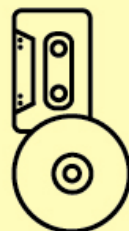
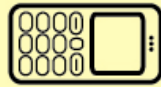


CABINET

Thursday, 1 November 2007
10.00 a.m.

Conference Room 1, Council
Offices, Spennymoor

AGENDA and REPORTS



01388 816166



This document is also available in other languages,
large print and audio format upon request

العربية (Arabic)

إذا أردت المعلومات بلغة أخرى أو بطريقة أخرى، نرجو أن تطلب ذلك منا.

বাংলা (Bengali)

যদি আপনি এই ডকুমেন্ট অন্য ভাষায় বা স্বরভেদে চান, তাহলে দয়া করে আমাদেরকে বনুন।

(中文 (繁體字)) (Cantonese)

如欲索取以另一語文印製或另一格式製作的資料，請與我們聯絡。

हिन्दी (Hindi)

यदि आपको सूचना किसी अन्य भाषा या अन्य रूप में चाहिये तो कृपया हमसे कहे

polSKI (Polish)

Jezeli chcieliby Państwo uzyskać informacje w innym języku lub w innym formacie, prosimy dać nam znać.

ਪੰਜਾਬੀ (Punjabi)

ਜੇ ਫਿਰ ਜਾਣਕਾਰੀ ਤੁਹਾਨੂੰ ਕਿਸੇ ਹੋਰ ਭਾਸ਼ਾ ਵਿਚ ਜਾਂ ਕਿਸੇ ਹੋਰ ਰੂਪ ਵਿਚ ਚਾਹੀਦੀ, ਤਾਂ ਫਿਰ ਸਾਥੋਂ ਮੰਗ ਲਵੋ।

Español (Spanish)

Póngase en contacto con nosotros si desea recibir información en otro idioma o formato.

اُردو (Urdu)

اگر آپ کو معلومات کسی دیگر زبان یا دیگر شکل میں درکار ہوں تو برائے مہربانی ہم سے پوچھئے۔

CABINET

Thursday, 1 November 2007

AGENDA

1. APOLOGIES

2. DECLARATIONS OF INTEREST

To notify the Chairman of any items that appear in the agenda in which you may have an interest.

KEY DECISION

HOUSING, LEISURE AND CULTURE, STRATEGIC LEADERSHIP PORTFOLIOS

3. PROCUREMENT OF CONSTRUCTION SERVICES 2008- 2013 (KEY DECISION)

Report of Chief Executive, Director of Housing and Director of Resources (Pages 1 - 10)

STRATEGIC LEADERSHIP PORTFOLIO

4. 2007/2008 INTERIM CAPITAL PROGRAMME REVIEW - INCORPORATING A NEIGHBOURHOOD ENHANCEMENT PROGRAMME (KEY DECISION)

Report of the Director of Resources (Pages 11 - 22)

B. Allen

Chief Executive

Council Offices

SPENNYMOOR

Councillor Mrs. A.M. Armstrong (Chairman)

Councillors Mrs. K. Conroy, V. Crosby, Mrs. B. Graham, A. Hodgson, Mrs. L. Howells,
J.M. Khan, D.A. Newell and W. Waters

ACCESS TO INFORMATION

Any person wishing to exercise the right of inspection in relation to this Agenda and associated papers should contact Gillian Garrigan, on Spennymoor 816166 Ext 4240 ggarrigan@sedgfield.gov.uk

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Item 3

ITEM NO

REPORT TO CABINET

1ST NOVEMBER 2007

JOINT REPORT OF CHIEF EXECUTIVE
DIRECTOR OF HOUSING AND
DIRECTOR OF RESOURCES

HOUSING, LEISURE AND CULTURE AND STRATEGIC LEADERSHIP PORTFOLIOS

PROCUREMENT OF CONSTRUCTION SERVICES 2008-2013

1. SUMMARY

- 1.1 The purpose of this report is to seek Cabinet approval to appoint a strategic partner to undertake construction works from February 2008 – January 2013. The methodology used to process the Council's housing and associated construction related works was reported to and approved by Cabinet in March 2006, October 2006 and June 2007. Approval was given to provide construction works for 5 years (plus a further 2 years subject to performance) using strategic partnering principles.
 - 1.2 The main drivers for using this method are to mitigate the issues currently facing the Council:-
 - Securing value for money, achieving efficiency gains and efficient service delivery
 - Achieve 3 star status
 - Address issues around diminishing workload base for staff
 - Meet challenges of KLOE's, CPA and other external inspections
 - 1.3 The procurement strategy adopted and tendering process has been concluded, this report provides details and results of the tender evaluation, which includes assessment of quality, cost and affordability.
 - 1.4 This report also sets out a series of Human Resources (HR) issues including the legal implications of the Transfer of Undertakings (Protection of Employment) (TUPE) Regulations 2006 and the arrangements for applying these regulations in transferring Council employees to the preferred partner.
- 2. RECOMMENDED**
- 2.1 That Mears Limited be appointed as Strategic Construction Partner for 5 years (with a 2 year option to extend subject to performance).
 - 2.2 That the employee-related contractual commitments provided by Mears Limited (detailed in Section 5) be incorporated within the contract.

- 2.3 That the promises and pledges given by Mears Limited and referred to in Section 4 be incorporated within the contract.
- 2.4 That the Director of Housing, Director of Resources and Head of Organisational Development make the necessary arrangements to proceed with agreeing a mobilisation plan with Mears Limited.
- 2.5 That the processes (detailed in Section 6) for dealing with the HR implications of this contract be approved.
- 2.6 That the Council provides an appropriate guarantee to the Durham County Council Pension Fund in respect of any pension fund deficit that may arise as a result of the implementation of this partnership arrangement.

3. PROCUREMENT OF CONSTRUCTION SERVICES 2008-2013

- 3.1 Following the appointment by the Council of Elliott Dent as Partnering Facilitators/Advisor to assist in the procurement of a Partnering Contractor, an Assessment Panel was formed during the Pre-Qualification Questionnaire assessments period, and this team continued through to the full bid process. This ensured continuity and that a thorough appraisal was undertaken of the quality submissions. This team consisted of the following:-

- Director of Housing
- Head of Property Services
- Head of Organisational Development
- Head of Financial Services
- Team Leader - Property Management
- Senior Tenant Participation Officer
- Representatives of Tenants Housing Services Group
- Member of Residents Federation
- Partnering Advisor

- 3.2 A detailed Tender Document was issued to tenderers on 6th July 2007: The documents and tender process complied with the Council's Contract Procedure Rules and EU Procurements Rules. Work included within this contract includes the following:-

- Responsive Repairs to Council Houses, Green Lane Offices, shops and other housing related assets
- Housing Capital Programme Improvements
- New build Housing as part of Regeneration Master Plan
- Group Repair Schemes
- Extension and refurbishment to Spenny Moor Leisure Centre to create and Arts Resource Centre.

- 3.3 From a long list of 14 submitted Pre-qualification Questionnaires Cabinet, approved in June 2007, the following five companies were invited to tender (in alphabetical order):-

- Keepmoat (Frank Haslam Milian)
- Kier
- Mears
- Mitie
- Rok

3.4 The tender required a Proposal to be returned in two separate parts; A Qualitative Proposal which addressed twelve specific questions; and a Financial Proposal which responded to a request for detailed costs pertaining to the full range of services outlined in the scope of the Contract. The tender brief also included matters, which need to be in place and are in accordance with the Council's Constitution e.g. Contract Bond, Confidentiality Agreement and Certificate of Non Collusive Tendering.

3.5 The tender return date was Tuesday, 14th August 2007, however following a number of requests for an extension; this was extended to Tuesday, 28th August 2007 allowing for an eight-week tender period in total.

3.6 All tenderers submitted their Proposal in accordance with the conditions set out in the documents. All submissions were complete and compliant with the tender conditions and were therefore included in the assessment process.

4. ASSESSMENT PROCESS

4.1 The Tender Document explained that the assessment would be carried out on a Best Value basis with the Quality Proposals being assessed independently from the Financial Proposals so that one could not influence the other.

4.2 The weighting of the Quality/Price Proposals consisted of the following split; 60% Quality including 10% pertaining to the mid tender visits and 40% Price. Contractors were also advised that the quality assessment would be based on the following twelve areas:-

- Proposed Team
- Implementation Plan
- Communication Plan
- Asset Database
- Supply Chain Arrangements
- Risk Management
- Open Book Accounting
- Achieving 3 Star Status
- Customer Care
- Recruitment and Training
- Affordable/carbon reduced new homes
- Whole life costs

4.3 On 26th and 27th July 2007, the Assessment Panel visited each tenderers premises to meet their proposed team for the Contract and discuss their general approach to the bid together with any clarifications on the requirements of the Bid. These visits contributed 10% to the quality assessment of the suitability of the Contractors.

- 4.4 The quality assessments were done in parallel to a detailed cost analysis. Submitted costs were assessed over three and five years. This method was used, as contractors were required to provide fixed prices for three years but given the life of the project is five years these had to be estimated forwards. All of the tenderers submitted comprehensive proposals and all submissions were of high quality.
- 4.5 To allow for a full comparison tendered schedule of rates have been applied to frequencies and anticipated works over the project including estimates for Spennymoor Arts Resource Centre, Group Repair Works and new house building. Tenderers also identified one off costs for contract establishment and employee transfer issues.
- 4.6 The total of submitted costs have been measured against forecast Council budgets over the five-year contract period. This is considered a crucial aspect of the analysis as it demonstrates affordability. Residual costs that will still need to be met by the Council post transfer have also been included to create a whole life cost comparison.
- 4.7 Taking all of these into account costs supplied by Mears Limited are within estimated Council budgets over the five-year contract period. An estimated saving to the Council over five years has been calculated at around £2.5 million, approximately 3% of the total contract value of £85 million.
- 4.8 One factor to be determined will be consideration of the future use of Chilton Depot by the contractor and the Council for delivery of this project. This matter will be subject to a feasibility study to be undertaken with the contractor following appointment and in the meantime Mears Limited will use the depot as its main base in the Borough.
- 4.9 Applying cost and quality issues the tender submitted by Mears Limited is the Most Economically Advantageous and represents improved quality at a forecasted reduced cost. On the basis of the scoring methodology used the combined cost and quality tender submitted by Mears Limited scored almost 14% higher than the second best tenderer.
- 4.10 It should be noted that Mears Limited have confirmed that if they were to be successful they would provide a number of pledges to the Council, which will include for example:-
- High levels of customer satisfaction (95%)
 - Achieve 3 star status in two years
 - Establish a Training Centre; train one apprentice per £1M turnover
 - Address poverty issues with residents and reduce their spend on energy
 - Plan, document and demonstrate continuous improvement.
 - A further project /initiative to be determined by the Tenant Group
- 4.11 A further part of Mear's submission makes reference to additional efficiencies that can be expected to be achieved over the contract period. These include: -
- 3% reduction in the number of responsive repairs.

- Moving towards more favourable commercial terms by moving away from inefficient Schedule of Rates mechanisms of valuing work to a fixed price per property. This will provide more cost certainty and will also give significant savings in administration. The prices used in the cost model do not take this expected saving into account at this stage.
- Void turnaround time of ten days. (a reduction of 5 days on current turnaround time).
- The contractor has also offered a 5% year on year overall efficiency saving on all works. Mears Limited also stated in their submission how they will achieve these saving levels.

4.12 Following this detailed cost and quality assessment it is recommended Mears Limited be appointed as Strategic Partnering Contractor to this project and a detailed Mobilisation Plan be agreed and implemented.

5. CONSULTATION

5.1 The recognised trade unions (UNISON, UNITE, UCATT and GMB) have been consulted extensively on the procurement of construction services for more than eighteen months via a process that has involved over 20 formal trade union meetings at all levels of the Council's recognised machinery. This process has also been supplemented by briefings of affected employees by the Director of Housing, Head of Property Services, Head of Organisational Development and the Head of Pensions at Durham County Council.

5.2 Notwithstanding this very detailed and comprehensive consultation process the recognised trade unions recently restated their opposition to the concept of construction and housing partnering, their preference for the retention of an in-house service, and their concern over the speed of the process. As a consequence Cabinet's consideration of this report was deferred and a special meeting of the Corporate Consultation Panel was convened at which trade unions sought a series of contractual commitments and accepted an offer from the Chief Executive to address all affected employees directly.

5.3 The Chief Executive, Director of Housing, Head of Property Services and Head of Organisational Development then met the preferred partner and secured the following contractual commitments throughout the life of the contract: -

- Honouring of all existing terms and conditions
- Honouring future local government pay awards
- No compulsory harmonisation of pay and conditions less favourable than existing terms
- No compulsory redundancies
- Attaining LGPS Admitted Body Status (considered certain by DCC)
- Honouring existing trade union recognition

It has further been agreed with all recognised trade unions that prior to transfer each transferee will receive written confirmation of their transferring terms and conditions of service, including information on all Council policies applicable on post transfer and confirmation of Admitted Body Status.

The communication outlined above will flow to all employees

- 5.4 Having secured these commitments, the Chief Executive then addressed affected employees and explained the implications of what had been secured. On the basis that these contractual commitments will be incorporated into the agreement between the Council and the preferred partner, all trade unions whilst restating their general concern about partnering have confirmed their willingness to cooperate and play a full and meaningful part in the transition process.

6. HUMAN RESOURCE IMPLICATIONS

- 6.1 The procurement of construction services process has significant HR implications in that it constitutes the legal transfer of an economic entity between the Council and its preferred partner. As such it falls within the scope of the TUPE Regulations 2006. It has therefore been necessary to identify employees assigned to the economic entity whose employment will potentially transfer. Details of these employees have been used to compile an Indicative TUPE List (ITL).

- 6.2 Subject to Cabinet's approval of the preferred partner it will be necessary to refine this ITL into a Final TUPE List (FTL) in consultation with recognised trade unions and the preferred partner. This process will involve three stages as follows: -

6.3 Stage 1 – Residual Structure

Management Team has previously approved a revised residual establishment structure for Housing Property Services Division. This revised structure has been designed to enable the Council to manage its side of the housing partnering contract.

A system of prior consideration has been developed and agreed by the Head of Organisational Development in consultation with recognised trade unions through which employees on the ITL will be considered for posts on the residual structure. A comprehensive document detailing the full process including methods for resolving disputes has also been prepared by the Head of Organisational Development. However, in summary, under this system posts on the previous Housing Property Services establishment will be compared to those on the revised establishment by the following panel:-

- Head of Organisational Development (Independent Chair)
- Human Resources Manager (Strategy)
- Director of Housing
- Director of Resources
- UNISON Representative (x2)

This panel will determine whether posts on the amended structure are unchanged, partially changed, substantially changed or new then following appropriate recruitment and selection arrangements, a number of affected employees will be appointed to posts on the residual structure and will therefore be removed from the ITL.

6.4 Stage 2 – Employment Longevity Test

A further refinement of the ITL will be made at this stage to identify those employees whose posts may have been made redundant had the Council not decided to secure a strategic partner and in doing so secure their continued employment via the application of the TUPE Regulations 2006. This issue has been discussed with trade union representatives and employees throughout the formal consultation process and has become known as the Employment Longevity Test.

On this basis (and if partnering progresses), Early Retirement/Voluntary Redundancy (ER/VR) requests will be sought and considered for a limited number of employees. These will be dealt with in accordance with the Council's retirement policies with the Director of Resources and Head of Organisational Development dealing with requests ahead of their formal consideration by the Employment Issues Panel. All costs will be met from the contract saving. However, reduction in transferring posts could have an advantageous impact on overall contract costs and the implications of this will be discussed with Mears Limited.

6.5 In assessing the overall impact of the awarding of this contract it is not expected that there will be a significant impact on corporate support services. However, this position will be kept under review.

6.6 Stage 3 – Final TUPE List (Measures and Due Diligence)

In accordance with the TUPE Regulations 2006, the Council and its recognised trade unions will need to agree a Final TUPE List (FTL) and a series of employment-related measures with the appointed partner. In practice those eligible employees whose applications for ER/VR are approved by the Employment Issues Panel will be removed from the ITL. Initially, outline employment details of all employees on the ITL will be disclosed to the appointed partner and appropriate access will be granted to employees on the FTL during the contract mobilisation period.

6.7 The process of appointing a strategic partner will involve a series of meetings and discussions with employees, trade unions and Mears Limited and so it is proposed that following consideration of this report by Cabinet that a detailed mobilisation plan be agreed reflecting these HR implications.

7. **FINANCIAL IMPLICATIONS**

7.1 The financial resources available for the HRA and General Fund elements of the project are covered in the Medium Term Financial Plan approved by the Council in June 2006. The availability of further external funding is currently being explored for New Build Homes and the 'Arts Resource Centre' aspects of the contract. A future progress report will be presented to Management Team and Cabinet in due course.

7.2 The delivery of an efficient, value for money service to tenants is a key aspect of the decision being requested in this report. The delivery of works totalling contract value of £85 million has been analysed in great detail and forecast savings of around 3% have been identified.

7.3 Additional savings should also accrue by the delivery of promises and efficiencies outlined by the preferred partner as detailed in section 4 and 6 of this report.

7.4 There are residual costs to the Council associated with this contract including potential ER/V/R payments that have been fully considered as part of the whole life cost exercise. Whilst they are affordable there will be some impact on different parts of the organisation and these will need to be reflected in budget determination for 2008/09.

7.5 Achievement of Admitted Body Status to the Durham County Council Local Government Pension Fund is a critical element of the achievement of this arrangement. This does create a change to existing arrangements and will require the authority to underwrite existing deficiencies by way of a guarantee to Durham County Council as administrator of the fund.

7.6 In anticipation of a request from the successful partner to seek Admitted Body Status the Pension Fund has already given the County Treasurer authority to make the necessary arrangements to expedite any such request, subject to the Partner agreeing to meet the requirements of the appropriate Regulations and to the provision and maintenance of a suitable Guarantee Bond.

7.7 As an option to the requirement for the Partner to purchase a Bond (and subsequently seek to recover the cost of the premium from the Council) the Pension Fund is willing to accept a Guarantee from this Council that in the event of the Partner becoming insolvent, being wound up or going into liquidation, the Council would meet any shortfall on the Pension Fund.

8. OTHER MATERIAL CONSIDERATIONS

Community Strategy and Corporate Plan

8.1 The procurement approach outlined within this report clearly fits within the Council's approved key policy framework for the delivery of Decent Homes Standard and Asset Management of the Housing stock. In particular, it supports the delivery of the Council's aim to secure quality affordable housing and promoting safer neighbourhoods within the Borough.

Equality and Diversity

8.2 The Organisational Development Section will continue to ensure that the decision making process in respect of inclusion on the FTL and possible ER/V/R eligibility are applied fairly and consistently to all employees irrespective of belief/religion, age, disability, gender, ethnicity or sexual orientation. In accordance with the Council's statutory duty we will be monitoring the contractor to ensure compliance with the above matters.

Risk Management

8.3 Those key risks associated with this contract relate to the non-achievement of Decent Homes Standard and Asset Management of the Housing stock as required by the CLG. The procurement strategy set out in this report will ensure appropriate arrangements are in place to deliver the programme and achieve Decent Homes Standard by December 2010, demonstrate value for money and achieve savings and improvements in service delivery as identified by KLOE's and the Gershon Report. The partnering proposals for 2008 and onwards in this report will assist in mitigating the imbalances between the needs of the programme and the skills of the workforce. Other Risk Management issues, which have been addressed in the tender analysis include:-

- Failure to improve service standards
- Failure to achieve Gershon savings
- Achievement of KLOE's
- Building cost inflationary pressure
- Financial resources available over the period of this strategy
- Pressure on the supply chain
- Failure of the company, requiring the Council to meet the pension fund guarantee

These risks will be monitored as part of pre and post implementation: -

- Mobilisation Plan and achievement of critical activities
- Continuation of consultation with staff, tenants and trade unions
- Failure to achieve 3 star service recognition

The actions set out in this report will also mitigate the risk of failure to comply with legal consultation requirements, particularly in respect of inclusion/exclusion on/from the Final TUPE List.

Social inclusion

8.4 Every effort will be made to ensure that the issue of social inclusion will be taken into account throughout the delivery of the procurement of construction services as detailed in this report. The ultimate aim is to provide high quality services to all tenants.

Legal and Constitutional

8.5 The procurement report was prepared in accordance with the Council's Constitution and EU Procurement Rules. No other legal or constitutional implications have been identified. Appropriate contract selection will be used as part of the contract agreement. It also deals with issues linked directly to the requirements of the Transfer of Undertakings (Protection of Employment) Regulations 2006.

Health and Safety

- 8.6 There are no additional health and safety implications over and above those for existing staff or contractors when undertaking construction works. Suitable and appropriate contract administration and management arrangements are in place to ensure all health and safety risks are managed.

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Wards:

All Wards

Key Decision Validation:

Expenditure Over £100,000

Background Papers:

Report to Council February 2006 Budget Framework 2006-2007
Cabinet Report June 2006 - Medium Term Financial Plan
Repairs and Maintenance Strategy and Construction Related Procurement Strategy and Toolkit (June 2003)
Delivering better services for Citizens (Byatt 2001)
Reports to Cabinet 16th March 2006, 30th November 2006 and 21st June 2007 – Procurement of Construction Services etc.
Regeneration Master Plan
SBC Procurement Strategy 2003-2006

Examination by Statutory Officers:

- | | Yes | Not
Applicable |
|--|-------------------------------------|--------------------------|
| 1. The report has been examined by the Councils Head of the Paid Service or his representative | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 2. The content has been examined by the Councils S.151 Officer or his representative | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 3. The content has been examined by the Councils Monitoring Officer or his representative | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 4. The report has been approved by Management Team | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

Item 4

KEY DECISION

REPORT TO CABINET

1st November 2007

REPORT OF THE DIRECTOR OF RESOURCES

Portfolio: **STRATEGIC LEADERSHIP PORTFOLIO**

2007/2008 Interim Capital Programme Review – Incorporating a Neighbourhood Enhancement Programme

1.1 The purpose of this report is to consider changes to the previously agreed capital programme for 2007/08. This is to reflect additional programme priorities and also the need to review schemes and their ‘appropriateness’ in the light of the Secretary of State’s decision to create a single unitary authority in County Durham effective from April 2009.

2. RECOMMENDED

- (a) Cabinet receives the report.
- (b) The revised capital programme for 2007/08 be approved.

3. BACKGROUND

3.1.1 On the 25th July 2007 the Secretary of State for Communities and Local Government announced that County Durham would be one of nine areas where Local Government Reform would proceed and a single unitary council for County Durham would be created and would be operational from April 2009.

3.1.2 In the light of this decision it is felt appropriate that previously agreed spending on capital schemes should be reviewed. This is to assess

- Whether spending on specific schemes or assets is still appropriate given the longer term nature of capital spend and whether it could have an adverse impact on the new authority.
- Whether there are other priorities that now need to be considered earlier than originally planned to ensure that projects are resourced and completed in the lifespan of this authority.

3.2 The Council has previously agreed a total capital programme for the current year of £20m and when brought forward commitments from earlier programmes are added then this increases to £23.91m. The Cabinet Meeting held on the 27th September also agreed to a further £800,000 for Cobblers Hall redevelopment. This is analysed in the following table.

Portfolio	Revised Budget 2007/08 £000
Strategic Leadership	
- ICT	1,599
- Green Lane	350
- Chilton Depot	86
Environment	38
Planning & Development	140
Community Health	84
Leisure & Culture	1,679
Social Regeneration	870
Learning & Development	362
Major Regeneration	8,013
Safer Communities	131
Private Sector Housing	2,418
Contingency Sum	200
Total General Fund	15,970
Council Housing	8,743
Grand Total	24,713

- 3.3 By its nature, capital spend is for longer term projects and is expected to deliver new or enhanced assets or contribute to projects that will deliver longer term efficiencies e.g. ICT projects.
- 3.4 The authority's capital programme is allocated to portfolios and is also classified into regeneration and non regeneration as this determines how it can be funded as specific capital receipts can only be applied to regeneration projects or the social and affordable housing.
- 3.5 As a large proportion of land sales relate to former housing sites, it follows that a large proportion of capital resources need to be diverted into regeneration type projects or 50% of receipts must be returned to central government. The Council has previously made a decision to retain all of its receipts and spend them on regenerating the Borough.
- 3.6 All available non regeneration resources were allocated against the current year programme and the 'resources in hand' are only available for regeneration type schemes.
- 3.7 Therefore, amending the programme in the current year requires original schemes to be withdrawn creating the capacity for new ones to be added. The allocations for ICT and Asset Management spend on the Green Lane Office campus have been reviewed as elements of original planned spend that are now not considered appropriate until at least more is known about the direction the new authority will take regarding the provision of IT and office accommodation. Financing changes to the HRA programme are also included. The following amendments, in terms of withdrawal, are proposed to this years capital programme

	£000
Net Change to ICT programme	371
Net Change to Green Lane Programme	250
Housing Revenue Account Financing Adjustment	74
Total Change to Non Regeneration capital Programme	695

- 3.8 If the changes are agreed then an additional £695,000 of capital resources would be available for reinvestment into additional capital schemes. As we gain a greater understanding about the direction of the Unitary Council proposals both the ICT and Green Lane programmes will be reviewed as apart of the 2008/09 Capital Programme
- 3.9 It should also be noted that the contingency sum has also been reduced to £120,000 from £200,000, this to reflect a slowdown in the receipts of Right to Buy sales in the current year.
- 3.10 This report represents the first stage of changes that will be required to the delivery of plans and priorities in the run up to local government reorganisation. The Chief Executive is currently preparing a Transitional Plan that will present a re-focusing of priorities which will include a full review of the Major Regeneration Capital Programme. A review of the Housing Capital programme is also being undertaken and a further report will follow.

Replacement Schemes

- 3.13 A small number of schemes have been identified at this stage as being appropriate for funding.
- 3.14 Newton Aycliffe Leisure Centre. A full report outlining refurbishment and decoration issues has already been considered and agreed by Cabinet on 27th September 2007 at a total cost of £200,000. Funding for that scheme was to come from a review of current year non regeneration programme.
- 3.15 A longstanding commitment by the authority for the provision of play pitches at Sedgefield has been added in to the programme at a cost of £15,000.
- 3.16 The creation of a fund to enhance the physical fabric of localities within the Borough to be allocated on a Ward basis. The fund will allow Members to respond to long standing areas of concern that their constituents have brought to their attention. This would come together as the Neighbourhood Enhancement Programme and a total of £760,000 is to be set aside. Funding would be a mix of regeneration resources and general resources to reflect the mix of schemes likely to be delivered and to allow for a degree of flexibility within the programme. Some £540,000 would need to be allocated from the regeneration resources for which approximately £4.1m remains uncommitted after this years programme has been financed. The remaining £220,000 would be available from the rationalisation of the non regeneration programme proposed in this report. The anticipated start date of the programme is 1st January 2008 and the target completion date would be 1st January 2009.

3.17 Appendix 1 to this report sets out the key principles as to how the scheme will operate and indicates a level of allocation to the 19 wards within the Borough.

3.18 If these proposals are agreed a total of £235,000 of general capital resources would be required for the Neighbourhood Enhancement Programme and pitch provision in Sedgfield and this would be met from the £695,000 identified earlier. Cabinet have already approved the Newton Aycliffe scheme and £200,000 will be allocated from the funds made available in this report. A further £540,000 of regeneration resources would also be required, funding which is already available.

4. RESOURCE IMPLICATIONS

4.1 Human Resources

No direct implications have been identified

4.2 Financial Implications

If implemented then this report will release funding for initial priorities and also leave some resources available for any other priorities that may be identified in this or as part of next year's capital programme

5. CONSULTATIONS

5.1 The Chief Executive and relevant heads of service have been consulted in the development of these proposals.

6. OTHER MATERIAL CONSIDERATIONS

6.1 Links to Corporate Ambitions/Values

The change in focus on capital spend supports the Council's Corporate Ambitions as it shifts resource from back office functions to more frontline activity. In particular it supports the Council's cross cutting priority of providing greater customer focus as it provides members with a fund to respond to the needs of their communities.

6.2 Risk Management

There are some risks of withdrawing funding around operating non supported ICT systems and some general deterioration in the office building at Green Lane.

Both Heads of Service have been consulted on this and agree that risks can be managed and if any urgent need for resources does arise then specific requests will be made.

This is countered by other risks of not delivering some of the commitments made to the public and it is felt that these are more important than the delivery of the previously identified schemes.

6.3 Health and Safety

No additional implications have been identified.

6.4 ***Equality & Diversity***

No implications have been identified.

6.5 ***Legal and Constitutional***

No implications have been identified.

6.6 ***Procurement***

No implications have been identified.

7. **OVERVIEW AND SCRUTINY IMPLICATIONS**

None identified.

Contact Officer:

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Ward(s):

Proposals are not ward specific

Key Decision Validation:

Expenditure in excess of £100,000

Background Papers:

Revenue and Capital Budgets 2007/2008

Examination by Statutory Officers:

1. The report has been examined by the Council's Head of the Paid Service or his representative.
2. The content has been examined by the Council's S.151 Officer or his representative.
3. The content has been examined by the Council's Monitoring Officer or his representative.
4. Management Team has approved the report.

Yes

Not
Applicable

Neighbourhood Enhancement Programme

Summary of Key Operating Principles

Overview

The Programme will be operated on a Ward basis with activity focused on addressing long standing local aspirations linked to clear community engagement with constituents. Local elected members will have a key role in developing and progressing schemes within their localities in order to respond to issues of public concern.

As a result it is envisaged that works under this Programme will in turn link to the quality of life survey and improved customer satisfaction feedback.

Funding under the Programme will be allocated for a range of project activities to enhance the physical fabric of localities. The funding allocations identified for each Ward reflect the population within the different Wards across the Borough. The allocations are outlined as follows;

Ward Based Allocations

Ward	Allocation (£)
Bishop Middleham & Cornforth	£35,000
Broom	£40,000
Byerley	£35,000
Chilton	£45,000
Ferryhill	£40,000
Fishburn and Old Trimdon	£45,000
Greenfield Middridge	£45,000
Low Spennymoor and Tudhoe Grange	£45,000
Middlestone	£45,000
Neville and Simpature	£40,000
New Trimdon and Trimdon Grange	£20,000
Sedgefield	£40,000
Shafto St Marys	£45,000
Spennymoor	£45,000
Sunnydale	£35,000
Thickley	£35,000
Tudhoe	£35,000
West	£45,000
Woodham	£45,000
TOTAL	£760,000

Key Principles

- The Fund will support **capital expenditure only**. **No revenue or salary costs** can be supported under this programme.
- Projects must be a **minimum value of £10,000** to meet the definition of capital spend. However, smaller project proposals can be put forward as

part of an overall larger package of improvements within a locality area that will in total exceed £10,000.

- Projects should **link to the Council's overall Corporate Aims** e.g. – promoting safer neighbourhoods
- **Clear community engagement and consultation** needs to be demonstrated to ensure that the project is addressing local concerns.
- **All project costs must include associated technical and design fees**

Desirable Criteria

- **Collaboration within and across Wards should be demonstrated** to maximise the overall impact of the Programme, and ensure that sufficient capacity exists to deliver the ambitions of Members across the Borough.
- Projects should **aim to address derelict, redundant, ineffectively and or underused land** where appropriate.
- Land Ownership – Projects need to ensure that **consent has been granted from the landowner** for any proposal. It is not envisaged that additional land will be purchased through this Programme.
- **Projects should not increase the revenue implications on the Council.** Where possible projects should aim to resolve an ongoing revenue / maintenance issue by making appropriate improvements.
- Although there is no requirement to do so, **'match funding' can be added into the Programme where appropriate** to maximise the overall value of the Projects and demonstrate enhanced value for money.
- Funding from the Programme can also be used as **'match funding' towards more expensive capital projects** if additional finance has already been secured from other sources such as the lottery funding etc.

Next Steps

- A **short Application Form** will be developed to enable Members to outline their respective schemes.
- The **Capital Programme Team within the Strategy & Regeneration Division** will support the development of the project proposal and **appraise projects against the above criteria.**
- **Implementation of the project proposals will be done through internal support** from the Council's Technical Services Division.
- A **Members Workshop will be held** over coming weeks to discuss the key principles and to go through the Application Form and process.

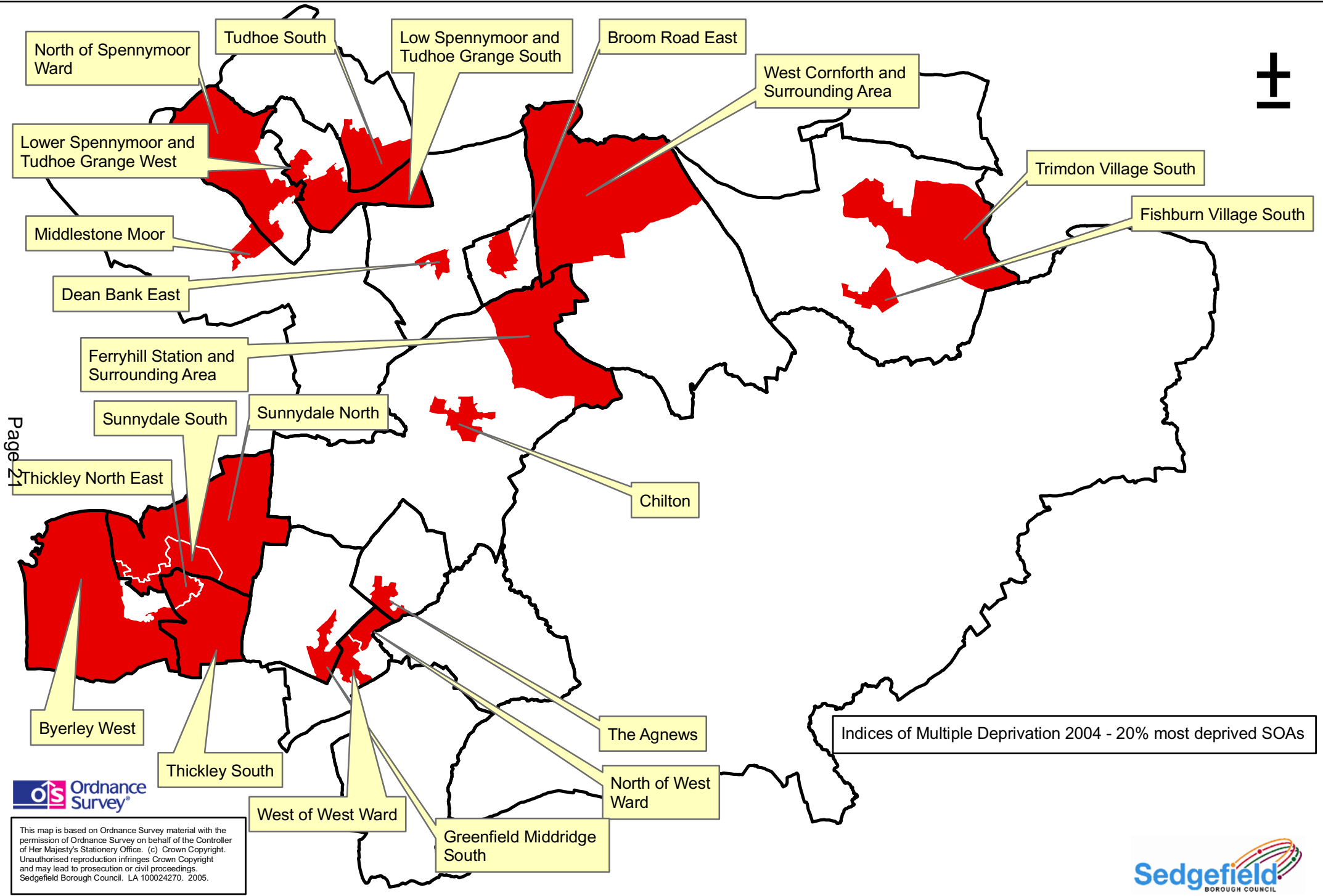
Ward	Population	Allocation (£)	SOAs in Worst 20%
Bishop Middleham and Cornforth	3744	£35,000.00	1
Broom	4855	£40,000.00	1
Byerley	3296	£35,000.00	1
Chilton	5184	£45,000.00	2
Ferryhill	4747	£40,000.00	1
Fishburn and Old Trimdon	5461	£45,000.00	1
Greenfield Middridge	5527	£45,000.00	1
Low Spennymoor and Tudhoe Grange	5446	£45,000.00	2
Middlestone	5040	£45,000.00	1
Neville and Simpasture	4722	£40,000.00	0
New Trimdon and Trimdon Grange	1903	£20,000.00	1
Sedgefield	4943	£40,000.00	0
Shafto St Marys	5417	£45,000.00	0
Spennymoor	5181	£45,000.00	1
Sunnydale	3548	£35,000.00	2
Trickley	3651	£35,000.00	2
Tudhoe	3482	£35,000.00	1
West	5669	£45,000.00	2
Woodham	5390	£45,000.00	1
TOTAL	87206	£760,000.00	21

Source: Census 2001

Formula

Population under 2k	£20,000.00
2k-2.5k	£25,000.00
2.5k-3k	£30,000.00
3k-4k	£35,000.00
4k-5k	£40,000.00
Over 5k	£45,000.00
60%-100% pop in worst 20%	£12,500.00
40%-60% pop in worst 20%	£5,000.00
0%-40% pop in worst 20%	£2,500.00

Pop in Worst 20%	% Pop in Worst 20%	Supplement (£)	Total allocation (£)
2409	64%	£12,500.00	£47,500.00
1576	32%	£5,000.00	£45,000.00
1574	48%	£5,000.00	£40,000.00
3178	61%	£12,500.00	£57,500.00
1753	37%	£5,000.00	£45,000.00
1140	21%	£2,500.00	£47,500.00
1414	26%	£2,500.00	£47,500.00
2591	48%	£5,000.00	£50,000.00
1787	35%	£2,500.00	£47,500.00
0	0%	£0.00	£40,000.00
1516	80%	£12,500.00	£32,500.00
0	0%	£0.00	£40,000.00
0	0%	£0.00	£45,000.00
1555	30%	£2,500.00	£47,500.00
3548	100%	£12,500.00	£47,500.00
3651	100%	£12,500.00	£47,500.00
2016	58%	£5,000.00	£40,000.00
2915	51%	£5,000.00	£50,000.00
1290	24%	£2,500.00	£47,500.00
33913	39%	£105,000.00	£865,000.00



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