



BROMSGROVE DISTRICT COUNCIL

MEETING OF THE CABINET

WEDNESDAY 1ST JULY 2015 AT 6.00 P.M.

THE COUNCIL HOUSE, BURCOT LANE, BROMSGROVE

MEMBERS: Councillors M. A. Sherrey (Leader), C. B. Taylor (Deputy Leader), G. N. Denaro, R. L. Dent, R. J. Laight and P. J. Whittaker

AGENDA

1. To receive apologies for absence
2. Declarations of Interest

To invite Councillors to declare any Disclosable Pecuniary Interests or Other Disclosable Interests they may have in items on the agenda, and to confirm the nature of those interests.
3. To confirm the accuracy of the minutes of the meeting of the Cabinet held on 3rd June 2015 (Pages 1 - 6)
4. Minutes of the meeting of the Overview and Scrutiny Board held on 2nd June 2015 (Pages 7 - 10)
 - (a) To receive and note the minutes
 - (b) To consider any recommendations contained within the minutes
5. Worcestershire Shared Services - Future Arrangements for Joint Committee and Worcestershire Shared Services (Pages 11 - 34)
6. Council Tax Support Scheme Review (Pages 35 - 38)
7. Risk Based Verification for Housing Benefit and Council Tax Support (Pages 39 - 58)
8. Economic Strategy - Priorities and Actions (Pages 59 - 72)
9. Future Management of Bromsgrove Market (Pages 73 - 94)

10. Financial Outturn 2014/2015 (Pages 95 - 112)
11. Leasehold Issues Affecting Sherwood Road Industrial Units (Pages 113 - 120)
12. To consider any other business, details of which have been notified to the Head of Legal, Equalities and Democratic Services prior to the commencement of the meeting and which the Chairman, by reason of special circumstances, considers to be of so urgent a nature that it cannot wait until the next meeting
13. To consider, and if considered appropriate, to pass the following resolution to exclude the public from the meeting during the consideration of item(s) of business containing exempt information:-

"RESOLVED: that under Section 100 I of the Local Government Act 1972, as amended, the public be excluded from the meeting during the consideration of the following item(s) of business on the grounds that it/they involve(s) the likely disclosure of exempt information as defined in Part I of Schedule 12A to the Act, as amended, the relevant paragraph of that part, in each case, being as set out below, and that it is in the public interest to do so:-

Item No.	Paragraph(s)	
14	3	"
15	3 and 5	

14. Confidential Minutes (Pages 121 - 122)
15. Leasehold Issues Affecting Sherwood Road Industrial Units (Pages 123 - 132)

K. DICKS
Chief Executive

The Council House
 Burcot Lane
 BROMSGROVE
 Worcestershire
 B60 1AA

23rd June 2015

BROMSGROVE DISTRICT COUNCIL

MEETING OF THE CABINET

WEDNESDAY 3RD JUNE 2015 AT 6.00 P.M.

PRESENT: Councillors M. A. Sherrey (Leader), C. B. Taylor (Deputy Leader),
R. L. Dent, R. J. Laight and P. J. Whittaker

Observers: Councillors M. Glass, H. J. Jones and K. May

Officers: Ms S. Hanley, Ms J. Pickering, Mrs S. Sellers, Mr M. Ashcroft
and Ms R. Cole

1/15 **WELCOME**

The Leader welcomed Councillors R. J. Laight and P. J. Whittaker to the Cabinet.

2/15 **APOLOGIES**

An apology for absence was received from Councillor G. N. Denaro.

3/15 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

4/15 **MINUTES**

The minutes of the meeting of the Cabinet held on 1st April 2015 were submitted.

RESOLVED that the minutes of the meeting of the Cabinet held on 1st April 2015 be approved as a correct record.

5/15 **AUDIT BOARD**

The minutes of the meeting of the Audit Board held on 19th March 2015 were submitted.

RESOLVED that the minutes of the meeting of the Audit Board held on 19th March 2015 be noted.

6/15 **OVERVIEW AND SCRUTINY BOARD**

The minutes of the meeting of the Overview and Scrutiny Board held on 13th April 2015 were submitted.

RESOLVED that the minutes of the meeting of the Overview and Scrutiny Board held on 13th April 2015 be noted.

7/15 **APPOINTMENT TO OUTSIDE BODIES - BY OFFICE (EXECUTIVE APPOINTMENTS)**

The Cabinet considered a report on the appointment and nomination to a number of Outside Bodies which were for executive functions and were therefore made by the Cabinet.

RESOLVED that appointments be made to the bodies listed in the appendix attached to these minutes.

8/15 **LOCAL GOVERNMENT ACT 1972**

That under Section 100 I of the Local Government Act 1972, as amended, the public be excluded from the meeting during the consideration of the item of business the subject of the following minute on the grounds that it involves the disclosure of "Exempt Information" as defined in Part 1 of Schedule 12A to the Act, the relevant part being as set out below and that it is in the public interest to do so.

<u>Minute No</u>	<u>Paragraph</u>
9 /15	3

9/15 **DISPOSAL OF COUNCIL HELD ASSETS AT HANOVER STREET CAR PARK AND GEORGE HOUSE**

The Cabinet considered in detail a report on the outcome of the recent marketing exercise in relation to Council owned land and buildings at Hanover Street Car Park and George House.

The process which had been followed in order to select the preferred developer was outlined, including presentations from potential developers to an assessment panel made up of Members and officers who had then scored the bids in accordance with an agreed scoring matrix. Additionally further assessment had taken place of the highest scoring bids with input from external advisors as to valuation, build costs and deliverability.

It was reported that the Overview and Scrutiny Board had also considered the report in detail at a special meeting of the Board. Whilst a number of issues had been raised and discussed, there were no specific recommendations to the Cabinet from the Board.

Agenda Item 3

Cabinet
3rd June 2015

RESOLVED:

- (a) that the contents of the report be noted;
- (b) that the freehold disposal of the site to Hinton Properties as the preferred developer for the sum referred to in the report be approved;
- (c) that delegated authority be granted to the Executive Director for Finance and Resources to agree the terms for the disposal of the site with the preferred developer and that delegated authority be granted to the Head of Legal, Equalities and Democratic Services to enter into the legal documents required for the purposes of implementing the recommendation (b) above;
- (d) that it be noted that the proposed freehold disposal of the site will result in the loss of car parking income equating to approximately £119,000 per annum and that this be considered as part of the long term financial plan.

The meeting closed at 6.15 p.m.

Chairman

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Outside Bodies By Office (Executive appointments)

Organisation	Number of representatives and length of term	Representation 2015-16
Age Concern UK	Portfolio holder with responsibility for older people	Councillor Sherrey
Greater Birmingham and Solihull Local Enterprise Partnership (LEP)	One Leader and one Substitute nominated from 3 North Worcestershire Councils	Cllr J-P Campion, Wyre Forest DC Sub: Cllr B Hartnett, Redditch BC
Local Transport Board for Greater Birmingham and Solihull Local Enterprise Partnership	One Councillor to represent Bromsgrove, Redditch and Wyre Forest Councils <i>Must be Leader or nominated substitute</i>	Cllr J-P Campion, Wyre Forest DC Sub: Cllr R Laight, Bromsgrove DC
Greater Birmingham and Solihull LEP Supervisory Board	Leader by office Substitute – Deputy Leader Check each year	Councillor Sherrey Substitute Councillor Taylor
Greater Birmingham and Solihull LEP Area EU Structural and Investment Fund (ESIF) Committee	One representative and one substitute to represent the 3 North Worcestershire Districts	Cllr J Fisher, Redditch BC Sub: Dean Piper, North Worcs Economic Devt
Bromsgrove Partnership (Local Strategic Partnership)	Leader (Portfolio holder) Substitute – Deputy Leader Check each year	Councillor Sherrey Councillor Taylor
District Councils Network	Leader Substitute – Deputy Leader	Councillor Sherrey Councillor Taylor
Improvement and Efficiency Social Enterprise New – Council 20.11.13	Leader	Councillor Sherrey
Local Government Association General Assembly	Leader Substitute – Deputy Leader	Councillor Sherrey Councillor Taylor
North Worcestershire Community Safety Partnership	Cabinet member	Councillor Sherrey

Agenda Item 3

Organisation	Number of representatives and length of term	Representation 2015-16
PATROL	Portfolio Holder for Leisure, Cultural Services and Environmental Services Substitute	Councillor Whittaker
West Midlands Employers (previously West Midlands Councils)	Portfolio Holder for Human Resources	Councillor Denaro Sub: Councillor Laight
Shared Services Members Board (by office and 2 further representatives appointed at Council)	Leader Deputy Leader	Councillor Sherrey Councillor Taylor
Worcestershire Health and Wellbeing Board	1 rep for North Worcestershire and 1 substitute	Cllr M Sherrey Sub: Cllr P Witherspoon, Redditch BC
Worcestershire Intermediate Body to Deliver European Structural Investment Funds (ESIF)	One representative and one substitute to represent the 3 North Worcestershire Districts	Cllr J Fisher (Redditch BC) Sub: Dean Piper, (NWEDR)
Worcestershire Local Enterprise Partnership	One representative on behalf of the 3 North Worcestershire Councils – required by LEP constitution	Cllr M Sherrey Sub: Leader from Wyre Forest or Redditch
Worcestershire Local Strategic Partnership	Leader Nominated substitute of the Deputy Leader	Councillor Sherrey Councillor Taylor
Worcestershire Local Transport Body	One representative and one substitute from the North Worcestershire authorities	Cllr R Laight Sub: Cllr G Chance, Redditch BC

BROMSGROVE DISTRICT COUNCIL

MEETING OF THE OVERVIEW AND SCRUTINY BOARD

2ND JUNE 2015 AT 6.00 P.M.

PRESENT: Councillors S. J. Baxter, S. R. Colella, C. Allen-Jones, M. Glass, J. M. L. A. Griffiths, K.J. May (Vice-Chairman, in the Chair), R. D. Smith, P.L. Thomas, M. T. Buxton, H. J. Jones and M. Thompson

Invitees: Councillors R. L. Dent, M. A. Sherrey and C. B. Taylor

Officers: Ms. J. Pickering, Mrs. S. Sellers, Mr M. Ashcroft, Ms C. Lumley, Ms. A. Scarce and Ms. J. Bayley

1/15 **ELECTION OF CHAIRMAN**

A nomination for Chairman was received in respect of Councillor L. C. R. Mallett.

RESOLVED that Councillor L. C. R. Mallett be elected as Chairman for the ensuing municipal year.

2/15 **ELECTION OF VICE CHAIRMAN**

A nomination for Vice Chairman was received in respect of Councillor K. J. May.

RESOLVED that Councillor K. J. May be elected as Vice Chairman for the ensuing municipal year.

3/15 **APOLOGIES FOR ABSENCE AND NAMES SUBSTITUTES**

Apologies for absence were received from Councillors C. J. Bloore, B. T. Cooper and L. C. R. Mallett with Councillors M. Thompson, H. J. Jones and M. Buxton attending as substitutes respectively.

4/15 **DECLARATIONS OF INTEREST AND WHIPPING ARRANGEMENTS**

There were no declarations of interest or whipping arrangements.

5/15 **MINUTES**

As there were no Members present who had attended this meeting it was confirmed that the Minutes of the meeting held on 13th April 2015 would be deferred until the next meeting of the Board.

6/15

DISPOSAL OF COUNCIL ASSETS AT HANOVER STREET CAR PARK AND GEORGE HOUSE

The Executive Director of Finance and Corporate Resources presented a report on the subject of the Disposal of Council Assets at Hanover Street Car Park and George House. During the presentation of this report the following points were highlighted for Members' consideration:

- The focus of the report was on the outcome of the marketing exercise for the Hanover Street Car Park and George House site; the process that had been followed by the Council, the preferred bidder's identity and further information about the bid.
- The Council had a legal obligation to dispose of assets at best value. Best value did not necessarily mean the cheapest price as it could also involve assessing the contribution that might be made to the community.
- The District Valuer had been referred to as an independent adviser to ensure that the Council achieved best value for money.
- There had been 16 applicants to develop the site and 7 applicants had been shortlisted.
- The shortlisted applicants had been assessed in relation to a scoring matrix by elected Members, relevant Officers and a representative of GJS Dillon Property Consultants.
- The two highest scoring applicants had been invited to the Council to deliver presentations on the subject of their proposals.
- There had been key considerations when assessing each bid:
 - Deliverability and achievability.
 - The extent to which the bids corresponded with local policies including planning policies.
 - The potential for employment opportunities to be made available through the scheme.
 - The contribution that would be made to redevelopment and regeneration in the area.
 - The overall benefits that each scheme would bring to Bromsgrove.
- The car park had 121 spaces and an income of just under £119,000 per annum. This income would be lost from April 2016 if the preferred bidder's proposal was approved.
- The District Valuer had advised that the Council would not achieve value for money from a deal with the preferred bidder unless the car park was included in the final agreement.
- Higher offers than that which had been proposed by the preferred bidder had been received from other companies; however, the District Valuer had concluded that these proposals were not achievable.
- The preferred bid would release the Council from obligations of approximately £18,000 per annum for maintaining the building and business rates at George House.

Following presentation of the report a number of points were discussed in detail:

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Overview and Scrutiny Board
2nd June 2015

- The timeframes for completion of the works, subject to the agreement of a preferred bidder by Cabinet.
- The approach that would be adopted by the Council to communicate the timetable for the development to the public.
- The scoring matrix and how this matrix was used to assess each development proposal.
- The questions asked as part of the scoring process and the amount of information that had been provided about this questioning process.
- The role of Overview and Scrutiny in assessing the process that had been followed by the Council to identify a preferred bidder. Members debated the extent to which they could assess whether the appropriate process had been followed based on the evidence that had been provided.
- The detail of the bids that had been submitted and how they compared in terms of the value that would be added to Bromsgrove district as a result of redevelopment.
- The role of the Legal department in enabling the Council to follow a robust process whilst securing best value.
- The potential role of lock in clauses and the extent to which these could realistically help the Council.
- The role of the external auditor in assessing the extent to which Bromsgrove District Council had achieved value for money when selecting a preferred bidder.
- The potential for an unsuccessful bidder to challenge the selection process.
- The differences with the previous bid that had fallen through in respect of the features in the proposed development and the extent to which the Council had secured greater value for money.
- The extent to which housing had been considered alongside retail development.
- The weighting attributed to the brook, which had been previously raised as a subject of concern by the Overview and Scrutiny Board when the subject was considered in December 2014.
- The extent to which the content of the Area Action Plan had been taken into account when assessing bids.
- The impact of any changes to the car park on parents of children attending St John's Middle School and the congregation at St John's Church.
- The potential impact of any changes to the car park on demand for parking spaces in other car parks situated in the town.
- The need for the preferred bidder to secure planning permission for the proposed development.
- The extent to which any environmental considerations relating to George House could impact on development and how all relevant information would be shared with the preferred bidder once a deal had been finalised.

At the end of detailed discussions it was

RESOLVED that the report be noted.

(During consideration of this item Members discussed matters that necessitated the disclosure of exempt information. It was therefore agreed to

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Overview and Scrutiny Board
2nd June 2015

exclude the press and public prior to any debate on the grounds that information would be revealed relating to financial and business affairs. However, there is nothing exempt in this record of the proceedings.)

The meeting closed at 7.00 p.m.

Chairman

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Future Arrangements for Worcestershire Shared Services Joint Committee and Worcestershire Regulatory Services

Relevant Portfolio Holder	Cllr Whittaker
Portfolio Holder Consulted	Yes
Relevant Head of Service	Jayne Pickering Director of Finance and Resources
Wards Affected	All
Ward Councillor Consulted	N/A

1. SUMMARY OF PROPOSALS

- 1.1 Worcestershire Regulatory Services (WRS) is the shared service for Environmental Health, Licensing and Trading Standards that was set up in 2010. The participating authorities are Worcestershire County Council and the six Worcestershire District Councils. Bromsgrove District Council is the host authority with responsibility for employing the staff, and providing financial and legal support to the service.

- 1.2 This report sets out proposals for changes to the partnership to come into effect in April 2016 and changes to the management structure which will be implemented straight away. Members are asked to note that the recommendations on which this report is based will not be considered by the Worcestershire Regulatory Services Joint Committee until it meets on 25th June 2015. This report is therefore being prepared in advance of that meeting and if there is any deviation to the recommendations members will be notified by an update report or through a verbal update at Cabinet on 1st July.

2. RECOMMENDATIONS

- 2.1 That Cabinet note the contents of this report.

- 2.2 That Cabinet recommend to Full Council:-
 - 2.2.1 That the current Worcestershire Shared Services Partnership is dissolved by mutual agreement on 31 March 2016;
 - 2.2.2 That a new Worcestershire Shared Services Partnership comprising of the six district councils is created on 01 April 2016 in accordance with the terms set out in Appendix 2 to this report;
 - 2.2.3 That the new Worcestershire Shared Services Partnership enter into a service level agreement with Worcestershire County Council for the provision of trading standards services in

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01 July 2015

accordance with terms to be agreed by the Acting Head of Worcestershire Regulatory Services;

2.2.4 That all existing contracts and service level agreements between the existing Worcestershire Shared Services Partnership and other local authorities are novated to the new Worcestershire Shared Services Partnership;

2.2.5 That the new management structure for WRS set out in Appendix 3 to this report is approved for consultation with staff and recognised trade unions;

2.2.6 That authority be delegated to the Acting Head of WRS following staff and union consultation, and having consulted with the Chair of the Joint Committee, to finalise the future management structure and undertake recruitment in accordance with the terms set out in the Worcestershire Shared Services Partnership Agreement.

3. KEY ISSUES

Financial Implications

3.1 As Members are aware significant efficiency savings have been realised over the period that the shared service has been in operation. The initial budget allocation for Bromsgrove in 2009/10 was £875k which has been reduced through efficiencies and alternative ways of working to £489k for 2014/15. In addition any annual savings from the service have been returned to the partner Councils.

3.2 With the increasing challenge on local Government finances the County Council has identified significant reductions in their trading standards budget allocation to just under £450k in 2016/17. To enable the individual partner Councils to be protected from the pressure and risks of such significant reductions it was agreed by the Joint Committee that a new model of partnership would be created with the County entering into a service level agreement with WRS for the provision on trading standards services.

3.3 The 3 year financial envelope for Regulatory Services has been agreed and is in line with the levels included in the Bromsgrove Council Medium Term Financial Plan. The proposals recommended within this report will not result in additional costs to this Council.

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Legal Implications

- 3.3 As set out in the legal implications section of the report at Appendix 1, the recommendations in this report have significant legal implications. The existing shared services partnership will be dissolved and a new one created. However, the current proven model of operating through a joint committee will continue, and the existing Shared Services Partnership Agreement can be updated and adopted to reflect the requirements of the new shared service.
- 3.4 Bromsgrove District Council will continue to act as the host authority for WRS. Although the number of partners is reducing by one, there will not be any changes to the legal principles upon which BDC has been acting as host since 2010. WRS cannot enter into contracts in its own right because it is not a “legal entity”. Accordingly the practice of BDC being the contracting party on behalf of WRS will continue. BDC will continue to be the employing authority and to provide certain support services.

Service / Operational Implications**Background**

- 3.5 The shared service for WRS in its current format has been in place since June 2010. The governance arrangements are based on a Joint Committee on which two representatives of each of the participating Councils sit. Alongside this there is a management board made up of the Head of Service, senior managers from WRS and officer representatives of the partner authorities. The partner authorities entered into an agreement in 2010 to govern the running of the service and this is referred to as the Worcestershire Shared Services Partnership Agreement. BDC is the host authority for the service.
- 3.6 The shared service has been successful in bringing together the three disciplines of environmental health, licensing and trading standards and delivering these through shared teams across the County. Through transformation and economies from shared working the partner authorities have been able to make significant savings and reduce the overall costs of providing these services to each individual council. Although previously based at Wyatt House in Worcester, WRS relocated in March 2015 to new offices Wyre Forest House in Kidderminster.

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3.7 In light of reductions to the budgets for local authorities the partners have looked to explore the options for further reducing the costs of the service. In late 2013 the joint committee agreed to pursue the option of seeking a strategic partner to work with from either the public or private sector. A procurement exercise was undertaken but ultimately this was not successful. At the same time further work had been undertaken by WRS to look at how the service can be re-aligned to better meet the requirements of the partner authorities going forward. The proposals for the future arrangements are due to be considered at the meeting of the Joint Committee on 25th June 2015, and a copy of the report written by the Acting Head of Service is attached at Appendix 1. The report outlines the proposed changes to the shared service and at the meeting on 25th June the Joint Committee will be asked to endorse the recommendations and refer them to the individual member authorities for approval.

Key proposals

- 3.8 Members are referred to the detail set out in the report at Appendix 1 but to summarise the key points are as follows:-
- That the partners agree to dissolve the current partnership by mutual agreement from 31st March 2016.
 - That a new partnership be created with effect from 1st April 2016 to include the six district councils with the County Council no longer being a partner.
 - That the County Council will continue to receive services related to its Trading Standards functions from 1st April 2016 but that this will be under a contractual arrangement secured by a service level agreement.
 - That the new partnership agreement will include a requirement that any partner unable or unwilling to maintain it's service levels and financial contributions at or near to other partners exit the partnership with the option to continue to receive services under a service level agreement on "at-cost" terms.
 - That the WRS Management Board be deleted.
 - That from April 2016 membership on the Joint Committee be reduced to one member per authority (with arrangements for named substitutes).
 - That Bromsgrove will remain as the host authority and the partnership agreement will be updated in relation to BDCs role in entering into contracts and service level agreements with public bodies on behalf of the partner authorities.

WRS Senior Management Structure

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- 3.9 Following reductions of the number of staff working within WRS it is felt that it is no longer appropriate to operate a three-tiered management structure. As outlined in Appendix 1 given the changes to the delivery of services to the County Council it is also felt that an individual team manager for Trading Standards will no longer be required, and this role can be amalgamated with the workload of the Environmental Health Manager. The existing structure and proposed new structure are set out in Appendix 3 to this report. It is proposed that the new structure be approved by members following which consultation will take place and then recruitment will commence. In other words this element will not be left until March 2016 and will be brought into effect sooner based on the relevant statutory timescales for consultation and recruitment. It should be noted that it will be necessary to act on this element sooner in order to comply with the budget for WRS for 15/16 which has already been put in place by members. It is also hoped that implementing the changes now will allow the senior management structure to be in place in advance of the changes to the partnership in March/ April 2016.

Customer / Equalities and Diversity Implications

- 3.10 Although changes are being made to the management structure and governance arrangements it is not anticipated that there will be a noticeable impact on delivery of services to the customer in relation to those District Council functions which WRS delivers on behalf of Bromsgrove. The reduction of the number of partners to six and the changes to the governance arrangements should allow for the partnership to be more flexible and responsive going forward.

4. RISK MANAGEMENT

- 4.1 Members are referred to the risk section of the Joint Committee report at Appendix 1.

5. APPENDICES

Appendix 1 – Worcestershire Regulatory Services Joint Committee Report 25 June 2015: Future arrangements for Worcestershire Shared Services Joint Committee

Appendix 2 – Proposed amendments, additions and deletions to the Worcestershire Shared Services Partnership Agreement 2010

Appendix 3 – Current and Proposed management Structure

6. BACKGROUND PAPERS

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*‘Creating and delivering a sustainable regulatory partnership for Worcestershire’ – report of Chair of WRS Management Board – Worcestershire Shared Services Joint Committee – 19 February 2015
‘Business Plan for Worcestershire Regulatory Services 2015-2018’*

Worcestershire Shared Services Partnership Agreement 1 June 2010

Worcestershire LEP letter of response to consultation on proposed changes to WRS Partnership - 17 April 2015

Better Regulation Delivery Office email response to consultation on proposed changes to WRS Partnership - 8 April 2015

7. **KEY**

N/A

AUTHORS OF REPORT

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Worcestershire Regulatory Services

Supporting and protecting you

Joint Committee: 25 June 2015

Future arrangements for Worcestershire Shared Services Joint Committee and Worcestershire Regulatory Services

Recommendations

The Joint Committee is recommended to:

1. Note the outcome of consultation with partner Councils, WRS staff and stakeholders and;
2. Recommend to partner councils that:
 - a. The current Worcestershire Shared Services Partnership is dissolved by mutual agreement on 31 March 2016;
 - b. A new Worcestershire Shared Services Partnership comprising the six district councils is created on 1 April 2016 in accordance with the terms set out in appendix 2;
 - c. The new Worcestershire Shared Services Partnership enters into a service level agreement with Worcestershire County Council for the provision of trading standards services in accordance with terms to be agreed by the Acting Head of Worcestershire Regulatory Services; and
 - d. All existing contracts and service level agreements between the existing Worcestershire Shared Services Partnership and other local authorities are novated to the new Worcestershire Shared Services Partnership.
3. Approve the new management structure for Worcestershire Regulatory Services set out in appendix 4 for consultation with staff and recognised trades unions.

4. Following consultation, authorise the Acting Head of Worcestershire Regulatory Services, in consultation with the Chair of the Joint Committee to finalise the future management structure and undertake recruitment in accordance with the terms set out in the Worcestershire Shared Services Partnership Agreement.

Contribution to Priorities

The proposals for reconstitution of the Worcestershire Shared Services Partnership will contribute directly to delivery of partner authorities' priorities for economic, social and environmental well-being, including the agreed priorities for WRS set out in the WRS Service Plan 2015/16 and WRS Business Plan 2015/18.

Introduction / Summary

At its meeting on 19 February 2015, this committee approved for consultation proposals for creating and delivering a sustainable regulatory partnership for Worcestershire.

Consultation has been undertaken with partner councils, WRS staff and a range of stakeholders. The outcome of consultation is detailed in this report and is broadly supportive of the original proposals. Significant concerns were however raised in relation to the future level of trading standards service provision by the County Council.

It is proposed that the Joint Committee recommends that partner councils dissolve the current shared services partnership and reconstitute a new one comprising the six district councils, on terms detailed in this report. These reflect the proposals previously presented to this committee. The Joint Committee is also recommended to approve a new senior management structure for Worcestershire Regulatory Services for consultation with staff and recognised trades unions.

Background

The Worcestershire Shared Services Joint Committee (hereafter *the Joint Committee*) was established on 1 June 2010 by the county and six district councils in Worcestershire as the vehicle for their two tier regulatory shared service – Worcestershire Regulatory Services (WRS). This governance model was based upon established arrangements for shared service delivery operating within the County and was structured to allow for the addition of other shared services.

The Joint Committee and WRS were established in response to central government's challenge that service delivery in two tier local government areas should be no less efficient than in unitary ones. The original business case for WRS was founded on all partner councils having closely aligned policy positions and service levels enabling efficiency gains of 17% to be made, compared with the cost of predecessor arrangements.

WRS has been extremely successful, delivering savings to its partners well in excess of 20% of predecessor arrangements, gaining plaudits from national regulators including the Better Regulation Delivery Office (BRDO). However, in recent years there has been increasing challenge within the partnership arising from differences in partner service requirements, driven by the individual financial pressures on partners. Most notably the County Council has had to make difficult choices regarding the future level of trading standards service provision, with current financial plans identifying net expenditure reducing to £450k in 2016/17.

In February, the Joint Committee endorsed proposals to restructure the current partnership into a smaller partnership of the district councils, with them continuing to have closely aligned policies and service levels, and the County Council entering into a service level agreement with WRS for the provision of trading standards services. The Committee considered that this model would best maintain the strengths and benefits of the original business case whilst protecting individual partner councils from the pressures and risks of diverging financial positions.

The Joint Committee initiated a process of consultation on these proposals, details of which are set out below and have informed the further detailed recommendations for the future partnership contained within this report.

Consultation

Three consultation events were held for elected members of partner councils during mid-March 2015. Each comprised a presentation on the proposals followed by an open question and answer session.

These events did not reveal any objections to the proposals and were broadly supportive of them. It is noteworthy that almost half of the questions related not to the proposals themselves but to the future level of trading standards services likely to be provided on behalf of the County Council. A copy of the summary of questions and answers is provided at appendix 1.

A consultation event for WRS staff was held on 4 March at the Guildhall. This followed a similar format to the sessions for elected members and was timed to enable key messages to be reported at the elected member events. As with elected members, WRS staff recognised the need for change and were broadly supportive of the proposals, once again expressing concern about the future level of trading standards service provision.

The following stakeholders were consulted in writing:

- Hereford and Worcester Chamber of Commerce
- Health and Safety Executive
- Worcestershire LEP
- Better Regulation Delivery Office
- Worcestershire Federation of Small Business
- Hereford and Worcester Chamber of Commerce
- Food Standards Agency

Written replies were received from Worcestershire LEP and Better Regulation Delivery Office. Both praised the work of WRS with Worcestershire LEP emphasising the importance of its contribution to the Better Business for All initiative. The Better Regulation Delivery Office declined to comment on the Joint Committee's proposals, whilst Worcestershire LEP welcomed them *"to secure WRS as a robust proposition."* The LEP did express concerns about adverse impact upon Better Business for All arising from the proposed County Council reduction in business advice regarding Trading Standards and is pursuing this directly with the County Council.

A meeting was held at the request of the Food Standards Agency Regional Coordinator to discuss the proposals in more detail. The meeting echoed concerns of the LEP and did not subsequently lead to a formal written response.

Reconstitution of the Worcestershire Shared Services Partnership

The extant partnership agreement signed on 1 June 2010 contains provisions enabling partners to leave the partnership. However, these are cumbersome and complex to invoke. Notice periods must be given and the terms of exit determined by agreement of all partners. This includes arrangements for departing partners to bear the financial consequences of their exit. These provisions have never been utilised in relation to this or other similar shared services using this basic agreement.

Legal advice is that it is more appropriate in these circumstances not to rely upon these provisions but for the partners to dissolve the current partnership by mutual

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agreement and immediately constitute a successor partnership of the six Worcestershire districts. A service level agreement between the new partnership and the County Council for provision of trading standards services would be entered into as the basis for continuing provision of these services recognising the significant investment made by the County Council in the original partnership and WRS.

Dissolution and reconstitution is not a matter within the competence of this Joint Committee and requires a decision of each partner council. Given the time period necessary for each partner to consider this matter and decide upon it, these decisions will likely conclude in September and October this year. Accordingly it is proposed that these changes take place at the turn of the municipal year, 31 March/ 1 April 2016. This timescale also permits WRS management and officers of the partner councils to make the necessary detailed administrative arrangements.

The majority of the terms of the 2010 partnership agreement remain relevant to the proposed new six district partnership as this will continue to operate as a Joint Committee in accordance with Section 101 of the Local Government Act 1972 and Section 20 of the Local Government Act 2000. It is therefore proposed to use the extant agreement as the basis for the new partnership agreement with modifications, additions and deletions reflecting the future requirements.

The key changes to the partnership and agreement are:

- Agreement is between the six Worcestershire districts
- The provision for expansion of the partnership will be deleted
- A requirement will be introduced obliging any partner unable or unwilling to maintain its service levels and financial contributions at or near to other partners to exit the partnership with the option to continue to receive services under a service level agreement on 'at-cost' terms.
- There will be one member from each partner authority on the Joint Committee (instead of the current two members) with robust deputising arrangements and the inclusion of partner officers to form a WRS Board. This will normally be the member with portfolio responsibility for regulatory matters.
- Deletion of the WRS Management Board.
- Delegated authority from partners to the Joint Committee and Head of Service to enter into agreements for the provision of services to other public bodies (delegation dependent upon annual value of agreement and nature of relationship).

- Further provisions relating to the role of the Host Authority in relation to entering into contracts and service level agreements with public bodies on behalf of the Joint Committee.
- New financial provisions relating to adoption of a fee-earner model for new public authority customers and at-cost service provision for former partner councils of the original 2010 partnership.
- New provisions regarding the use of the WRS brand.

Appendix 2 sets out the principal terms of the proposed new partnership agreement identifying proposed amendments, additions and deletions to the extant agreement.

WRS Senior Management Structure

The current WRS senior management structure of Head of Service, Business Managers and Team Managers was that put in place at inception when the shared service had both a larger complement of staff (circa 120 full time equivalents) and budget, albeit that the number of Business Managers and Team Managers was initially greater.

Slimming of senior management numbers has been progressive as the WRS budget and workforce has reduced year on year. Departure of the Head of Service in January 2015 provided an opportunity to re-examine the structure in light of the proposed new partnership, further reducing income and greater focus on undertaking income-generating work for other public bodies.

Based on the projected WRS financial envelope of £3.475 million from 2016/17 onwards and an expected overall workforce of 78 full time equivalents, it is difficult to justify continuing with three levels of senior management given that spans of control are now 1:2 between the top three tiers. Reducing the number of tiers of management will not only free up resources to maintain service delivery but shorten the management chain making it more flexible and responsive. It is intended to retain the post of head of service given the importance of this role in leading the organisation through a further period of change. It is also proposed to delete the existing tier of Business Managers and redefine the roles of Team Managers to create a single tier of senior management reporting to the head of service.

With the planned further downsizing of trading standards operations, there will cease to be a justification for a dedicated Team Manager. It is proposed to integrate the professional and technical elements of trading standards within the remit of the proposed Environmental Health and Trading Standards Manager, with other intelligence

functions reporting elsewhere.

Importantly, some of the capacity released by de-layering senior management will be beneficially reinvested in providing necessary capability for securing new business, external income and managing relationships with partners and customers. A new role of Business and Relationship Manager is proposed to meet this requirement.

It is proposed that one of the Team Managers will act as the designated deputy in the absence of the Head of Service. This may be on a personal to holder basis to give some future structural flexibility.

The proposed future senior management structure for WRS is shown in appendix 4. Based on an evaluation of the revised Team Manager roles it is anticipated that this will contribute in excess of £100k/ annum of savings making a significant contribution to meeting the future WRS financial envelope whilst providing the necessary capacity and focus for future business development. This is considered by Management Board to be the minimum level of managerial resource necessary to ensure effective direction and control of WRS.

Whilst it may appear premature to seek approval to changes in management structure ahead of decision on the future of the partnership, as the financial envelope was defined in the Business Plan approved in February, action is needed to address this now. There will be greater benefits in managing the transition to a reconstituted partnership if the senior management structure has been refreshed and has had time to bed down.

Joint Committee is asked to approve the proposed future structure for consultation with WRS staff and recognised trades unions. Subject to the outcome of this consultation, Joint Committee is also requested to authorise the Acting Head of WRS, in consultation with the Chair of the Joint Committee to finalise the future management structure and undertake recruitment in accordance with the terms set out in the Worcestershire Shared Services Partnership Agreement.

Financial Implications

The future financial envelope for WRS for the period to 2017/18 is already determined within the WRS Business Plan 2015-18, which was agreed by this Committee in February 2015. The proposals set out within this report are designed to ensure that WRS can continue to operate effectively within this envelope and that its resources continue to be focused upon front line service delivery.

The business plan also identifies an income to WRS rising to £300,000 in 2016/17 and it is important that the service has both the necessary stability and management capacity to achieve this.

Dissolution and reconstitution of the partnership in the manner proposed will not impose a significant financial burden on any party and will provide the necessary framework for future financial stability and risk management. By utilising the existing agreement as the basis for a successor drafting will be minimised and it is expected that this can be concluded within existing legal resources.

Implementing the proposed restructuring of senior management will incur some transitional costs as there will be an overall reduction in numbers, managed in accordance with the host authority's HR policies and procedures. This may involve redundancy, early retirement and redeployment costs which will fall upon the partners to meet in the established manner. These will of course be reduced by the current vacancy for Head of Service which is presently filled on an acting basis.

Legal Implications

The proposals and recommendations in this report have significant legal implications as they involve dissolving and reconstituting a shared service partnership. By utilising the proven Joint Committee model and building upon the extant legal agreement these implications will be managed to best effect and the recommended approach is supported by specialist external legal advice.

Future work undertaken for other public bodies will be governed by agreements or contracts that provide appropriate checks and balances to protect the interests of all parties, in particular the new shared service partners. Existing proven models will be adopted for such arrangements wherever practicable and all agreements will be subject to Host Authority legal approval on behalf of the partnership before signature.

It is not proposed to undertake work for non-public bodies as this would require a local authority trading company to be established by the partners to comply with local authority trading law. This position could be revisited if sufficient private sector work becomes available to more than cover the costs of operating a trading company.

Risk

This approach depends for its success on the unanimous agreement of all current and future partners to the recommendations of this committee.

The proposed dissolution and reconstitution of the partnership has been subject to extensive consultation as detailed in this report. There were no objections to the proposals and general support from many respondents. However this consultation was undertaken before the district elections so there is a risk if newly elected councils take a different view, as this proposal remains dependent upon unanimous agreement of all current and future partners.

The approach of implementing this proposal utilising the extant partnership agreement as the basis for a successor agreement minimises the risk of approval by all partners not being achieved.

There may be some risks to operational service delivery during implementation of the new management structure. These will be mitigated by adopting an incremental approach in accordance with Host Authority HR policies and procedures and interim capacity will be utilised if necessary in a similar manner to current arrangements for the Acting Head of Service.

Sustainability

The proposals and recommendations in this report are considered to be those most appropriate to ensuring the future financial and operational sustainability of WRS and the reconstituted Worcestershire Shared Services Partnership.

Contact Points

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Background Papers

'Creating and delivering a sustainable regulatory partnership for Worcestershire' – report of Chair of WRS Management Board – Worcestershire Shared Services Joint Committee – 19 February 2015

'Business Plan for Worcestershire Regulatory Services 2015-2018'

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Worcestershire Shared Services Partnership Agreement 1
June 2010

Worcestershire LEP letter of response to consultation on
proposed changes to WRS Partnership - 17 April 2015

Better Regulation Delivery Office email response to
consultation on proposed changes to WRS Partnership - 8
April 2015

Appendix 1

**SUMMARY OF QUESTIONS, RESPONSES AND COMMENTS AT WRS ELECETED
MEMBER ENGAGEMENT SESSIONS
17 MARCH 2015, COUNTY HALL, WORCESTER
18 MARCH 2015, COUNCIL HOUSE, BROMSGROVE
19 MARCH 2015, CIVIC CENTRE, PERSHORE**

	COUNCILLORS QUESTIONS AND COMMENTS	PANEL RESPONSES
1	Will the proposals lead to more delegation to WRS officers?	No – policy will continue to remain with partners and the current arrangements for delegation to the Joint Committee and Officers will remain.
2	How will new WRS Board operate in relation to Trading Standards?	The WRS Board will have strategic responsibility for ensuring the delivery of Trading Standards services to the County Council in accordance with the terms set down in the proposed Service Level Agreement. The Board will not determine service levels for Trading Standards services which will continue to be a matter for the county council.
3	Have all the Joint Scrutiny Task Group recommendations been taken on board?	The vast majority have and these are referenced in the Joint Committee report. The main recommendation which has not been accepted is appointments of Board members for a two year term. This is not possible because of the constitutional arrangements of several partner councils which take precedence over the partnership agreement.
4	We note there will be only 1 Member and 1 officer on the WRS Board. Will officers be able to vote?	No. The WRS Board will continue to be a Joint Committee under the terms of the Local Government Act 1972 which only permits voting by elected members.
5	Frequency of Joint Committee and WRS Board meetings. Will more frequent meetings be needed to enable the Board to develop its identity?	The initial proposal is for quarterly meetings which are envisaged to be adequate for the WRS Board to provide the necessary strategic direction and decision making. This will of course be reviewed in the light of experience and any changing circumstances. It should be noted that this model has worked well for other shared services in Worcestershire.
6	Are exit arrangements being changed to benefit the County Council?	No. The proposed changes to the partnership exit arrangements are designed to protect the interests of all partner councils and to ensure the future sustainability of the partnership.

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7	How does repositioning WRS relationship with the County Council help to protect the interests of the Districts?	The basis of the WRS partnership is that partners continue to have a close alignment in terms of priorities, policies and financial capacity. This continues to be the case for the Worcestershire Districts but not so the County Council. This divergence since the formation of WRS has introduced a range of risks which the original partnership agreement is not suitable to manage. The proposed Service Level Agreement with the County Council will clearly define the work that WRS will undertake for it; the resources that will be deployed to do this and the charges that will be made. It is also expected that Trading Standards work will also be re-branded as WCC to provide clarity to customers. These arrangements will ensure that any excess or unmet demand for Trading Standards services will not adversely impact on district Environmental Health and Licensing work and that there will be no unintended cross subsidy.
8	Is this a solution with mutual benefits?	Yes very much so. Partners will continue to benefit from economies of scale and access to professional expertise that they could not achieve alone or in a smaller grouping. All councils, including the County Council will continue to benefit from the unique capabilities of WRS and of investment made to date.
9	Will District partners pay more because the County Council are withdrawing from the partnership?	No. The total financial envelope for WRS will not change as a result of these proposals. The County Councils expected contributions under the proposed Service Level Agreement will mirror those currently forecast. We also expect increased income from work undertaken for other public bodies to help meet future district partner financial expectations.
10	What will happen to the pre-existing financial envelope for WRS?	The total financial envelope for WRS will not change as a result of these proposals.
11	In Trading Standards will WRS need to match the demand coming in with shrinking resources?	Yes the proposed Service Level Agreement will align the Trading Standards work undertaken to the resources deployed by WRS. This reduces risk of work spilling over onto District activities.
12	Does County Council define work for Trading Standards? How can Councillors ensure Trading	Yes the County Council will continue to define the Trading Standards work undertaken for it by WRS. Councillors will

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	Standards delivers a full proper service?	be able to hold the County Council's administration to account through the County Council's established governance arrangements.
13	Does the anticipated reduction in expenditure and resources deployed represent a lowering of service for Trading Standards?	The likely reduction in funding for Trading Standards will inevitably mean a smaller number of WRS staff engaged in this work though we will continue to ensure the County Council shares in efficiencies WRS achieves in future that may offset this.
14	Could extra work in Trading Standards could be funded by other organisations, for example Public Health?	Yes it could.
15	Will we consider letting other councils join the new partnership?	No. The aim is to keep the new partnership focused on the closely aligned priorities of the Worcestershire Districts. New partners who may have differing priorities and pressures would create potential governance difficulties. We will of course be looking to selling our services to other councils as described in the Joint Committee report.
16	Majority voting would appear better	Noted
17	What sort of % reductions can be expected for Trading Standards?	This will be a matter for the County Council to determine as part of negotiation of the Service Level Agreement
18	Where is mention of public protection in these proposals?	Public protection remains at the core of the purpose of WRS and is fully address in the WRS Service Plan and Business Plan which was agreed by the Joint Committee at its meeting last February.
19	Is it the case that Capita identified reputational risk with Trading Standards during the recent procurement for a Strategic Partnership?	Capita perceived a number of risks which contributed to their decision to withdraw from the procurement process.
20	Will Trading Standards budget in 2016/17 result in 6 people?	The number of WRS personnel deployed to Trading Standards work in 2016/17 will be agreed with the County Council under the proposed Service Level Agreement.
21	Will Trading Standards have resources to cope if there was an outbreak of say foot and mouth disease?	This is always dependent upon the scale of any outbreak. In the event of a national epidemic as seen a decade ago it would be necessary to bring additional resources and to work closely with other partners such as the police. Existing Mutual Aid agreements would be invoked if this were to happen.
22	Risks for Trading Standards are	Noted

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	significantly different for County compared to districts.	
23	What if a district cannot afford current or future levels of funding? What are processes for exit?	An agreed threshold figure for exit will be included in the new partnership agreement which will oblige a Council which is unable to maintain a similar level of policy and financial commitment to other partners to leave the partnership. This is to protect the interests of the other partners. If this occurs any departing partner will be entitled to receive services under a Service Level Agreement in a similar manner to that proposed for the County Council.
24	What if everyone needs to cut?	If all partners are in a similar position this is relatively straightforward as the solution can fit everyone. It must be recognised that future cost reductions cannot be delivered only through efficiencies and service reductions would be necessary.
25	What about the Joint Scrutiny Task Group recommendation to address the lack of training of Members on regulatory matters?	The merit of this recommendation is acknowledged but because it was linked to proposed 2 years term of the Joint Committee is cannot be achieved due to primacy of partner constitutions. WRS will continue to work with partner councils to raise member awareness and understanding of regulatory matters.
26	Reserve substitute Members should be provided for in the new WRS Board arrangements.	Noted and we will see how this can be done similar to the Joint Customer Service Board that oversee the Worcestershire Hub Shared Service
27	Will the implementation period of 3 months allow for involvement of Scrutiny?	This depends on individual partner council constitutional arrangements.
28	What will be the partner payment mechanism?	This is expected to remain "as is"
	How small can the WRS be reduced to?	The aim is to avoid further substantial reductions in the size of WRS by increasing the services sold to other public bodies.

Appendix 2

Proposed amendments, additions and deletions to Worcestershire Shared Services Partnership Agreement 2010 to create new Worcestershire Shared Services Partnership Agreement 2016

Item	Reference	Proposed amendments, additions and deletions
	Part I - Between:	Delete (1) Worcestershire County Council and re-number
	Part I recitation (vi)	Amend to include 'sustaining regulatory capacity and expertise by providing services to other public bodies'
	Part I - 1.1	Delete definition of Management Board, update definition of TUPE. Insert definition of 'Service Level Agreement'
	Part I - 2	Insert that the Joint Committee will be known as the Worcestershire Regulatory Services Board
	Part I - 3.4	Previously deleted
	Part I – 4.1	Amend to 'one member' from 'two members' in line 1 and delete 'at least one of those members from' 'authority' from line 3. Insert 'The member shall be the portfolio holder responsible for regulatory matters'.
	Part I – 4.8	Amend to 'will' from 'shall be entitled to' in line 1 and delete 'at least one of the members attending on behalf of that Member Authority'
	Part I – 4.11	Insert 'Each Member Authority shall designate a senior officer to represent it at meetings of the Worcestershire Regulatory Services Board. For the avoidance of doubt such senior will not be members of the Joint Committee and shall have no voting rights.'
	Part I – 6.1.3	Previously deleted
	Part I - 8.1	Previously amended
	Part I – 9.1	Insert 'income targets' on line 3 after 'financial objectives'
	Part I – 9.2	Previously amended
	Part I - 10	Amend to 'Contracts and Service Level Agreements'
	Part I – 10.1	Insert 'and Service Level Agreements' after both references to 'contracts' on line 1 and on line 4; Insert ' and the supply of services to other public bodies' after 'services' on line 2; Delete ' or Shared Services Management Board'
	Part I - 10	Insert new sub-clause specifying that Service Level Agreements entered into with other public bodies must be in accordance with the Shared Service Business Plan and be on such terms as may from time to time be specified by the participating Authorities. Insert new sub-clause limiting use of the Worcestershire Regulatory Services name and brand to Participating Authorities and services delivered on their behalf or with their authority only.

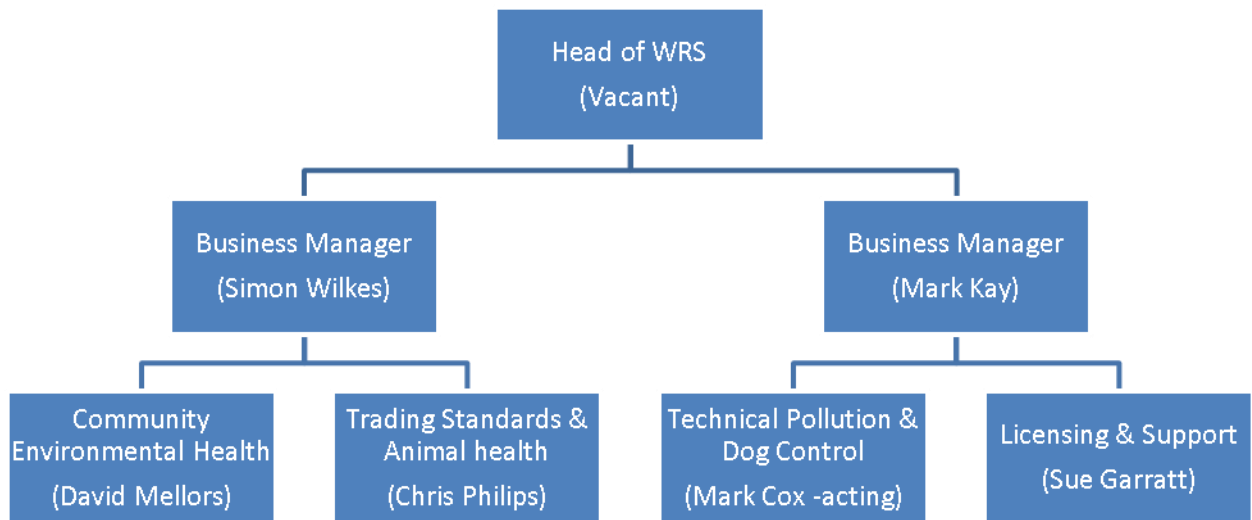
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Part I – 15.2.2	Insert 'or Service Level Agreement' after 'contract' in line 1.
Part I – 11	<p>Insert clause clarifying that where employees are employed on work undertaken for non-participating authorities under Service Level Agreements that TUPE will apply in circumstances where such work is transferred upon expiry or termination of such Service Level Agreements.</p> <p>Insert clause clarifying that where employees are employed on work undertaken for non-participating authorities under Service Level Agreements that all redundancy and termination costs arising from the cessation of such work other than by TUPE transfer must be borne by the non-participating authorities concerned.</p>
Part I - 15	Modify clauses to clarify that where work is undertaken for non-participating authorities and other public bodies under Service Level Agreements, that the Participating Authorities shall be required to indemnify the Host Authority against all actions claims demands expenses and costs arising out of or in connection of the provision of the relevant services under the said Service Level Agreement
Part I - 18	<p>Amend to 'Duration and Termination'</p> <p>Insert new sub clause requiring a Participating Authority to withdraw its participation from one or more shared services in circumstances where it is no longer able to maintain a similar policy service and financial position to other Participating Authorities</p> <p>Insert new sub clause permitting a withdrawing Participating Authority to enter into a Service Level Agreement for continued delivery of services on terms to be agreed by all the Participating Authorities without invoking the provisions of Schedule 2. Amend 18.2 accordingly.</p> <p>Amend 18.1.2.1 to '31st March 2018' corresponding to earliest termination date in original agreement</p>
Part I – Schedule 1 (iv)	Insert additional bullet point 'Gaining external business and income generation'
Part I – Schedule 1 - 2.4	Amend 'seven' to 'six'
Part I – Schedule 1 - 6	Insert 'the senior officer nominated in accordance with 4.11 will attend every meeting of the WRS Board.'
Part I – Schedule 1 – 9.5.2	Delete and replace with 'Decisions on all matters relating to the functions delegated under any subsequent Part of this agreement shall be by a simple majority of those present and entitled to vote thereon'.
Part II – 1.1	Delete 'Worcestershire County Council' and renumber
Part II – 4, Schedule 1, Schedule 3 and Appendix 1 (Statement of partner requirements)	Delete references to Worcestershire County Council and Trading Standards Services. Delegations to be contained within future Service Level Agreement

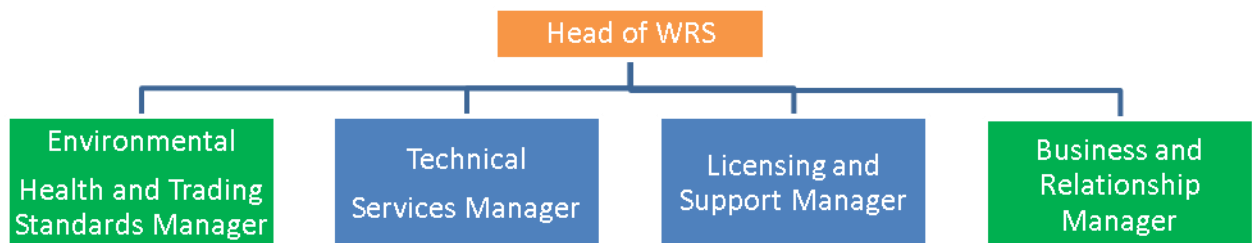
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	Part II - 5	Delete entire clause
	Part II - 8	Previously amended
	Part II – 10	Insert clause clarifying that where employees are employed on work undertaken for non-participating authorities under Service Level Agreements that all pensions costs in respect of such work shall be borne by the non-participating authority concerned.
	Part II – Schedule 4	<p>Amend to incorporate ‘fee earner’ calculation model and that this is the basis of charging for work undertaken for non-participating authorities and public bodies.</p> <p>Insert clause that Worcestershire County and any future withdrawing Participating Authorities will receive services ‘at cost’ based on ‘fee earner’ rates without plusage</p> <p>Insert clause delegating determination of plusage applied to ‘fee earner’ rates in respect of work undertaken for external organisations to Head of Shared Service</p> <p>Insert clause clarifying intention to move to future cost sharing between Participating Authorities based on application of ‘fee earner’ rates to rolling three year average recorded activity levels and that current cost sharing arrangements will remain in place until three full years activity data becomes available.</p> <p>Insert clause providing for WRS and Host Authority to collect fee income on behalf of partners and external customers and for this to be off-set against contributions to the costs of the Joint Committee and WRS</p>
	Various	Other consequential additions, deletions or amendments as may be found necessary whilst drafting

Appendix 3 – Current WRS Senior Management Structure



Appendix 4 – Proposed WRS Senior Management Structure



LOCAL COUNCIL TAX SUPPORT SCHEME 2016/17

Relevant Portfolio Holder	Cllr Geoff Denaro
Portfolio Holder Consulted	Yes
Relevant Head of Service	Amanda de Warr
Ward(s) Affected	All
Ward Councillor(s) Consulted	None Specific
Key Decision / Non-Key Decision	Key Decision

1. SUMMARY OF PROPOSALS

- 1.1 Government changes to the benefits scheme in relation to Council Tax required the Council to introduce a local Council Tax Support Scheme. This scheme must be reviewed annually.
- 1.2 The report proposes no change to the existing scheme.
- 1.3 The report also sets out some data relating to take up of the Hardship Fund and other measures showing the impact of the scheme on collection rates and recovery action.

2. RECOMMENDATIONS

Cabinet is asked to RESOLVE that

- 2.1 No changes be made to the Council Tax Support Scheme for 2016/17.**
- 2.2 The contents of the report in relation to take up of the Hardship Fund and other measures data be NOTED.**

3. KEY ISSUES

Financial Implications

- 3.1 As Members are aware, changes were made to the Council's Local Council Tax Support Scheme with effect from April 2015, which resulted in support being capped at 80% of Council Tax liability for all working age claimants.
- 3.2 Council also agreed to implement a Hardship Policy, in order to support the most vulnerable and provide transitional support where exception hardship as a result of the changes, could be evidenced. As at 30th May 2015 £3,449 of this fund has been awarded.
- 3.3 Changes to the support scheme in April 2105 offset an estimated funding gap in 2015/16 of £45k for Bromsgrove District Council.

- 3.4 It is proposed that no changes be made to the level of support provided by the Council, and as previously agreed the various allowances be uprated in line with the Secretary of State's annual announcement. This will ensure that the scheme is affordable given the year on year reduction of funding for local support schemes and that the assessment of claims remain in line with other benefits.

Legal Implications

- 3.5 On 1 April 2013 Council Tax Benefit was abolished and replaced by a new scheme of Council Tax support called "Council Tax Support Schemes". Under s13A and Schedule 1A of the Local Government Finance Act 1992 (inserted by s10 Local Government Act 2012), each local authority was required to make and adopt a Council Tax Support Scheme specifying the reductions which are to apply to the amounts of council tax payable within their districts
- 3.6 Statutory Instrument 2012/2885, "The Council Tax Reduction Schemes (Prescribed Requirements)(England) Regulations 2012" ensured that certain requirements prescribed by the Government were included in each Scheme (subsequently amended by S.I. 2012/3085)
- 3.7 As the billing authority the Council is required by the Local Government Finance Act 2012 to consider whether to revise its scheme or to replace it with another scheme, for each financial year.
- 3.8 The Authority must adopt its scheme, and make any revisions, no later than 31 January in the financial year preceeding the one when it will take effect, so that it will be necessary for the Council's 2016/17 scheme to be in place by 31st January 2016.
- 3.9 Paragraph 3 to Schedule 1A into The Local Government Finance Act 1992 set out the preparation that must be undertaken prior to the adoption or revision of a scheme, including prescribed consultation requirements. As the recommendation is that no revisions to the current scheme should be made for the financial year 2016/2017 (to which this report applies), the requirement to consult does not have to be met. However, officers will publicise the fact that the current scheme is to continue, subject to up-lift in rates as set by the Department of Work and Pensions, as referred to at 3.11 below.
- 3.10 Instruction is received from the Department of Work and Pensions on an annual basis, of changes to benefits rates and personal allowances. These must be taken into account for housing benefit calculations and it is good practice to apply them to the Local Council Tax Support Scheme

Service / Operational Implications

- 3.11 It was anticipated that the reduction in Council Tax support could result in increased recovery work. Officers have monitored the impact of the changes on

collection rates and payments during April and May, as well as any increase in recovery action.

3.12 The proportion of Council Tax collected as at 31st May is 0.03% higher than at the same time last year.

3.13 There has been an increase in the number of reminders sent out during the first two months of operating the scheme. 1,000 more first reminders were sent in April 15 compared with April 14. However, in May 15 the number of customers being contacted regarding non-payment had dropped - the increase against the same period last year being just over 500 households. Evidence suggests that the majority of customers who are now liable to pay some Council Tax have arrangements in place to pay.

3.14 **HARDSHIP SCHEME**

Officers have worked with a total of 101 customers so far through the Hardship Scheme.

45% of customers who have accessed the Hardship scheme are single persons, and 67% of claimants had no dependants.

3.15 54% were on Employment Support Allowance.

3.16 49% of applications were not awarded Council Tax Support hardship funding, as financial assessments evidenced that the applicants had sufficient funds to pay. However, officers identified other financial support that could be provided. This included Discretionary Housing Payments, financial advice and debt/money management.

3.17 43% of claims for help were assessed as due to budgeting problems and in these cases, as well as considering the hardship awards, advice and support has been offered on budget management.

3.18 Whilst most of the Hardship applications, dealt with so far, have come directly from customers, this is to be expected in the first few months. Officers will take a proactive approach as the year progresses and where it is possible to identify that a customer may be suffering hardship as a result of the changes to the support scheme, these customers will be approached to establish how we might best support them.

Customer / Equalities and Diversity Implications

3.19 The 'uprating' of the benefits rates and personal allowances to be taken into account, in line with the Secretary of States announcement on those that must be taken into account for other benefits, will potentially result in small changes to the amounts of support provided. These will vary according to circumstances.

CABINET

1st July 2015

4. RISK MANAGEMENT

- 4.1 Any changes to council tax support whilst increasing council tax income to the Council and our major preceptors has financial implications for our residents and therefore officers ensure that support on managing finances and advice on other potential benefits is made available.

5. APPENDICES

6. BACKGROUND PAPERS

Held in Revenues Service

AUTHOR OF REPORT

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CABINET

1st July 2015

RISK BASED VERIFICATION

Relevant Portfolio Holder	Cllr Geoff Denaro
Portfolio Holder Consulted	√
Relevant Head of Service	Section 151 Officer
Wards Affected	All Wards
Key Decision	

1. SUMMARY OF PROPOSALS

- 1.1 To advise Members of the new approach for verifying Housing Benefit and Council Tax Support Claims and approve the Risk Based Verification Policy.

2. RECOMMENDATIONS

- 2.1 **That Cabinet RECOMMEND that the Risk Based Verification Policy, attached at Appendix 1, be approved.**

3. KEY ISSUES

- 3.1 In the early 1990's the Department for Work and Pensions introduced a "verification framework policy" for administering Housing and Council Tax Benefit claims. This was a voluntary policy that strongly recommended that local Councils should obtain a substantial amount of documentary evidence, carry out numerous pre-payment checks and visits before making any payment.
- 3.2 The verification framework proved to be costly and caused significant delays in processing. It had to be applied to all claims and there was little scope for local discretion. Although it was abandoned in 2006 by Department for Work and Pensions, most Councils continued to use at least some of the guidelines set out in the framework.
- 3.3 In 2011, the Department for Work adopted a risk-based verification approach which was set out in the Housing Benefit and Council Tax Benefit Circular HB/CTB S11/2011.
- 3.4 Over the last four years this has been taken up by a large proportion of Councils, with great success. Most Councils have used risk-based verification as a means of reducing their costs through a reduction of staff. However, officers see far wider opportunities in adopting this approach, to reduce waste, reduce demand and free up resources to deal with more complex customer needs.

CABINET

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Financial Implications

- 3.5 There are no financial implications directly related to the proposals, however this new approach will:
- improve the processing times of benefits claims;
 - reduce overpayments of Housing Benefit and Council Tax Support;
 - release resources to spend more time dealing with complex cases; and
 - reduce the work in relation to the Subsidy Audit.
- 3.6 Any costs associated to enabling the necessary computer software to implement the process will be funded through reserves allocated for Council Tax Support and Housing Benefits administration but these are expected to be minimal.

Legal Implications

- 3.7 The Council is legally obligated to verify information for Housing Benefit Claims and Council Tax Support. Housing Benefit Regulation 86 of the Housing Benefit Regulations 2006 states:

“A person who makes a claim, or a person to whom housing benefit has been awarded, shall furnish such certificates, documents, information and evidence in connection with the claim or award, or any questions arising out of the claim or the award, as may reasonably be required by the relevant authority in order to determine that person’s entitlement to, or continuing entitlement to, housing benefit.”

The Local Council Tax Support Regulations, agreed by the Council, also adopts the same framework for the validation and verification of claims.

- 3.8 Risk-Based Verification is a voluntary scheme, however there is a mandatory requirement to have the Risk Based Verification Policy, detailing the risk profiles, verification standards and the minimum number of claims to be checked, agreed by Council, as recommended by the Section 151 Officer.

Service/Operational Implications

- 3.9 As at 31st March 2015 there were 4998 Council Tax Support customers and 5181 Housing Benefit customers in Bromsgrove.
- 3.10 Ensuring the right amount is paid out (but no more) is crucial in ensuring fairness to both claimants and taxpayers. Combating fraud and reducing error is a key component in this.

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- 3.11 Risk Based Verification is currently practised in Job Centre Plus and the Pension Service therefore the majority of Housing Benefit and Council Tax Support claims received in a Local Authority, may have been subject to some form of Risk Based Verification.
- 3.12 Where local authorities have introduced Risk Based Verification, results have been impressive. The percentage of fraud and error identified has increased, and in addition, there have been efficiencies in areas such as postage and processing times have improved.
- 3.13 Evidence and guidance suggests that in the region of 55% of cases will be low risk, 25% medium risk and 20% high risk. Implementation of this policy will enable resources to focus appropriately on those claims that are in the high risk category whilst reducing the processing time for those in the low risk bracket. It will enable greater flexibility to allow more officers to deal with low risk claims, and to provide improved online facilities. The capacity created within the team through reducing waste and failure-demand relating to the provision of evidence will be used to improve the system to meet our strategic purpose.

Customer / Equalities and Diversity Implications

- 3.14 The risk of each claim is determined by the IT software automatically based on the risk of fraud associated with the claim. It will be applied consistently across all claims.
- 3.15 Processing times for low risk claims will reduce thus improving the service to those customers. Those identified in the high risk category are also likely to have other complex needs and therefore home visits or engagement with other specialists may also be appropriate. Financial advice and support of other income-maximisation options may be explored.

4. RISK MANAGEMENT

- 4.1 Both internal and external auditors have been notified that the Council may be moving to Risk-Based Verification. Discussions will take place with them to ensure that future Housing Benefit audits will be based on this policy.

Department for Work and Pensions advised in January 2012 that “Auditors will carry out their audit against the terms of the risk-based verification policy. They will not audit or in any way assess the veracity of the policy, that is the job of the local authority itself, in particular the Section 151 Officer and Members who sign off the policy. If individual cases have been actioned correctly against the requirements of the policy, auditors will make no comment”.

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5. APPENDICES

Appendix 1 - Risk Based Verification Policy

6. BACKGROUND PAPERS

Housing Benefit and Council Tax Benefit Circular HB/CTB S11/2011

AUTHOR OF REPORT

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HOUSING BENEFIT RISK BASED VERIFICATION POLICY

INTRODUCTION

- 1.1 Bromsgrove District Council is responsible for the calculation and award of Housing benefits and Local Council Tax Support, subject to a valid application and verification of that application.
- 1.2 The Council must adhere to Housing and Council Tax Benefit legislation. The Regulations under the legislation do not specify what information and evidence the Council should obtain from a claimant for Housing Benefit or Council Tax Support.. However, they do require a Council to have information which allows an accurate assessment of a claimant's entitlement, both when a claim is first made and when the claim is reviewed. The legislation is supplemented by detailed statutory guidance, which must be applied. Failure to do so would lead to an adverse inspection report, possible audit sanctions and loss of subsidy.
- 1.3 Given those requirements quality assurance and detection of fraud are key aspects of the assessment process.

RISK BASED VERIFICATION

- 2.1 Risk-Based Verification (RBV) is a method of applying different levels of checks to benefits claims according to the risk associated with those claims. Different circumstances are taken into account and a risk profile applied to each claim. The associated risk matrix is based on many years of experience and statistical information about what type of claim represents what type of risk. The higher the deemed risk, the higher amount of resources will be used to establish that the claim is genuine.
- 2.2 The Department of Work and Pensions (DWP) has a RVB approach for the assessment of some state benefits, and therefore those claims that are 'passported' into the Housing Benefits system may already have had the risk established and appropriate level of checks applied.
- 2.3 RBV allows the Council more flexibility to take into account local issues and build in checks and balances. Improving the time taken to process claims should help those moving from benefits to work whilst reducing the level of overpayments.

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2.4 RBV provides the following benefits to customers and the Council:

- Improved claim processing times, especially for those claims assessed as low risk.
- Reduced administration work.
- Improved opportunity to identify fraud and error.

2.5 For the purpose of applying verification on a risk basis, each claim is ranked into one of three categories; Low, Medium and High Risk. The table at Appendix A shows the evidence requirement to be met dependent on the risk grouping. A National Insurance number and identity confirmation must be made in all cases irrespective of the risk grouping, to comply with the legislation. Where photocopies, scanned or photographed documents have been supplied, originals may be requested if there are any concerns about the validity of the document, or if the information conflicts with information already held.

Low Risk

The only checks to be made on cases classed as low risk are proof of identity, production of National Insurance Number and, if the claimant is a student, formal confirmation of status will be required.

Medium Risk

Cases in this category must have the same checks as low risk plus, for every type of income or capital declared, documentary proof is required. Photocopies of documentation can be provided in this instance. Scanned or photographed documents and submitted electronically will be treated as photocopies.

High Risk

All cases classed as high risk must have the same checks as low risk and documentation provided for each declared type of income or capital. However the documents supplied must be originals. Additional evidence, such as proof that rent is being paid, and to whom,, may be required.

Additional checks will be carried out on all cases in the high risk category. These will include a combination of:

- Home visits.
- Following up telephone conversations.
- Review of claim after 26 weeks.
- Credit Reference Checks.

Exempt accommodation, excluded from housing costs for the purposes of Universal Credit, and therefore remaining the responsibility of the Local Authority, will always be classed as high risk.

2.6 IT Software will be implemented to determine the risk score for each claim, at the point at which it is received. This uses historical local authority data to identify the likelihood of risk, fraud and potential error.

- 2.7 The evidence required at each risk level has been specified and is attached at Appendix 1.

RECORDING, MONITORING AND TRAINING

- 3.1 Detailed records of all risk scores will be maintained and reviewed to ensure compliance with the Regulations and that the Council is maintaining proper quality control and fraud awareness.
- 3.2 Cases cannot be downgraded at any time by an assessment officer, although they can be increased to a higher risk category with approval of a Team Leader. All cases which are upgraded are recorded along with the reasons for this re-classification so that this information can be fed through to update the risk parameters if errors are found. Reasons for upgrading a case may include previous fraud, previous late notification of changes in circumstances, or where there is good reason to doubt the veracity of information provided.
- 3.3 Regular quality-assurance monitoring will be undertaken to help ensure that the policy is being applied correctly by all officers.
- 3.4 Officers will review a minimum of 10% of high risk cases via visits to customers' homes.
- 3.5 Officers will monitor the effect of fraud and error detection rates compared to the baseline rate. It is expected that the levels of fraud and error will reduce over time. Fraud and error should be low in Low Risk cases and increased for Medium and High Risk categories. Qualified and experienced Fraud Investigation Officers will be used to carry out a proportion of checks on medium and high risk cases.
- 3.6 The Council will undertake a minimum of 5% checks across all assessments to make sure guidance is adhered to correctly and appropriate decisions made.
- 3.7 Training will be provided for all officers using Risk Based Verification to ensure the agreed processes, procedures and guidelines are adhered to. Discussions will take place with all internal and external stakeholders including Investigation staff, Housing staff, Social landlords and the Voluntary sector so that they are fully aware of the policy.
- 3.8 The DWP has confirmed that RBV, properly applied, will meet audit requirements. We shall maintain dialogue with the external auditors to ensure that we are not placing the Council at risk through the adoption of this policy. Internal Audit processes will have to be amended and the application of RBV will be one of the regular internal audit themes.
- 3.9 Operational measures will be put in place and data collected to understand performance in relation to the policy. These will include:
- Percentage of cases presented in each risk category;

- Level of fraud detected in each risk category;
- Level of claimant error found in each risk category;
- Level of Council error found in each risk category.
- Percentage of error found through quality assurance checks.

RISK

- 4.1 An evaluation of the risks associated with the implementation of this policy has been carried out and the following risks identified:
- 4.2 Risk 1. Fraud and error will exist in low or medium risk claims and this won't be detected.
This will be mitigated through the overall quality assurance checks that the Council will carry out. In addition medium risk claims with potentially high risk income types would be identified and additional checks carried out. Levels of fraud & error will be closely monitored by the Fraud team. Staff error will be addressed with individuals through our performance framework. The DWP Risk Based Referral file will also be used for intervention selection.
- 4.3 Risk 2. Staff will find the cultural change difficult, and maintain the old way of working.
This will be mitigated through staff engagement in the change process and backed up by post-implementation checks of 5% of claims across all risk categories. Issues identified through these checks will be addressed through our performance framework.
- 4.4 Risk 3. Staff escalate too many cases to a higher risk category.
This will be mitigated by team leaders approving cases for escalation and monitoring the number of cases put forward for escalation. Staff awareness will be increased where any issues are identified.

EQUALITIES IMPACT

- 5.1 Risk-Based Verification will apply to all New Claims for Housing Benefit and Council Tax Support. A mathematical model is used to determine the Risk score for any claim. This model does not take into account any of the protected characteristics dealt with by the Equalities Act.
- 5.2 The course of action to be taken in respect of the risk score is governed by this policy. As such there are no equalities impacts.
- 5.3 It is possible that people with certain protected characteristics, may be over-represented or underrepresented in any of the risk groups. As such monitoring will be carried out to ascertain whether this is the case. As this is a new approach to verifying benefit claims, there is no baseline monitoring we can use as a comparison.

- 5.4 Where it is intended to carry out home visits these will be undertaken by trained visiting officers. These officers are used to carrying out visits to the vulnerable, elderly and disabled, as these groups of claimants are often unable to access Council services in any other way.
- 5.5 Staff have access to translation and interpretation services if required.

LEGAL IMPLICATIONS

- 6.1 The risk based verification policy complies with the recommendations from the Department of Work and Pensions (DWP) outlined in Housing Benefit and Council Tax Benefit Circular HB/CTB S11/2011. This circular can be found at Appendix 2. It should be noted that this policy will be the basis on which we are audited in the future. Providing we comply with this policy, we will be deemed to be verifying claims in the correct way. The policy must be approved by the Council's Section 151 Officer and adopted by the Council.
- 6.2 Housing Benefit Regulation 86 of the Housing Benefit Regulations 2006 states;

“a person who makes a claim, or a person to whom housing benefit has been awarded, shall furnish such certificates, documents, information and evidence in connection with the claim or the award, or any question arising out of the claim or the award, as may reasonably be required by the relevant authority in order to determine that person's entitlement to, or continuing entitlement to housing benefit and shall do so within one month of being required to do so or such longer period as the relevant authority may consider reasonable.”

Furthermore; Section 1 of the Social Security (Administration) Act 1992 provides that a National Insurance number must either be stated or enough information provided, to trace or allocate one. This legislation applies to both applicants and their partners.

(1A) No person whose entitlement to any benefit depends on his making a claim shall be entitled to the benefit unless subsection (1B) below is satisfied in relation both to the person making the claim and to any other person in respect of whom he is claiming benefit.

(1B) this subsection is satisfied in relation to a person if–

(a) The claim is accompanied by–

(i) a statement of the person's national insurance number and information or evidence establishing that that number has been allocated to the person; or

(ii) information or evidence enabling the national insurance number that has been allocated to the person to be ascertained; or

(b) the person makes an application for a national insurance number to be allocated to him which is accompanied by information or evidence enabling such a number to be so allocated.

POLICY REVIEW

- 7.1 This policy will be kept under review based on the measures but it must comply with the legislative requirements and cannot be changed mid-year due to the complexity of the auditing process.

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APPENDIX 1

EVIDENCE REQUIREMENT

Type of Evidence	Sub-category of evidence	Low Risk	Medium Risk	High Risk
Identify and S19	Identity	Originals, photocopies, scanned or photographed images	Originals, photocopies, scanned or photographed	Originals required
	S19	Originals, photocopies, scanned or photographed images	Originals, photocopies, scanned or photographed images	Originals required
Residency/Rent	Private Tenants	Not required	Tenancy agreement, letter from landlord - Originals, photocopies, scanned or photographed images	Tenancy agreement, letter from landlord Originals required
	Social Landlords	Not required	Tenancy agreement, letter from landlord Originals, photocopies, scanned or photographed images	Tenancy agreement, letter from landlord Originals required
	Registered	Not required	Not required	Tenancy agreement, letter from landlord Originals required
	Rent paid – actual payment	Not required	Not required	Proof of rent payments made, rent book, receipts, bank statement Originals required Where applicable
Household Composition	Partner ID/S19	Originals, photocopies, scanned or photographed images	Originals, photocopies, scanned or photographed images	Originals required
	Dependants under 18	Child benefit CIS check	Child benefit CIS check	Child benefit CIS check

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	Non-dependants – remunerative work	Not required	Current wage slips Originals, photocopies, scanned or photographed images	Current wage slips Originals required
	Non-dependants – passported benefit	Not required	CIS check	CIS check
	Non-dependant – student	Not required	Student Certificate Originals, photocopies, scanned or photographed images	Student certificate Originals required
	Non-dependant – not in remunerative work/other	Not required	Latest bank statement Originals, photocopies, scanned or photographed images	Latest bank statement Originals required
Income	State Benefits	CIS check	CIS check	CIS check
	Earnings/SMP/SSP	Not required	Current wage slips or estimated earning statement if new job Originals, photocopies, scanned or photographed images	Current wage slips or estimated earning statement if new job Originals required
	Self employed earnings	Self employed statement of earnings	Self employed statement of earnings	Self employed statement of earnings
Child Care Costs		Not required	Statement from claimant Originals, photocopies, scanned or photographed images	Statement from claimant Originals required
Student Status	Income also required	Confirmation of status Originals, photocopies, scanned or photographed images	Confirmation of status Letters about student contributions or maintenance agreements Evidence of term time dates of study, grants/loans and other funding received.	Confirmation of status Letters about student contributions or maintenance agreements Evidence of term time dates of study, grants/loans and other funding received.

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			Originals, photocopies, scanned or photographed images	Originals required
Capital	Below lower capital limit	Not required	Bank statement if over £5500 Originals, photocopies, scanned or photographed images accepted	Bank statement if over £5500 Originals required
	Above lower capital limit	Not required	Last 2 months bank statements Originals, photocopies, scanned or photographed images	Last 2 months bank statements Originals required
	Property	Not required	Originals, photocopies, scanned or photographed images of evidence	Originals required of evidence
Other circumstances (money paid out, other income)		Not required	Originals, photocopies, scanned or photographed images of evidence	Originals required of evidence

Housing Benefit and Council Tax Benefit Circular

Department for Work and Pensions

1st Floor, Caxton House, Tothill Street, London SW1H 9NA

HB/CTB S11/2011

SUBSIDY CIRCULAR WHO SHOULD READ	All Housing Benefit (HB) and Council Tax Benefit (CTB) staff
ACTION	For information
SUBJECT	Risk-Based Verification of HB/CTB Claims Guidance

Guidance Manual

The information in this circular does not affect the content of the HB/CTB Guidance Manual.

Queries

If you

want **extra copies of this circular/copies of previous circulars**, they can be found on the website at <http://www.dwp.gov.uk/local-authority-staff/housing-benefit/user-communications/hbctb-circulars/>

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- **technical content of this circular**, contact

Email: HBCTB.SUBSIDYQUERIES@DWP.GSI.GOV.UK

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Risk-Based Verification of HB/CTB Claims Guidance

Introduction

1. This guidance outlines the Department's policy on Risk-Based Verification (RBV) of Housing Benefit and Council Tax Benefit (HB/CTB) claims.

Background

2. RBV allows more intense verification activity to be focussed on claims more prone to fraud and error. It is practiced on aspects of claims in Jobcentre Plus (JCP) and the Pension Disability and Carers Service (PDCS). Local authorities (LAs) have long argued that they should operate a similar system. It is the intention that RBV will be applied to all Universal Credit claims.
3. Given that RBV is practised in JCP and PDCS, the majority (up to 80%) of HB/CTB claims received in an LA may have been subject to some form of RBV. Already 16 LAs operate RBV. Results from these LAs have been impressive. In each case the % of fraud and error identified has increased against local baselines taken from cells 222 and 231 of the Single Housing Benefit Extract (SHBE). In addition, in common with the experience of JCP and PDCS there have been efficiencies in areas such as postage and storage and processing times have improved.
4. We therefore wish to extend RBV on a **voluntary basis** to all LAs from April 2012.

This guidance explains the following;

What is RBV?

How does RBV work?

The requirements for LAs that adopt RBV

How RBV claims will be certified

What are the subsidy implications?

What is RBV?

5. RBV is a method of applying different levels of checks to benefit claims according to the risk associated with those claims. LAs will still be required to comply with relevant legislation (Social Security Administration Act 1992, section 1 relating to production of National Insurance numbers to provide evidence of identity) while making maximum use of intelligence to target more extensive verification activity on those claims shown to be at greater risk of fraud or error.
6. LAs have to take into account HB Regulation 86 and Council Tax Benefit Regulation 72 when verifying claims. The former states:

"a person who makes a claim, or a person to whom housing benefit has been awarded, shall furnish such certificates, documents, information and evidence in connection with the claim or the award, or any question arising out of the claim or the award, as may reasonably be

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required by the relevant authority in order to determine that person's entitlement to, or continuing entitlement to housing benefit and shall do so within one month of being required to do so or such longer period as the relevant authority may consider reasonable."

Council Tax Benefit Regulation 72 is similar.

7. These Regulations do not impose a requirement on authorities in relation to what **specific** information and evidence they should obtain from a claimant. However, it does require an authority to have information which allows an **accurate assessment** of a claimant's entitlement, both when a claim is first made and when the claim is reviewed. A test of reasonableness should be applied.

How does RBV work?

8. RBV assigns a risk rating to each HB/CTB claim. This determines the level of verification required. Greater activity is therefore targeted toward checking those cases deemed to be at highest risk of involving fraud and/or error.
9. The classification of risk groups will be a matter for LAs to decide. For example, claims might be divided into 3 categories:

Low Risk Claims: Only essential checks are made, such as proof of identity. Consequently these claims are processed much faster than before and with significantly reduced effort from Benefit Officers without increasing the risk of fraud or error.

Medium Risk Claims: These are verified in the same way as all claims currently, with evidence of original documents required. As now, current arrangements may differ from LA to LA and it is up to LAs to ensure that they are minimising the risk to fraud and error through the approach taken.

High Risk Claims: Enhanced stringency is applied to verification. Individual LAs apply a variety of checking methods depending on local circumstances. This could include Credit Reference Agency checks, visits, increased documentation requirements etc. Resource that has been freed up from the streamlined approach to low risk claims can be focused on these high risk claims.

10. We would expect no more than around 55% of claims to be assessed as low risk, with around 25% medium risk and 20% high risk. These figures could vary from LA to LA according to the LA's risk profiling. An additional expectation is that there should be more fraud and error detected in high risk claims when compared with medium risk claims and a greater % in medium risk than low risk. Where this proves not to be the case the risk profile should be revisited.
11. LAs may adopt different approaches to risk profile their claimants. Typically this will include the use of IT tools in support of their policy, however, the use of clerical systems is acceptable.
12. Some IT tools use a propensity model¹ which assesses against a number of components based on millions of claim assessments to classify the claim into one of the three categories above. Any IT system² must also ensure that the risk profiles include 'blind cases' where a sample of low or medium risk cases are allocated to a higher risk group, thus requiring heightened verification. This is done in order to test and refine the software assumptions.

13. Once the category is identified, individual claims cannot be downgraded by the benefit processor to a lower risk group. They can however, exceptionally, be upgraded if the processor has reasons to think this is appropriate.

The requirements for LAs that adopt RBV

14. RBV will be voluntary. However, all LAs opting to apply RBV will be required to have in place a **RBV Policy** detailing the risk profiles, verification standards which will apply and the minimum number of claims to be checked. We consider it to be good practice for the Policy to be examined by the authority's Audit and Risk Committee or similar appropriate body if they exist. The Policy must be submitted for Members' approval and sign-off along with a covering report confirming the Section 151 Officer's (section 85 for Scotland) agreement/recommendation. The information held in the Policy, which would include the risk categories, should not be made public due to the sensitivity of its contents.
15. The Policy must allow Members, officers and external auditors to be clear about the levels of verification necessary. It must be reviewed annually but not changed in-year as this would complicate the audit process.
16. Every participating LA will need a robust baseline against which to record the impact of RBV. The source of this baseline is for the LA to determine. Some LAs carry out intensive activity (along the lines of the HB Review) to measure the stock of fraud and error in their locality. We suggest that the figures derived from cells 222 and 231 of SHBE would constitute a baseline of fraud and error currently identified by LAs.
17. Performance using RBV would need to be monitored monthly to ensure its effectiveness. Reporting, which must be part of the overall Policy, must, as a minimum, include the % of cases in each risk category and the levels of fraud and error detected in each.

How RBV claims will be certified?

18. Auditors will check during the annual certification that the subsidy claim adheres to the LA's RBV Policy which will state the necessary level of verification needed to support the correct processing of each type of HB/CTB claim. The risk category will need to be recorded against each claim. Normally the LA's benefit IT/clerical system will allow this annotation.

¹ Whilst DWP is of the opinion that the use of IT will support the success of RBV, it does not in anyway endorse any product or company

² The same safeguard must be applied to clerical systems

Other considerations

19. The sample selection for HB/CTB cases will not change i.e. 20 cases will be selected for each headline cell on the claim form. The HB COUNT guidance used by the external auditors for certification will include instructions for how to deal with both non-RBV and RBV cases if selected in the sample. For non-RBV cases, the verification requirements will remain the same i.e. LAs will be expected to provide all the documentary evidence to support the claim.

What are the subsidy implications?

20. Failure by a LA to apply verification standards to HB/CTB claims as stipulated in its RBV Policy will cause the expenditure to be treated as LA error. The auditor will identify this error and if deemed necessary extrapolate the extent and, where appropriate, issue a qualifying letter. In determining the subsidy implications, the extrapolation of this error will be based on the RBV cases where the error occurred. For this reason, it is important that RBV case information is routinely collected by ensuring that LA HB systems incorporate a flag to identify these RBV cases. If sub-populations on RBV cases can not be identified, extrapolations will have to be performed across the whole population in the particular cell in question.
21. We will now work with the respective audit bodies to incorporate this into the COUNT guidance. If you have any queries please contact Manny Ibiayo by e-mail HBCTB.SUBSIDYQUERIES@DWP.GSI.GOV.UK

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REPORT TITLE – BROMSGROVE ECONOMIC PRIORITIES

Relevant Portfolio Holder	Cllr Rita Dent – Portfolio Holder for Economic Development, Regeneration and Town Centre
Portfolio Holder Consulted	√
Relevant Head of Service	Dean Piper – Head of Economic Development & Regeneration – North Worcestershire
Ward(s) Affected	All
Ward Councillor(s) Consulted	N/A
Key Decision / Non-Key Decision	Key decision

1. SUMMARY OF PROPOSALS

- 1.1 A new set of economic priorities and aspirations have been developed for Bromsgrove which articulate the ambitions of the Council and its key partners. The economic priorities have been developed in close consultation with members of the Bromsgrove Economic Development Theme Group, which forms part of the Bromsgrove Partnership and includes a number of business representatives and partner organisations.

- 1.2 It is intended that these new economic priorities will help to provide a focus for the Council's economic development and regeneration activities and to the operational activities of the North Worcestershire Economic Development and Regeneration (NWEDR) shared service.

- 1.3 The setting of the new economic priorities and associated action plan reinforces the Council's commitment to supporting the local economy and its regeneration programme and will drive the delivery of its strategic purpose to 'Help me run a successful business'.

2. RECOMMENDATION

The Cabinet is requested to **RESOLVE** that:

- 1) The economic priorities for Bromsgrove district and the associated deliverables set out at Appendix 1 are endorsed.

- 2) The management and monitoring of the Action Plan is delegated to the Head of Economic Development & Regeneration.

- 3) To agree that a report setting out progress against delivery of the priorities and Action Plan is brought to Cabinet on an annual basis.

3. KEY ISSUES**Financial Implications**

- 3.3 Funding is available within the revenue budget of the Council to support the activities as proposed within this report. This includes the £23k that was received from the Greater Birmingham and Solihull Pooling arrangement which was directed by Members towards Economic Development projects. In addition officers will look to maximise external funding opportunities. Should additional resources be required in the future, any requests will be subject to the Council's normal budget approval process.

Legal Implications

- 3.4 There are no direct legal implications arising from this report.

Service / Operational Implications**Background**

- 3.5 Over the last 12 months, work has progressed to identify a set of new economic priorities for Bromsgrove district which can provide a focus for the Council, partners and to activities of the North Worcestershire Economic Development and Regeneration (NWEDR) service, which the Council supports financially.
- 3.6 The development of new economic priorities for the district has very much been informed by an assessment of the current economic challenges and opportunities facing Bromsgrove and by gaining an understanding of some of the underlying economic trends that are affecting economic performance.
- 3.7 To support the process, in July 2014, as part of a wider 'Economic Horizons' project for North Worcestershire, NWEDR commissioned Professor Brendan Nevin to facilitate a special Leader's Group workshop to help members understand more fully the economic opportunities for Bromsgrove district and to facilitate a debate as to what the future economic aspirations should be. The presentation was subsequently delivered to the Economic Development Theme Group. As a result of both sessions, the following economic challenges and opportunities were identified as important for Bromsgrove district:
- Bromsgrove benefits from its central location and excellent connectivity to adjacent economies and markets;
 - Overall the quality of life in Bromsgrove is high with the district having a strong residential offer and education system;
 - Bromsgrove town centre is not presently maximising its retail and leisure offer and is experience leakage of expenditure to neighbouring centres - the focus

should be on increasing footfall to maximise local spending and town centre vitality going forward;

- Bromsgrove is an area that experiences relatively low unemployment and has a skilled workforce;
- Average resident earnings for full time workers in Bromsgrove are amongst the highest in the West Midlands region (£581 per week in Bromsgrove compared to £489 per week for Worcestershire);
- The Bromsgrove economy is powered by the growth of small and medium sized businesses, with 89% of its business base classed as micro-enterprises (those businesses employing less than 10 employees);
- Entrepreneurial culture - self employment continues to grow in Bromsgrove, with 1 in 8 of the workforce in Bromsgrove registered as self-employed and centres such as Basepoint offering high quality flexible workspace for new start-up businesses; however there is a need for further grow on space.

3.8 Members agreed the following set of principles to guide the setting of economic priorities for the district.

- There is a need to develop an economy which is sustainable and not reliant on small number of sectors / employers;
- Bromsgrove's economy should be driven principally by SME growth not by solely attracting foreign inward investors;
- 'Evolution not revolution', the Bromsgrove economy does not need radical restructuring but carefully managed change and growth;
- There is a need to maintain the competitiveness of our local workforce to be able to access jobs across the wider Travel to work area.

Economic Priorities

3.9 Taking into account the aforementioned economic challenges and opportunities presented to Cabinet and the Economic Development Theme Group, it is proposed that the following five economic priorities will guide the future economic development and regeneration policies and activities of the Council and its partners:

1. Harness the local entrepreneurial spirit and support business start-ups and existing business growth;
2. Encourage new inward investment / SME growth through development of the key employment sites;

3. Create a more vibrant Bromsgrove Town Centre by enhancing the current retail and leisure offer;
4. Improve connectivity within Bromsgrove (Digital and Transport);
5. Invest in our local workforce by supporting training and apprenticeships.

3.10 These priorities were endorsed by the Economic Development Theme Group following its last meeting in April 2015.

Action Plan and Delivery

3.11 To support delivery against the new economic priorities, NWEDR has worked closely with members of the Economic Development Theme Group who have helped to ‘shape and steer’ the formation of an Action Plan. The Action Plan includes a range of activities and projects that could deliver economic benefits for the district.

3.12 Some projects and activities will be instinctively led by the NWEDR shared service or Bromsgrove District Council, but it is anticipated that there will be a need to engage with a breadth and depth of partners to ensure that certain activities can be delivered. For example, investment in broadband infrastructure to facilitate small business growth across the district will require the direct involvement of Worcestershire County Council.

3.13 Appendix 1 sets out in detail the relationship between the Economic Priorities, sub-priorities, deliverables and proposed performance measures. A summary of the priorities and deliverables is as follows:

Priority	Rationale	Approach	Lead organisations
<ul style="list-style-type: none"> ▪ Harness the local entrepreneurial spirit and support business start-ups and existing business growth; 	<ul style="list-style-type: none"> ▪ Bromsgrove is a highly entrepreneurial area ▪ Lack of small starter units, grow on space and ‘mid sized’ units ▪ Further nurturing of existing and new SMEs desired 	<ul style="list-style-type: none"> ▪ Business support initiatives ▪ Mentoring ▪ Access to finance ▪ Networking ▪ Workspace/incubation 	<ul style="list-style-type: none"> ▪ NWEDR ▪ Bromsgrove District Council ▪ Local Enterprise Partnerships ▪ Landowners and developers ▪ Workspace providers ▪ Economic Development Theme Group

<ul style="list-style-type: none"> ▪ Encourage new inward investment / SME growth through development of the key employment sites 	<ul style="list-style-type: none"> ▪ Sites identified within Bromsgrove Local Plan offer potential to accommodate further inward investment / SME growth ▪ Enterprise Park – vacant plots of land offer further potential for economic growth 	<ul style="list-style-type: none"> ▪ Promote key employment sites ▪ Incentivisation packages ▪ Promotion of Bromsgrove district 	<ul style="list-style-type: none"> ▪ NWEDR ▪ Bromsgrove District Council ▪ Landowners and developers ▪ Commercial property agents ▪ Inward investment agencies i.e. Marketing Birmingham ▪ Economic Development Theme Group
<ul style="list-style-type: none"> ▪ Create a more vibrant Bromsgrove Town Centre by enhancing the current retail and leisure offer 	<ul style="list-style-type: none"> ▪ Mixed retail offer with relatively high number of small independent shops ▪ Lack of larger retail units for high street multiples ▪ Lack of evening economy ▪ Potential for other uses to create a more vibrant offer i.e. Residential and leisure ▪ Need for co-ordination of the town centre offer 	<ul style="list-style-type: none"> ▪ Town centre regeneration programme ▪ Town centre management ▪ Incentive packages ▪ Events 	<ul style="list-style-type: none"> ▪ NWEDR ▪ Bromsgrove District Council ▪ Worcestershire County Council ▪ Landowners and developers ▪ Retailers and town centre establishments ▪ Commercial property agents
<ul style="list-style-type: none"> ▪ Improve connectivity within Bromsgrove (Digital and Transport) 	<ul style="list-style-type: none"> ▪ Bromsgrove does benefit from excellent strategic road connections, ▪ District has a high dependence on car ownership and high out-flows of commuters to the adjacent conurbation ▪ The A38 corridor is under strain and this will be 	<ul style="list-style-type: none"> ▪ Improved broadband ▪ A38 – programme of investment and development 	<ul style="list-style-type: none"> ▪ NWEDR ▪ Bromsgrove District Council ▪ Worcestershire County Council ▪ Local Enterprise Partnerships

	<p>exacerbated with further growth in Bromsgrove</p> <ul style="list-style-type: none"> ▪ Broadband connectivity is patchy particularly in Town Centre 		
<ul style="list-style-type: none"> ▪ Invest in our local workforce by supporting training and apprenticeships 	<ul style="list-style-type: none"> ▪ Highly mobile local workforce; 22% of local workforce is exported to Birmingham / Solihull ▪ Residents who travel to work outside of the district have higher remuneration than those who work within the district ▪ Proportion of the workforce qualified to NVQ Level 4 or equivalent higher in Bromsgrove than national average ▪ Lack of clear evidence from local employers as to their skills requirements and whether there is a 'skills deficit' 	<ul style="list-style-type: none"> ▪ Investment in and promotion of Apprenticeships ▪ Understand local businesses skills needs ▪ Work experience opportunities 	<ul style="list-style-type: none"> ▪ NWEDR ▪ Bromsgrove District Council ▪ Worcestershire County Council ▪ Heart of Worcestershire College ▪ Private training providers ▪ Local employers ▪ Schools ▪ Local Enterprise Partnerships ▪ Economic Development Theme Group

3.14 The Theme Group has also proposed an 'umbrella' strapline to act as a calling card for all economic development and regeneration activity within the district. It is anticipated that the meaning of the 'Business Begins in Bromsgrove' strapline will be defined during 2015 and be used to articulate Bromsgrove's offer to business utilising existing brands and communication channels such as 'Better Bromsgrove' and 'Invest in North Worcestershire'.

Management and monitoring of the Plan

3.15 It is proposed that overall management and monitoring of the plan is delegated to the Head of Economic Development and Regeneration. Monthly briefings and

updates will be provided to the Portfolio Holder for Economic Development, Regeneration and Town Centre to ensure effective progress in delivering the plan.

- 3.16 It is proposed that the Economic Development Theme Group is well placed to act in an advisory capacity to the Council to provide some external support and insight.
- 3.17 It is proposed that quarterly progress reports will be presented by the Head of Economic Development & Regeneration to the Theme Group and that Cabinet will receive an annual report setting out progress in delivering against the priorities and the Action Plan.

Customer / Equalities and Diversity Implications

- 3.18 It is anticipated that delivery of the Economic plan will have positive benefits to disadvantaged local residents by assisting them to access employment and training opportunities.

4. RISK MANAGEMENT

- 4.1 Risks associated with the delivery of the individual activities within the Action Plan will be managed on a project by project basis. It is proposed that the Economic Development Theme Group will monitor progress against delivery of the plan with quarterly reports presented and remedial action taken where project progress is not as anticipated or where project risks are a cause for concern.

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Business Begins in Bromsgrove

(1) Harness the local entrepreneurial spirit and support business start-ups and existing business growth

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(2) Encourage new inward investment / SME growth through development of the key employment sites

(3) Create a more vibrant Bromsgrove Town Centre by enhancing the current retail and leisure offer

(4) Improve connectivity within Bromsgrove (Digital and Transport)

(5) Invest in our local workforce by supporting training and apprenticeships

Agenda Item 8

Priority 1: Harness the local entrepreneurial spirit and support business start-ups and existing business growth

1.1 Support and mentoring for new entrepreneurs

1.2 Define what 'Business begins in Bromsgrove' means

1.3 Promote available forms of finance to local SMEs to encourage business growth/ expansion

1.4 Facilitate networks of SMEs in the area to promote education, support, advice and peer learning opportunities

1.5 Develop further incubation/ business start up workspace

Deliverable:
Introduce schemes to provide mentoring and coaching assistance for potential new start ups

Deliverable:
Consider introducing a package of rate relief/grant support to help new businesses

Deliverable:
Build the BBiB proposition and ensure that businesses understand it

Deliverable:
Organise events to promote available grants and access to finance schemes

Deliverable:
Map existing networks and identify any gaps; identify whether there is a need to set up new networks

Deliverable:
Identify potential sites, funding and delivery partners

Measures:

- Number of new business start-ups
- Number of business births surviving more than 24 and 36 months
- Number of businesses accessing business support – advice and grants
- Number of SMEs accessing rate relief schemes
- Number of businesses participating in network groups and accessing peer learning opportunities

Priority 2: Encourage new inward investment & SME growth through development of key employment sites

2.1 Work with developers to ensure high quality development on sites

2.2 Identify 'business ambassadors' to help promote Bromsgrove as a place to invest

2.3 Incentivisation packages to encourage new investment and business growth

2.4 'Handhold' prospective inward investors / expanding SMEs

2.5 Streamlined planning support

Deliverable:
Work pro-actively to promote Bromsgrove Enterprise Park

Deliverable:
Targeted promotion of key employment sites through Invest in North Worcestershire website

Deliverable:
Identify Business Ambassadors and fully define their remit

Deliverable:
Where appropriate, consider business rate relief to incentivise SME growth

Deliverable:
Ensure new grant programmes include relocation / expansion support

Deliverable:
NWEDR to provide single point of contact

Deliverable:
Prioritise commercial applications; embed a 'development team' approach

Measures:

- Number of enquiries for commercial property and land by type and location
- Number of planning applications received for commercial sites and premises
- Proportion of Bromsgrove Enterprise Park developed and occupied
- Number of businesses accessing relocation grants / funding to support relocation
- Number of new jobs created through inward investments and/or companies relocating to Bromsgrove

Priority 3: Create a more vibrant Bromsgrove Town Centre by enhancing the current retail and leisure offer

3.1 Town centre management

Deliverable:
Ensure Bromsgrove has a vibrant outdoor market

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3.2 Events programme

Deliverable:
Introduce a TCM to take on overall 'stewardship' role for the town centre

Deliverable:
Develop and manage an events programme utilising the new events space

3.3 Town centre small business workspace

Deliverable:
Identify potential funding routes and delivery partners

Deliverable:
Identify potential sites and properties within the town centre footprint

3.4 Town Centre Physical regeneration

Deliverable:
Continue the town centre regeneration programme focusing on key opportunity sites

3.5 Introduce incentive packages

Deliverable:
Consider introducing rate relief schemes aimed at specific areas of the town centre to stimulate business growth

Measures:

- Footfall within Bromsgrove Town centre retail area
- Number of empty properties within Bromsgrove Town centre
- Total amount of commercial floorspace created within the Town centre footprint
- Number of town centre businesses accessing rate relief and/or grant scheme
- Economic impact of events held in the Town centre

Agenda Item 8

Priority 4: Improve connectivity within Bromsgrove (Digital and Transport)

4.1 Improve public transport links

Deliverable:

Ensure that Bromsgrove's public transport needs are integrated into Local Transport Plans

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4.2 A38 – Programme of investment and development

Deliverable:

Work with WCC to identify long term strategy to tackling congestion along the A38 arterial route and infrastructure investment plan

Deliverable:

Work with WCC to prepare detailed business cases for improvements to key 'pinchpoints' along the A38 corridor; maximise external funding opportunities to fund essential upgrades to the network

4.3 Accelerate superfast broadband rollout

Deliverable:

Continue to work with Worcestershire County Council to rollout superfast broadband to 'high priority' employment areas

Deliverable:

Work with Digital Birmingham to increase uptake of the 'Broadband Voucher' scheme qualifying SMEs in Bromsgrove

Measures:

- Number of Bromsgrove SMEs connecting to superfast broadband following a grant from the Broadband Voucher scheme
- *Transport measures - tbc*

Priority 5: Invest in our local workforce by supporting training and apprenticeships

5.1 Better promote the Apprenticeship offer to local SMEs

Deliverable:
Organise a programme of local Apprenticeship events and fairs

Deliverable: Increase the number of local SMEs that access Apprenticeship grant support

5.2 Understand local business 'skills needs'

Deliverable:
Local Skills audit to identify skills needs and gaps in workforce skills

Deliverable: Work with Heart of Worcestershire College and training providers to create a 'demand led system' that matches provision to employer needs

5.3 Work experience and placement opportunities

Deliverable: Identify local employers willing to run open days aimed at young people to show them the range of career opportunities available in Bromsgrove

Measures:

- Number of businesses accessing Apprenticeships grant support
- Number of Apprenticeship promotional events and Jobs fairs held by WCC/NWEDR in Bromsgrove
- Completion of Local Skills audit / dissemination of local skills plan
- Number of work placement / experience opportunities created for young people and unemployed
- Number of students and businesses participating in the countywide 'Connecting Schools to Business' initiative

REPORT TITLE BROMSGROVE MARKET

Relevant Portfolio Holder	Cllr Rita Dent – Portfolio Holder for Economic Development, Regeneration and Town Centre
Portfolio Holder Consulted	√
Relevant Head of Service	Kevin Dicks – Chief Executive
Ward(s) Affected	All
Ward Councillor(s) Consulted	N/A
Key Decision / Non-Key Decision	Key decision

1. SUMMARY OF PROPOSALS

- 1.1 Bromsgrove Town Centre Outdoor Market is currently managed and operated by the North Worcestershire Economic Development & Regeneration (NWedr), a shared service hosted by Wyre Forest District Council (WFDC) established under a Collaboration Agreement in May 2011.
- 1.2 The NWedr Client Management Group has instructed officers to explore options for the future operation and management of the markets.
- 1.3 As part of this process, NWedr commissioned the consultancy arm of the National Association of British Market Authorities (NABMA) – National Market Place (NMP) to carry out a review and provide advice on the three respective markets.
- 1.4 In addition and to help inform any future consideration, the Cabinet, at its meeting on 1st April 2015 resolved that the NWedr service invite informal expressions of interest from market operators for the future management of Bromsgrove Outdoor Market and a report on the outcome of the process be brought to a future meeting of the Cabinet.

2. RECOMMENDATION

The Cabinet is requested to RESOLVE that

- 1) the management of Bromsgrove Outdoor Market be contracted to an external provider for an initial term of 5 years with an option to renew for a further term of between 2 and 5 years;**
- 2) the current “single trade” policy for Bromsgrove Outdoor Market be rescinded;**
- 3) the delegation in relation to the direct management of the market contained in the Collaboration Agreement relating to the provision of**

Economic Development and Regeneration Services, be amended to reflect the decision at 1);

- 4) the conduct of a procurement and contracting process to select and appoint a contractor to manage Bromsgrove Outdoor Market be delegated to Wyre Forest District Council in consultation with the Chief Executive and the Portfolio Holder for Economic Development, Regeneration and Town Centre and**
- 5) delegated authority be granted to the Head of Legal Equalities and Democratic Services to amend the Collaboration Agreement referred to at 3)**

3. KEY ISSUES

Financial Implications

- 3.3 The 2015/16 revenue budget to support the existing operation is £75,218. It is anticipated that the appointment of an external contractor to manage the market would reduce this net cost. This would be subject to the payment of an agreed management fee to NWedr, whilst securing a guaranteed income for the proposed minimum five year contract term.

Legal Implications

- 3.4 NWedr currently directly manages the Bromsgrove Outdoor Market on behalf of the Council, under a Collaborative Agreement relating to the provision of Economic Development and Regeneration Services between the Council, Redditch Borough Council and WFDC, which is the host authority.
- 3.5 Although the proposal is to appoint an external contractor to manage the market, the management of that contract will still be undertaken by NWedr and the contract will be between the host authority, WFDC and the contractor.
- 3.6 The current delegation to WFDC is for the operation of the market in Bromsgrove, including the letting of stalls and general day to day management of the market. Therefore, an amendment to the delegation in the Collaboration Agreement will be required to reflect the fact that instead of providing this direct service, the management of a contract with an external provider will instead be provided by WFDC (through NWedr).
- 3.7 There are no employment /TUPE implications for the Council arising from the proposal to appoint an external contractor as the staff currently providing the service are employed by WFDC. If there was to be an increase in the number of trading days for the market from the current fixed three days of Tuesday, Fridays and Saturdays, there may be issues to look at in relation to obtaining the consent of the Highways Authority on whose land the market takes place and consulting other affected parties.

Service / Operational Implications

- 3.8 Bromsgrove Outdoor Market is one of three markets managed and operated through NWedr, the others being Redditch and Kidderminster Outdoor Markets. Kidderminster Outdoor Market, is run by an external market operator, through the Shared Service, by way of a contract with Wyre Forest District Council. This contract is due to be tendered for renewal during 2015.
- 3.9 The NWedr Client Management Group has instructed officers to explore options for the future operation and management of Bromsgrove and Redditch markets.
- 3.10 In considering the future operation and management of Bromsgrove Outdoor Market, the Council should aim to:
- create a competitive, diverse, sustainable and thriving market
 - maintain a regular income
 - minimise its costs
- 3.11 As part of the exploratory work, the consultancy arm of the National Association of British Market Authorities (NABMA) – National Market Place (NMP) was commissioned by NWedr to carry out a review and provide expert advice on the three respective markets. A summary of this advice, in so far as it relates to Bromsgrove Outdoor Market, is set out in Appendix 1.
- 3.12 Whilst NMP recommend that the future interests of Bromsgrove Outdoor Market would be best served by appointing an external contractor to operate the market, Members will recall the earlier report they considered in April 2015 and the decision that NWedr would undertake a ‘soft market testing’ exercise to identify potential interest from private operators in managing the Bromsgrove Outdoor market.
- 3.13 During May 2015, NWedr subsequently invited informal expressions of interest, based on a draft specification as set out in Appendix 2, from existing market operators to help inform any future consideration as to whether or not to procure an external market operator.
- 3.14 The informal expressions of interest took the form of soft market testing and soundings from existing operators with relevant experience, expertise and advice who commented on the draft specification.
- 3.15 All the operators agreed that the draft specification included everything that they would expect to see within a tender document for the operation and management of an outdoor market, with the exception of:
- paragraph 1.3 “annual fee” (paragraph 3.17 refers)
 - paragraph 5.1.1 “single trade policy” (paragraphs 3.18 - 3.21 refers) and

- an observation regarding future market traders fees (paragraph 3.22 refers)

3.16 Members attention is particularly drawn to the fact that all operators:

- would be prepared to use the existing set of stalls and, importantly, maintain them and provide for their gradual and ultimately total replacement as and when required
- would provide for the storage and transport of the existing stalls and put them up and take them down
- would actively promote the market both to potential traders and to the wider public and
- would seek to bring additional markets on both market days and additional days, using the existing market space and/or the designated events space as required, working alongside the Council's events team accordingly.

3.17 With regard to Paragraph 1.3 of Appendix 2 ("annual fee") one operator advised that consideration might be given to any tender document stating a number of thresholds and invite potential operators to submit the percentage fee to be received by the Council at each income threshold.

3.18 With regard to Paragraph 5.1.1 of Appendix 2, ("single trade policy"), operators were firmly of the opinion that this current policy potentially restricts the future success of the market. Their respective observations are as follows:-

- "competition is good for market traders"
- "competition is good for the future viability of the market"
- "competition makes for a healthy market"
- "the single line policy is the wrong policy for a new modern market"
- "the Council needs to cater for a "new generation" of market shoppers - the market would still be successful without it being single line"
- "we know of no other private commercial operator who would operate a single line market"
- "a single line policy does not create the essence of a good market"
- "it is normal to have at two similar trades operating at general markets though a single line market may be more acceptable where the market taking place is more specialised"

3.19 With regard the "single trade" policy, the existing Terms and Conditions for Traders state: *"The Market operates a 'single trade' policy meaning that there will only be one product line stall at any one time though the Council may waive this*

policy if, in its sole discretion, it believes that there is sufficient demand for more than one stall selling the same product line.”

- 3.20 Whilst trade disputes are currently virtually non-existent, making for a smoother market operation, such a policy is considered to potentially restrict the number of traders and therefore the attractiveness of the market to a potential external operator.

- 3.21 Given the feedback from potential operators, the single trader policy is clearly an unattractive proposition to them and including it within a tender document is likely to mean that there will be little or no interest in the Market Operation from external private operators.

- 3.22 The only other observation received from existing operators was regarding future stall holder charges. One operator advised that the Council may wish to include in any tender document, a requirement to set out increases in daily stall holder charges by a set amount each year so that traders would be able to plan for future increases.

Delivery Options

- 3.23 With the soft market testing process now complete, the following options for the future management and delivery of Bromsgrove Outdoor Market are proposed.

Option	Description	Advantages / benefits	Disadvantages / risks
<p>Option 1</p> <p>Market remains the same i.e. continues to be operated and managed by NWedr.</p> <p>Council pay NWedr annual sum to operate a general market</p>	<p>3 day per week general market</p> <p>NWedr employees & agency staff as required store, transport, erect and take down stalls</p> <p>NWedr collect stall charges on Council behalf</p> <p>Council retains stall charge income</p>	<p>Council retain control over rents, fees and single trade policy</p> <p>Continuity in terms of management and staffing</p>	<p>Market does not maximise its income potential</p> <p>Reduced scope for introducing speciality markets and events</p> <p>On-going obligations for Council in terms of maintenance and repair of stalls</p>

<p>Option 2</p> <p>Private management and operation of market</p> <p>Council pays Private Operator a management fee during the contract period, to operate market and after an agreed income threshold has been achieved (set at tender stage) a percentage of the additional income be received by the Operator</p> <p>Trading regulations to be similar as existing subject to removal of the “single trade” policy</p>	<p>3 day per week general market with option to hold additional markets on selected days</p> <p>Private operator stores, transport, erects and takes down stalls</p> <p>Operator collects stall charges on Council behalf</p> <p>Council retain a percentage of stall income</p> <p>NWedr manages contract as part of the Collaboration Agreement</p>	<p>Operator has financial incentive to perform</p> <p>Council retain proportion of income</p> <p>Council potentially benefit from any increase in income arising from increase in stall occupancy and additional markets</p> <p>Maintenance and replacement of stalls transfers to operator</p> <p>Council to input into setting of stall charges</p> <p>Improved vibrancy of the market and town centre</p>	<p>Council paying out a base line management fee to contractor and NWedr</p> <p>There needs to be greater trust between Council and Operator</p> <p>Loss of single trade policy could impact on existing traders</p> <p>Potential loss of existing traders</p>
<p>Option 3</p> <p>Private management and operation of the Market</p> <p>Operator pays Council an annual fee during the contract period for the right to operate the market.</p> <p>Fee to be increased annually according to Consumer Price Index or “Stepped” increases as agreed at beginning of contract.</p> <p>Trading regulations to be similar as existing subject to removal of the “single trade” policy</p>	<p>3 day per week general market with option to hold additional markets on selected days</p> <p>Private operator stores, transport, erects and takes down stalls</p> <p>Operator collects and retains stall charges</p> <p>NWedr manages contract as part of the Collaboration Agreement</p>	<p>Maximises the initial contract value</p> <p>Guaranteed income for the Council</p> <p>Maintenance and replacement of stalls transfers to operator</p> <p>Improved diversity and vibrancy of the market and town centre</p> <p>Minimal expenditure for Council</p>	<p>Council potentially does not financially benefit from any increase in trader income following improved trader numbers</p> <p>Lack of control over market policy and fixing of stall charges</p> <p>Loss of single trade policy could impact on existing traders</p> <p>Potential loss of existing traders</p>

Preferred option

- 3.24 Taking into account the advice received by NABMA and the views of the private operators via the soft market testing exercise, the preferred option is to commence a procurement exercise to externalise the management and operation of Bromsgrove Outdoor Market.
- 3.25 Given the Council's limited resources, it is considered that the management of the market by an external operator under Options 3 above provides the best opportunity to fully maximise the income to the Council, at the same time as making savings in expenditure, whilst also creating a competitive, diverse, sustainable and thriving market that adds to the overall offer and vibrancy of Bromsgrove town centre

Customer / Equalities and Diversity Implications

- 3.26 There are benefits to externalising the market as an external operator will be able to bring a new commercial focus, added experience and additional markets which should contribute to the regeneration and improvement of the town centre.

4. RISK MANAGEMENT

- 4.1 There is a risk that the tender prices received may not equate to at least the current net income received. However this is balanced against the reduction in expenditure that would be required from the Council including the cost of replacing future market stalls and associated equipment.

5. APPENDICES

Appendices 1: Summary of National Market Place report

Appendices 2: Draft Specification

6. BACKGROUND PAPERS

Information from the National Market Place Report relevant to Bromsgrove (redacted to remove confidential personal data)

Cabinet Report April 2015: Bromsgrove Market

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Summary of Consultancy Report on North Worcestershire Economic Development & Regeneration (NWedr) Outdoor Market operations

As at December 2014

Bromsgrove Outdoor Market

1. BACKGROUND

- 1.1 This Appendix summarises the review of NWedr's outdoor markets carried out by consultants National Market Place (NMP) in so far as it relates to Bromsgrove Outdoor Market.

2. METHODOLOGY

- 2.1 In order to carry out the review, the following project methodology was adopted:

2.1.1 Desktop review

This stage of the review used a combination of web-based and documentary research. This included the information and data provided by Council.

2.1.2 Site visits

Visits were made to the market. In addition, the surrounding retail, leisure and commercial areas were studied.

2.1.3 Consultation with Stakeholders

Interviews were conducted with key operational team members at NWedr, discussions with the senior officers in Economic Development, LSD Promotions and some market traders past and present.

2.1.4 Evaluation criteria

Research has identified a number of 'critical success factors', for retail markets. For a market to succeed and be sustainable it is important that it has at its heart as many of the critical success factors as possible. Those success factors are detailed further under paragraph 4 below.

3. BROMSGROVE MARKET

- 3.1 Bromsgrove Outdoor Market is operated by NWedr on Tuesday, Friday and Saturday.
- 3.2 It is sited in the recently refurbished pedestrianised area of Bromsgrove town centre (High Street) and has capacity for up to 32 stalls (depending on size) and a trailer/catering van stall.
- 3.3 Between February and September 2014, a temporary arrangement was in place, with the market operating to the frontage of the Asda superstore, Bromsgrove, whilst the High Street refurbishment works were carried out.

- 3.4 It is operated by NWedr on Bromsgrove District Council's behalf. As part of its remit NWedr collect the rents and oversee the day to day operation. Income collected is retained by Bromsgrove District Council.
- 3.5 New stalls with overhead canopies were recently purchased and these stalls are erected, dismantled and stored each trading day by NWedr operational team.
- 3.6 Since the market relocated back to the High Street, trader numbers have been increasing from those trading at the temporary location, though there is still some more capacity, particularly on Tuesdays.
- 3.7 The stalls are new and bright in appearance, though, as previously, the cost of erecting and dismantling them is a great expense. The operation is very physical and time consuming and any team would find it practically difficult to build the market and set up an events space at the same time.
- 3.8 The new public realm has undoubtedly improved the landscape. Thought has been given for events in the High Street and underground electric and stall fixings are provided. The linear nature of the High Street, the need to keep "key open spaces" free and the need to provide for emergency vehicular access means that the market is spread out along the street. However, the market stalls do give the market a fresh look and the traders look to be selling good quality products.
- 3.9 In 2013/14 Bromsgrove District Council received a surplus of £19,000. This is derived from rents received less an operating cost claimed by NWedr.
- 3.10 Given that the market is now back to its superior trading location there is now the opportunity to maximise lettings and income while also being able to effectively control expenditure.
- 3.11 Bromsgrove is also recognised as an affluent town and thus the ability to introduce Farmer, French, Italian and other themed markets is a real possibility. However it should be noted that most themed markets tend to be larger than the event space currently provides for, and these operators want to trade on Friday and Saturday. These are days when the High Street is already being used for the regular market.

4. SUCCESSFUL & SUSTAINABLE MARKETS – CRITICAL SUCCESS FACTORS

4.1 Sense of place

Locations are said to have a strong 'sense of place' when they have strong identity and character that is deeply felt by local inhabitants and by many visitors. This sense of place reflects not just the physical nature of the market and location but also the cultural and social diversity of the area.

4.2 Critical mass

This measure looks at the scale of a market in relation to its location, and is not just about size. It is important that the market has critical mass for two reasons. Firstly, placing 25 stalls in a space that can support 125 stalls means that a market will appear small and inconsequential. Equally, a 20

stall market that fills its location is more likely to appear bustling and thriving. In relation to size, the larger the market, the more chance it has to survive economic downturn.

4.3 **Good management**

Good management is fundamental to any successful market and should not be undervalued. Good decision making, effective communication, business acumen and the ability to deliver a safe, clean and inviting environment are essential. Equally, the effective capture, management and analysis of information and data is an important constituent of successful markets. It is both strategic and operational and recognises the need for, and delivers investment in markets.

4.4 **Accessibility & permeability**

A market needs to be accessible for all users, so good transport links (public and private) are essential. A market must be welcoming with good entrances, and the interior must be designed to allow good customer flow. This factor also includes location, arguably, the single most important success factor. Markets placed in the wrong location fail.

4.5 **Marketing & PR**

A market needs to be promoted to raise the awareness both for shoppers and to retain and increase the traders' base. Marketing strategies should recognise the market's brand and emphasise its 'unique selling point' (USP). There should be strong positive links with the local media.

4.6 **Safety & security**

Customers do not like to frequent places that have high levels of crime and anti-social behaviour. Equally, they will react to perceptions of crime as well as actual crime. It is essential, therefore, that where this is an issue it is tackled robustly and effectively.

4.7 **Integration with surrounding retail offer and community**

A market offer has to be understood in relation to the surrounding retail offer. Is the market competing with or complementing that retail offer? What differentiates a market offer from the other shops, so that it can attract and retain its own customer base? Equally, a market offer has to be aligned to its demographic base. Understanding retail customer profiles, spend patterns and values and the types of commodity and services that different customer types prefer is essential.

4.8 **Partnership working**

Sustainable markets need partnership working. This involves not just effective working between managers and traders, but also building and maintaining links with, for example, other council departments, local businesses, town centre managers, local schools, colleges and universities, local primary care trusts, and the local media. They will vary from location to location.

5. FINDINGS

5.1 Management

There is scope to develop management policies that are more proactive and strategic. Operationally the market works well, but it requires strong directional management if it is to contribute in the delivery of a vibrant town centre.

5.2 Location

The location of the market could not be bettered. It has its own unique character and its potential is untapped. The improved location is attractive and with its improved stalls and given its local demographics, there is potential for themed markets to succeed.

5.3 Appearance

The market is of good quality and very presentable. The new stalls provide a fresh outlook and positioning them even closer together, where possible, would bring an even greater appeal of a unique and buzzing market atmosphere.

5.4 Marketing

The website information is accurate but limited. There is some planned advertisement for 2015. There is however no social media presence.

5.5 Financial Performance

The potential to increase revenue at Bromsgrove Market is realistic. The new High Street development allows for up to 32 stalls (depending on size) and the potential for themed markets in the town centre. The new environment is attractive and if managed appropriately could become a vibrant market. It is considered however that there is currently scope for the market to maximise its stall income potential.

5.6 Prospects for Growth

Bromsgrove offers great potential. New public realm, enhancing quality, new stalls all provide a fresh look. The opportunity to bring in new traders and supplement it with a specialist market package is all very feasible.

5.6 Potential Outsourcing of the Markets

Consideration should be given to outsourcing the market. Wyre Forest has successfully outsourced Kidderminster market for nearly ten years. The market has flourished and added value to the towns retail offer. The market days of Thursday and Saturday are the towns two main retail days. The market has undoubtedly supported Kidderminster, provided opportunities for local employment and significantly contributed towards the local economy.

6. CONCLUSIONS

6.1 It is strongly noted that managing markets is not NWedr core business activity.

6.2 For the market to maximise its potential the market management team is critical. On the visits to the market and further research, the market would benefit from some additional strategic management, given that the market function forms only part of the officers' work responsibilities. It is suggested that this would include developing:-

- Visions and Strategies
- Effective performance management
- Senior “market champions”
- Proactive, commercially - focused operational management of the service
- A focus on new business start up opportunities
- Marketing and promotional strategies
- An effective web site and use of social media
- Improved stakeholder and trader engagement

- 6.3 NWedr should be commended for their commitment and drive in that they clearly make the best of the available resource, however for long term development and sustainability of Bromsgrove market consideration should be given to looking at an alternative management model or provider to enable them to meet all the factors highlighted in paragraph 4 above.
- 6.4 The ideal time to do this would be when tenders are invited for the Kidderminster Market operation proposed for during the summer 2015.
- 6.5 This methodology would not disqualify groups whom maybe interested in operating their local market.
- 6.6 NMP would also recommend that an officer be appointed to manage the contract. This would not be a full time appointment but the monitoring of the contractor performance is essential in ensuring the market is operated effectively.

7. RECOMMENDATIONS

- 7.1 Consideration should be given to outsourcing Bromsgrove market within the same package as the Kidderminster contract with interested parties be invited to tender for one or more markets accordingly.
- 7.2 The length of the contract awarded should be 5 years.
- 7.3 Operators to be invited to tender a price for each trading year during the 5 year period. This may result in a stepped increase across the contract period.
- 7.4 That NWedr cease operating Bromsgrove market at the appropriate handover period.
- 7.4 If a decision is made to outsource the markets, joint funding should be made available to resource a client role to manage the contract(s) and to monitor performance.

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**DRAFT SPECIFICATION
FOR "SOFT MARKET TESTING
PURPOSES" ONLY**

**Operation of Market
in
Bromsgrove**

DRAFT

DRAFT SPECIFICATION

In this Specification, except where the context otherwise requires, words and expressions shall have the same meaning as are respectively assigned to them in the Terms of Contract.

1. Background

- 1.1 Bromsgrove District Council wishes to enter into a Concessionary Contract with an experienced and capable market operator to develop a proposal for market operation within Bromsgrove Town Centre and to run markets in accordance with that proposal.
- 1.2 The Concessionary Contract will be for five years, with the potential to extend for a further five years
- 1.3 The Concessionary Contract will be based on a flat rate annual fee (with annual CPI increases at the beginning of each financial year starting from April 2016) or stepped increases to be determined.

2. Background on Bromsgrove TO BE ADDED

3 Objectives

- 3.1 The objectives of our Markets Programme are:
 - To increase visitor numbers and spend in Bromsgrove
 - To increase footfall within the Town Centre
 - To promote and grow the market within Bromsgrove
 - To provide residents with an improved and high quality market experience and variety of offer that reflects the requirements of all age groups and social classes within Bromsgrove
 - To provide opportunities for new enterprises to be created.

4. Outline requirements

- 4.1 The Council wishes to appoint an operator who can pro-actively grow the operation of the market in Bromsgrove, building from the existing regular market on the High Street. The operator will be expected to apply innovation and professionalism to the work, and increase customer satisfaction for the market.
- 4.2 As a Concessionary Contract, the market operator would be expected to take the majority of the risks in the development and running of markets, and be capable of making any future capital investment required.

- The Concessionaire will be expected to use the existing Council owned market stalls and keep them in good repair and condition and ensure that they are kept in a clean and attractive style until such time as it is determined they need replacement at which time new market stalls and canopies are to be supplied by the Concessionaire to an agreed specification with the Council.

4.3 In terms of day to day management, the Concessionaire will be expected to:

- Erect the stalls no later than 08.30 hours on each market day subject to weather conditions or prior agreement with Council, and remove the stalls not later than 1900 hours
- Be responsible for the storage, transportation erection and dismantling of the stalls
- Be responsible for the cleansing and waste management of market areas and the immediate environment of markets, ensuring that the High Street is litter and debris free both throughout the day and following the removal of stalls.
- Ensure that the market stalls are confined to the defined Market Area (*plan to be provided*)
- Manage the allocation of pitches to traders at all markets
- Collect pitch fees and any fees for electricity consumption
- Have a day to day market manager to supervise the operation of markets and communication with stall holders.

4.4 The Concessionaire, in operating markets in Bromsgrove, will be required:

- To be responsible for any costs or taxes arising out of the operation of the markets including any future National Non Domestic Rates liability
- To be fully responsible for compliance with all laws, statutes, common law duties and regulations concerning all aspects of operating and managing the markets
- To be responsible for the cleansing and waste management of market areas when being used
- To ensure that no nuisance or annoyance is caused to members of the public, adjacent businesses and residents, arising from the holding, setting up or dismantling of the markets
- To liaise with Worcestershire County Council as the highway authority for Bromsgrove, who will be responsible for any highway matters arising during the duration of the Concession Contract

- To develop a coherent advertising and marketing campaign for the markets .

5. Services

5.1 High Street Market

5.1.1 The requirements for running a general market at under this contract will continue as per the current arrangement:

- A general market on every Tuesday, Friday and Saturday between 8.45 am and 4.00 pm (4.30 on Saturday) – closed all National and Bank Holidays including Christmas Day and New Years Day.
- Essentially a “single trade” policy market, meaning that there will only be one product line stall at any one time. Consideration will be given to waiving this policy if, following consultation between the Concessionaire and the Council, the Council believes that there is sufficient demand for more than one stall selling the same product line.
- Subject to the “single trade” policy, the allocation of pitches will be for the Concessionaire to determine.
- The Concessionaire will need to ensure that in operating the market, the detrimental effect on the surrounding retail premises is minimised.

5.2 Other location for a market

5.2.1 There is an “events” space on the High Street for town centre events and activities, including alternative “speciality” and “one off” markets. The Concessionary Contract provides the opportunity to utilise this space, as the opportunity arises and following consultation with the Bromsgrove District Council for additional market activity.

5.3 Other Organisations

Other organisations run occasional markets and have been granted market charter rights by the Council for specific events. Under the Concession Contract, they will only be granted market charter rights in agreement with the Concessionaire, ensuring no overlap. Pre-agreement will be required from the Council.

5.4 Management and Stakeholder Engagement

5.4.1 The Council will set up a Strategic Markets Forum to provide an overview and consultation group for the Concessionaire. This Forum will be chaired by a senior representative from the Council, and will include:

- A relevant Council Member
- A relevant Council officer
- Representative(s) from local stakeholders including a regular market trader.

It will meet on a quarterly basis. It will be led by the Council but the Concessionaire will be required to attend.

5.4.2 The Strategic Markets Forum will have no formal role in the management of the contract – which responsibility lies solely with the Council. The contract manager for the Council will provide progress reports to the Markets Forum.

5.4.3 The Concessionaire will be expected to set up arrangements for on-going engagement and discussion with the local stakeholders, including market traders. This will be led by the Concessionaire, with no specific role for the Council.

6. Performance Measures

6.1 The performance of the Concessionaire will be measured through:

- Compliance with all laws, statutes, common law duties and regulations concerning all aspects of operating and managing the markets
- The sustainable growth in the number of traders operating on the market
- The effective management, supervision and daily operation of markets
- Customer Care - the engagement and communication with market traders and other local stakeholders.

6.2 The Concessionaire will be required to provide short quarterly reports to the contract manager demonstrating progress against these performance measures.

6.3 The Council reserves the right to undertake periodic surveys with both strategic and local stakeholders who will be asked to rate in terms of quality of offer, range of offer and management of markets against the specification.

POTENTIAL PROVIDER'S AWARD PROPOSAL

Please answer the questions below with reference to the Specification and Contract.

ALL questions must be completed.

Please answer all questions in the boxes provided and the boxes provided can be expanded.

Please only provide your responses in this format - standard sales promotional literature is not accepted.

Quality Criteria (100% will be converted to 40% of the total Tender Score)	Weighting
<p>1. <u>Method of Operation</u> Please describe in detail how you propose to operate the markets, as shown in the Specification, within Bromsgrove Town Centre. Please include how you will manage and supervise the markets, the daily operation of markets and the control of counterfeit or illegal goods, the management of the allocation of pitches and the collection of charges.</p>	30%
<p>2. <u>Market Stalls & Canopies</u> Please describe in detail how you would store and maintain the Market Stalls & Canopies and provide for replacements in future as required.</p>	10%
<p>3. <u>Proposed Programme for Future Markets</u> Please describe in detail your proposed programme for future markets on the "events" space.</p>	10%

<p>4. <u>Advertising, Marketing and Promotions</u></p> <p>Please describe in detail how you will advertise, market and promote the market. Please include how you will advertise to the general public, market traders and how you will promote activities.</p>	20%
<p>5. <u>Communication & Customer Care</u></p> <p>Please describe in detail how you will provide high quality Customer Care and Communication. Please include customer care and communications with Bromsgrove District Council, market traders, members of the public and key stakeholders.</p>	10%
<p>6. <u>Corporate and Social Responsibility</u></p> <p>Please propose how you will add Social Value to this Contract (i.e. how you will improve social, environmental and economical wellbeing of Bromsgrove and its residents). Please include effective protection of the environment, prudent use of natural resources, working with local communities and businesses.</p>	10%

<p>7. <u>Management & Quality Information</u> Please demonstrate how you approach and manage the quality of information in your organisation. Please include the provision of management information, reporting to the Council, self monitoring systems and new industry practices.</p>	10%
<p>8. <u>Services, Utilities, Recycling and Waste Management</u> Please describe in detail how you will manage Services, Utilities, Recycling and Waste. Please include the management of disposal of waste, litter, cleaning and maintenance.</p>	10%
TOTAL	100%

CABINET

1st July 2015

FINANCE MONITORING REPORT 2014/15

Relevant Portfolio Holder	Councillor Geoff Denaro, Portfolio Holder for Finance and Enabling Services
Relevant Head of Service	Jayne Pickering, Executive Director Finance and Corporate Resources
Non-Key Decision	

1. SUMMARY OF PROPOSALS

- 1.1 To report to Cabinet on the Council's financial position for Revenue and Capital for the Financial Year 2014/15

2. RECOMMENDATIONS

- 2.1 That Cabinet note the outturn financial position on Revenue and Capital as detailed in the report and transfer to balances of £403k

That Cabinet recommend to Council:

- 2.2 approval of the movements of £237k in existing reserves as included in Appendix 1 which reflects the approval required for April - March 2015.
- 2.3 approval of the addition of new reserves of £600k as included in Appendix 1. This reflects the approval required for April - March 2015.

3. KEY ISSUES

- 3.1 This report provides details of the financial information across the Council. The aim is to ensure officers and members have an accurate financial statement of the overall position of the Council. The report is currently based on the departments within the Council and has been presented to Members on a quarterly basis. The aim is to report the financial position across the strategic purposes from April 2015 when the new financial system is implemented.
- 3.2 This report includes both revenue and capital expenditure with a summary for the Council followed by the departmental analysis of expenditure

CABINET

1st July 2015

Revenue Budget summary
Financial Year 2014/15 – Overall Council

3.3 Internal recharges have not been included in these figures to allow comparison for each service area. However Support costs have been included

Service Head	Revised Budget 2014/15 £'000	Actual Spend 2014-15 £'000	Variance £'000
BDC Reg Client	146	98	-48
Business Transformation	2,432	2,290	-142
Community Services	1,891	1,745	-146
Corporate Resources	1,994	2,006	12
Customer Access & Financial Support	506	429	-76
Environmental Services	2,506	2,748	242
Finance & Resources	433	476	43
Legal & Democratic Services	784	667	-117
Leisure & Cultural Services	2,205	2,156	-48
Planning & Regeneration	657	816	158
SERVICE TOTAL	13,554	13,432	-122
Interest Payable	283	0	-283
Interest on Investments	-58	-56	2
COUNCIL SUMMARY	13,779	13,376	-403

Financial Commentary:

At the end of the financial year there is an overall saving against budget of £403k. This includes a number of variances across services as detailed in this report. It also includes a shortfall in income relating to Environmental Services. The overspend on Refuse & Recycling relates to the deferral of the sale of the trade waste list. It was anticipated that this would be sold in 2014/15 and an estimate of income receivable was included in the budget. However officers have proposed a review of this service to explore the options that may be available for the future. The savings on interest payable is due to an the initial budget including costs associated with borrowing to support the capital programme during 2014/15. This has not been required this year due to slippage on a number of capital schemes.

CABINET

1st July 2015

**Capital Budget summary
Financial Year 2014/15 – Overall Council**

Service Head	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Worcestershire Regulatory Services	19	17	-2
Business Transformation	156	159	3
Community Services	939	507	-432
Environmental Services	2,540	281	-2,259
Finance & Resources	121	121	0
Leisure & Cultural Services	3,004	1,121	-1,883
Planning & Regeneration Services	5,103	5,101	-2
Budget for Support Services Recharges to be allocated to the schemes at the end of 2014/15	25	25	0
Service Total	11,907	7,332	-4,575

Financial Commentary:

Due to the review of Environmental Services, there has been a delay in the procurement of vehicles. Officers have now developed a programme for 15/16. This means that the capital budget has to be carried forward to 2015/16. The redevelopment of the Dolphin Centre was anticipated to be commenced in 2014/15 however the initial payments will not start until 2015/16.

CABINET

1st July 2015

**Regulatory - Client
Financial Year 2014/15**

Revenue Budget summary

Service Area	Full Year Budget £'000	Actuals £'000	variance £'000
BDC Reg Client	343	282	-61
Pest and Dog Control	0	-4	-4
Environmental Health / Protection / Enforcement	-11	-8	3
Licenses (all)	-186	-173	13
Grand Total	146	98	-48

Financial Commentary:

There was a saving of £227k within WRS due to efficiencies of the service and additional income generated. BDC share of saving equated to £25k.
WRS absorbed the Pension Deficit shortfall within 14-15 creating an addition £12k saving.

**Worcestershire Regulatory Services
Financial Year 2014/15**

Capital Budget summary

Service Head	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
BDC Share of WRS Capital Expenditure	19	17	-2
Grand Total	19	17	-2

Financial Commentary:

The expenditure for a new IT system is jointly funded by all partners in accordance with the business case. There was little spend in 14-15 due to a freeze on capital spend during strategic partnering. The budget for will be reduced to £10k in 15-16 to be spent on mobile/flexible working.

CABINET

1st July 2015

**Business Transformation
Financial Year 2014/15**

Revenue Budget summary

Service Area	Full Year Budget £'000	Actuals £'000	variance £'000
ICT	1,959	1,939	-20
Human Resources	304	216	-87
Transformation	54	54	0
Equalities	34	31	-3
Policy	81	49	-32
Grand Total	2,432	2,290	-142

Financial Commentary:

In relation to ICT a number of costs have been funded by capital schemes together with available reserves to reduce the impact on the general revenue account.

Human Resources had 2 vacancies and maternity leave at a senior level during the year the majority of which was covered internally therefore resulting in savings. One of the posts has been filled therefore the savings are not expected in 2015/16.

Training has been provided as required to staff however, as reported at Quarter 3 there is a total saving of £40k.

Equalities and Policy savings relate to vacancies and general cost savings and have been reported previously.

Capital Budget summary

Service Head	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Infrastructure Refresh And PSN	70	71	1
Replacement Finance System	20	22	2
PSN Refresh phase II	66	66	0
Grand Total	156	159	3

Financial Commentary:

The Capital expenditure was spent as anticipated in 2014/15. There were reserves available to fund the majority of the schemes and have been included as a draw down in the appendix to this report.

CABINET

1st July 2015

Community Services Financial Year 2014/15
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Revenue Budget summary

Service Area	Full Year Budget £'000	Actuals £'000	variance £'000
Housing Strategy	1,446	1,364	-82
Community Safety & Transport	351	287	-64
Community Cohesion	94	94	0
Grand Total	1,891	1,745	-146

Financial Commentary:

There has been a saving within Community safety & Transport due to a reduction in the cost of running the community transport scheme as the contract has been renegotiated. There has also been an increase in income for lifeline services due to changes in funding. These savings have been reflected in the 2015/16 budgets. Within Housing Strategy there is a saving due to reduced spending as the BDHT management fees have not increased as expected and there are some salary savings due to vacancies. There has been a saving on HOS costs due to post being recruited on a lower salary point.

Capital Budget summary

Service Head	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Discretionary Home repair assistance	89	8	-80
Energy Efficiency Home Insulation Programme	17	0	-17
Grants Affordable Housing	313	19	-294
Implementation Of Localism Changes	5	0	-5
Disabled Facilities Grant	515	479	-36
Grand Total	939	507	-432

Financial Commentary:

Officers are continuing to work with residents to ensure all support is in place in their homes and it is requested the budget is carry forward into 2015/16. Affordable Housing grants relate to funds to support Registered Social Landlords and these have not yet been drawn on for 2014/15 but it is planned this will take place during 2015/16.

CABINET

1st July 2015

**Corporate Services
Financial Year 2014/15**

Revenue Budget summary

Service Area	Full Year Budget £'000	Actuals £'000	variance £'000
Corporate Services	1,696	1,665	-32
Corporate Admin/ central post & printing	297	241	-56
Transfer to reserve re potential appeal		100	100
Grand Total	1,994	1,906	12

Financial Commentary:

Savings within Corporate Services is due the savings arising from the now deleted post of Executive Director, Planning & Regulatory.

Communication Services have a saving of £14k on various budgets relating to marketing/promotions.

The £100k relates to a reserve for estimated costs of a potential planning appeal.

**Customer Access & Financial Support
Financial Year 2014/15**

Revenue Budget summary

Service Area	Full Year Budget £'000	Actuals £'000	variance £'000
Customer service centre	330	330	0
Financial Support	46	55	9
Revenues & Benefits	114	39	-75
Valuation Services	16	5	-11
Grand Total	506	429	-76

Financial Commentary:

The Revenues & Benefits underspend is due to savings achieved through Service Reviews and shared service arrangements with Redditch Borough Council, which has reduced the number of managers in the service. (as Reported at Qtr 3), there has also been additional grant received for Benefit Schemes.

There is a requirement to hold a budget for Valuation Services but it is difficult to predict the likely call on that budget during the year. The budget has been reduced for 15/16 as evidence of the last few years suggest that we will not need the same level of funding as previously.

CABINET

1st July 2015

**Environmental Services
Financial Year 2014/15**

Revenue Budget Summary

Service Area	Full Year Budget £'000	YTD Actuals £'000	variance £'000
Car Parks/Civil Enforcement Parking	-623	-650	-27
Bereavement Services	32	-18	-50
Cesspools/Sewers	-98	-47	51
CMT	50	49	-1
Depot	690	607	-82
Grounds Maintenance	418	417	-1
Highways	164	119	-44
Refuse & Recycling	980	1,365	385
Street Cleansing	862	833	-29
Transport	-40	3	43
Waste Management, policy, promotion, management	-5	-8	-3
Climate Change	16	16	0
Land Drainage	61	61	-0
Grand Total	2,506	2,748	242

Financial Commentary:

Savings on car parks have been realised from the management of the service through the SLA with Wychavon District Council and reduced administration costs.

The deficit on Cesspools occurred as a result of the responsibility of emptying the pumping stations which impacted on the resources available to service existing paying customers and incurred additional water disposal charges. There has also been an increase in water disposal costs which has impacted across the service.

£250k of the overspend on Refuse & Recycling is due to the deferral in the income that was built into the budget for the sale of the Trade Waste List and existing stock of containers. A review is underway to explore the options available to support this service and as such any sale has been delayed. There was also an overspend on vehicle repairs and hire vehicle costs as frontline vehicles were taken off the road for essential and emergency repairs, and hired vehicles were brought in to maintain the service. As a result of price changes for Garden Waste collections for 2015/16, a proportion of income has been lost for 2014/15 in respect of collections in March. £25k of the variance on Transport is due to the workshop as expenditure budgets were removed as cost savings were identified however the income budget for the recharge to services was not reduced accordingly. Also there was a £4k reduction in income from MOT tests and £14k costs incurred in carrying out the tests where no expenditure budget was included for 2014/15.

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1st July 2015

Capital Budget Summary

Service Head	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
North Cemetery - Phase 2 Expansion	479	8	-471
Refuse Vehicle Replacement	1,865	123	-1,742
Depot Security	5	20	15
Rollout Of Bins For Round Extensions	155	93	-62
Flooding Mitigation Measures	36	36	0
Grand Total	2,540	281	-2,259

Financial Commentary:

North Cemetery Phase 2 – work is now at the design stage therefore the budget has been reprofiled to reflect expenditure taking place at the beginning of 2015/16
 Refuse Vehicle Replacement programme - due to the Environmental Services restructure, the procurement of vehicles was delayed and took place in late 2014/15 with the expenditure occurring in the beginning of 2015/16.
 Depot Security – there was an unavoidable spend of £18k due to the failure of the fire alarm system which required complete replacement.
 The rollout of bins is ongoing and as such the budget will be reprofiled into 2015/16

<p>Finance and Resources Financial Year 2014/15</p>
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Revenue Budget summary

Service Area	Full Year Budget £'000	Actuals £'000	variance £'000
Accounts & Financial Management	403	450	47
Central Overheads	30	26	-4
Grand Total	433	476	43

Financial Commentary:

The overspend within Financial Services is due to the service review part way through the year resulting in redundancy & pension strain.

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1st July 2015

Capital Budget summary

Service Head	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Finance replacement System	121	121	0
Grand Total	121	121	0

Financial Commentary:

There are no variances to report.

**Legal, Equalities and Democratic Services
Financial Year 2014/15**

Revenue Budget Summary

Service Area	Full Year Budget £'000	Actuals £'000	variance £'000
Democratic Services & Member Support	505	448	-58
Election & Electoral Services	105	91	-14
Professional Legal Advice & Services	266	242	-24
Land Charges	-92	-113	-21
Grand Total	784	667	-117

Financial Commentary:

Member training budgets underspent as forecast due to reduction in training activity pending election and comprehensive training programme post election. Democratic Services are carrying a vacant post pending service review.

Election accounts are now finalised and have resulted in the £14k underspend (as reported in Qtr 3).

Legal Services saving is due to partial salary underspend due to local hours reduction (as reported in last quarter) and increased SLA income.

Land Charges as advised at Qtr 3 income is impossible to predict and the outturn has resulted in an upturn in search requests.

**Leisure and Cultural Services
Financial Year 2014/15**

Revenue Budget summary

Service Area	Full Year Budget £'000	Actuals £'000	variance £'000
Business Development	713	740	27
Cultural Services	259	266	7
Leisure & Cultural Mgt	90	88	-2
Parks & Green Space	355	335	-20
Sports Services	788	728	-61
Grand Total	2,205	2,156	-48

Financial Commentary:

The over spend in Business Development relates to increased costs in the delivery of services which include redundancy costs as associated with the change to the model of delivery for public conveniences, continued costs associated with the Museum prior to the sale being completed, increased fees associated with investment properties (industrial units) and a reduction in income at the Spadesbourne suite.

These additional costs have been off set in the main from other services budget and officers will address any future issues within this financial year or through subsequent budget rounds.

Across the remainder of the services there has been additional income generated together with underspends relating to vacant posts whilst managers have reassessed service delivery opportunities

Capital Budget summary

Service Head	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Barnsley Hall New Park	74	45	-29
Sports Facility- Braces Lane	0	10	10
Holycross Lodge Youth Provision	32	31	-1
Crown Close Open Space Enhancements	0	-1	-1
Wythall Community Park	301	86	-215
Aston Fields Recreation Ground	39	35	-4
Sanders Park Tennis Courts	34	35	1

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1st July 2015

The Meadow - Wiggins Memorial Play Area	49	49	0
Lickey End Park Fitness Equipment	29	0	-29
BDC Dolphin Centre	2,250	252	-1,998
Hagley Teenage Provision	80	0	-80
Bromsgrove Cricket & Hockey Astro Turf	50	50	0
Callowbrook Park Improve Flood	20	0	-20
Bromsgrove Sports Field	26	0	-26
Sanders Park Toilet Refurb	21	28	7
S106 - Longbridge East	0	502	502
Grand Total	3,004	1,121	-1,883

Financial Commentary:

A number of schemes are under procurement / planning and will be undertaken during 2015/16. The majority of the underspend relates to the redevelopment of the Dolphin Centre which was expected to be started during 2014/15. It is now expected to be commenced during 2015/16.

**Planning and Regeneration
 Financial Year 2014/15**

Revenue Budget summary

Service Area	Full Year Budget £'000	Actuals £'000	variance £'000
Building Control	-128	-86	42
Development Control	163	299	136
CMT	50	53	3
Economic & Tourism Development	150	197	47
Emergency Planning / Business Continuity	14	13	-1
Strategic Planning	349	284	-65
Town Centre Development	59	56	-3
Grand Total	657	815	158

Financial Commentary:

The overspends across the service are made up of a number of issues including:

- income shortfalls due to a drop in demand for some services
- additional staffing resource required to deal with the complex nature of a number of applications.
- working in a completely different way which initially requires more resource but should mitigate challenge and appeal in the future.

CABINET

1st July 2015

Capital Budget summary

Service Head	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Town Centre Development Project Management	38	38	0
Town Centre - Public Realm	1,650	1,628	-22
Parkside School	3,414	3,401	-13
Sale Of Bromsgrove Council House	0	1	1
Market Hall Development Site	0	28	28
Stourbridge Road Development Site	0	4	4
Grand Total	5,103	5,101	-2

Financial Commentary:

The small underspend on the town centre budget is to be carried forward into the next financial year but it is hoped that project is now complete.
 The Parkside school project is nearly complete and the small underspend is to be also carried into the new financial year.
 The small spends on the remaining projects are expected to be met by the proceeds of the sales.

4. TREASURY MANAGEMENT

- 4.1 The Council's Treasury Management Strategy has been developed in accordance with the Prudential Code for Capital Finance prudential indicators and is used to manage risks arising from financial instruments. Additionally treasury management practices are followed on a day to day basis.
- 4.2 The Council receives credit rating details from its Treasury Management advisers on a daily basis and any counterparty falling below the criteria is removed from the list of approved institutions.
- 4.3 Due to market conditions the Council has reduced its credit risk for all new investments by only investing in the highest rated instruments and has shortened the allowable length of investments in order to reduce risk.

4.4 At 31st March 2015 short term investments comprised:

	31st March 2014 £'000	31st March 2015 £'000
Deposits	10,000	6,400
Total	10,000	6,400

Income from investments and other interest

- 4.5 An investment income target of £58k has been set for 2014/15 using a projected return rate of 0.5%. During the past financial year bank base rates have remained 0.5% and current indications are projecting minimal upward movement for the short term.
- 4.6 In the year to 31st March 2015 the Council received income from investments of £56k.

5. REVENUE BALANCES

5.1 Revenue Balances

The revenue balances brought forward at 1 April 2014 were £3.74m. The increased level of savings as detailed in this report has meant that an increased addition to balances of £403k will be made. The new level of balances is estimated £4.14m, which will be utilised, as agreed by members, in part to fund the borrowing costs associated with the redevelopment of the Dolphin Centre.

Legal Implications

None.

Service/Operational Implications

All included in financial implications.

Customer / Equalities and Diversity Implications

None as a direct result of this report

CABINET

1st July 2015

7.1 Risk considerations covered in the report. There are no Health & Safety considerations

8. APPENDICES

None

9. BACKGROUND PAPERS

Available from Financial Services

AUTHORS OF REPORT

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FINANCIAL RESERVES STATEMENT 2014/15

APPENDIX 1

Description	Balance C/fwd 1/04/2015	Movement in Reserve 2014/15	New Reserve 2014/15	C/fwd 31/03/2015	Comment
	£'000	£'000	£'000	£'000	
Building Control Partnership	-53	0	0	-53	Partnership income has to be reinvested in the service behalf of the shared service
Community Safety	-95	65	0	-30	Grant funding received to fund associated community projects (eg TRUNK)
Economic Regeneration	-75	44	0	-31	To fund the Town Centre Manager post and Economic Development opportunities across the District
Election Services	-16		-70	-86	To fund costs associated with the election eg replacement ballot booths
Financial Services	-572	-9	0	-581	The reserve includes the small business rate relief grant that will offset the costs in 2014/15. In addition a number of reserves / grants have been set aside to support residents through the changes to welfare reform
Health Improvement Initiatives	-12	11	0	-1	Grant received to support local health initiatives
Housing Schemes	-169	0	0	-169	To provide a number of housing schemes to fund those in need
ICT/Systems	-318	113	0	-205	To provide for replacement ICT systems
Leisure/Community Safety	-157	-15	-396	-568	Grant received and reserves set aside to support a number of leisure and well being schemes across the District
Litigation Reserve	-230	0	-100	-330	To provide funding for any potential legal challenges
Local Development Framework	-14	-55	0	-69	To fund the costs associated with the local plan enquiry
Local Neighbourhood Partnerships	-16	0	0	-16	Grant received in relation to liveability schemes
Local Strategic Partnership	-2	2	0	0	LSP funding set aside
Organisational Development	-4	4	0	0	Funds set aside to undertake fire risk management
Other	-101	17	-34	-118	To support apprentices, set up costs and other general reserves
Regulatory Services (Partner Share)	-10	5	0	-5	To fund potential redundancy and other shared costs
Replacement Reserve	-487	10		-477	To fund replacement vehicles and plant
Shared Services Agenda incl Joint CE	-245	45	0	-200	To fund potential redundancy and other shared costs
Grand Total	-2,576	237	-600	-2,939	

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Agenda Item 10

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01 July 2015

Leasehold issues affecting Sherwood Road Industrial Units – public report

Relevant Portfolio Holder	Cllr Denaro
Portfolio Holder Consulted	Yes
Relevant Head of Service	Jayne Pickering
Wards Affected	Aston Fields
Ward Councillor Consulted	Yes

1. SUMMARY OF PROPOSALS

1.1 This report gives members an update into legal issues affecting the industrial units formerly owned by the Council located at 33 -51 Sherwood Road (also known as Plot 31 Sherwood Road). The buildings are made up of 10 industrial starter units forming a small self-contained industrial estate. In 2009 members approved the disposal of the site and the Council's freehold interest was sold in 2011. The site is subject to complex leasing arrangements the details of which are set out in this report.

1.2 In March 2015 the holder of the head lease issued a demand for the council to pay rent owing by the Sublessee. The Council is legally bound to make those payments even though it no longer holds any legal interest in the property. Officers have been working to explore what options are available to the Council to address this situation and to mitigate any future payments that may have to be made.

1.3 This report sets out the information in relation to this matter which is not exempt and can be made available publically. Members will be supplied with a separate exempt report. The exempt report will cover information regarding legal advice received by the Council and commercial information about the other parties involved that cannot be released publically.

2. RECOMMENDATIONS

2.1 That Members note the contents of this report

2.4 That officers bring a further report to Cabinet in the autumn to advise Members of the progress in relation to the legal steps

3. KEY ISSUES

Financial Implications

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01 July 2015

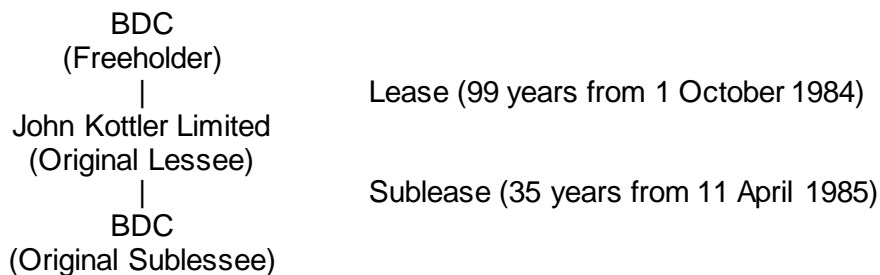
- 3.1 In response to the section 17 notices served on the Council since March 2015, the Council has had to make payments to the Current Lessee of £25k. Members are referred to the detailed breakdown set out at paragraph 3.9.
- 3.2 As set out in paragraph 3.10, the Council faces an on-going liability of circa £45k per year arising from the fact that the Sublessee is not paying the rent due to the Current Lessee.

Legal Implications

History of the site

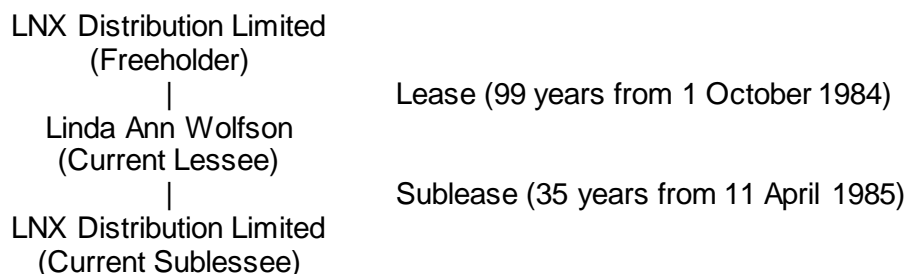
- 3.3 Prior to 1985, BDC was the freehold owner of 33 to 51 Sherwood Road (the Property) which was not subject to any long leases. The Council at the time operated the Property as a small business park letting out the units.
- 3.4 In April 1985, BDC granted a 99 year lease (“the Lease”) of the Property to John Kottler Limited (“the Original Lessee”) and took a 35 year sublease (“the Sublease”) from the Original Lessee.

1985



- 3.5 In 2011, the Original Lessee transferred its interest to Linda Ann Wolfson (“the Current Lessee”), and BDC transferred both its freehold and leasehold interests to LNX Distribution Limited (“the Current Sublessee”).

2011

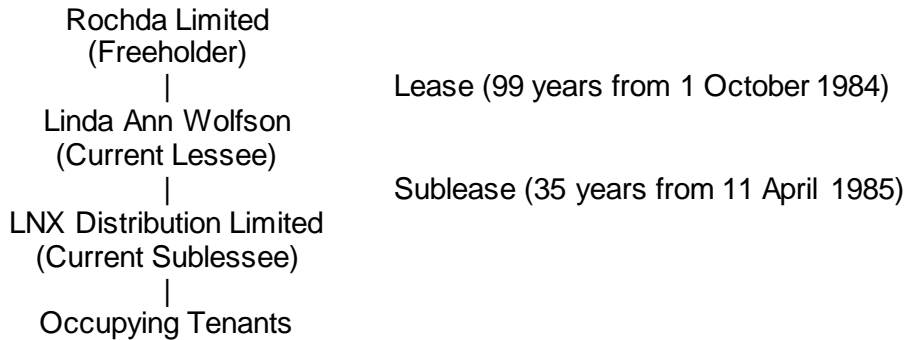


CABINET

01 July 2015

- 3.6 In 2015 LNX Distribution Limited transferred its freehold interest to Rochda Limited.

2015 – current position



- 3.7 The Current Sublessee is not in occupation of the Property. It has itself let the units, most of which appear to be occupied. BDC does not have detail of these leasing arrangements.
- 3.8 The legal position is complicated, but in essence because the Sublease was entered into prior to the 1 January 1996, the original contracting tenant (BDC) remains bound by the covenants in the lease (including the covenant to pay rent) even though it has disposed of its interest in the Property. The law has subsequently been altered but due to the date of the lease the Council is caught by the covenant to pay the rent and there is nothing that BDC could have done on its disposal of the Sublease to escape from this ongoing liability.
- 3.9 The Current Lessee has consequently served two demands for the unpaid rent (and the interest thereon) under section 17 of the Landlord and Tenants (Covenants) Act 1995 on BDC together with a demand for payment of buildings insurance. In order to avoid court proceedings against it and the associated costs thereof the Council has had no option but to pay the demands and the amounts in question are set out in the table below:-

Date of Notice	Period	Rent	Interest	Other	Amount paid
2 nd February 2015	29 Sept 2014 to 24 Dec 2014	£10,647	£370.		Nil – rent paid late by the subtenant
	25 December 2015 to 24 March 2015	£10,647	£116		£10,647
16 th April 2015	20 th Sept to 24 Dec 2014		£438 (re-calculated)		

BROMSGROVE DISTRICT COUNCIL

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			and carried forward from above)		
	25 December 2014 to 27 March 2015		£271 (re-calculated and carried over from above)		
	25 th March 2015 to 24 June 2015	£10,647	£67		£11,423
25 th May 2015	2015/2016			Buildings Insurance of £2977	£2977
TOTAL PAID TO DATE					£25,478

Future liabilities and VAT position

3.10 If no action is taken BDC will remain liable to pay any unpaid rent until the expiry of the Sublease in April 2020, together with any further incidental expenses covered by the covenants that are not paid by the subtenant such as the buildings insurance. This represents an on-going liability of circa £45k per annum.

Remainder of this section excluded as exempt information

Service / Operational Implications

3.11 See legal implications

Customer / Equalities and Diversity Implications

3.12 Excluded as exempt information

RISK MANAGEMENT

4.1 Excluded as exempt information

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01 July 2015

5. APPENDICES

Appendix 1 – Plan of site

6. BACKGROUND PAPERS

Bromsgrove District Council Cabinet Report 29 July 2009

7. KEY

N/A

AUTHOR OF REPORT

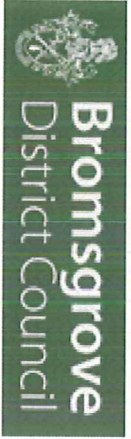
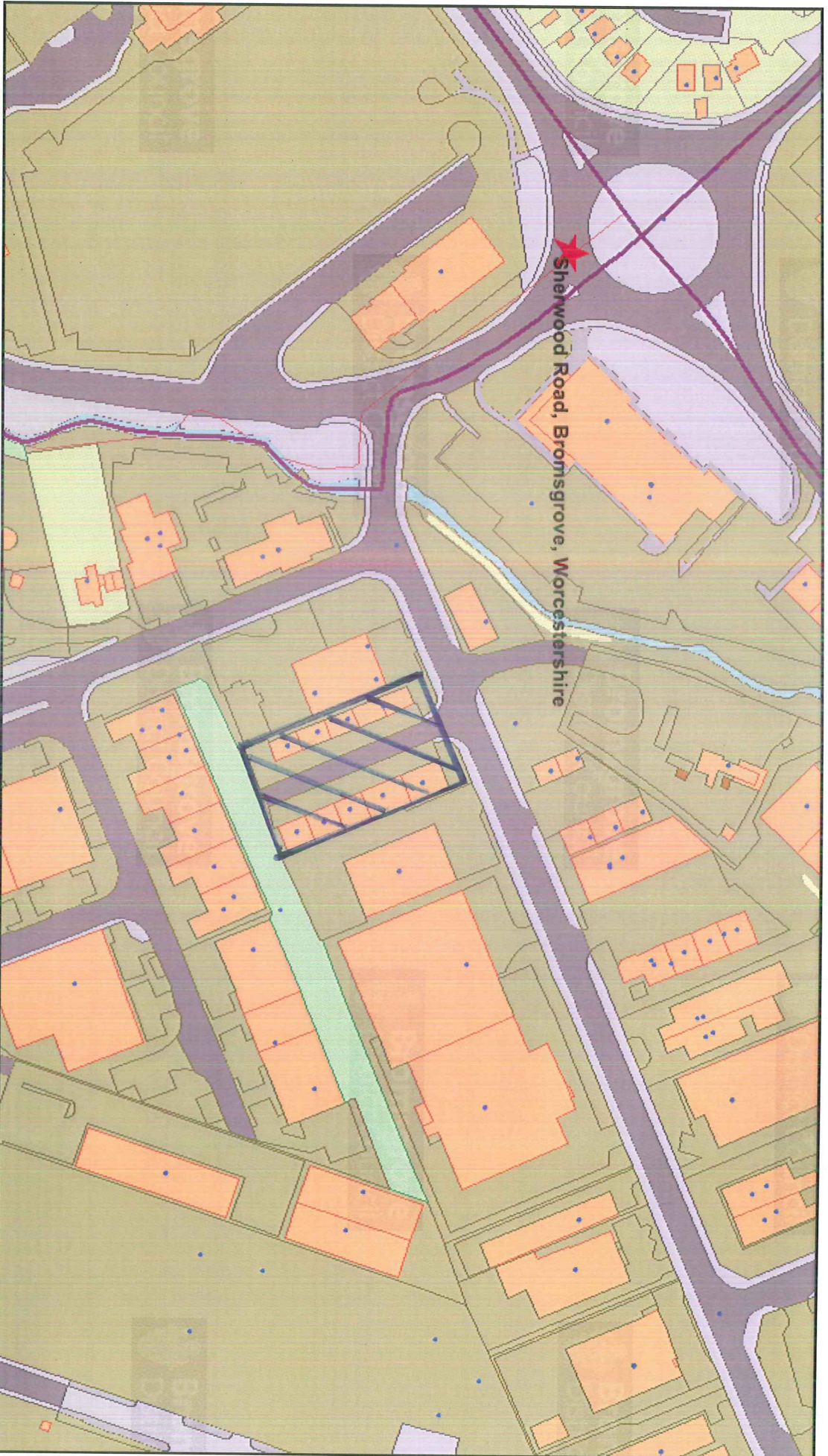
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Tel: 01527 881397

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Sherwood Road

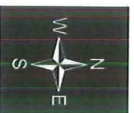


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