

Cabinet

A meeting of Cabinet was held on Thursday, 19th May, 2016.

Present: Cllr Robert Cook(Chair), Cllr Jim Beall, Cllr Nigel Cooke, Cllr Mrs Ann McCoy, Cllr Steve Nelson, Cllr Michael Smith and Cllr Norma Wilburn.

Officers: Neil Schneider(CE), Julie Danks, Margaret Waggott, Peter Mennear, Kirsty Wannop(DCE) Beccy Brown, Lesley King, Ged Morton(HR,L&C), Garry Cummings(F&BS), Richard McGuckin(EG&D), Jane Humphreys, Martin Gray(CHS), Reuben Kench(C,L&E), Peter Kelly(A&H) Paul Dobson, Lynda Brown, Julie Nixon(TT)

Also in attendance: Cllr Mohammed Javed (Chair of Adult Services and Health Select Committee) and Cllr, Jean O'Donnell(Chair of People Select Committee), Cllr Lynn Hall, Cllr Phillip Dennis, Cllr Sylvia Walmsley, Cllr Ian Dalgarno and Members of the press and public.

Apologies: None.

CAB Evacuation Procedure 11/16

The Chair welcome everyone to the meeting and detailed the evacuation procedure. The Chair also outlined the information with regard to the recording of the meeting.

CAB Declarations of Interest 12/16

Councillor Steve Nelson declared a personal non prejudicial interest in agenda item 5 – Scrutiny Review of Access to Services for people with Learning Disabilities and/or Autism as he was a Thirteen Board Director.

Councillor Norma Wilburn declared a personal non prejudicial interest in item agenda item 5 – Scrutiny Review of Access to Services for people with Learning Disabilities and/or Autism as her grandson was supported by some of the services.

Councillor Steve Nelson declared a personal non prejudicial interest in agenda item 7 – Development of a Social Enterprise – Home Care Services as he was a board Director of Catalyst.

Councillor Nigel Cooke declared a personal non prejudicial interest in agenda item 7 – Development of a Social Enterprise – Home Care Services as he was a Member of Tees Valley Music Alliance.

Councillor Norma Wilburn declared a personal non prejudicial interest in agenda item 7 – Development of a Social Enterprise – Home Care Services as she was Member of Corner House and Stockton Riverside College.

Councillor Steve Nelson declared a personal pecuniary interest in agenda item 8 – VCSE Support Review as he was a director at Catalyst. Councillor Steve Nelson withdrew from the meeting and left the room during consideration of the item.

Councillor Jim Beall declared a personal non prejudicial interest in agenda item 9 – Volunteering Strategy Update as he was the Chair of Eastern Ravens Trust.

Councillor Steve Nelson declared a personal non prejudicial interest in agenda item 9 – Volunteering Strategy Update as he was a Board director at Catalyst.

Councillor Bob Cook declared a personal prejudicial interest in respect of agenda item 13 – Durham Tees Valley Airport as he was a Director of Durham Tees Valley Airport. Councillor Bob Cook withdrew from the meeting and left the room during consideration of the item.

Councillor Jim Beall declared a personal prejudicial interest in respect of agenda item 13 – Durham Tees Valley Airport as he was a Director of Durham Tees Valley Airport. Councillor Jim Beall withdrew from the meeting and left the room during consideration of the item.

Councillor Steve Nelson declared a personal non prejudicial interest in agenda 14 – North Shore Hotel as he was a Board Director of Thirteen Group.

CAB **Minutes of the Meeting held on 21st April 2016.**

13/16

Consideration was given to the minutes of the meeting held on 21st April 2016.

RESOLVED that the minutes of the meeting held on 21st April 2016 were confirmed and signed as a correct record.

CAB **Scrutiny Review of Access to Services for People with Learning**
14/16 **Disabilities and/or Autism**

Consideration was given to a report that presented the outcomes of the Adult Services and Health Select Committee's review of access to services for people with learning disabilities and / or Autism. The aim of the review was to examine two main issues: the uptake of GP-led annual health checks for people with learning disabilities, and the general accessibility of universal, community services for people with learning disabilities and/or autism.

The Council had a statutory obligation to meet identified need for those clients assessed as being eligible for social care, and this included adults with learning disabilities and/or autism. This review did not focus on the provision of adult social care services, but in the type of services that may be accessed by any member of the community.

RESOLVED that:-

1. a) Practices performing well on GP-led health checks for people with learning disabilities should share good practice with others in the Borough, and;
b) information on the role of Health Facilitators and other sources of support be circulated to all practices and health providers

2. a) Health check uptake should be included in the performance monitoring processes of the Committee, and the Health and Wellbeing Board system;
b) the CCG should take steps to address the gap in performance management activity, and
c) Practices should be publically identified in relation to their health check performance

3. The new Hartlepool and Stockton-on-Tees GP Federation should work in partnership with its shareholders to make the uptake of the GP-led health checks an early focus of its performance improvement activity
4. Each Practice should have a named clinical lead for Learning Disabilities
5. Further work to improve communication of learning disability status between primary and secondary care should take place
6. Council commissioners of relevant universal services (for example, but not limited to, Public Health) should engage with providers and establish a position on what is expected for services to people with Learning Disabilities / Autism, including reasonable adjustments.
7. All relevant / frontline Council community based services should undertake autism and learning disability customer awareness training.
8. a) The Council should use its engagement with Public Transport Providers to highlight the needs of those with learning disabilities and / or autism, and this work should include further improvements to accessibility (for example, building on the Fast Pass scheme operated in Yorkshire, and familiarisation visits);
b) Committee supports the planned client engagement work by Adult Services to better understand the barriers to independent use of public transport
9. The support provided by DWP to people with learning disabilities and / or autism in receipt of benefits, including Universal Credit, should be specifically monitored by People Committee as part of its ongoing Welfare Reform Monitoring work.
10. a) Committee supports and encourages the work to further develop and raise awareness of the Safe Place Scheme, and
b) Committee supports work to promote the benefits of having an 'alert card' to indicate to services any particular individual needs that people may have
11. The Committee supports and encourages the work undertaken by Community Safety and Police to tackle hate crime.
12. Awareness should be raised within the Council of the need for appropriate personal care and changing facilities for people with complex needs in order to improve access to more community based activities. This could be through inclusion in specifications for new developments or changes to existing buildings where appropriate and subject to funding availability.

**CAB
15/16**

Scrutiny Review of Foetal Alcohol Spectrum Disorder (FASD)

Consideration was given to a report that detailed the findings of the Review of Foetal Alcohol Spectrum Disorder.

Foetal Alcohol Spectrum Disorder (FASD) was a term given for a range of permanent disabilities that could be caused when a developing baby in the womb was exposed to alcohol; this could include physical disabilities, learning difficulties and behavioural problems. FASD was caused solely by drinking alcohol during pregnancy and was therefore completely preventable.

The report summarised the outcomes of a review that had focussed on what preventative measures had been taken and what more could be done. The review was undertaken by People Select Committee.

RESOLVED that:-

1. Stockton Council should welcome and support the new UK Chief Medical Officers' guidelines on drinking on pregnancy;
2. The Council should build on previous work and undertake to raise awareness of FASD in Stockton utilising all relevant methods, including:
 - a) a dedicated public information campaign, using all effective media including Stockton News;
 - b) further engagement with licensed premises;
 - c) continuing to offer multi-agency training (including promotion to schools)
 - d) promoting and monitoring use of the FASD Animation;
3. Promotional material should be reviewed to ensure the most effective and appropriate key messages are used;
4. The Council should circulate the Committee's report to local MPs, Department of Health, and the regional Public Health Network, to increase national and regional awareness of FASD and promote the use of public information campaigns;
5. Committee supports participation in the Regional FASD Research Project, and Public Health should consider the results in due course;
6. Ensure FASD is reflected in the development of the revised Alcohol Strategy for Stockton-on-Tees;
7. The work of FASD Network UK be commended.

CAB 16/16 Development of a Social Enterprise - Home Care Services

Consideration was given to a report that detailed the proposal to develop a social enterprise as an additional provider of home care services within the borough.

Members were aware there were some significant challenges within Adult Social Care. Inflationary pressures on service provision (including the national living wage), increasing demand for services (ageing population, increased life expectancy etc. and continued strain on financial resources all present a high level of risk to the Authority. Ensuring quality of service provision was also a key issue.

Home care was a service provided by paid care workers to provide help in the home to a person who needs support for assessed unmet needs. The service was arranged following a social care assessment carried out by a social worker. This included practical support to help with activities of daily living.

Home care provision was designed to enable people and to promote

independence by assisting individuals to remain within their home, delaying, preventing, where appropriate, the need for acute care and residential care. Locally we provide around 10,000 hours of home care a week for around 1,000 service users, 80% of which was provided by two companies (both private sector). The annual value of the work was £4.745 million (2014/15 costs). The current model of home care was in the main traditional and focused on meeting identified and eligible needs as part of an adult social care assessment process rather than on reabling or preventing needs from escalating.

Within the home care services there were some specific pressures

- Fees (service providers nationally and locally were facing challenges from the National Living Wage, pension reforms and pressure from HMRC over travel)
- Growth in the volume of hours being commissioned
- Service providers facing problems such as recruitment and retention of staff and expectations of service users and families.

The Care Act 2014 placed new duties on Local Authorities to facilitate and shaped their market for adult care and support. Market shaping activity should stimulate a diverse range of high quality services (both in terms of types, volumes and quality of services and the types of provider organisations) and ensure the market as a whole remains vibrant and sustainable. There was an emphasis on outcome based commissioning which in the case of homecare could emphasise prevention, enablement, ways of reducing loneliness and social isolation and promoting independence as ways of achieving desired outcomes.

Just under 20% of home care calls were 15 minute calls, which were classified as 'welfare calls' that was low level interventions to check someone was well with no personal care. Such visits could involve for example prompting someone to take medication. This provided an opportunity for an alternative service delivery model.

Considering the national and local challenges to home care and the risks these pose to the market, there was an opportunity to consider alternative homecare service provision by seeking a partner who could develop a third sector social enterprise. Such a provider would still deliver registered personal care services but could add value by providing some of the welfare calls through volunteering and potentially also providing a personal Assistant 'checking and matching' service plus developing personal assistant peer support. The organisation would be not for profit with any surplus reinvested back into the business to support the growth and development of the business and could for example assist with enhanced staff training/retention, support for volunteers etc. Staff turnover in homecare was high with each new staff member costing circa £4k to get trained and ready to work independently; constant staff turnover can disrupt service delivery and was not desirable from the user perspective as clients generally prefer the same staff to visit. Investment in staff pays proven dividends, and a social enterprise would concentrate on this, resulting in improved quality and consistency of service delivery.

It was identified a local voluntary and community sector partner, Five Lamps, who we intend to work with on a twelve month pilot basis initially operating within a defined area of the borough. This would be consistent with the

Council's approach to further developing the voluntary and community sector to enable organisation to have improved access to business opportunities. The intention was Five Lamps would:

- (a) Put additional resource into creating a qualified, motivated high performing workforce reducing staff turnover (and the impact this has on service users)
- (b) Work in partnership with Stockton Riverside College to develop a professional care workforce
- (c) Be more flexible to the needs of individuals and help facilitate independence and wellbeing
- (d) Be rooted in the community

Using a local social enterprise within a profit for social purpose model where profits were reinvested back in to further develop the enterprise and its employees and volunteers was compliant with our Sustainable Procurement Policy and the social value element in particular.

It also supported a model of social capital where the existence and quality of the relationships, social networks and attributes that exist amongst the families, organisations and the local community are built on and developed as an underlying and essential ingredient that supports healthy communities.

The report of the Adult Social Care and Health Select Committee in February 2015 identified the need to continuously improve the quality of home care in our borough. The committee recommended we further diversify the provider market by working with the voluntary and community sector (VCSE) to develop new services. The report was in line with that recommendation.

There were a number of requirements in order for the social enterprise to become operational and to meet Care Quality Commission registration standards. A detailed implementation project plan would be drawn up in conjunction with the Council which allowed the social enterprise to be an active provider as soon as was practical.

The existing contracts for the delivery of homecare end 30th September 2016 with a one year optional extension. The Council were considering taking the optional year extension with the existing eligible providers, but carving out a number of clients, possibly based on a geographical area and awarding a contract to the new social enterprise provider as a pilot scheme. This would allow the Council to test out new ways of working and specifically develop a welfare approach with the aim of increasing independence and community support. This approach would allow Five Lamps to establish CQC registration and to commence service delivery with a manageable number of clients. Subject to the pilot being successful, Five Lamps would be in a position to compete when the next contracts were tendered for commencement 1st October 2017.

The commencement of a new service had to dovetail with current contract arrangements to prevent duplication or gaps in service.

Although initially home care would be the focus of the social enterprise other areas may be developed for example residential care. Colleagues from health

may be interested in the development of our new home care model as there could be aspects of health care that could be delivered in the community as part of the welfare visits. The Council would approach colleagues in health and establish a dialogue around this.

RSOLVED that the proposals be supported.

CAB **VCSE Support Review**
17/16

Consideration was given to a report that provided detail of the support to the VCSE. Stockton Borough Council had a long track record of supporting the VCSE and had a strong partnership and positive relationship with the sector, which was viewed as a model of good practice nationally, regionally and locally. The landscape in which both the VCSE sector and public sector operated continued to significantly change. Change that presents a variety of opportunities to support the sector on its journey of sustainability and help the Council in meeting the objectives set out in strategic plans.

As part of the Big Picture programme agreed by Council a review of support to the VCSE had been undertaken and delivered savings of £175k by 18/19. This would be delivered through a combination of revenue savings from an internal staffing review and, following additional investment in the sector for 2 years to address the review findings, a reduction in the overall grant funding to the sector. The funding invested in the sector (not including commissioned services) was £368,250 comprising grants to Catalyst and Stockton Resident's and Community Groups Association and a Market Development Fund.

The review identified strong support for the infrastructure model and acknowledged and evidenced the progress the sector as a whole had made on the journey to sustainability, particularly where organisations had recognised and embraced the need to do things differently. It identified a number of areas that could be improved or considered to ensure there was a more strategic and proactive approach to development and sustainability of the sector that would require some additional capacity in the short-term in support of achieving objectives within the Council Plan.

The Council remained committed to supporting the sector on its journey from dependency to self-sufficiency and the recommendations in this report reflect that commitment.

RESOLVED that:-

1. The core grant to Catalyst of £89,250 be retained for the period 16/17 through 17/18 and 18/19. This provides Catalyst with a 3 year financial planning window.
2. The contract not be renewed for community empowerment support following the contract end date of March 17.
3. Some additional capacity be provided to Catalyst for the next 2 years with some clear outcomes to address the identified capacity issues in relation to market stimulation and development, asset transfers, external funding and strategic leadership/business development of the sector. This capacity be secured through fixed-term secondments following the internal review of HR,

Communications and Legal (which includes the Community Engagement Team).

4. Following the conclusion of the fixed-term secondments identified above, in support of sector sustainability, £95k of revenue savings from the community engagement element of that review be secured.

5. The Council continue to invest in support of sector sustainability through the Market Development Fund but reduce it by £40k (to £199k) in 18/19 following the additional investment to deliver the outcomes noted at (3) above.

6. The contract with Catalyst be reviewed and amended to take account of the key findings from this review with a clear and robust contract monitoring framework in place.

CAB **Volunteering Strategy**
18/16

Consideration was given to a report that provided an update on implementation of the Volunteering Strategy Framework for the Borough which was endorsed by Cabinet on 10th September, 2015.

Oversight of delivery of the framework was led by a Volunteering Steering group managed by Catalyst as the VCSE infrastructure organisation for the Borough. Other members of the group included:

- a. Stockton Borough Council
- b. Tees Valley Rural Community Council (TVRCC),
- c. Volunteering Matters
- d. Teesside University
- e. Stockton Residents and Community Groups Association, (SRCGA)

Specific areas of work were delegated to Task and Finish groups with membership drawn from the VCSE and public sector. A Hub Task and Finish Group was charged with looking at whether Stockton Borough might want or need a volunteer centre and what a brokerage offer might look like. As anticipated this group agreed that resourcing traditional face to face brokerage (such as a volunteer bureau) were somewhat dated and would be unsustainable. Instead they had developed a Hub Vision, which would provide a variety of coordinated opportunities and ways for prospective volunteers to engage in volunteering.

At the heart of the model was a pilot website provided by Catalyst which would link to volunteering opportunities in other organisations and provide resources for volunteers and organisations (including example policies, templates for organisations to adapt etc) www.stocktonvolunteers.co.uk. The website and associated material would have its own brand identity, which had been designed and agreed, to make it immediately recognisable. The website would be piloted and populated by organisations from the 19th May 2016 and would go live at the start of Volunteering Month on 1st June 2016.

In addition to the website face-to-face Access points would be made available in partner organisations, to help people gain access to support to find volunteering opportunities, not necessarily a dedicated space but based on more informal hot-desking arrangements. VCSE organisations had agreed to a general

commitment to the model and the signposting of people interested in volunteering to the access points/website etc.

There would also be pop up volunteering available which would target one off volunteering opportunities at specific interest groups e.g. Community litter picks or planting etc.

A Volunteering Partnership Network had been established which met quarterly, around specific themes, aimed at organisations that use volunteers as part of their core business. It provided an opportunity to share best practice and discuss common issues. It had around 50 members who were experienced in managing and using volunteers.

Partners would use media, in all its forms including social media, to encourage and celebrate volunteering through good news stories and raising awareness of volunteering opportunities and how to get involved and a Communication plan had been developed.

Whilst the media drive around volunteers would be year round it culminates in an annual borough wide volunteer celebration month in June which tied in with the national volunteer week campaign on the 1 – 7 June 2016. Details of the celebrations taking place in June were provided.

Further work was planned, by Catalyst and partners, around quality mark assurance for organisations that involve volunteers. This quality standard would allow volunteers a level of assurance that the organisation values and supports its volunteers.

The pilot website would be under review, by Catalyst and partners, over the coming year to assess activity, including number of visits, advertised volunteering opportunities and take up of opportunities by volunteers.

It was proposed to work with Catalyst to bring a further report back to Cabinet after 12 months on progress and the effectiveness of the Volunteering Framework approach.

RESOLVED that:-

1. Progress on the delivery of the Volunteering Strategy be noted and plans for the new Volunteers website and Volunteers Month celebrations in June be supported.

2. A further update report be received from Catalyst in 12 months' time to review progress on delivery of the Volunteering Strategy Framework.

**CAB
19/16** **Minutes of Various Bodies**

In accordance with the Council's Constitution or previous practice the minutes of the meeting of the bodies indicated below were submitted to Members for consideration:-

SLSCB – 17th March 2016.

RESOLVED that the minutes of the meetings detailed in the appendices be approved / received, as appropriate.

**CAB
20/16** **Home to School Transport Policy**

Consideration was given to a report that detailed proposed changes to the Home to School Transport Policy and consultation period for the changes. The Council's Home to School Transport Policy was developed as required by the Education Act 1996 and amended as required by the Education and Inspections Act 2006. The policy, produced in 2011, was in line with statutory guidance as set out in 2010.

Local Authorities had statutory duties in relation to home to school transport. They must:

- promote the use of sustainable travel and transport
- make transport arrangements for eligible children.

In July 2014 the Department for Education published statutory guidance for local authorities. The draft Home to School Transport Policy that was the subject of this report had been produced in line with this guidance. If approved for consultation there would be a further report to Cabinet in July 2016, outlining the responses to the consultation. If the policy was approved and adopted at that point, it would replace the current Home to School Transport Policy (2011) for all admissions to schools from September 2017.

All admissions to schools prior to September 2017 would be subject to the existing Home to School Transport Policy (2011), acknowledging that parents make school choices on, amongst other things, the home to school transport arrangements for a particular school, and that these arrangements should therefore continue until the child concludes their education at that school or chooses to move to another school. This was consistent with what was described as good practice in the statutory guidance for local authorities 2014. The presentation of this policy to Cabinet and the associated consultation period at this time also ensured that it does not coincide with any admissions round for school places or consultation on the determination of admissions arrangements. Details of the changes due to the new statutory guidance were provided.

The formal 28 working day (excluding school holidays) consultation process would take place between 20.05.16 and 05.07.16 and would consist of meetings and engagements with key stakeholders through on-line consultation. Key stakeholders include elected members, parents, headteachers and principals, governing bodies, schools forum, academy trusts, diocesan authorities and neighbouring local authorities. Feedback would be included in the report back to Cabinet in July 2016. Over the consultation period, officers would also take the opportunity to consult with other local authorities to establish best practice with regard to the appeals process. This would be reported back to Cabinet in July 2016.

RESOLVED:-

1. The draft Home to School Transport Policy (Appendix 1 attached) be approved.
2. The requisite 28 day formal consultation on the policy be approved.

Consideration was given to a report that updated Cabinet on the progress that had been made to increase the participation of the Borough's young people in influencing and shaping services which affected their day to day lives; and to enhance this further through Cabinet approval and support for the priorities identified in the borough's first Youth Manifesto which had been provided.

Cabinet, at its meeting held on 6th September 2012, reviewed its arrangements for listening to the voices of local young people and engaging them as partners in decision making, and agreed to:-

• establish a more representative and democratically appointed Youth Assembly;

• formally organise and structure the election process for the Borough's next Member of the Youth Parliament (MYP);

Since then, Stockton had continued its journey of identifying various strengths and areas for development in youth participation which resulted in the re-launch of Stockton Youth Assembly with members drawn from a much wider cross section of the borough and involved over 9,000 young people in the election to decide who would represent them in the UK Youth Parliament.

Each SYA cycle ran parallel to the term of office for the borough's representative in the UK Youth Parliament. The MYP was Jess Hugill, a student at Conyers Sixth Form. She was elected in February 2015 and her tenure was due to end with the next MYP election in February 2017. Similarly, the SYA term of office ran until February 2017.

Over the last year, young people from all over the Borough had been encouraged to get their voices heard through a variety of events and activities including:

- The second 'Borough-wide Debate' – young people were given the opportunity to discuss with CMT, Senior Officers, Cabinet and Chairs of Scrutiny Committees issues identified as priority areas affecting young people. The feedback was used as the basis of the SYA's 'Forward Plan' (i.e. a list of topics for us to focus on during this SYA term) and was represented in the manifesto.
- voting in the national 'Make your mark' campaign – annual campaign organised by the UK YP to find out which issues matter most to young people aged 11-18 years old. The SYA collected a massive 7,059 votes from local young people in 16 schools/academies/colleges and 23 youth clubs. As a result the top national and local priorities were identified.
- the 'Annual Conversation' – The Council's Children and Young People's Partnership organised this event to provide young people with an opportunity to identify priority health issues and the improvements we would like to see. Around 50 young people attended alongside the relevant Cabinet Member, the Corporate Director for Children's Services, officers and health professionals. Two further sessions were planned for the Autumn of this year;
- SYA meetings – members consider a number of matters affecting young

people (outlined in the SYA Forward Plan) and provide the Council, service providers and decision-makers with a youth perspective when planning and developing services ;

- Stockton Youth Assembly was working with the Council to ensure that there were as many ways as possible for young people to be able to make their views known. The most recent one was through the use of social media using “#Alex” on Twitter and Facebook.

The feedback and information from each of the above meetings, events and activities had been used to identify the priorities in the attached manifesto which had been produced in order to continue our journey, built on the progress that had already been made. The manifesto documents the consultation journey with the borough’s young people and the resulting priorities for positive change that had been identified through it.

To transform these priorities from aspirations into reality would require the ongoing combined efforts and commitment of politicians, decision makers and service providers, as well as the young people themselves

Cabinet was asked to acknowledge the Council’s progress in transforming its arrangements for listening to the voices of local young people and engaging them as partners in decision making.

Cabinet was also asked to support further progress, specifically during the SYA cycle (i.e. up to February 2017), by encouraging each Directorate to consider which of the Youth Manifesto priorities (if any) they could contribute to achieving; and where relevant, arrange to be added to the Forward Plan of Stockton Youth Assembly (SYA) to involve them in addressing the priority/ies.

RESOLVED that:-

1. The content of the report and the draft Youth Manifesto (Appendix 1) be noted.
2. The draft Youth Manifesto to be the final version for 2016/17 be agreed.
3. The formal publication and distribution of the Youth Manifesto across Council services, partner organisations and the community be agreed.
4. Each Directorate be authorised to consider the priorities in the Youth Manifesto:
 - i) in order to identify which ones (if any) they can contribute to achieving; and
 - ii) and where relevant, arrange for an appropriate item to be added to the Forward Plan of Stockton Youth Assembly (SYA) so that the Assembly can be advised at some future point as to how each of the priorities in the Manifesto are to be addressed.

**CAB
22/16**

Durham Tees Valley Airport (DTVA) - Delivering the Masterplan

Consideration was given to a report on progress in relation to the delivery of the

DTVA / Peel Master Plan and the required package of support that had been sought.

On the 10 September 2015 Cabinet considered a report regarding progress in relation to the DTVA Master Plan proposals. The background to that report was a review undertaken by the Council's Regeneration and Transport Select Committee, which had examined how the Master Plan proposals would ensure a viable airport going forward, and how future investment would seek to develop the airport related businesses. A Further update in September 2015 was also considered.

Ongoing losses, in the context of the impact and effect of the recession, the changes in the air passenger travel industry and the loss of holding charter programmes, resulting in reduced passenger numbers, had prompted the production of, and consultation on the Master Plan.

The Select Committee and Cabinet had, however, been reassured by the actions being taken by DTVA to bolster, wherever possible, the flight opportunities from the airport, considering the effects of all of these detrimental factors.

Members regarded the airport as a key asset in the Tees Valley, and wished to see it expand and grow in whatever guise was going to be profitable in order to ensure its continued presence and operation.

Cabinet was reminded of a report in 2012 by Regeneris Consulting commissioned at the time by Tees Valley Unlimited, which justified Members' views of the airport's importance. The report had found that the airport supported approximately 600 direct and indirect jobs, with some 480 or so of those jobs taken by Tees Valley residents and that it contributed an estimated £37M annually in GVA (roughly 0.4% of GVA of the Tees Valley Economy), with DTVA business flights also assisting in delivering benefits for the UK as a whole.

As indicated in the report to Cabinet in September, 2015, the Master Plan promoted the principle of a business focussed airport supported by commercial activity and nearby residential development built on DTVA owned land.

The recent Lord Hesletine report identified DTVA as a key asset and made specific recommendations around supporting a sustainable future for it.

Since that report, the Local Growth Fund bid for £5M funding to provide for a new access road linking the Airport's Northside with the Southside, around the eastern end of the runway, had been approved (October 2015) by the Tees Valley LEP.

Planning permission had also been granted for the construction of the link road. When built this would open up the Southside, to enable an employment park, and logistics and processing areas with a variety of employment uses, to be provided.

Progress had also been made by DTVA / Peel in discussion with Darlington Borough Council in connection with the preparation of a planning application for

residential development on the northside of the airport. This would be supported by obligations in a Section 106 Agreement in relation to education, open space, play provisions etc.

A bid was made for Enterprise Zone Status in October 2012 by Tees Valley Unlimited but unfortunately was not supported by Government.

Passenger numbers on the KLM Service from DTVA to Amsterdam Schiphol had proved to be very positive with numbers increasing significantly in 2015/16 compared to 2014/15.

The Skyline airshow (back after 26 years) was also taking place at the airport on the 28 May, and would be headlined by the Red Arrows, supported by (amongst others) historic aircraft from the Battle of Britain Memorial flight, the RAF Typhoon and Falcons parachute team. At the last count some 10,000 tickets had been sold.

Against the backdrop of the Master Plan proposals, the report to Cabinet, at its meeting on the 10 September last year explained that DTVA/Peel had asked the Local Authority Shareholders to consider a further proposal. This proposal was, and continued to be seen by DTVA/Peel as an important part of a package of key measures aimed at securing the Airports future. The other measures were the reduction in the cost base and operations of the airport and diversifying its revenue base, in order to approach cash neutrality by the financial year 2023/24 (these measures were substantially completed at the time of the September 2015 report), together with approval for and implementation of the housing development referred to earlier in this latest report. Cabinet agreed to support the proposal by DTVA/Peel, in principle, subject to certain matters being satisfactorily agreed and concluded.

Details of the proposal were again set out in an exempt appendix to the report, together with details of the developments that had occurred since September 2015.

Under paragraphs 3 and 5 of Schedule 12A Local Government Act 1972 members of the press and public left the meeting while Members considered the exempt information.

Members of the press and public were invited back into the meeting.

RESOLVED that

1. The progress report be received and noted.
2. The Proposal be agreed and implemented as detailed in the exempt (Appendix) and;
3. The Chief Executive, in consultation with the relevant Cabinet Member, be given delegated authority to finalise and agree the specific details of the Proposal and the basis upon which it was to be concluded and implemented, and the authority to execute all necessary or appropriate legal documentation in that respect on behalf of the Council.

(Councillor Nigel Cooke was in the Chair during consideration of the above item).

**CAB
23/16** **North Shore Hotel**

Consideration was given to a report that provided details about the proposals for a North Shore Hotel.

The Tees Valley economy continued to grow, with positive signs across a number of areas and an increase in employment opportunities in many key sectors forecast. This positive economic growth underpinned work carried out in recent months to assess the demand and feasibility of a limited service branded hotel in Stockton. The report described the opportunity for investment in, and ownership of, by the Local Authority, a 125 bed hotel on the North Shore Gateway Site (NSGS). The report detailed work undertaken in respect of feasibility and demand for a hotel within the Borough, along with the principles of operation and management, detail of the relevant terms of operation, necessary legal agreements and the financial and economic benefits of investment to the local authority, community and wider local economy.

The North Shore masterplan was agreed in 2011. Since then, progress had been made in the form of 125 residential units on the Vivo housing development, completion of Thirteen headquarters and Fusion Hive Innovation Centre. A further 80 homes were planned as part of phase three of Vivo and Fusion Hive continued to exceed expectations with over 40% occupancy some 8 months after opening.

A key component of the masterplan was the development of the prominent gateway site, marked A1 on the plan provided. The masterplan identified the site for a hotel and leisure use, providing a high quality gateway to both the town centre and North Shore and strengthening linkages between the Northshore site and town centre via Church Road.

In order to maintain the positive momentum gained by the developments referenced above, work had been underway for a number of months to assess the feasibility and demand for a hotel on the North Shore Gateway Site (NSGS).

A hotel market and financial feasibility study had been undertaken to establish the current level of provision, market opportunity and potential means of delivery and operation of a hotel on the NSGS.

The findings of the feasibility study showed that there was an undersupplied hotel market in the Tees Valley, with internationally branded hotel supply particularly limited. The undersupply was evidenced by midweek occupancies across the Tees Valley peaking above 95% alongside evidence of growing corporate demand.

This level of demand was also evidenced by recent expansions of existing Premier Inn Hotels across the borough, the opening of a Holiday Inn Express in Middlesbrough in 2015 and further confirmed hotel developments by Premier Inn in Darlington and Middlesbrough.

Having established that there was a significant under supply of internationally

branded hotel provision in the Tees Valley, the feasibility study went on to explore potential operating structures for a hotel along with the optimum number of bedrooms and detailed financial projections.

The main detail in this respect was that there were effectively four established operating structures for hotels in the UK which were; owner occupied hotels, management contract, lease agreement and a brand franchise agreement with a third party operator and that internationally branded hotel operators would look to require a hotel of between 125-150 rooms. This approach was reinforced by advice received during the feasibility process which showed a low level of market interest in a leasehold arrangement or direct investment from a major hotel chain.

A third party management company operating a brand franchise on behalf of a hotel owner was now the most common approach to hotel operation in the UK, with a number of local authorities adopting the position of owning hotels, operated on this basis. Detailed advice received, as part of the feasibility and demand analysis suggested that in order to secure an international hotel brand franchise, the recommended operational and delivery structure for Stockton, was capital investment by the local authority, who would secure a franchise agreement with a suitable hotel brand and seek a third party management contract for the day to day management of the entire hotel operation.

Examples of this delivery model could be found elsewhere in the UK, namely Stockport and Aberdeen and they were based on the premise that once a hotel operation had stabilised (usually over a period of 3-5 years) owners can bring the hotel to the investor market where it could be sold on the strength of an established level of demand / occupancy or continue to operate the hotel and bring forward for disposal depending on market cycles / economic climate at any given time.

Following conclusion of the demand analysis along with identification of the most feasible and deliverable operational model, agents acting on behalf of the Council undertook a thorough procurement exercise to establish a level of brand and management company interest.

Initial expressions of interest were assessed, with management companies Redefine BDL and Interstate United Kingdom Management Ltd (Interstate) along with brand franchise Holiday Inn Express and Hampton by Hilton invited to submit detailed proposals including financial forecasts based on occupancy and average room rate payable along with draft Heads of Terms (HoTs) for operation.

A period of assessment which included detailed appraisal of the HoTs, analysis of financial forecasts, numerous discussions with operators and brands as well as site visits was undertaken throughout late 2015 and early 2016.

A key element of the procurement process was an assessment of the HoTs and negotiation on a number of elements within the document to ensure the most favourable terms for the Council going forward. During this process, advice was received from hotel consultants, CBRE to ensure negotiated terms reflected wider hotel market trends and provided the right balance between financial value and operational relationship between owner and operator.

The HoTs set out a series of fees and conditions of operation, the length of term for the management and franchise agreement and the owners' rights in respect of performance management and potential termination of contracts.

Appraisal and negotiation of HoTs took place alongside formal interviews held throughout late March and early April which enabled officers to identify a preferred operator and brand franchise with which to move forward into formal agreement pending approval by Cabinet and Council. Following the appraisal process described, Interstate emerged as the preferred management company with Hampton by Hilton identified as the most suitable brand franchise to enter into operation with.

Subject to approval by both Cabinet and Council, the negotiated HoTs would form the basis of operating and franchise legal agreements going forward.

In order for the Council to have the power to trade, in the form of a hotel, a Local Authority Trading Company (LATCo) wholly owned by the Council would need to be established in line with requirements of the Local Government Act 2003 and the Localism Act 2011.

Part of that process required the production of a comprehensive statement as to the objectives of the business, the required investment to meet those objectives, identification and analysis of risks as well as financial results and expected outcomes from the business.

As a result of the Council wholly owning the LATCo all risks associated with the operation of the company and therefore the hotel would lie with the Council. A detailed financial appraisal which had been subject to independent due diligence had considered all possible financial and operating risks.

The business objectives for this scheme were to continue the positive momentum of development on the wider North Shore site, build on and support recent investment in the redevelopment of Stockton High Street and contribute towards positive economic growth and changing perceptions in the Borough as well as improve the appearance and function of a prominent gateway to the town centre. The development would also deliver much wider socio-economic benefits to residents, town centre businesses and local suppliers.

An Economic Impact Assessment (EIA) of a 125 bed hotel on the NSGS had been undertaken to assess the socio-economic benefits of the scheme. The headline findings were summarised below

- £6.7million p.a. Gross Value Added (GVA) to local economy
- Circa 100 direct and related jobs created

It was anticipated that circa 30 jobs would be created within the hotel itself. The majority of jobs created within the hotel would provide new opportunities for local people and it was therefore anticipated that the vast majority of jobs created would be taken up by residents of the Borough. Similarly through construction phases the Council's procurement procedures seek to ensure that opportunities for local employment and the supply chain were always maximised.

A hotel of this size operating at the projected occupancy levels would see a significant increase in the number of visitors to the town centre, making visitor-oriented (restaurants, cafes, bars, entertainment and arts) services increasingly viable, thus increasing the vibrancy of the town centre offer, particularly the evening and leisure economy, creating circa 30 employment opportunities as a result of visitor spend which was estimated to exceed £1.6million per annum.

Similarly the forecast benefits through suppliers and expenditure from the hotel and hotel employees suggests circa 40 jobs would be created in local businesses.

Furthermore, a hotel of this size would bring about an increased income to local authority budgets through NNDR payments estimated to be in excess of £150,000 p.a.

The anticipated total cost for delivery of a 125 bed hotel on the NSGS was estimated at circa £17million. This figure included all construction costs, associated works and fees. At this stage the figure of £17million was an estimate based on existing market construction rates as well as tendered sums for design.

In order to meet the required capital investment, the use of prudential borrowing of up to £17million would be required.

As part of the assessment of management companies and brand franchises, detailed financial forecasts were requested from all parties as well as being sought through two independent specialist agents in the hotel field. All estimates received, including independent advice, forecast that the level of income after all expenses, fees and taxes was more than sufficient to cover the annual cost of prudential borrowing repayments on the anticipated capital cost of the project

Use of forecasts showing five years of trading was standard within the hotel market to assess a hotels performance at stabilisation. Use of projections at stabilisation gives a more realistic picture of future trading and a basis upon which to more accurately judge performance. Appendix B (exempt) contained a breakdown of forecast profit and loss at year five of operation. The table also built in deductions for a maintenance and repair reserve as well as taxes and other costs.

Assuming a prudential borrowing figure of £17m over a 35 year period, annual repayments would be circa £830,000. As can be seen from the table in Appendix B, the net forecast income was sufficient to cover borrowing and all other costs based on forecasts undertake.

A legislative, contractual, financial and operational risk assessment had been undertaken and monitored to ensure that all risks and uncertainties affecting the Council's and the LATCo position were identified. The identified risks in respect of the LATCo were set out at Appendix A.

Negotiations, in the shadow of a Compulsory Purchase Order for the acquisition of the former Kwik Fit building were progressing and initial discussions with the

Homes and Community Agency, as land owner over, a long lease on the site had begun with detailed negotiation and agreement of terms to be finalised subject to approval for the scheme from Cabinet and Council.

Subject to approval of all recommendations within the report, appointment of a design team would be undertaken along with drafting of all relevant legal agreements to enable development.

At this stage, the indicative programme for delivery would see design complete in early 2017, followed by procurement of a construction company, beginning work on site in mid-2017 with an estimated completion date of summer 2018.

Under paragraph 3 of Schedule 12A Local Government Act 1972 members of the press and public left the meeting while Members considered the exempt information.

Members of the press and public were invited back into the meeting.

RESOLVED that:-

1. The principle of investment in the development and ownership of a hotel be approved.

RECOMMENDED to Council that:-

2. Agreement to the use of prudential borrowing up to £17million to meet all development costs, fees and capital expenditure, to be finalised in a future report back to Cabinet and Council when the final capital cost is confirmed.

RESOLVED that:-

3. Delegated authority to the Director of Finance and Business Services and the Director of Economic Growth and Development in consultation with the Leader of the Council and Cabinet Member for Regeneration and Transport to negotiate and agree the terms of all necessary agreements and leases to enable the construction, funding, operation and use of the proposed hotel.

4. The selection of Interstate United Kingdom Management Ltd be approved as the preferred management company, along with the brand franchise Hampton by Hilton and the work be authorised to agree appropriate management and franchise agreements to enable the operation and use of the hotel in accordance with the agreed, submitted heads of terms.

5. Delegated responsibility for agreement of final scheme design be given to the Director of Economic Growth and Development in consultation with the Cabinet Member for Regeneration and Transport.

6. The establishment of a Local Authority Trading Company wholly owned by the Council be authorised so as to allow the Council to exercise in respect of the hotel development the power to trade contained in the Local

Government Act 2003 and the Localism Act 2011.

RECOMMENDED to Council that:-

7. The approval of the case for the establishment of a Local Authority Trading Company as set out at paragraph 21-32.

RESOLVED that:-

8. The Chief Executive, Director of Finance and Business Services, Director of Economic Growth and Development and Director of HR, Legal and Communications be appointed as directors of the Trading Company.

9. The Place Committee at their meeting on 13th June 2016 be presented with the rationale and selection criteria adopted for comment prior to consideration of recommendations 2 and 7 above to full Council.

**CAB
24/16** **Durham Tees Valley Airport (DTVA) - Delivering the Masterplan**

This was the confidential information considered as part of item 13. Please refer to the detail above for the decision.

**CAB
25/16** **North Shore Hotel**

This was the confidential information considered as part of item 14. Please refer to the detail above for the decision.