to ensure income targets are achieved and the appropriate mix of events for Leicester/Leicestershire audiences are secured. The Hall is 100 years old in 2013 and requires a committed programme of both repair and maintenance. The stage and backstage facilities and technical capabilities are not

comparable to the auditorium capacity potential and is therefore a barrier in attracting some 'higher level' touring productions that reap greater income and audience development, particularly musicals, ballet and opera. However, to improve the backstage facilities to an appropriate level is financially prohibitive at the present time with costs estimated at £10 -15m. The Hall has a workable staffing structure and the introduction of an Interim General Manager has provided leadership and improved operational and financial management. As well as the main programme, the Hall promotes two 3-day festivals during the summer (Big Session and Summer Sundae Weekender) and is also one of 3 regional residencies for the Philharmonia Orchestra. Attendances for ticketed events over the last 4 years has averaged 257,000 a year, with approximately 50% coming from the city

4.3 Context

- 4.3.1 Entertainment venues nationally are at risk as a result of downturn in the economy. Venues owned or funded by local authorities are likely to receive revenue budget cuts. The impact on theatre attendances during the recession has shown that ticket sales have not been badly affected. In fact national trends show that, on average, sales have been up on previous years. However the effect of the recession and cuts by local authorities and Arts Council England may have a significant effect on the number of touring productions as well as existing productions yet to tour.
- 4.3.2 There have been many changes across the UK in the governance of venues like De Montfort over the last 5 years. Many comparable venues operate as a Company Limited by Guarantee and/or as a Charitable Trust. Very few are now managed by local authorities and some are currently outsourcing their venues to specialist operators. Arts Council England funding is restricted to those venues that produce or advocate new work or other ACE priorities. As more venues are managed under specialist umbrellas there is a risk that isolated venues may be left off the touring circuit because new touring productions or artists are contracted by the management company as a 'package deal' for all their venues, meaning the fee or risk is less for each venue.
- 4.3.3 No venue or theatre is exactly the same in terms of physical make up, age, positioning, size of public and presenting spaces, types of performance and usage, staffing, audience demographics and funding structures. De Montfort Hall's Unique Selling Point (USP) is that it is the only venue in Leicestershire that can cater for the mainstream, popular market in the presentation of large-scale touring artists, bands and theatre productions.
- 4.3.4 Leicester 02 Academy (managed by the Academy Music Group) has recently opened and caters primarily for student audiences in the presentation of live music to a maximum capacity of 1,400. Consultation with the Academy's stakeholders, including SJM Concerts with whom the Hall regularly works, has concluded that the 02 Academy will add to and complement Leicester's live music scene rather than impact negatively on existing venues. DMH will continue to be the Leicestershire hub for larger, mainstream popular touring artists such as Sugababes, Michael Buble, Manic Street Preachers, Madness, Diversity, Katie Melua, Girls Aloud and Thin Lizzy.

4.4 **Vision and Objectives**

4.4.1 Cabinet is recommended to agree the proposed Vision and Objectives for De Montfort Hall, as follows:-

Vision – To provide a cost effective and varied programme of live entertainment for the people of Leicester and beyond

Objectives

- To ensure the future of De Montfort Hall as the premier live performance venue for Leicester
- To ensure the best programme of live entertainment that reflects the Hall's capabilities and the diversity of Leicester audiences
- To maximise the potential of De Montfort Hall to stage large scale touring productions and performances
- To ensure De Montfort Hall's position as the City's hub for commercial, mainstream popular programming

4.5 **Programme Policy**

- 4.5.1 There has been a lack of focus and direction in terms of what De Montfort Hall is. who should be using it and the type of programme that it should be presenting. There has been an insufficiently proactive and strategic approach to programming De Montfort Hall. Many events and shows have not been sought out or favourably negotiated; they have been offered in a fragmented way and accepted on the basis of the deal presented. The Hall has been isolated from the industry which has prevented networking, benchmarking and the fostering of relationships with some key partners such as producers and promoters.
- 4.5.2 The Hall has increasingly focussed on its outdoor festivals to the detriment of its year round programming. A lack of proactive programme and diary management has compromised further programme development due to lack of available dates, particularly for high season touring artists (February - May and October - November). Benchmarking De Montfort Hall's programme with other comparable venues for the periods 2008/09 and 2009/10 has identified that there were many notable omissions, particularly pop and comedy artists. This may be because the dates were not available or because De Montfort Hall is not on some promoter's immediate priority "radar" for touring dates. Many artists and shows can only perform in Leicestershire at De Montfort Hall due to its audience capacity and subsequent potential income generation. Should tour dates not be available, Leicester audiences can sometimes miss out on the opportunity to see them. All artists and shows tour for a specified period according to the availability of the artist or contractual arrangements for a show. It is clear that DMH needs to promote itself 'further up the priority ladder' to encourage agents and promoters to consider Leicester for one of their dates.
- 4.5.3 Historical loyalty and ownership by some amateur and community users, particularly at weekends, restricts further development of the programme, particularly in terms of weeklong shows. For example, the Leicester Symphony Orchestra and Bardi Orchestra have historically utilised over 8 Saturdays a year during high Season (average over 4 years 2007/08 – 2010/11). Further work is being done to encourage them to look at the potential use of alternative venues particularly during peak touring periods and to encourage bookings during off peak periods.
- 4.5.3 The Hall's use is comparatively low in terms of commercial, mainstream and popular events that are appropriate for the size of the auditorium and the Hall's capabilities. As the largest venue in Leicestershire, De Montfort Hall is able to accommodate more large scale, popular events than it does at present

- 4.5.5 During 2009/10 the programme mix was as follows (days):-
 - Single-night touring shows and artists 161
 - Long-run (week-long) touring shows (including Christmas) 43
 - Two in-house festivals (Big Session Festival and Summer Sundae Weekender) 31(see note below)
 - Philharmonia Orchestra Residency 9
 - Amateur and Community Events 45
 - Commercial Hires 42
 - Dark (ie Maintenance and Non Show days) 34

Note The performance (public) days for the festivals are 6 (3 for BSF and 3 for SSW). A further 25 days (31 days in total for both festivals) have traditionally been 'held off' the Hall's diary to enable fit up, fit down and the release of all Hall staff to carry out festival related work (mainly in the grounds). Many officers have traditionally carried out low level manual work at high cost and in detriment to their 'day job'. Current discussions taking place include options to release some days to enable other potential activity to take place in the Hall simultaneously and for a more appropriate balance of allocated staff resource to be achieved.

- 4.5.6 The key features of the proposed Programme Policy are as follows:-
 - To focus on the key USP (Unique Selling Point) of the Hall by proactively programming in popular, commercially viable artists and shows as a priority.
 - Thereafter, to enable the development of profitable additional events (for example, conferences, sporting events, trade shows, weddings) suitable to the Hall's size and capabilities.
 - To build, foster and strengthen relationships with key producers and promoters to enable the Hall to step further up the priority ladder in terms of securing further dates for more popular touring artists and shows
 - In the context of the increased commercial viability of shows to ensure the programme is reflective of the audience diversity and demographic make up of Leicester communities
 - Foster a strategic approach to forward planning and diary management by programming key events in 3-4 years ahead, i.e. set aside 4 weeks during the Spring Season (1 week in each of February, March, April, May); 3 weeks in Autumn Season (1 week in each September, October and November) for large-scale, long run (usually a week) shows
 - Facilitate 'Fit for Purpose', joined up programming by encouraging distribution of appropriate events across other suitable Leicester platforms, i.e. smaller events that regularly achieve less than 500 attendances are probably better suited to alternative venues. Exploring the potential for accommodation of these events in other venues such as Curve, Leicester Cathedral and local churches
 - Review Big Session and Summer Sundae Weekender with a view to reducing both the cost and risk to the City Council to enable sustainability-see section 4.6 below.
 - Review the Philharmonia Orchestra Residency with a view to reducing the Hall's costs by decreasing the number of concerts – see section 4.7 below
- 4.5.7 Cabinet is recommended to agree the following in respect of the indoor hall programme:-
 - Increase the number of popular single night income generating shows

by proactive long-range programming 2-3 years ahead through negotiation to secure the best deal and retention of income and by nurturing relationships with promoters and producers

Increase the number of long-run touring musical theatre productions a year from 3 – 7

By proactive long-range programming 2-3 years ahead through negotiation to secure the best deal and retention of income, and by nurturing relationships with promoters and producers, and by exploring and maximising marketing/audience development opportunities including subscription packages and group booking to supplement auxiliary income streams

• Prioritise popular income generating shows

- A proactive rather than reactive programming policy is recommended, in line with general practice in the industry. This includes: Proactively programming in popular, profit-making shows as a priority; Fostering a strategic approach to forward planning and diary management by programming key events 3-4 years ahead, i.e. initially ring fencing 4 weeks in spring, and three weeks in Autumn, to book large scale, long running shows;
- Ensuring diary availability for amateur and community organisations paying the reduced community hire-fee. 1 date per year would be guaranteed in advance for larger amateur music organisations, which are appropriate for the nature of the Hall, including the Leicester Symphony and Bardi Orchestras and the Leicester Philharmonic Choir. Other dates will be made available as far as possible, but may be restricted in terms of day of the week and seasonal period because of the need to prioritise popular income generating shows through proactive diary management. The Hall will continue to work closely with Leicester's much-valued major amateur orchestras and choir to ensure that their needs are met as far as possible within the new programming policy.
- Dates will continue to be available to the Leicester Hindu Festival Council for Navratri
 and for Village India to be the presented at DMH as part of the Programme Policy, on
 the basis that the Hall is the most appropriate venue in Leicester for events of this
 size, audience potential, financial viability and reflective of the City's cultural makeup.
- All users will be subject to the hire tariff and bookings policy and some may need to consider their own business case, including appropriate pricing and other funding sources, in order to ensure their hire of the Hall is cost-effective for their event and the venue.
- Following consultation and discussions with the three amateur orchestras Bardi, Leicester Symphony Orchestra and Leicester Philharmonic Choir- it has been agreed that available dates will be offered by the Hall to the three orchestras up to three seasons in advance. Some dates may be restricted to allow further high season dates to be available to touring promoters for commercial income generating, popular shows. However, by enabling a pro-active long-range approach to the Hall's diary management both the Hall and the orchestras are confident that appropriate dates can be maintained, allowing forward planning for both parties. A consultation process looking at possible additional venues has also taken place and two

possibilites are currently being explored by orchestra representatives and DMH Officers. Forward planning diary meetings with the orchestras, DMH Officers and appropriate partners will be held in January and September each year.

Consultative meetings with Hall staff and other amateur and community users are also taking place with a view to adopting a workable Booking Policy.

• Maximise commercial hires for non-performance events

- Options for alternative profitable events suitable for the Hall's facilities and expertise should be explored without compromising the Hall's USP and Programme Policy. Examples include sporting events, trade shows, conferences, fashion shows and weddings. Weddings and similar events are not 'pre-produced' or 'packaged' and may require service, facilities, staffing, expertise and resource levels not currently catered for by the Hall. These may be better catered for in other locations in and around Leicester. It is therefore important that additional events staged at the Hall are suitable to the delivery capabilities in terms of physical and staff resource. Some specialist services, such as wedding and conference planning, could be provided by an external company subject to need and at the cost of the client
- It is recommended that the universities continue to partner with DMH for degree ceremonies should dates be available as they bring in a high commercial hire fee with minimal resource needs, during the summer when limited touring events are available

4.6 **Festivals**

- 4.6.1 Leicester City Council currently funds two festivals at De Montfort Hall: Big Session Festival and Summer Sundae Weekender. Arts and music festivals invariably take place during the summer and success can be affected by the weather. Promoting festivals is not dissimilar to theatre producers and touring music promoters in that there are a few key organisations that dominate the larger, popular festival industry, for example, Festival Republic, AEG and Live Nation. Festival Republic promotes Leeds Festival, Reading Festival, Latitude, The Big Chill, Electric Picnic, Hove Festival and are partners in Glastonbury.
- 4.6.2 The financially successful festivals rely on lucrative sponsorship and large capacity levels to bring in the necessary funding to support the festival's external, bespoke infrastructures. Many of the artists that perform at Festival Republic festivals are contracted to perform at more than one festival which assists programming efficiency, routing and cost.
- 4.6.3 The maximum capacity for De Montfort Hall incorporating the current arrangement with Victoria Park is 7,000 per day (that includes artists, traders, crew and staff) Some of the costs related to the festivals have not been explicit because the events have traditionally been amalgamated as part of the Hall's programme in terms of staff time and resource and procurement of supplies. Management and officer time leading up to and after both festivals across the year has been high and therefore costly in terms of hours undertaken
- 4.6.4 The extent of pre-fit and set-down time (approximately a week either side of the festivals) historically undertaken by Hall staff has previously compromised other activity that could take place during this time (including statutory annual maintenance which by default runs into key dates in early September). It also reduces the number of income generating events which could take place during those times. Whilst, theatres and entertainment venues are

generally dark during August (for maintenance and holidays), June is a good time for touring shows and both periods offer opportunities for commercial activities such as weddings and trade shows. Although it is difficult to be precise about the level of income that could be generated by using these dates, commercial hires on 10 of the 31 days used for Festivals could generate up to £50,000 in gross income. Festivals also divert significant staff time and resources away from the Hall's year round programme which has a negative impact on its operation and financial sustainability.

- 4.6.5 The contractual arrangements for Big Session and Summer Sundae are complex: The Festivals are wholly subsidised by LCC. Concert Clinic are paid a fee to procure the artists and deliver site management, however LCC administer and issue the contracts and pay the artists fees as well as subsidiary services such as catering, accommodation and expenses. De Montfort Hall provide management and staff as well as procure contactors and suppliers. This arrangement is completely unlike all other events that take place in the Hall (or any venue) where financial risk and responsibility is always shared.
- 4.6.6 The Council's current procurement procedures hinder cost efficiency for the festivals even more than the other Hall's activities in terms of securing specialist supplies and services outside of the Council's usual supplier list. This includes stage and technical supplies and services. Staging the festivals relies in part on in-kind arrangements and partnerships. The festivals current reliance on De Montfort Hall staff, including many days before and after the event, amount to high overtime payments and time off in lieu and can compromise other Hall activity while key officers are involved in 'on the ground' festival work
- 4.6.7 The rights to the name 'Summer Sundae Weekender' are owned by the Festival Partner, not Leicester City Council. The same applies with the name "Big Session Festival" which is owned by Oysterband
- 4.6.8 Although costly in terms of the Hall's overall subsidy (subsidy per head of £10.70 for Big Session and £15.39 for Summer Sundae compared to £5 for the Indoor Programme), the festivals contribute significantly to Leicester's unique cultural make-up and have commanded loyal audiences over the last 10 years.
- 4.6.9 Big Session is a 3 day music festival undertaken in partnership with Oysterband (now in its 6th year) that takes place in June. The Festival includes 3 stages of music (including the Hall's main auditorium) as well as retail, food stalls and a real ale tent. Customers can choose from a weekend ticket or individual day tickets. Camping areas are provided at a cost. Ticket sales for Big Session 2010 were 2.641 (£127,371.30 gross) over the weekend. a decrease of 476 (£14,859.95) from 2009. The net cost (subsidy) of the Festival in 2009 was £28,381(excluding costs contained within De Montfort Hall's budget) and Subsidy per head was £10.70. The total (unconfirmed) cost for Big Session in 2010 is circa £50k, when all City Council costs are taken into account, which represents an estimated subsidy per head of just under £19 per head in 2010. The event attracts a core, loyal audience who travel across the country to the event. Of the 2,641 tickets sold for 2010 24.6% were purchased by customers living in postcodes LE1 - 5; 15.6% from Leicestershire and 59.8% from beyond
- 4.6.10 Summer Sundae Weekender, also a 3 day festival coming up to its 10th year, is much bigger than Big Session encompassing Victoria Park and takes place in August. The event management cost in 2009 was £103,721(excluding costs contained within De Montfort

Hall's budget). Ticket sales for SSW 2009 were 6,739 across the 3 days with a gross of £543,828. Subsidy per head was £15.39 and does not represent value for money; although the event has a very positive national profile. The event management cost does not represent the full cost of operating the festival as this excludes overtime and additional hours of DMH staff and certain other Hall costs which means the total cost and subsidy level is higher. Ticket sales for 2010 were 7,941 of which 4,231 were weekend and 3,710 day tickets (an increase of 17.8% on 2009). Of the 7,941 tickets sold for 2010, 35.1% were purchased from customers living in LE1-5 (which represents an increase of 248 (9.8%) on numbers sold in 2009), 22.6% from Leicestershire and 42.3% from beyond Leicestershire. Full cost analysis for 2010 is currently being finalised, but the total unconfirmed cost for Summer Sundae Weekender is circa £156k, when all City Council costs are taken into account, which represents an estimated subsidy per head of £19.64.

- 4.6.11 A number of potential options with regard to the future of the festivals have been considered. These include:-
 - Work with current partners (Concert Clinic) on options to reduce the current cost and sole risk to the Council. This would enable the existing brands to be retained.
 - Ceasing one or both festivals and /or incorporating any programme gaps within the Hall's programme.
 - Suspend operation of the festivals for one year to allow for a thorough review of all options
 - Explore outsourcing options to a specialist festival promoter. However there is no guarantee that there would be commercial interest or that festivals of equal production levels could be delivered without subsidy. The name 'Summer Sundae weekender' is owned by Concert Clinic. To deliver the festival in its current format, the name is crucial in terms of branding and sustainability of the event as a going concern.
- 4.6.12 Positive discussions are taking place with our current partners (Concert Clinic) who have agreed to work with the Council to reduce costs and share risk. A number of options to increase income and reduce costs have been proposed and these are currently being evaluated. These include:-
 - increasing the capacity by 500 but without encroaching any further onto Victoria Park. This will be subject to a full risk assessment.
 - Increasing the prices by £10 for a weekend ticket and £5 for a day ticket,
 - Potential to programme an additional event on the Thursday evening utilising the stage and technical infrastructure in De Montfort hall Gardens, and
 - Changing the contractual relationship with Concert Clinic whereby a fee is paid to the main provider (Concert Clinic) followed by a % split of income based on an agreed allocation of staff and resource expenditure provided by DMH. This model is more in line with industry expectation for a receiving venue such as De Montfort Hall whilst also recognizing the event's unique complexities outside of the Hall's usual programme. This arrangement which has been agreed in principle will enable both Concert Clinic and LCC to share risk more equitably and allow Concert Clinic to secure procurement benefits by direct purchase of infrastructure. Although it is recognised that a subsidy by LCC is still required to present SSW in its current format, this will be substantially reduced. It will also ensure both parties are committed to cost efficiency. Work is continuing to finalise the arrangement.
 - As part of the analysis and consultation process it has been agreed by LCC and Concert Clinic to cease Big Session Festival in its current format. This conclusion

has been reached independently of Summer Sundae Weekender by looking solely at the viability of BSF as a bespoke event that provides for a more specialist audience base than SSW. Many options were considered to retain BSF in its current format, including incorporating the event into SSW, or moving it closer in the calendar so that some infrastructure costs could be shared, however these options are not viable for reasons of cost and audience demand. It has been agreed to stage a one-day event at De Montfort Hall during peak season in October 2011 billed 'Oysterband & Friends', featuring Oysterband as the headline event.

- 4.6.13 At this stage, it is not possible to state with confidence what level of subsidy would be required from the Council. Initial calculations would suggest that based on attendance levels in 2009 and 2010, an LCC subsidy of between £28k and £38k will be required which would reduce subsidy levels to between £3.30 and £5.00 which would be consistent with the average level of subsidy for all events at DMH. Given the proactive discussions with Concert Clinic, officers would recommend that we adopt this approach for 2011 and review the position again next year
- 4.6.14 The feasibility of moving Summer Sundae to Abbey Park has been considered. Whilst this site offers a potentially larger festival, there would be higher set up costs (as De Montfort Hall provides the 2nd stage and infrastructure ie bars, toilets, dressing rooms, security etc). There would also be conflicts in respect of camping and sports use on Abbey Grounds. The shared view of officers and our partners Concert Clinic is that there would be reluctance from SSW festival goers to migrate to a new site and Abbey Park would present a higher level of risk to both parties

4.7 Philharmonia Orchestra

- 4.7.1 The Philharmonia is one of the world's leading orchestras and Leicester is privileged to have secured such a significant partnership. The programme is very popular, playing to an average of 82% capacity through the season. Of the 11,688 tickets sold for the 2009/10 season of 9 concerts, 37.7% were purchased from customers living in LE1-5, 51.6% from Leicestershire and 10.7% from beyond Leicestershire. Subsidy per user is approximately £7.60 per person
- 4.7.2 It was initially suggested that 6 concerts could be sufficient to maintain a high calibre of soloists and conductors and therefore sustain a residency. Discussions have taken place with representatives from the Philharmonia Orchestra who were concerned that such a significant reduction might compromise the basis of the residency and its associated community and education programmes. Following discussions with the Philharmonia, it is now proposed to reduce the number of concerts in the annual programme from 9 to 7 and when the financial situation improves, the number of concerts will again be reviewed.
- 4.7.3 These discussions have also included pricing policies, sponsorship and marketing opportunities, progress towards bringing down costs, raising awareness of the Philharmonia amongst Leicester residents, and incorporating it more into City life.
- 4.7.4 The education and community engagement programmes are a particular important part of the residency for both the Council and the Orchestra as they are focused on predominantly young people. About 2,000 city residents per year currently benefit from these targeted programmes, which include work with; young people, Curve and the Royal Shakespeare

Company; Special schools for the Special Olympics; Re-rite, a digital interactive experience based on Stravinsky's Rite of Spring, and a partnership with Shruti Arts.

- 4.7.5 The Philharmonia is now extending its education programme by raising funds locally and nationally to cover the costs of a unique programme of bespoke concerts tailored for Leicester primary schools. By 2014 they aim to give every Key Stage 2 child in Leicester the opportunity to hear the Philharmonia Orchestra. The Philharmonia will work with LCC to prioritise schools of greatest need and to ensure the programme supports the council's wider education strategy, particularly regarding literacy and numeracy. In addition, they plan to offer a series of professional development programmes on using music in the classroom, from cross-curricular working to social integration, and hope to provide supporting materials for pupils and staff using digital resources.
- 4.7.6 This initiative has been welcomed by CYPS. Head teachers have been briefed and invited to join a steering group. This will meet in January to finalise details including whether schools should contribute towards costs.
- 4.7.7 In addition to helping to raise educational attainment generally, this initiative supports national strategies for music education for all children, and also strengthens the links between Leicester's local communities and the Philharmonia which helps to develop new local audiences.
- 4.7.8 The concept has already been enthusiastically received by local and national stakeholders and therefore has every chance of success.

4.8 Governance

- 4.8.1 There have been many changes to the ownership and management of entertainment venues over the last 5 years. Many large-scale venues operate as a Company Limited by Guarantee and/or as a Charitable Trust that are funded by various bodies including local authorities and Arts Council England. Many others, comparable with De Montfort Hall, are managed by specialist theatre operators. Very few are now managed by local authorities Some large scale venues are owned by a local authority but managed as a limited company by guarantee or charitable trust. Some are privately owned and operated by a specialist venue organisation (Ambassador Theatre Group, Really Useful Company, Cameron Mackintosh). Currently only very few (approx12) venues comparable with De Montfort Hall are owned and operated by a local authority. Of the 12 some are now currently seeking expressions of interest from the interested parties to take on management of the organisation. The last 5 years has seen many venues outsourced to external specialist venue operators.
- 4.8.2 Generally only those theatres that have received significant investment in their customer spaces as well as technical capabilities can sustain as an independant limited company or charitable trust because they are able to receive the major income generating shows as well as other cost saving benefits, putting them in the strongest position in terms of programming and procuring the best acts. Venues run as a trust and are independent, therefore do not rely on a local authority or management company for payroll, vat, financial support, HR or IT provision. These costs and accountability lie with the board of trustees and venue management.

- 4.8.3 Most large-scale multi-performance venues run as independent trusts or companies are large city based affording them larger populations (i.e. Manchester, Birmingham, Newcastle, Liverpool) or pull from wider demographic areas (i.e. Southampton, Norwich, Bournemouth, Plymouth). Venues catering for mainly one genre (i.e. concert halls. playhouses) can be sustainable as a trust where there is also alternative provision for largescale multi-performance popular programming and sufficient available audiences (i.e. Bristol, Cardiff, Manchester and Birmingham).
- 4.8.4 Many major presenting venues benefitted from significant investment when capital monies were more available some 10-15 years ago either from the Arts Council, local authorities or Lottery. The investment, particularly in stage facilities, public areas and auditoriums enabled many theatres to be sustained as independent trusts or companies An example is The Regent Theatre and Victoria Hall in Stoke. Previously local authority owned, the then Chief Executive was successful in achieving the largest capital regeneration lottery bid outside London to significantly develop the venues to "No 1" touring status. Both venues are now owned and operated by ATG. There is unlikely to be the level of investment at this time necessary to put De Montfort Hall on this level of footing.
- 4.8.5 The emerging of other specialist venue operators such as SMG and HQ Theatres provides venues such as De Montfort Hall with the opportunity to achieve programme growth and venue development through industry knowledge and procurement of product

The governance options for De Montfort Hall are as follows:-

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Pros		Cons	
•	Demonstrates council's continuing commitment to culture already shown through existing high levels of investment per head of population in cultural provision Reflects local pride in and affection for this facility Complete flexibility over the level of use by council subsidised community organisations Removes potential period of uncertainty during outsourcing process May be more straightforward from central maintenance fund investment point of view Removes risk that outsourcing may not be successful	 become sus Lack of inducorporate be Isolation fro purchasing high risk of Unable to be procurement Managers' fincompatibil venue/servie No access twider theatr shows and fand sharing 	istry knowledge from the ody m industry in terms of 'bulk' for touring artists and shows; being left off the circuit enefit from package it opportunities for artists/shows ire fighting Council ities rather than managing the ce o the benefits of being part of a e groups (i.e. access to big further investment, networking of industry practice) inancial risks due to volatility of

4.8.7 Option 2: Leicester City Council owned but Outsource Management to a Theatre Management Operator

- Pros
- Reduced Cost to Council in terms of overheads and corporate recharges
- 'Package' programming opportunities as a result of being part of a bigger theatre group resulting in more choice for customers and the potential to attract major artists
- Run more as a business/commercial venture
- Investment/funding opportunities
- Significantly reduced risk
- Staff development opportunities
- Financial stability/known annual cost
- Not constrained by LCC's processes and procedures
- Specification and 'purchase' of community programming is possible
- Networking and sharing of good practice between venues.
- LCC would retain ownership of venue

Cons

- Limited control over programme content which will be commercially driven
- Limited stage and backstage facilities (requires major investment to aid programme development for major shows)
- Possible staff costs following TUPE
- Loss of in house catering
- Public and local user uncertainty/objections
- Potential impact on integration and viability of Summer Sundae Weekender
- Reduces opportunities of joint working with other cultural venues

4.8.8 Option 3 - Establish an independent Cultural Trust for the operation of DeMontfort Hall

• Pros

- Reduced Cost to Council in terms of overheads and corporate recharges
- NNDR Savings on De Montfort Hall of between £74 and £92k if charitable status achieved
- Increased external funding opportunities
- Reduced organisational constraints mitigate against local authority entertainment venues operating in an optimal way.
- Clarity of focus enabling management to concentrate on improving the programme and commercial viability of a single venue
- Tried and tested model understood by potential funding partners

Cons

- Additional costs of approximately £0.5m pa for unrecoverable VAT
- Possible staff costs following TUPE, especially relating to pensions
- Loss of in house catering
- Potential Public and local user uncertainty/objections
- Significant risk in establishing new business, with tough financial targets during a recession, with LCC as sole public funder.
- Increased support costs in respect of accountancy, legal, HR, ICT and possibly office space and management capacity
- Insufficient pool of capable, skilled and willing trustees/board members within the locality to guarantee financial success without financial backing
- Isolation from industry in terms of 'bulk' purchasing for touring artists and shows; high risk of being left off the circuit

•	Unable to benefit from package procurement opportunities for artists/show
•	No access to the benefits of being part of a wider theatre groups (i.e. access to big shows and further investment, networking and sharing of industry practice)

Options Analysis

- 4.8.9 Option 1 can reduce the budget to more acceptable levels, although not to the existing budget provision. Furthermore the financial risk remains. As more and more local authorities pass management of their venues to specialist operators, the risk of being left off the touring circuit for income generating, popular shows increases as more tours are package procured. The estimated cost of this option is £998k (against an approved budget of £711k), provided the recommendations relating to the implementation of the Programme Policy including Festivals and the Philharmonia residency are supported. If Cabinet support this option it is recommended this is on the understanding that:-
 - Hall Management are supported by an Advisory Board made up of councillors and representatives from the Business Community to ensure every effort is made to improve the financial performance of the Hall. The terms of reference and membership of the Advisory Board to be delegated to the Director of Cultural Services in consultation with the Cabinet Lead Member for Culture and Leisure
 - A Finance and Business Manager is recruited as soon as possible so that the financial performance of the Hall can be constantly reviewed and developed
 - The ongoing cost of this arrangement, (an increase of £287k per annum), as described in the Financial Implications section of the report are noted and incorporated within the base budget for 2011/12 onwards
 - A further report is brought to Cabinet on governance which looks in more detail at the feasibility and potential benefits of establishing a trust model for the long term future operation and management of De Montfort Hall
- 4.8.10 Option 2 provides the greatest potential for maximising the saving and reducing the cost of operating De Montfort Hall. It also eliminates the financial risk, whilst maintaining ownership of De Montfort Hall and retaining influence through the contractual framework. A successful, sustainable partnership with a theatre management company would be subject to a workable negotiation process concluding in an agreed split of cost and income potential over a 10 to 15 year period. This model provides the greatest sustainability in terms of maintaining and developing the income generating, popular programme necessary for the Hall's medium to long term future. The estimated cost of this option, excluding festivals, is £650 £750K provided the recommendations relating to the implementation of the Programme Policy including the Philharmonia residency are also supported. However, under this model there could potentially be an impact on the integration and viability of Summer Sundae Weekender which would need to be discussed and agreed with the selected operator and the festival promoter. If Cabinet support the proposal to outsource the management of De Montfort Hall to a theatre management company, a timeframe of 12 months should be allowed to complete the process and ensure the right operator is sought.

- 4.8.11 Option 3 would require increased costs which would exceed the likely benefits. Whilst there are many benefits to trust management, the negative financial picture and the significant operational risks make this option difficult to support at this time. The establishment of a joint trust with Leicester Theatre Trust Ltd and Leicester Arts Centre Ltd. would be costly and time-consuming to implement and would require the active support of a range of partners. However, there is a commitment between the venues to continue to work together and pursue opportunities for efficiency benefits, sharing of resources etc. The estimated cost of this option is £1.1 to 1.3m and more detailed feasibility and costing would be required before this could be progressed further. As mentioned above, if Cabinet decide to maintain the current governance arrangements for now, it is recommended that a further report is brought to Cabinet on governance which looks in more detail at the feasibility and potential benefits of establishing a trust model for the long term future operation and management of De Montfort Hall
- 4.8.12 Large-scale venues that succeed on a trust basis have received sufficient investment to present well defined programmes, have proven audiences for their market and provide for a specific genre (Concert Hall, Play House, Art House, Theatre) that complements an overall portfolio of venues representing fit for purpose platforms across all performing art forms. Examples include:-

Bristol: Hippodrome – No 1 large scale receiving; Colston Hall – Concert Hall; Old Vic – producing theatre;

Norwich: Theatre Royal – No 1 large scale receiving; Play house; Arts Centre; St Andrew's Hall – Concert Hall;

Manchester: Palace – No 1 large scale receiving; Bridgewater Hall – Concert Hall; Cardiff – Wales Millenium – Large scale receiving; St David's Halll – Concert Hall

4.9 Investment priorities

- 4.9.1 De Montfort Hall is one of many large-scale entertainment venues across the country that was originally built as a concert hall. Some remain as concert halls (mainly where there is alternative provision to present other product) for example Cardiff St David's Hall and Bristol Colston Hall. Many have had to adapt in order to maximise income through auditorium capacity or technical capability as the live performance industry has grown and developed.. Because DMH was built as a concert hall, the auditorium layout is not ideal for many of today's productions where activity on the stage takes place in the rear or sides of the stage, resulting in some loss of ticket sales from restricted seats. This is particularly the case for musicals and opera where viewing can therefore be restricted in the side balcony. Similarly, many venues like DMH (or those built originally as cinemas) have undergone substantial stage and backstage development enabling capabilities to present major large-scale productions such as The Sound of Music, We Will Rock You and Mary Poppins. Examples include Southampton Mayflower and Stoke Regent. De Montfort Hall requires significant investment to enable the presentation of larger musicals
- 4.9.2 Capital investment could further increase the number of profitable large-scale productions that the venue can present through stage and backstage development, increase capacity and therefore income potential by addressing restricted view seating; develop customer facing income generating services such as catering and bar facilities; improve the customer experience in terms of comfort and ease of facilities and Improve office facilities for staff to enable efficiency, productivity and health & safety improvement.

- 4.9.3 The financial costs for Stage and backstage development and improved heating and air conditioning are prohibitive in the current financial environment with estimated costs in the region of £10 -15m. Other smaller scale improvements such as Front of House and decoration improvements (£200k), Catering, bar and kitchen facilities (£100k) and Auditorium Sightlines (£300K) may, however, be more achievable.
- 4.9.4 A key issue, therefore, is the need for an asset management plan which will be needed to identify future premises cost needs, particularly as the building is nearly 100 years old and listed. This will require surveying and inspection that includes the following Structural survey including load bearing, Asbestos Register update, Fire risk assessments, Electrical testing, DDA improvements, automation of current equipment at height, lighting and fixtures, signage, customer and loading lifts, toilets, bars, catering areas, heating systems, auditorium floor repair, seat repair, internal and external plaster, ground maintenance, roof integrity as well as replacement, servicing, updating of CCTV, sound system, lighting stock, tallescope etc. This would need to be jointly undertaken with Property Services who are the landlord and currently provide a number of these items via the Central Maintenance Fund

5. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

5.1 Financial Implications - Impact of the business plan proposals

- 5.1.1 The forecast deficit for the Hall in 2010/11 is £1.3m compared to a budget of £0.7m resulting in a shortfall of £0.6m. The majority of the Hall's income is generated in the period October to March and so there could still be a significant variation to this forecast.
- 5.1.2 The impact on the subsidy of the proposals recommended in this report are shown in the table below:

		20011/12 £'000
	CURRENT FORECAST DEFICIT 2010/11	1,310
1	Impact of indoor programme policy changes including Philharmonia (this is estimated to rise to £168k by 2013/14)	(93)
2	Estimated reduction in festival subsidy	(145)
3	Interim management costs	(74)
	ADJUSTED FORECAST DEFICIT FOR 2011/12	998
	BUDGET FOR 2011/12	711
	DEFICIT (Assuming festival savings are achieved)	287
	DEFICIT (If festival savings are not achieved)	432

- 5.1.3 The business plan proposals detail realistic changes to the programme policy which would generate an additional £0.6m of sales and £0.17m of additional gross profit over and above the forecast for 2010/11 within a period of 3 years. This represents an increase of 20% in ticket sales of £2.9m forecast in 2010/11 and an increase of 50% in gross profit of £0.3m forecast in 2010/11 over the three years.
- 5.1.4 Included in the forecast was £183k of net costs covering both Summer Sundae and Big Session. The report recommends discontinuing Big Session and continuing with Summer Sundae in 2011/12. The proposal is that Concert Clinic will procure and manage the majority of the site costs and the Hall will enter into a fee arrangement consisting of a guarantee and a % of the income. The projected direct cost to the Hall of this arrangement is up to £38k compared with £143k included in this year's forecast, saving £105k. The total saving shown in the table is £145k which includes £40k as result of stopping the Big Session.
- 5.1.5 The savings on Summer Sundae are based on significant increases in income through raising ticket prices and significant cost reductions. It is questionable whether these cost savings are achievable and there remains a significant risk that, despite the proposed payment structure, the Hall will end up incurring any additional costs to ensure the festival goes ahead. The Hall is also exposed to any reduction in ticket income.
- 5.1.6 It is assumed that the interim management arrangements are no longer required from April 2011.
- 5.1.7 The deficit compared to the current budget is between £287k £432k depending upon whether or not the festival savings are achieved. An additional budget of £432k has been included in the budget proposals for 2011/12 as no agreement with Concert Clinic has been finalised.
- 5.1.8 The estimated cost of the other two governance arrangements (options 2 and 3) are considered in paragraphs 4.8 onwards. Outsourcing the theatre management (option 2) was the least cost option and would also have transferred the financial risk from the City Council to a commercial operator. The cost of this option could be within £50k of the existing budget, depending upon programme mix.
- 5.1.9 There are significant financial hurdles to overcome in operating the Hall as a trust. It is certainly not clear how this would put us in any better position than our current one in terms of being able to attract the best shows at the most competitive price. There would be no effective transfer of risk from the Council as the trust would ultimately have no other funding sources other that the City Council. The Trust would also incur more costs due to VAT and governance, offset by a saving in property rates. The net effect would be an increase in costs of at least £0.4m over and above the cost to the City Council continuing to manage the Hall.

Martin Judson - Head of Finance

5.2 Legal Implications

Outsourcing

5.2.1 In the case of outsourcing of management operations, it is recommended that, if this option is to be pursued, an assessment of potential residual costs and liabilities be included in the business case. The market is very risk adverse at the moment – even with what is

- effectively a concession and would expect the Council to pick up most or even all of the risk on the business model.
- 5.2.2 The rules on EU procurement and, if applicable, state aids would apply. In the circumstances it is likely that "competitive dialogue" would be an effective procedure as this enables a formal dialogue with the market before finalising the specification and the contract before final tender. It is prudent to allow at least 12 months for this process.
- 5.2.3 If there is a staff transfer, the "Code of Practice on Workforce Matters" will apply and the new provider will have to provide a broadly equivalent pension. Currently the only realistic prospect of this (given the dearth of GAD passports) would be for a new provider to seek admitted body status to the LGPS. Again providers are now very risk averse to contribution and closing fund risk and would seek to limit their liability leaving a potential residual liability for the Council.
- 5.2.4 The arrangements also need to be examined for VAT efficiency but should present no difficulty if the arrangement is a clear supply of services to the Council.by a non associated contractor.

Cultural Trust

- 5.2.5 A cultural trust would usually be established through a company limited by guarantee. There are a number of other models but funders and commercial partners would be most comfortable with this model.. It would be possible for the company to be wholly owned and controlled by the Council this has pro's and cons.
- 5.2.6 Presumably the Hall would then be transferred to the trust as a foundation. This could be done by way of long lease. Issues of disposal at "less than best consideration" and state aids would require further investigation. It is likely that funders would, however, insist on a legal charge over the lease to secure any funding (although this charge would not extend to the Council's retained freehold interest)
- 5.2.7 This option would need an analysis as to whether any services were being procured for the benefit of the Council and, if so, the procurement implications of this understood. Staff transfer and pension issues would still apply, as would the funding of the business model. Changes to existing charities (enlargement, amalgamation) require the approval of the Charities Commission to the scheme. Again procurement, state aid, charity law and VAT issues could be challenging and conflicting.
- 5.2.8 The Council has power to provide, and fund, entertainments venues (including theatres) under s 145 of the Local Government Act 1972. Further powers to provide (or encourage others to provide) conference and exhibition facilities are contained in section 144 Local Government Act 1972. The Council has powers to provide and maintain art galleries under the Public Libraries and Museums Act 1964. The Council also has power to do things incidental etc to these powers under section 111 of the Local Government Act 1972.

Joanna Bunting - Head of Commercial & Property Law

5.3 Climate Change Implications

5.3.1 De Montfort Hall is currently responsible for carbon emissions of 517 tonnes per annum (based on 2009/10 data). There is the potential to reduce the emissions of the Hall but this would require investment and improvements to the building to achieve this; such investment

may be a possibility if the management of the Hall is outsourced. If the management of the building is outsourced or the Hall becomes part of a Trust the carbon emissions of the building will still be counted as part of the Council's carbon emissions under National Indicator 185. However, under the CRC Energy Efficiency Scheme (the scheme provides a financial incentive to reduce energy use by putting a price on carbon emissions) outsourced services would not be counted as part of the Council's carbon emissions. As a result if the management of the Hall was outsourced, based on the initial cost of allowances of £12 a tonne, the Council could save £6204 per annum in CRC allowances (this may rise as the cost of the CRC allowances is expected to increase in the future).

Helen Lansdown - Senior Environmental Consultant - Sustainable Procurement

5.4 Property Implications

- 5.4.1 The Council should look in any proposal for details about which party is responsible for the various liabilities such as repair and maintenance, not just of the structure but the complex mechanical equipment such as the lifts, and health and safety management of the building, for electrical equipment, heating and ventilation, asbestos and water hygiene. The ceiling is of particular concern and is regularly monitored.
- 5.4.2 We would also look for the terms of any lease or other arrangement to have sufficient strength from the Council's position to ensure that the other party has to fulfil its obligations for the building. A full repairing lease would be the most preferable with an annual inspection of an asset management plan to ensure all aspects of the building were being maintained to an acceptable standard.
- 5.4.3 De Montfort Hall is a Grade 2 listed building, and if it is leased with the council retaining the repair and maintenance responsibility, we would have no option not to repair, with the possibility of significant penalties if we did not which resulted in cancellations. It could need a separate budget being created. Also the Council might have to put it in good repair beforehand, or ensure that the other party does so. Given its age the Council should pass the liability and risks to the other party.
- 5.4.4 If a decision is made to outsource de Montfort Hall, then Property Services would need to be involved throughout the tendering process. The successful bidder should be expected to carry out an initial baseline repair and refurbishment programme to standard we believe to be acceptable then carry out ongoing maintenance. The nature, funding and responsibility for any further capital investment in improvements would then need to be agreed as a separate issue.
- 5.4.5 The terms would require negotiation on rent, frequency of rent reviews, the length in years, the site boundaries, and potential sub-lettings including car parking. We assume that the Council will wish to retain the freehold ownership of the building to ensure the best benefits for Leicester. We would recommend that the lease ends at the same time as any service level agreement or similar arrangement.

Lynn Cave – Director, Strategic Asset Management

6 Other Implications

OTHER IMPLICATIONS	YES/ NO	Paragraph/References Within Supporting information
Equal Opportunities	Yes	4.5.6, 4.5.7, 4.6.8
Policy	Yes	4.4, 4.5, 4.6, 4.7
Sustainable and Environmental	No	
Crime and Disorder	No	
Human Rights Act	No	
Elderly/People on Low Income	No	
Corporate Parenting	No	
Health Inequalities Impact	No	

7 Risk Assessment Matrix

Risk	Likelihood L/M/H	Severity Impact L/M/H	Control Actions (if necessary/appropriate)
1 Budget Overspends	Н	Н	Implement Programme Policy, Cease high cost activities, Remove risk by alternative management arrangements
2 Reducing Budgets following Comprehensive Spending Review	Н	Н	As above
3 Loss of national arts profile if Festivals no longer take place	Н	L	Focus on promoting De Montfort Hall and other cultural venues
4 Outsourcing doesn't generate expected savings	L	M	Option to retain direct management if benefits not significant, although enhanced level of financial risk
5 Negative Customer reaction to potential change of governance	L	L	Customer unlikely to notice any significant difference in operation of the venue
6 Negative Customer reaction to impact of Programme policy	M/H	L/M	Ongoing planned dialogue with event organisers to review options, alternatives etc

7 Background Papers – Local Government Act 1972

De Montfort Hall Business Plan – August 2010

8 Consultations

8.1 Joanna Bunting – Head of Commercial and Property Law

Martin Judson – Head of Finance

Helen Lansdown – Senior Environmental Consultant – Sustainable Procurement

Lynn Cave – Director, Strategic Asset Management-

9 Report Authors

9.1 Richard Watson

Director of Cultural Services

29 7301 or richard.watson@leicester.gov.uk

Hazel Clover

Interim Manager – De Montfort Hall

hazel.clover@leicester.gov.uk

Key Decision	Yes
Reason	Is significant in terms of its effect on communities living or working in an area comprising more than one ward
Appeared in Forward Plan	Yes
Executive or Council Decision	Executive (Cabinet)

Appendix H



WARDS AFFECTED CASTLE WARD

OSMB Cabinet 7th December 2010 13th December 2010

82 – 86 RUTLAND STREET – CREATIVE INDUSTRIES WORKSPACE

Report of the Strategic Director Development, Culture and Regeneration

1. Purpose of Report

This report seeks Cabinet approval for conversion of Council owned buildings at 82 - 86 Rutland Street to workspaces for the creative industries sector.

2. Recommendations

- 2.1 Cabinet is recommended to note the report, and to approve the conversion of 82 86 Rutland Street to workspaces for the creative industries sector, and to:
 - i. authorise the Strategic Director Development, Culture and Regeneration to agree and sign off the funding agreement with emda for ERDF capital support;
 - ii. approve capital expenditure on the project in line with the funding profile included in the report (para 5.1.3)
 - iii. approve the use of £426k WNF funds to support the project

3. Summary

- 3.1 The ambition for the Cultural Quarter is to see it thrive and develop as a vibrant attractive and sustainable focus for Leicester's cultural and creative sectors. Key to this ambition is to bring unoccupied and under-occupied buildings and sites back into economic use. This includes providing affordable workspace for cultural and creative businesses to enhance the investment already made in this area and to stimulate new growth in cultural and creative business activity.
- 3.2 82 86 Rutland Street is located in the heart of the Cultural Quarter. The building is Grade II listed property owned by the Council and currently unoccupied. The property is in a very poor state of repair and requires significant remedial works and investment to prevent continuing structural deterioration. The proposed refurbishment is an opportunity to bring an at-risk historic building back into economic use and meet a need and demand for expansion space for creative businesses within the area.
- 3.3 Funding for the first phase essential repair works (£246,000) has been committed from the Working Neighborhoods Fund (WNF). The cost of the second phase conversion

works will be met by an approved ERDF grant of £646,000 matched by a further wnf commitment of £162,000. If not secured by the end of December the ERDF grant option will be lost. Significant ongoing maintenance costs will have to be incurred on this building if this project is not implemented. Once completed the historic building will no longer be at risk and will have appreciated significantly as an asset.

4. Report

4.1 Historical Context

The property comprises three separate linked buildings (with a total internal area of 9,000 sq ft) and is a textbook example of a mid 19th century integrated hosiery factory and warehouse. It is believed to be the oldest surviving example of a small purpose built factory where a number of knitters would work together for the manufacturer and warehouse owner rather than working individually at home.

It survives in an area of the City where large and significant factories and warehouses often replaced such earlier examples later in the 19th century. The properties form part of a very significant group of historic buildings including the Pfizer and Vogel building adjacent which dates from the early 20th century. The visual relationship is particularly important showing the contrast in scale between mid 19th century and early 20th century warehouses, one for hosiery, the other for leather.

4.2 Recent Context

The Council acquired the freehold of the then fully occupied properties in 1982. Subsequently the properties became part vacant in 1989 and then completely unoccupied in 2002 and have since remained so. The properties were Grade 2 listed in 2006. The Council last fully marketed the properties in August 2009 with a freehold guide price of £400,000. Two offers were subsequently received; however, both were significantly less than the guide price (under £200,000) and consequently not progressed.

The listed properties are at risk and are currently in a very poor state of repair. There are a number of areas of the buildings where works would be required to prevent further significant deterioration and structural damage.

4.3 Creative Industries Workspaces

- 4.3.1 The proposed scheme would involve the Council undertaking first phase essential preventative maintenance work and then secondly refurbishing the properties to a standard and configuration which would make them attractive as grow-on space for SMEs; in this case in the creative industries sector. It is proposed to convert the properties into five workspace units with a total area of 8,245 sq ft. The characteristics of the units and the overall development will be such that their size and quality will make them an attractive proposition to creative businesses seeking grow-on space. The location of the Rutland Street properties, in the heart of the cultural quarter, provides the potential for a market for such units drawn from businesses incubated at the LCB Depot and Phoenix Square.
- 4.3.2 A property strategy for the Cultural Quarter prepared by Lathams and commissioned by the Council, Blueprint and Prospect Leicestershire (October 2010) proposes a number of

actions to develop and consolidate the Cultural Quarter. The Rutland Street property is specifically cited as a flagship workspace project supporting and complementing the development of a cultural cluster within the area. Delivering the strategy will be coordinated by LCC in conjunction with other stakeholders in the area including Curve, Phoenix Square and DMU

- 4.3.3 Indications from both LCB Depot and Phoenix Square support a demand for grow-on space for units within a range of 1,000 sq ft to 2,500 sq ft; floor areas which could be readily accommodated within the Rutland Street properties while largely retaining its original internal layout and features as a former factory and warehouse. The Depot's units range from 160 sq ft up to around 800 sq ft. (currently enjoying near 100% occupancy); similarly Phoenix Square's offer is from 200 sq ft up to 900 sq ft with the majority of units being at the smaller end. The marketing strategies for the three facilities (LCB Depot, Phoenix Square, Rutland Street) would be aligned to ensure complementarity for the overall property offer within the Cultural Quarter and to facilitate growth and retention of businesses in the creative sector. All three facilities will be marketed and managed by the same team.
- 4.3.4 As the above shows the new workspace will be a discrete, new offer that doesn't duplicate existing facilities. The LCB Depot is designed to offer incubation and start-up units and is populated by IT businesses, graphic designers, web designers, arts and creative sector support organizations. Similarly the Phoenix Square workspace offer is for start-up incubation sized units targeted particularly at the Digital Media sector.
- 4.3.5 The new facility will offer grow-on space which could suit expanding companies from either of the above. Two potential tenants are already in discussion with the LCB Depot management team. The space could also support designer/maker uses such as ceramics, fashion, jewellery etc for which there is a shortage of appropriate premises in the city at present. These organisations need workspaces that can house specialist production equipment and machinery, and the Rutland Street site lends itself to 'light industrial' activities of this nature. These uses would also be complementary to the Grade 2 listing of the building as a previous hosiery factory. The site could also provide grow-on space for start up and graduate businesses emerging from the DMU Innovation Centre and specialist faculties and courses at DMU. The existing DMU Innovation Centre is based on the DMU campus but like LCB Depot offers small start up spaces and is an 'office' offer that doesn't support the designer/maker space offered by Rutland Street.
- 4.3.6 There are other existing workspace facilities in the city such as the Leicester Business Centre (LBC) in Belgrave which is also managed by LCC. However they do not serve the same creative sector market, being more generic business facilities and community based. The attraction of the Rutland Street facility for creative businesses is precisely the location and the consequent easy access to the network of other creative businesses and the city centre.
- 4.3.7 A glass atrium covering the courtyard and external passenger lift housed in a glass shaft within the courtyard, will provide the scheme with an architectural focal point. This will set the project apart from a standard refurbishment and reflects and recognises the historical significance of the building, its location and potential function within the cultural

- quarter. The chosen design option retains and preserves the listed buildings original architectural features and functions.
- 4.3.8 The cost estimates have allowed for a BREEAM rating of 'Very Good' to be achieved which is in line with the rating level expected for conversion of existing properties.
- 4.3.9 The building will create more than 8,000 sq ft of floor space. As a marker the LCB Depot currently support 190 jobs with 22,000 sq ft. We would therefore hope that the new facility could support in the order of 50+ new jobs and we would anticipate that (like with LCB Depot and Phoenix Square) many of these will be graduate level jobs, helping us with our objective of retaining and encouraging graduate employment in the city.

5. Funding & Income / Cost Appraisal

5.1 <u>Capital Funding</u>

- 5.1.1 The total estimated budget costs for the scheme is £1,054,000. The key issue relating to assembling a funding package is the restrictive regulations governing ERDF assistance. Taking these regulations into account, together with the Euro exchange rate and ERDF intervention rate, results in ERDF support of £646,000, leaving a balance to be funded on the proposed total cost of the scheme of £408,000.
- 5.1.2 The WNF will allow first phase essential maintenance and repair works to be completed in advance of the letting of the main contract and will not count such costs against the substantive project application. This approach maximises the ERDF grant received. Given the current condition of the building, the Council would complete, as a first phase, elements of the overall project which address and remediate the deterioration and damage to the core structure of the buildings.
- 5.1.3 Works to the value of £246,000 would be required to be completed in advance of the main contract and would be funded by Working Neighbourhoods' Fund. This leaves a funding gap of £162,000 which represents 20% match of to the ERDF's 80% contribution.

Two options were considered to meet this £162,000 funding gap as shown in the table below:

- (i) A further capital contribution of £162,000 from WNF; or
- (ii) Prudential Borrowing.

Substantive Project	£
ERDF	646,000
Prudential Borrowing /	
or WNF	162,000
	808,000
Essential First	
Phase Repairs	
WNF	246,000
Total Capital Costs	1,054,000

5.2 <u>Income / Cost Appraisal</u>

- 5.2.1 The operating costs of the workspace are estimated at £35,750 per annum (excluding borrowing repayments and interest). An assessment of the operational financial viability of the project under different market conditions and rental levels has been undertaken. These models indicate that the debt repayment for Prudential Borrowing can be serviced by net income receipts, even if a worst case scenario were to prevail. However, the deployment of prudential borrowing does generate a significant operational liability to be repaid over a long period and consequently a significant revenue shortfall in the early years of operation based on the worst case scenario.
- 5.2.2 All scenarios assume a prudent occupancy build up from 20% in yr 1, 40% in yr2, 60% in yr 3 and then 80% thereafter. As bench marks for rental the LCB Depot charges £11 sq ft pa inclusive of service charges; Phoenix Square £14 sq ft pa including service charges; and Belgrave Hall Museum charges range from £10 to £13 sq ft pa which exclude service charges and rates. The worst case scenario assumes difficult market conditions are reflected in a rental level of just £6.50 sq ft plus a service charge of £1.53 sq ft (total £8.03 sq ft). The best case assumes a rental and service charge level on a par with the Depot (£11 sq ft pa).
- 5.2.3 In the worst case scenario and assuming deployment of prudential borrowing, by year 4 annual rental levels exceed the total of running costs and prudential borrowing repayments. However the cumulative operational deficit would have reached £58k by year 3 for which there is no identified means of funding. Prudential borrowing cannot be used to fund the operational deficits because the repayment period would be too long even without interest the scheme could only repay such a loan over a 15 year period.

	Prudential Borrowing at £162k.	Prudential Borrowing replaced by £162k WNF.
	Cumulative operational	Cumulative operational
	deficit	deficit
Best Case : £11 pr sq ft	(£36,000)	(£8,000)
Worst case : £8 pr sq ft	(£58,000)	(£18,000)

5.2.1 Once completed the value of the building as an asset will have appreciated considerably. The ongoing costs of maintaining a deteriorating listed building will also have been removed.

5.2.2 Recommendation

5.2.3 It is recommended that additional wnf resources of £162k are deployed to fund the remaining capital gap and that £18k wnf is deployed to cover the operational deficits in

year 1 and 2. Together with the original repairs contribution of £246k that amounts to a total of £426k from the wnf programme.

FINANCIAL, LEGAL AND OTHER IMPLICATIONS

6. Financial Implications

- 6.1 The recommended use of WNF rather than prudential borrowing to fund the non ERDF capital and early years' operational deficits is recommended. Saddling schemes such as this with significant debt finance charges over a long period inevitably means greater risk that scheme will run into financial difficulty. Furthermore there is no obvious means of financing the operational losses in the early years which are increased by the debt repayments. Taking out further loans to fund revenue deficits would add to this risk and require an excessively long repayment period.
- 6.2 Given the recommended funding option the financial model has been assessed as prudent and sustainable as outlined in section 5.

Martin Judson, Financial Services

7. Legal Implications

- 7.1 In entering into a funding agreement with EMDA, the Council will be bound by the terms and conditions of the agreement, including those requiring actions to be carried out in accordance with the timescales set out in the agreement, the disposal of assets and the potential for repayment in the event of default.
- 7.2 The terms of the agreement (as presently drafted) provide that EMDA may seek repayment of the grant for any breach of its terms by the Council. There appears to be no restriction on EMDA's ability to terminate the agreement. Similarly clause 6 provides EMDA with wide powers to vary or withhold grant payments, particularly if the expenditure profile is not met or the deadlines for spend are not achieved. Should EMDA adjust the grant or seek repayment, the Council's protection under the conditions is limited and would need to rely on the general law relating to disputes under contract. The draft also contains other terms in respect for potential liability for other matters (such as responsibility for additional costs and fees and indemnities) that will need to be clarified before the agreement is finalised.
- 7.3 The terms of the draft agreement provide that the Council may not dispose of its assets (here meaning a disposal of the freehold interest or grant of a long lease) without EMDA consent. EMDA's consent will be subject to a condition whereby all or a proportion of the proceeds of any future disposal will be payable to EMDA to repay the grant. This will not affect the grant of short-term leases of the completed premises, as the application states that as the leases of the workshops will be on a short term basis, then they will not fall within the definition of "disposal" under the agreement.

John McIvor, Team Leader (Property & Development), Legal Services, (ext 29-7035)

8. Climate Change Implications

Bringing this building back into use will result in an increase in city-wide carbon emissions. In order to keep these emission increases to as low a level as possible the scheme should aim to reach a high standard of BREEAM rating and during the conversion process action should be taken to make the building as energy efficient as possible. The businesses which move into the converted units should also be provided with information about how to use the building as efficiently as possible and simple actions they can take to ensure their carbon footprint is as low as possible.

Helen Lansdown, Senior Environmental Consultant - Sustainable Procurement

9. Other Implications

OTHER IMPLICATIONS	YES/ NO	Paragraph/References Within the Report
Equal Opportunities	YES	The development will be compliant with requirements of the Disability Discrimination Act
Policy	YES	The proposal is in line with the Council's Local Plan. All procurement to be carried out within approved procedure.
Sustainable and Environmental	YES	A sustainable and environmentally acceptable design will be a major feature of the project
Crime and Disorder	YES	Unoccupied / derelict properties are at an increased risk of vandalism and unauthorised entry. The development will incorporate Secure by Design Principles.
Human Rights Act	NO	
Elderly/People on Low Income	NO	
Corporate Parenting	NO	
Health Inequalities Impact	NO	

10. Risk Assessment Matrix

Risk	Likelihood L/M/H	Severity Impact L/M/H	Control Actions (if necessary/appropriate)
1. Worst case scenario prevails in respect to market take up of space and rental rates achieved.	M	L	The business case has assumed a worst case scenario prevailing.
2. Additional unforeseen capital costs arise during conversion	М	L	The detailed cost estimates contain an element of contingency to meet cost over runs. The project

			specification would be revised to contain costs.
3. Loss of ERDF funding	M	Н	Sign ERDF agreement by end of December 2010
4. Failure to comply with terms of EMDA grant conditions	L	Н	Ensure that any conditions of the grant are capable of being complied with, or that a reasonable extension can be obtained if necessary
5. Likelihood of repayment being required	L	Н	To comply with the terms of the agreement, and in particular any key stages or milestones in order to avoid repayment triggers
6. Clawback of funds on future disposal	L	M	The property will need to be retained during the period of any restriction that would trigger clawback
7. Indemnity in respect of costs and fees	L	H	To ensure as far as possible that any such indemnity is in respect of costs and other matters that are directly the Council's responsibility

11. Background Papers – Local Government Act 1972

St George's Leicester – Cultural Quarter Property Strategy. Lathams Oct 2010.

12. Consultations

Andrew L Smith, Director, Planning and Economic Development
Martin Judson, Head of Resources, Regeneration and Culture
Peter Chandler, Creative Workspace Manager
Neil Gamble, Property Services, Resources
Brendan McGarry, Property Services, Resources
Jenny Timothy, Senior Building Conservation Officer. Planning Policy and Design

13. Report Author

Andy Rose Programme Manager

MAA Support Unit, Planning & Economic Development

Tele: 252 8651

andy.rose@leicester.gov.uk

Key Decision	Yes
Reason	Is significant in terms of its effect on communities living or working in an area comprising more than one ward
Appeared in Forward Plan	Yes
Executive or Council Decision	Executive (Cabinet)

Appendix I



WARDS AFFECTED Aylestone

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

Cabinet 13th December 2010

Declaration of Glen Hills Local Nature Reserve

Report of the Strategic Director, Development, Culture and Regeneration

1. PURPOSE OF REPORT

1.1 To seek approval to declare City Council owned land at Glen Hills a Local Nature Reserve (LNR) in parallel with the LNR designation of the adjoining land by Blaby DC, Leicestershire CC and Glen Parva PC.

2. RECOMMENDATIONS

2.1 That Cabinet approve declaration of land in the Council's ownership at Glen Hills, shown in Appendix 1, as a Local Nature Reserve.

3. SUMMARY

- 3.1 It is proposed to designate land at Glen Hills as a Local Nature Reserve (LNR) to recognise its existing high nature conservation value and the need to protect and enhance its value as a nature conservation asset. The land is partly in the ownership of Leicester City Council, but lies outside the City boundary. The adjacent areas within the proposed reserve are owned by Leicestershire CC, Blaby DC, Glen Parva PC (see Figure 1).
- 3.2 Natural England, Blaby DC, Leicestershire CC and Glen Parva PC fully support the designation as a LNR and land within their ownership has already been designated as a LNR.
- 3.3 The site meets the criteria for designation stipulated by Natural England as legislated by the 1949 National Parks and Access to the Countryside Act. No additional site management costs will result from the declaration.

4. REPORT

4.1 The proposed Glen Hills Local Nature Reserve is within the ownership of several local authorities, namely Leicester CC, Leicestershire CC, Blaby DC and Glen Parva PC (see Figure 1). The area for designation lies outside the City boundary, but an area shown in Figure 1 is retained in the ownership of the City Council.

- 4.2 Natural England, Blaby DC, Leicestershire CC and Glen Parva PC fully support the designation of the LNR. They agreed to declare the land within their ownership as a LNR in March 2010. This area is locally of high nature conservation value, providing a suitable area for a number of Biodiversity Action Plan (BAP) species and habitats. The grassland and open water are also Local Biodiversity habitats and their conservation meets the City and Local BAP objectives for their preservation and conservation.
- 4.3 The area is currently managed for nature conservation as the Glen Hills Nature Area and is well used by the public with designated and informal footpaths across the site. Naturalist groups and the local community group "Friends of Glen Parva" regularly visit the site and carry out conservation tasks, overseen by the County Council Stepping Stones Project conservation officers.
- 4.4 Regarding the legal implications, a Local Nature Reserve (or LNR) is a statutory designation made under Section 21 of the National Parks and Access to the Countryside Act 1949 by principal local authorities.
- 4.5 The declaring local authority must have a legal interest in the land concerned. The City Council has power to designate this land as an LNR as landowner despite the fact it lies outside the city boundary. Appendix I shows the declaration to be signed if the proposal is approved.
- 4.6 The LNR must be managed so that the features which gave the place its special interest are maintained. When declaring an LNR, the local authority accepts responsibility for ensuring that the special interest of the land is maintained. Consideration of how the reserve is to be managed and by whom is required. At present, the management is in accordance with the Glen Hills Nature Area Management Plan completed by Blaby DC. The plan expired in 2008 and prescribes management of the site for nature conservation (maintenance of hedgerows, grassland and woodland management, access and interpretation). The management plan will require updating in agreement with the local authorities and Natural England as a requirement of the sites declaration, specifically stating who will be responsible for maintaining it. It is recommended that Leicester retains responsibility for managing the area within its ownership.
- 4.7 Such management will not incur any additional costs over those currently being made for the maintenance of the site within ownership of Leicester City Council, although the declaration will enable access to potential sources of funding as a Local Nature Reserve (e.g. Access to Nature Natural England funding). It is therefore understood that there will be no financial implications resulting from the declaration of the nature reserve.
- 4.8 The area located within the City Council ownership is relatively small, but is strategically important as it provides access into the reserve and connectivity to the strategic green corridor and adjacent areas of wildlife importance. Figure 2 shows the site in context of the other nearby Aylestone Meadows LNR. Declaration of the reserve will assist in the protection and conservation of these important habitats and associated species. The designation will also provide an opportunity to develop community based action.

- 4.9 Following agreement to the declaration, a management plan will be drawn up by Blaby DC and agreed by partnership authorities including the City Council. The Plan will be regularly reviewed. The City Council will retain responsibility for the management of the land in its ownership. Natural England can act as advisor to the content of the plan, but cannot legally enforce any prescriptions.
- 4.10 Potential benefits also include flood alleviation/defence to the City through protection and conservation of the surrounding floodplain as well as climate change amelioration through the conservation of grassland and woodland acting as a carbon sink and its ability to absorb green house gases.
- 4.11 The designation will support partnership working with other local authorities, strategic green infrastructure, Leicester's One Vision (Planning for People Not Cars, Reducing Our Carbon Footprint, Improving Wellbeing and Health; and Talking-Up Leicester).

5. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

Financial Implications

- 5.1 The management of spaces within the reserve will remain the responsibility of the City Council as at present. It is unlikely that the management of the site will change from its current status and it is anticipated that there will be no additional costs resulting from the declaration. There will be no legal cost implications to the City Council resulting from the declaration.
- 5.2 Declaration of the LNR may provide access to funding from Natural England and continued support from the Stepping Stones Project.

Martin Judson Financial Services

Legal Implications

- 5.3 A Local Nature Reserve (or LNR) is a statutory designation made under Section 21 of the National Parks and Access to the Countryside Act 1949 by principal local authorities (PLAs). Parish and District Councils can also declare LNRs if these powers are delegated to them by the PLA. The declaring authority must have a legal interest in the land concerned and the LNR must be managed so that "the features which gave the place its special interest are maintained."
 - 5.4 Local authorities are now legally responsible for managing biodiversity in a positive way under the Countryside and Rights of Way Act 2000 and Natural Environment and Rural Communities Act 2006. In order that the declaration can occur the Council must have a legal interest in the land, it is then in the Council's power to formally designate the site. In order for the sites to be declared as LNRs management agreements would be prepared. The management agreements will constitute the Council's legal interest in the sites and allow for declaration to occur.
- 5.5 Declaration of the LNR affords it greater protection under the 1949 Act against trespass. In such cases person(s) can be ordered to leave the site immediately.

Dina Nathwani, Legal Services

Climate Change Implications

5.6 Preserving this area as a greenspace and protecting its status as a nature conservation area will make an important contribution to the Council's work to adapt to the potential impacts of climate change such as by providing an area of carbon sink, flood alleviation (there is an increased risk of flooding due to climate change) and an area of cooling and shade to address potential increased temperatures.

Helen Lansdown, Senior Environmental Consultant - Sustainable Procurement

6. Other implications

Property Implications

6.1 Property has been consulted and considered the development potential of the site. The declaration of this LNR will remove any potential long term hope value on the part of the site not in the floodplain.

OTHER IMPLICATIONS	YES/ NO	Paragraph references within the report
Equal Opportunities	N/A	
Policy	N/A	
Sustainable and Environmental	YES	Whole document
Crime and Disorder	N/A	
Human Rights Act	N/A	
Elderly/People on Low Income	N/A	
Corporate Parenting	N/A	
Health Inequalities Impact	N/A	

7. CONSULTATIONS

Parks and Green Spaces. Property Services

8. REPORT AUTHOR

Helen O'Brien Nature Conservation Officer, Planning Policy and Design Ext 29 7268

Key Decision	No
Reason	N/A
Appeared in Forward Plan	N/A
Executive or Council Decision	Executive (Cabinet)

Appendix 1

National Parks and Access to the Countryside Act 1949

Glen Hills Local Nature Reserve Declaration 2010

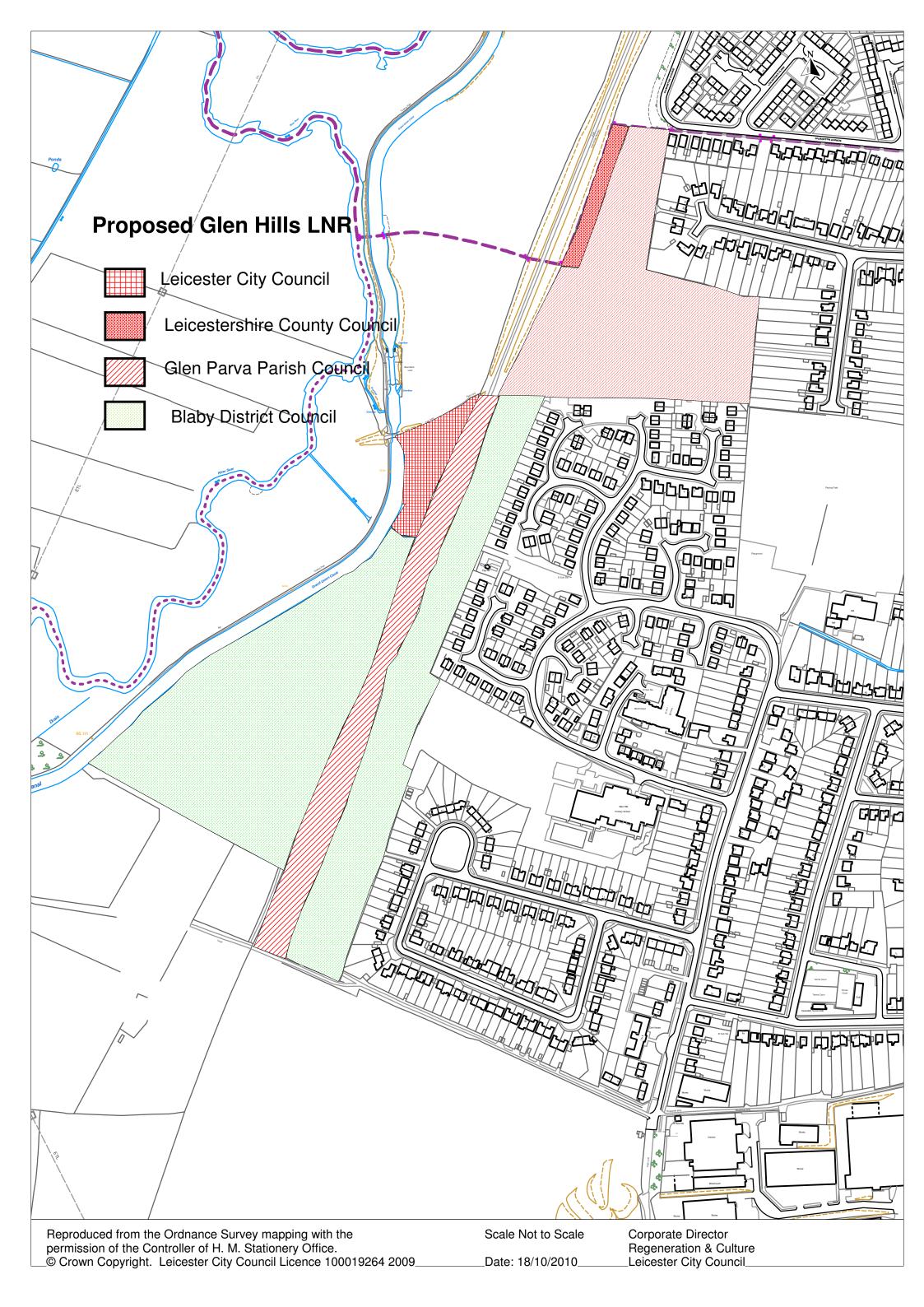
In pursuance of Sections 19 and 21 of the above-mentioned Act, and all other powers enabling them in that behalf, the Leicester City Council hereby declares that the land containing 2 hectares or thereabouts situated in the Parish of Glen Parva in the County of Leicestershire and shown hatched in red on the attached plan is the subject of an agreement entered into with the Council under Section 16 of the above-mentioned Act.

And in pursuance of Section 19 (2) of the above-mentioned Act and all other powers aforesaid the Council hereby further declare that the said land is being managed as a Nature Reserve.

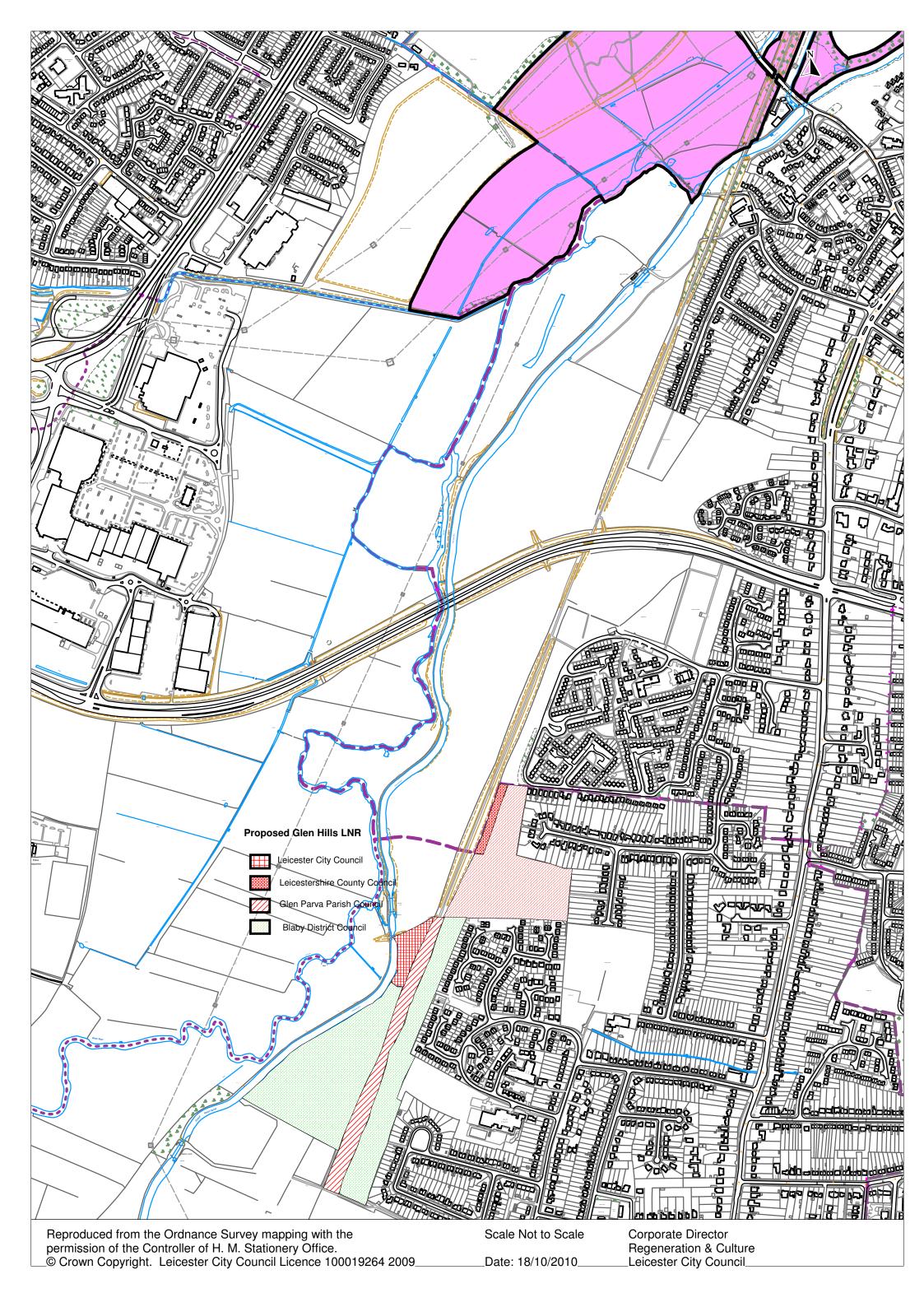
This declaration may be referred to as the Glen Hills Local Nature Reserve Declaration 2010.

	The Common Seal of the Leicester City Council was here unto affixed this day of
	Two Thousand and Ten in
	the presence of:
SEAL	
	Chairman of the Council
	Conveyancing Solicitor











Appendix J



WARDS AFFECTED: All

Overview and Scrutiny Management Board Cabinet

7th December 2010 13th December 2010

ECO-MANAGEMENT AND AUDIT SCHEME (EMAS) ANNUAL REPORT Review of audit findings, progress towards targets and proposed action

Report of the Director of Regeneration Highways and Transportation

1 Purpose of Report

1.1 The report provides Cabinet with information on the Council's annual environmental progress through the Eco-Management and Audit Scheme (EMAS). New targets are proposed for open space, Council waste and levels of environmental action in the city. 5 targets are recommended to be rolled forward and 6 to be discontinued. The report includes the draft text of the EMAS public statement covering the financial year 2009/10, and the proposed actions to be included in the next action programme (both documents available in the Members Area).

2 Summary

- 2.1 EMAS is being used to manage and improve the environmental performance of the Council, under the priorities of One Leicester. In particular the system is managing the commitment to reduce our carbon footprint and the delivery of the carbon dioxide reduction targets for the council (through Priority Board for Reducing Our Carbon Footprint) and city (through Environment Partnership Board of Leicester Partnership).
- 2.2 EMAS is managing the City Council's commitment to greening the city another of our "One Leicester" priorities. 6073 trees have been planted to date and the overall quality of parks and open spaces has improved by more than 16%. We have exceeded our target for nature conservation which has benefited two-thirds of Leicester's Local Wildlife sites. A new Greenspace Strategy will include plans to add 4 more parks to the list of those with Green Flag status.
- 2.3 Other progress to note during the year includes a substantial increase in recycling and composting of household waste very nearly achieving the 40% target.
- 2.4 EMAS drives improvements in environmental performance, reduces the risk of breaching environmental legislation and demonstrates a level of performance management which has been viewed favourably in the Managing Resources section of the Comprehensive Area Assessment (scored at Level 3). Appendix 5 provides a summary review of the management of EMAS during 2009/10 and the corrective action required from audits.
- 2.5 Members are asked to consider the progress towards targets in 2009/10 as given in full in Appendix 1. 28 targets were measured during 2009/10. Of these, 13 targets are on track to be met (see paragraphs 4.4 4.10 of the report). There are 4 areas of

- concern identified in paragraphs 4.11 4.19. Of the remainder, progress is inconclusive, or not yet known.
- 2.6 The monitoring exercise has informed the annual EMAS public statement (appendix 2 in Members Area). The statement is a requirement of the EMAS regulation and will be made available on the internet. In addition, we will publish regular bulletins of headline issues throughout the year, in Link magazine.
- 2.7 Elected members should note that the next EMAS Verification will take place from 22nd- 29th November, with schools included in this programme.

3. Recommendations

Overview and Scrutiny Management Board are recommended to:

- 1. Note progress towards the EMAS targets during 2009/10 (see appendix 1)
- 2. Note the adequacy of proposed action towards targets 2010/11 (see appendix 3, in the Members Area)
- 3. Note the management response to matters outstanding from audits (appendix 5)

Cabinet members are recommended to:

- 1. Note progress towards the EMAS targets during 2009/10 (see appendix 1).
- 2. Agree new targets and amendments to existing corporate targets (see appendix 4).
- 3. Agree the adequacy and appropriateness of the 2010/11 action programme (see appendix 3, Members Area) to achieving the EMAS targets.
- 4. Agree the draft text for the 2009/10 EMAS Public Statement (see appendix 2, Members Area).
- 5. Agree the management review of EMAS (appendix 5).

4. Report

Summary of EMAS news during 2009/10 New EMAS regulation

4.1 In November 2009 an updated EMAS standard (Regulation EC No 1221/2009) was agreed by the European Parliament. Whilst the basis of the standard remains the same, there are some new and changed requirements which the Council will be audited against at the November Verification. One such change is that all EMAS registered organisations must now report on a common set of 'Core Indicators' of their environmental performance. These must be expressed per 'unit of activity' to allow comparison between organisations. Table 4.1 presents the Core Indicators, explains how they are being applied to the Council and shows the Council's performance in 2009/10. In most cases the 'unit of activity' is 'per employee', although it should be noted that comparisons with other organisations on this basis must be treated with caution. The activities carried out by a Unitary Council such as Leicester will be different to those of a private sector company or even a non-Unitary Council – and may have very different impacts. For example, a "BREEAM Excellent" office building would have a water consumption of 1.5 m³ per person, whilst Leicester City Council's is calculated as 32 m³ per person because, in addition to offices, we run swimming pools, the indoor market and water golf courses.

Table 4.1- The Council's Performance Against EMAS III 'Core Indicators'

Indicator Council Performance in 2009/10
--

	Application to Leicester City Council	A Input or Impact	B Measure of Activity*	R Ratio or % of A to B
Energy Efficiency	Energy use data is already collected to manage usage and estimate carbon dioxide emissions for Target 1.1 (refer to Chapters 1 and 12).	183,565 mWh (megawatt- hours)	7576 employees	24.23 mWh per person
Material Efficiency	The Council has identified paper usage as the only practicable measure of its material efficiency. This is already reported for Target 17.1.	67,890,222 A4 sheets equivalent	7576 employees	8,961 A4 sheets equivalent per person
Water Consumption	Water consumption is already reported for Target 16.1. The figure is for corporate buildings only and excludes schools.	239,846 m ³	7576 employees	32 m ³ per person
Waste	The percentage of municipal waste landfilled is the most appropriate practicable measure and is reported here. Municipal waste includes waste from households and from Council services – both of which can be influenced by the Council.	69,527 tonnes	126,743 tonnes	54.9%
Biodiversity	The Council will report on the percentage of Local Wildlife Sites receiving 'positive conservation management' as the most appropriate measure of its performance in protecting and enhancing local biodiversity.	23 sites	35 sites	66%
Greenhouse Gas Emissions	Of the greenhouse gases covered by this indicator, only carbon dioxide (CO2) is a significant emission by the Council, so this is reported.	66,878	7576 employees	8.8 tonnes CO2 per person
Air Emissions	Of the basket of pollutant gases covered by this indicator, only nitrogen oxides (NOx) and particulates (PM) are emitted in significant quantities by the Council, so these are reported.	33,064 Kg	7576 employees	4.36 Kg per person

^{*} Figure B is a measure of the Council's activity relating to the impact being reported. For energy efficiency, material efficiency, water consumption, greenhouse gas emissions and air emissions, the best practicable measure is the number of employees. For waste, it is the total municipal waste generated in tonnes and for biodiversity it is the number of Local Wildlife Sites.

10:10 Campaign

4.2 The Council signed up to the national campaign 10:10 earlier on this year. A baseline of 33,639 tonnes CO2 for 2009/10 has been submitted to the campaign office meaning a target for reduction to be a minimum of 2,354 tonnes CO2 in the year 2010/11. (The figures differ from NI 185 in that 1010 excludes schools and outsourced contracts). A report was brought to Reducing Our Carbon Footprint Priority Board in January 2010 outlining how this could be achieved. Some of the projects identified in the original action plan are on target to achieve their carbon savings but others have fallen short either due to delays in start times or cut backs in delivery. Projects recently developed to attempt to fill this gap include the removal of fan heaters from New Walk Centre.

Policy on BREEAM

4.3 Cabinet adopted the following BREEAM* environmental construction standard in March 2010. The first corporate project being considered for the standard is the refurbishment of Gilroes Cemetery. A new EMAS target 8.1 will manage it

"All new Council buildings and major refurbishments that fall within the Council definition of a major project achieve the BREEAM Design rating of "excellent" on new buildings and "very good" on refurbishments where BREEAM is appropriate to the nature of the refurbishment."

*BREEAM (the Building Research Establishment Environmental Assessment Methodology) is a widely used suite of environmental construction standards that cover many of the Council's environmental objectives. BREEAM standards can be applied to most common building types including offices and schools. The BREEAM Design assessment rates a building design from 'pass' through to 'outstanding'. The rating is based on an overall score that is calculated by awarding credit scores based on achievement across a wide range of environmental issues. The assessment is undertaken by an independent, qualified assessor and the BREEAM certificate is issued by the Building Research Establishment (BRE) on project completion.

Managing environmental progress through objectives and targets

Positive Progress towards existing targets

4.4 Appendix 1 summarises progress towards all EMAS targets. Performance is on track to meet 13 targets. Members' attention is drawn to the following particular achievements

Natural Environment (Targets 6.1, 6.2 and 6.3)

4.5 Planting 6073 trees puts the council on course to achieve the target of planting 10,000 trees by 2011. At the same time, the overall quality of parks and open spaces has increased by more than 16% which has exceeded the target for nature conservation – benefiting two-thirds of Leicester's local wildlife sites. Cabinet's endorsement of a new Greenspace Strategy will guide further improvements, including plans to take four more parks to "Green Flag" status by 2013 – bringing the total to 10.

Recycling and composting (Target 15.1)

4.6 Household recycling and composting rates have increased from 30.6% in 2008/09 to 39.8% in 2009/10. This is largely attributed to the technology at the Ball Mill working efficiently in 2009/10 and greater participation in the kerbside recycling scheme. Members are recommended to roll forward the same target for another year.

BSF Phase 1 Schools (Leicester Built Env Target 8.2)

4.7 Target 8.2 requires schools within the BSF programme to achieve BREEAM standards of "Excellent" for new build schools and "Very Good" for refurbishments (see explanation of BREEAM in paragraph 4.3). All four of the Building Schools for the Future (BSF) phase 1 secondary schools have met this target with Beaumont Leys Specialist Science School, Soar Valley Community College and Judgemeadow Community College achieving "excellent" and Fullhurst Community College achieving "very good".

Leicester Adaptation to Climate Change (Target 11.1)

4.8 Through its role as a community leader and its working relationships with partner organisations including: the Environment Agency, Severn Trent Water, the NHS and the Police, the Council can help develop a city-wide approach to reducing Leicester's vulnerability to the impacts of climate change. In 2009/10 Leicester City Council

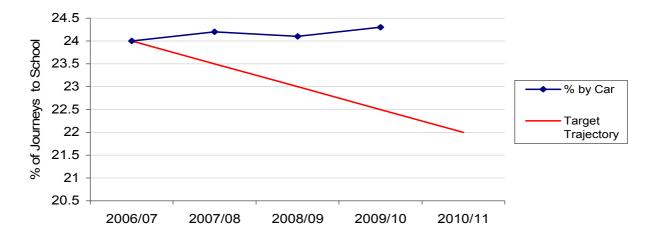
- achieved Level Three of National Indicator 188 (Planning to Adapt to Climate Change) which measures progress in developing this city-wide partnership approach.
- 4.9 Major achievements that contributed to this included mapping the city's drainage system and carrying out structural improvements to it, improving the process for dealing with flooding events and new guidance developed in a Climate Change Supplementary Planning Document (SPD) for reducing storm water runoff through sustainable urban drainage.
- 4.10 To ensure that Level 4 is reached by the end of 2010/11 a number of projects have been planned including:
 - "Communicating Climate Change": A training event delivered by COIN (Climate
 Outreach Information Network) will be free to attend to all of the LSP members.
 The aim is to educate and improve confidence when discussing climate change
 issues. This will help key players within the LSP engage with their staff to bring
 climate change up their organisation's agenda.
 - Making Contact with the LSP: A series of interviews with the Local strategic Partners will be arranged between September and December 2010. The aim of these meetings will be to education the LSP about the effects of climate change and how these will affect their service delivery.
 - Engaging with the NHS: A Climate Adaptation Workshop is due to be held on the 27th October 2010 for NHS employees. This will build on their current knowledge and outline how to develop and adaptation action plan.
 - "Adapting to Climate Change Future Search": All Local Strategic Partners
 (LSPs) have been invited to this event due to be held in January 2011. The aim of
 the event is to expose the possible outcomes of climate change in a city-wide
 context and to get the partners thinking about ways in which they could adapt.
 Experiences will be brought from the Council to encourage partners to devote
 resources to delivering adaptation actions.

Areas of concern Air Quality (Targets 4.1a and 4.1c)

- 4.11 The UK is required to meet European Air Quality Limits for long term exposure to Nitrogen Dioxide (NO₂₎ of no more than 40 μg/m³ annual mean levels. Leicester, in common with a number of other urban areas, experiences levels above this in certain locations and there is no downward trend apparent across the four sites monitored under the EMAS target. This is despite a downward trend in the numbers of cars entering the city centre. Aside from weather variations the underlying factors that could be influencing the figures include the proportion of diesel-fuelled vehicles on the roads. This has been increasing and is currently 27% compared to 13% in 2000. Diesel fuel emits greater levels of NOx and particulates than the equivalent petrol engine so this factor could be contributing to the lack of progress.
- 4.12 Plans to address concerns about poor air quality for 2010/11 include:
 - *Third Local Transport Plan* to be completed and approved; with implementation to begin April 2011;
 - Air Quality Assessment and Review to be completed by April 2011 and used to help inform the new Air Quality Action Plan;
 - Air Quality Action Plan new plan to be developed during 2010/11, for inclusion in the third Local Transport Plan;
 - A new project led by the Planning Policy section will investigate the impact of city centre parking policy on air quality and aim to develop policy proposals

- which could allow the Council to meet the potentially conflicting needs of improving air quality whilst supporting the city centre economy;
- Air Quality Scrutiny Task Force has been set up by the Council's Scrutiny Commission. Will examine how air quality is being managed and may make recommendations.
- 4.13 Disappointingly, no reduction has been seen in the proportion of journeys to school by car (target 4.1c). The figure for 2009/10 is 24.3%. Of particular concern, is the lack of any evidence of an increase in cycling to school despite the delivery of cycle training and the promotion of cycling? The data for measuring progress towards this target is provided through the Government's annual schools census. It's based on a sample including all schools with a school travel plan plus 50% of those without.

Chart 4.1c - Changes in the Percentage of Journeys to School Made by Car

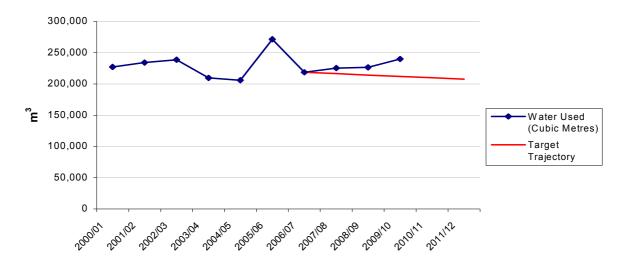


4.14 Whilst the worsening situation is disappointing, Leicester schools' performance remains better than the average for England of 26.5%. This is largely due to Leicester's relatively high levels of walking to school (59.9% compared to 50.3% for England as a whole). The direction this work will take under the new Government is not yet clear although they have given some assurance that some funding will continue to support cycle training in schools.

Council Water (Target 16.1)

4.15 The water usage figures since 2000/01 are shown graphically in Chart 16.1 alongside the trajectory for achieving the target. Whilst the 2009/10 usage shows an increase on the previous three years, variations in the timing of the billing mean that it is not possible to conclude with certainty whether there is an overall upward trend.

Chart 16.1 - Council Water Use



- 4.16 The installation of Intelligent Metering equipment in many Council buildings over recent years enabling significant leaks to be more easily detected and dealt with, might be expected to show an impact on usage levels, which is not apparent from the graph. One example was at Parkfield Nursery, where the base load of water gradually increased. This was successfully identified and repairs to the leak produced savings of 4,380m³ per year equivalent to £9,373 of water.
- 4.17 Data from the Intelligent Metering system (including gas and electricity use as well as water) was made available on-line to Council staff encouraging them to introduce 'good housekeeping' measures in their buildings by giving them the chance to see the impact of their actions on screen the next day. The building survey and investment programme will continue to identify a programme of measures to reduce water consumption.

Leicester's Built Environment (Target 9.1)

- 4.18 Local Plan Policy BE16 requires planning conditions to be applied to consents for Major Developments, specifying a percentage of the energy demand of the development to be provided by on-site renewable sources. Target 9.1 is to increase the percentage of applications where these planning conditions are applied to the consent. Following implementation in April 2007 performance exceeded the target figure for the first full year, as indicated in Table 9.1. However, since then there has been a notable decrease in the percentage of planning applications with renewable condition BE16 attached, declining to 79,2%. The reason for the downturn is complex but some of the principle reasons are considered to be as follows:
 - Projects have gone through the planning system quickly to encourage development and counteract budgetary cut considerations, recessionary pressures and/or where environmental considerations may not have been a major priority.
 - Applications that are not suitable for renewable conditions to be applied, such as a historic building on a restricted site, a warehouse or parking scheme.
 - Where Better Buildings Officers have not been consulted on major projects.

Table 9.1 – Percentage of Planning Applications for Major Developments Applying Policy BE16

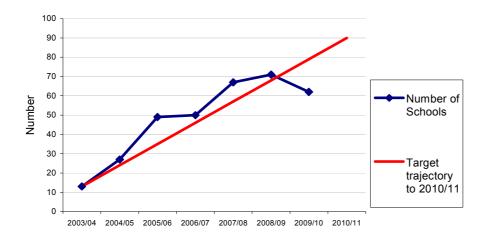
Year	Actual Performance	Target
2007/08	84.3%	75%
2008/09	79.5%	85%
2009/10	79.2%	90%

- 4.19 Action taken to improve target performance includes the following:-
 - A Model Text has been written and is about to be instituted as planning guidance to support the Supplementary Planning Guidance on Local Plan policies UD04, BE16 and BE17 already in operation.
 - The preparation of a Supplementary Planning Document (SPD) on Climate Change is now at an advanced stage. This is intended to form part of the new Local Development Framework (LDF), which will be adopted in 2011.
 - Meetings have been held with senior planners to review how the process of providing renewable energy from on site generation is being implemented at planning level and to assess and seek to make improvements in the efficiency of the system. Document control has been made more effective and will now enable estimates of carbon dioxide savings to be generated for proposed developments.

EMAS in Schools (Awareness Target 18.2)

4.20 EMAS in schools aims to raise the environmental awareness of youngsters across the City and reduce the environmental impacts of schools. The City is nationally recognised for its work to incorporate schools within the scope of the EMAS environmental management system and has a target of including 90 schools by 2010/11. At the start of 2008/09 71 schools had signed up for EMAS through the support programme provided by the local environmental charity Groundwork Leicester and Leicestershire. However, in November 2009 only 62 schools had signed up and the 2010 figure has dropped further. See Chart 18.2 below. It is possible that this decline reflects the worsening economic climate, with many schools being unable to budget for the fee charged for the EMAS management system.

Chart 18.2 - Changes in the number of Leicester schools participating in EMAS



4.21 In the coming year, the Environment Team intend to review the EMAS in schools scheme with a view to re-launching the scheme in spring 2011.

Amendments and proposed targets

4.22 Appendix 4 proposes amendments to certain EMAS targets. Highlights of these amendments are as follows:

3 new targets are proposed.

New Target for objective 7.1:

Provide Leicester People With Enough Accessible Public Open Space

4.23 A new target is proposed which is drawn from the Greenspace Strategy and Local Development Framework. This supersedes an earlier target which drew from Property Services' database.

Target 7.1: To work towards meeting the following quantity and accessibility standards for open space:

Type of Open Space	Quantity Standard (Min. Ha per 1000 popn)	Accessibility Standard (Max. Distance)
Parks and Gardens	0.50	1000m (District and Local Parks)
		300m (Pocket Parks)
Natural Green Space	0.50	300m
Informal Green Space	0.50	100m
Equipped Children and	0.08	300m (Pre-teen)
Young People's Space		1000m (Teen)
Allotments	0.30	1000m
Outdoor Sports Space	1.00	3000m
Overall city-wide standard	2.88	N/A

New target for objective 14.1

Reduce Council Waste and the Percentage Landfilled

4.24 We have a long standing commitment to set a Council target for office waste recycling which mirrors our commitment to household waste recycling. With the roll-out of paper recycling to all Council offices expected to be complete by the end of 2010, we are now ready to start such a target. It is being proposed in conjunction with the Waste Management section, who consider it to be both measurable and achievable.

Target 14.1: To recycle 40% of Council office waste before 2011/12.

New Target for objective 18.1:

Increase action by the public and partner organisations to improve Leicester's environmental sustainability.

4.25 Previously this objective has been measured by a periodic question in the MORI residents' questionnaire. However, it was a rather tenuous method of measuring this commitment, and suffered from lack of continuity in the questions asked each time. It is now proposed to use a basket of indicators. The areas of action covered in the proposed basket of indicators are all ones where the Council is actively working and has significant influence. 2009/10 performance would be used as the baseline year (with each indicator indexed to begin at 100) and reporting from 2010/11 onwards would be of changes in performance compared to the baseline. The desirability and feasibility of setting an improvement target relating to this set of indicators will be considered during the coming year.

Index of environmental action in Leicester

Subject	Indicator	Data source
Improving Parks And	The number of active user groups and	Parks
Open Spaces	'friends of' groups for Council owned or	Development
	managed parks and open spaces	
Wildlife Conservation	The number of practical nature	Parks
	conservation events which were open to	Development
	the public and run, funded or otherwise enabled to take place by the Council	
Travel By Non-Car	The percentage of journeys to the city	Transport Strategy
Modes	centre not by car (7.00am – 10.00am).	ransport strategy
Employer Travel	The number of travel plans discharged	Travel Planning
Plans	during the year	and Development
		Co-ordination
Cutting Carbon At	The number of energy saving and	Home Energy
Home	renewables measures installed in owner-	Team
Tiomo	occupied and private rented housing	Tourn
Cutting Carbon At	The number of employers supported by	Energy Agency
Work	the Council during the year to take action	
	,	
Recycling		Management
_	The number of employers supported by	Energy Agency Waste Management

4.26 5 targets are recommended to be rolled forward with new dates, or updated.

Update existing target	
5.1 – Litter, detritus,	The current targets have expired.
graffiti, fly posting	The proposed performance level remains the same for
(NI195)	2010/11.
	It is proposed to roll forward the existing targets 5.1a-d into 2010/11
6.1 – Management	It is proposed to roll forward the existing target 6.1 into 2010/11
of Local Wildlife Sites (NI197)	by maintaining the same level of commitment for a further year, as set out below:
,	Target 6.1: Maintain the percentage of Local Wildlife Sites that
	have received, or are receiving, positive conservation
	management at or above 65% in 2010/11. (NI197)
8.2 – Sustainable School Buildings	It is proposed to amend the target as follows, to align the target with the Government's required standards for school refurbishment and rebuilding:
	Target 8.2: By ensuring that all new Council school buildings and major refurbishments above the value of £500,000 achieve
	the BREEAM Design rating of "excellent" on new buildings and "very good" on refurbishments.
9.1 – Renewable	This target has expired and we did not achieve the target level

energy for Major Developments	of "90% of Planning Applications for Major Developments applying Policy BE16 in 2009/10." The proposed target levels are considered to be an achievable level of improvement from 79.2% achieved in 2009/10. Target 9.1: Increase the percentage of Planning Applications for Major Developments applying Policy BE16 to: 82% in 2010/11 84% in 2011/12
	86% in 2012/13
15.1 – Household waste	It is proposed to maintain the same level of commitment, by rolling forward the existing target for another year Target 15.1: To recycle 40% of household waste collected in 2010/11

4.27 6 targets are recommended for removal.

Remove target	Comments
12.1a – Council	This target now considered unnecessary, as reporting of
energy use	progress towards Target 1.1 (reduction of the Council's carbon
	dioxide emissions) will give a good indication of progress in
	reducing energy consumption.
	This is because the Council's 'roadmap' for reducing its carbon
	dioxide emissions is based primarily on energy saving
12.1b – Council	As 12.1a
buildings energy	
use	
12.2 – Council use	It is proposed to remove Target 12.2 and report instead on the
of renewable	total renewable energy generating capacity installed in
energy	corporate Council buildings and schools.
12.3 – Schools	As 12.1a
energy use	
12.4 – Schools use	As 12.1a
of renewable	
energy	
7.2 – Open space	The open space standards set out in the proposed new Target
in school grounds	7.1 provide an overarching goal for all public open space,
	making a separate target for schools unnecessary.

Management review of EMAS and progress with the issues raised in the EMAS Cabinet Report, November 2009

4.28 Appendix 5 provides an overview of the EMAS management system in accordance with the EMAS regulation. It provides an update of the key changes to legislation affecting the system and draws attention to the major outstanding non conformity issues, from internal and external audits. The following issues are identified:

Environmental Aspects of Council activities – both Internal Audit and Verification findings have highlighted the need for a better approach to identifying and recording significant environmental aspects of Council activities and for greater understanding of local environmental aspects at a site-based level. Following a pilot exercise, a

methodology, has been approved by Ops Board in September 2010 for rolling out site-based awareness sessions to all sites, prioritised in order of risk.

Waste duty of care

Members should note that the Verifier has asked to check officers' compliance with the "Duty of Care" aspects of managing their waste, at the November Verification visit.

Issues of concern raised in previous cabinet report

4.29 Members attention was drawn to the previous areas of concern in last year's Cabinet report:

Contractor Control – the Verifier raised a non-conformity on this issue at his June 2009 visit and subsequent visits have successfully closed this finding.

Environmental Aspects of Council activities – both Internal Audit and Verification findings have highlighted the need for a better approach to identifying and recording significant environmental aspects of Council activities. (See above response)

Progress with reducing city-wide CO2 emissions

Since the last cabinet report, latest figures from NI 186 have shown a fall in city-wide emissions although not yet at the rate needed to meet the long term EMAS and One Leicester target. Funding has been found to continue the Hot Lofts programme and Climate Change What's Your Plan programme to support SME's in reducing carbon, until March 2011. The outcome of the CHP tendering exercise is not yet known.

Council's building energy consumption

Highlights of the work to reduce building energy consumption since the last cabinet report include:

- □ Energy in Buildings Survey and Investment Programme Survey work previous completed for Leisure Centres had identified changes that would save energy. This work is now nearing completion and has included installation of pool covers, lighting controls and variable speed drives. The work completed in 2009/10 is expected to show a 1,000 tonne per year carbon dioxide (CO₂) saving from 2010/11 onwards. The programme is being rolled out to all CLABs now with a survey report expected in this next quarter. This programme will run until all major building have received upgrades and will save a significant level of carbon over the lifetime.
- Carbon Action Planning During the last quarter CAPs have been created for nearly all divisions – all divisions have been asked to provide a 10% cut in carbon emissions from their energy and fuel use.
- Behavioural Change The Energy Management Team began the process of delivering behavioural change workshops to all Council teams. The aim is to give staff a better understanding of how energy is used in their workplace and how to use it efficiently. Over 30 teams had been visited so far.
- 10:10 Campaign The Council has signed up to the national 10:10 campaign. As part of this process an action plan was drawn up outlining major actions in the next financial year.

Council use of renewables

The *Energy in Buildings Survey and Investment Programme* is the key process being used to identify and fund opportunities for installing renewables in council buildings. Consideration is currently being given to maximising the opportunities offered by the Government's recent Feed In Tariff scheme and removal of restrictions in Local Authorities selling electricity. Appendix 4 proposes that the EMAS target be discontinued in favour of reporting on new installations.

Travel to school

The Government's target for schools to complete travel plans was nearly met with some 90% of travel plans submitted by the Government's deadline of March 2009. Early indications suggest that the new Government will not be placing as much emphasis on this requirement.

Household waste

This is reported under paragraph 4.6

Water

This continues to be a target of concern and is reported in paragraph 4.15

Proposed EMAS Action Programme for 2010/2011

4.30 Appendix 3 (draft) reports on progress towards actions in the EMAS programme and recommends their continued inclusion in the 2010/2011 action programme. Following the non conformity raised by the EMAS Verifier in November 2008, actions in the programme are monitored more closely by the Environment Team using a traffic light system.

The text for the EMAS Environmental Statement 2009/10

- 4.31 EMAS requires us to keep the public informed of the City Council's environmental progress. We do this by publishing an annual EMAS public statement. The text is checked for its accuracy by the external EMAS Verifier before being made available to the public.
- 4.32 The proposed draft text for the annual statement is attached in appendix 2. The statement reports progress towards the EMAS targets during 2009/110 The statement also provides a commentary on the key issues influencing our progress and presents some of the important future actions.
- 4.33 The full statement will be available on the internet, with the option of obtaining a printed version from the Environment Team. This is in response to a desire to minimise paper consumption and also a reflection of the increased length of the statement now that schools information is included. Regular summaries of headline environmental information will be provided using existing publications such as Link and Face, and electronic media including the Council website and Insite will be used to avoid creating additional paper use.

Next Steps

- 4.34 The next steps are as follows:
 - 1. The proposed action programme will be implemented from December 2010
 - 2. External re-verification of EMAS will take place during November 2010, including the validation of the public statement.
 - 3. The next EMAS public statement will be published following validation.
 - 4. Members will receive the next annual report on progress towards the targets in November 2011.

5. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

5.1. Financial Implications

5.1.1 EMAS is managed by the staff in the Environment Team and is financed through this team's main revenue budget. The 2009/10 cost of EMAS verification and registration

(including schools) is £10,300. The costs of implementing the current 'live' actions in the action programme are already budgeted for by the relevant service area. The costs of implementing proposed new actions in the programme will be subject to separate consideration as those projects are brought forward for approval on a case-by-case basis in the future.

Martin Judson – Finance, R&C (ext. 297390)

5.2 Legal Implications

5.2.1 The corporate Environmental Policy commits the organisation to "fulfil our statutory environmental responsibilities". A prosecution for breaching the relevant legislation would result in automatic removal from the EMAS register. The Council does take effective measures to ensure that its contractors comply with the EMAS obligations by ensuring it is an evaluation criterion in the procurement process and including clauses requiring compliance within all standard and bespoke contract terms. This enables officers to monitor and ensure compliance.

Dina Nathwani, Solicitor, Legal Services (ext. 296345)

5.3 Climate Change Implications

EMAS provides an important environmental management tool through which both Council and city-wide carbon emissions can be monitored and managed.

Helen Lansdown, Senior Environmental Consultant - Sustainable Procurement. Ext. 29 6770

6. Other Implications

OTHER IMPLICATIONS	YES/NO	Paragraph/References Within Supporting information
Equal Opportunities	No	
Policy	Yes	EMAS is the management system we use to implement corporate Environmental Policy
Sustainable and Environmental	Yes	EMAS is the management system we use to implement the corporate Environmental Policy
Crime and Disorder	No	
Human Rights Act	No	
Elderly/People on Low Income	No	
Corporate Parenting	No	
Health Inequalities Impact	No	

7. Risk Assessment Matrix

Risk	Likelihood	Severity	Control Actions
	L/M/H	Impact	(if necessary/or appropriate)
		L/M/H	

1 – Failure to take corrective action necessary to meet our EMAS targets Meeting the EMAS targets is not a requirement of the EMAS regulation, but progress needs to be reviewed regularly and corrective action taken as necessary to improve performance.	L	L	Progress is reviewed annually by members at Cabinet and corrective action agreed through the review of the EMAS Action Plan. The process of closing out non-compliances raised by internal EMAS audits provides another mechanism for taking corrective action.
2 – Failure to maintain an EMAS Action programme The EMAS action programme is a requirement of the EMAS regulation. Without this EMAS registration could not continue.	L	Н	Env Team have work instructions in place to review the action programme every 6 months and to report annually to members.
3 – Failure to produce a verifiable public statement The EMAS public statement is a requirement of the EMAS regulation. Without this EMAS registration could not continue.	L	L	The text of the Public Statement is presented to members at Cabinet for agreement and subjected to checking by internal audit prior to verification taking place.

L - Low L - Low M - M - Medium H - High H - High

8. Background Papers – Local Government Act 1972

- LRQA EMAS Verification reports November 2007, , May 2008, November 2009, June 2010
- EMAS Progress for 2006/7, proposed action for 2008/9. Cabinet, November 2007, Cabinet Nov 2008. Cabinet 2009

9. Consultations

Consultee

Date Consulted October 2010

Nick Morris, Energy Team Mukund Kumar, Internal Audit David Poxon, Road Safety Rob Pocock/Alan Gledhill, Better Buildings Steve Weston, Waste Management Bob Mullins, Parks Development Evan Davis. Pollution Control

10. Report Author

Carol Brass/Anna Dodd Team Leaders, Environment Team Ext. 29 6732

Email carol.brass@leicester.gov.uk

anna.dodd@leicester.gov.uk

Appendices

Appendix 1 – Progress Towards EMAS Targets 2009/10

Appendix 2 – Environmental Statement April 2009 – March 2010 (available in the Members' resource area)

Appendix 3 – EMAS Action Programme 2010 (available in Members' resource area)

Appendix 4 – Proposed Amendments to EMAS Targets 2010/11

Appendix 5 – Management Review 2009/10

Key Decision	Yes
Reason	Is significant in terms of its effect on communities living or working in an area comprising more than one ward
Appeared in Forward Plan	Yes
Executive or Council Decision	Executive (Cabinet)

Appendix 1 - Progress Towards EMAS Targets 2009/10

Objective 1.1: Reduce the Council's carbon dioxide emissions	Progress in 2009/10	On Course to Meet Target?
Target 1.1: To 50% of the 2008/09 level by 2025/26	Improvement	×

Details

In January 2010 the Cabinet adopted the following milestones towards the long term target:

25% reduction by 2015

A further 15% by 2020

A further 10% by 2025

The bigger rates of reduction set earlier in the programme reflect the expectation that earlier projects should be more easily implemented and deliver larger emissions savings.

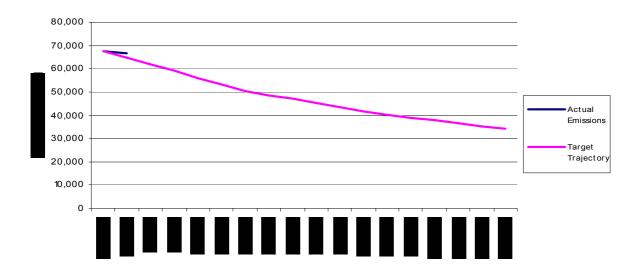
- The 2009/10 data show a reduction of 748 tonnes (-1.1%) in the carbon footprint to 66,878 tonnes from 2008/09 levels. This falls short of the 4.2% average yearly reduction needed to achieve the 25% milestone by 2015 (see Chart 1.1). We believe this is because some of the projects due to begin in 2009/10 were delayed due to funding issues.
- Breakdowns of the 2008/09 and 2009/10 figures are given in Table 1.1. They
 highlight the importance of managing CO₂ emissions from Council buildings and in
 particular, those from school buildings.
- There are a number of areas that have seen an increase in carbon emissions which have slowed the overall decrease. Emissions from transport and outsourced contractors both increased in 2009/10. Therefore these areas have been highlighted for future action.

Table 1.1: Comparison of the Councils CO₂ Emissions between 2008/9 and 2009/10

Major Emissions Source	CO ₂ Emissions in 2008/09 (t)*	CO ₂ Emissions in 2009/10 (t)	% difference
Street Lighting, Signs and Bollards and Traffic Signalling (SL and TS)	12,174	12,128	-0.4%
Corporate Buildings	23,558	22,845	-3.0%
Schools	22,252	20,748	-6.8%
Travel and Transport (Fleet, grey fleet and public transport)	3,397	3,418	+0.6%
Outsourced Contractors	6,245	7,739	+23.9%
Total	67,626	66,878	-1.1%

^{*}Figures used are weather corrected to ensure accurate comparison and so may differ from those published in the 2008/09 Environmental Statement

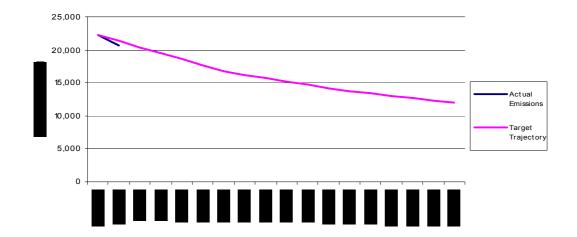
Chart 1.1 – Reduction of Carbon Dioxide Emissions from Leicester City Council



Objective 1.2: Reduce Schools' Carbon Dioxide Emissions (All Schools)	Progress in 2009/10	On Course to Meet Target?
Target 1.2: To 50% of the 2008/09 level by 2025	Improvement	✓

- Target 1.2 was agreed by the Cabinet in January 2010 and mirrors Target 1.1.
- In 2009/10 the schools carbon emissions can be broken down to 20,607 tonnes arising from school buildings and 141 tonnes from school transport.
- During the 2009/10 financial year, schools carbon emissions have decreased by 6.8%. This is due to a combination of factors ranging from the BSF Programme, Groundwork actions and the work of the Energy Management Team.
- This figure is encouraging and indicates that we are currently on target to reach a 50% cut by 2025 as shown by Chart 1c. However, as only two data points are available we cannot yet interpret this reduction as a definite trend.

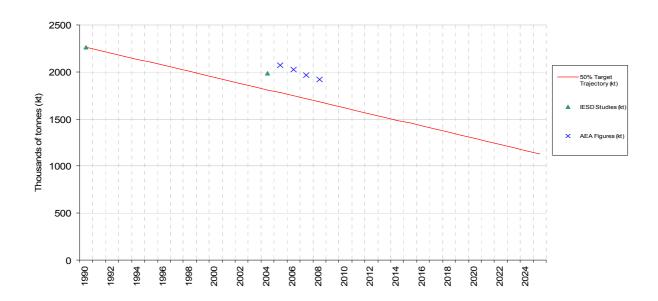
Chart 1.2 - Reduction of Carbon Dioxide Emissions from Schools



Objective 2.1: Reduce City-Wide Carbon Dioxide Emissions	Progress in 2009/10	On Course to Meet Target?
Target 2.1: To 50% of the 1990 level by 2025/26	Improvement	×

- The newly published estimate for 2008 continues the trend of reducing total carbon dioxide emitted across Leicester. Although this trend is encouraging, it still remains above the targeted 50% trajectory.

Chart 2.1 – Leicester's Estimated Carbon Dioxide Emissions (NI186)



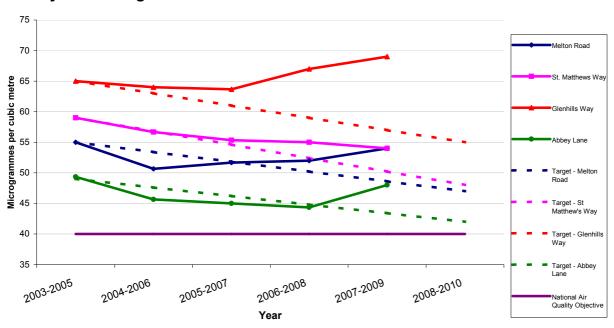
Objective 4.1: Improve Air Quality in the City	Progress in 2009/10	On Course to Meet Target?
TARGET 4.1a: By achieving the 4 key point targets for air quality set in the Local Transport Plan by 2010/11 (LTP8 – Key Outcome Indicator)	Worsening	×

- The 'key point' targets require reductions in the annual mean concentrations of nitrogen dioxide (NO2) as measured by the Council's automated monitoring equipment at four key locations. The data are reported in microgrammes per cubic metre (μg/m3) as three year rolling averages to reduce the impact of weather variations.
- As chart 4.1a illustrates, the Council is not currently on course to achieve its targets.
 There is not a common downward long-term trend apparent across the four sites as a whole and the differing shorter term changes between the sites suggest that local

factors are important.

Aside from weather variations (mentioned above) the underlying factors that could be influencing the figures include traffic levels near the monitoring sites and the proportion of diesel-fuelled vehicles on the roads. The latter has been increasing and is currently 27% nationally compared to 13% in 2000. Diesel fuel emits greater levels of NOx than the equivalent petrol engine – so this factor could be contributing to the lack of progress.

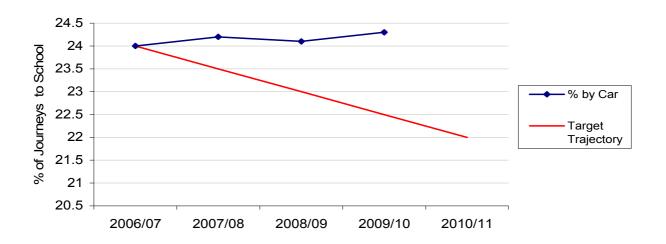
Chart 4.1a – Changes in Nitrogen Dioxide Levels at Leicester's Key Point Air Quality Monitoring Sites



Objective 4.1: Improve Air Quality in the City	Progress in 2009/10	On Course to Meet Target?
Target 4.1c: Reduce the share of journeys to school by car (including vans and taxis but excluding car share journeys) from 24% in 2006/07 to 22% in 2010/11. (Target covers all schools) (LTP6 – Intermediate Outcome Indicator)	Worsening	<u>*</u>

- Target 4.1c is taken from the Local Transport Plan.
- The data for measuring progress towards this target is provided through the Government's annual schools census. It's based on a sample including all schools with a school travel plan plus 50% of those without.
- As Chart 4.1c shows the schools surveyed have not, so far, been able to achieve an overall reduction in the percentage of journeys made by car; the figure for 2009/10 is 24.3%. So the Council is not on course to meet its 2010/11 target.
- Whilst the worsening situation is disappointing, Leicester schools' performance remains better than the average for England of 26.5%. This is largely due to Leicester's relatively high levels of walking to school (59.9% compared to 50.3% for England as a whole). Of concern, however, is the lack of any evidence of an increase in cycling to school – despite the delivery of cycle training and promotion.

Chart 4.1c - Changes in the Percentage of Journeys to School Made by Car



Objective 5.1: Improve Street Cleanliness in Leicester	Progress in 2009/10	On Course to Meet Target?
Target 5.1a: Reduce the % of relevant land and highways that is assessed as having deposits of litter that fall below the acceptable level to 10% by 2009/10 (NI 195a)	Standard Met	→
Target 5.1b: Reduce the % of relevant land and highways that is assessed as having deposits of detritus that fall below the acceptable level to 13% by 2009/10 (NI 195b)	Standard Not Met	x
Target 5.1c: Reduce the % of relevant land and highways that is assessed as having deposits of graffiti that fall below the acceptable level to 14% by 2009/10 (NI 195 c)	Standard Not Met	×
Target 5.1d: Reduce the % of relevant land and highways that is assessed as having deposits of fly posting that fall below the acceptable level to 0% by 2009/10 (NI 195d)	Standard Not Met	×

- NI195 requires an annual reduction in litter, detritus, graffiti and fly posting and targets were set for the 2009/10 reporting period.
- The data for these targets are reported as the % of relevant land assessed as below an acceptable level. A detailed methodology is provided by the Government for making these judgements.
- The data in Table 5.1 shows that the target was met for litter, but not for detritus, graffiti or fly posting – although those for detritus and fly posting were only narrowly missed.
- Graffiti in particular can be problematic on private property where the owner does not wish to pay for subsidised removal for fear of the graffiti returning.

Table 5.1 – Relevant Land and Highways That is Assessed as Having Deposits of Litter, Detritus, Graffiti or Fly Posting Below the Acceptable Level

Category	2008/09 Performance	Target for 2008/09	2009/10 Performance	Target for 2009/10
Litter	9%	10% or below	9%	10% or below
Detritus	13%	10% or below	14%	13% or below
Graffiti	14%	5% or below	17%	14% or below
Fly posting	0%	0%	1%	0%

Objective 6.1: Protect and Improve the Network of Local Wildlife Sites	Progress in 2009/10	On Course to Meet Target?
Target 6.1: Increase the percentage of local wildlife sites that have received or are receiving positive conservation management to 65% in 2009/10	Improvement	*

- Target 6.1 is based on the Council's target for improvement against the Government's National Performance Indicator NI197, which measures efforts to improve local biodiversity through positive conservation management.
- The figures in Table 6.1 show that the target was met in 2009/10, with a considerable level of improvement achieved compared to the previous year.

Table 6.1 – Leicester City Council Performance Against National Indicator (NI) 197: Improved Local Biodiversity and EMAS Target 6.1

Year	Total No. of Sites	No. of Sites with Positive Conservation Management	NI197 Measure: % of Sites with Positive Conservation Management	Target
2008/09	31	14	45%	No target set for 2008/09.
2009/10	35	23	66%	65%

Objective 6.2: Improve the City's Tree Cover and Condition	Progress in 2009/10	On Course to Meet Target?
Target 6.2a: Plant 10,000 trees by 2011	Improvement	✓

- As shown in Table 6.2 the cumulative net total of 9058 trees planted by the close of the 2009/10 planting season is well on track to meet the 10,000 trees target by 2011.
- Groundwork Leicester and Leicestershire are working with EMAS schools to involve them in tree planting in their grounds.

Table 6.2 - Net Number of Trees Planted

Year	Net No. of Trees Planted	Trees Planted (Cumulative Net* Figure)	Milestones and Target (Cumulative)
2007/08 - 08/09	2986	2986	3000
2009/10	6072	9058	6800
2010/11	-	1	10,000

^{*} The net figure takes account of trees removed during the year to present the net increase in the tree stock.

Objective 6.3: Improve the Quality of Council-Owned Public Open Space	Progress in 2009/10	On Course to Meet Target?
Target 6.3a: Increase the Number of "Green Flag" Parks from 6 to 10 by 2013	Improvement	Uncertain

- The loss of the Green Flag Award for Watermead Country Park in 2008/09 represented a setback in achieving the Council's target – taking the original 6 Green Flag sites which formed the baseline for the target down to 5.
- The regaining of an award for Watermead in 2009/10 (as a jointly managed site with Leicestershire County Council) represents positive progress during the year, but leaves the Council with a bigger challenge to reach its target of 10 sites by 2013.

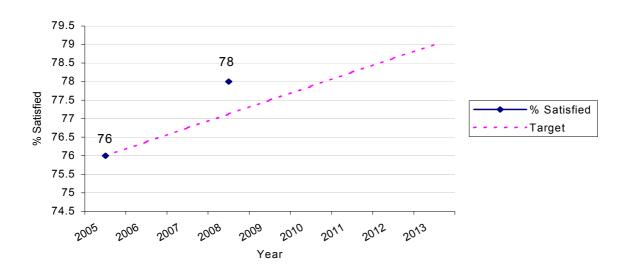
Objective 6.3: Improve the Quality of Council-Owned Public Open Space	Progress in 2009/10	On Course to Meet Target?
Target 6.3b: Achieve a 2% increase in the overall quality of provision by 2010/11 from a baseline average of 50% in 2008/09, as measured against the Green Flag Award criteria	Improvement	<u> </u>

- The Council uses the Green Flag Award criteria to measure the quality of its open spaces. The criteria cover a range of aspects of quality including whether the park is a welcoming place, its cleanliness, maintenance, safety, conservation and security as well as sustainability and community involvement.
- A baseline survey gave an average score across all parks of 5 out of a possible 10 points i.e. 50%.
- When the assessment was repeated for 2009/10, this average score had increased to 5.83, or 58.3%. This is above the targeted value of 5.1 required to meet a 2% increase in overall quality of provision by 2010/11. Therefore we are on track to meet our target.

Objective 6.3: Improve the Quality of Council-Owned Public Open Space	Progress in 2009/10	On Course to Meet Target?
Target 6.3c: Increase park user satisfaction levels from 76% (2005) to 79% (2013).	No Data This Year	→

- The survey that provides information for this specific target is gathered on a 3-year cycle; therefore no further data was gathered during 2009/10.
- Chart 6.3c shows that as of the most recent data collected in 2008/09 the Council is on track to meet its target.
- The data is sourced from MORI surveys commissioned in 2005 and 2008.

Chart 6.3c - Percentage of Users Satisfied with Parks



Objective 6.4: Enhance the Quality of the Natural Environment in School Grounds (EMAS Schools)	Progress in 2009/10	On Course to Meet Target?
Target 6.4: 90% of EMAS schools to have a wildlife or food growing area by April 2012	First Year of Data	Uncertain

- Schools which join the EMAS in Schools programme make a commitment to involving their students in environmental improvements and one aspect of this can be the creation and maintenance of wildlife or food growing areas in the school grounds.
- During 2009/10 Groundwork Leicester and Leicestershire have been working closely with numerous EMAS schools supporting the creation of wildlife and growing areas of varying sizes.
- In 2009/10, the first year of monitoring, 45 out of the 62 EMAS schools i.e. 73% had a
 wildlife or food growing area. This provides a good starting point to achieve the 90%
 target by April 2012.

Objective 8.1: Create a Sustainable Built Environment on Council Owned Land	Progress in 2009/10	On Course to Meet Target?
Target 8.1: By ensuring that all new Council buildings and major refurbishments that fall within the Council definition of a major project achieve the BREEAM Design rating of "excellent" on new buildings and "very good" on refurbishments where BREEAM is appropriate to the nature of the refurbishment	No major projects started and completed since target came in	N/A

- BREEAM (the Building Research Establishment Environmental Assessment Methodology) is a widely used suite of environmental construction standards that cover many of the Council's environmental objectives.
- BREEAM standards can be applied to most common building types including offices and schools. The BREEAM Design assessment rates a building design from 'pass' through to 'outstanding'. The assessment is undertaken by an independent, qualified assessor and the BREEAM certificate is issued by the Building Research Establishment (BRE) on project completion.
- The Council adopted the BREEAM environmental construction standard to be applied as per the target in March 2010.
- The first corporate project being considered for the standard is the refurbishment of Gilroes Cemetery.

Objective 8.2: Create Sustainable School Buildings	Progress in 2009/10	On Course to Meet Target?
Target 8.2: By ensuring that from 2007/08 all new Council school buildings and major refurbishments above the value of £500,000 achieve the BREEAM	First Year of Data	Standard Met

Details

All four of the Building Schools for the Future (BSF) phase 1 secondary schools have met this target with Beaumont Leys Specialist Science School, Soar Valley Community College and Judgemeadow Community College achieving "excellent" and Fullhurst Community College achieving "very good".

Objective 9.1: Create a Sustainable Built Environment Within the City	Progress in 2009/10	On Course to Meet Target?
Target 9.1: Increase the percentage of Planning Applications for Major Developments applying Policy BE16: 75% in 2007/08, 85% in 2008/09, 90% in 2009/10	Worsening	ж

- Local Plan Policy BE16 requires planning conditions to be applied to consents for Major Developments, specifying a percentage of the energy demand of the development to be provided by on-site renewable sources.
- Target 9.1 is to increase the percentage of applications where these planning conditions are applied to the consent.
- Since 2007/08 there has been a notable decrease in the percentage of planning applications with renewable condition BE16 attached to 79,2%. The reason for the downturn is complex but some of the principle reasons are considered to be as follows:
- Projects have gone through the planning system quickly to encourage development and counteract budgetary cut considerations, recessionary pressures and/or where environmental considerations may not have been a major priority.
- Applications that are not suitable for renewable conditions to be applied, such as a historic building on a restricted site, a warehouse or parking scheme.
- Where Better Buildings Officers have not been consulted on major projects.

Table 9.1 – Percentage of Planning Applications for Major Developments Applying Policy BE16

Year	Actual Performance	Target
2007/08	84.3%	75%
2008/09	79.5%	85%
2009/10	79.2%	90%

Objective 11.1: Prepare for Leicester to address the risks and opportunities of a changing climate	Progress in 2009/10	On Course to Meet Target?
Target 11.1: To achieve the following levels of preparedness* in assessing and addressing the risks and opportunities of a changing climate: April 2009: Level 2, April 2010: Level 3, April 2011: Level 4	Improvement	~
*Levels defined in Guidance for National Performance Indicator NI188: Planning to Adapt to Climate Change		

- During 2009/10 the Council reached level 3 in the NI188 Guidance, indicating that the Council has a "Comprehensive action plan and prioritised action in all priority areas".
- To ensure that Level 4 is met on target there is much work to be done with external engagement.

Objective 12.1: Reduce the Council's Total Energy Consumption	Progress in 2009/10	On Course to Meet Target?
Target 12.1a: To 50% of the 2008/09 level by 2025	Improvement	✓

- 2009/10 showed a decrease of 3.1% to 183,564,924 kWh. This figure is for stationary sources (buildings, street lighting and traffic signals) only. Transport sources have been excluded because the margin of error created in converting the data from litres of fuel to kWh is considered unacceptable.
- This reduction is encouraging and on course to achieve a 50% cut by 2025 if it continues. However, the analysis only provides two data points and it is therefore too early to confirm a trend.

Table 12.1a -Leicester City Council's Energy Use in 2008/09 and 2009/10

Source of Energy Use	2008/09 kWh	2009/10 kWh	-/+	% change
Street lighting and Traffic Signalling	23,277,227	23,189,121	- 88,106	-0.4%
Schools	78,439,853	72,466,752	- 5,973,101	-7.6%
Council Buildings	78,358,668	74,316,623	- 4,042,045	-5.2%
Outsourced Services	9,406,566	13,592,428	+ 4,185,862	+44.5%
Total	189,482,314	183,564,924	- 591,739	-3.1%

Objective 12.1: Reduce the Council's Total Energy Consumption	Progress in 2009/10	On Course to Meet Target?
Target 12.1b (Council buildings): To 50% of the 2008/09 level by 2025	Improvement	√

- Table 12.1a shows that Council Buildings have seen a reduction of 5.2% in this
 reporting period. This decrease puts the Council on course to achieve a 50% cut by
 2025 if the rate of progress is maintained.
- There are a number of factors influencing energy use a key one being weather conditions. The winter of 2009/10 was cooler overall than any of the previous six winters, which will have influenced heating energy use. Another factor is changes in the Council's portfolio of buildings. The opening of Phoenix Square as a new facility in 2009, for example, will have added to the energy demand. These factors may have offset any further reductions from energy efficiency measures installed during the year, perhaps masking the level of energy use reduction made in existing buildings during 2009/10.

Objective 12.2: Increase the Council's Generation and Use of Renewable Energy	Progress in 2009/10	On Course to Meet Target?
Target 12.2: From 0% of the energy requirement of all Council buildings in 1997 to 20% in 2020	No Change	×

- When this target was originally set, the Council's objective focused on increasing its
 use of renewable energy and it worked towards the target by buying renewably
 generated 'green tariff' electricity from the National Grid.
- However, the rising cost of 'Green Tariff' electricity, driven by increasing demand, led the Council to stop buying it during 2006/07. As a result, the percentage of the buildings energy demand supplied guickly declined to zero in 2007/08.
- Whilst the loss of green tariff electricity was disappointing, the Council now buys its hourly and half-hourly metered electricity from 'good quality' Combined Heat and Power (CHP) sources. CHP makes much more efficient use of fuel to generate heat and electricity, resulting in lower carbon dioxide emissions for each kilowatt of electricity produced.
- The new Objective 12.2, approved by the Cabinet in December 2008, reflects the importance of local generation of renewables not just their use. Target 12.2 will be proposed for removal before the next Environmental Statement as it still reflects the former objective.
- Figures to directly report on renewable energy generated are not available as many of the Council's renewable installations are not monitored for the amount they generate. So an alternative way of measuring the Council's progress in this area will be developed for reporting in 2010/11. More details are given under Target 12.4 below.

Objective 12.3: Reduce Schools Total Energy Consumption	Progress in 2009/10	On Course to Meet Target?
Target 12.3: To 50% of the 2008/09 level by 2025	Improvement	✓

- Details of schools energy use in 2008/09 and 2009/10 have been gathered as part of the Council's reporting for National Indicator NI185 and the figures for school buildings are presented above in Table 12.1a. They show that a reduction of 7.6% in energy consumption was achieved.
- As with Council Buildings this puts the Council on track to meet the 50% target if this rate of reduction continues.

Objective 12.4: Increase Schools Generation and Use of Renewable Energy (All Schools)	Progress in 2009/10	On Course to Meet Target?
Target 12.4: To 20% of energy requirements in 2020/21	No information available	No information available

- It will not be possible to monitor the amount of energy generated by renewable energy installations at schools. This is because many of the installations are unsuitable for the necessary sub meter. It is, however, possible to provide a figure for the amount of energy that they could produce under optimum performance (the 'installed capacity'). This also applies to Target 12.2 which accounts for installations in other Council buildings.
- It is proposed that a single figure covering both schools and other Council buildings is calculated for 2010/11 and reported in the next Environmental Statement.
- The number of installations included on school buildings has increased. In 2009/10 renewables were installed at Eyres Monsell Primary School and Sparkenhoe Primary School.

Objective 14.3: Reduce the Amount of School Construction Waste Going to Landfill (All Schools)	Progress in 2009/10	On Course to Meet Target?
Target 14.3: By ensuring that the secondary schools within the BSF programme exceed target 4 from the Continuous Improvement Plan (BSF schools)	No Change	V

Details

 During 2009/10 there were limited on-site works as part of the BSF programme so no waste was generated. The target has been met in previous years.

Table 14.3 – The Amount of Construction and Demolition Waste Produced in BSF Phase 1 for Every £100,000 of Completed Work

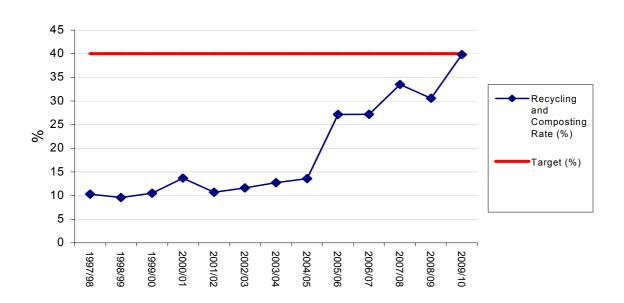
Year	Construction and demolition waste produced (m³ per £100,000 of completed work)	BSF Level 2 Target (m³ per £100,000 of completed work)	BSF Level 1 Target (m³ per £100,000 of completed work)
2007/08	2.0	Less than 65	Less than 43
2008/09	7.6	Less than 65	Less than 43
2009/10	N/A	Less than 65	Less than 43

Objective 15.1: Reduce Household Waste and the Percentage Landfilled	Progress in 2009/10	On Course to Meet Target?
Target 15.1: To recycle 40% of household waste collected in 2009/10 (NI 192)	Improvement	✓

- This target, for improvement against the National Performance Indicator NI192, requires the Council to increase the amount of household waste recycled and composted.
- The data shows that there has been an increase of levels of recycling from 30.6% in

- 2008/09 to 39.8% in 2009/10. Whilst this is a fraction short of 40%, the target is reported above as being met which the Council believes presents a fair picture of performance given the very narrow margin of difference.
- The greater levels of recycling in 2009/10 can be attributed to the Ball Mill technology working efficiently and greater participation in kerbside recycling.
- In addition to its 40% target, the Council is also required to meet Government targets associated with the Landfill Allowances Trading Scheme (LATS) for the progressive reduction in the quantity of biodegradable municipal waste it sends to landfill. Figures are submitted to the Government through a website called "Waste Dataflow", which calculates the Council's performance. The recycling and composting arrangements to date have met these targets and are expected to do so in the immediate future. It is something that the Council regularly monitors.

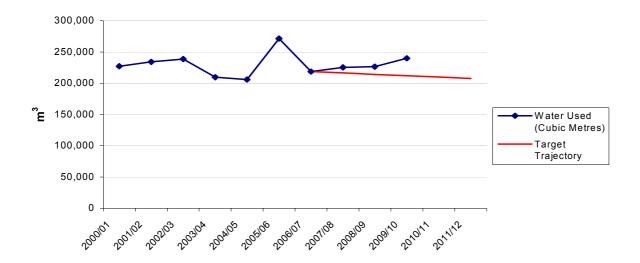
Chart 15.1 – Changes in the Percentage of Leicester's Household Waste Recycled or Composted



Objective 16.1 – Reduce the Council's Total Mains Water Consumption	Progress in 2009/10	On Course to Meet Target?
Target 16.1: By 5% of 2006/07 level by 2011/12	Worsening	Uncertain

- Whilst the 2009/10 usage shows an increase on the previous three years, variations in the timing of the billing mean that it is not possible to conclude with certainty whether there is an overall upward trend. Hence, it is currently uncertain whether the Council is on course to meet its target.
- The installation of Intelligent Metering equipment in many Council buildings in recent years enabling significant leaks to be more easily detected and dealt with, might be expected to show an impact on usage levels. This is not apparent from the graph.
- However, the main focus of investment in water saving measures in recent years has been in school buildings, which may help to explain the lack of a clear downward trend in water use in corporate Council buildings.

Chart 16.1 - Council Water Use



Objective 16.2 – Reduce Schools' Total Mains Water Consumption (All Schools)	Progress in 2009/10	On Course to Meet Target?
Target 16.2: Reduce schools' total mains water consumption by 5% of the 2006/07 level by 2011/12	No information available	No information available

- When this target was set, it was anticipated that monitoring of schools' water use would become possible through the installation of intelligent metering by the Energy Team. However, technical issues have prevented its full roll-out to schools and comprehensive monitoring has not been possible to date.
- The potential to monitor this schools target will be reviewed over the coming year.

Objective 17.2: Increase the Use of Recycled Paper as a Percentage of Overall Paper Use	Progress in 2009/10	On Course to Meet Target?
Target 17.2: To meet the following standards for recycled paper use from 2009/10:		
 All publications, leaflets, flyers and posters to use at least 75% recycled paper. 		
 All site and volume photocopying to use 100% post consumer waste paper. 	Standard Met	
 All Council stationery to use 100% post consumer waste. 	Standard Met	
 All printing of web products (e.g. Link) to be 100% recycled paper. 		
 All basic digital colour low volume printing to be on 100% post consumer waste paper 		

- The figures in Table 17.2 show that the standard was met in 2008/09.
- During 2009/10 Creativity Works has been encouraging its customers to use the Evolve brand of paper – comprising of 100% post consumer waste - rather than the Evolution that consists of 75% recycled paper.

Table 17.2 – Quantity of Paper Used by Type and Recycled Content

Type of Material	Examples of Use	% Recycled Available	% used meeting highest recycled content	Percentage of overall paper use
White photocopying paper	Site and volume photocopying	100% post consumer waste	100%	41.47%
Newsprint	Printing of web products (e.g. Link)	100%	100%	36.87%
Silk, satin papers/board	Quality publications, leaflets, posters	75%	100%	10.34%
Stationery paper & basic digital colour print paper	Printing of all Council stationery & digital colour low volume print	100% post consumer waste	100%	8.85%
NCR paper	Carbonless forms	None currently available with recycled content	N/A	1.39%
Tinted paper	Tinted paper for photocopiers	No suitable paper currently	N/A	0.82%
High quality digital colour print paper	Digital colour low volume print	Currently testing	N/A	0.25%

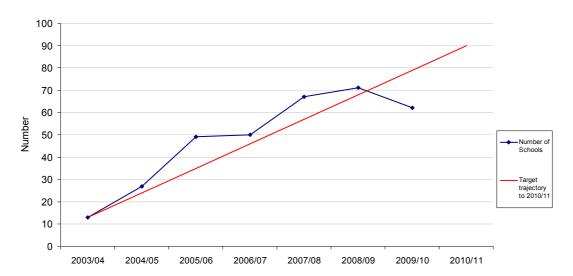
Objective 17.3: Increase the Use of Recycled Paper in Schools (EMAS schools)	Progress in 2009/10	On Course to Meet Target?
Target 17.3: All EMAS schools to use recycled paper by 2012	First year of data	x

- 15% of EMAS schools were using recycled paper in 2009/10. This is the first year that a figure has been available. Without a very rapid improvement, the target will not be met.
- Groundwork Leicester and Leicestershire are promoting the use of recycled paper in schools and supporting them in finding suitable recycled paper for their equipment.

Objective 18.2: Raise Levels of Environmental Awareness and Action Within Schools (EMAS schools)	Progress in 2009/10	On Course to Meet Target?
Target 18.2: Annually increase the number of Leicester schools participating in EMAS from 13 schools in 2003/04 to 90 schools in 2010/11	Worsening	×

- EMAS in schools aims to raise the environmental awareness of youngsters across the City and reduce the environmental impacts of schools.
- At the start of 2008/09 71 schools had signed up for EMAS through the support programme provided by the local environmental charity Groundwork Leicester and Leicestershire.
- However, by November 2009 only 62 schools had signed up. See Chart 18.2 below. It is possible that this decline reflects the worsening economic climate, with many schools being unable to budget for the fee charged for the EMAS management system.

Chart 18.2 – Changes in the number of Leicester schools participating in EMAS





Appendix 4: Proposed Changes to EMAS Objectives and Targets – December 2010

Summary of Changes Proposed December 2010			
Objective/Target (Summarised) Proposed Change		Page Ref	
7.1 – Quantity and accessibility of public open space	New target (drawn from LDF and Greenspace Strategy)	2	
14.1 – Council waste	New target	3	
18.1 – Public and partners' action	New monitoring arrangement	3	
5.1 – Litter, detritus, graffiti, fly posting (NI195)	Update existing target.	4	
6.1 – Management of Local Wildlife Sites (NI197)	Update existing target.	4	
9.1 – Renewable energy for Major Developments	Update existing target.	4	
15.1 – Household waste	Update existing target.	4	
12.1a – Council energy use	Remove target but retain objective (covered by Target 1.1)	5	
12.1b – Council buildings energy use	Remove target but retain objective (covered by Target 1.1)	5	
12.2 – Council use of renewable energy	Remove target but retain objective (start reporting total installed capacity – but no target)	5	
12.3 – Schools energy use	Remove target but retain objective (covered by Target 1.2)	5	
12.4 – Schools use of renewable energy	Remove target but retain objective (start reporting total installed capacity – but no target)	5	
7.2 – Open space in school grounds	Remove objective.	5	

Changes Already Approved by Cabinet Since the Last Annual EMAS Report (November 2009)				
Objective/Target (Summarised) Change Agreed Date of Decision				
1.1 – Council's carbon dioxide emissions	Baseline changed from 1990 to 2008/09.	Cabinet, 29 th March 2010		
1.2 – Schools' carbon dioxide emissions	New target added, mirroring target 1.1.	Cabinet, 29 th March 2010		
8.1 – Sustainable construction	New target added – extending existing BSF standards.	Cabinet, 8 th March 2010		

Details of the Proposed Changes

1. New Targets or Monitoring Arrangements

Existing Objective and Target		Proposed Ame	ndment	Reasons
Objective 7.1: Provide Leicester People With Enough Accessible Public Open Space No existing target	It is proposed to introduce a new Target 7.1: Target 7.1: To work towards meeting the following quantity and accessibility standards for open space:			These standards have been agreed by Members as part of the Local Development Framework and the
	Type of Open Space	Quantity Standard (Min. Ha per 1000 popn)	Accessibility Standard (Max. Distance)	Greenspace Strategy. It is important that EMAS is consistent with these agreed standards.
	Parks and Gardens	0.50	1000m (District and Local Parks) 300m (Pocket Parks)	standards.
	Natural Green Space	0.50	300m	
	Informal Green Space	0.50	100m	
	Equipped Children and Young People's Space	0.08	300m (Pre-teen) 1000m (Teen)	
	Allotments	0.30	1000m	
	Outdoor Sports Space	1.00	3000m	
	Overall city-wide standard	2.88	N/A	

Objective 14.1: Reduce Council Waste and the Percentage Landfilled No existing target	It is proposed to introduce the following new Target 14.1: Target 14.1: To recycle 40% of Council office waste before 2011/12.	With the roll-out of paper recycling to all Council offices expected to be complete by the end of 2010, this target is expected to be both measurable and achievable. It is being proposed in conjunction with the Waste Management section.
Objective 18.1: Increase action by the public and partner organisations to improve Leicester's environmental sustainability. No existing target	 It is proposed to begin monitoring and reporting on progress towards this objective based on the following basket of indicators of Council impact on public and partner action: IMPROVING PARKS AND OPEN SPACES: The number of active user groups and 'friends of' groups for Council owned or managed parks and open spaces. Data source: Parks Development WILDLIFE CONSERVATION: The number of practical nature conservation events which were open to the public and run, funded or otherwise enabled to take place by the Council. Data source: Parks Development TRAVEL BY NON-CAR MODES: The percentage of journeys to the city centre not by car (7.00am – 10.00am). Data source: Transport Strategy EMPLOYER TRAVEL PLANS: The number of travel plans discharged during the year. Data source: Travel Planning and Development Co-ordination CUTTING CARBON AT HOME: The number of energy saving and renewables measures installed in owner-occupied and private rented housing. Data source: Home Energy Team CUTTING CARBON AT WORK: The number of employers supported by the Council during the year to take action on climate change mitigation. (Includes schemes funded, but not delivered, by the Council.) Data source: Energy Agency HOUSEHOLD WASTE RECYCLING: The percentage of household waste segregated by the public for recycling. Covers kerbside recycling and the 'bring sites'. Data source: Waste Management 2009/10 performance would be used as the baseline year (with each indicator indexed to begin at 100) and reporting from 2010/11 onwards would be of changes in performance compared to the baseline. 	The areas of action covered in the proposed basket of indicators are all ones where the Council is actively working and has significant influence. The desirability and feasibility of setting an improvement target relating to this set of indicators will be considered during the coming year.

2. Updates to Existing Targets

Existing Objective and Target	Proposed Amendment	Reasons
Objective 5.1: Improve Street Cleanliness in Leicester Target 5.1a: Reduce the % of relevant land and highways that	It is proposed to roll forward the existing targets 5.1a-d into 2010/11 as set out below:	The current targets have expired.
is assessed as having deposits of litter that fall below the acceptable level to 10% by 2009/10 (NI 195a)	Target 5.1a: Reduce the % of relevant land and highways that is assessed as having deposits of litter that fall below	The proposed performance level remain the same for
Target 5.1b: Reduce the % of relevant land and highways that is assessed as having deposits of detritus that fall below the	the acceptable level to 10% by 2010/11 (NI 195a) Target 5.1b: Reduce the % of relevant land and highways	2010/11.
acceptable level to 13% by 2009/10 (NI 195b) Target 5.1c: Reduce the % of relevant land and highways that	that is assessed as having deposits of detritus that fall below the acceptable level to 13% by 2010/11 (NI 195b)	
is assessed as having deposits of graffiti that fall below the acceptable level to 14% by 2009/10 (NI 195 c)	Target 5.1c: Reduce the % of relevant land and highways that is assessed as having deposits of graffiti that fall	
Target 5.1d: Reduce the % of relevant land and highways that is assessed as having deposits of fly posting that fall below the acceptable level to 0% by 2009/10 (NI 195d)	below the acceptable level to 14% by 2010/11 (NI 195 c) Target 5.1d: Reduce the % of relevant land and highways that is assessed as having deposits of fly posting that fall below the acceptable level to 0% by 2010/11 (NI 195d)	
Objective 6.1: Protect and Improve the Network of Local Wildlife Sites	It is proposed to roll forward the existing target 6.1 into 2010/11 as set out below:	The current target has expired.
Target 6.1: Increase the percentage of local wildlife sites that have received or are receiving positive conservation management to 65% in 2009/10	Target 6.1: Maintain the percentage of Local Wildlife Sites that have received, or are receiving, positive conservation management at or above 65% in 2010/11. (NI197)	The proposed performance level remains the same for 2010/11.
Objective 9.1: Create a Sustainable Built Environment Within the City	It is proposed to update Target 9.1 as follows: Target 9.1: Increase the percentage of Planning	The current target has expired.
Target 9.1: Increase the percentage of Planning Applications for Major Developments applying Policy BE16:	Applications for Major Developments applying Policy BE16 to:	The proposed target levels are considered to be an
75% in 2007/08	82% in 2010/11	achievable level of improvement from 79.2%
85% in 2008/09	84% in 2011/12	achieved in 2009/10.
90% in 2009/10	86% in 2012/13	
Objective 15.1: Reduce Household Waste and the Percentage Landfilled	It is proposed to roll forward the existing target 15.1 as set out below:	The current target has expired.
Target 15.1: To recycle 40% of household waste collected in 2009/10 (NI 192)	Target 15.1: To recycle 40% of household waste collected in 2010/11	The proposed performance level remains the same for 2010/11.

3. Removal of Objectives or Targets

Existing Objective and Target	Proposed Amendment	Reasons
Objective 12.1: Reduce the Council's Total Energy Consumption Target 12.1a: To 50% of the 2008/09 level by 2025 Target 12.1b (Council buildings): To 50% of the 2008/09 level by 2025	It is proposed to remove Targets 12.1a and 12.1b.	These targets are now considered unnecessary, as reporting of progress towards Target 1.1 (reduction of the Council's carbon dioxide emissions) will give a good indication of progress in reducing energy consumption. This is because the Council's 'roadmap' for reducing its carbon dioxide emissions is based primarily on energy saving.
Objective 12.2: Increase the Council's Generation and Use of Renewable Energy Target 12.2: From 0% of the energy requirement of all Council buildings in 1997 to 20% in 2020	It is proposed to remove Target 12.2. In addition, it is proposed to start monitoring and reporting on the total renewable energy generating capacity installed in corporate Council buildings and schools, to provide an indication of progress. No target for installed renewables capacity is proposed at the current time.	The rising cost of 'Green Tariff' (renewably generated) electricity led the Council to stop buying it during 2006/07. The current Target 12.2 will therefore not be met. By reporting on the installed renewables generating capacity, the Council can track its progress towards Objective 12.2 in another way. No target is proposed currently, as the main thrust of the Council's work to cut its carbon emissions is through saving energy.
Objective 12.3: Reduce Schools Total Energy Consumption (All Schools) Target 12.3: To 50% of the 2008/09 level by 2025	It is proposed to remove Target 12.3.	This target is now considered unnecessary, for the same reasons as set out above for Targets 12.1a and b. Progress towards Objective 12.3 will be tracked through reporting against Target 1.2. (reduction of carbon dioxide emissions from schools).
Objective 12.4: Increase Schools Generation and Use of Renewable Energy (All Schools) Target 12.4: To 20% of energy requirements in 2020/21	It is proposed to remove Target 12.4, but to start reporting on the renewable energy generating capacity installed in schools as explained above.	No target is proposed currently, for the same reasons as set out above for Objective 12.2.
Objective 7.2: To Retain a Net Area of Open Space in School Grounds (All Schools) No existing target	It is proposed to remove Objective 7.2.	The open space standards set out in the proposed Target 7.1 provide an overarching goal for all public open space, making a separate target for schools unnecessary.

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Appendix 5

Management Review of EMAS for 2009/10 Summary for Cabinet December 2010

Purpose

It is a requirement of the EMAS regulation for top management to review the adequacy and effectiveness of Leicester City Council's environmental management system. Appendix 5 provides elected members with a summary of this management review, as defined by the EMAS regulation, clause I-A.6.

Cabinet members will receive a summary of the management review prior to the annual visits by the external EMAS Verifiers.

The current Management review covers the time period from November 2009 to November 2010.

Summary of EMAS Management Review

 Results of internal audits and evaluations of compliance with legal requirements and with other requirements to which the organisation subscribes.

The LRQA verifier Ted Rosser visited the authority between 22nd - 26th November 2009 and 22nd June 2010, to undertake EMAS verification. LRQA included schools within the November visit. The Internal Audit programme is an on-going cycle on a three year rolling programme. The current programme runs from April 2008-March 2011.

The process resulted in a recommendation to approve the authority for EMAS registration with the scope of the registration to include 62 schools. On 16th March 2010, Corporate Directors received a summary report of the major and minor non conformities raised by external audits, and the corrective action proposed. Issues raised by LRQA are tracked by the Environment Team but will remain open until their next visit in November 2010. Internal issues are tracked by internal audit and all, except the following, are now signed off.

Outstanding major/ minor non compliances

External audit minor non compliances

Status of the outstanding minor non-conformities following the June 2010 "health check" visit including the verifier's comments on progress and any proposed further action where the non-conformity remains open.

Corporate Non Conformity (extracts from Outstanding Action before LRQA report June 2010) **November Verification visit** required by Minor non-conformity, New 0911CER01 Section Annex 3.2 of EMAS requires that the EMAS Environment Statement (appendix 2 of Cabinet Statement should include a summary of the data available Report) includes this information and awaits on the performance of the organisation against its approval at Nov Verification visit. environmental objectives and targets with respect to its significant environmental impacts. The information relating Section 15.1 of the Statement 'The Waste from Leicester' was validated. However, the statement lacks any reference to LCC's current and projected performance against the Landfill Allowance Trading Scheme (LATS) targets and the financial implications of not meeting future targets. Future statements need to include this information and other information of material interest regarding Leicester's waste. Minor non-conformity, New 09110JC01 Castle Park Depot - Gulley drain directly in front of tack Operational control deemed adequate at June coat store is connected to a surface water drain. Evidence Verification visit. LRQA to see drainage plan at of oily residue on the ground. Although drain via interceptor November visit. this design is not favourable and an alternative should be identified A drainage plan will be prepared for Monks Rest Depot. Action: Parks Manager for Area 2 There is no drainage plan for the Monks Rest site Minor non-conformity, New 09110JC02 LRQA will review duty of care awareness at A number of issues noted with waste management duty of the next visit care requirements at various sites:-Castle Park Depot - Highways - It was stated that ad-hoc consignments of waste such aerosols by Haz Industrial Services had not been subject to duty of care checks. Castle Park Depot - Cleansing - Cylinders disposed of by Aguaforce (through Acumen contract) had duty of care paperwork supplied by Acumen prior to waste leaving the site; this was not the same for disposal of chemicals from the graffiti section - taken by Augean (again via the Acumen contract) - need to ensure that duty of care checks are completed prior to waste leaving the site. Leicester Leys - Paper and cardboard is taken by ENVIRON but no transfer notes are generated. Spence Street - Hazardous waste is removed by Haz Environmental – there have been no quarterly returns received by the site since May and whereas a copy of the carrier license for Haz was available locally, the waste management license was not and it was unclear who was responsible for registering the site as a hazardous waste producer (no formal record on site that NEG 731 was the site number). At present the site is using an adjacent transfer station for disposing of paper; however fluorescent tubes are also being taken here but no paperwork is generated - as fluorescent tubes are hazardous this practice must cease and a correct disposal route set up. Monks Rest - Waste generated by the activities of the grounds maintenance function such as pruning, general

litter and dog waste is brought back to Monks Rest – there is no waste exemption license for this activity and LCC should confirm with the EA whether this is required. Duty of

care checks for interceptor waste taken recently by Redstripe does not appeared to have taken place and there are no transfer notes for scrap metal removed from the site by Burgess. There appears to be some confusion over where duty of care checks should be undertaken - locally or through the environment team. Could a central register of waste companies be set up? Minor non-conformity, New 09110JC03 Leicester Leys and Spence Street - Although there are LRQA to review gas legionnella and boiler records of servicing for air con units on both sites - there is maintenance again at November visit. no information on the types and quantities of refrigerant and the service sheets do not specifically state that leak checks have been completed - it was stated that this is the responsibility of the landlord (Property Services). In addition it was not clear how competency of contractors handling refrigerant is verified. Records should be held locally. Spence Street - Water Monitoring - there were two instances in October and November where the cold tap temperatures were above the 20°C limit – it was unclear by local personnel who would action this - via the landlord helpdesk or James Seaton. The risk assessment on file was dated April 06 and it was not clear whether it had been reviewed since (L8 requires a review at least every two vears). Minor non-conformity, New 09110JC05 Whilst the information supplied in Table 6.1a could be Environment Statement (appendix 2 of Cabinet verified (just) - two tables provided which led to some Report) includes this information and awaits confusion on how the numbers were generated, some of approval at Nov Verification visit. the figures in table 6.1b could not be verified (unfavourable declining and suffered significant decline / damage). All the figures in the table should be reviewed to ensure that they are correct. Minor non-conformity, Open 0811DRF04 The site inspections mechanism currently only addresses A generic site inspection and reporting limited environmental aspects. These could be identified mechanism has been developed by the and managed by a Local Aspects register. A clearer Environment Team and will be rolled out to sites reporting system also needs to be developed so that any along with site based environmental aspects non conformity can be used to identify areas of weakness, registers (see below). Action: Environment trends and route causes. Team Minor non-conformity, Open 0811DRF13 Whilst a corporate aspects register is maintained there was A corporate environmental aspects register for limited evidence that aspect registers exist at a local level. the council is currently being developed by the As the aspects register is used to establish, implement and Environment Team as the basis for developing maintain the Management system, a local register would site based aspects registers, starting with the manage the local aspects and any legal requirements. sites with higher environmental risk (eg depots

Internal Audit EMAS Audits

Good environmental practice is central to the City Council's corporate strategic objectives. Its accreditation under the Eco-Management and Audit Scheme (EMAS) is a major part of this. EMAS is supported by a highly structured management

Team.

and leisure centres). Action: Environment

process that is subject to a wide-ranging programme of audits both by Internal Audit and the external EMAS Verifier, LRQA.

EMAS audits are performed at four levels, as set below:

The Internal Audit programme is an on-going cycle on a three year rolling programme. The current programme runs from April 2008-March 2011. EMAS Internal audits are performed at 4 levels:

Level 1

• An EMAS system overview audit to assess whether all of the necessary parts of the system are in place and are operating effectively.

Level 2

 Audits of a number of the significant environmental effects that the Council has identified, assessing targets and progress towards them including compliance with relevant legislation. In 2009-10, this work was concentrated on Housing Strategy & Options, Housing services and Reducing Our Carbonfootprint.

Level 3

 Audits of the range of service units and establishments (eleven establishments of different types such as depots, offices and residential homes plus eight schools), assessing whether relevant environmental legislation, Council environmental policies and EMAS procedures are complied with.

Level 4

• An audit of the draft EMAS Public Statement.

Summary – Internal Audit EMAS Audits 2009-10:

Levels 1, 2, 3 & 4 Audits: Summary of Non-Compliances and Observations raised

EMAS Level 1, 2, 3 & 4 Summary of Non-Compliances and Observations raised			
Level 1, 2, 3 & 4	Major	Minor	Observations
Level 1: EMAS System	3	12	24
Level 2: Housing Options & Strategy	2	16	21
Level 2: Housing Services	3	16	22
Level 2: Reducing our Carbon Footprint	0	0	12
Level 3: Establishment Audits	24	26	36
Level 3: EMAS Schools	4	8	31
Level 4: Audit of the Draft EMAS Public Statement 2008-9	3	2	0
Total	39	80	146

All 15 non-compliances raised at Level 1 are in progress. Out of the 37 non-compliances raised on Level 2, 23 are in progress and 14 have been closed following satisfactory management action. All 62 non-compliances raised at Level 3 Establishment audits including schools have been closed. 4 non-compliances issued under Level 4 have been successfully closed whilst 1 is in progress. Observations raised, generally, do not require a management response or formal sign-off.

Further detail is provided below:

EMAS Level 1: Overview of the EMAS system 2008-9 & Follow-up 2009-10 Overall Conclusion

The EMAS system documentation addresses the majority of the requirements of the Regulation.

However, a number of deficiencies were identified. Some of these relate to updates and the Environment Team has a programme for completing these, although this has been delayed. The main issue, however, relates to the on-going problem of a lack of clarity in the system about which elements of activities carried out at service level must be subject to operational controls.

EMAS Level 2: Thematic EMAS audit of Housing Strategy & Options 2009-10 Overall Conclusion

There is a good level of commitment to the key EMAS objective of reducing carbon emissions; this is reflected within the work programmes of the various sections. Of note are the programmes to build new council houses to a high sustainability standard; efforts to continue to address energy-efficiency in private sector housing through loans and access to grants, and the new approach to embedding environmental management. Commitment to reducing travel and paper use was also evident.

Compliance with EMAS operational procedures relevant at management level is generally good.

EMAS Level 2: Thematic Audit - Housing Services 2009-10 Overall Conclusion

Housing Services strategies demonstrate a high level of commitment to EMAS improvement objectives, particularly to improving the energy-efficiency of council housing. Commitment to compliance with EMAS procedures is less evident, however, with findings relating to waste disposal and various items of required documentation. Contract-related matters, however, show improvement.

EMAS Level 2: Thematic Audit - Reducing our Carbon Footprint 2009-10 Overall Conclusion

The Council's Carbon Dioxide emissions

The creation of the Carbon Priority Board has raised the profile of the carbon reduction targets and provided a higher level of scrutiny. The first annual Commissioning Statement resolves previous problems with the clarity of the data and quantification of the amount of CO₂ savings that planned projects will deliver.

Leicester's Carbon Dioxide emissions

The Council is showing strong leadership within the Leicester Partnership. It is doing this by hosting staff employed by the Partnership to facilitate the delivery of the LAA carbon reduction targets though the Environmental Partnership Board and by providing significant staff resources to deliver the Council's own commitments to the Partnership. The current project to extend the district heating scheme may deliver a step-change in energy-efficiency that will benefit both the tenants of Council flats and the wider community. The Council is also showing leadership by building a number of new council houses to Level 4 of the Code for Sustainable Homes.

EMAS Level 3: Establishment Audits 2009-10 Overall Conclusion

Non-School Establishments:

The level of EMAS compliance varied, with some areas of good practice especially at parks and depots including City Highways' Castle Park depot. Other areas were less satisfactory. Material findings at individual locations concerned inadequate fire precautions, management of hazardous substances, water hygiene, drainage and management of waste. In all such cases, non-compliance notices have been issued to and accepted by management.

Schools:

Overall, there was a high degree of environmental awareness and compliance at the Schools. The commitment to EMAS was demonstrably high, with much good work being done by pupils' 'Eco-clubs' or equivalent to raise awareness and take a pride in, for example, wildlife areas in the school grounds. One area that a number of schools need to address is travel plans, to reduce dependence on cars.

EMAS Level 4: Audit of the EMAS Public Statement Overall Conclusion

A number of minor errors (mainly typographical) were identified in the draft EMAS Public Statement. The majority of those were rectified prior to the publication of the Public Statement. However, there were errors in numerous items of specific data, or they were not substantiated by evidence. Internal Audit discussed these with management and earlier involvement by Internal Audit in future years will help to ensure that the published statement is fully reliable. Despite these, however, the draft EMAS Public Statement met its overall objectives.

EMAS-related referrals to Internal Audit:

A major non-compliance was raised following a referral by the Environment Team on concerns over a planning permission for sports pitches on Aylestone Meadows Local Nature Reserve. Following management action and response, this non-compliance has now been down-graded to a Minor Non-Compliance.

Non-Compliance raised in 2008-9 still open:

Major Non-compliance (Please Note: Although this non-compliance was raised as part of the EMAS audit at Cleansing Services, Castle Park Depot, it applies to the entire Council Fleet and has a corporate implication):

There is currently no means of identifying the location of each vehicle at any given time. In addition, there is no means of providing credible monitoring evidence about waste collections and drop-offs. Satellite navigation systems are commonly used by major waste operators and some local authorities. A suitable tracking system should be implemented to protect the Council and its operatives from legal action in cases of unidentified collections and drop-offs.

Latest Management Response (21st July 2010):

".... having regard to the budget cuts we are required to provide under the recent initiative to identify 30% service cost reductions we are unable to spend this kind of expenditure on what is a service development. However, we will keep the option open to us should the economic climate improve as *management* are keen to use it".

Internal Audit Comment:

Given the circumstances, Internal Audit accept the above response, however, we will keep this non-compliance open at a <u>corporate level</u> and follow-it up on an annual basis to identify if the economic and budgetary circumstances are more favourable to allow the implementation of such tracking devices.

<u>Air Quality Non-Compliance raised in 2006-7 now downgraded to an</u> Observation:

A Major Non-compliance report (NCR) was issued in 2006 because the Air Quality Action Plan does not make provision for reaching the EU Air Quality Objectives by 2010 and NO2 levels are already in excess of the UK Air Quality limit values Regulations deadline of 2005.

Internal Audit Comment: "Internal Audit accept that a re-drafting of the AQAP taking account of PG09. The February 2009 is an appropriate response from management to the non-compliance. In addition, Internal Audit also accepts that, as the legal duty under the Air Quality Standards Regulations 2010 rests with the Secretary of State, the SoS's acceptance of then new AQAP and monitoring reports should be sufficient evidence of compliance for Internal Audit to accept. The fact that the SoS has made no specific representations to LCC regarding the failure of the last AQAP to meet the targets should also be considered as evidence of compliance (albeit with the regulatory authority's requirements, rather than the AQ limit values).

In conclusion Internal Audit now accepts that this Non-compliance is downgraded to an Observation for further review at the next scheduled audit ". Please note that we do not expect a management response to EMAS Observations.

Overall Summary

With the importance of the environmental agenda, EMAS continues to be an important area of audit work. Despite some specific areas of concern, the level of EMAS compliance at locations across the Council continues to improve. This indicates that understanding of the importance of good environmental practice is also improving. The external verifiers, LRQA, who assess the Council's continuing accreditation for EMAS, placed reliance on Internal Audit work and made the following complimentary comment in their most recent verification report:

'Internal Audit continue to provide an effective EMS audit function which is a valuable contribution to EMAS EMS Verification and EMAS Statement Validation'.

The point of including this here, as well as it being a pleasing reflection on Internal Audit's work, is that the audit process is itself an important part of the Council's EMAS system. It therefore demonstrates the corporate commitment to the good practice required under the EMAS scheme.

b) Communications from external interested parties including complaints
A new system for recording environmental complaints became live in July 08. 2
departments, Housing and Regeneration and Culture receive the majority of such
complaints. In 2009/10, Regeneration and Culture department recorded 245 EMAS
complaints which were split between the following issues:

Litter 22%

Landscape	62%
Noise	5%
Overhanging greenery	4%
Pollution	7%

The landscape category received by far the largest volume of complaints but this category included pothole complaints which were exceptionally high due to the sever winter weather.

The following projects involved communication with external regulators during 2009/10:

St Barnabas Primary Capital Programme Work

An Ecological survey as part of the BREEAM assessment of PCP work identified the presence of Great Crested Newts. Following this discovery, the council consulted Natural England. As a result the construction was delayed by one year to allow the newts to be relocated to ponds on an alternative site under the supervision of Natural England.

Sunningdale Road

Following the construction of a new access road into this site, discussion were held with the Environment Agency regarding the treatment and disposal of hazardous and non hazardous waste that had resulted from the construction of an access road. It is intended that the waste is processed by the site operator when the construction and demolition recycling facility commences. The Environment Agency have agreed this and are being kept informed of progress.

Planning application for Football fields on part of Aylestone Meadows Nature Reserve

Consultations are ongoing with Natural England and the Environment Agency regarding the proposal to build football playing fields on part of Aylestone Meadows Nature Reserve and the identification of suitable mitigation measures to compensate for loss of the area of nature reserve.

c) The environmental performance of the organisation and d) The extent to which objectives and targets have been met

A summary of our environmental performance is given to members in the EMAS cabinet report, December 2010. This is supported by:

Appendix 1 Detailed progress towards objectives and targets

Appendix 2 Text for the Public Statement 2009/10

Appendix 3 The Action programme in place to support targets

Appendix 4 Proposed new or amended targets

e) status of corrective and preventive actions

Issues raised by LRQA are tracked by the Environment Team but will remain open until their next visit in November 2010. Internal Audit tracks internal issues. Those outstanding, are listed in Section a) above.

f) follow-up actions from previous management reviews

issues raised in management review November 2008

paragraph concern action update 30/11/09			
a)	External Audit School Travel Plans	Open	
а)	The LTP requires 90% of all schools to have Travel Plans by 2011. In order to more fully demonstrate their commitment to environmental management beyond the school premises, all EMAS schools should have formally developed Travel Plans to meet with LCC and governmental	Verifier's comment - Good progress has been made with the travel plans. Proposed further action: Extra staff resources are being allocated to School	
	expectations	Travel Planning in order to ensure that the government's target that all schools have travel plans by 2010 is met.	
a)	External Audit Contractor Competencies Leicester city council has well established procedures for engaging contractors however the determination of the competence of the individuals who actually undertake the work is less well established	Closed Nov 2009	
a)	Internal Audit Major Non Conformity because the Air Quality Action Plan does not make provision for reaching the EU Air Quality Objectives.	Downgraded Verifier's comment - The internal audit finding has been downgraded to a 'Minor' following corrective action and there is a programme in place for compliance.	
a)	Internal Audit NC2 Quality of the Natural Environment on Council Owned Land The council is failing to conserve a significant number of sites of importance for nature conservation (SINCS)	Non Compliance closed following Management Response with evidence: On receipt f the SINC condition assessment report for 2007/08 completed by the Nature Conservation Officer a meeting was held on 14/02/08 to review each site and identify the actions	

g) changing circumstances including developments in legal and other requirements related to its environmental aspects

10:10 Campaign

The Council signed up to the national campaign 10:10 earlier on this year. A baseline of 33,639 tonnes CO2 for 2009/10 has been submitted to the campaign office meaning a target for reduction to be a minimum of 2,354 tonnes CO2 in the year 2010/11. (The figures differ from NI 185 in that 1010 excludes schools and outsourced contracts). A report was brought to Reducing Our Carbon Footprint Priority Board in January 2010 outlining how this could be achieved.

2010 Changes to legislation Air Quality Standards Regulations 2010

- Came into force 11/6/2010
- Revoke and replace Air Quality Limit Values Regs 2007
- Specify Limit Values for benzene, CO, lead, NO2, NOx, PM10 and SO2
- Also set target values for other air pollutants
- Relevant to Pollution Control

Building and Approved Inspectors (Amendment) Regulations 2010

 Amends some requirements relating to reporting of CO2 emissions estimates to inspectors.

Carbon Reduction Commitment Energy Efficiency Order 2010

Council must register by 30/9/10.

Climate Change Levy (General)(Amendment) Regulations 2010

Increase repayment time limit from 3 to 4 years.

Community Infrastructure Levy Regulations 2010

 Provides for the Planning Authority to levy a charge on new buildings above a certain size to pay for the provision of community infrastructure.

Conservation of Habitats and Species Regulations 2010

- Revokes and replaces Conservation (Natural Habitats &c) Regulations 1994 as amended. No major policy changes except in relation to Marine and Coastal Access Act.
- Sets out offences to capture, kill, disturb, take eggs, damage breeding habitat, nests or resting place of a European Protected Species or pick, cut, uproot or destroy

EMAS III

- Reporting on Core Indicators in the Statement
- Statement must be published within a month of renewal of registration
- Stronger requirement to have documentary evidence of legal compliane
- Requirement to include all activities in the Internal Audit programme

Energy Act 2010

 Includes requirements for energy company led schemes to tackle fuel poverty. Relevant to Energy Team if they get involved in partnerships with energy suppliers to reduce fuel poverty.

Energy Performance of Buildings (Certificates & Inspections)(England and Wales) Regulations 2010

 Amends requirements so that HIPs no longer needed, but those marketing residential property must still ensure an EPC is obtained.

Environmental Civil Sanctions (England) Order 2010

- Gives Env Agency and Natural England new powers to impose civil sanctions for certain breaches of legislation instead of taking out criminal prosecutions.
- Relevant to all Council activities regulated by these agencies.
- Relevant to Env Team in its compiling of the Env Statement.
- Relevant to Internal Audit in relation to their investigation and recording of legal non-compliance.

Environmental Damage (Prevention and Remediation)(Amendment) Regulations 2010

- Updates certain definitions in 2005 Regs
- Relevant to Pollution Control enforcement function

Environmental Noise (England)(Amendment) Regulations 2010

Minor change to 2006 regs.

Environmental Permitting Regulations 2010

- Complete the single permitting regime covering waste mgt licensing, air emissions (LAIPPC and PPC), discharges to/abstraction from controlled waters and Groundwater Authorisations.
- These and previous regs replace Waste Mgt Licensing Regs, Landfill Regs, Groundwater Regulations 2009
- For waste mgt licensing side a new, more risk-based approach with detailed new guidance for operators to identify whether a license or exemption is needed.
- Existing licenses automatically became permits

Feed-In Tariffs (Specified Maximum Capacity and Functions) Order 2010

- Establishes the system for administering and approving FITS.
- Applicable to Council electricity generating installations.

Flood and Water Management Act 2010

- LAs must put in place strategies to manage risk of flood from surface water run-off, groundwater and watercourses.
- Provides standards for drainage systems and designates an 'approving body'
- Enables orders to be made banning non-essential water uses in times of drought – could affect Council services.

Infrastructure Planning – various new regulations 2010

 These regs set out various procedures to be followed by developers and others in relation to any proposals for major infrastructure eg new power stations, major roads, waste treatment plants etc.

Pollution Prevention and Control (Designation of Directives)(England and Wales) Order 2010

Relevant to pollution control

Renewables Obligation (Amendment) Order 2010

 Extends duration of Renewables Obligation and enables introduction of FITs.

REACH Regulations – Amended 2010

Several changes to detail of existing regs. Relevance to Council unclear.

Road Vehicles (Construction and Use)(Amendment) Regulations 2010 and (Amendment) Regulations 2010(2)

- 2010 amendment requires certain vehicles to have tyres marked to show they comply with noise emissions requirement. Applies to much of our fleet.
- Second amendment regs relate to width of trailers.

Smoke Control Areas (Authorised Fuels)(England)(Amendment) Regulations 2010

Amends list of authorised fuels.

Smoke Control Areas (Exempted Fireplaces)(England) Order 2010

Amends list of exempted fireplaces.

Volatile Organic Compounds in Paints, Varnishes and Vehicle Refinishing Products Regulations 2005, amended 2009 and 2010

- Part B enforcement under Env Permitting regime
- No Council sites covered(?)

Waste Electrical and Electronic Equipment Amendment Regulations 2010

Amends definition of one of the hazardous waste categories.

Water Supply Regulations 2010

 Amends enforcement requirements of Water Supply Regs 2000 and Private Water Supply Regs 2009. Env Health is enforcer.

Wildlife and Countryside Act 1981 (Variation of Schedule 9)(England and Wales) Order 2010

Makes some changes to Schedule 9 parts I and II, relating to animal and plant species that can't be released or allowed to escape into the wild.

Plus several other minor amendments to existing land use planning legislation, affecting the Planning Management and Delivery service in the main.

2009 Changes

Animal By-Products Regulations 2003, amended 2009 Building Regulations 2000, amended 2009, 2009(2)

Carriage of Dangerous Goods and Use of Transportable Pressure Equipment Regulations 2009

Climate Change Levy (General) Regulations 2001, amended 2009

Energy Performance of Buildings (Certification and Inspection) (Amendment) Regs 2009

Environmental Damage (Prevention and Remediation) Regulations 2009

Environmental Noise (England) Regulations 2006, amended 2009

Flood Risk Regs 2009

Fluorinated Greenhouse Gas Regulations 2009

Motor Vehicles (Refilling of Air Conditioning Systems by Service Providers) Regulations 2009

Ozone Depleting Substances Qualifications Regs 2009

Packaging (Essential Requirements) Regulations 2003, amended 2009

Planning (Listed Buildings and Conservation Areas) Act 1990, amended 2009

Planning (Hazardous Substances)(Amendment) Regs 2009

Private Water Supplies Regs 2009

Road Vehicles (Construction and Use) Regulations 1986, amended 2009

Town and Country Planning (General Development Procedure) Order 1995 amended 2009 and 2009(2)

Waste Batteries and Accumulators Regulations 2009

Water Resources Act 1991 (Amendment) Regs 2009

h) Recommendations for improvement

Recommendations for improvement are given in paragraph 4 of this report to Cabinet. December 2010



Appendix K



WARDS AFFECTED

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

Cabinet 13th December 2010

Developing Intermediate Care and Dementia Facilities in Leicester: Programme Resources

Report of the Strategic Director, Adults and Communities

1. PURPOSE OF REPORT

1.1 The report requests the allocation of £235 000 capital funding to the 'Creating Dementia and Intermediate Care Facilities' PFI programme. This will support the support the delivery of two dementia resource centres which provide specialist intermediate care and a generic intermediate care unit

2. SUMMARY

- 2.1 Council had allocated £3.5 million via the capital programme in 2008/09 to enable the development of a 60 bedded intermediate care centre. This was intended to be a joint facility with NHS Leicester City but due to ongoing reviews of the requirements of the PCT for intermediate care, this centre has not progressed past planning stage.
- 2.2 Adult Social Care submitted an expression of interest for PFI credits to Department of Health in 2009 and was awarded, £40.5 million credits to develop two new dementia care centres and a new intermediate care centre. These centres, with a combined capital build value of £20 million, will replace existing facilities and enable service redesign with partners.
- 2.3 Supporting the growing numbers of older people and people with disabilities in a priority within 'One Leicester'. The Council's ability to support people to regain and maintain independent living skills, and to support carers, is integral to achieving financial efficiencies for the future. These schemes will support adult social care and partners in the delivery of these service and funding priorities.
- 2.4 The main funding source for the scheme is via the PFI credits and this brings investment into the city that would otherwise be unachievable through the council's own capital resources. However there are associated project delivery costs and the 'soft' fitting out of the centres that require Council funding. These are set out in further detail within the report.

3. RECOMMENDATIONS (OR OPTIONS)

3.1 Cabinet are requested to release £235k from the £3.5m Intermediate Care capital funding to support stage one of the PFI process.

4. REPORT

- 4.1 Adult social care is clear of its requirement for increased intermediate care capacity and for specialist capacity for the growing numbers of people with dementia. This is reflected in the transformation agenda and the shift towards prevention and early intervention. Therefore the PFI schemes have been developed to create that capacity within a model that supports the whole dementia pathway as well as intermediate care. The scheme comprises two dementia care centres which include the provision of specialist dementia intermediate care beds, as well as a further 32 bedded facility for generic intermediate care.
- 4.2 The benefits that can be achieved from this service redesign within modern facilities are significant. Intermediate care is well evidenced as delivering improved outcomes for individuals through greater independence, as well as significant financial savings for Local Authorities from reduced demand for high cost care services. The provision of a dementia pathway that draws in voluntary sector resources will enable a greater focus on early intervention, support to carers and to allow for a partnership approach to care that retains people within their own homes rather than costly care or hospital settings. For some people, specialist long term care will be required and the schemes offer potential to provide this in an integrated and cost effective way.
- 4.3 Whilst the capital development costs are met by the PFI credits, the development of the schemes will incur costs to the Council which generally fall into two categories. Firstly there are project related costs which cover all expenditure related to the scheme up until the buildings become operational. The second category of costs is running costs for operating the Centres once open.
- 4.4 Running costs for the proposed Centres were estimated as part of the Financial Modelling required for the Expression of Interest, and reported to Lead Cabinet Member Briefing on 13th April 2010. This work will be refined as part of Outline Business Case (OBC) development, and final estimates will be reported to Cabinet prior to submission of the OBC to Department of Health.
- 4.5 This report concentrates on the project cost element, which are the costs the Council will incur in developing the project to operational stage. The current target date for buildings becoming operational is early 2015, and therefore the costs will be accrued over a five year period.
- 4.6 There will be five main stages to the process as follows;
 - i) outline business case
 - ii) readiness to procure
 - iii) procurement
 - iv) full business case

- v) signing of contracts
- 4.7 Costs likely to be accrued over the five year period can only be estimated at this stage, but are likely to include the following main elements;
 - i) Specialist Support for Programme Delivery: It is a Department of Health requirement that external specialist support is obtained to assist with the development of schemes. Local Partnerships (an advisory body set up to support Local Authorities on PFI schemes) estimate that costs of at least £750k will be accrued in obtaining specialist financial, legal and technical advice. This is the figure initially requested although experience from BSF and some other Local Authorities PFI Social Care schemes suggests this figure may be light. The cost of any in-house support from trading divisions e.g. Corporate Property will also need to be found from this budget.
 - ii) <u>General Project Costs:</u> A smaller sum estimated at £100k over the five years will be required for general projects costs. This will cover such items as the cost of external Gateway Review, costs associated with competitive dialogue procurement, visits to other Authorities etc.
 - iii) Adult Social Care Staffing Costs: Officers working on the programme to date have generally done so on top of their substantive roles. This will not be practical as complexity and volume of work increases, and additional staffing resources will be required. Current thinking is that a full time Programme Manager and full time operational lead post will be required, at a cost of £100k a year or £500k for the whole period.
 - iv) Furniture & Equipment Costs: "Fixed" furniture & equipment e.g. sanitary ware will be included as part of the PFI contract, but the Authority will be required to provide all other items. Birmingham have recently developed similar facilities and their costs were £110 per square metre. Our proposed buildings are estimated at 8670 sq. mtrs and therefore a total cost of £954k is anticipated.
 - v) <u>Site Costs:</u> A site options appraisal is currently underway and the options are sites on the ASC portfolio, UHL sites or sites on the CYPS portfolio.

£

4.8 In summary therefore estimated project costs over the whole life of the programme are as follows;

Specialist Support for Programme Delivery	750 000
General Project Costs	100 000
ASC Staffing Costs	500 000
Furniture & Equipment	954 000
Possible site costs	Not Known

Total 2304 000

- 4.9 Detailed costing for the full programme is not finalised. The request at this stage is to release only those monies required for Stage One of the process i.e. OBC production and submission, acknowledging that a successful OBC will lead to ongoing project costs.
- 4.10 A detailed Programme Resource plan has been drawn up for Stage One which is attached at Appendix "A". This identifies both existing establishment resources that will be diverted to the programme, but also estimates all other actual costs at just over £235k.
- 4.11 Cabinet are therefore requested to authorise the allocation of £235k from capital monies to cover costs of Stage One of the process, and earmark the remainder of the capital sum for the scheme should it progress beyond Stage One. Further Cabinet reports will be submitted to request authorisation of any further monies beyond the initial £235k.

5. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

Financial Implications

5.1 This report is entirely concerned with financial implications. The report is asking for the release of £235k. Part of this money will be used to employ specialist financial support who will model all the future financial impacts of the scheme. This is a critical piece of work, which will enable the council to consider its future viability.

Rod Pearson: Head of Finance & Resources Management.

Legal Implications

- 5.2 This report is concerned with the early stages of procurement and further reports will be presented as the process develops, the next report being at "outline business case".
- 5.3 The project is to be funded by PFI credit and this therefore means that Department of Health/Treasury processes, standard forms of contract and approvals are necessary. The process, and the legal work involved is highly complex.
- 5.4 The Council has powers to undertake this project under Section 21 National Assistance Act 1948, Section 117 Mental Health Act 1983, Section 111, 121, 122 Local Government Act 1972, Section 2 Local Authorities (Land) Act 1963, and Section 2 Local Government Act 2000.

Joanna Bunting: Head of Commercial & Property Law

Climate Change Implications

5.5 Whilst this report in itself does not have any immediate climate change implications the creation of two dementia resource centres will lead to an increase in carbon emissions and measures to ensure energy efficiency in these buildings must be taken during the design process.

Helen Lansdown: Senior Environmental Consultant

6. OTHER IMPLICATIONS

OTHER IMPLICATIONS	YES/NO	Paragraph references within the report
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	No	
Crime and Disorder	No	
Human Rights Act	No	
Elderly/People on Low Income	Yes	throughout
Corporate Parenting	No	
Health Inequalities Impact	Yes	2.3

7. RISK

7.1 There are no direct risks associated with this report. However as the programme develops a full risk assessment will be completed to ensure that Members are aware of any potential risks to the Council.

8. CONSULTATIONS

Mick Bowers: Resources Support Manager

9. BACKGROUND PAPERS

None

10. REPORT AUTHOR

Ruth Lake: Director of Care Services

(29)8302

ruth.lake@leicester.gov.uk

Key Decision	Yes
Reason	Is significant in terms of its effect on communities living or working in an area comprising more than one ward
Appeared in Forward Plan	Yes
Executive or Council Decision	Executive (Cabinet)

Programme Resources

Project Details

Project Name: Creating Dementia and Intermediate Care Facilities

Project Number: CPMO ref 350 Document Version Number: 0.6

Strategic Priority: Health and Wellbeing

Date: 17th September 2010

Programme Resources

This cost plan estimates costs for Stage One of the Programme only i.e. submission of OBC. The deadline for this is end April 2011.

It is assumed that the following internal "establishment" LCC Staff will give the following commitment at no additional cost to the Programme.

Name	Role	Hours per week	Responsibilities
Ruth Lake	Programme Director	10	Overall accountability for
			delivery of programme.
Mick Bowers	Programme Manager	37	To manage and co-
			ordinate delivery of the
			programme.
Rohit Rughani	Project Manager	5	Project Manage Financial
	(Finance)		and Affordability work-
			streams.
Swarsha Bhalla	Programme Officer	18.5	General Support
Lee Shawley	Programme Assistant	18.5	General Support

Project Budget

Programme Details		
Project Name: Creating Dementia and Intermediate Care Facilities		
Project Number: CPMO ref 350 Document Version Number: 0.6		
Strategic Priority: Health and Wellbeing		
Date: 17 th September 2010		

Stage One Project Budget Overview

The project budget is not yet confirmed but the follow is a high level estimate.

Cost Item 1) Local Partnerships Gateway Review x 2 2) GTUK (Financial Support) 3) Corporate Property fee's (see breakdown)	Estimated cost to end April 2011 (£) 20,000 30,000 50,070
a) Senior Project Manager5 hrs a week x 24 Week @ £75 per hour =	9,000
b) Project Manager 18.5 hrs a week x 24 weeks @ £65 per hr =	28,860
c) Architect 18.5 hrs a week x 12 weeks @ £55 per hr =	12,210
4) Programme Manager costs (£4,750 per month for	42,750
nine months) * 5) Operational Lead costs (£4,500 per month for nine	40,500
months) 6) Internal Legal Fee's	20,000
 7) Additional Affordability work (£1000 per day x 20 days) 8) Outline Planning Costs 9) PRG Costs 10) Sustainability Costs 11)Other costs (room bookings, visits, engagement events etc.) 	20,000 1,000 5,000 1,000 5,000
TOTAL:	£235,320

^{*} NB Mick Bowers currently covering this role pending clarity re the SSR and Commissioning Unit Review.



Appendix L



WARDS AFFECTED

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

Cabinet 13th December 2010

Revised Organisational Review and Redundancy Policies

Report of the Director of Human Resources

1. Purpose of Report

- 1.1 The purpose of this report is to present to Cabinet the new Organisational Review and Redundancy policies for approval.
- 1.2 These documents form part of a series of new policies designed to create a smaller and simpler rule book. Following approval of the draft documents by SMB and the Cabinet Lead for Community Cohesion and Human Resources earlier in the year, consultation has taken place with the recognised trade unions.

2. Summary

- 2.1 These policies, which are attached at Appendix 1, are closely associated but have separate and distinct purposes:
 - The Redundancy policy establishes effective and clear means by which the Council
 can bring about reductions in its workforce whilst complying with its legal and
 contractual obligations as an employer in respect of the impact that it would have on
 its workforce and individual employees.
 - The Organisational Review policy will establish an effective, business-focussed approach to change management whilst conducting the process in a positive yet sensitive manner. It is particularly important during the current period of financial constraint so that we may retain the best calibre of staff with the right skills set and approach to deliver services in what can be, at times, a stressful process
- 2.2 Both policies aim to set out as simply as possible what needs to be done, when and with whom from the point at which organisational change or reductions are being contemplated, through to resolving the impact on the workforce.
- 2.3 Consultations with the recognised trade unions representing the employees who would be covered by these policies took place during the period June to September. Those consultations resulted in agreement in the most part. There were however some areas

where the trades unions were unable to commit fully to the revisions being introduced into the policies. These are set out in this paper for Cabinet's consideration.

3. Recommendations (or OPTIONS)

3.1 That Cabinet

Consider the points raised in this report in relation to:

- In the proposed Redundancy Policy, trial periods,
- In the proposed Organisational Change policy, consultation arrangements and grading appeals,
- Any additional statements submitted separately by representatives of the trade union side; and
- In the light of those considerations agrees to the adoption of the new policies with immediate effect

4. Report

(a) Redundancy Policy

- 4.1 The revised Redundancy policy covers all circumstances where a reduction in the workforce is required. It therefore replaces the City Council's guidance to managers on handling redundancies and its policy on Redundancy, Redeployment and Protection of Earnings (Appendix 1A of the Local conditions of Service).
- 4.2 The purpose of this policy is to provide clarity for management and staff on how reductions in the workforce will be brought about. In law, a redundancy is clearly defined and covers those situations where an employee is dismissed because the requirement for a service to be provided or the place from which it is provided ceases or diminishes to the point where workforce reductions become inevitable.
- 4.3 In setting this out, the policy differentiates between the two main types of redundancy situations those involving a reduction in the number of employees in one category where specific selection criteria is used or as a result of an organisational restructuring exercise within a service area which results in fewer posts.
- 4.4 Copies of the draft revised policy and the draft Organisational Review policy were forwarded in April of this year to all trade unions representing employees who would be covered by the policy, namely all Leicester City Council employees excepting:
 - Staff employed under JNC for Chief Officers' conditions or statutory officers
 - Any one employed by schools or colleges
- 4.5 A series of meetings was held at which the contents of the revised policies were considered in detail, points raised for clarification and questions answered. At the end of the process there was a high degree of agreement and understanding on both policies and how they would be used operationally. As a result of those discussions minor changes were incorporated either to add clarity or improve the processes followed. There were points however about which the trade union side stated that they

were fundamentally unable to accept and for which there was no possible solution. Officers confirmed that these would be brought before Cabinet and, in considering the document as a whole, invited to resolve the differences going forward. The following paragraphs set out the points in relation to the Redundancy policy. Those relating to the Organisational Review policy are set out in paragraphs 4.17 to 4.22.

- 4.6 **Trial Periods:** The revised policy contains provision for trial periods in redeployment situations. Reflecting operational experience the document allows for a maximum of 12 weeks, where deemed appropriate. The law on trial periods provides for 4 weeks for a trial period. During the consultation process, the trade unions affirmed their belief that a trial period of 12 weeks would be unreasonable if the employee felt it to be unsuitable and wished to leave with a redundancy payment.
- 4.7 Whilst stating that the 4 week statutory minimum would be the norm, practically some jobs might require more complex retraining or longer time for the employee to experience the full gamut of the job before deciding on its suitability or otherwise. Safeguards of mutuality of agreement prior to commencement with confirmation of the offer in writing; opportunity for review during the trial period and an appeal process against withholding of redundancy would protect both sides.
- 4.8 **Period of salary protection:** The revised policy provides for protection of earnings for any employee who is redeployed to a post on a lower level of pay. This is limited to a maximum of 2 grades below the substantive grade of the post holder's existing post. Protection would last for a period of 12 calendar months at the fixed salary rate received immediately prior to redeployment.
- 4.9 The trade unions felt that this represented a materially worsening of their members' conditions of service as previously protection of earnings had been set at a maximum of 24 months or until earnings level of the redeployed post equalled or overtook the actual protected pay, whichever was the sooner. The trade unions argued that the two year period was generally accepted as the norm and employees needed that amount of time to adjust financially to a lower level of income.
- 4.10 However, it was argued that levels of pay protection generally in employment and specifically in local government had reduced in recent years. The main reasons for this were cited as being attributed to the following:
 - In law lengthy periods of pay protection could give rise to pay inequality leading to claims of unequal pay for the same work or work of equal value, and
 - Work place ill will within work groups where differential pay levels for the same job were at the heart of the issue.
- 4.11 When consulted on this particular issue elected members were strongly of the view that the period of salary protection should be retained at its current level. The policy has therefore been amended to reflect this view.
- 4.12 **Decision:** Cabinet is asked to give direction on the maximum periods for trial periods.
- (b) Organisational Review Policy

- 4.13 The revised Organisational Review policy covers all circumstances where major change is required in the organisation and in the delivery of services. It therefore replaces the City Council's Protocol on Organisational and Staffing change (Appendix R).
- 4.14 The purpose of the policy is to provide clarity for management, trade unions and staff on how organisational change within Leicester City Council will be conducted. It sets out the circumstances in which the principles and processes of the policy would be applied. The following, though not an exhaustive list, are examples of when the policy would be used:
 - A new service is created within the City Council that incorporates some or all of existing service area(s)
 - Two or more service areas are integrated into a new one requiring the need to unify service delivery and support
 - Major change is required within a service area brought about by changes in funding streams or other financial constraints resulting in jobs combining and/or reducing
 - Change to or streamlining of services delivered is required in response to changes to or by the introduction of new initiatives driven by internal policy change or external requirements placed on the City Council
- 4.15 For the avoidance of any doubt the policy also sets out clearly those circumstances deemed not to constitute organisational change and therefore exclude its use. Examples include minor change to the job description of a post or posts; grade changes as a result of management action or a request by an employee for a review of the grade of a job; a reduction in the size of the workforce in a specific section or work area; transfer of a function resulting in change of line management or relocation of activities within a team
- 4.16 The policy applies to all Leicester City Council employees, with the exception of employees in schools, appointed directly by school governing bodies who are to be encouraged to adopt a similar policy.
- 4.17 From the combined consultation meetings on the Redundancy and Organisational Review policies there were three issues on which agreement could not be reached with the trade unions in relation to the Organisational Review policy. These are set out in the following paragraphs.
- 4.18 Consultation arrangements: By differentiating between which types of change are or are not covered by the policy, the consultation process is clearly described. Consultation on organisational changes would be conducted with the whole workforce as a group affected by the change and their representative trade unions, not with a representative few acting as a liaison group on behalf of the whole workforce. The trade unions however view this as a divisive mechanism suggesting that it would produce a parallel process for consultation (with trade unions and staff) that would create more work for themselves and the Council and make the process over complex and resource draining.
- 4.19 In response it was argued that the current methods of consultation, including preparation of business case executive summaries for branch secretaries, pre-

assignment meetings and representative liaison groups, were universally considered the least favoured means of consultation; that the representative groups were more often self-selected for personal reasons engaging in drawn out, repetitive meetings arguing over the minutia of a proposal with the result that the process was drawn out and created uncertainty and anxiety for those affected. There was no legal basis on which to retain these means of engagement.

- 4.20 The process now will be simple to understand by all participants and concluded in a planned, timely fashion whilst ensuring that the Council complies with its legal responsibilities towards collective arrangements and individual consultation with employees.
- 4.21 **Grading appeals:** Under the revised policy employees have the right to appeal against their proposed slotting in the new structure following implementation. The trade union have noted that appeal rights would no longer be available against the grade of a post in the new structure. This is because the threshold for determining that a job is unchanged has risen from 51% to 75% and so grades will be less likely to be affected sufficiently as to affect grade change for those employees. It is also the case that under the future maintenance arrangements for Job evaluation under the Draft Single Status Agreement, employees appointed to new/re-designed posts in a structure can request a fresh evaluation of the role after 6 months to check that the grade is correct based on how the job has in fact developed. This approach is good practice under Job Evaluation schemes and ensures that employees do not lose out but based on how the job has developed in practice rather than simply on a new job description. If dissatisfied, they still retain a right of appeal against this evaluation. This is felt to be a fairer approach.
- 4.22 UNISON have stated their opposition to this change as it would be in their view a worsening of their members' conditions of employment.
- 4.23 **Period of salary protection:** As part of the combined consultations on both the organisational review and redundancy policies, all the unions opposed the proposed reduction in the period of protection given to employees who accepted lower graded posts under organisational reviews from two years to one. The arguments for, against and members views on this proposed change are contained in paragraphs 4.8 to 4.11 of this report.
- 4.24 **Decision:** Cabinet is asked to give direction on the methods of consultation and appeal rights to employees affected by organisational change.
- 4.25 Additional Comments made by UNISON: In addition to the consultation process with the joint trade unions UNISON requested to submit an addendum with this report setting out a number of additional points they wished to bring to members' attention some of which had been raised and considered in the consultation process and are referred to earlier in this paper. However there were other points which were added after the completion of the consultation process and these are included at appendix 2 to this report. Management's comments and/or responses have been added in red for Cabinet's consideration.
- 4.26 Cabinet is asked to note these additional comments.

5. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

5.1. Financial Implications There are no direct financial implications arising from this report however the proposals it contains on redundancy should ensure that the Council makes the most effective use of its limited resources when faced with making difficult workforce plans that involve reductions in the number of employees and in relation to Organisation Reviews, facilitate a more streamlined management of change process resulting in more timely and effective outcomes.

Alison Greenhill, Interim Chief Accountant, Financial Services; Extn 297421

5.2 **Legal Implications:**

The new Organisational Review policy will assist the Council to comply with its legal obligations in relation to consultation over, the operation of change processes and the treatment of individual employees affected by change. The Council should ensure that it complies with its legal obligations in relation to consultation.

The new Redundancy policy will assist the Council to comply with its legal obligations in relation to workforce reductions. The Council should ensure that it complies with its legal obligations in relation to trial periods.

The new policies will assist the Council in defending related Employment Tribunal claims.

Paul Atreides, Senior Solicitor, Legal Services; Extn 296368

6. Other Implications

OTHER IMPLICATIONS	YES/NO	Paragraph References Within Supporting information
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	No	
Crime and Disorder	No	
Human Rights Act	No	
Elderly/People on Low Income	No	

7. Background Papers – Local Government Act 1972

Trade Union and Labour Relations Act 1992 Report to Strategic Management Board, March 2010

8. Consultations

Leicester City Council Joint Trades Unions

9. Report Author

Brian Berkovits, Interim Strategic HR Service Partner (Invest in our Children Services) Human Resources 0116 225 7784 (Ext 29 7784)

Key Decision	No
Reason	N/A
Appeared in Forward Plan	N/A
Executive or Council Decision	Executive (Cabinet)

APPENDIX 1(a) Revised Draft October 2010

LEICESTER CITY COUNCIL

ORGANISATIONAL REVIEW POLICY

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ORGANISATIONAL REVIEW POLICY

1. INTRODUCTION

- 1.1 Leicester City Council operates in a constantly changing environment. As a major organisation within the Leicester Strategic Partnership, we must be able to respond to both national/external initiatives and internal demands in order to deliver continuous improvement to services in a way that achieves best value.
- 1.2 The Council will inevitably need to make changes to or restructure services from time-to-time. In doing so, it will manage change in a positive and effective way.
- 1.3 At the same time the City Council will ensure that there is no detrimental impact on the level of service provided as a result of structural change introduced in accordance with this policy. It will do so by undertaking any reorganisation, depending on the scale of exercise, in a timely fashion, regularly monitor the progress of reviews and investigate and address any undue delay detected in them.
- 1.4 The overriding principle underpinning this policy and associated procedures will be the ability of the City Council to ensure that it employs and retains the right people with the right skills in the right jobs who have the capacity to deliver outcomes for present and future users for its services.

2. POLICY STATEMENT

- 2.1 The City Council will maintain security of employment wherever practical. The City Council will consider measures to minimise the loss of jobs, including, but not exclusively:
 - Use of natural wastage/turnover
 - Restrictions on recruitment and the use of short term temporary or fixed term contracts
 - Offering retraining to staff where practical
 - Considering requests for reductions in hours
 - Re-organising work patterns or working hours
 - Reducing the number of agency workers, particularly in areas where potential redundancies have been identified
- 2.2 The City Council will consult with employees and their recognised trade unions and afford them the opportunity to influence the shape of any reorganisation undertaken. Consultation will be made on a collective and individual basis and in line with employment legislation in relation to the circumstances.

3. SCOPE OF THIS POLICY

- 3.1 This policy applies to all Leicester City Council employees, with the exception of employees in schools who are appointed directly by school governing bodies, who are encouraged to adopt a similar policy.
- 3.2 This policy covers all circumstances where major change is required in the organisation and in the delivery of services. It therefore replaces the City Council's existing protocol on organisational and staffing change (i.e. Appendix R).

- 3.3 This policy should be read and followed in conjunction with other relevant, but separate policies such as the following:
 - Redundancy Policy
 - Redeployment Policy
 - Recruitment and Selection Policy
 - Equality and Diversity Policy

4. ORGANISATIONAL CHANGE

- 4.1 **Definition:** An Organisational review takes place in circumstances where the current structure is no longer considered to be fit for purpose and requires redrawing to create a structure which will meet the new requirements of that service both now and in the future. This could result in new roles, changed or redesigned roles and sometimes a reduction in the number of jobs.
- 4.2 Organisational reviews will be conducted in a manner and at a pace that will bring about the required changes within an acceptable timeframe that will be established at the start of the process. Depending on the scale of the restructuring exercise embarked upon, it would normally be expected that a review would be completed within a period of four weeks but not more than three months
- 4.3 **Exclusions:** For the avoidance of any doubt the following circumstances **do not** constitute organisational change within the meaning of this policy:
 - Minor changes to the job description of a post or posts that does not change the grade of the post(s), the relative position within the organisational structure or the reporting relationships of the post(s) with other posts, within the City Council.
 - A proposed change in the grade of a post for an individual employee, either as the result of a change introduced by management or at the request for a grade review by the post holder. In such circumstances a new Job Analysis Questionnaire (JAQ) would be prepared and submitted for evaluation
 - Changes in the activities undertaken within a team or service area to meet changing service delivery needs that do not affect job roles or organisational/reporting arrangements within the team/service. This could also include the relocation of employees work base or locality of working on a day to day basis
 - Transfer of an individual employee, function or service from the line management of one manager, head of service or director to another without any change in job content or in the organisational structure of the function or service to be transferred.
 - Fewer jobs of a particular kind in a specific work area or section whether or not the effect of the reduction leads to potential redundancies or the deletion of vacant posts. This could lead to a single redundancy or a number of redundancies. In this circumstance, the procedure set out in the City Council's Redundancy Policy should be followed
- 4.4 **Organisational Review and Restructuring:** In such cases, the City Council will meet and consult with union representatives, the staff affected by the proposals and individual employees as appropriate at the earliest stage possible to determine how best the change(s) might be achieved. In addition the Council will communicate with the unions and workforce throughout the process. This will include some or all of the following ways:
 - Meetings and/or briefings with groups and/or individuals
 - Newsletters; or

Letters to individuals

The consultation process and responsibilities on the City Council are explained in more detail in section 5 below.

- 4.5 The City Council will endeavour to provide training/development required for the acquisition of any new skills, for example through guidance, coaching or a formal course, where practical.
- 4.6 The City Council will, where it is deemed necessary, seek to change employees' contracts of employment through the means of either collective or individual agreement, depending on the particular circumstances. Where, as a consequence, contractual changes are to be made the affected employees will be given the relevant notice of any variation in their individual contract.
- 4.7 The following are examples of situations where major organisational change would be carried out in accordance with this policy. This is not an exhaustive list but it typifies the scale and circumstances in which the principles and processes of this policy would be applied:
 - A new service is created within the City Council that incorporates some or all of existing service area(s)
 - Two or more service areas are integrated into a new one requiring the need to unify service delivery and support
 - Major change is required within a service area brought about by changes in funding streams or other financial constraints resulting in jobs combining and/or reducing
 - Change to or streamlining of services delivered is required in response to changes to or by the introduction of new initiatives driven by internal policy change or external requirements placed on the City Council
- 4.8 **Operating Guidelines:** A document to accompany this policy will be produced that will give greater clarity and explanation of the circumstances in which this policy would or would not apply. This guidance will also include a range of criteria that would need to be met to distinguish when the application of a restructuring exercise in accordance with this policy would and would not be appropriate.

5. MANAGING THE PROCESS

The following paragraphs set out the process that will be followed to implement organisational change. The manager leading the review, who will be referred to as the Lead Manager, or a person(s) nominated by that manager will ensure that the process is complied with in full:

- 5.1 **Plan for Change:** At the first indication of the need for organisational change that is significant, or where workforce reductions may be possible, the Lead Manager should map out the overall proposed time frame over which the change is to take place, taking into consideration the financial imperatives or implications and the likely impact on the affected workforce and draw up an action/project plan based on those considerations. Where major change is likely the Lead Manager should consider establishing a project team to manage the change process to include HR, Finance, Legal and business support specialists as appropriate. As part of the planning process the Lead Manager may, as part of the normal day to day business of the service area, seek and include the views of the workforce employed within the service area.
- 5.2 **Prepare a Business Case for Change:** The Lead Manager should, in consultation with a HR Adviser, prepare a fully costed business case for the change process. The HR Adviser will comment on the proposals and give advice to the Lead Manager on the proposed structures,

posts, associated terms and conditions, together with the HR implications going forward and the appropriate consultation process. The Lead Manager should also consult the service's Finance Adviser on the funding for, costs of and financial implications of the proposal. The resultant business case should be set out in full in a management report which should include the following key elements:

- The function and purpose of the area to be reviewed
- The reasons for the proposed change and the proposal in detail, explaining the rationale for the specific proposals
- The impact of the proposed change both on service delivery and the workforce by using the current LCC EIA pro forma
- Organisation structures showing both existing and proposed structures
- Outline Job descriptions for the posts within the review area before and after restructure, together with the provisional grades for posts, where available
- The workforce affected by the restructure and within scope of the review, including each employee's current post title, grade, employment status and length of continuous employment with the City Council
- Financial implications of the restructure including estimates of any possible contingent cost of workforce reductions.
- Arrangements for consultation with trade unions and staff and implementation set against a proposed time line.
- Arrangements for signing off the proposals and the final report at the end of the consultation stage prior to implementation

A template for the business case document is included as Appendix X to this document.(NB This is under preparation)

- 5.3 **Obtain Approval for the Proposed Changes:** It should normally be the case that organisational change would be led by the manager in whose area the change is to take place. The Lead Manager should ensure that appropriate approval is obtained prior to embarking on the process. For the purposes of this policy the Lead Manager would be one of the following officers:
 - A Head of Service where the review is wholly within that officer's area of responsibility
 - A Divisional Director where the review covers one or more service areas within the division, up to and including full divisional reorganisation
 - The Chief Operating Officer or Strategic Director where the review covers change across several divisions.
- 5.4 The Lead Manager should obtain approval for the proposed restructure within the same hierarchy. For the purposes of this policy, the approval hierarchy will be as follows
 - Where the Lead Manager is a Head of Service, the responsible Divisional Director, in consultation with the respective Strategic Management Board Director
 - Where the Lead Manager is a Divisional Director, the respective Strategic Management Board Director in consultation with the Cabinet Lead Member
 - Where the Lead Manager is the Chief Operating Officer/Strategic Director, the Chief Executive in consultation with the respective Cabinet Lead Member.
 - In circumstances where major structural change is involved approval by Strategic Management Board and Cabinet should be sought.

- 5.5 **Consult the Trade Unions:** The Lead Manager, or nominated person, should write to the appropriate trade unions to signal the commencement of the process of consultation on the proposals for change. The letter should include the following information:
 - The management report containing the full business case for the proposal
 - The outline time line for the consultation process, including any minimum statutory consultation periods required where there is a possibility of any redundancies
 - The outline implementation plan for the proposal
 - The likely affect on the workforce, including any possible job losses and possible redundancies
 - The date, time and venue for the first meeting with the trade unions at which the process will commence
- 5.6 Where it may become necessary for the City Council to consider redundancies as a result of any action in accordance with this policy, it will notify the trade unions and employees at the earliest possible opportunity of the reasons for the potential redundancy situation and of the City Council's proposals. This will be done by consulting employees and union representatives directly.
- 5.7 In any other circumstance where potential redundancies are being considered, consultation arrangements will not be pursued under this policy, but under the City Council's Redundancy Policy.
- 5.8 Consult with Staff: Following the initial consultation meeting with the trade unions the Lead Manager, or nominated person, accompanied by the review's HR Adviser, should arrange to meet with all the employees within the scope of the review process. Depending on the size, working patterns of and dispersal across the City of the workforce to be consulted, the Lead Manager should arrange a suitable venue or venues and time the meetings to allow all employees to hear the proposals first hand. At this meeting or series of meetings the Lead Manager should provide the employees with all the relevant information regarding the proposed restructuring sufficient for them to understand the proposal for restructuring, ask questions and to give any immediate feed back or counter proposals. Sufficient time, appropriate to the size and impact of the proposed changes, should be made available for meaningful consultation to be concluded and in line with minimum statutory time limits where possible redundancies could occur.
- 5.9 As an example, the information to be given at the initial consultation meeting should cover the following points. This should also be provided in writing using all appropriate media to ensure that every employee has access to it:
 - Details from the business case, including organisation structures, job descriptions relating to jobs in the new structure
 - An initial time table for the major stages/events within the change process
 - Details of the consultation period and methods of communication for feedback/management's response to feedback
 - Proposed methods of determining the post filling process; ways of avoiding any possible redundancies, if appropriate; and
 - Arrangements for handling any appeals
- 5.10 **Consult with individual employees:** Where it is known that the proposal will result in fewer jobs, the Lead Manager, or nominated person, will arrange to consult with the individual employees who would be directly affected by the proposed job reductions. Even where the number of proposed job reductions requires collective consultations with trade unions to take

place, the Lead Manager should arrange to meet individually with the affected employees as soon as possible after the collective consultation has started. At these meetings the employees should be given the opportunity to be accompanied by a union representative or a work colleague. The Lead Manager should be accompanied by a HR Adviser. The Lead Manager should explain the process in detail to the employee and consult them on the proposal which might affect them. More details on this process can be found in the City Council's Redundancy Policy.

- 5.11 **Complete a Review Final Report:** Following the completion of the consultation period and taking account of any amendments to proposals as a result of those consultations, the Lead Manager will complete the Final Review Report, which will include the matters raised during the consultation process and management's response to them. The final report will also confirm the implementation plan for determining appeal arrangements, the post filling process, identification of employees declared at risk of redundancy, if any, and any other aspect of the transition from the present to the new working arrangements.
- 5.12 Complete the post filling process: Each review will be different in some respect of the post filling process, depending on the number of unchanged, changed and new posts together with the impact on salary grades. The Lead Manager will ensure that the process is completed in accordance with the implementation plan with due regard to fairness, openness and the entitlements of all staff, including those on maternity leave, with a declared disability or employment status
- 5.13 **Notify each employee within the review of the effect on them personally:**Employees appointed/transferred to a post in the new structure should receive written confirmation of the post to which they have been appointed, with details of any protection arrangements, appeal rights and ways to register the appeal. Employees who have not been appointed to a post in the new structure will be consulted on an individual basis and their trade union formally consulted on ways to avoid, mitigate the effect or avoid the need for compulsory redundancies in accordance with the City Council's Redundancy and Redeployment Policies.

6 IMPACT OF ORGANISATIONAL CHANGE ON THE WORKFORCE

- 6.1 Determining how the restructuring process will impact on existing employees will form an important part of the consultation process with representative trade unions and/or individual employees to ensure that the process is both fair and transparent. These are described in the following sections. They should be applied sequentially to ensure that the impact on each employee or group of employees is considered only once within the process.
- 6.2 **Assimilation to the same job:** For some employees affected by a restructuring exercise there may be no or little change to their jobs, although they could be moved to a different service area or have new line management arrangements. They would simply transfer on an assimilated, or automatically slotted, basis to the new structure. For assimilation purposes the following criteria must be satisfied in the case of each employee:
 - The grade for the job must be unchanged as a result of the restructuring exercise
 - There must not be more postholders than posts within the new structure; and
 - The job content must remain the same or be substantially the same in terms of accountabilities, activities and responsibilities, (i.e. normally at least 75% of the job content)

- 6.3 This group of employees should be provided with written confirmation that they have been assimilated, including an indication as early as possible of how the reorganisation may affect their working arrangements.
- 6.4 Where there are fewer posts following the restructuring exercise, selection will be made using a "ring fenced" assessment process. Ring fencing is described in more detail at paragraph 6.15 below.
- 6.5 Any employee(s) not appointed as a result of the ring fenced process will be deemed to be "displaced".
- 6.6 **Changed Posts:** Where, as a result of the restructuring process, the content of any job is changed by 25% or more, the following process will be followed. The post(s) in the new structure will be compared with the job of those employees not automatically assimilated to the new structure to determine whether it could be considered as potentially suitable alternative employment.
- 6.7 In order that a changed post could be considered as a potentially suitable alternative one it should contain all or the majority of the following attributes:

It should:

- Wherever possible, the major elements of the job should be the same as or similar to the existing job or require transferable skills which the individual employee possesses
- Be within one grade, or an equivalent, above or below the employee's substantive grade, with other terms and conditions that are equivalent to or very similar to those the employee currently enjoys
- Be of equal status, e.g. reporting lines and number of direct reports and contain major elements that are the same or similar in content
- Be within a reasonable travelling distance or within the constraints of a contractual mobility clause
- Have a working environment that is most suitable for or capable of being adapted to the needs of an employee's physical condition
- Contain working patterns similar to those in the employee's current job or capable of adaptation to the employee's personal circumstances, e.g. primary carer responsibilities
- 6.8 Employees considered potentially suitable for appointment to a post or posts within the new structure by this process may be appointed to the new post following an appropriate selection process that would normally include an application, interview and an assessment process to determine whether they meet the job requirements. Wherever possible employees should only be interviewed once to determine whether they could be appointed to any of the jobs identified in the new structure.
- 6.9 Any employees appointed to the new structure by this process should be provided with written confirmation, including an indication as early as possible how the reorganisation may affect their working arrangements. Any employee(s) not appointed as a result of the ring fenced process will be deemed to be "displaced".
- 6.10 **New Posts:** In cases where completely new posts are created as part of a restructure, a job description and person specification will be developed for the post. They will then be forwarded to a job evaluation analyst who will evaluate and advise on the appropriate grade of the post.

- 6.11 If there are no employees who can be matched to the new post, the post may be advertised and filled, on a ring fenced basis, from the appropriate group of employees within the service area under review first, by the use of an assessment and selection exercise. This process would be followed only in the following circumstances:
 - The post is considered to be a potentially suitable alternative appointment for an employee within a group matched to another job for which there are more candidates than posts and appointment to the post would reduce or avoid the risk of redundancy within that group (see paragraph 4.14 for the characteristics of a suitable alternative post), or
 - Making an appointment to the post would create an alternative job opportunity for an employee within the scope of the review process who was at the time deemed to be displaced and potentially redundant, but not eligible for appointment to the post in question, or
 - An appointment to the post would provide a vacancy elsewhere in the restructuring process which was considered to be suitable alternative employment for an employee under notice of redundancy from elsewhere in the City Council
 - The Lead Manager may also consider any other employees of the City Council, currently under notice of redundancy, for whom the post might be considered to be potentially suitable alternative employment, along with the other candidates within scope of the Review
- 6.12 Appointment to any post will be on merit and be based on the person specification for the job and the candidate's performance within the assessment and selection process.
- 6.13 Any employee(s) still not appointed as a result of this process will be deemed to be "displaced".
- 6.14 If the new post still remains unfilled following this process, the post will normally be advertised in line with the City Council's recruitment and selection procedure. Any internal or external candidates may apply for the post in fair and open competition.
- 6.15 **'Ring fenced' Recruitment:** A 'ring fenced' recruitment and selection procedure will normally be applied to any employees identified in the following circumstances:
 - Where there are more employees performing the same (assimilated) job but there are fewer posts,
 - Where more than one employee is performing a substantial proportion of a post but there are fewer posts, (matched)
 - A new post in the new structure is deemed suitable for this process but there are more employees to be appointed than there are available posts
 - The post complies with the criteria set out in paragraph 6.7
- 6.16 In such cases, all the employees will be provided with the full job description and person specification for the post. They will then be invited to apply for the post in competition with the other employees who have also been 'ring fenced' to that post. This will involve the employee submitting an application and undergoing an assessment process, including where relevant tests, exercises etc as well as an interview, against the requirements in the person specification. An interview panel will comprise of at least two people, including the supervisor/manager of the post. The post will be offered on merit to the employee or employees who most closely meet the person specification, based on their performance in the recruitment process.
- 6.17 Any employee(s) not appointed as a result of this process will be deemed to be "displaced".

- 6.18 **Preference Exercises:** In some circumstances an employee may be deemed to hold a number of options as to where they could work following a restructure exercise. In such cases, a preference exercise may be undertaken to help facilitate the change. The employee(s) will be provided with the revised organisation structure and informed of the posts for which they are eligible to be appointed. The employee(s) will then be invited to indicate their preference for the posts in priority order for which posts they would like to be considered.
- 6.19 Where an employee expresses an order of preference, the Lead Manager will take into account the employee's order of choice wherever possible.
- 6.20 Depending on the outcome of the exercise, the employee(s) will then either be assimilated into posts or invited to undertake ring fenced recruitment, in line with the processes outlined in paragraphs 6.15 to 6.17 of this policy.
- 6.21 **Trial Periods:** In cases where appointments are made on the basis that the post in question was deemed a potentially suitable alternative one a trial period will be mutually agreed between the employee and management to determine the suitability of the job on either side. The duration of the trial period would be based on the nature and level of complexity/responsibility of the potentially suitable role and would be for a minimum of 4 weeks and would normally not exceed 12 weeks.

7. REDUNDANCY

- 7.1 The City Council will manage change in a way that seeks to avoid compulsory redundancies wherever possible. However, in cases where fewer employees are required to carry out a particular kind of work and all of the above options have been exhausted, there may be occasions where the City Council has to make redundancies. In such cases, the City Council will try to reduce the number of redundancies to a minimum, whilst taking business needs into account.
- 7.2 Any employees who remain displaced as a result of the above processes will be informed that they are potentially redundant and the City Council will consult with them and their representative trade unions in accordance with the prevailing legislation and the City Council's Redundancy Policy. Any notices of dismissal on grounds of redundancy will not be issued until the consultation process has been concluded. At that point the employee(s) will be declared to be at risk of redundancy and entered into the City Council's redeployment programme

8. APPEALS

- 8.1 The City Council will endeavour to implement organisational change fairly and transparently through consultation with its employees and their representative trade unions. If an employee wishes to appeal against her/his proposed slotting in the new structure the appeal should be heard before any change is implemented.
- 8.2 For appeals under this policy the following procedure shall operate:
 - The employee should submit written notice of appeal within 5 working days of the date of being informed of the proposed outcome of the slotting in process.
 - The employee will be deemed to have been informed of the proposed outcome of the slotting in process 2 days, excluding Sunday, following the date of the notice setting out the proposed outcome.

- The notice of appeal should be in writing to the Director in whose division the restructure is taking place, stating the grounds on which the appeal is being made.
- The appeal will be heard as soon as possible by the Director, or a peer Director appointed by the Chief Operating Officer where deemed appropriate.
- Both the employee and management may make written submissions in advance of the appeal hearing not less than 3 working days before the hearing.
- At the appeal meeting management will explain the slotting decision process and present the evidence on which the proposed slotting decision was based. The appellant will then explain the grounds of appeal and present evidence to support the appeal grounds.
- The outcome of the appeal shall be final and binding.
- 8.3 The Director hearing the appeal will be advised by an HR Adviser and the employee may be accompanied at the meeting by a work colleague or a trade union representative. The manager leading the slotting process will also attend.
- 8.4 The outcome of the slotting appeal should normally be announced at the end of the hearing or within a reasonable time but no later than immediately after all associated slotting appeals have been considered.
- 8.5 An employee may lodge an appeal against selection as redundant as a result of organisational change in accordance with the relevant procedure within the City Council's Redundancy Policy.
- 8.6 There would be no right of appeal in respect of the grade of any different job that resulted from an organisational review. However following six months in the job after implementation of the restructuring an employee may request an evaluation of the grade of the post and would have a right of appeal at that stage.

9. OFFERING SUITABLE ALTERNATIVE EMPLOYMENT

9.1 In cases where an employee with more than one year's service is in a potential redundancy situation following a restructure, the City Council will seek to redeploy them to another post within the current or another area of the City Council, irrespective of the number of hours worked. Full details are given in the City Council's Redundancy and Redeployment Policies & Procedures.

10. EQUALITY IMPACT ASSESSMENT

10.1 The Lead Manager will ensure that an Equality Impact Assessment, or EIA, is completed on the impact of the proposed change to the service area under review both in terms of its impact on the staff affected and on the service provided in accordance with the current policy and guidance in force in the City Council. The process undertaken and the outcome of the Assessment will form an integral part of the Final Review Report when produced.

11. MONITORING AND REVIEW

11.1 This policy will be reviewed annually to ensure that it remains compliant with relevant legislation.

Revised Draft November 2010

LEICESTER CITY COUNCIL

Redundancy Policy

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1. Introduction

- 1.1 It is inevitable that the City Council will be affected by the need to respond to a range of catalysts for change, emanating from central government, partner organisations or from residents of Leicester, to provide more customer-orientated, value for money services. This means that changes to the workforce may sometimes be required because of budget cuts, organisational reviews or restructuring, new legislation or changes to alternative methods of service delivery. This may involve individual posts, part or whole service areas.
- 1.2 The Management of Change policy is designed to deal primarily with organisational reviews where there is a fundamental change to the design of the structure of a section or service. This procedure is designed to deal with redundancy situations.

2. Definition of Redundancy

2.1 Redundancy is defined in law. An employee is deemed to be redundant if the reason for the employee's dismissal is attributable wholly or mainly to the fact that their job is no longer required. In Leicester City this may happen when the Council ceases or intends to cease to provide a particular service or activity in full or part and, as a result, requires fewer employees.

3. Scope of the Policy

- 3.1 This policy applies to all Leicester City Council employees, except for the following categories:
 - Staff employed under JNC for Chief Officers' conditions or statutory officers
 - Anyone employed by schools and colleges

This is because they are covered by separate respective policies.

4. Consultation

- 4.1 At the earliest opportunity, meaningful consultation should take place with the recognised trade union/s and the individual employees affected
- 4.2 **Collective consultation** with the recognised unions is legally required where the Council is proposing to make 20 or more employees redundant over a period of 90 days or less, within a minimum of:
 - 30 days before the proposed date of dismissal where 20-99 employees are involved, or
 - 90 days before the proposed date of dismissal where 100 or more employees are involved.
- 4.3 The purpose of the consultation is to explore ways to avoid or reduce the number of redundancies where practical or to mitigate the consequences. This will involve consulting the union/s on proposed selection criteria.
- 4.4 The Review Lead Manager will write to the Branch Secretaries of the relevant trades unions setting out:
 - The reasons for the proposals
 - The numbers and types of potentially redundant posts
 - The total number of employees of this type employed at the establishment in question
 - The proposed selection criteria

- How the dismissals would be carried out and over what period they would take effect
- The method of calculating any additional redundancy payment (above statutory redundancy pay).
- 4.5 The consultations will be conducted 'with a view to reaching agreement' where possible. However, there will be occasions where agreement is not possible.
- 4.6 Where fewer than 20 redundancies are proposed the Council will continue to consult the union/s on those proposals for a minimum of 30 days as part of constructive industrial relations.
- 4.7 The Council will consider the appropriateness of the following potential measures where redundancy situations arise with a view to avoiding or minimising redundancy:
 - Reducing employee numbers through labour turnover
 - Restricting or freezing external recruitment, where appropriate
 - Reducing the number of agency staff in areas where redundancies had been identified
 - Redeployment to suitable posts in other parts of the organisation covered by agency staff
 - Seeking volunteers for redundancy, from the group/s affected.
 - Redeployment to other posts within the organisation with a trial period, where appropriate
 - Reducing or eliminating overtime working (where appropriate), especially in affected areas
 - Potentially seeking volunteers for part-time working, reduced hours or job sharing.
 - Practical suggestions from trade unions/employees
 - If appropriate, seeking volunteers from areas of work where staff possess transferable skills or experience (where practical)
- 4.8 **Consulting individual employees** who face potential redundancy is essential. Individual consultation should commence as soon as practicable after collective consultation has commenced. The employee should be given the opportunity to be accompanied by a union representative or work colleague at each stage of this process.
- 4.9 The immediate line manager should normally conduct the individual employee consultation accompanied, if necessary, by an HR adviser.
- 4.10 The process to be followed should contain the following steps:
 - An initial meeting at which the employee should be advised that they are at risk of redundancy and the reasons for this; the proposed process for selection and how any redundancy process would be handled. They should be given the opportunity to put forward any alternatives to redundancy and to raise any concerns, comments or objections to the proposals. At this meeting, the employee should be given a letter setting out the above points and inviting them to put forward any reasons why they should not be made redundant. The employee should be given the option of setting out their reasons in writing or at a further meeting, within a reasonable time frame
 - A follow-up meeting, if requested, should be arranged at which the employee would be invited to present the reasons why they believe they should not be made redundant, any objections to or alternatives to redundancy.
 - **A formal response** to the employee. This will include the line manager's consideration of any alternatives, issues or concerns raised by the employee giving reasons why any alternatives to their redundancy have not been accepted, where this is the case. This response should be given in writing but may, if deemed appropriate, also be given at a further final consultation meeting.

- 4.11 During individual consultation the option of redeployment should also be explained to the employee.
- 4.12 Following the consultation process, if selected for redundancy under the ensuing process as set out in either section 5, the employee should be seen again and this should be explained to them sympathetically by their line manager accompanied by an HR Adviser. The employee should receive information on the redundancy process and a redeployment interview (and skills profile) should be offered. At the same time the employee should be made aware of the availability of other means and methods of support and personal or outplacement counselling. The employee should then be sent regular copies of the vacancy bulletin.
- 4.13 The outcome of the process should be confirmed to the employee in writing advising them of their right of appeal with instructions to whom the written notice of appeal should be made, the time frame in which to submit the notice and the grounds for appealing. Appeal arrangements are described in more detail in section 7.

5. Selection for Redundancy

- 5.1 There are essentially two main types of redundancy situations:
 - a) Those involving the reduction of numbers within one category of post that involves the use of selection for redundancy criteria (Category A)
 - b) Organisational restructurings within a service area (Category B)

Selection for Redundancy – Category A

- 5.2 Where it is necessary to reduce the number of employees in a specific job category, the recognised trade union/s for that occupational group will be consulted on the proposed selection criteria. When drawing up the list of the criteria to be used some or all of the following criteria may be utilised to aid selection.
 - Length of service
 - Attendance records (excluding disability or maternity-related sickness absence, parental and dependency leave or other agreed circumstances)
 - Disciplinary records (excluding expired warnings)
 - Skills, competencies, qualifications
 - Performance records.
- 5.3 In using these criteria the Council will ensure that they are applied consistently fairly, objectively and will not discriminate either directly or indirectly against any employee because of their age, sex, race, disability, sexual orientation, religion or belief or any other protected characteristic.
- 5.4 Appraisals may be used as a source of objective evidence in relation to competencies and performance standards. 'Performance standards' refers to how well the employee performs the tasks within his/her role.
- 5.5 For compulsory redundancies the normal method of selection for redundancy will be by use of a scoring system based on objective selection criteria determined to be the most appropriate to each situation. A matrix of criteria, weighted in respect of the relative importance of each criterion, will be used by a panel utilising the evidence in respect of each criteria used to build a

total score for each employee in the pool for selection. Each employee will be given a copy of their matrix score. The required number employee(s) to be selected will be drawn from the rank order by reference to their scores once all criteria have been applied.

6. Selection for Redundancy – Category B

- 5.6 A redundancy situation in this category would occur where posts in the former structure are being deleted or reduced in number and a smaller number of new posts are being created in specific job roles in a new structure. Employees who are displaced in the course of a restructuring process and are potentially redundant from this service area, will be invited to apply for the new posts on a "ring fenced basis" to posts which are identified through consultation as potentially suitable alternative employment. Where more than one post is considered to be a suitable alternative, a "preference" system will operate.
- 5.7 A job description for the new post will be prepared and evaluated by a job evaluation analyst. A person specification will be prepared based on the job description and the experience/skills/attitudes required to be able to fulfil the job requirements to an acceptable standard. Displaced employees will receive first consideration for those ring fenced roles if they meet the essential requirements of the person specification for posts on the same grade or (one grade) below, or could do the role with reasonable training, i.e. within an agreed trial period. The selection process will normally consist of an application, interview and job-related assessment process.
- The council will make every effort to offer suitable alternative employment. Where suitable alternative employment is offered this will be on the basis of a trial period, where appropriate. Trial periods will normally be a minimum of 4 weeks and a maximum of 12 weeks. Trial periods are explained in more detail at paragraph 10 below.
- 5.9 If more than one potentially redundant employee from the service area under review and restructure applies for a specific role, an appointment will normally be made on merit (i.e. the employee who most closely meets the requirements of the role based on the person specification and the outcome of the selection process will be appointed). The only exceptions to this are in relation to employees on maternity leave or disabled employees. (See paragraph 9.0 for more details). Any employee from this service area who is unsuccessful in securing an alternative post will be deemed to be redundant and shall be given formal written notice of dismissal on grounds of redundancy. More detail on the process to be followed for employees given notice of redundancy are given at section 12 below.
- 5.10 Any posts unfilled at this point should be treated as new/unfilled jobs and released to be filled in the normal way.

6. Right of Appeal against Selection for Redundancy

6.1 All employees shall have a right to appeal against their selection for redundancy to their head of service, divisional director, or other nominated officer, who would be accompanied by an HR representative. Employees must register their appeals in writing within 10 working days of receiving written notice of dismissal on grounds of redundancy. An appeal hearing will be

¹ A maintenance agreement exists to cover alternative employment and salary protection for the period starting with the date that employees were notified of their proposed grades under the Single Status Framework's new pay and grading structure and ending on the date the Framework Agreement is implemented.

- convened and the outcome of the appeal will be confirmed in writing to the employee within 10 working days of the date of the hearing.
- If, once the appeal process is concluded, the employee's selection as redundant is upheld it should be confirmed in writing, giving the employee notice of dismissal on grounds of redundancy. The letter should set out the period of notice to which the employee is entitled, the date on which dismissal would be effective in the event no suitable alternative post became available and the redundancy payment to which the employee would be entitled on being made redundant.

7. Voluntary Redundancy

- 7.1 If the number of employees in a service area where redundancies are proposed exceeds requirements, the Council may seek volunteers to be considered for redundancy. However, these will only be sought after all other alternatives to avoid compulsory redundancy have been considered. As such, voluntary redundancy should only be considered as a final option and not as a right by employees. The timing of this process will be determined depending on the circumstances of each situation. However, it will be the lead manager, in consultation with an HR adviser, who will decide whether or when to seek volunteers for redundancy.
- 7.2 Each application for voluntary redundancy will be considered using fair and objective selection criteria, to determine which applications should be approved. The criteria for selecting volunteers for redundancy will be management led, but the most important consideration will be to retain specific knowledge, skills and a balanced workforce relevant to the future needs of the Council after the redundancies have been carried out. Some of the selection criteria commonly used would be:
 - Skills/Experience/Relevant Qualifications
 - Standard of work performance or aptitude for work (evidenced by appraisals and subsequent reports)
 - Attendance or disciplinary record
 - Length of service, including loyalty and/or exemplary service given to the Council
 - Costs of actuarial strain
- 7.3 However it must be made clear that all requests for voluntary redundancy will be considered on a case by case basis and only approved where it would be in the interest of both the Council and the employee. In certain financial circumstances approval of the Employees Committee would be necessary. Employees refused requests for voluntary redundancy will be advised of the reasons.

8. Offering Suitable Alternative Employment

- 8.1 The council has a duty to consider offering "suitable alternative employment" (subject to availability) to any employee who has been selected as redundant. Managers considering making an offer of this nature should first seek advice from an HR Adviser. An offer of suitable alternative employment should be put in writing and explain how the new employment differs from the previous role and must be made before the contract ends. The new role must start either immediately after the end of the old job or after an interval of not more than 4 weeks.
- 8.2 What is deemed as "suitable alternative employment"? The "suitability" of alternative employment is commonly defined as:

- **Job content:** wherever possible, the major elements of the job should be the same as or similar to the existing job or require transferable skills which the individual employee possesses
- **Pay**: similar terms and conditions that are equivalent to or very similar to those the employee currently earns.
- **Status**: of equal status, e.g. reporting lines, and number of direct reports etc.
- **Location**: within reasonable travelling distance or within the constraints of a contractual mobility clause.
- **Working Environment**: this may be of particular importance to an employee with a health problem.
- **Hours of Work**: any change in shift pattern, total number of hours or days worked must take account of an employee's personal circumstances, e.g. childcare responsibilities.
- 8.3 Before any vacant post is released for general recruitment, if considered to constitute a suitable alternative job offer, it should be advertised to potentially redundant employees on the same grade or below. Potentially redundant employees who appear to meet the person specification should be considered before other applicants. In circumstances where potentially redundant employees are redeployed to lower graded posts the Protection of Earnings Policy will apply.

9. Pregnant and Disabled Employees

- 9.1 Where an employee has commenced her maternity leave and is selected for redundancy, the employee has a statutory right to be offered suitable alternative employment and there is no need for the employee to compete for a suitable alternative post. If no suitable alternative employment is available then the employee would be made redundant. Suitable alternative employment is normally work of a similar kind and on similar terms and conditions to those of her substantive role (e.g. if she is in an administrative job, a similar administrative role would normally constitute suitable alternative employment). Employees on maternity leave should always be consulted on their potential redundancy situation and effectively have "first refusal" for suitable alternative roles over other candidates.
- 9.2 Where a potential alternative is of a different nature and higher salary level, this may not constitute suitable alternative employment. In all cases, Human Resources should be consulted.
- 9.3 In the event that there are a number of employees seeking redeployment to the same post and all are equally suitable for the post, based on current legislation, priority should be given to women returning from maternity leave under threat of redundancy, followed by redeployees with a disability and lastly employees who have received notice of redundancy.

10. Trial Period

- 10.1 Employees who accept alternative work have a right to a minimum trial period of four weeks in law. A longer trial period may be agreed, normally of no more than a maximum of 12 weeks. If the employee accepts the post at the end of the trial period, the right to a redundancy payment will end. If the Council does not consider the trial period to be successful, the employee can be made redundant at the end of the trial period. Where the Council regards the alternative employment as meeting the criteria for suitable alternative employment and the employee leaves the employ of the Council a redundancy payment will not be made.
- 10.2 Where an employee feels the job is unsuitable the line manager, accompanied where requested by a HR Adviser, will meet with the employee at which the reasons will be considered and the employee will not be unreasonably refused a redundancy payment.

10.3 For most jobs 4 week trial periods will be deemed the most appropriate. However, where a job is considered to contain greater responsibilities or be more complex than the employee's previous one, a longer period will be agreed to permit the employee to undertake appropriate training and evaluation of the suitability of the offer. Such arrangements will be discussed and agreed beforehand and confirmed in the offer letter.

11. Applying for vacant posts

11.1 An employee may decide to apply for and accept alternative employment, which is not "suitable" e.g. a materially different post. However, in order to encourage employees to consider such alternative posts, they will still receive a trial period of a minimum of 4 and normally a maximum of 12 weeks. If the trial period is successful they will be confirmed in the role. If it does not prove suitable at the end of the trial period, he/she will still be permitted to leave the Council on the basis of redundancy from their previous role. The new job is taken on the terms and conditions of employment that the new post attracts and not necessarily the terms and conditions they received in their previous role.

12. Notice Period

- 12.1 The employee's contractual or statutory period of notice (whichever is the greater) will apply.
- 12.2 Where an employee is offered redeployment, contractual notice and the trial period for the new post will run concurrently. This may mean extending the contractual notice period to coincide with the agreed trial period if that should run to a later date. The trial period will be a minimum of 4 weeks and a maximum of 12 weeks to assess the suitability of the re-deployee in the new role.
- 12.3 Should the redeployment be deemed unsuccessful, the employee will be entitled to redundancy benefits according to age and length of service.

13. Support during Notice Period

13.1 Employees under notice of redundancy will be given reasonable paid time off to seek alternative employment. The Council will offer outplacement advice and support to all employees under notice of redundancy. The Employee Assistance programme is also available to help employees cope with the emotional stress often felt by employees at this difficult time.

14. Protection of Earnings for Redeployed Employees in cases of redundancy

- 14.1 Where an employee is redeployed to a lower graded post as a consequence of redundancy their salary will be protected for a maximum period of 2 years at the fixed salary received immediately prior to redeployment. National pay awards will be applied to the spinal column point they were appointed to in their new role and not to their protected salary. Salary protection will cease when the pay in the new post equals or is greater than the protected pay or 2 years whichever is the sooner. No incremental progression will be made in relation to the grade of their former post. Protection would normally only apply where the new role was within a maximum of 2 grades of the substantive grade of the post holder's existing post.
- 14.2 The Council would not normally offer protection of earnings to an employee who requests a permanent transfer to a post of lower remuneration but is not facing potential compulsory redundancy. Any employee who is under notice of dismissal on grounds of redundancy who

refuses an offer of redeployment to a post which would have increased or maintained his/her existing earnings, will lose the entitlement to protection of earnings. When discussing protection arrangements with the employee, it should be made clear that the protection is intended to be a transitional arrangement only. A clear date for review of the protection, including the date at which the protection will cease, will be sent and confirmed in writing to the employee.

- 14.3 Where appropriate a certificate of material change will be sent to the County Pension Scheme Administrator to protect pension benefits.
- 14.4 Where the Head of Service in consultation with a HR Adviser considers that a protected employee has unreasonably failed to accept either additional responsibilities commensurate with their level of earnings or a transfer to another post which would have reduced the employee's protection, the protection will normally cease. If the employee disagrees with the decision the employee may appeal the decision to the division director, giving reasons for the challenge, whose decision on the matter shall be final.
- 14.5 The formal offer of redeployment should specify the date or circumstances where protection will cease. (e.g. if an employee has completed 12months in the new role or is moved to a higher graded post).

15. Redundancy Pay

15.1 Where an employee is made redundant by the Council they will be entitled to a redundancy payment based on an actual week's pay, up to a maximum of 30 weeks pay, dependent on the employee's age and length of continuous employment at the date of redundancy. In cases of voluntary redundancy, a maximum of 44 week's payment may be granted in special circumstances. This is a delegated power of the Chief Executive which permits the application of a multiplier of 1.45 to the statutorily calculated payment, but would only be exercised where the Chief Executive believes there is an appropriate business case, and there is a need to secure a required number of volunteers who might otherwise not come forward."

16. A week's pay

16.1 A week's pay is based on the contractual rate of pay immediately before the last day of the period of notice. When the contractual pay has varied the rate of pay will be averaged over the 12 weeks prior to the calculation date. Redundancy payments of up to £30,000 are tax free.

17. Service counting towards the calculation of redundancy payments

17.1 Service with other public organisations may count as continuous local government service for redundancy payment purposes. Dates of continuous service will be checked with employees prior to calculating redundancy pay.

18. Circumstances in which employees would not receive redundancy payment

- 18.1 Employees would lose their entitlement to a redundancy payment where:
 - He/she was dismissed for an act of gross misconduct
 - The employee unreasonably refuses an offer(s) of suitable alternative employment.

- 18.2 Entitlement to a redundancy payment is protected for employees who resign during redundancy notice by the Employment Rights Act 1996 but is limited to resignations occurring during the period of obligatory notice (i.e. the statutory notice period or the contractual notice period whichever is the greater). If the manager is in agreement, the redundancy termination date can be brought forward and the employee will still be entitled to their redundancy payment.
- 18.3 Under legislation the redundancy payment must be reclaimed by the local authority which made the employee redundant if he/she takes a job with another local authority without leaving a gap of 4 weeks and one day.

19. Early Retirement

- 19.1 Employees who are eligible members of the Local Government Pension Scheme and are made redundant from the Council (or are accepted as volunteers for redundancy) are entitled to early payment of pension on the grounds of redundancy from the age 55 under the revised Local Government Pension Scheme, which commenced on 1 April 2008. The exception to this is employees in the protected category under the pension regulations who can continue to receive their pension at age 50 on redundancy until 31 March 2010.
- 19.2 Under the Discretionary Compensation Regulations (2006) added years can no longer be given to employees retiring early on the grounds of redundancy. Instead employees of any age who are made redundant (or who are accepted as volunteers for redundancy) are eligible for the discretionary compensation payment, subject to approval by the Employees Committee in accordance with the published criteria for exercising its discretion.

20. Review

20.1 This policy will be reviewed annually to ensure that it remains compliant with relevant legislation.

Leicester City Branch

Pilot House, 41 King Street, Leicester LE1 6RN Tel: 0116 2995102 Fax: 0116 2248733 Email: Unison.Leicestercity@Virgin.Net

UNISON ADDITIONAL RESPONSE TO CABINET PAPER REDUNDANCY & ORGANISATIONAL REVIEW PROCEDURES

Some of the areas of disagreement have already been highlighted within the paper to Cabinet (trial periods and the issue of salary protection).

There are however other concerns which were raised but which members' attention has not been drawn to, they are as follows:

Issues

- 1. Whether the procedure is applicable or not may lead to disagreement
- a) There may be dispute as to what amounts to a 'minor' change to the job description (which doesn't warrant use of the procedure 4.14).

Management's comment: This is not an issue on which Cabinet should decide whether to approve or not the policy; it's an operational matter that will be dealt with on a case by case basis, if and when required.

b) Also excluded are situations where there is a 'proposed change in the grade of a post' as a result of a change introduced by management. Under what procedure would management be making changes which would result in a grade change but which would **not** require a review? Surely there would need to be a significant change in responsibilities to lead to a change in grade and such change should only be made under the procedure!

Management's comment: The revised policy was drafted to ensure only genuine organisational change processes would be subjected to this policy. There are separate arrangements in place for addressing grading change of a post where there are no organisational/structural changes intended or required.

2. The procedure refers to 'Operating Guidelines' – a document to accompany this procedure which 'will give greater clarity and explanation in which this policy would or would not apply'. It is to be hoped that the document doesn't expand on the circumstances of application.

We would obviously like to see this document.

Management's comment: This has already been agreed

Given the purpose of reviewing the 'smaller rule book' procedures was to simplify i.e. shorten them; there is a certain irony that the managers guidelines which accompany the new Disciplinary Procedure (nine pages) requires forty four pages of guidelines!

3. Consultation with individual employees (5.10) – there is a danger that these initial meetings managers will have little to say, employees won't be clear as to the impact on them and the meeting serves only to allow management to claim that they have 'consulted'.

Management's comment: Individual consultation will be instigated when much of the detail has been worked out and employees will be given a full indication of the impact of job reductions that may affect them. This stage will take place well into the process and after the full business case for change has been aired. The Council understands and will comply fully with its statutory responsibility for meaningful consultation both collectively and individually

4. It appears that the final report will no longer be shared with the unions for comment prior to being signed off (5.11). UNISON would like to see this facility continue.

Management Comment: The trade unions will be given adequate opportunity to make comments on a business case during the consultation period. Consequently they will be given a full response by management on whether they have been accepted or, if not, the reasons why they have not been and know how their comments have influenced the content final report prior to sign-off. Any areas of disagreement will be comprehensively recorded in the final report when submitted for sign-off.

5. In respect of 'changed posts' it is unclear whether the criteria at 6.7 are weighted in any way?

Management's Comment: These points were debated during the consultation process and an assurance was given that the major element would be the job content, given individuals' transferrable skills, followed by the similarity between the two jobs by reference to status, responsibility, hierarchy, etc, and then suitability to the physical attributes of the employee. Again there is no one size fits all set of criteria and each case will be treated on its merits.

6. The current procedure allows for a slotting appeal where an employee 'considers that a post should not be slotted to and advertised for them and others to apply for as a vacancy'. It is unclear whether this is still permissible.

Management's comment: All employees within scope of the review would be have the opportunity to raise comments during the consultation period regarding such matters and these would always be considered and responded to in the course of that process to avoid this situation arising, but it is not felt necessary to allow a slotting appeal since they have appeal rights against unfair selection in any case.

Finally the focus of both the redundancy and organisational review procedures is more about individual consultation rather than collective bargaining with the unions.

Management's comment: This is not true. The existing policies do not comply with the various laws on consultation and individual employment rights. By including these legal imperatives, the policies ensure that there is both compliance with the law and a proper balance between the requirement to consult collectively on the principles of change and with individuals on how the changes proposed would affect them and give them the right of response. LCC recognises the important part that collective consultation plays in good employment relations with its workforce by engaging fully with the recognised trade unions. These policies do not change but add to the way the Council is required to consult.

It is UNISON's view that there is a drive throughout LCC to exclude/sideline the unions – this is evidenced through the use of workshops, stakeholder meetings and individual meetings to determine and shape policy, procedure and indeed the general strategic direction of travel rather than engagement with the unions.

Management's comment: Again this is not the case. There is a long history of policy being shaped through engagement with stakeholders, including elected members, managers and the trade unions as was the case when this policy was being revised. The comment here may refer to a stakeholder consultation meeting with some directors as customers within the ODI Support Services Review of Administrative and Business Support services. However any principles established by that process will be included in the full consultation process with the trade unions at the appropriate time under this review

1st December 2010

Gary Garner
On Behalf of UNISON Leicester City Branch.



Appendix M



WARDS AFFECTED

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

OSMB 7th December 2010 Cabinet 13th December 2010

Review of Fees and Charges

Report of the Chief Finance Officer

Purpose of Report

1.1. Following the substantial cuts outlined for local government from the comprehensive spending review and the increase in VAT due to be implemented in January 2011, it is considered that members may wish to review some charging policies early so that for some charges at least, the Council can avoid double price rises. Implementing price rises in January 2011 rather than April would however anticipate some budget decisions.

2. Recommendations

- 2.1. It is recommended that Directors be given discretion to increase fees and charges from 1st January 2011 rather than April 2011 in consultation with the appropriate Cabinet lead.
- 2.2. It is also recommended that the specific increases in fees and charges in the areas listed in paragraph 3.3 and Appendix A be implemented from January 2011.

3. Principles

- 3.1. The usual policy for fees and charges is that most increases are implemented at the start of each financial year, though this is not always the case, for example sports charges are normally increased in January. However, it is proposed that for the current year, the increase for a number of fees and charges is brought forward from 1st April 2011 to January 2011 so that the increased income can be collected for an additional quarter to assist with budgetary pressures and to avoid some double price rises as a result of the increase in VAT.
- 3.2. It should be noted that Directors have discretion over appropriate levels of fees and charges and that nothing is proposed to be different to normal except where otherwise stated.
- 3.3. Specific changes which have been proposed as part of budget savings proposals are as follows, with details shown in appendix A.
 - Bereavement services

- Social Care and Health services
- Registration Services

4. Report

4.1 The proposal to increase some fees and charges from January 2011 rather than April which is the usual case for many (though not all) such changes would generate additional income in the final quarter of the 2010/11 financial year as well as avoiding some element of double increases due to the January VAT increase. The proposed areas where fees and charges are specifically proposed to be increased from January are as follows:

4.2 Registration Services

Marriage and other ceremonial fees which are set by the local authority are proposed to be increased as part of the budget savings proposals. These could be brought forward to January 2011, though it is expected that such changes will only save approximately £3,000 p.a.

4.3 Social Care and Health Services

Social care and health services are to be reviewed in the new year as part of the move to personal budgets, and changes resulting from this will be subject to consultation. However, there is still a need for an interim review of fees and charges in advance of this, with changes from 3rd January 2011. The schedule of these charges is listed within Appendix A, although many are not proposed to be changed as part of this exercise. The main changes are:

- 1. Increase to full cost service users in City Council elderly persons homes from £402 to £414 per week. This would generate an estimated £28,000 in a full year.
- 2. Increase charges for mobile meals and meals in day centres or at EPH's for non-residents from £2.85 to £2.95. This would generate an estimated £3,500 in the final quarter of 2010/11 and £14,000 in a full year.
- 3. Increase the standard charge for home care services from £9.15 per hour to £11.25 per hour which is a significant increase (23%). This proposed change would generate an additional £200,000 p.a. to support the 2011/12 budget. The proposed charge of £11.25 per hour compares to a charge of £13 per hour by the County Council.

4.4 Bereavement Services

It is proposed to increase non cremation charges by 12.5% which is approximately 10% greater than inflation. This would generate an estimated £80,000 in a full year.

4.5 **Sports**

It is proposed to increase sports charges on January 1st by an average of 5% which includes the 2.5% VAT increase. These increases are needed to help meet shortfalls in income.

4.6 **Investing in our Children**

It is not proposed to increase schools related fees and charges from 1st January 2011 as there is need to consult about most changes, and they are not subject to VAT. Similarly, non schools related charges are also not subject to VAT and raise a relatively insignificant level of income, though early years charges are under review as part of the 2011/12 budget. Any increases in charges will be considered as part of the overall budget process.

5. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

5.1. Financial Implications

The increases proposed in excess of inflation would generate an estimated £322,000 p.a. in a full year and help support the 2011/12 budget. The implementation of increased fees and charges would also result in estimated additional income of £85,000 in the final quarter of 2010/11.

5.2. Legal Implications

- 5.2.1 Various statutory provisions enable the Council to make a charge for the services referred to in this report. The Council has a discretion as to the amount of charge made. In exercising that discretion the Council is required to take into account all relevant circumstances. Decisions taken on increased charges may be subject to Judicial Review. The risk of a successful Judicial Review can be minimised by ensuring consultation (where appropriate) has been carried out.
- 5.2.2 The Council is also under a duty to comply with equalities legislation. Where appropriate, equality impact assessments with regard to the proposed increases will have been carried out and reference to the equality implications is covered in the report.

Anthony Cross Head of Litigation

5.3. Climate Change Implications

This report does not contain any significant climate change implications and therefore should not have a detrimental effect on the Council's climate change targets.

5.4 Equal Opportunities Implications

5.4.1 The proposal in respect of bereavement services is to increase non-cremation charges only. (Cost increases in respect of cremation have been separately agreed). As choice of method of internment is often prescribed by faith and personal beliefs, this would impact only those whose faith/beliefs specify/prefer burial. In order for the increased charges to have an adverse impact on those responsible for burial of family or friends, they would need to act as a deterrent in proceeding with a funeral and burial. The costs of burial are but one element of total funeral costs, with considerable personal discretion available to ensure financial affordability. Where there are no funds available, the Council will make provision for the burial of that person in keeping with their religion or beliefs, if known.

- 5.4.2 In regard to Social Care and Health services, provision of these services is assessed on the basis of individual need, and does not take into account that person's income. The Council's Welfare Rights Service has worked with Adult Domiciliary Care users to check their benefit entitlement and assist users and their families with any additional claims. This ensures that users have the income to pay for these services. The intention of these benefits is to ensure individuals are able to access the type of services provided by Social Care and Health. Therefore, potential adverse financial impacts as a result of increased charges for use of these services, are being mitigated by the service in its work with welfare advisers to ensure maximum take-up of appropriate benefits by its users.
- 5.4.3 In regard to Registation Services, the proposed cost increases comprise only one element of the various celebratory events covered. The users of the service have personal discretion over the costs and financial impacts, on them, of undertaking these celebratory events. The proposed increases would not adversely impact these events taking place, nor disproportionately affect any particular group.

Irene Kszyk, Head of Equalities

6. Other Implications

OTHER IMPLICATIONS	YES/ NO	Paragraph/References Within Supporting information
Equal Opportunities	Yes	Para 5.4
Policy	no	
Sustainable and Environmental	no	
Crime and Disorder	no	
Human Rights Act	no	
Elderly/People on Low Income	yes	Para 4.3
Corporate Parenting	no	
Health Inequalities Impact	no	

7. Background Papers – Local Government Act 1972

7.1. None

7.2. Consultations

7.2.1 All Heads of Finance have been consulted in this report.

8. Report Author

9. Nick Booth Financial Strategy

Key Decision	No		
Reason	N/A		
Appeared in Forward Plan	N/A		
Executive or Council Decision	Executive (Cabinet)		

APPENDIX A

Regeneration & Culture

Review of Fees & Charges - Significant Areas - Potential for an increase from 04 January 2011

		Budget		Budget	Budget
	Income Area	2010/11 £000's	Comments	Impact 2010/11	Impact 2011/12
1	On Street Parking Income	1,800	(Not subject to VAT.) No plan to increase tariffs due to fears of competition from cheap off street car parks.		Nil
2	Off Street Parking Income	1,925	Currently losing income due to competition from cheap temporary car parks with a 20% reduction year on year. The Council contends that this income is not subject to VAT.	Nil	Nil
3	Licensing	675	Statutory charges not subject to VAT. 50% of charges can only be increased in April (Government set fees). Therefore inflationary increase will be applied on all from 1 April.	Nil	Nil
4	Libraries	151	Carrying out a review of prices. Will raise vatable items by inflation from 1January 2011. There are concerns that increases above inflation will impact on sales volume. The budgeted income is already difficult to achieve,	Estimated increase of £500	
5	Museum retail	120	New VAT rate will be applied from Jan 2011. No proposal to increase retail prices above inflation.	Estimated increase of £750	
6	Sports	5,241	Sports have proposals for increases to fees and charges to take effect from 1 January 2011. There are concerns about the competition from private gyms. Sports are already struggling to meet their income targets. The proposed price increases from 1 January will on	Maximum increase of £30k provided no change in volumes	
			average only cover the VAT increase and standard inflation of 2.5%.	iii voidines	
7	Museums		No admission charges.	Nil	Nil
8	Bereavement Services	800	Budget proposal to increase non cremation charges by 10% above inflation, ie 12.5%	Estimated increase of £25k assuming no impact on volume	

ADULT SOCIAL CARE

The hourly charge for home care has increased from £9.15 to £11.25. The maximum weekly charge will remain at £203.

ADULTS AND OLDER PEOPLE RESIDENTIAL PAYMENTS 2010/2011

2010 Payment £	Description	Jan 2011 Payment £
	Care Home (payment per week)	
402.00 554.00	City Council EPH (for charging purposes only) City Council LD Home (for charging purposes only)	414.00 570.00

ADULTS AND OLDER PEOPLE NON-RESIDENTIAL CHARGES 2010/2011

2010 Charge £	Description	Charge from Jan 2011 £
	Meals and Drinks (charge per meal & per drink)	
2.85 3.85	Meal – Luncheon Club – Minimum – Maximum	2.95 3.95
2.85	Meal - Mobile	2.95

2.85	Meals – Day Services	2.95
0.40	Day Centres: Drinks	0.40
0.55	Breakfast or Afternoon Tea at Elderly Person's Home (for non-residents)	0.55
2.85	Lunch at Elderly Person's Home (for non-residents)	2.95
NIL	Day Services Transport to / from Day Centre or community activity (All transport is provided free of charge since April 2006)	NIL
NIL	Day Care / Day Service	NIL
	Home Care	
	Each service user is subject to a financial assessment. There is a standard charge per hour of care received, up to the service user's weekly maximum charge. This maximum will range from no charge, to the divisions maximum charge, depending on the service user's financial circumstances.	
9.00	Standard Charge per Hour	11.25
20.00	Standard Disability Disregard	20.00
200.00	Department's Maximum Charge per Week (People with substantial income or capital)	203.00
2.00	Blue Badges (statutory maximum charge)	2.00
NIL	Minor Adaptations	NIL

ADULTS AND OLDER PEOPLE CHARGES TO OTHER COUNCILS 2010/2011

2010		Charges from Jan 2011
Charge	Type of Establishment	
£		£
	<u>Learning Disability Day Services</u>	
	Service users placed before April 2005 :	
50.00	(i) Standard - Per Day	50.00
70.00	(ii) Special Care – Per Day	70.00
	Service Users placed since April 2005:	
347.00	2:1 Ratio of staff to service user	347.00
173.50	1:1 Ratio	173.50
73.00	1:3 Ratio	73.00
44.00	1:6 Ratio	44.00
23.00	1:12 Ratio	23.00
	Note: These charges are for 2 sessions per day;	
	for 1 session, the charge should be halved	
	Other Day Services	
84.00	Day Centres for adults with Physical Disabilities – Per Day	84.00
62.00	Day Centres for people with Mental Illness – Per Day	62.00
36.00	Day Care for Older People – Per Day	36.00
	Social Work Charges (Service Manager approval required)	
32.00	Administrative & Senior Clerical (per hour)	33.00
42.00	Social Worker / Senior Officer (per hour)	43.00
55.00	Team Manager (per hour)	57.00

Registration Service Fees

Type of Fee	Current Fee (£)	Proposed Fee from 1 January 2011 (£)			
Marriage / Civil Partnership at Approved Premises	(~)	(~)			
Mon – Fri Saturday Sunday / Bank Holiday	205 325 375	216.50 326.50 376.50 (Note: There is a statutory fee in addition to the above of £3.50 for a marriage certificate)			
Application for approval of a venue	1250	1300			
Non- Statutory Ceremony (Eg Naming Ceremony / Renewal of Vows)					
Town Hall Mon – Fri Standard Ceremony	110	115			
Town Hall Mon – Fri Enhanced Ceremony	170	180			
Town Hall Saturday Standard Ceremony	130	135			
Town Hall Saturday Enhanced Ceremony	200	205			
Approved Venue Mon – Fri	190	200			
Approved Venue Saturday Approved Venue Sunday / Bank Holiday	280 330	290 345			
National Checking Service					
Single Adult or Child Application Husband & Wife or civil partners Husband & Wife plus 2 children	52 95 147	55 100 155			
(max) Any additional children	42	45			



Appendix N



Performance and Value For Money Select Committee Cabinet

8th December 2010 13th December 2010

REVENUE BUDGET MONITORING 2010/11 – PERIOD 6

Report of the Chief Finance Officer

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to show a summary position comparing spending with the budget. The report is the second in the regular cycle of reports for the 2010/2011 financial year showing the budget issues that have arisen so far.
- 1.2 Further reports will be presented Cabinet and the Performance and Value for Money Select Committee at Period 9 and Outturn.

2. SUMMARY

- 2.1 The General Fund budget set for the financial year 2010/2011 was £276.4m. Together with the sums carried forward from 2009/2010 of £0.4m, the revised budget is now £276.8m.
- 2.2 It is apparent that certain divisions are facing some specific pressures resulting in a forecast overspend of £2.3m. In particular:
 - Social Care and Safeguarding An overspend of over £435k is forecast from continuing and increasing pressures including a rise in the number of children entering care;
 - Planning and Commissioning This division is facing a number of pressures of which the most significant is within Home to School Transport leading to an overall forecast overspend of £624k;
 - Housing Strategy and Options An overspend of £366k is forecast due to a number of pressures of which the most significant is a 24% reduction in ABG grant;
 - Adult Care Pressures primarily within commissioning budgets caused by growth in service user need have resulted in the division forecasting an overall overspend of £324k;
 - Strategic Asset Management Predominately as a result of pressures continuing

from 2009/10 the division is forecasting an overspend of £237k.

Further details on the divisional budgetary pressures are provided at Section 6 and 7 of this report.

3. **RECOMMENDATIONS**

3.1 **CABINET** is recommended to:

- a) Note the changes made to the original approved budget for 2010/11;
- b) Note the expenditure to date and the budgetary issues which have emerged so far this year;
- c) Note the proposals put forward to ensure that spending is contained within the Divisional budgets;
- d) Approve the creation of new reserves set out in paragraph 11.

4. BUDGET FOR 2010/11

- 4.1 The General Fund budget for the financial year 2010/11 is £276.4m. After adding the approved carried forward amounts from 2009/10 (£0.4m) the budget for the year is now £276.8m.
- 4.2 Each Divisional Director is required by Finance Procedure Rules to ensure that services are delivered within budget, and has the responsibility for monitoring their budgets within the guidelines provided by the Chief Finance Officer.
- 4.3 Divisional Directors are responsible for their controllable budgets. These include employee costs, running costs and income. 'Indirect expenditure' or 'below the line charges' are the responsibility of the service provider with the cost of those services being included in the providers' controllable budgets.

5. **SUMMARY OF PROJECTIONS**

5.1 The results of the monitoring of the budgets are summarised in Appendix A. Significant budgetary issues are outlined within Sections 6 and 7 below.

6. NON-OPERATIONAL DIVISIONS

The budgetary issues, which have emerged to date, are as follows:

6.1 Change and Programme Management

6.1.1 The Change and Programme Management division is predicting an outturn within budget despite some budget issues for the Partnership Team and ongoing support service reviews.

6.2 Financial Services

6.2.1 Despite pressures including the need to cover vacant posts whilst the finance review progresses the division is forecasting to achieve outturn at budget.

6.3 Corporate Governance Division (incorporating Legal & Democratic Services)

6.3.1 The Corporate Governance division is currently facing uncertainty in many areas such as, the possibility of costs in relation to the election of a Mayor and uncertainty arising from Communications and Marketing.

Despite these pressures the Director hopes to deliver a balanced budget at outturn.

6.4 Housing Benefit Payments

6.4.1 Spend at budget is currently forecast. The key issues in respect of housing benefit are the extent to which the Council is efficient at minimising overpayments, and the extent to which the DWP seeks grant clawback due to errors found at audit. At present, three years grant claims remain to be finalised by DWP, and appropriate provisions for clawback have been made. The Council's performance in respect to overpayments (which are to some extent inevitable with such a complex system) is improving.

7. OPERATIONAL DIVISIONS

The budgetary issues, which have emerged to date, are as follows:

7.1 Access, Inclusion and Participation

- 7.1.1 The Early Prevention service has under-spent in prior years as the Children's Centres have been developed, resulting in only part-year revenue costs. An under-spend in the current year is expected but will need to be quantified as expenditure is analysed further into the year and the costs of the restructured service are confirmed. The Head of Service has signalled a potential saving of £300k at this stage, although this may in part be required to effect savings requirements on the 0-12 and 13-19 reviews.
- 7.1.2 In addition to this potential saving, the service is forecasting a general fund underspend of £219k along with a further £149k underspend in Young Peoples Support primarily from vacancies and use of ABG funding.

7.2 Learning Environment

- 7.2.1 This Division is responsible for major investment programmes. Its remit also includes maintaining former school and other sites until they can be disposed of. At present there are a number of vacant premises which cannot be disposed of (due to the downturn in property values) and which need to be maintained, including Queensmead and Ashfield Schools, and the Cherryleas Centre, creating additional cost pressure to the Division. The budget overspent by £92k in 2009/10.
- 7.2.2 A number of external agency staff and consultants are covering posts pending recruitment to a permanent structure, although these are reducing. These external people are also providing shorter-term support to manage the current demands. The TLE Clientside cost projections and proposed funding package over a five year period were approved by Cabinet in November 2009. It is expected that the current year costs will be contained within the available resources, as set out in the Cabinet report. However, factors such as the Strategic Asset Management review and the extensive work required to progress BSF may impact on the projected costs. The

recently announced national targets to reduce BSF costs may require further work to re-scope the remaining schemes, which would (in the short term at least) add to the clientside costs. Any in-year spending requirement over and above the costs projected in November 2009 will reduce the funding available for future years and the longer term forecasts will therefore be kept under review.

7.3 Learning Services

- 7.3.1 A number of cost pressures are affecting the Division including; mainstreaming initiatives developed through the Raising Achievement Plan (RAP), pressure to maintain school improvement, support to specific schools, reviews of school structures, Special Educational Needs (SEN) costs, the expiration of external funding and continued use of external consultants pending permanent recruitment and in the light of workloads.
- 7.3.2 The expenditure and funding plans for the RAP have been reviewed and a new suite of projects have been established with the expected end date of August 2011 for those funded by Dedicated Schools Grant (DSG).
- 7.3.3 The Division will not be materially affected by the Government's recent decision to cut back Area based Grant (ABG) allocations in 2010/11, due to the proposals agreed by Council on 16th August. However, a number of other national in-year funding reductions need to be managed.

7.4 Social Care and Safeguarding

- 7.4.1 £0.94m was added to the 2010/11 Social Care and Safeguarding division budget in recognition of increased costs associated with work pressures during the course of 2009/10.
- 7.4.2 These were primarily in the areas of externally commissioned placements, legal costs and support and placement costs relating to Fostering and Adoption. This addition allowed the Division to 'stand still' with regard to the 2009/10 pressures.
- 7.4.3 Currently, in 2010/11, the Division is facing further budgetary pressures totalling £0.435m. This is in the light of continuing and increasing pressures including a rise in the number of children entering care the division recorded its highest number of children in care for seven years in August (499). This number has now reduced slightly but remains very volatile and the overall numbers of children coming into care this year is likely to be the highest for the last 6 years. We have also recorded our highest ever number of children in Interim Care Proceedings (Court) (121) a figure that continues to increase. There is continuing pressure on placements both internally in terms of falling numbers of Foster Parents and more support required for those remaining and an increased number of external placements which whilst numerically small (3-4 more than the original 40), are prohibitively expensive.
- 7.4.4 Whilst the cost centres associated with children in care are essentially demand led, a range of actions are being taken to mitigate and minimise the costs, though these are medium to long term savings. This includes:
 - Targeted project work to appropriately and safely move children out of the care system and reduce the numbers of children in care.

- Review of how the Council provides supervised contact arrangements for children in care in order to increase efficiencies and the quality of the service, including targeted recruitment campaigns to reduce dependency on agency staff.
- A project examining the nature of care proceedings work, with the aim of trying to reduce the length of time care proceedings take to both reduce costs and move children onto permanency with less delay.
- Review of transport arrangement eligibility criteria in order to reduce costs and increase efficiencies.
- Continued recruitment of newly qualified social workers in Fieldwork in order to reduce dependency on agency social workers, noting that to date this has proven to be a very successful strategy.

7.5 Planning and Commissioning

- 7.5.1 Home to School Transport over-spent by £600k in 2009/10. This has been an ongoing problem for a number of years. Given the historical trend of this budget and the current levels of expenditure it is anticipated that a significant overspend of circa £600k can again be expected. The Strategic Director has commissioned a report from the Director of Planning and Commissioning to review how cost reductions could be achieved. Transport costs are driven by eligibility criteria; the application of these to commissioning decisions by services, and how the provision is arranged with Operational Transport.
- 7.5.2 The Criminal Records Bureau (CRB) budget is currently forecasting a £103k underspend, as it appears that the CRB registration process for centrally employed staff will not now take place due to policy changes at national level.
- 7.5.3 The transfer of the Student Awards Service to the Student Loans Company is scheduled to conclude in February 2011. Staff are being assisted to develop wider skills and will be placed on the redeployment register at the appropriate time; however given the economic and employment climate, significant redundancy costs for up to 8 staff may be incurred towards the end of the year.
- 7.5.4 City Catering anticipate costs arising from Job Evaluation (JE) of approximately £600k per annum. There is an earmarked one-off provision of £500k to help with the costs, but the impact of JE on the Service in future years will be significant, as the resultant cost increase may make some parts of the service unviable.

7.6 Other Investing in Our Children Services issues

- 7.6.1 **Services Traded with Schools** Although partly addressed in the 2010/11 Departmental Revenue Strategy (DRS), the Services Traded with Schools budget continues to be under pressure. Work is on-going to try and close this gap by highlighting where and how new services can be traded and where current charges can be increased. A report on progress across a range of services is being prepared for the Leadership Team. Close monitoring of the budget will take place as the year progresses.
- 7.6.2 **2010/11 Budget Savings** A number of savings in the 2010/11 budget may not be delivered in part or in full and will either need to be covered by related services or will

- result in an overspend; for example, efficiencies on staff accommodation and a consistent charging policy for pre and after-School provision.
- 7.6.3 **Grant Reductions** The Council has been informed of a number of revenue and capital grant reductions in the current financial year. Measures are in place to manage these, and Divisions will seek to maintain the best provision available with the remaining funds.
- 7.6.4 **Further Budget Reductions** There will be further budget reductions, for example from the vacancies within the scope of support service reviews and corporate efficiency programmes such as the agency fee on longer-term agency staff and procurement initiatives.

7.7 Housing Strategy and Options

- 7.7.1 The Division is forecasting an overspend of £0.366m in period 6. The division is looking at ways of reducing the overspend arising from the main pressure areas:
 - Hostels (no overspend) A predicted overspend of £118k has been balanced by one-off savings made up of the withholding of staff recruitment (£70k) and the suspension of planned purchase of fixtures and fittings (£48k). This inherent problem remains and will be addressed as part of the budget setting process for 2011/12.
 - **Star Team** (£406k overspend) This overspend will also be addressed as part of the budget setting process for 2011/12.
 - Private Sector Housing (£77k overspend) This inherent problem will be addressed in 2011/12 through the budget setting process and through a staffing review.
 - Misc. Service Provision (£150k overspend) Actions are being taken to mitigate this.
 - Policy Management and Support (£195 overspend) Actions are being taken to mitigate this.
 - **Housing Options** (£369k underspend) This service is expecting to under-spend by £369k following the suspension of staff recruitment and is expected to be revisited in the 2011/12 budget setting process.
 - **Development Team** (£84k underspend) As a result of deferring staff recruitment, this team is expecting to underspend and will also be revisited in the 2011/12 budget setting process.
 - **Alarms / Sheltered Housing** (£9k underspend) is expecting a very small underspend due to savings in running costs.

The Service Director is continuing to explore opportunities for reducing the overspend.

7.8 Safer and Stronger Communities

7.8.1 The Safer & Stronger Communities Division is currently forecasting pressures of £25.5k on a net budget of £5.4m. The overspend is in the main due to service review costs. It is anticipated that this overspend may be brought down through lower building costs later in the financial year.

7.9 Adult Social Care Divisions

- 7.9.1 The Adult Social Care Divisions are currently forecasting pressures of £0.3m on a net budget of £76.9m. The bulk of these pressures is within commissioning budgets and caused by growth in service user need. An overspend of £800k is forecast within the Learning Disabilities Service where some expensive new packages have been required; including a recent single package of £170k per annum. There has also been a significant rise in the demand for homecare and this is forecast to cost £800k more this year than last year.
- 7.9.2 The Strategic Director for Adult Social Care has launched a number of initiatives to reduce expenditure and envisages being able to bring the Divisions in on budget over the course of the year. These include the ongoing work of the Efficiency Board to identify all possible opportunities for making efficiency savings, an organisational review to reduce staffing costs and the setting up of a Quality Assurance Panel to oversee the allocation of care packages. A training programme for staff is being drawn up to ensure packages are allocated consistently and appropriately. A Learning Disability Recovery Plan is also being drawn up to bring the service in line with budgeted expenditure and will include the application of the Care Funding Calculator (CFC) to reduce package sizes, and working with the Primary Care Trust to get efficiency savings from the Leicestershire Partnership Trust. The Learning Disability Recovery Plan has been drawn up and application of some of the initiatives mentioned above, e.g. application of CFC, has resulted in-year savings of £142k. Further initiative identified to reduce expenditure is to make better use of facilities/buildings.
- 7.9.3 Discussions took place on the 13th September 2010 with the Executive Director NHS Leicester on the current arrangements for continuing health care funding, the impact of ASC transformation on joint funded packages and a requirement for a whole system change to effectively manage the costs of CHC to the health and social care community. A significant risk factor is both the NHS and Adult Social Care have identified CHC as an area for efficiency and this could result in cost shunting between organisations. A joint approach has been agreed between ASC and the NHS with dedicated project management support. This approach will provide a framework to re negotiate the current risk sharing agreement in place for Learning Disabilities; agree aligned provider rates for care between the NHS and ASC and review the overarching governance arrangements supporting CHC.

7.10 Environmental Services

- 7.10.1 The division is forecasting to remain within its net revenue budget of £26.2m. There are no new significant items which have arisen since the last report.
- 7.10.2 As reported last time the building control income budget of £0.75m continues to be unsustainable given the current economic climate and the increased level of competition from the private sector. An annual income target of £0.5m is more

- realistic and this will be addressed as part of the budget savings for 2011/12. For 2010/11 the year end shortfall in income will be managed by staffing savings within building control section and other savings within the division.
- 7.10.3 Biffa service costs have increased by 6.1% as this is based on RPI in April compared to the budgeted Council inflation for non pay costs of 1%. This results in an unbudgeted increase of £0.6m in 2010/11. The volume of waste processed is likely to be less than the contract and the associated volume rebate for costs not incurred by Biffa will be used to offset the increase in their charges.
- 7.10.4 Income generated by landscape services and the trees and woodlands services is being affected by restrictions in user department's revenue and capital budgets, including highways maintenance and play area budgets. Potential other income sources and cost savings should ensure that the services remain viable for 2010/11.

7.11 <u>Cultural Services</u>

- 7.11.1 Cultural Services is forecasting to remain within its net revenue budget of £15.54m excluding De Montfort Hall. The issue with De Montfort Hall's required subsidy in 2010/11 is being dealt with in a December cabinet report.
- 7.11.2 The other area of concern is in Sports. Income from sports centres and golf courses is £0.16m less than the equivalent period last year and there is likely to be a shortfall at the year end compared to the budget. Savings are being made in staffing and running costs in order to limit the overall budget impact.

7.12 Regeneration, Highways and Transport

- 7.12.1 The division is forecasting to remain within the net budget of £14.89m for 2010/11. As indicated at period 4 the significant issues facing the division include the reduction in the integrated transport capital funding in 2010/11, preparing the division for future reductions in the capital programme from 2011/12, the uncertainty over concessionary fare costs, the level of subsidy required for the Enderby park and ride service and the decline in off street car parking income.
- 7.12.2 It is now clear that the Enderby park and ride service user numbers are likely to remain lower than anticipated in the medium term despite increased promotional activity. The subsidy required is forecast to be approximately £0.7m in 2010/11 of which the City Council's share is £0.35m. The business plan assumed growth in useage over a 3 year period such that no net subsidy was required after 3 years of operation. The impact of more cheap temporary car parks and the slowdown of the economy are not helping demand for the park and ride service. Discussions are taking place with the County as to how to proceed with the service and what the implications are for the Birstall park and ride service.
- 7.12.3 Competition from these cheaper car parks continues to have an impact on the City Council's own off street car park income. Income generated at Newarke Street and Haymarket, the two main car parks, is down nearly 19% compared to budget. If this trend continues the full year budget shortfall would be £0.3m. The ongoing additional un-budgeted costs of Enderby and the shortfall in car park income will continue to be a problem into 2011/12.

- 7.12.4 We are currently projecting a shortfall in chargeable fees to capital projects of £0.5m in 2010/11 as a result of the in year cut to the integrated transport block funding. The Comprehensive Spending Review indicates reductions of approximately 30% in this funding from 2011/12 onwards, although the exact phasing is unclear. We will not know the exact allocation of the integrated transport block funding until December. A 30% cut in 2011/12 would mean the shortfall in chargeable fees would rise to £1.5m. Such a reduction in fees would require a significant reduction in design and supervision staff.
- 7.12.5 There are two other sources of capital funding. The first is the new local sustainable transport fund for which Leicester has been invited to bid for. The fund will be for transport interventions that support economic growth, reduce carbon emissions, improve air quality and reduce congestion.

The second fund is for major capital schemes (formerly known as the Regional Funding Allocation). Leicester has previously made an application of £69m for the new City Centre Bus station.

Whilst both of these funds would provide a source of capital fees, reducing the shortfall of £1.5m mentioned in (1.7) above, there will still be a budget shortfall for 2011/12. Once again this will need to be a call on the budget savings proposals from 2011/12 onwards.

- 7.12.6 The integrated transport block funded capital schemes were last reviewed following the emergency budget in June. As a result of over-spends on the Humberstone Road bus corridor scheme and variations in the progress of other schemes the current total forecast expenditure for this programme is £0.5m higher than the 2010/11 allocation. The programme is currently under review again to ensure expenditure this year is more in line with the allocation. Any overspend this year would be funded by next year's allocation. Revising this year's programme may result in the capital fee shortfall of £0.5m mentioned in (1.6) above increasing.
- 7.12.7 The number of concessionary fare journeys is still increasing year on year. The increase in the first 5 months is 21%. There have been no significant fare increases this year. An increase in average fares of 1% results in an increased concessionary fare cost of £90k. As in previous years we are awaiting the outcome of bus company appeals to the DfT for additional running costs. The outcome of these appeals is usually not known until the year end. The deadline for appeals against our reduction in reimbursement rates has passed and no appeals were made. It is only as a result of this reduction that, in spite of the increased usage, we are not forecasting at this stage to exceed our existing total budget of £9m for concessionary fares in 2010/11.
- 7.12.8 The division will commence a series of small staffing reviews to address the reduced level of design and supervision work which is likely for the foreseeable future.

7.13 Planning and Economic Development

- 7.13.1 Planning and Economic Development is forecasting to remain within its net revenue budget of £2.6m. There have been no significant changes since the last report.
- 7.13.2 Planning income is still ahead of budget but this is mainly due to the £125k fee for the Ashton Green development. There remains no sign of an increase in the general level of activity compared with 2009.

- 7.13.3 As indicated in the last report, planning appeal costs totalling £227k have been awarded against the Council related to Tudor Road, Spencefield Lane and Vicarage lane.
- 7.13.4 The Phoenix Square business centre is now operating at the target 30% occupancy with 6 of the 22 units occupied.
- 7.13.5 The more established LCB depot is currently 96% occupied, ahead of target. The Leicester Business centre is being refurbished and this will have an impact on rental income although this been allowed for in the budget.
- 7.13.6 Market income is in line with income generated in the equivalent period last year (£0.9m) although slightly less (£40k) than this year's budget for the same period.

7.14 Information and Support Services

7.14.1 This division is forecasting to deliver an overall balanced outturn. The Service Director is concerned about the ability to find the additional £400k print and ICT procurement savings included in the "Quick Wins" programme. She reports that they are striving to find them and making good progress, but a couple of the areas of planned savings have not yet delivered so alternative areas for savings are being explored.

7.15 Strategic Asset Management

- 7.15.1 Pressures continuing from 2009/10 are still being faced by the division resulting in total pressures of £0.2m in the current year. The main pressure areas include:
 - Impact of delivering the support services review in 2010/11;
 - The downturn in the current economic climate's impact on the non-operational property portfolio;
 - Trading services facing the reduction of income collected in fees and charges (again due to the downturn in the economy); and
 - Centrally Located Administration Buildings (CLABs) where a number of properties are now being used more extensively by LCC staff due to the problems with New Walk Centre.

7.16 <u>Human Resources</u>

- 7.16.1 The Director of Human Resources reports an overspend of £30k in the division which is mainly attributable to the unbudgeted costs of the My View project. My View continues to be a pressure in the division but it is hoped that a staffing review and other measures will deliver sufficient savings to meet those costs and deliver a balanced budget at outturn.
- 7.16.2 Due to the delays in implementing single status, a further £435k of project costs have been approved by Cabinet.

8. CORPORATE BUDGETS

8.1 This budget (£37m) includes a number of items that are not within the controllable budgets of any corporate directors. Capital financing (£20m) is by far the largest element of the budget but it also includes bank charges, audit fees, levies, and contributions towards job evaluation, together with other miscellaneous expenditure. It is expected that expenditure will be at budget.

9. HOUSING REVENUE ACCOUNT

- 9.1 The Housing Revenue Account (HRA) is a ring-fenced income and expenditure account relating to the management and maintenance of the council's housing stock. The current year end forecast is that HRA balances will stand at £2m which is less than forecast when the original budget was set in January. However, this is because of the cost (£550k) of moving the Craft workforce from a wages and bonus system to salaries to limit the Council's risk of equal value/equal pay claims.
- 9.2 This forecast includes a reduction of £1.2m in capital financing costs, which is largely countered by an increase of £1.1m in negative subsidy due to a reduction in the capital financing element of the subsidy calculation. There is also an expected small reduction on dwelling rent (due to a small increase on unoccupied properties against the level assumed in the budget).

10. AREA BASED GRANT

- 10.1 The Area Based Grant (ABG) is being used to support achievement of service outcomes in the local area agreement, which was negotiated between Leicester Partnership and the Government (but has since been abolished by the Government).
- 10.2 The table following shows the grant allocation. Expenditure to Period 6 amounted to £18.2m. The forecast position is currently showing outturn around budget for all but two of the delivery groups.
- 10.3 The allocation to the Leicester Children & Young People's Strategic Partnership (Invest in Our Children) was reduced by £2.0m as part of the Governments in-year funding cuts, however, alternative funding has been identified for this as reported to Cabinet on the 16th August 2010 (Impact of Government Cuts to 2010/11 Funding
- 10.4 The Leicester & Leicestershire Coordination Group (Investing in Skills & Enterprise) is forecasting an underspend of £11.7m for 2010/11 although this was agreed to be carried forward as per the Cabinet report on 5th October 2009.

	2009/10	2010/11	2010/11	2010/11	2010/11
Table 1 : ABG	Carry forward £'000	Original allocation £'000	Budget cuts £'000	Revised Allocation £'000	Forecast Outturn £'000
Invest in Our Children	0	11,511	(2,455)	9,056	11,077
Improving Wellbeing & Health	0	19,734	(150)	19,584	19,584
Investing in Skills & Enterprise	11,522	9,049	(883)	19,688	7,924
(Safer) Invest in Thriving, Safe Communities	481	1,072	(230)	1,323	1,323
(Stronger) Invest in Thriving, Safe Communities	49	0	0	49	49
Planning for People not Cars	165	100	0	265	277
Admin and Support	191	1,020	(91)	1,120	1,120
Total - ABG	12,408	42,486	(3,809)	51,085	41,354
Carry forward from 2007/08	57	0	0	57	57
Disadvantaged Area Fund (DAF)	71	0	0	71	71
Total	12,536	42,486	(3,809)	51,213	41,482

11. EARMARKED RESERVES

- 11.1 The following earmarked reserve(s) have been set up during the year and require approval from Cabinet:
 - BSF Phase 1 Lifecycle Fund This reserve is required to hold BSF Phase 1 monies for Beaumont Leys Specialist Science School and Fullhurst Community College.
 - Environmental Surcharge This reserve will be built up to replace the cremators as per the Gilroes Crematorium report that went to Cabinet on the 4th October 2010.

12. ORGANISATIONAL AND DEVELOPMENT IMPROVEMENT PLAN (ODI)

12.1 In 2010/11, the ODI is targeted to make a net saving of £4m broken down into £2m for support services transformation and £2m for procurement. A £2m contingency was set against this, leaving a net £2m required to balance the budget. To date for 2010/11, the support services transformation has secured a minimum cash saving of £1.2m and additional vacancies may further increase this cash saving. In procurement, £850k has so far been secured. Further opportunities are being followed up at the current time and will be reported back in due course. The target for this year has therefore been achieved and it is proposed that any additional savings will be used to offset the substantial redundancy costs that will need to be met within this programme.

13. FINANCIAL AND LEGAL IMPLICATIONS

Financial Implications

13.1 This report is solely concerned with financial issues.

Legal Implications

13.2 There are no direct legal implications arising from this report. Peter Nicholls (Director, Legal Services) has been consulted on the content of this report.

Climate Change Implications

13.3 This report does not contain any significant climate change implications and therefore should not have a detrimental effect on the Council's climate change targets.

(Helen Lansdown, Senior Environmental Consultant – Sustainable Procurement)

14. OTHER IMPLICATIONS

Other implications	Yes/No	Paragraph referred
Equal Opportunities	No	1
Policy	No	1
Sustainable & Environmental	No	1
Crime & Disorder	No	-
Human Rights Act	No	-
Elderly/People on low income	No	-
Corporate Parenting	No	-
Health Inequalities Impact	No	-

15. <u>DETAILS OF CONSULTATION</u>

15.1 All divisions have been consulted in the preparation of this report.

Author: Simon Walton Date: 23/11/2010

MARK NOBLE CHIEF FINANCE OFFICE

Key Decision	No
Reason	N/A
Appeared in Forward Plan	N/A
Executive or Council Decision	Executive (Cabinet)

GENERAL FUND REVENUE BUDGET BUDGET MONITORING SUMMARY 2010/11 - PERIOD 6

	Revised Budget	Forecast Outturn to Period 06	Forecast Variance over (under) spend*
	£000	£000	£000
Non-Operational Budgets			
Change & Programme Management	4,862.9	4,862.9	0.0
Financial Services	7,132.2	7,132.2	0.0
Housing Benefit Payments	527.6	527.6	0.0
Corporate Governance	4,025.9	4,025.9	0.0
Total Non-Operational	16,548.6	16,548.6	0.0
Operational Budgets			
Social Care & Safeguarding	33,429.6	33,864.2	434.6
Learning Environment	1,557.2	1,694.0	136.8
Learning Services	5,511.9	5,600.8	88.9
Access, Inclusion & Participation	9,863.7	9,496.6	(367.1)
Planning & Commissioning	8,315.3		,
Delegated Schools Budget	166,716.9		
Other School Specific Budgets	6,724.0		
Dedicated Schools Grant (Schools Budget)	(173,440.9)	· ·	
Housing Strategy and Options	1,424.1	1,790.5	366.4
Safer & Stronger Communities	5,373.6	5,399.1	
Adult Care	76,886.8	77,210.7	323.9
Environmental Services	26, 184.6	26,184.6	0.0
Cultural Services	15,544.3		
Regeneration, Highways and Transport	14,893.4		
Planning & Economic Development	2,611.7	2,611.7	
Resources (former R&C)	1,090.0	1,090.0	
Human Resources	4,589.9	5,055.0	465.1
Information & Support	9,472.3	9,472.3	0.0
Strategic Asset Management	2,678.8	2,916.1	
Central Maintenance Fund	5,648.8	5,648.8	0.0
Total Operational	225,076.0	227,410.9	2,334.9
Miscellaneous	19,559.5		
Capital Financing	20,168.6		
Total Corporate Budgets	39,728.1		
Net Recharges	(2,648.8)		
Use of Reserves	(2,331.9)		
TOTAL GENERAL FUND	276, 372.0		

^{*} The forecast variance is shown before corrective action is taken

Appendix O



PERFORMANCE & VFM SELECT COMMITTEE CABINET

8th December 2010 13th December 2010

CAPITAL PROGRAMME MONITORING – 2010/11 - PERIOD 6

Report of the Chief Finance Officer

1 PURPOSE OF REPORT

1.1 The purpose of this report is to show the position of the capital programme for 2010/11 at the end of Period 6. The next scheduled report for presentation to Cabinet and the Performance and Value for Money Committee will be for Period 9.

2 SUMMARY

- 2.1 The actual level of expenditure at the end of period 6 totalled £31.245m. This represents 29% of the revised capital programme for 2010/11 of £108m. At the same point in 2009/10 40% of the revised programme had been spent and this indicates that the risk of significant further slippage is high. Since the period 4 report further slippage of £3.8m has been declared (substantially relating to delays on two football development sites) although this has been largely offset by additions and payments brought forward of £3.3m. Capital spending in 2010/11 has been adversely affected by the need to respond to in-year funding cuts.
- 2.2 Capital Receipts. We remain on course to meet the relatively modest capital receipts targets set for 2010/11.

3 RECOMMENDATIONS

- 3.1 Cabinet is recommended to:
 - i) Approve a revised level of programme expenditure of £108.5m;
 - ii) note the actual capital expenditure of £31.245m at period 6 and the relatively low level of spend (29%)at the half year point;
 - iii) note the level of slippage that has occurred since period 4;
 - iv) note that capital receipts targets are on course to be met.

4 CAPITAL MONITORING

- 4.1 The capital programme is split into 4 main categories:
 - i) the Transport programme;
 - ii) the Childrens and Young People's Services programme;
 - iii) the Housing programme; and

- iv) the Corporate programme, which covers all other services.
- This categorisation is determined by the way Government support is allocated.
- 4.2 This report details the actual level of expenditure for 2010/11 and also considers the extent to which the Council has achieved its programme of asset sales, which help fund the programme.

5 POSITION AT PERIOD 6

5.1 The overall financial position for each division is summarised in the table below (with further detail set out in Appendix A):

Division	Revised	Spend	% Spend	Para.
	10/11 Prog.	@ P6	@ P6	Ref.
	£'000	£'000		
Social Care & Safeguarding	1,519	1,134	75%	6.2
Access, Inclusion & Participation	8,365	2,636	32%	6.3
Learning Environment	27,544	4,323	16%	6.4
Learning Services	1,611	526	33%	6.5
Highways & Transportation	11,816	5,030	43%	6.6
Transport Department	2,800	1,663	59%	6.7
Cultural Services	7,972	3,296	41%	6.8
Environmental Services	1,803	58	3%	6.9
Planning & Economic Development	3,565	1,080	30%	6.10
Safer & Stronger Communities	404	111	27%	6.12
Adult Care	571	9	2%	6.11
Housing Services	21,061	6,369	30%	6.13/6.14
Housing Strategy & Options	17,919	4,455	25%	6.13/6.14
Strategic Asset Management	1,370	552	40%	6.15
Human Resources	10	3	30%	
Assurance & Democratic Services	128	0	0%	6.16
Total	108,458	31,245	29%	

The main areas of spend occurring between period 4 and period 6 included that on Housing New Build (Challenge Fund), Council House Improvements (new kitchens & bathrooms and central heating boilers), New Primary Places, Schools Devolved Capital, Children's Centres, Bus Corridors and Football Foundation facilities. Slippage (£3.8m) mainly relates to delays on the Football Foundation facilities at Aylestone Recreation Ground and Aylestone Playing Fields. Expenditure has been brought forward from 2011/12 in relation to schools kitchens (in order to maximise the use of grant funding) and the Integrated Transport & Capital Maintenance Programme which may require funding from the 2011/12 LTP allocations if it is not possible to slow spend on other schemes. Any such use of 2011/12 monies would clearly reduce the available resources (which have already been cut) in that year.

6 ISSUES ON SPECIFIC SCHEMES

6.1 Detailed reporting on each scheme has been provided for each division. This report summarises the position for each division.

6.2 <u>Social Care and Safeguarding Division (approved programme of £1.52m – Headline Projects including work on Children's Residential Homes and YMCA Re-Modelling)</u>

Spend of £1.1m (72% of approved programme). This is in line with the planned spending profiles. The main area where spend has been incurred in the Social Care and Safeguarding Division in 2010/11 is on the **YMCA Remodelling project**. The project relates to the YMCA premises on East Street. The main construction work should be completed in March 2011, with the fit out works due by the end of June 2011, the project is expected to have been completed and handed over in July 2011.

The full year forecast is for £1.4m, with spend to period 6 of £1.1m.

6.3 Access, Inclusion and Participation Division (approved programme of £8.365m - Headline projects including Childrens Centres, AHDC Short Break Pathfinder Grant, Youth Projects, The Childrens Play Programme and Playbuilder)

There is spend of £2.6m (31.5% of approved programme). This is in line with the planned spending profiles. The areas where spend has been incurred in the Access, Inclusion and Participation Division in 2010/11 are:

- 6.3.1 **Children's Centres and Grants:** The full year forecast is £5.2m, with spend to period 6 of £1.8m. Children's Centres are forecast to spend the full amount of £1.37m outstanding in 2010/11 (together with slippage from 2009-10), with £1.26m having been spent by period 6. The Childcare Sustainability service has to achieve the ambitious target of paying out £3.2m in grants by 31 March 2011, with only £505K having been spent by period 6. This will be reviewed over the coming weeks.
- 6.3.2 **AHDC Short Break Pathfinder Grant:** The full year forecast is £0.4m, with spend to period 6 of £86K. Aim Higher for Disabled Children grants are intended to provide for improvements to facilities and homes so that carers and parents of disabled children can partake in caring breaks. It is expected that the full year's allocation of grant of £414K will be spent this year.
- 6.3.3 **Youth Projects:** The full year forecast is £2.8m, with spend to period 6 of £0.8m. There are a number of smaller projects within the Youth Capital Grant portfolio, but the major project is My Place at the former Haymarket Theatre with a total scheme value of £6.5m. The My Place project is on hold, pending further discussions with funders. A report will be made to Cabinet in December 2010.
- 6.3.4 **Childrens Play Programme:** The full year forecast is £0.5m, with spend to period 6 of £17K. The Council was successful in obtaining a grant from the Big Lottery Fund under the Children's Play Programme, to pay for a portfolio of play projects over 3 years. The funding is being used for 2 Open Minded Spaces, 2 Multi Use Activity Areas, a Natural Climate Play Trail, Mobile Play and 3 Play Areas. It is expected that the full year's allocation of grant of £0.5m will be spent this year.
- 6.3.5 **Playbuilder:** The full year forecast is £0.45m, with no spend to period 6. In 2008/9 the Council was awarded £1.1m for the period 2008/11 to build a minimum of 22 new play areas. The 2008/9 and 2009/10 elements were completed on time leaving an

additional £454k worth of expenditure to be made on 10 site's in 2010/11. The DfE halted all work on Playbuilder projects whilst an analysis of progress has been undertaken. The Council submitted its financial return in July and have now been informed that our allocation has been reduced to £284k. The full year forecast remains at £454k as Cabinet has set aside £300k to mitigate the effects of Children's Services capital funding reductions. A decision on the allocations and schemes is expected shortly from the Cabinet Lead for IIOC and may reduce the full year forecast to the allocated funding amount.

- 6.4 <u>Transforming the Learning Environment Division (approved programme of £27.544m Headline projects including Schools Devolved Capital, New Primary Places & BSF)</u>
- 6.4.1 The Transforming the Learning Environment Division has spend of £4.3m (15.7% of the approved programme). The portfolio of projects for the CYPS Programme is complex and the spend profile does vary significantly from year to year depending on the start dates of the major elements of the programme. Uncertainty on the funds available for the BSF Programme and other government grant funded projects has affected the start dates of some associated projects in the CYPS portfolio. The main areas where spend has been incurred in the Learning Environment Division are;
- 6.4.2 **Schools Devolved Capital (DFC):** The full year forecast is £4.3m, with spend to period 6 of £1.4m. Spending is under the control of schools and past experience indicates an annual spend in the region of £3.5m to £4.5m. Schools are now providing individual DFC forecasts for the year.
- 6.4.3 **Schools Kitchens**: The full year forecast is £2.8m, with spend to period 6 of £29K. The forecast has increased from period 4 as planned works have been brought forward to ensure the maximisation of grant funding. The programme has been increased by £0.8m to £2.8m at period 6. The funding relating to this scheme must be spent by 31st August 2011. The schemes at Rushey Mead and Crown Hills will be tailored in with BSF works, and further delays in respect of BSF are increasing the risk of being able to spend on time.
- 6.4.4 **New Primary Places:** The full Year forecast is £10.4m, with spend to period 6 of £2.2m. This is a Government programme with the objective of refurbishing or renewing at least 50% of the primary school estate. 19 locations have specific allocations under the current programme, with a further allocation for feasibility works. The main schemes with spend in 2010/11 are at Barleycroft, Evington Valley, Rowlatts Hill, St Barnabas, Rolleston and Mellor. Rowlatts Hill and Rolleston schemes are completed and were handed over in August. Evington Valley is due to be completed in November. The project at Mellor is due to complete in September 2011. The Barleycroft project has been delayed by 12 months due to the discovery of great crested newts and will not now be completed until September 2012.
- 6.4.5 *Integrated Service Hubs (ISH Non BSF)*: The full year forecast is £1.1m, with spend to period 6 of £11K. Priorities and sites are being reviewed and will be the subject a further report to Cabinet the forecast will then be revised if necessary.
- 6.4.6 **Building Schools for the Future (BSF):** The full year forecast is £7.1m, with spend to period 6 of £417K. This broadly comprises completion of Phase 1 financial commitments (£2.6m), commencement of Phase 2 works at Rushey Mead (£3.1m), ISH works at Crown Hills and Rushey Mead (£0.4m), and provision for Development costs (£1m).

For the Rushey Mead project the approval by Partnership For Schools (PFS) of the Final Business Case (FBC) is dependent on the sign off of the Outline Business Case (OBC) for the whole programme which is now subject to review by the Government. The likely date of any decision by the Treasury is not known. The spend profile has been reviewed in the light of the current position and a sum of £1,488K has been slipped back from 2010/11 into 2011/12. Further slippage may occur.

ISH Projects (BSF) - ISH funding is reduced by £1.5m as a result of Partnerships for Schools (PfS) decision to cut the School based element from the Co-Location grant funding (from £5.16m) and this may be further affected by the funds surrendered on the Extended Services programme, as returned to the Government in June 2010. The ISH programme for both BSF and non-BSF sites are being revised to reflect the reduction in funding. The revised proposals will be the subject of a further Cabinet paper.

Overall the forecast outturn on BSF schemes is £7.1m, compared with the original adjusted programme of £8.6m, a reduction of £1.5m. This is the effect of the slippage on Rushey Mead, which may need to slip further as noted above.

- 6.5 <u>Learning Services Division (approved programme of £1.611m Headline projects including IT Projects and City Learning Centres)</u>
- 6.5.1 Spend of £0.5m was incurred up to period 6 (32.7% of approved programme). The areas where the main spend have been incurred in the Learning Services Division in 2010/11 are:
- 6.5.2 *IT Projects: Harnessing Technology*: It is expected that the full year's allocation of grant of £1.0m will be spent this year. This grant was cut in-year by central government.
- 6.5.3 *City Learning Centres*: It is expected that the full year's allocation of grant of £0.3m will be spent this year.
- 6.6 Regeneration, Highways and Transportation Division (approved programme of £11.5m)
- 6.6.1 The revised programme for Regeneration, Highways and Transportation schemes at period 6 is £11.8m compared to period 4 forecast of £11.5m. The programme is made up as follows:

Schemes	Approved Programme Period 04 £000	Forecast @ Period 06 £000	Spend to Period 06 £000
Integrated Transport	£7,408	£7,688	3,794
Capital Maintenance	£2,355	£2,355	1,042
Regeneration Schemes	£427	£427	82
Other H&T Schemes	£1,347	£1,347	112
Total H&T	£11,537	£11,817	£5,030

6.6.2 **Combined Integrated Transport and Capital Maintenance Programme**: the current total forecast expenditure for this programme is £0.3m higher than the 2010/11 allocation. The Director of Regeneration, Highways and Transport, in consultation with the Cabinet Lead Member, is considering which schemes should be

- slowed down. Any overspend would have to be funded from the 2011/12 Local Transport Plan capital allocations.
- 6.6.3 **Significant Integrated Transport scheme expenditure** during the period included improvements to Sanvey Gate, Humberstone Road Bus Corridor, Granby Street Gateway, feasibility and design work on the new bus station and the completion of the Gleneagles Avenue Traffic Calming scheme.
- 6.6.4 The *Capital Maintenance* programme includes £1.065m for a programme of repair works on roads and footways agreed by Cabinet in August following the emergency budget. Schemes completed include Greengate Lane, Westcotes Drive, Avebury Avenue, Gipsy Lane, Rowlatts Hill Road, and Fosse Rd South with a total spend of £110k. Ethel Road, Wakerly Road, Evington/Osmaton Road and the Belgrave Road/Ross Walk schemes are in progress. Works are scheduled to start in November on Halifax Drive, Saltersford Road and King Edward Road with the remaining schemes scheduled to be completed before March 2011. The programme also includes a £0.3m scheme to refurbish the decking and safety barriers on the Soar Valley Way Bridge (A563). Initial design work is already underway and site works are scheduled to start in January 2011.
- 6.6.5 **Other H&T schemes** relate to Local Environmental Works (LEW) (£0.9m), Hot Lofts scheme (£0.3m) with the balance of £0.1 million being for Bridge Refurbishment Programme and improvements to Watercourses. 231 properties have been insulated as part of the Hot Lofts scheme by the end of period 06. Building survey work is ongoing in the Clarendon Park Area and there are currently a further 174 properties on the waiting list.
- 6.7 <u>Vehicle Replacement Programme (approved programme of £1.6m)</u>: the forecast has now been revised to £2.8m to include slippage from previous year.
- 6.8 <u>Cultural Services Division (approved programme of £11.8m headline projects include the Football Investment Strategy, the City Gallery replacement, central libraries consolidation and various leisure centre improvements)</u>
- 6.8.1 The spend forecast is now £7.9m which is £3.5m lower than the previous forecast. This is due to slippage of £3.8 million on the Football Investment Strategy Programme together with an addition of £250k to the programme for purchase of equipment at Phoenix Square. The main area of spend from period 4 to period 6 was on the Football Investment Programme (£1.99 million).
- 6.8.2 **Football Investment Strategy:** Expenditure of £2.9 million has been incurred in the current financial year. The contractor has recently completed all changing facilities at Rushey Fields, New College, Beaumont Park, with Mary Linwood Playing Fields completing soon. Slippage of £3.8 million has now been declared relating to 3 sites:
 - Aylestone Recreation Ground unexpected discovery of a gas main (£911k)
 - Aylestone Playing Fields (£2.442 m) the change of location to higher ground has raised objections by Aylestone Meadows Appreciation Society relating to loss of amenity and damage to natural habitat. Further investigation and surveys have to be carried out to establish the strength of this planning objection. As a result, all of the construction works are now assumed to take place in 2011/12.
 - Hamilton Park has been delayed due to further stakeholder consultation with the partner club. (£438k)
- 6.8.3 **Phoenix Square**: in September the City Council agreed to provide additional working capital for the operator (Leicester Arts Centre, LAC) of up to £0.25m by buying and

- leasing back cinema projection equipment. The payments to LAC are being staged (final payment in March 2011) dependant upon achievement of various milestones including completing a revised business plan.
- 6.8.4 **Replacement of City Gallery**: In March, Cabinet requested a review of the business case for the replacement City Gallery. This work has now been completed and a report for the Cabinet meeting on 13 December is being prepared.
- 6.9 <u>Environmental Services Division (revised programme of £1.6m headline projects include Spinney Hill Park Restoration Project, and Gilroes Cemetery Burial Land Extension and Cremator Replacement works)</u>
- 6.9.1 The forecast programme for Environmental Services is now £1.8m. The addition of £0.2m relates to the Gilroes Cemetery Cremator replacement and improvement works. The significant projects within the programme include.
- 6.9.2 **Spinney Hill Park Restoration Project;** works commenced on site in October 2010 with completion anticipated by October 2011. The works include landscaping, restoration of the park railings, gates, paths, refurbishment of the pavilion, a new community garden, and improvements to the play area.
- 6.9.3 Gilroes Cemetery Cremator Replacement and Improvement Works: on 04th October Cabinet approved £3.94 million for this project to enable legislative compliance and to improve the crematorium facilities for the bereaved. This involves the replacement of the cremators, installation of new mercury abatement plant and equipment and increasing chapel seating capacity for mourners. The scheme will be funded by prudential borrowing through increased charges. The main construction will take place in 2011/12 with completion in late 2012. Expenditure in 2010/11 relates to design and other professional fees.
- 6.10 Planning and Economic Development Division (approved programme of £3.38m headline projects are Leicester Business Centre Phase IV Project, Ashton Green, Market Improvements, and Growth Fund Schemes)
- 6.10.1 Additions to the capital programme of £178k have occurred as detailed below and mean there is a revised programme of £3.56m. The main schemes are;
- 6.10.2 Leicester Science Park Innovation Project and New Business Quarter 2 (NBQ2) both schemes are on hold as a result of the Government cuts announced recently. The additions to the budget in this period relate to planning application and site demolition expenses. This expenditure is funded from external sources.
- 6.10.3 **Leicester Business Centre Phase IV** Demolition and construction works commenced in September with completion in March 2011. The works relate to a communal business area, an exhibition area, conference and training facilities, a library/information point, a dedicated space for Business Link and a cafe.
- 6.10.4 **Ashton Green** additional costs of £109k (from New Growth Fund monies) have occurred relating to transport, protected species (bats) and flood risk issues with the planning application. A decision on the outline planning application is expected in November 2010.
- 6.10.5 **Market Improvements** The £600k scheme is expected to start on site in January 2011. The largest element of the project relates to improvements to the North side

- (Gadsby side) of the Corn Exchange and involves partial roof replacement, new electrical infrastructure and new paving.
- 6.10.6 **Growth Fund Schemes** The 2010/11 Growth Fund Allocation has now been confirmed and received.
- 6.11 Safer & Stronger Communities Division (approved programme of £404k including Belgrave NC £54k, Safer Stronger communities fund £66k, Leicester & Leicestershire Multi Access Centres £272k)
- 6.11.1 Spend of £110k has occurred at period 6 (27% of approved programme). This is lower than planned spend profiles and is due in the main to spend being put on hold while confirmation was received on the amount of grant funding for the Safer Stronger communities fund and Leicester & Leicestershire Multi Access centres. All schemes are forecast to spend as programme.
- 6.11.2 Since period 4, £262k has been added to the programme for Leicester & Leicestershire Multi Access Centre's after funding confirmation was received from EMDA.
- 6.12 Adult Care Division (approved programme of £570k, including EPH's £61k, Intermediate Care £139k, ICT Investment £71k, Adult Social Care IT Infrastructure £150k and Mental Health SCER £268k)
- 6.12.1 Spend of just £9k has occurred at period 6 (2% of approved programme). This is due in the main to the Adult Social care IT Infrastructure Grant, which is to be spent on Mobile working, not commencing till later this calendar year so that the final project plan can be completed, and not having the initial number and quality of bids against the Mental Health SCER grant. However better quality bids have recently been submitted and the full allocation will be spent by the end of the financial year.
- 6.13 Housing Services Division (approved programme of £21m headline projects include replacement kitchens and bathrooms/ central heating boilers / wiring, disabled adaptations and environmental works all on Council Houses)
- 6.13.1 Spend of £6.4m has occurred at period 6 (30% of approved programme). Additional spend of £38k is now forecast in respect of Service Improvements work. The rewiring contract is being re-tendered following the withdrawal of all three original contractors. So far 416 CH boilers have been replaced and 846 kitchens/bathrooms have been installed. Otherwise project officers have stated that the revised programme will be achieved.
- 6.14 Housing Strategy & Options Division (approved programme of £17.74m headline projects include the New Build Challenge Fund Project, Disabled Facilities Grants and Decent Homes Grants)
- 6.14.1 Spend of £5.1m has occurred at period 6 (25% of approved programme. It is anticipated that 93 dwellings (New Build Challenge funded) will be completed by the end of the financial year. Otherwise project officers have stated that the revised programme will be achieved.

- 6.15 Strategic Asset Management Division (approved programme of £1.37m headline projects include Property Schemes and spend on Centrally Located Administrative Buildings (CLABs) including New Walk Centre)
- 6.15.1 Spend of £552k has occurred at period 6 (40% of approved programme). Spend at period 6 on Property Schemes was relatively low and close monitoring will be required to ensure spend matches forecast outturn. Under the CLABs project an options appraisal looking at alternatives for future office provision (refurbishment and strengthening of NWC or relocation to new build or existing space elsewhere) is proceeding. In addition works and moves vacating the 'no imposed load' zones within the building itself are in progress.

6.16 Assurance & Democratic Services Division (approved programme of £128k).

6.16.1 A capital allocation of £128,000 has been made to support the Ward community meetings in responding to suggestions for local improvements made by residents. The budgets allocated to Ward Community meetings facilitate local people in taking decisions which they consider to important for their local communities. The incidence of expenditure during the year is dependant on timing of the Community meetings, and the recommendations of the residents. Expenditure of £128,000 is forecast.

7 CAPITAL RECEIPTS

- 7.1 The target for non-earmarked, non-housing capital receipts in 2010-11 is £500k. This is a deliberately modest figure due to the continuing stagnation in the property market. Receipts to date are in line with the target.
- 7.2 The target for Housing usable capital receipts to help fund the Housing Programme is £870k. Sales are on course to meet this target.

8 CAPITAL MONITORING TARGETS

- 8.1 In October 2003 Cabinet agreed a performance target for capital expenditure of 90% of the original programme, excluding schemes where there is significant 3rd party involvement.
- 8.2 For programmes excluding those schemes with significant 3rd party involvement and additions/budget reductions or expenditure brought forward. At period six the forecast equals 90.55% of programme.

9 PRUDENTIAL BORROWING

9.1 Details of schemes to be funded by prudential borrowing and the forecast level of expenditure for 2010/11 are shown on the next page:

Approved Prudential Borrowing	2010/11 Pd 6 Estimate £000
Corporately Funded	
Accommodation Strategy (CLABs)	1,000
Phoenix Square (provisional - retentions)	100
Curve (provisional - retentions)	200
Football Facilities	0
HRA	
New Build	6,756
General	612
Spend to Save	
Vehicles in lieu of leasing	2,800
Parks – Plant and Equipment	50
Future Spend to Save – contingency	500
Total Prudential Borrowing	12,018

- 9.2 Prudential borrowing for new build housing will be funded by additional income.
- 9.3 The cumulative level of prudential borrowing as a proportion of gross revenue expenditure is shown in the table over (this takes into account anticipated repayments):

General Fund	Cumulative Unsupported Borrowing	Gross Revenue Expenditure	Cumulative Unsupported Borrowing as % of GRE
runa	£000	£000	
2007/08 (actual)	29,913	772,491	3.9%
2008/09 (actual	53,417	779,889	6.9%
2009/10 (actual) 58,257		785,289	7.42%
2010/11 (estimate) 66,043		746,066	8.85%
Housing	Cumulative	Gross Revenue	Cumulative Unsupported
Revenue	Unsupported Borrowing	Expenditure	Borrowing as % of GRE
Account	£000	£000	
2007/08 (actual) 20,121		65,017	30.9%
2008/09 (actual) 19,246		69,057	27.9%
2009/10 (actual)	2009/10 (actual) 18,372		25.3%
2010/11 (estimate) 28,988		83,240	34.8%

10 CONSULTATION

10.1 All departments have been consulted in the preparation of this report.

11 FINANCIAL AND LEGAL & OTHER IMPLICATIONS

- 11.1 The report is largely concerned with financial issues.
- 12.2 Legal Implications Peter Nicholls, Director of Legal Services, will be consulted prior to submission of this report to Cabinet.
- 12.3 Climate Change Implications This report does not contain any significant climate change implications and therefore should not have a detrimental effect on the

Council's climate change targets. Helen Lansdown, Senior Environmental Consultant - Sustainable Procurement

OTHER IMPLICATIONS	YES/NO	Paragraph referred
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	Yes	6.6 & 6.9
Crime and Disorder	No	
Human Rights Act	No	
Elderly/People on Low Income	No	
Corporate Parenting	No	
Health Inequalities Impact	No	

Author: Jon King Extn: 297433 Date: 16th November 2010

Key Decision	No
Reason	N/A
Appeared in Forward Plan	N/A
Executive or Council Decision	Executive (Cabinet)

Division	Approved Programme £'000
Social Care & Safeguarding Access, Inclusion & Partcipation Learning Environment Learning Services	1,519 8,124 27,496 2,701
Highways & Transportation Transport Department Culture Services Environmental Services Planning and Economic Development	11,536 1,600 11,813 3,134 3,837
Safer and Stronger Communities Adult Care Housing Services Housing Strategy and Options	142 571 22,512 20,054
Strategic Asset Management Human Resources Assurance and Democratic Services TOTAL	1,370 10 116,419

Full Year Forecast Period 4	Additions	Budget Transfers/ (Reduction)	(Slippage)	Overspend/ Payments Brought Forward
£'000	£'000	£'000	£'000	£'000
1,519 7,818 26,643 2,158	125	547 (547)		776
11,536 1,600 11,513 1,591 3,387	1,200 250 212 178		(3,791)	280
142 571 21,023 17,919	262			
1,370 10 108,800	128 2,265	0	(3,791)	1,056

Full Year Forecast Period 6	Payments to end of Period 6	% of Spend compared to Forecast
£'000	£'000	£'000
1,519	1,134	75%
8,365	2,636	32%
27,544	4,323	16%
1,611	526	33%
11,816	5,030	43%
2,800	1,663	59%
7,972	3,296	41%
1,803	58	3%
3,565	1,080	30%
404	111	27%
571	9	2%
21,061	6,369	30%
17,919	4,455	25%
4.0=0		400/
1,370	552	40%
10	3	30%
128	0	0%
108,458	31,245	29%

Appendix P



OVERVIEW AND SCRUTINY MANAGEMENT BOARD CABINET

7 DECEMBER 2010 13 DECEMBER 2010

ORGANISATIONAL DEVELOPMENT AND IMPROVEMENT PROGRAMME - IMPROVING PROCUREMENT

Report of the Chief Finance Officer

1. Introduction

1.1 The purpose of this report is to seek member approval to the general direction in securing improvements and efficiency in the Council's procurement activities.

2. Background

- 2.1 The Council spends significant sums on procurement of goods and services. In line with most of local government, the Council has developed a procurement strategy in recent years seeking to use its overall buying potential to reduce cost. This has resulted in a number of improvements, including the introduction of a vendor neutral temporary staffing contract which has generated substantial savings, and the introduction of framework contracts for use across the Council.
- 2.2 Most of the Council's procurement spending is in complex areas. Whilst savings can be achieved in these areas, these are projects which require proper planning and resourcing. The easiest savings have already been taken.
- 2.3 The attached report analyses the Council's current procurement operation, identifies opportunities for savings, and makes recommendations about the future direction of procurement capability in the Council.

3. Findings

3.1 A summary of key findings is presented at section 2 of the attached report. The main conclusion is that the Council is effective at managing contracting exercises and complying with legislation, but needs to develop its strategic procurement skills in order to make more substantial savings. Investment in strategic procurement capacity will pay for itself, and external firms are often willing to provide such capability on a risk sharing basis. Strategic procurement capacity needs to be brought to bear at earlier stages in the decision making cycle that is currently the case.

4. Recommendations

- 4.1 Cabinet is asked to:
 - (a) note the findings of the attached, and support the direction of travel;
 - (b) approve the purchasing of a strategic procurement capability from outside specialists on a pilot basis for 12 months, with a view to subsequent renewal or development of in-house capability;
 - (c) approve the pursuit of the savings opportunities described in the report and such other opportunities as may become apparent at a later stage (noting that any major change in the way in which the Council provides a service will be subject to Cabinet decision).

5. Consultations

5.1 Strategic Management Board.

6. <u>Financial Implications</u>

- 6.1 The proposed approach to procurement is expected to generate savings, which will be essential to the delivery of the Council's budget strategy.
- 6.2 It is estimated that the cost of purchasing a strategic procurement capability for 12 months will be £0.4m, which can be funded from monies set-aside to deliver the ODI programme.

7. <u>Legal Implications</u>

- 7.1 Significant legal implications arise from this report and its recommendations: reviewing contractual arrangements; new contracts; fresh procurement exercises; employee relations; compliance with organisational change protocol; potentially application of TUPE.
- 7.2 CPRs are the Council's own rules for managing the way it goes about purchasing and can be reviewed and changed to suit depending on current organisational requirements. Change has to be approved by full Council. There must be regard to CIPFA and other national guidance as well as the current legal framework regarding the Council's obligation to protect the public purse.

8. Climate Change Implications

8.1 Whilst this report in itself does not contain any significant climate change implications, procurement decisions stemming from the proposed changes have the potential to have significant climate change implications which will need to be addressed on a cases by case basis. In addition any strategic procurement function created will need to consider climate change implications through their activities.

Helen Lansdown, Senior Environmental Consultant - Sustainable Procurement.

9. Report Author

Mark Noble Chief Finance Officer Extn: 297401

29 November 2010

Key Decision	No	
Reason	N/A	
Appeared in Forward Plan	N/A	
Executive or Council Decision	Executive (Cabinet)	





FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

OSMB 7 December 2010

PROCUREMENT REVIEW

Report of the Chief Finance Officer

1 Introduction

1.1 Purpose

The purpose of this report is to:

- (a) Review the current procurement model at the City Council.
- (b) Identify how cashable benefits can be achieved and delivered to support the revenue budget reduction strategy.
- (c) Recommend a procurement model appropriate for the future which will deliver these savings and ensure it continues to generate long term value.

1.2 Approach

After developing a high level understanding of commissioning thinking across the authority, spend information was reviewed from available 'accounts payable' data. Savings opportunities were identified before considering resourcing options needed to realise the value.

In reviewing the current procurement capability, it was important to ascertain if the existing processes optimally supports the overall council objective of ensuring value for money. The current Contract Procedure Rules (CPRs) have been reviewed in this light.

1.3 <u>Pressures</u>

Recommendations from this work will consider the need to achieve budget reduction targets, therefore offering a contribution and response to the current financial pressures.

2 Summary of Conclusions

The report concludes that:

- (a) Whilst the Council spends significant sums on procurement, most of this is in complex areas (such as construction and adult care). Delivering value from these services is possible, but needs effective planning and careful management.
- (b) The Council's current procurement operations are reasonably efficient, and the current Corporate Procurement Team is effective at supporting regulatory compliance (which is vital given the current increased levels of sanction available to aggrieved suppliers).
- (c) The Council lacks the requisite levels of strategic support to procurement, which could bring commercial acumen to bear on commissioning decisions at an earlier stage in the "Analyse Plan Do Review" cycle.
- (d) Savings are available to the Council, believed to range from £3.3m to £11.0m per annum depending on the options pursued and whether "low" or "high" savings are achieved.
- (e) Category management is unlikely to be the most cost effective means of introducing commercial skills to the Council. Instead, it is proposed that the Council develops a small corporate capability (around two people) and/or seeks to partner with an external agency to provide it. The latter would be a means of delivering capability quickly.
- (f) Current Contract Procedure Rules can usefully be reviewed, with a view to reducing the current compliance/process bias and introducing commercial factors. For instance, price negotiation should be a requirement of all contract extensions below the EU limit.

3 The Council Spend

3.1 <u>Procurement Spend</u>

The Council spends in the region of £300m per year on the procurement of works, supplies and services; thus proper strategic management of the procurement service is essential.

Work has taken place to identify the types of supplies and services for which this money is spent. The data below is from 2009/10 Accounts Payable data. It must be recognised that the data quality is an issue as it relies on accurate coding by cost centre managers across the Council. However, best approximation available suggests the following:

3.2 External Provider Spend

Spend Profile	Approximate Spend Value 09-10		
Construction and Highways	£ 58m		
Adult Social Care	£ 72m		
Waste	£ 10m		
General Building Materials	£ 22m		
Children's Care	£ 26m		
Vehicles and Plant	£ 9m		
ICT and Telecoms	£ 14m		
Corporate Professional Services	£ 36m		
Utilities	£ 14m		
ESPO Catalogue	£ 2m		
Voluntary Sector	£ 10m		
Food and Catering	£ 5m		
Agency Staff	£ 17m		
TOTAL	£ 295m		

It will be seen from the above that most of the external provider spend is spent on complex areas of procurement such as Adult Social Care, ICT, utilities and construction. Achievement of savings therefore, whilst possible, is not just a quick exercise. The majority of Quick Wins have by and large already been taken and decisions from the divisions working alongside a strategic procurement function will maximise the value.

3.3 <u>Trading Services Expenditure</u>

Additionally the Council provides the following services in-house which could be externally procured; any analysis of procurement spend therefore needs to include these in order to provide a full assessment of the opportunities offered by strategic procurement.

Trading Services Costs

DIVISION	AP SPEND DATA 09-10
Housing Repairs and Maintenance	£27m
Legal Services	£3.4m
Temporary Staffing Agency	£3.4m
Debt Recovery	£301k
Creativity Works	£1.7m
Property Services Projects	£5.0m
City Catering	£8.1m
City Highways	£8.6m
Operational Transport	£5.6m
City Transport Fleet	£7.4m

Some of the in-house services costs are currently under review within ODI projects such as 'Facilities Management'; which aims to review the efficiency of a more holistic approach to managing properties and associated services. Any externalisation of these services will require efficiency reviews which

shape the service to an appropriate level in order to attract private sector interest. Recent TUPE legislation has made human resource dependent services more challenging when seeking lower cost private sector alternatives; therefore trading services organisations will benefit from robust efficiency reviews.

4 The Existing Procurement Operation

4.1 Summary of Existing Operation

The Council's current corporate capacity is primarily designed to ensure regulations compliance. Compliance is important, and the corporate procurement team is fit for the purposes of supporting and monitoring constitutional compliance. There is also some (but not much) capacity to support complex procurement within the team. What the Council does not have (corporately) in any significant degree is high level strategic procurement or commissioning support. The approved procuring officer (APO) network provides for transactional procurement activity to deliver compliance with the Corporate Procurement Team who advises on these matters; the APO network offers contract management development opportunities.

The procurement operation can be regarded as being primarily concerned with regulatory compliance and transactional catalogue management which can't guarantee value for money. It has a strong process orientation evidenced by the CPR hierarchy routing spend through internal services and ESPO, often before addressing market competition directly. There is a heavy reliance on the ESPO relationship which will benefit from robust internal challenge; this requires a higher calibre internal capability. Therefore the more significant contributions to savings and in supporting commissioning will come from high end strategic procurement skills which challenge and complement traditional thinking with market intelligence and value added advice. This can be achieved by either a category management implementation or a centralised unit supporting the analysis phase of the commissioning cycle.

After reviewing the spend data for savings opportunities, the current operation looks reasonably efficient despite offering no value guarantees. Processes in place appear to offer a greater level of regulatory compliance than many other authorities. Therefore, recommendations need to address identified savings opportunities and support the development of commissioning throughout the organisation. Market analysis from a strategic procurement capability is needed to support divisional strategies; this can be designed to become part of the analysis phase of the commissioning cycle.

4.2 Policing Compliance and Risk

The EU Remedies Directive (2009) has generated a higher level of concern for compliance with EU procurement regulations, offering rapid and 'effective' reviews driven from an increasing number of suppliers challenging breaches of procedure. This, combined with an increase in FOI requests increases the likelihood of cancelled contracts and fines for any authority assessed as being in breach of EU regulations. Therefore, the existence of a Procurement

Compliance Unit appears a timely and appropriate response to an environment which has introduced greater risks.

4.3 Contract Procedure Rules (CPRs)

The current CPR document guides users through a hierarchy that starts with internal services and contracts, through to ESPO frameworks, contracts and catalogued services. Processes direct the user to comply with pre-assessed routes which are assumed to provide value for money. The critical questions emerging from this set of processes is whether or not value for money is being achieved and if the council leadership team is supported by procurement in the most effective way to fully consider the options available to them.

Currently, 18% of the Council's external expenditure is directed through ESPO contracts and a significant amount is spent on internal services; this implicitly assumes that the first and second tier of the CPR hierarchy offer the best value for money. This assumption requires continuous challenge from quality market intelligence and pro-active supplier management in order to provide for more informed decision making.

The Glover Report (2008) encouraged local authorities to contract with SMEs and argued that this approach does not produce funding dependency. The Council's EXOR database of approved providers meets the internal audit levels for contractual due diligence, however it requires SMEs to pay £625 per annum to be accredited. This prohibitively expensive access route to contracting requires revision as it fails to support existing strategy which encourages contracting within the local community. Therefore, this reinforces the appropriateness of challenging the existing CPR hierarchy with specific attention to be paid to high value relationships and internal services and to reconsider any benefits the EXOR database may be offering.

Current CPRs state that three written quotes are required for purchases between £10,000 and £50,000. It is proposed that the three written quotes rule is extended for purchases at a lower spend values. Currently 34% of purchases are below the £10,000 mark, which may benefit from price comparisons. Other authorities generally have a lower threshold than the City Council.

It is believed that savings of up to 5% could be achievable by introducing greater elements of competition (3 quotes) for all spend in excess of £1000. The reason for this belief is that existing practice offers no visible competition. However existing CPRs do state that value should be auditable, therefore by creating an auditable process it is reasonable to assume that enforced competition will produce savings.

4.4 Regulatory Framework

OJEU processes, more than any other, have retarded local authorities' ability to respond quickly to market changes and opportunities. By working through a set of legally binding processes which can take up to a year to deliver an output, the public sector has less opportunity to benefit from market innovation than its private sector counterpart. Therefore, in striving to deliver value for money, it is understandable why many local authorities align value

with legally mandatory processes; as compliance risks can potentially outweigh the benefits of striving for optimal value.

Use of the term 'best value' is often misapplied and used to describe value for money. Best Value was introduced to challenge CCT in 2003 and had a prime objective to challenge the cost basis of internally provided services; although it produced a higher level of cost awareness, few services were made more efficient or externalised as a result of a best value review. This supports the objective to optimise value for money; and benchmark internal services against the external market.

The more recent value for money agenda further supported greater commercial awareness and strategic procurement thinking; however the preeminent commissioning movement appears to offer a more achievable opportunity to introduce clear strategic management processes. If evolving commissioning within LCC is embedding a strategic management culture, value delivery of commissioned services will require strategic procurement skills to elevate transactional procurement to supporting the options 'analyses' phase of the commissioning cycle. This means introducing procurement skills to test the options at a much earlier stage than is currently the case.

4.5 The Authorised Procuring Officer Network

The council currently has approximately 430 APOs in place. There are 2 categories of Officers who are entitled to buy on behalf of the council:

- Officers buying using existing framework/contract arrangements.
 These do not require training
- Officers making "New" arrangements for buying supplies, services and works or running mini- competition, these are the APOs.

The Chief Operating Officer is responsible for designating APOs and can authorise any Divisional Director to take responsibility for their individual service area.

	Authorisation Value	Trained APO's
Minor Contracts	Up to £10K	45
Small Contracts	£10K to £50K	120
Large Contracts	£50K to EU Level 64	
EU Contracts	Above EU Level	99
	Total	328 of 403

NB there are an additional 28 senior officers.

It is considered that there are too many APOs letting contracts at tendering levels which offers a higher level of risk for breaches of competition rules (CPRs) and of EU Procurement Regulations; the recent EU Remedies Directive has increased the risks of financial penalties. One available option is for some of the current APOs to be used to better contract-manage existing

arrangements. A capability assessment would be required and additional training to ensure a pro-active contract management skill set was created across the APO network. The APOs with a higher set of procurement skills can support the delivery of EU compliant procurement.

4.6 Decision Making

The current approach in the Council promotes procurement decisions to be made by Divisional Directors, who also have the authority to decide on the scope of market options to deliver their strategies. The implication of this is that the market and opportunity analysis occurs within the divisions and not by dedicated procurement professionals, who would be expected to provide strategic sourcing advice and external commercial awareness of current market conditions to optimally deliver the desired outcomes. The procurement panel which assesses planned procurement activities appear to review options narrowed by divisional choices; if the process was amended, there is an opportunity to achieve greater benefits from a full market opportunity assessment at an earlier phase which will allow the procurement panel to then review a fuller set of options.

4.7 Value Realisation

Value realisation is currently the responsibility of the Divisional Directors from division to division; the exact process varies. From the identified opportunities following the spend review referred to within this report (5.4), excepting ODI projects, there is no dedicated procurement resources specifically tasked with delivering savings. Therefore, there is a requirement for professional strategic procurement support to plan and deliver identified savings opportunities; as well as to conduct market analysis to challenge divisional spending plans.

5 Spend Review

5.1 The Review Approach

From 2008/9 and 2009/10 AP data a high level spend diagnostic was undertaken in order to understand and classify spend. The spend data was cross referenced to the corporate procurement contracts database and analysed in multiple ways:

- Spend by type.
- Spend by cost centre/division.
- Spend by supplier.
- On/Non contract spend.
- Spend by transaction level.

The spend levels identified approximately £300m of external expenditure. DSO analysis was not included due to the unavailability of data. Data was

analysed in the categories classified by end users, and highlights the need for further data cleansing to occur.

5.2 Benchmarking and Market Intelligence

Following the spend analysis it was agreed the following areas would be reviewed for benchmarking or opportunity identification purposes:

- Framework contracts professional services, Office Stationery, IT Consumables, Vehicle Hire & Energy.
- Travel.
- Property & FM.
- Construction including Housing and Highways.
- Adult Social Care.
- Waste.
- Travel.
- Call Centres.

The purpose of the evaluation was to assess the commercials of existing contracts and deals, benchmarking against the market where appropriate and assess the opportunities for commercial improvement and procurement involvement.

5.3 Opportunity Summary

Following both areas of review the project team consolidated together all potential opportunities into an opportunity map (5.4), with a detailed explanation of what savings are achievable through each initiative, and the timescales and difficulty of making the required changes. Following the identification of the potential savings opportunities, the next step is for the Council to decide which opportunities to pursue.

From the opportunity map it is clear that the highest value opportunities are achievable from service redesign, demonstrated by the potential within Adult Social Care. However other opportunities such as externalising the three internal 'call centres' could offer savings and benefits to citizens; a similar procurement at Hull City Council (with a very similar total spend) realised £1.2m savings over 3 years when auctioned.

ESPO spend requires careful consideration as benchmarking indicates that there are better deals to be found, some of the saving potential identified can be realised quickly; this will require dedicated professional resources to meet in year targets.

Further opportunities are currently being evaluated such as following the example of Birmingham City Council who has sent letters to a number of their

providers requesting cost reduction proposals and discussions. This is likely yield some savings and again will require a capable procurement skill set to manage in an appropriately sensitive and effective manner.

5.4 <u>Summary of Opportunities for Discussion/Approval by SMT</u>

The table below reports currently identified savings opportunities. This table is evolving and it is suggested that work is focussed on the highest potential savings for the minimal effort.

Area	Description	09/10 Spend £000	Sav From £000	rings To £000
Stationery	Work with ESPO to achieve costs available from other Consortia and restrict availability to Council buyers to cheaper products	389	19	138
IT consumables	Work with ESPO to achieve reduced price, switch to remanufactured products	280	2	104
Professional Services	Fixed price contracts with clear scopes of work – output based. Transition to OGC rate card for all work >£100k. Free consultancy hours. Partner billing – evidence supported of hours worked. Retendering of rate cards across disciplines. Use of secondees for long term assignments. Demand challenge process for engagements > £100k. Challenge on utilisation of senior resources/grades on engagements. Mandatory use of client travel and expense policy. Use of lower cost specialists. Tightly defined scope to avoid scope creep.	5000	115	230

Area	Description	09/10 Spend £000	Sav From £000	ings To £000
Vehicle hire	Consider pooling vehicles and switching to long term rentals.	271	2	18
	Standardise ancillary costs.			
	Incorporate insurance cover into organisation macro insurance policy (if relevant).			
	Optimise fleet size to reduce vehicle rental usage.			
	Change supplier within the existing ESPO framework agreement to utilise better rates.			
Call Centres	Soft market test and prepare business case for cost efficiencies or market testing for member approval.	2500	150	500
Property FM	Consolidate service and negotiate across Council deal.	tbc	tbc	tbc
Adult Social Care	Develop proposals for an approved and vetted list of suppliers to provide adult care and domiciliary. This will facilitate natural market development and competition as part of the transition to personal budgets.	29000	1760	4120
Travel	Consolidation	160	24	66
CPRs	P-card process efficiency (non-contract spend). P-card rebate (non-contract spend). Change of <10k CPR with estimated 5% reduction.	47098	3332	10998
	Continuous improvement clauses in all contracts.			
	Early payment discounts.			

6 Future Procurement Model

6.1 Outline and Rationale

There is likely be more robust challenges to EU and local procurement regulations during a recession. Continued compliance work through an operational procurement unit is therefore essential. There is a requirement to deliver significant savings and value realisation opportunities identified. Specialist market analysis and value realisation services can be provided by a

strategic procurement capability which can provide the skills required to deliver savings; therefore there is an immediate requirement for these skills.

There is a need for a capability to support divisional procurement, ensuring that all divisional spending plans (>£50k) are professionally market tested; this will require senior management support and sensitive implementation. Diagram 1 proposes that divisional spending plans emerging from commissioning are sent to a strategic procurement team for full options appraisal and market testing. Recommendations are then sent to a appointed Strategic Director on the SMB to review and appropriately challenge the divisional director with specific regards to spending opportunities identified. The process from then on, follows the standard Cabinet approval route; with this process, there may be no further need for the existence of a Procurement Panel.

The strategic procurement team should be a centralised unit working with the existing unit (Corporate Procurement Team) and will have a high level of skills capable of delivering quality market and opportunity analyses and realising value; some auctioning skills will be required. With an enhanced centralised procurement capability, there exists an opportunity to improve relationships with divisional clients who will need support to realise savings opportunities. This same Team can contribute to evolving the capability to support the needs of the emergent commissioning culture.

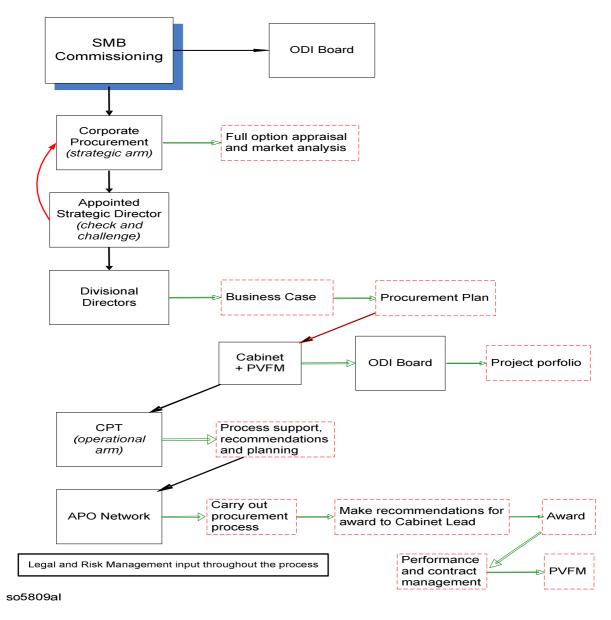
In order to deliver speedy benefits and to immediately support high value spend decisions, partnering with a specialist procurement organisation will offer immediate value realisation capabilities as well as the market analysis needed to feed senior decision makers and challenge appropriately (Diagram 1). This approach meets immediate needs and provides a platform to build the strategic procurement team internally.

The medium to long term objective will be to build an effective internal strategic procurement service to enhance value realisation and contract management throughout the authority. Any savings plans agreed (as acceptable) from the recent opportunities review will require resources to deliver savings; this immediate priority can be met quickest by partnering on sound commercial terms with a specialist organisation, whilst building internal capacity.

The following interim procurement governance arrangement offers processes which require strategic procurement skills in order to become operationally effective; these will challenge the entire spend approach from demand management to 'make or buy'. The numbers of resources required will be dependent on agreement and implementation of the proposed governance arrangement and the savings projects agreed by SMB; this arrangement requires SMB support and participation.

6.2 Proposed Interim Procurement Governance Arrangements

Governance Arrangements - Diagram 1



7 Options Supporting Savings

Option 1 - No Change

This scenario will not deliver significant savings or build capacity to support divisional spending.

Option 2 - Category Management

Category management will likely be significantly more expensive than the recommendation to introduce interim governance arrangements or to partner; however this is worthy to explore in the longer term if commissioning evolves to requiring specialist support within multi-skilled service delivery teams. The

recruitment phase and time required to become operationally effective will not meet the immediate needs of the Council.

The proposed interim governance arrangements with a market analysis capability offers more immediate and effective strategic procurement than traditional category management; which often fails to effectively influence divisional/directorate clients.

Option 3 - Partnering

Partner with a specialist procurement organisation to begin savings projects and conduct the market analysis in support of the proposed interim governance arrangement. This offers a cost efficient option to support much needed 'immediate' value realisation and provides skills currently not within the Council. Skills transference can be delivered whilst incrementally building internal strategic procurement capacity. A commercial arrangement can be sought to guarantee a return on investment.

Option 4 - Recruit

Rapidly recruit a strategic procurement team to deliver savings and build internal capacity. This option will not guarantee the results which a partner may indemnify and may ultimately be expensive if not managed appropriately. It is unlikely recruitment will provide the high skill set required to immediately make savings.

8 Current Activities and Plans to Enhance Savings Capabilities

8.1 Next Steps

- Link CPRs with Finance Regulations through a co-produced value realisation process which removes funding from budgets at appropriate times (addressing inconsistencies with budget and spend data).
- Strengthen contract/performance management within LCC by revising processes within the CPRs; support with training – consider APO network development.
- Work with ODI and commissioning to identify and incorporate commissioning support needs. This will include reviewing any existing assumptions relating to category management.
- Review the RMS systems capabilities to evidence competition through work flow; propose CPR changes supporting price comparisons >£1000.
- Review the current operating model and ensure value from the ESPO relationship. Participate in evolving ESPO to meet member needs and pressures, at the same time critically reviewing available contracts.
- Continue with the CPR review (Legal, Procurement and Commissioning).

- Work with ODI to review internal service efficiency (DSOs).
- Progress savings opportunities.
- Review the £206M spend expected to be tendered in the next 36 months and develop an auction pipeline.
- Work to develop a longer term structural proposal to support commissioning requirements and build effective procurement capacity accordingly.
- Prepare a letter to providers requesting discussions to reduce costs (as per Birmingham City Council.
- Rapidly develop saving realisation capability.

9 Report Author

Julian Ingram
Interim Head of Procurement
Corporate Procurement Services
Financial Services Division

29 November 2010

Appendix Q



WARDS AFFECTED: All Wards

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

Cabinet 13 December 2010

Learning Disabilities – Section 75 Agreement and Service Level Agreement

Report of the Director – Care Management

1. Purpose of Report

- 1.1 In 2009 the Department of Health published new national guidance on the commissioning and contracting arrangements for NHS services to health and social care commissioners. This report brings to the attention of cabinet that the appropriate legal framework has now been developed and agreed to ensure the council is compliant with this new guidance.
- 1.1.1 Leicester City Council Adult Social Care (LCC ASC) is the lead commissioner for Learning Disability services in the city underpinned by a section75 agreement and pooled budget arrangements. This arrangement began in 2007. As lead commissioner specialist NHS Learning Disability services have historically being commissioned from Leicestershire Partnership NHS Trust (LPT) under a 'non NHS contract'.
- 1.2 Following the publication of the 2009 guidance, commissioners considered the possibility of Leicester City Council using the required NHS national contract. It has now being established that the council can not lawfully access the existing NHS contract to commission services and commissioners and legal advisors have now established and agreed a way forward. This report therefore asks cabinet to note and approve the agreements reached between Leicester City Council and NHS Leicester City.

2. Recommendations

2.1 Cabinet members are asked to approve the position of the Council31st between 1st April 2009 and 31st March 2010 as Lead Commissioners of specialist health services from LPT.

- 2.2 Cabinet members are asked to approve the variation of the existing section 75 agreement between the Council and the Leicester City PCT such that the specialist learning disability services provided by the LPT are commissioned by NHS Leicester City for the reasons described in this report.
- 2.3 Cabinet members are asked to give the Strategic Director of Adults and Communities delegated authority with advice from the Director of Legal Services to enter into the appropriate agreements to give effect to the above approvals.

3. Report

- 3.1 Through the National Health Service Act (2006 Amended) a Section 75
 Agreement for Lead Commissioning has operated between Leicester City
 Council and NHS Leicester City. This agreement allows the Council to act
 as the Lead Commissioner for a range of social and healthcare specialist
 learning disability services. Within the terms of the Section 75 agreement
 partners can extend the agreement up to March 2011.
- 3.2 This agreement includes a pooled budget of £29.5million; this includes £6.4million for NHS specialist learning disability services. Since 2007 these services have been provided by Leicestershire Partnership NHS Trust through a service level agreement with the Council.
- 3.3 As a result of the new national guidance issued by the Department of Health on NHS contracts, commissioners have had to negotiate a new contractual framework which has involved legal and technical amendments to the existing agreements. The Council and NHS Leicester City have now successfully resolved the complex challenges the Department of Health's guidance had presented the Council on contracting NHS services.
- 3.4 The commissioners and legal advisors have agreed to:
 - a) complete a variation of the existing s75 so that specialist health Learning Disability services provided by LPT are commissioned by NHS Leicester City who are able to use the NHS national contract
 - b) The Council will continue to lead commission all other learning disability services set out in the section 75 but in line with the existing agreement this is extended to 31st March 2011.
- 3.5 During the negotiation period arrangements for commissioning and provision of services have continued to take place through the Learning Disability Commissioning Board and the Learning Disability Partnership Board.
- 3.6 Alongside the discussions to develop the contractual framework, the Council and NHS Leicester City have continued to have discussions on the

priorities for a joint commissioning strategy for Learning Disability services post March 2011.A joint commissioning strategy for Learning Disabilities is currently going through the consultation process with stakeholders. In addition, the implications of the shift to GP led commissioning for the future of the section 75 is currently been explored.

4. Financial, Legal & Climate Change Implications

4.1 Financial

The report is concerned with legal and contractual matters. There are no direct financial implications arising from the report.

Rod Pearson, Head of Finance, Ext 29 8800

4.2 Legal

The Council's powers to act as lead commissioners for the services described in this report and work in partnership with the health bodies are derived from s 75 National Health Service Act 2006 (the 2006 Act) and associated Regulations. The s 75 Agreement between the Council and the Leicester City PCT was entered into in May 2007 and contains provisions to extend the arrangement to 31 March 2011. The s 75 Agreement utilises the lead commissioning and pooled budget flexibilities permitted under the 2006 Act and associated Regulations.

This report outlines the new arrangements for commissioning certain services and contractual arrangements, following guidance from the Department of Health as described in this report.

In order to comply with the Council's Contract Procedure Rules, Cabinet approval is sought as per the above recommendations, Legal Services have advised client officers in relation to the contractual arrangements with the health bodies namely, the PCT and LPT, and will continue to support client officers in concluding these matters following Cabinet decisions.

Beena Adatia, Senior Solicitor, Ext 29 6378

4.3 Climate Change

This report does not contain any significant climate change implications and therefore should not have a detrimental effect on the Council's climate change targets.

Helen Lansdown, Senior Environmental Consultant (Sustainable Procurement), Ext: 29 6770

OTHER IMPLICATIONS	YES/NO	Paragraph References Within Supporting information
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Equal Opportunities		
Policy	Yes	Procurement rules corporate/EU
Sustainable and Environmental	No	
Crime and Disorder	No	
Human Rights Act	No	
Elderly/People on Low Income	No	
Corporate Parenting duties	No	

5. Report Author

Helen Coombes

Interim Director of Care Management
Email: Helen.Coombes@leicester.gov.uk

Tel: 29 8301

Appendix R



WARDS AFFECTED

ABBEY, LATIMER, SPINNEY HILLS, CASTLE, STONEYGATE, NEW PARKS, COLEMAN

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

OSMB CABINET 09TH DECEMBER 2010 13TH DECEMBER 2010

EXTENDING DISTRICT HEATING & COMBINED HEAT & POWER (CHP) IN LEICESTER

Report of the STRATEGIC DIRECTOR, DEVELOPMENT CULTURE & REGENERATION

1. PURPOSE OF REPORT

- 1.1 To update Members on the outcome of the Competitive Dialogue conducted in accordance with EU procurement regulations for the Project for "Extending District Heating and Combined Heat and Power in Leicester".
- 1.2 To seek a decision to award the contract to Cofely District Energy as being "the most economically advantageous" bid.
- 1.3 To describe the Benefits that would flow from entering into a 25 year contract with a Preferred Bidder, and to compare the projected benefits to the current position and the challenges of continuing in-house provision of district heating services.
- 1.4 To describe how the Council will manage the performance of the Preferred Bidder and the mechanisms in place to protect residents and other service users.
- 1.5 To review the position as it relates to the introduction of residential meters for tenants and leaseholders and seek endorsement of the proposals to commence a pilot study and full impact analysis with the co-operation of residents.
- 1.6 To seek cabinet approval to grant 25 year leases at a peppercorn rent on the 6 boiler room sites to be transferred as part of the tender process.

2. SUMMARY

2.1 This is a scheme to provide heat in Leicester's central areas for 2800 tenants and leaseholders, Council administrative offices, schools, De Montfort Hall, the University of

- Leicester and HM Prison, and in the future to other public and private sector premises (see map at Appendix 5). It also includes Aikman Avenue and Beatty Avenue estates.
- 2.2 The scheme will provide heat in a way that gives carbon savings at a significant level and is the Council's single biggest contribution to reducing our own carbon footprint and for the City. It provides an opportunity to achieve c.5% of our 2025 City target and 5.7% our own.
- 2.3 In July 2008 Cabinet decided to proceed with a private sector led approach as the preferred delivery mechanism as it will ensure an expertly run scheme that will deliver the required outcomes yet will minimise capital and ongoing operating costs as well as risk to the Council.
- 2.4 Following publication of an OJEU notice on 10 August 2009 and using Competitive Dialogue under EU procurement procedure officers have identified Cofely District Energy as a Company that will invest £15 million including £1 million gained from CESP funding in the City. They will upgrade our existing district heating systems on six City estates and extend the systems and connect them to create a joined-up and resilient community heating network across the City.
- 2.5 The company will install combined heat and power units (CHP) which will generate electricity for sale, with the waste heat used for the heating system. Initially the CHP units will be gas fired, but over time, once the network is installed, bio fuels can be used, giving further carbon savings.
- 2.6 The Council will pay Cofely for heat consumed. The overall cost is less than the current overall cost to the Council of heating its own buildings and supplying heat to its tenants and leaseholders.
- 2.7 The Council will continue to incur annual costs for maintenance of retained elements of the system, but over the whole life of the project the Council will make a net saving on the Housing Capital Programme with identified annual Carbon Reduction Commitment (CRC) savings. The CRC savings could rise in future.
- 2.8 The Company is offering a receipt for the district heating assets. These assets will be offered back to the Council at the end of the contract. The Council can choose to buy back at fair market value or decide to retender the contract.
- 2.9 Residents will, as now, pay heat prices in line with those available on the open market. The proposed contract does not include installing individual meters so the bills will still be issued through the Council. However, the contract offers a pilot metering scheme for 50 homes which can inform future investment decisions.
- 2.10 Tenants and leaseholders have been involved throughout the process.
- 2.11 The University of Leicester and HM Prison Leicester support the proposal and are expected to join the scheme and become customers of Cofely District Energy.

3. RECOMMENDATIONS

- 3.1 That Cabinet authorises the Strategic Director, Development Culture & Regeneration, in consultation with the Cabinet Lead for Housing, to award the contract to Cofely District Energy (the Preferred Bidder) with the basis of the award being the "most economically advantageous" Bid.
- 3.2 To endorse the proposed approach to residential metering for tenants and leaseholders.
- 3.3 To authorise the granting of leases on Peppercorn rents for the 6 boiler room sites.
- 3.4 That the Council will honour the price guarantee to tenants and leaseholders for a further 12 months and prices will continue to be reviewed annually as part of the rent-setting process.
- 3.5 That the ongoing programme of energy efficiency measures within the whole of the Council's stock is considered when agreeing the Housing Capital Programme and that resources arising from this scheme are invested in the programme.

4. REPORT

The Leicester Project - Objectives and Benefits

- 4.1 The Council's objectives for this Project are:
 - To provide affordable, reliable and controllable heat to a number of Council and residential buildings and other senior users
 - To reduce carbon emissions for the Council and the City, contributing towards achievement of One Leicester objectives with the ambition to transform Leicester in to Britain's Sustainable City over the next 25 years
 - To establish a secure and sustainable energy supply (anticipated to be through identification and development of renewable fuels)
 - To have the potential to expand the benefits to users not currently identified in the feasibility study, enabling them to connect to the network and contribute to carbon reduction in Leicester providing an opportunity for extended partnership working.
- 4.2 In addition, it is expected that the Preferred Bidder will contribute to reducing fuel poverty by reducing the cost to the end user(s) by ensuring that the unit price of heat is equal to or lower than the comparative market rate.
- 4.3 A private sector led approach with the Preferred Bidder having responsibility for design, build, finance and operation of the scheme means that cost and risk to the City Council will be minimised.

Key Drivers

4.4 The scheme will make a contribution to the City of Leicester's climate change objectives of a 50% reduction in CO2 by 2025. The Project feasibility study identified that City carbon emissions could be reduced by a minimum of 13,100 tonnes per annum representing around 1.6% of the 2025 target.

- 4.5 The study also identified that the Project would make a contribution to the following:
 - Reduction of per capita CO2 emissions in Leicester (NI 186) estimated at 0.3%
 - Helping the City Council and the private sector to comply with the mandatory Carbon Reduction Commitment (CRC), designed to offer direct financial incentives to large energy users to reduce energy use
 - Supporting the private sector and Regeneration Area initiatives to comply with Local Plan requirements on energy.
- 4.6 With a forthcoming power shortage being forecast by some commentators, the introduction of an energy-efficient scheme in the City alongside a contractual obligation for the Preferred Bidder to work toward establishing a sustainable energy resource through development of renewable fuels will give some resilience in the security of energy supplies.
- 4.7 The ability to expand the scheme in future to include other senior users and potential new customers will provide an opportunity for substantially increased carbon reductions giving widespread environmental benefits to the City and providing an opportunity for extended partnership working. The Council may receive of a profit share for new connections to the network.
- 4.8 Predicted fuel shortages; rising fuel costs; and an environmentally-focused Government agenda has resulted in a number of public and private sector institutions implementing district heating schemes to provide both environmental and cost benefits to users.

The Current Landscape

- 4.9 The previous Government was in the process of building a framework to encourage the development of district heating networks in the towns and cities throughout the UK. Whilst there is some uncertainty in the policy landscape resulting from the election of the Coalition Government, the draft Structural Reform Plan issued in July by the Department of Energy and Climate Change (DECC) identifies several key areas of reform including a potential increased target for deployment of renewables; a drive to increase carbon emissions targets from 20% to 30% by 2020; and potential reforms to the Climate Change Levy (CCL) expected in the Finance Bill 2011.
- 4.10 We can therefore expect increasingly challenging carbon reduction targets with ongoing and new funding streams likely to be available in support of their achievement. The Council and Cofely will work together to identify and bid for grant funding for the scheme and, if successful, this will reduce costs.

Soft Market Testing

4.11 With a view to gaining a better understanding of the market, and to support the development of a viable specification, a soft market testing exercise was conducted. Officers met with companies experienced in delivering district heating and CHP projects that would be capable of providing the service on a Design, Build, Finance and Operate basis, discussing company suggestions for the most effective approach to deliver a successful scheme.

The Proposal

- 4.12 Cofely District Energy will design, build, finance and operate a number of core district heating schemes initially fuelled by gas-fired CHP. These schemes will be expanded and ultimately be inter-connected to deliver a city-wide district heating network, with a view providing a network infrastructure capable of utilising renewable fuels/zero carbon technologies in the future.
- 4.13 Cofely will be contracted to ensure that they provide an efficient, reliable and resilient heat service to domestic and non-domestic users that reduces carbon emissions. Their performance will be measured against an output specification that sets out service delivery targets and deductions for failure to achieve those targets. Service and performance will be monitored by the Contract Manager with users feeding in to the process by way of an Operations Panel.
- 4.14 Cofely will have full responsibility for the proposed network extension and will also be responsible for operating, maintaining and improving the plant within the boiler houses. The Council will therefore retain responsibility for underground pipework and equipment and pipework/risers inside the residential and non-residential buildings.
- 4.15 The Council will continue to bill and collect payments from residents and non-residents.
- 4.16 The Council will remain as the first point of contact for residents and non-residents in case of questions or problems with their heating.
- 4.17 A Partnering Agreement between the Council and Cofely will incorporate other phases of the scheme including: the metering strategy; energy efficiency strategy; extension of the scheme to regeneration areas; attracting grant funding.
- 4.18 The transfer of operational responsibility will be phased with a period of transition early in 2011 allowing for detailed design, planning and programming to be finalised.
- 4.19 Works will commence in the second half of 2011 and take around 18 months to complete.

Benefits / Outcomes

4.20 Proceeding with the Project and awarding the contract to Cofely, i.e. enabling and implementing the City-wide district heating scheme based on combined heat and power (CHP) technology as proposed will result in the following:

For the City:

- £15 million investment in the City of Leicester
- A 25 year contract to improve and extend district heating
- An ongoing reduction in CO2 emissions contributing to the achievement of the One Leicester theme to reduce our carbon footprint
- Locally-generated energy, i.e. the potential to purchase both heat and electricity from Cofely

- Future-proofing whilst the scheme will initially be based on gas-fired CHP there is a commitment to move towards renewable fuels to further reduce carbon emissions and reduce reliance on conventional fuels
- The development of a city-wide district heating infrastructure will enable developers to comply with Local Plan requirements relating to energy and carbon

For the Council:

- A receipt for the existing district heating assets
- Capital cost savings over the 25 year contract period
- A value for money carbon reduction scheme
- Annual Carbon Reduction Commitment (CRC) cost savings
- Allocation of almost £1 million CESP funding from government towards the contracted works
- A potential profit share for the Council (above a certain threshold and on new connections) that can be utilised either to subsidise heat costs in the future or for other uses
- The core/existing scheme will revert back to Council ownership at the end of the contract period - albeit at fair market value - allowing the Council to make a decision on whether to retender or self-manage
- Increased partnership working with the likelihood of the University of Leicester, HM Prison Leicester and other users coming on board

For the Residents:

- An efficient, reliable and resilient heat supply for the term of the contract
- As is currently the case, heat prices will remain in line with those available on the open market
- A guarantee that works will not take place or be disruptive in winter months
- A forum for ongoing community input
- The benefit of Cofely providing an Energy Improvement Manager for 12 months, at no cost to the Council, with the sole purpose of identifying and implementing energy and carbon reductions across the estates
- A commitment by Cofely and the Council to work with the residents on completing a full impact analysis and pilot study for introducing residential meters including Cofely paying for a pilot of 50 households
- Should the pilot prove the benefits of residential meters and necessary funding be obtained, tenants can look forward to being able to control how much they use and how much they pay in the future

4.21 A decision not to proceed, i.e. doing nothing will result in:

- No immediate or future carbon emissions reductions to be gained from district heating without capital investment by the Council, although some funding may be available to contribute to improvements to district heating that reduces carbon
- Increased risk to the City Council in terms of our ongoing carbon trading position
- Inability to extend the scheme and achieve required outcomes without substantial capital investment by the Council estimated at £15 million
- Ongoing susceptibility to volatile energy prices with little prospect of introducing renewable fuels without substantial capital investment

- The Council facing a substantial capital bill over the next 25 years solely to maintain the existing district heating infrastructure
- No progress on residential metering with tenants and leaseholders being unable to control/reduce the cost of their heating and therefore being less willing to change their consumption habits, levels of energy usage and carbon emissions

Risk Assessment

- 4.22 The potential risks to the Council include those that could arise from any outsourced contract. Where possible, these impacts will be mitigated through the details of the contract, through careful project planning and business continuity planning. Risks include:
 - Risks arising from change in law (though these can have negative or positive impact)
 - Disruption during implementation
 - Contract failure during operation
 - Difficulties at the end of the 25 year contract
 - Failure to expand the scheme if Cofely do not offer competitive connection prices
- 4.23 For Council tenants and leaseholders issues may arise if gas prices rise, or there is severe weather so that consumption rises. The impact on charges to tenants and leaseholders will be the same as now. Until individual heat meters are installed the Council will continue to bill and collect payment from tenants and leaseholders and the Council will set the charge at the time that the annual rent rise is agreed (usually January each year). No increase in heat charges is recommended in year one.

The Role of the University of Leicester and HM Prison Leicester

- 4.24 Whilst the role of the University of Leicester and HM Prison Leicester are as senior users / purchasers of heat and will therefore have separate heat supply agreements with the Preferred Bidder, both have played an active role in all stages of the development and procurement process including detailed involvement in Competitive Dialogue.
- 4.25 The Vice Chancellor of the University of Leicester has provided a written statement of commitment to the Project and both discussions between the University and Cofely, along with discussions between HM Prison Leicester and Cofely, are well underway with a view to finalising their positions in late December.
- 4.26 It should be noted that in the unlikely event that the University of Leicester decide not to proceed with the Project it will mean that Cofely will need to redesign their proposals for the city centre and rework the financial model. Whilst this should not affect the price to the Council it would affect the programming of works and the carbon emissions savings attributable to the Project.

Community Engagement

- 4.27 Although the strict confidentiality requirements of the procurement process resulted in restrictions on elements of the Bidders' proposals that could be discussed with residents, a programme of community engagement has been underway including:
 - Community and tenant / leaseholder representative meetings with Ward Councillors
 - Survey of residents to identify key concerns
 - Information leaflets being distributed (as requested by representatives)
 - Residents' questions forming part of the evaluation process
 - Information Events held in the first week in December
- 4.28 In general residents are in support of the scheme and the metering pilot. They believe that the Council should also make improvements to energy efficiency within their homes. Examples include improvements to insulation and improved heating controls.

Evaluation of Bidders' Proposals and Selection of a Preferred Supplier

- 4.29 For the purpose of evaluating Bidders' proposals two panels were established, both having a role to play in the selection and evaluation process: the User Group Panel (including Heads of Service and lead officers across all impacted areas of the Council; tenants and leaseholders; the University of Leicester and HM Prison Leicester) had an advisory and support role, whereas the Bid Evaluation Panel (including an expert CHP consultant; senior Finance Officer; senior Legal Officer; Sustainable Procurement Officer; and senior Energy Services and Technical Services officers) had both an advisory and an analytical role in the selection and evaluation process. Representatives of both Panels agreed their appropriate Terms of Reference and the Bid Evaluation Panel recommends the Preferred Bidder to Cabinet.
- 4.30 Cofely District Energy has been identified as the Preferred Bidder on the basis of putting forward the most economically advantageous tender in accordance with the detailed award criteria allocated as follows:

Quality 70% Price 30%

This is the basis on which Final Bids have been assessed in respect of their ability to provide the service required on the terms specified.

The Preferred Bid – Addressing Project Objectives

4.31 The Bid proposed by Cofely addresses the Project Objectives as follows:

Project Objective	Preferred Bid
To provide affordable, reliable and	Cofely has a solid record in delivering reliable and effective CHP solutions to major cities in the UK including Southampton, Birmingham and Manchester. In addition, their pricing methodology – which incorporates operating and maintenance costs for the full 25 year
	contract period – is realistic based on a whole- life-costing basis.

To reduce carbon emissions for the Council and the City, contributing towards achievement of One Leicester objectives with the ambition to transform Leicester in to Britain's Sustainable City over the next 25 years

One of the priorities for action is to "Reduce our Carbon Footprint", with a focus on reducing the City's carbon emissions from the 1.983 million tonnes generated in 2004 to 1.6 million tonnes per annum - an overall reduction of 383,000 tonnes by 2013.

Cofely proposes to reduce carbon emissions in the City by 12,000 tonnes per annum by 2014; 20,000 tonnes per annum by 2019; with a stretch target of 50,000 tonnes per annum by 2020.

The predicted levels exceed our target of 13,100 tonnes, with a reduction in carbon emissions of 50,000 tonnes per annum for the City representing around 6% of the 2025 target.

In addition, Cofely will provide an Energy Improvement Manager for 12 months, at no cost to the Council, with the sole purpose of identifying and implementing energy and carbon reductions across the estates.

To establish a secure and sustainable energy supply (anticipated to be through identification and development of renewable fuels)

Cofely proposes the introduction of gas-fired CHP at day one with the focus on developing and connecting the existing network to allow others to connect.

CHP provides the foundation for an ongoing and increasing reduction of CO2 over time, initially reducing in line with increased efficiency of the system

Once the network is complete there is a plan for moving towards renewable fuels to provide significantly larger carbon savings — predicted at a level of 50,000 tonnes per annum. This provides a future-proofed scheme that reduces susceptibility to volatile energy prices.

Emissions would reduce further as additional users join the City scheme.

To have the potential to expand the benefits to users not currently identified in the feasibility study, enabling them to connect to the network and contribute to carbon reduction in Leicester - providing an opportunity for extended partnership working

Cofely has incorporated connections to additional Council buildings; the University of Leicester; and HM Prison Leicester into their proposals. In addition, a number of other public and private users have been identified for potential future connection once the network is established.

It should be noted that both the University and HM Prison still have an option to decide against joining the scheme and develop other carbon reduction programmes. The Leicester scheme would then need to follow an

alternative route and carbon emissions attributable to the scheme would be reduced. Cofely have already been proactive in identifying a number of additional buildings that could be suitable for connection to the scheme in future. In addition, it is expected that the Preferred At day one Cofely proposes to continue to Bidder will contribute to reducing fuel poverty charge the City Council for the use of heat, by reducing the cost to the end user(s) by with the Council recharging residents in the ensuring that the unit price of heat is equal to current manner. Whilst incurring revenue costs or lower than the comparative market rate and making capital savings, the price of heat to the Council (based on whole-life-costing) is competitive. Heat prices will be benchmarked against the price of gas and whilst pricing mechanisms are transparent there is no guarantee that any prices fixed by the Council in the short-term will not rise in the future subject to gas price volatility or increased consumption due to adverse weather conditions. This a key sensitivity identified in earlier reports to Cabinet. Cofely will design, build, finance and operate A private sector led approach with the Preferred Bidder having responsibility for the existing schemes and develop, extend and design, build, finance and operation of the improve those schemes for the term of the 25 scheme means that cost and risk to the City year contract. Council will be minimised The Council will continue to be responsible for maintaining equipment within the tenants' homes.

Residential Heat Meters

- 4.32 Following rises in the cost of purchasing gas for district heating, providing residents with the ability to control the amount of heat they use and thus the amount they pay has become increasingly desirable.
- 4.33 Cabinet asked for a recommendation "whether or not it is technically more efficient to procure individual meters as part of the same process, whilst ensuring that this does not jeopardise the fundability of the scheme". Following soft market testing it became clear that including individual residential metering as a fixed requirement would put the Project at risk and, as a result, residential metering was included as a variant, i.e. Bidders were asked to submit one proposal with meters and one without.
- 4.34 The dialogue between officers and Bidders and subsequent submission of Final Bids has clearly identified that adding the cost of residential meters to the Project initially estimated at £6 million makes the Project unviable and unaffordable. The purchase and installation cost of meters would need to be rolled into revenue costs and therefore be added to the price of heat over a 10 year period. This would increase costs to residents by approximately of £225 per annum. This represents an increase to current

heat charges of around 30%, meaning that in order to reduce the amount they pay residents would need to reduce their heat consumption by more than 30% per annum. A resident who reduces their consumption by less than 30% per annum would pay more than the current block charge.

- 4.35 It should be noted that there is a difference between enabling residents to control their heating and enabling them to control their consumption, i.e. how much they pay. Whilst measures to improve efficient use of heat have included installation of heating controls and thermostatic radiator valves where possible, it is recommended that a full impact analysis including a pilot is completed in the next 12 months to clearly establish the benefit to residents, and the level of carbon emissions reductions that can be achieved, by introducing individual residential meters. The study should commence immediately following exchange of contracts with Cofely and findings should be reported to Members on a quarterly basis. The study should form the next phase of the existing Project and can be funded from the current Project budget, i.e. no additional funding is required to complete the pilot study.
- 4.36 Cofely have agreed to pay for a metering pilot to include 50 properties and, if awarded the contract, is committed to working with the Council to clearly establish the benefits of introducing residential meters and will also add weight to any bid the Council may make for funding for this specific purpose, e.g. CESP funding.

Next Steps

- 4.37 To sign and exchange a 25 year contract with Cofely District Energy, to include output specification targets and performance/service level criteria required for the service; Business Continuity arrangements; and a method of measuring achievement of the output specification and service levels by the Preferred Bidder.
- 4.38 For Cofely District Energy, in consultation with officers, to agree a detailed programme of works for development of the proposed network infrastructure. A detailed map is enclosed at Appendix 5, with the anticipated timetable seeing the following milestones:

Milestone	Date (subject to Council approvals)
Commencement of interim operation and	
maintenance of service by Cofely	January 2011
Commencement of detailed design for	
improvement works	January 2011
Commencement of boiler house works	April 2011
Commencement of infrastructure works	Mid 2011
Proposed operational start date (first	End 2011
phase)	
Completion of works	End 2012

4.39 For officers to continue community engagement and work with Cofely to commence, without delay, the full impact analysis and pilot study to assess the benefits to tenants; Right to Buy leaseholders; and the City (in terms of carbon emissions reductions) of installing residential heat meters.

4.40 For officers to work with residents and the Energy Improvement Manager provided by Cofely to identify energy efficiency measures that could be implemented in residents' homes. This work can then inform future investment decisions.

5. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

5.1 & 5.2 Confidential – Not For Publication

The information as to financial and legal implications in the report are exempt information for the purpose of Schedule 12A of the Local Government Act 1972 because it is information about the business affairs of both the bidders and the Council and in legal advice, and the public interest in disclosing the information does not outweigh the public interest in withholding it.

5.3 Property Implications – Eddie Beilby – Valuation Services & Operational Property Manager (Acting)

As part of the tender process the 6 boiler rooms containing the plant will be transferred on the basis of 25 year leases on peppercorn rents. Standard policy of the Council would be to charge market rents for property assets, however there is no appreciable market for these boiler rooms apart from the purpose that they were constructed for and the Authority is receiving a capital receipt for the plant itself thereby providing best consideration for the boiler rooms and plant as a combined asset.

Under the provisions of the lease the City Council will also retain responsibility for the maintenance of the boiler house structures.

5.4 Climate Change Implications – Helen Lansdown – Senior Environmental Consultant (Sustainable Procurement)

The preferred bid would exceed the carbon reduction targets set out for the project (as outlined in 4.31) and would make an important contribution towards achieving NI 186, reducing citywide carbon emissions (further detailed in 6.1). The 'do nothing' option would not result in any reduction in carbon emissions, however there may be opportunities for future carbon saving initiatives to be pursued. It should be noted that these opportunities would also be available to the Council should the contract be awarded to the Preferred Bidder.

6. OTHER IMPLICATIONS

OTHER IMPLICATIONS	YES/NO	Paragraph references within the report
Equal Opportunities		See attached EIA – appendix 6
Policy		None
Sustainable and Environmental		See Section 6.1 below
Crime and Disorder		None
Human Rights Act		None

Elderly/People on Low Income	See attached EIA – appendix 6		
Corporate Parenting	None		
Health Inequalities Impact	None		

No TUPE implications.

6.1 Environmental Implications – Nick Morris – Head of Energy Services

The overall scheme (including University of Leicester and HMP) will reduce citywide CO₂ emissions by 11,673 tonnes per annum.

Leicester City Council's non residential CO_2 emissions would be reduced by 1,924 per annum under the scheme. This would make an approx 5.7% contribution towards the council's overall target reduction of 33,812 tonnes by 2025.

There is potential for the proposed scheme to be expanded further, offering opportunities for both new and existing buildings to be connected to the network in future. Any new council connections would help to improve performance under National Indicator 185 (reducing CO_2 emissions from Local Authority operations), whereas the connection of other organisations and households would contribute towards NI 186 (per capita reduction in CO_2 for the Local Authority Area).

The current proposals would achieve a 1.03% contribution towards the NI 186 and One Leicester citywide carbon reduction target (with a possibility of this rising to 4.4% if Cofely's stated stretch-target potential of 50,000 tonnes could be achieved through further expansion proposals).

The ability of the supplier to achieve potential carbon emissions reductions (beyond the initial 11,673 tonnes) will depend on the attractiveness of the scheme to potential new users. This will be influenced by the relative cost of heat compared to existing fuel costs at that time.

The proposed use of Biomass heating fuels would reduce reliance on fossil fuels and contribute to renewable energy targets (requiring that 20% of our energy should come from renewable sources by 2020). This provides a level of resilience in the security of energy supply for those buildings connected to the network.

CRC implications:

A reduction of 1,924 tonnes CO_2 in the council's non residential buildings would reduce liability under the CRC Energy Efficiency Scheme by approximately £23,088 per year (based on £12.00 / tonne for the introductory phase only).

6.2 When comparing the costs of the scheme to other carbon reduction initiatives this Project clearly represents better value for money. Whilst the Hotlofts initiative is regarded as one of the most cost-effective projects for reducing carbon, when compared to the introduction of CHP and proposed extension of the district heating network Hotlofts could demonstrate a level of carbon savings equivalent only to the minimum level the CHP scheme will deliver for the same level of investment (i.e. around

6,000 tonnes saved per annum). The issues would be however, that we do not have the capital to invest in Hotlofts; unlike the CHP scheme Hotlofts does not provide substantial capital savings; it would be extremely difficult to identify the amount of homes required to make such carbon savings via Hotlofts; the Hotlofts scheme provides no opportunity to expand carbon savings any further than the minimum level identified.

7. RISK ASSESSMENT MATRIX

See appendix 4

8. BACKGROUND PAPERS

- 5145 Extending District Heating & CHP in Central Leicester Joint Report of Corporate Director, Adults & Housing and the Chief Finance Officer, 14 July 2008
- 5427 Extending District Heating & CHP in Central Leicester Report of the Interim Corporate Director of Adults & Housing, 09 March 2009
- Local Government Act 1972

8.1 Confidential – Not For Publication

The information as to financial and legal implications in the report are exempt information for the purpose of Schedule 12A of the Local Government Act 1972 because it is information about the business affairs of both the bidders and the Council and in legal advice, and the public interest in disclosing the information does not outweigh the public interest in withholding it.

9. CONSULTATIONS

University of Leicester HM Prison Leicester Residents currently served by district heating

10. REPORT AUTHOR

Ann Branson
Director of Housing Strategy and Options
Ext 29 6802

Debbie White Project Manager Ext 39 5138

Key Decision	Yes
Reason	Is significant in terms of its effect on communities living or working in an area comprising more than one ward
Appeared in Forward Plan	Yes
Executive or Council Decision	Executive (Cabinet)

Appendix One

Background - Extending District Heating & Combined Heat & Power (CHP) in Leicester

District Heating and Combined Heat and Power (CHP):

District heating comprises underground pipes carrying hot water to a number of buildings from a boiler house. A district heating system brings efficiencies and security of supply and a system has been installed in some of our Council Housing Estates since the 1950's - originally coal fired, then converted to gas.

Installing Combined Heat and Power (CHP) gives further efficiencies by obtaining a bigger energy output from a given amount of fuel. The CHP unit, which is usually a reciprocating engine, generates electricity. In conventional power stations the heat is deliberately "wasted" (via a cooling tower) and further electrical energy is also lost during transmission, whilst in CHP the heat created by the engine is used for central heating and domestic hot water. The electricity can also be used locally, displacing electricity produced by central power stations and thus reducing loss in transmission.

- Energy Efficiency It is expected that a gas fired CHP scheme will need around 37% less energy to produce the same amount of heat and electricity as a normal power station and central heating boilers (source: Combined Heat and Power Association).
- Robustness The robustness of a CHP system is increased by having multiple heat centres and ideally the completion of a distribution ring allowing isolation of faults with a little or no effect on customers.
- Security of Supply Once a district energy/gas-fired CHP network is installed, the fuel source can be changed in the future. Renewable fuels could be used as they become available, offering more carbon reductions and giving potentially more energy security. An installed CHP network would therefore give additional resilience.
- Reductions in CO₂ Emissions CHP provides the foundation for an ongoing and increasing reduction of CO₂ over time. Firstly, carbon emissions will reduce in line with the system efficiencies, and in the future, where renewable fuels are used there will be significantly larger carbon savings.

The Leicester Project:

To procure for Leicester City Council and other users the provision of controllable and reliable warmth to a group of buildings at an affordable price, minimising CO₂ emissions and using Combined Heat & Power, with waste heat converted to hot water for distribution via a District Heating System as described in report to Leicester City Council 14th July 2008.

The Scheme:

An extension of the existing district heating network currently supplying heat to four inner city estates – St Matthews, St Marks, St Peters and St Andrews – and to incorporate the University of Leicester, HM Prison Leicester, other City Council corporate and public buildings (with the potential to include many private buildings), phased over a number of years. With the first installation phases planned for early 2011 it is anticipated that the scheme will be split into two, with the Initial Project/Core Scheme covered by the Project Agreement and an overarching Partnering Agreement covering future projects across the City.

Although satellite schemes, Aikman Avenue and Beatty Avenue boiler houses along with the associated heat consumption are included as part of the Initial Project/Core Scheme.

Initial Project/Core Scheme

With an expected construction period of around 18 months and an anticipated design commencement date early in 2011, the Core Scheme is based on existing energy users with identifiable and predictable needs - essentially the City Council (supplying c.2800 tenants and potentially upwards of 40 buildings), the University of Leicester and HM Prison on Welford Road. It includes:

- Separating the city district heating schemes/network into zones (Leicester North, City Centre & Leicester East, Aikman Avenue and Beatty Avenue).
- Linking existing community heating schemes at St Marks and St Matthews (Leicester North) and introducing new CHP plant. This includes a school, community buildings and other LCC properties on the estates.
- Introducing new CHP plant at St Peters (City Centre & Leicester East) and linking new buildings includes two schools, Moat Community College, community buildings and other LCC properties.
- Connecting these with the main University of Leicester campus where new CHP plant would be hosted; with additional City Council and other properties where available; St Andrews estate community heating system; and HM Prison Leicester.
- Installing a biomass boiler at Beatty Avenue.
- Installing new CHP plant at Aikman Avenue with heat/hot water supplied to residents and supplying both heat and electricity to the college and leisure centre.

Potential Future Projects under the Partnering Agreement

Originally envisaged to start in 2015 with a 4 year construction period, predicted users are currently uncertain although the scheme could supply c.3000 residential occupiers/tenants and potentially in excess of 50 buildings. Potential users could include:

- New Community (St Georges West); Wolsey Island residential and Abbey Meadows Science and Technology Park; Office Quarter; Waterside (all partially qualified users only).
- Additional connections along the route may include planned and anticipated development along Burleys and Vaughan Way; the Highcross area new development; the retail core; and De Montfort University.

In addition, the Preferred Bidder is committed to connecting existing buildings to the networks and working towards the introduction of renewable fuels with a view to achieving further reductions in carbon emissions.

Scheme Capital Cost:

The Core Scheme (excluding meters) – requires a £15m capital investment – and was put out to tender via an OJEU notice issued in August 2009, with the proposal to integrate Combined Heat & Power (CHP) to serve the Project including the Council's existing district heating system.

Key Points:

The installation of meters - allowing tenants and leaseholder to manage how much they pay for heat - was included as part of the overall scheme specification as a mandatory variant. As indicated during soft market testing at an early stage of the Project, the additional cost of installing individual residential meters (estimated at approximately £6 million) would render the Project unviable and, as such, recommendations have been made for a metering strategy to be implemented as the next phase in reducing carbon emissions and ensuring affordable, reliable and controllable heat for users in the City.

Project Specification (Memorandum of Information)



26 April 2010 Version: 3.3

Extending District Heating and Combined Heat and Power in Leicester

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1.0 Introduction

1.1 Introduction

The City Council owns and manages several district heating schemes supplying heat (and in some instances hot water) from seven separate boiler houses to around 2800 Council homes; 9 nurseries and schools; 4 adult or community centres; a library and a swimming pool, through established pipe networks. Currently supplying the St. Matthews, St. Marks, St. Andrews and St. Peters inner city estates, along with the Aikman Avenue and Beatty Avenue localities, the Council is aiming to extend and connect the four existing schemes serving the inner-city to incorporate the University of Leicester, HM Prison Leicester and other City Council corporate and public buildings, with the potential to include other private buildings, along with new buildings and developments introduced to the City. Although excluded from connection to the proposed extended city centre district heating scheme due to geographical location, district heating schemes at Aikman Avenue and Beatty Avenue are included as part of the overall Project.

Cabinet decided on 14th July 2008 to proceed with a private sector led approach as the preferred delivery mechanism to ensure an expertly run scheme that will deliver the required outcomes yet will minimise capital and ongoing operating costs as well as risk to the Council.

Leicester City Council wishes to pre-qualify potential suppliers to receive the Project Prospectus prior to provision of bids and entering the Competitive Dialogue process with preferred bidders. This document hereby invites those interested parties to submit their company information and expression of interest as detailed in the separate PQQ document. The closing date for receipt of submissions is 10th September 2009.

1.2 Background to the Project

In 2003 Ove Arup & Partners Ltd. were commissioned by Leicester City Council to assess the technical and financial feasibility of developing an in-house inner city district heating and combined heat and power (CHP) scheme. Although the scheme was postponed and associated grant funding was forfeited, Arup re-assessed the proposal in 2007 in line with the economic, environmental and technical opportunities and constraints of the time and ascertained that sufficient economic and environmental justification still remains for the scheme to proceed. The resulting feasibility study identified a number of environmental, social and economic benefits to the City Council and other senior users.

In July 2008 Leicester City Council Cabinet took the decision to proceed with procurement of the indicative scheme, i.e. the scope detailed by the Arup feasibility study, on the basis that the City Council will confer the rights to a third party to design, build, finance, own, operate and maintain the CHP plant and district heating scheme for an agreed contract period. A Project Manager was appointed, and a Project Working Group established, with the directive to "Procure for Leicester City Council and other users the provision of controllable and reliable warmth to a group of buildings at an affordable price, minimising CO₂ emissions and using Combined Heat and Power, with waste heat converted to hot water for distribution via a District Heating System".

1.3 Project Objectives

As an important part of the One Leicester strategy, it is the vision of Leicester City Council and Leicester Partnership to transform Leicester into Britain's Sustainable City over the next 25 years, with one of the priorities to reduce our carbon footprint. Leicester City Council has set an objective for the City of a 50% reduction in CO_2 (on 1990 levels) by 2025, with 20% of the City Council's energy consumption to be from renewable energy sources by 2020

With ambitious environmental and social objectives, the scheme must ensure that the following benefits are realised:

- To provide affordable, reliable and controllable heat to a number of Council and residential buildings and other senior users
- To reduce carbon emissions for the Council and the City, contributing towards achievement of One Leicester objectives with the ambition to transform Leicester in to Britain's Sustainable City over the next 25 years
- To establish a secure and sustainable energy supply (energy security anticipated to be achieved through identification and development of renewable fuels and a secure supply chain)

 To have the potential to expand the benefits to users not currently identified in the feasibility study, enabling them to connect to the network, contribute to carbon reduction in Leicester - providing an opportunity for extended partnership working.

The Project is also expected to make a contribution to tackling fuel poverty with immediate cost savings anticipated to be available to consumers compared to conventionally supplied energy at current market rates.

The feasibility study - based on an indicative scheme (see 3.2 below) - identified achievable reductions in CO_2 of more than 13,000 tonnes per year for the City, including a 15% reduction in the City Council's own emissions. Further reductions are expected over time and, as such, LCC is looking for a creative approach that transcends the base case identified in the feasibility study and provides achievement of increasingly stringent targets for CO_2 emissions reductions to be agreed as part of the dialogue process and defined in Output Specification Tables.

1.4 Anticipated Opportunities

A number of additional opportunities will be available to the preferred supplier enabling the City Council, other senior users and potential users to derive a benefit:

- Extending the district heating scheme and introducing CHP provides the foundation for an ongoing and increasing reduction of CO₂ over time, initially reducing in line with increased efficiency of the system, and in future, the use of renewable fuels or inputs would provide significantly larger carbon savings.
- Whilst demand from and support of existing users of the district heating scheme is already in place and formal
 commitment to the scheme has been made by Leicester City Council, the opportunity to connect to the district
 heating network should be offered to other public/private organisations to support those sectors (along with
 Regeneration Area initiatives) to comply with Local Plan requirements on energy.
- The district heating schemes at Aikman and Beatty Avenue represent an opportunity for the development of additional networks outside of the City Centre.
- Both the University of Leicester and HM Prison Leicester have been involved in the Project feasibility study and
 development of the Scheme proposals and will form part of the Competitive Dialogue process including
 membership of the user panel feeding in to the evaluation panel responsible for selecting a preferred supplier.
 Contractual commitment to the scheme for HM Prison via a heat supply agreement will be forthcoming
 depending on a competitive bid.
- The University of Leicester have a requirement for both heat and power and, as such, are planning to develop an energy centre on site (see overview Appendix 3).
- If physically and commercially feasible, the network could include pipes carrying hot water for heating, domestic hot water, chilled water for cooling and electricity cables, with the supplier developing a proposal to supply these services to a number of buildings from one or more Energy Centres. Given Leicester's sustainability objective there may be potential for future contract negotiations for the procurement of locally-based power generation for energy security purposes this could include distribution/wholesale and/or retail of electricity.
- Consideration has previously been given and there may be potential for the introduction of alternative fuels at both St Marks and St Matthews boiler houses prior to the Effective Date. Should either of these installations go ahead, additional plant and service details will be provided.

2.0 Contacts

All correspondence and enquiries should be directed to the Project Manager appointed by Leicester City Council:

Project Manager Extending District Heating & CHP in Central Leicester 2-4 Market Place South Leicester LE1 5HB

Attention: Debbie White

Email: deborah.white@leicester.gov.uk

Telephone: +44 (0) 116 2995138 Mobile +44 (0) 7771 720941

3.0 Project Description

3.1 Project Location

The indicative scheme, based in the City of Leicester, has an anticipated CHP network route as identified by the map in Appendix 1 (Volume 2 of the IPD).

The district heating schemes in Aikman Avenue and Beatty Avenue shown in Appendix 1a (Volume 2 of the IPD) - to the north west and the north east of the city respectively - are included as an integral part of the overall Project as satellite schemes.

3.2 Project Description (the indicative scheme based on the feasibility study)

An extension of the existing district heating network currently supplying heat (and in some instances hot water) to four inner city estates – St Matthews, St Marks, St Peters and St Andrews – and anticipated to incorporate the University of Leicester, HM Prison Leicester, other City Council corporate and public buildings (with the potential to include other public and private buildings within the city boundary yet to be identified), phased over a number of years. With the achievement of environmental and social objectives a priority, supplier design and installation is expected to commence in April 2010 September 2010.

The description below is based on the work of consultants who identified a methodology that splits the overall scheme into two projects, as detailed in the feasibility study. Whilst the study accurately identifies the scope of the Project, the methodology is regarded as indicative only and there is no fixed requirement for the Project to be approached and phased as indicated:

Project 1: With an expected construction period of three years and an anticipated commencement date of April 2010, Project 1 is based on existing energy users with identifiable and predictable needs - essentially the City Council (supplying c.2800 tenants and potentially upwards of 40 buildings), the University of Leicester and HM Prison on Welford Road. On this basis, output would be c.37Mwe/year (49Mwth/year - see pages 24 to 28 of the feasibility study), with 67% of the identified heat production consumed by the City Council. It includes:

- Phase 1 Linking existing community heating schemes at St Marks and St Matthews and introducing a new CHP plant. This includes a school, community buildings and other LCC properties on the estates.
- Phase 2 Linking both of these with the St Peters community heating scheme and providing new CHP plant. This includes two schools, Moat Community College, community buildings and other LCC properties.
- Phase 3 Connecting all of these with the main University of Leicester campus where new CHP plant would be hosted.
- Phase 3 Connecting with additional City Council and other properties where available, including De Montfort Hall.
- Phase 3 Connecting St Andrews estate and community heating system, including an EPH day nursery, and commercial premises, along with HM Prison Leicester.

In addition, Project 1 would include the operation and maintenance of the district heating schemes served by the boiler houses at Aikman Avenue and Beatty Avenue and the ongoing provision of heat (and in some instances hot water) to existing consumers.

Project 1 includes buildings and heat demand that are already in existence with almost 70% of consumption by the public sector.

Project 2: Originally envisaged by the consultants to start in 2015 with a 4 year construction period, the scheme could supply c.3000 residential occupiers/tenants and potentially in excess of 50 buildings. Output would be c.67Mwe/year (88Mwth/year - see page 29 of the feasibility study).

With demand from Leicester City Council operational buildings currently in existence, other predicted users are more uncertain as some of the heat demand for Project 2 will not materialise until after 2012. The proposal will therefore be explored further with potential developers on the basis that the risk would be underwritten by the supplier. Potential users could include:

 Phase 4 - The City Council's current central operational buildings (may be subject to later revision) including New Walk Centre; Phoenix House; Welford House; Marlborough House; 16 New Walk; Sovereign House; Greyfriars; Central Library and York Road.

- Phase 5 New Community (St Georges West); Wolsey Island residential and Abbey Meadows Science and Technology Park; Office Quarter; Waterside (all partially qualified users only).
- Phase 5 Additional connections along the route may include planned and anticipated development along Burleys and Vaughan Way; the Highcross area new development; the retail core; and De Montfort University.

Project 2, whilst more speculative, includes existing demand by Leicester City Council operational buildings and provides an opportunity for any supplier to extend the network and increase connections. This will be supported by the City Council's planning framework.

Although the project description identifies the project scope and offers an indicative approach based on two projects, it should be strategically and economically advantageous to all parties that all phases/potential phases of the proposed network should be subject to a single approval and procurement process (this process). This will provide potential suppliers with a chance to identify opportunities to optimise the Scheme timetable and phasing in line with achievement of environmental objectives and commercial viability.

3.3 Buildings

Whilst the supplier will make a district heating connection to each of the **existing buildings** listed below, further details of the existing buildings - along with proposed future developments - to be included in the Project, their consumption levels, heat load profiles, current boiler capacity, and anticipated thermal and electrical outputs for the scheme (Project 1 and Project 2) are identified in the feasibility study pages 18 to 29 in Appendix 2 (Volume 2 of the IPD), along with page 77 of the same document.

Existing District Heating Connections	Boiler House	Fuel Type	Proposed New Scheme Connections	
(no. buildings/meters if more than 1)	Connection	7.	·	
St Marks Residential Estate (58) (892)	St Marks	Gas	Willowbrook Workshop	
Herrick Lodge EPH / WAA	St Marks	Gas	De Montfort Hall	
St Matthews Residential Estate (990)	St Matthews	Gas	Moat Community College	
Taylor Road School	St Matthews	Gas	Sparkenhoe Street Theatre	
St Matthews Community Centre	St Matthews	Gas	Sparkenhoe Primary School	
Prince Philip House	St Matthews	Gas	Melbourne Road 96 – Community Centre	
Douglas Bader House	St Matthews	Gas	Seymour Street 6	
Catherine Street School	St Matthews Marks	Gas	Highfields Primary School	
St Peters Residential Estate (898)	St Peters	Gas	St Matthews Neighbourhood Centre (duplicated)	
Islamic DaWah Academy	St Peters	Gas	Malabar Road Library (already connected)	
Highfields Library	St Peters	Gas	Garendon Street Workshop	
Uplands Infant School	St Peters	Gas	St Peters Neighbourhood Housing Office	
Uplands Junior School	St Peters	Gas	1-3 Greyfriars	
St Peters Nursery	St Peters	Gas	Marlborough House	
Highfields Youth & Community Centre	St Peters	Gas	Attenborough House	
St Andrews Residential Estate (58)	St Andrews	Recycled veg oil	Town Hall Square	
St Andrews Nursery School / Playbuilding	St Andrews	Recycled veg oil	New Walk Centre – A Block	
Aikman Avenue Residential Estate (381)	Aikman Ave	Gas	New Walk Centre – B Block	
Forest Lodge Adults Centre	Aikman Ave	Gas	Pilot House	
Forest Lodge Primary School	Aikman Ave	Gas	Phoenix House	
Aikman Avenue Swimming Pool	Aikman Ave	Gas	Welford House	
Aikman Avenue Community Centre	Aikman Ave	Gas	16 New Walk	
New College School	Aikman Ave	Gas	Belgrave Neighbourhood Centre	
Beatty Avenue 1 (94)	Beatty Ave	Gas	Abbey Primary School	
Beatty Avenue 2	Beatty Ave	Gas	Abbey Primary Community	
			Leicester Adult Education College	
Total existing (2007) heat consumption-	LCC buildings:	c. 80Mwhr/year		

Additional Potential Connections			
(as identified in feasibility study)			
HM Prison Leicester (tbc)	Prison	Gas	See feasibility study for further detail
University of Leicester Main Campus (tbc)	University	Gas	25 buildings (on the main campus site)
Future City Centre Link			Additional potential city centre loads
Future Outer Ring			Proposed Leicester Regeneration developments

4.0 Project Agreement

4.1 Heads of Terms

Draft Heads of Terms are included in Appendix 8 and will be considered in detail as part of the competitive dialogue process. Final Heads of Terms will be included in the invitation to submit Final Tenders.

4.2 Model Terms and Conditions

The proposed Terms and Conditions will be made available as part of the descriptive documents (see Appendix 9). This will be the subject of detailed consideration as part of the competitive dialogue process with final second draft terms and conditions being made available when Invitation to submit final Tenders is made.

4.3 Key Project Parameters / Requirements

4.3.1 General Requirements

The objective of the Contract is for the supplier to operate, maintain and extend the existing district heating schemes in the City of Leicester. The consumers will include Leicester City Council and, dependent on a competitive offer, may also include HM Prison Leicester with potential for dialogue with the University of Leicester regarding their requirements. The supplier will take over responsibility for providing heat (and in some instances hot water) to buildings - as identified in 3.3 - for the period of the Contract.

It is anticipated that this will require the supplier to carry out the following activities as a minimum:

- Design, build, finance, maintain and operate the Scheme
- Install the necessary infrastructure to establish a linked network and to distribute the heat to each building (and in some instances hot water) via the network
- Take over responsibility for the operation and maintenance of all existing boiler houses and plant therein
- Purchase all primary energy required by the scheme, although it may be beneficial to purchase fuel under Leicester City Council's existing group purchasing arrangements
- Install meters to measure the quantity of heat (and in some instances hot water) used and meter and bill residential tenants and leaseholders individually based on their consumption
- Meter and bill Leicester City Council and other senior users for heat consumed.

The Scheme must:

- Provide affordable, reliable and controllable heat to a number of Council and residential buildings and other senior users
- Reduce carbon emissions for the Council and the City, contributing towards achievement of One Leicester objectives with the ambition to transform Leicester in to Britain's Sustainable City over the next 25 years
- Establish a secure and sustainable energy supply (energy security anticipated to be achieved through identification and development of renewable fuels)
- Have the potential to expand the benefits to users not currently identified in the feasibility study, enabling them
 to connect to the network and contribute to carbon reduction in Leicester providing an opportunity for
 extended partnership working.

The Project is also expected to make a contribution to tackling fuel poverty with immediate cost savings anticipated to be available to consumers compared to conventionally supplied energy at current market rates.

In providing the required service - and throughout development of the infrastructure - the supplier must provide service continuity and value for money.

4.3.2 Ownership and Control

A single operator is required, i.e. the Council is seeking to contract with a single legal entity. Therefore, consortia are expected to establish a project-specific Development and Operating Vehicle (DOVe) or Special Purpose Vehicle (SPV) operating to best industry practice. LCC have no fixed idea regarding ownership of the DOVe and are looking for supplier views and possibilities. The proposal must take in to consideration that LCC will not provide capital investment funding and want to minimise risk to LCC.

The supplier will therefore design, build, operate, maintain and wholly finance the scheme. It is expected that the role of the DOVe will be to manage the Project Contract(s) and heat supply agreements, and to expand the network.

4.3.3 Partnering Provisions

LCC would require the establishment of a "formal partnership board or committee" to include stakeholder / user representatives (LCC officers, tenants / leaseholders, the University of Leicester and HM Prison Leicester) to oversee the development, implementation and evaluation of policy and service including, but not limited to:

- Tariff structure / level of end user charges and heat agreements, along with methodology for introducing changes to heat charges
- Service improvements and customer care charter
- Metering approach
- Billing, collection and debt recovery proposals including policy on disconnections
- · Monitoring and reporting

4.3.4 Monitoring and Reporting

The supplier is to provide the "partnership committee" with quarterly and annual reports on the performance of the Scheme including cost; consumption; emissions information; faults and repairs; and customer satisfaction surveys to be agreed as part of the dialogue process and detailed in the Model Contract.

4.3.5 Period of Agreement / Contracts

For the purpose of evaluation the Council would anticipate initial solutions and financial modelling to be based on a contract term of 25 years, although alternative terms can be included and discussed as part of the dialogue process. As the Council has no fixed period in mind, the term of the Project contract will be determined by the commerciality of the Project - likely to be in the region of 20 to 30 years - with the underlying objective to bring elements of the supply chain to market from time to time so as not to lock in end users in perpetuity (see PPS1 – Supplement on Planning and Climate Change Clause 28).

For the protection of users the Project Contract should allow for certain elements to be benchmarked at predetermined periods (probably 5-yearly), including sub-contracted elements such as emergency call-out, repairs and maintenance and all new works.

Where consumers / end users are not the responsibility of LCC, the supplier / DOVe will enter into a separate Heat Supply Agreement with the third party. Where reasonable this should be fixed for a period, or have review periods, that are co-terminous with the Capital Contract.

Any supply contracts dependent on the Project Capital Contract should be co-terminous with the Project Contract, and should not adversely impact the primary service, i.e. the service provided to the Council.

The period and terms of the Project Contract(s) should be such as to enable the scheme assets and infrastructure to revert to the ownership of Leicester City Council at the point of expiry without a requirement for the Council to make any lump sum payment to the supplier at the end of the term. This will allow the Council to go to the market, with the existing supplier having an opportunity to retender at this point.

4.3.6 Leicester City Council Existing Agreements

LCC has existing arrangements with partners and contractors for, but not limited to, the following: gas (and vegetable oil) purchase; mechanical and electrical plant and infrastructure service and maintenance; utilities; chemical dosing; Building Energy Management System (BEMS) contract. Whilst the Council will endeavour to ensure that each of the agreements can be concluded by the Effective Date, it may be beneficial for the supplier to consider / negotiate their continuance for an agreed period on a sub-contract / re-assignment basis to ensure continuity of service and commerciality.

Should the supplier wish, for an interim period after the Effective Date, to "second" or "buy-in" expertise from Leicester City Council in terms of Technical Services relating to the district heating infrastructure, this would be subject to negotiation.

4.3.7 Capital Works

Whilst there is an opportunity for innovation in respect of plant location, provided it is commercially viable and able to meet LCC Project objectives and requirement for progressively reducing CO₂ emissions, the main heat generation plant could be enclosed within the existing plant rooms. Where a new building is a requirement the supplier will be responsible for obtaining the necessary licences and permissions both from Leicester City Council and other regulatory bodies to construct this building.

Where the supplier utilises existing plant, the maximum sound generated should not exceed that currently generated by the existing plant. Construction / ground works and day to day operations will be subject to a noise survey conducted by the supplier with noise monitoring to be conducted by the City Council. Any new equipment installed will be assessed using, and expected to comply with, BS 4142 to ensure that noise levels are such that they are unlikely to cause nuisance to residents.

4.3.8 Demarcation of Responsibility

The supplier will identify suitably-qualified personnel to manage the design, construction/installation, operation and administration phases, ensuring responsibilities are accurately and clearly scoped, and work with the Project Manager and Project Working Group to manage and coordinate handover arrangements for the City Council to ensure a smooth transition of the Scheme to the supplier.

The demarcation point of development and operational responsibility, unless otherwise agreed, will be at the point of meter. The supplier will be responsible for the construction, maintenance and operation of the systems up to and including the heat meter and demarcation valves. Prior to the installation of meters in each individual residential property, the demarcation of operational responsibility will be from a specified point, dependent on infrastructure complexities of the existing systems, and to be agreed as part of the Competitive Dialogue process.

The supplier will be responsible for maintaining and operating the systems within the buildings including, but not limited to, distribution pipework, valves, circulating pumps and heat controls.

The supplier will be expected to manage relationships with end users (including tenants and leaseholders) from bid stage through development and operation of the district heating network. The "partnership committee" should be advised where sub-contactors will be interfacing with the end user.

Allocation of risk should be in line with the attached risk transfer matrix below:

Risk	DOVe	Shared	LCC	End Users
Engineering design	V			
Capital cost over-run	V			
Cost of capital borrowing	$\sqrt{}$			
Time to completion	V			
Failure to meet output specification	$\sqrt{}$			
Failure of plant	V			
Long-term plant replacement	V			
Return of installation at the end of the contract period (residual condition)	$\sqrt{}$			
Insurances (including damage to property)	√			
Non-payment by domestic customers	√			
Non payment by non-domestic customers	√			
Force majeure event		√		
Operating cost	V			
Plant efficiency	V			
Maintenance	$\sqrt{}$			
Statutory inspections	$\sqrt{}$			
Variations in national fuel prices (pricing changes in line with agreed procedure)				√
Legal and regulatory changes				
Health and safety	$\sqrt{}$			
Reduction in occupancy (fixed costs)		$\sqrt{}$		
Demand not realised	V			
Unforeseen conditions as a result of implementation processes	V			
Planning issues	V			
Land contamination	$\sqrt{}$		•	

The risk associated with (and liabilities arising out of) the costs and maintenance of all boiler houses, plant, and distribution systems up to the point of consumer interface is to be with the supplier in both domestic and non-domestic buildings.

4.3.9 Existing Plant / Infrastructure

In addition to the guaranteed heat demand the existing Council-owned district heating schemes comprise assets including land, buildings, and plant and machinery that are expected to be transferred to the ewnership of the private supplier (land and buildings to be leased for the period of the Project Contract) and add considerable value to the Project.

LCC regard the existing district heating schemes as an asset having a value in return for which they should receive a consideration. The most appropriate consideration, e.g. profit share; capital sum; metering; price subsidy; should be finalised as part of the Competitive Dialogue process. For further detail please see the independent valuation report and the asset register in Appendix 4 (Asset Register and Valuation Report by King Sturge) and Appendix 5 (Technical Guidance provided by Technical Services) along with the feasibility study survey (Appendix 2 pages 60 to 66) completed in May 2007 (in Volume 2 of the IPD).

The residual condition of the existing and newly-developed plant and infrastructure forms part of the Project Contract(s), with the supplier to maintain the scheme infrastructure in good condition up to the point at which it reverts back to Leicester City Council ownership, on expiry of the contract term, or on termination of the contract. The supplier should ensure that the scheme infrastructure has a reasonable service life (as determined by the Project contract) beyond the contract expiry date.

The supplier will also be responsible for undertaking any statutory inspections required for plant and equipment in the boiler houses and obtaining any necessary licences.

Additional details of existing boiler plant on site at the University of Leicester and HM Prison Leicester can be found on pages 68 to 76 of the feasibility study in Appendix 2.

4.3.10 Minimum Service Requirements

The supplier shall be required to design, build, finance, operate and maintain all systems necessary to provide heat (and in some instances hot water) at all times to the end users, with clearly defined and acceptable standards to be agreed as part of the Competitive Dialogue process and described in the form of Output Specification Tables. Separate arrangements may be developed with other senior users - HM Prison Leicester and the University of Leicester - via the Competitive Dialogue process.

Whilst no particular technology or fuel is specified, the final agreement will contain Output Specification Tables (see sample layout in Appendix 6) that require the supplier to provide heat (and hot water) for the Scheme as follows:

- In particular, heat and hot water will be delivered every day. In the event of heat and/or hot water supply being interrupted, service should be restored within timescales agreed and in a priority order as identified by the end users as part of the Competitive Dialogue process, with the end users imposing revenue deductions / penalties relative to failure to meet the Output Specification and agreed Service Level Criteria.
- Within certain temperature ranges as identified in Appendix 5.
- Compliant with requirements contained in, or arising of, all relevant environmental legislation, including the Clean Air Act 1993; the Local Air Quality Management Regime as set out in Part IV of the Environment Act 1995 and Guidance issued thereunder; and Part III of the Environment Act 1990 (statutory nuisance), with proposals to be assessed for Air Pollution and Noise implications by the City Council Environmental Services Division.
- To achieve agreed reductions in CO₂ emissions and to ensure that the scheme is energy efficient and progressively reduces carbon emissions in line with targets to be specified in the Output Specification Tables. Minimum requirements will be based on savings identified in the feasibility study (Appendix 2 page 41) of 7,300 tonnes per annum by 2015 and 13,100 tonnes by 2019, with ongoing savings thereafter. As contributing to the City of Leicester's climate change objectives of a 50% reduction in CO₂ by 2025 is a priority for the Council and the Project, evaluation criteria at bid stage will be weighted to take account of this priority.
- Back-up plant and alternative fuel types should be available to provide security of supply. Service availability should be as near to 100% as possible with an acceptable level of planned and unplanned outages; timescale for fixes and penalty charges applicable for failure to achieve service levels to be agreed during contract negotiations and specified in the Output Specification Tables. It is therefore anticipated that existing plant will be updated and additional plant developed to take advantage of efficiencies to be gained from new technologies and innovation in fuels and utilisation of those fuels.

4.3.11 Phasing

It is expected that existing buildings (as detailed in Section 3.3) are to be connected to the network in a priority order linked to the achievement of carbon emissions reduction targets - although phasing, including routing of the heat main, can be determined to some extent by commerciality. The same phasing expectations will be applicable for new developments requiring connection to the network.

4.3.12 Project Delivery

Meeting Council requirements in terms of delivery timescales, project priorities, and limiting impact of construction works is a high priority for Leicester City Council. The supplier must be able to evidence their ability to achieve the agreed Operational Start Date / Effective Date and, in addition to limiting the impact of construction works (as much as possible) it is a requirement that the heat and hot water service remains uninterrupted during the construction and transition period.

The supplier should provide BCP arrangements as part of their final bid.

4.3.13 Residential Metering Requirements – a mandatory variant

The supplier is expected to provide heat meters in each non-residential building. In addition it is anticipated that the supplier shall provide each individual residence / dwelling with demarcation isolating valves and a heat meter which will be used as the basis for charging for consumption of heat (and in some instances hot water).

There are 2811 residential homes requiring meters, the type (pre-payment or credit) and location of meter will be considered as part of dialogue and agreed prior to the Effective Date, although phasing of the installation is to be determined by achievement of carbon reduction targets and commerciality.

Meters should allow for remote reading confirming the quantity of heat (and hot water) consumed in each dwelling, with residents / end users able to monitor their own consumption and temperature of hot water supplied. Whilst an innovative approach is welcomed, meters should comply with appropriate quality and accuracy standards.

The supplier will carry out periodic testing of meters to monitor accuracy with the procedure for doing so to be proposed by the supplier and negotiated and agreed prior to the Effective Date, with results to be fed back to the "committee" as part of the monitoring and reporting process.

4.3.14 Retailing Heat to Residential Consumers

Currently residential customers pay for their heat and hot water via a flat charge incorporated within their rental agreement. However, LCC prefers that the supplier retails heat directly to the end user, i.e. the supplier will be responsible for metering and billing each individual (residential and non-residential) consumer. The credit risk for collecting payment from residential and non-residential consumers will therefore lie with the supplier, subject to an agreed policy on residential disconnection with input and ongoing review by the "partnership board or committee". Prior to the installation of meters and subject to agreement LCC may, as an Agent for the supplier, continue to collect payments from residential consumers.

It is expected part of the bid process will be in the form of end-user consultation, including a consultation programme with tenants and leaseholders regarding methods of payment and location and impact of meters, including proposals for minimising disruption.

The supplier will be expected to provide advice to residential customers including instructions on heating controls and efficient use of their systems.

4.3.15 Customer Satisfaction

In addition to the development of a customer care charter, the supplier will be expected to undertake an annual customer satisfaction survey to assess the level of satisfaction amongst the end user / consumers and the quality, efficiency and effectiveness of the services, with the findings to be shared with the "partnership committee" as part of an overall performance report. In addition, the Council may wish to request market testing of specific service elements – to be agreed with Bidders - at given points during the term of the contract.

Whilst the format of such a report will be agreed during Competitive Dialogue it should contain an analysis of the performance of the Scheme and the results from the survey together with proposals for improving either the supplier's performance or the standards / levels of the services taking into account changes in, and the best available, technology for delivering the services.

4.3.16 Charging Structure / Indexation

Fixed and variable charges are to be clearly identified, with a transparent pricing policy - whether determined by business case or benchmarking - with competitors enabling the "partnership committee" to evaluate how the supplier has arrived at a price for heat for each end user (for example - better than the next best alternative as

defined against a basket of suppliers). A method of price indexation will also be agreed during the period of Dialogue.

It is anticipated that the "partnership committee" and the supplier will review the cost base of the Scheme as contained in the financial model every five years from the fifth anniversary of the Operational Start Date.

4.3.17 Scheme Expansion and Development

It is anticipated that the extended scheme will initially be fuelled by gas with a policy in place, and a commitment by the supplier, to provide for future use of renewable fuels.

LCC expects that the Scheme will grow with additional third party connections to be added when technically and commercially feasible to do so, and that the supplier will be sufficiently flexible to take advantage of emerging opportunities and be proactive in terms of expanding the network and increasing the number of network connections. LCC will support by seeking to ensure conformity with current planning policies and will require all new buildings / developments in the vicinity to connect to Combined Heat and Power where physically feasible to do so – in line with policy BE17 of the City of Leicester Local Plan.

4.3.18 Aikman Avenue and Beatty Avenue

Whilst the supplier is expected to take over the operation at both Aikman Avenue and Beatty Avenue, including the installation of meters at domestic and non-domestic properties and the retailing of heat to each individual end user, development of the sites to increase efficiency and reduce cost and carbon emissions would not be essential. An improvement strategy would however, be viewed favourably in the selection and evaluation process, given the potential to further reduce CO₂ emissions.

4.3.19 Connection Charges

It is anticipated that there will be no connection fee chargeable to existing or early connections to the proposed extended network. In addition, as the Project leader Leicester City Council have played an active role in enabling (and any consequent growth of) the network and, in return, would envisage receiving an element of "profit share" - from any new chargeable connections - to invest into energy efficiency measures for buildings. Proposals for connection charges for end users and the possibility of LCC receiving a return for new connections will be subject to negotiation as part of Competitive Dialogue, with agreement to be reached prior to the Effective Date.

4.3.20 Consents and Permits

Where necessary consents and permits are not in place, it will be the responsibility of the supplier to ensure that they are in place to allow commencement of the Scheme development to the required / agreed timetable.

Whilst the supplier may be treated as a statutory utility for works in highways and LCC will seek to aid and facilitate planning consents by establishing a formal liaison mechanism with the relevant Council departments, all licences, wayleaves and easements related to third parties will be the responsibility of (applied for and obtained by) the supplier.

4.3.21 TUPE Implications

LCC does not envisage any TUPE implications (nor related requirements for the supplier to provide a comparable pension for transferees), although the situation will continue to be monitored throughout the procurement process and the brief updated as part of Competitive Dialogue. Leicester City Council will indemnify the supplier against claims arising from TUPE legislation.

4.3.22 Indemnity and Insurance

The supplier will be responsible for ensuring that all necessary insurances are in place prior to the Effective Date.

This includes:

Public and Products Liability Insurance

Employer's Liability Insurance

Level of Cover £ [10] Million

Professional Indemnity Insurance

Level of Cover £ [10] Million

Level of Cover £ [10] Million

In addition, the supplier will be expected to insure against all risks of material damage for the replacement value of plant and associated Increased Cost of Working (ICOW) risks – to include temporary energy supply provision.

4.3.23 Safety Measures

The supplier will be expected to comply with the requirements of the Health and Safety at Work Act 1974 and of any other Acts Regulations or Orders pertaining to the health and safety of employees, members of the public and or the works or service covered by this contract and shall indemnify the Council in respect of any breach. The supplier will be required to provide a general statement of their safety policy before the commencement of this Agreement and to nominate a person to be responsible for health and safety matters. Whilst on Council premises

the supplier shall ensure that his employees comply with the Council's general statement of safety policy and with the lawful requirements of the Council's Safety Officer.

The supplier will be required to submit a sample risk assessment and must be capable of submitting job-specific risk assessments and method statements as part of any final bid.

4.3.24 General Obligations of Leicester City Council

- Senior users will undertake to facilitate access to funding streams and grant programmes as appropriate.
- Leicester City Council will support development and expansion of the Scheme network through its planning framework and planning obligations (policy BE17 of the City of Leicester Local Plan refers – see Appendix 2 feasibility study page 57).
- Leicester City Council will declare any intention to vacate or redevelop sites affecting occupancy, consumption, and the economics of the Scheme.
- Leicester City Council will continue to invest in energy efficiency measures in existing buildings.

4.3.25 Termination

At termination of the Project Contract any lease or licence that the supplier has to remain on the premises will expire. As part of the Final Bid, each Bidder should comment on their specific circumstances and expectations in relation to compensation should the contract be terminated prior to the expiry date.

4.3.26 Legal and Regulatory Changes

In such circumstances all parties would carry out a reappraisal of the financial model.

5.0 Anticipated Procurement Timetable

The attached procurement timetable (part of the ITSFB supporting documents) is based on the City Council utilising the Competitive Dialogue procedure under the Public Contract Regulations 2006. It assumes that we will look to take up to a maximum of five bidders into the first phase of dialogue; that the dialogue process will have two stages; and that only three prospective bidders will be invited to the second stage before formal tenders are requested.

6.0 Appendices

Please note that at PQQ stage only appendices 1 and 1a will be provided, with appendices 2 to 9 to be provided at the Invitation to Participate in Dialogue (ITPD) stage. None attached to the specification.

Appendix Three

Summary Procedure for Evaluation of Bidders' Proposals and Identification of a Preferred Bidder

Background

Publication of an OJEU notice on 10 August 2009 resulted in eight interested parties at pre-qualification stage (PQQ). Five Bidders were invited to participate in Competitive Dialogue with the Council, University of Leicester and HM Prison Leicester with a view to developing a solution (Final Bid) to meet the Project Specification, although two Bidders withdrew from the process.

Final Bids were submitted on 11 June 2010. Bids have been evaluated and a Preferred Bidder has been identified by the Bid Evaluation Panel using the selection and evaluation criteria set out in this report.

Procedure

The Preferred Bidder will be identified on the basis of it being the most economically advantageous tender in accordance with the following award criteria:

Quality 70% Price 30%

This is the basis on which Final Bids will be assessed in respect of their ability to provide the service required on the terms specified.

Scoring Mechanism

Each of the Bidders' responses will be allocated an individual score where:

- 0 = Fails to meet minimum acceptable standard / fails to meet any requirements
- 1 = Low standard with significant reservations / meets some requirements
- 2 = Good standard, but with some reservations / meets most requirements and demonstrates commitment to meeting minimum requirements
- 3 = High standard / meets all requirements
- 4 = Very high standard with no reservations at all / exceeds requirements

Apart from the section of criteria under the heading "Value Added", a score of '0' or '1' against any of the award criteria will mean disqualification of the Bid, although prior to a decision on disqualification the Council may contact the Bidder to clarify the Bid detail.

Metering

Each Bidder will be providing two bids – one bid to include an individual residential metering solution as well as non-residential meters (Bid A), and one bid to include non-residential / landlord meters only (Bid B). Both Bids will be evaluated separately.

Key Selection, Evaluation and Award Criteria

Evaluation of Final Bids and selection of a Preferred Bidder will be based on the following Award Criteria:

- Project Appreciation
- Methodology
- Ability to Deliver Requirements / Obligations
- Ability to Deliver Environmental Objectives
- Ability to Deliver Service Objectives
- Proposition / Value Added
- Ability to Deliver Price Objectives
- Risk of Failure to Deliver a Successful Scheme

The evaluation matrix is based on the generic models developed by the Corporate Procurement team. The criteria were refined over a series of structured meetings with key personnel including Financial and Legal - and (following an in-house test) were approved by the Project Board. Each of the criteria was given high, medium or low weightings that were then translated into numeric and percentage weightings:

Criteria	Weighting	Rationale
Project Appreciation		
Assesses the Bidders' understanding of:		
- the Council's objectives / required outcomes (the		
importance of reducing emissions and ensuring	•	Total of 3 key requirements
sustainability and affordability); the phasing	5%	- all seen as important but
possibilities and growth potential		lower priority.
- the issues and risks that might affect delivery including		. ,
legal; procedural; contractual and physical constraints;		
planning constraints; construction and traffic		
management issues		
- The current district heating system.		
Methodology (robustness of solution)		
Assesses the Bidders' proposals, methodology and		
rationale for:		
- phasing / routing the network / network expansion and	8%	Total of 11 key
impact management	070	requirements - all seen as
- project management / project controls		important but lower priority.
- transitional arrangements / service levels		important sattorior priority.
- deployment of suitably qualified personnel		
- risk management / BCP arrangements		
- consultation / end user engagement		
- monitoring / reporting to LCC during design / build		
Ability to Deliver Requirements / Obligations		
Assesses the Bidders' ability to:		
- raise funds (including funding programmes)		
- meet delivery timescales		
- ensure good residual condition of infrastructure		
- return assets to LCC and end of contract term	24%	Total of 15 key
- meet legal obligations		requirements – ranging from
- accept LCC terms and conditions including acceptance		low to high priority.
of risk.		
Assesses the Bidders':		
- proposed customer satisfaction measures and		
partnership proposals		
- financial model including effect on capital and revenue		
budgets and value of assets.		
Ability to Achieve Environmental Objectives		
Assesses the Bidders':	00/	
- ability to meet and/or exceed carbon reduction targets	8%	Total of 3 key requirements
(ensuring they are verifiable)		all with high priority.
- commitment to develop sustainable and renewable		
sources of energy		
- proposed measures to dispose of waste		
About the Bidders'		
Assesses the Bidders'		
- approach to retailing heat, billing and payments; debt	400/	Total of 6 key resultanes at
management	12%	Total of 6 key requirements
- technical proposal to include service quality and		- ranging from low to high
security of supply		priority.
- metering proposition including phasing, placement,	A	Three - Summary Evaluation Procedure

minimisation of disruption and choice - approach to customer care including feedback mechanisms.		
Proposition / Value Added including partnering proposition	9%	Total of 11 key requirements – ranging from low to medium priority.
Ability to Achieve Price Objectives	30%	Total of 5 key requirements – all with high priority.
Risk of Failure to Deliver a Successful Scheme	4%	1 key requirement with high priority - 11 sub-criteria.

Results of the Evaluation Scoring

The table below shows the result of the evaluation scoring process and includes evaluation of the Final Bids and clarification responses:

Evaluation Criteria	Maximum Available Score	Dalkia	Cofely
Project Appreciation	360	135	245
Methodology	590	287	453
Ability to Deliver Requirements	1780	713	1228
Ability to Achieve Environmental Objectives	600	350	358
Ability to Achieve Service Objectives	940	468	549
Proposition / Value Added	680	217	365
Ability to Achieve Price Objectives	2260	1143	993
Risk of Failure to Deliver a Successful Scheme	225	113	150
TOTAL	7435	3426	4341

The score for each criterion represents the combined average scores of the relevant panel members.

Whilst the Preferred Bidder has been identified as meeting most of the Bid requirements and the Bid has been evaluated as the "most economically advantageous" in accordance with procurement requirements, there are still some matters that are being finalised as part of the fine-tuning process currently underway including discussions with both the University and HM Prison Leicester.



Extending District Heating & CHP in Leicester – Risk Matrix

Project Risks	Management	Probability	Impact	
Contractual Risks				
Cofely's Final Bid meets all of our minimum requirements although there is still the possibility that contractual terms and conditions may not be agreed between the two parties specifically relating to the following areas: - Responsibility for ongoing maintenance of infrastructure and dilapidations - Allocation of risk.	The purpose of fine-tuning is to ensure that both parties are satisfied with contractual arrangements prior to signing contracts.	Low	High	FINE TUNING
It is possible that, prior to the Preferred Bidder taking over the service, the Council will have had to renew existing contracts relating to: - Gas purchase via ESPO - Electrical and mechanical maintenance As a result there may be issues associated with transfer or termination of existing agreements.	Whilst it is anticipated that the Project will have limited impact on maintenance / gas contracts, given the timetable for contract closure, the approach is being reviewed to take in to account current contracts and any contract breakage costs will be assessed fully prior to contract signing. Potential impact will be minimised as Cofely propose a period of interim management allowing for the gas purchase contract to expire.	Low	Low	FINE TUNING
Financial Risks				
Financial viability of the Project is partially reliant on the inclusion of almost £1 million external funding from the Community Energy Savings programme (CESP). Delays in contract discussions could mean that the deadline for expenditure may not be met and the £1 million funding is withdrawn.	With the Members' decision on award of contract to be made on 13 th December and contracts to be prepared in readiness for signing in December, Cofely will be in a position to secure the CESP funding in advance of the year-end deadline. It should be noted however, that delays in contract discussions with the University may impact the programme for the network link to the CESP area of St Peters – other estates will remain unaffected.	Low	High	Project Director / Project Manager / Legal
A future change of law may result in an increase (or decrease) in operational costs that will flow through the financial model and may result in price increases.	Whilst changes in law cannot be predicted and level of risk is therefore difficult to establish, changes of law could have both a positive and/or negative effect on operational costs and the supplier will be contracted to ensure that they make all reasonable endeavours to mitigate adverse affect of any change in law and maximise any reduction in costs that may result.	Medium	Medium	Project Manager / Legal
It is clear that the added cost (estimated at £6 million) for installation of residential meters adversely affects the affordability of the Project and cannot be included at day one. As a result, residents will continue to be unable to control the amount that they pay for their heat, potentially leaving the Council under pressure to raise the £6m required for metering.	Whilst simultaneous procurement of individual meters may be technically more efficient, Cabinet has that it should only be included "without jeopardising the fundability of the overall scheme". External funding can be sought and other efficiency measures introduced, and a full impact analysis and pilot (including the added 5% VAT for metered heat) is proposed that will clearly identify the best way forward including considering potential external funding available and a phased approach.	High	Low	Project Manager / Project Director

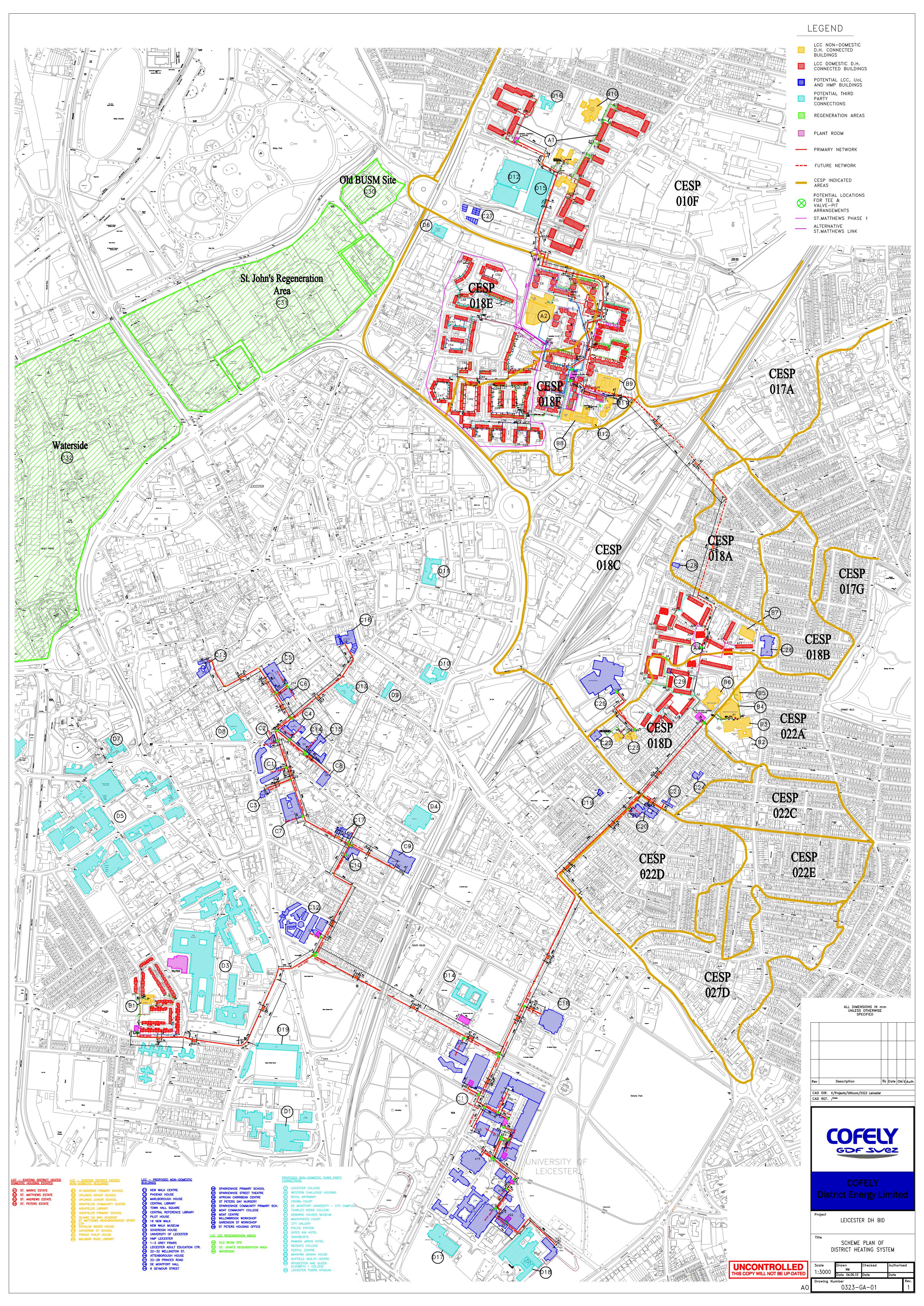
Extending District Heating & CHP in Leicester – Risk Matrix

At the end of the contract the Council may not have sufficient capital to buy back the assets at fair market value.	The Council will have the option to either buy back the assets; to extend the term of the contract; or to retender so that a new supplier could purchase the assets. There is a transition period built in at the end of the contract (of up to 3 years) to allow a decision to be made and retendering to be completed if appropriate at that time. The Council could also choose to retain and invest the capital it initially receives for the assets to ensure that capital is available to buy back the assets at the end of the contract.	Low	Low	Finance Director
Capital costs of the project could increase beyond those identified in the Preferred Bidder's financial model.	Capital costs of the project, and any increase in these costs, will be borne by the supplier.	Low	Low	Project Manager / Legal
Strategic Risks				
Whilst CHP will result in fuel efficiencies, the Preferred Bidder proposes to utilise gas-fired CHP in the first instance. As currently exists, prices for heat will therefore remain closely related to the price of gas and subject to movements in gas price. In addition, adverse weather conditions that result in increases in consumption will affect the levels of heat consumed.	Cabinet have approved the report (July 08) identifying this as a sensitive assumption although it is anticipated that the cost of heat will start (and remain) in line with market prices for the contract period. Purchasing power will be improved as Cofely are part of the GDF Suez utilities group, and progress towards utilisation of renewable fuels will reduce reliance on conventional fuels and reduce impact of price volatility.	Low	High	Project Manager / Project Director
Highways disruption may be unpopular – provisionally programmed to commence mid to late 2011.	Liaison with Highways has commenced and Highways issues will be reviewed early on and planned sensitively following Council programming procedure and taking into account stakeholder views.	Medium	Low	Project Manager
Commercial Risks				
Until Individual Heat Supply Agreements are signed with the Preferred Bidder there is a possibility that identified partners/users may decide not to proceed. This may result in a need for the Preferred Bidder to redesign.	Identified senior users (University of Leicester/HMP Leicester) are represented on the Project Board with input to the specification. Cofely's Bid includes detailed proposals for both the University and the Prison. Both parties have entered into detailed discussions with Cofely and are keen to go ahead with the scheme subject to agreeing financial and contractual terms.	Medium	Low	Project Director / Project Manager
Should the cost of new connections to the scheme fail to be competitive then the scheme is unlikely to grow and carbon emissions targets may not be met.	As the Preferred Bidder's proposal relies on payback of their capital investment through scheme expansion, it is likely that costs will be competitive as compared to conventionally supplied heat. Costs to the Council have been fine-tuned and represent an overall saving over the 25 year term.	Low	Medium	Finance Director
Technical/Operational Risks				
Any unforeseen disruption to the existing service during works could have an adverse effect on end users.	The contract will ensure that the provider is responsible for maintaining continuity of service including during works and will ensure that works will be planned to avoid winter months.	Low	Medium	Project Manager

Extending District Heating & CHP in Leicester – Risk Matrix

Operational performance issues may arise and the Council may not be in a position to influence the quality of service to end users.	The Output Specification will ensure that the provider is responsible for meeting targets with financial penalties for failure to meet the output criteria.	Low	Medium	Project Manager / Legal
Failure to ensure that there are contingency measures in place in case of unforeseen contract termination could prove costly.	The contractor will be responsible for Business Continuity Plan arrangements as part of the contract terms and will agree the plan with Risk Management. Termination clauses/procedure will be detailed in the contract.	Low	Medium	Project Manager / Legal
Unforeseen design/construction issues could lead to time or budget overrun.	An experienced technical project manager will plan and lead the project through the design and construction phases. The development budget is the responsibility of the supplier.	Low	Low	Project Manager
Organisational Factors				
Although impact on tenants and leaseholders will be beneficial, some residents may be resistant to the project and concerned about a private company being responsible for their heat service.	A programme of community engagement has been ongoing to ensure that residents have a means to raise and resolve concerns. The forum for community engagement will remain ongoing with an "Operations Board" to be set up for stakeholders.	Medium	Low	Project Manager
Environmental Risks				
Should the Preferred Bidder fail to achieve carbon KPIs/targets, the scheme may fail to help the Council and senior users to meet defra CRC trading scheme targets.	The contract will ensure that the provider is responsible for meeting targets with financial penalties for failure to meet the Output Specification in this area.	Low	Medium	Project Manager / Legal
Any requirement for land/space for additional plant may have a negative impact on surrounding environment.	Liaison with Planners is underway and any requirements for land will follow normal Council planning procedure taking account of environmental impact.	Low	Medium	Project Manager

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Equality Impact Assessments for services and annual service plans

An EIA is a tool which will help you assess whether there are any barriers in place that prevent any of the diverse range of customers you target from benefiting from the service that you provide. It is an opportunity for you to check whether your service adequately meets the range of needs of your current diverse customer base (on the basis of age, disability, gender/gender identity, race, religion or belief, and sexual orientation) and will continue to do so for new / emerging groups.

In addition, the EIA considers whether the service you provide is equitable for all customers in line with your service objectives and intended outcomes.

What to do

Your operational service plan contributes to your Division's service planning process. However, the divisional service plan cannot contain the level of detail on your customers that affects the ability of them to access your service on a day to day basis. Therefore, your service area should carry out a regular EIA to inform you about how you are managing the range of your customers' diverse needs. Otherwise, you cannot be assured that your service is providing 'value for money' for the services it delivers.

Discuss the questions in the attached template with the officers involved in developing your annual service plan. You will also need to identify when and how you will involve stakeholders in your EIA process.

The Council's statutory Duty to Involve means that a range of stakeholders including members of service user groups (don't forget children and young people), working groups, partnerships, consultative forums etc. should be involved in service analysis, planning, implementation and review. Please ensure that the evidence on which you base your service and annual service plans includes this kind of input. If it is not present, identify it as a gap in your EIA and say in your action plan what will be done to close this gap.

Identify whether there are any issues arising from the EIA questions that need to be addressed within your operational service plan. If there are, discuss with the group what actions can be taken to reduce or remove these negative impacts affecting the service's customers. Set these actions out in an action plan. Be specific as to which actions apply to a particular diversity group, or whether they are for all customers.

The actions arising from this EIA should be incorporated in your operational service plan and regularly reviewed to determine their success in addressing the issues highlighted and therefore reducing any negative impacts identified for your customers.

The completed template should be forwarded to the Corporate Equalities Team to be posted on the Council's website, and you should share your EIA findings with your staff and other user/stakeholder groups interested in your service.

Equality Impact Assessment for services and annual service plans

Name of service

Extending District Heating & Combined Heat & Power (CHP) in Leicester

Date of assessment:

Start date	Completion date			
26/09/08	Revision			
	10/11/10			

Lead officer and	Debbie White
Contact details	Project Manager
	0116 2995138 (39 5138)
List of other(s)	Dave Pate – Director, Housing Services
involved	Tony Haselip – Housing Services
	Chris Burgin – Landlord Services Manager
	Helen McGarry – Service Improvement Manager
	Jackie Gale – Account/Administration Manager
	Gurjit Minhas - Strategy & Performance Officer (Equalities Lead)

Question:

1a. What does the service do? What are its aims and objectives? Who are the service's target audience?

This assessment relates to changes to district heating services. The Council currently provides district heating to residents and non-residents from boiler houses at St Marks, St Matthews, St Peters, St Andrews, Aikman Avenue and Beatty Avenue. The service has been tendered out to a private utility supplier who will take over elements of the service to include: operation and maintenance of boiler houses; upgrading/replacing existing boilers to provide combined heat and power (CHP); extending the district heating service network across the City to allow other users to connect. Responsibility for billing and collecting payment remains with the Council. The Council will remain the first point of contact for tenants and leaseholders in case of problems; all work inside of homes will remain the responsibility of the Council.

Aims and objectives include:

- Contributing to the One Leicester Objective of reducing carbon emissions by 50% by 2025 (compared to 1990 levels) - specifically reducing carbon emissions by a minimum of 13,100 tonnes p.a. by 2019
- Improving the City environment by reducing carbon emissions
- Continuing to provide a reliable and efficient heat supply at an affordable price
- Ensuring that the scheme is future-proofed and sustainable (i.e. the network is suitable for renewable and zero carbon fuels)
- Recommendation that there is no change to price to residents and non-residents (see Final DH EIA for previous price rise assessment)

Target audience is current tenants and leaseholders and non-residential buildings on district heating, along with potential future users.

b. Does the EIA assess the whole service or just a part of it? If so, which part?

Changes relating to the whole end to end district heating service. No price change is recommended and individual heat meters will not be installed, although a metering strategy is recommended.

Any change on the above position would require an additional/amended EIA.

Question:

2a. Who are the service's customers? Which diversity groups currently receive the service?

- Council tenants and RTB leaseholders on District Heating, other LCC operational buildings on District Heating
- New users should include Council administrative buildings, University of Leicester, HM Prison Leicester

The equality profile of the tenants affected by the change to district heating is as follows (based on information disclosed by tenants):

1.7% of the tenants are disabled

66% of tenants are from Black and Minority Ethnic (BME) backgrounds.

32% of tenants are over 60

51% of tenants are women

The Income Management Team monitors its service users and the Housing Benefits Service monitors its recipients.

b. Is there any gap between the target audience and those currently using the service? Which diversity groups are not accessing the service? Why?

Although the improvements represent no change to the heat service received, no change to the customer care received and no change in cost of the service, some of the potential barriers as a result of tendering out the service may relate to:

- Customer access to information about the changes
- How information is communicated to users
- The ease of use of information provided
- Availability in different language formats

c. What action needs to be taken to increase/improve access to the service by these customers? What is your action plan?

To build on community engagement to date (has included presentation at tenant and leaseholder Performance Panel meeting; community meetings; five rounds of meetings with tenant and leaseholder representatives (including some Ward Councillors) in local NHOs, schools and libraries; tenant and leaseholder survey; newsletter (door to door delivery by TARA representatives in some locations); and article in City Housing News.

Planned actions include letters to all district heating users; further presentation to Performance Panel; Information Events in the City (day and evening in December); an information centre open daily (December to March); further article in City Housing News; further leaseholder newsletter; additional meetings at variety of locations accessible to all diversity groups.

In addition tenants will continue to be consulted on price in future via the Performance

Panel.

An Operations Board will be set up to represent all stakeholders and users including tenants and leaseholders.

Information Events will be promoted and made accessible to all communities/diversity groups.

d. How well does the service take into account the changing demographic profile of the city and the needs of new / emerging communities? What customer changes are expected?

Three of the estates that are connected to district heating are in highly deprived areas (indices of multiple deprivation). Tendering out and extending the district heating service will offer an upgraded and increasingly efficient heat service; an affordable heat service; a sustainable heat service; and the potential to introduce different fuels in the future in order to reduce reliance on gas as a fuel and reduce volatility of heat prices.

These changes take into account the needs of the diverse groups and vulnerable users.

e. What action needs to be taken to ensure that customers from new / emerging communities have access to the service if needed? What is your action plan?

The district heating service is a fixed service and accessible to all users in properties connected to the schemes.

In addition to promoting the Information Events and making information accessible on an ongoing basis, we will work with the TARAs to ensure that users from new/emerging communities are informed and are able to express concerns that can be addressed by being fed through the Operations Board, Performance Panel and other existing forums.

Question:

3a. What outcomes does the service expect to achieve for its customers?

- Improving the City environment by reducing carbon emissions
- Continuing to provide a reliable and efficient heat supply at an affordable price
- Ensuring that the scheme is future-proofed and sustainable (i.e. the network is suitable for renewable and zero carbon fuels)

An Energy Procurement Board will be established to include all senior users to obtain best prices on the market.

An Operations Board will be set up to represent all stakeholders and users including tenants and leaseholders.

b. Are these outcomes being achieved? Are they being achieved across the range of diversity groups?

On project delivery the project outcomes will be achieved across the range of diversity groups.

The current programme of community engagement has been welcomed across the range of diversity groups and will continue.

- c. If these outcomes are not being achieved for any diversity group, what action can be taken to ensure that customers receive the intended benefits? What is your action plan?
- d. If these outcomes are not being achieved for some diversity groups, what action can be taken to ensure that these customers receive the same benefits as others? What is your action plan?

Action Plan

All boxes must be completed, and relevant actions included for your service, i.e. where no further action is required against a strand please state this.

Equality Strand/ Activity	Adverse impact identified	Action required	Anticipated outcome and when it should be measured	Lead Officer (Service Manager)	Timescale for action/ measurement
Age	Need for forum for group to be informed of changes and voice concerns	The project needs to ensure that accessible information is made available.	Improved understanding and access to information To be measured at end March 2011	Dave Pate and/or Contract Manager	Nov 2010 to March 2011
Disability	Need for forum for group to be informed of changes and voice concerns	The project needs to ensure that accessible information is made available.	Improved understanding and access to information To be measured at end March 2011	Dave Pate and/or Contract Manager	Nov 2010 to March 2011
Gender/Gender Identity	Need for forum for group to be informed of changes and voice concerns	The project needs to ensure that accessible information is made available.	Improved understanding and access to information To be measured at end March 2011	Dave Pate and/or Contract Manager	Nov 2010 to March 2011
Race	Need for forum for group to be informed of changes and voice concerns	The project needs to ensure that accessible information is made available.	Improved understanding and access to information To be measured at end March 2011	Dave Pate and/or Contract Manager	Nov 2010 to March 2011
Religion/ Belief	Need for forum for group to be informed of changes and voice concerns	The project needs to ensure that accessible information is made available.	Improved understanding and access to information To be measured at end March 2011	Dave Pate and/or Contract Manager	Nov 2010 to March 2011
Sexual Orientation	Need for forum for group to be informed of changes and voice concerns	The project needs to ensure that accessible information is made available.	Improved understanding and access to information To be measured at end March 2011	Project Manager and/or Contract Manager	Nov 2010 to March 2011

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Other	End of Project should not	Ensure ongoing engagement of	Quarterly monitoring and	Dave Pate	From March
associated	mean end of engagement in	all groups in metering strategy	measurement	and/or	2011 ongoing
issues (if	district heating concerns and	and energy efficiency strategy.		Contract	
appropriate)	improvements	Establish Operations Board		Manager	

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