

Ref: Cabinet 15.8.07
Contact: Ian Gourlay
Direct Dial No: 01462 474403
Email: ian.gourlay@north-herts.gov.uk

7 August 2007

To: Members of the Cabinet:

Councillor F.J. Smith (Chairman) (Leader of the Council);
Councillor Tricia Gibbs (Portfolio Holder for Community Engagement and Rural Affairs);
Councillor T.W. Hone (Portfolio Holder for Finance);
Councillor I.J. Knighton (Portfolio Holder for Leisure and E-Government);
Councillor Bernard Lovewell (Portfolio Holder for Housing and Environmental Health);
Councillor Mrs L.A. Needham (Portfolio Holder for Waste and Recycling);
Councillor Mrs C.P.A. Strong (Portfolio Holder for Policy and Green Issues);
Councillor R.A.C. Thake (Portfolio Holder for Planning and Transport).

Distributed to other Members on request.

You are invited to attend a

MEETING OF THE CABINET
to be held in

**COUNCIL CHAMBER, COUNCIL OFFICES,
GERNON ROAD, LETCHWORTH GARDEN CITY**

on

WEDNESDAY, 15 AUGUST 2007, at 7.30p.m.

Yours sincerely,



David Miley
Democratic Services Manager

AGENDA
PART I

ITEM	PAGE
1. APOLOGIES FOR ABSENCE	-
2. MINUTES To take as read and approve as a true record the Minutes of the meeting of Cabinet held on 26 June 2007.	-
3. NOTIFICATION OF OTHER BUSINESS Members should notify the Chairman of other business that they wish to be discussed by the Cabinet at the end of either Part I or Part II business set out in the agenda. They must state the circumstances that they consider justify the business being considered as a matter of urgency. The Chairman will decide whether the item(s) raised will be considered.	-
4. DECLARATIONS OF INTEREST To receive from Members of the Cabinet any Declarations of Interest in respect of any business set out in the agenda. Members should either declare a prejudicial or personal interest and are required to notify the Chairman of the nature of any interest declared. Members declaring a prejudicial interest should leave the room and not seek to influence the decision during that particular item.	-
5. PUBLIC PARTICIPATION To receive petitions, comments and questions from the public. At the time of preparing the agenda no requests to speak had been received. Any public participation received within the agreed time scale will be notified to Members as soon as practicable.	-
6. ITEMS REFERRED FROM COMMITTEES	
6a: Hitchin Committee – 26 July 2007 – Hitchin Town Hall: Consultation	1
7. FUTURE MANAGEMENT ARRANGEMENTS FOR HITCHIN TOWN HALL – REFERRAL BACK BY SCRUTINY COMMITTEE REPORT OF THE CHAIRMAN OF THE SCRUTINY COMMITTEE <i>To consider the referral back to Cabinet by the Scrutiny Committee of its decision on the process that has been undertaken to determine options for the future of Hitchin Town Hall.</i>	9
8. PROPOSED CHANGES TO THE ORGANISATION DELIVERING THE MEALS ON WHEELS SERVICE IN NORTH HERTFORDSHIRE REPORT OF THE HEAD OF STRATEGY & SUPPORT SERVICES <i>To request agreement to the formation of a Social Enterprise to deliver meals on wheels across Hertfordshire and specifically within North Hertfordshire; to gain approval for the use of resources, and to incur the costs arising as outlined within the body of the report in order to implement the above; and to transfer the North Hertfordshire community meals service to the new organisation from 1st October 2007.</i>	17

- 9. EXCLUSION OF PRESS AND PUBLIC** **31**
To consider passing the following resolution:
- That under Section 100A of the Local Government Act 1972, the Press and Public be excluded from the meeting on the grounds that the following report will involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the said Act.
- 10. FUTURE MANAGEMENT ARRANGEMENTS FOR HITCHIN TOWN HALL – REFERRAL BACK BY SCRUTINY COMMITTEE** **33**
REPORT OF THE CHAIRMAN OF THE SCRUTINY COMMITTEE
To consider the referral back to Cabinet by the Scrutiny Committee of its decision regarding the bids that have been received in respect of the future management arrangements for Hitchin Town Hall, and in particular the terms of the proposed 40 year lease for the building.

The following future meetings of the Cabinet have been arranged:

Tuesday, 4 September 2007
Tuesday, 16 October 2007
Tuesday, 18 December 2007
Tuesday, 29 January 2008
Tuesday, 8 April 2008

CABINET 15 August 2007

*PART 1 – PUBLIC DOCUMENT	AGENDA ITEM No. 6a
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TITLE OF REPORT: REFERRAL FROM HITCHIN COMMITTEE – 26 JUNE 2007 – HITCHIN TOWN HALL - CONSULTATION

The following is an extract from the Draft Minutes of the Hitchin Committee meeting held on 26 June 2007.

34. HITCHIN TOWN HALL - CONSULTATION

The Head of Financial Services (HFS) presented his report to the Committee and confirmed that a report on the background to the change in management arrangements for Hitchin Town Hall had been presented to Cabinet at the meeting held on 26 June 2007 (Minutes 14 and 16 refer).

The HFS reminded the Committee of the NHDC Contract Procurement Rules where no property or land owned or leased by the Council could be disposed until a detailed report had been prepared by the Strategic Director of Finance and Regulatory Services. The Committee noted that any such transfer under a long lease would be regarded as a disposal under the procurement rules (NHDC would remain as the freeholder) and the HFS confirmed that negotiations were underway with the preferred bidder for a forty year lease.

The HFS referred the Committee to Appendix A which included details of an inspection report of Hitchin Town Hall by the NHDC Senior Estates Surveyor which would be used to define any items that would affect the property or land's value or development potential. Of particular note in the officer's report was confirmation of access for people with disabilities to the main hall and gymnasium and a disabled toilet at ground level. However, the NHDC Estates Surveyor recorded in his report that the building did not comply fully with the Disability Discrimination Act of 1995.

The Committee noted the NHDC Asset disposal strategy concerning a site that might be surplus to requirements as listed at Paragraph 4.4 to the report and the HFS confirmed that Cabinet at its meeting held on 26 June (Minute 16 refers) had resolved to delegate to the Portfolio Holder for Finance in consultation with the Portfolio Holder for Community Engagement the decision on the disposal of Hitchin Town Hall by means of a long lease together with any recommendations from the Strategic Director of Finance and Regulatory Services. The HFS advised the Committee that the proposed procurement procedure was to grant a fully repairing and insuring lease of up to 40 years to the preferred supplier at an agreed rent, with rent reviews agreed at the lease negotiation stage.

The Chairman thanked the Head of Financial Services for his report and the invitation to the Hitchin Committee to comment on the proposed procedure for the disposal of Hitchin Town Hall by a long lease.

The Committee discussed the information provided by the HFS, but it was still the view of the majority of those present that following meetings of the Hitchin Committee held on 12 June and 25 June 2007 (Minutes 11 and 24 refer respectively) that the current plans for the future management and use of Hitchin Town Hall would still not meet the expectations of the local population or the needs of a community asset.

Particular concern remained about the immediate transfer from a 'market testing exercise' to a tender exercise and the lack of consultation with Hitchin Councillors. Concern was also raised as to the use of the Quirk Review which set out parameters and guidance for the disposal of community assets but had not been used in the lead up to the assignment of a long lease for Hitchin Town Hall.

The HFS provided additional information on the valuation placed on Hitchin Town Hall and that assets were valued for different purposes and in this particular case the town hall had been valued for lease purposes which were dictated by the expected rental income. Unfortunately, there were no other similar buildings in the locality and NHDC were reliant on the bids presented to see if financial expectations could be met. The HFS also clarified that in Paragraphs 8.1 and 8.2 're-development' should be changed to management.

Discussion also took place on the recognition of the NHDC Vision, Mission and Strategic Objectives when considering management proposals for the town hall and it was agreed that every effort should be made by Officers and Cabinet to meet the Strategic Objectives.

RECOMMENDED TO CABINET:

- (1) That the tender process currently underway for the disposal by long lease of Hitchin Town Hall be cancelled with immediate effect;
- (2) That as a matter of urgency Cabinet should establish a Community Forum of Hitchin Councillors, representatives of local community, voluntary and commercial groups and NHDC officers which would meet as soon as possible in order to prepare a plan for the improvement and future management of Hitchin Town Hall;
- (3) That Cabinet be requested to ensure that any development and future management of Hitchin Town Hall should reflect the vision, mission and strategic objectives of North Hertfordshire District Council.

REASON FOR DECISIONS

To allow the Hitchin Committee participate and contribute as much as possible in the promotion and management of Hitchin Town Hall as a Community Asset.

The following was the report considered by the Hitchin Committee at its meeting held on 26 June 2007.

TITLE OF REPORT: DISPOSAL BY LONG LEASE OF HITCHIN TOWN HALL

REPORT OF THE HEAD OF FINANCIAL SERVICES

PORTFOLIO HOLDER : COUNCILLOR TERRY HONE

1. SUMMARY

- 1.1 To seek the Committee's views on the proposal to dispose by long lease Hitchin Town Hall to a preferred third party operator.

2. FORWARD PLAN

- 2.1 This report contains a recommendation on a key decision that was first notified to the public in the Forward Plan on 1st January 2006.

3. BACKGROUND

- 3.1 The background to the change in management arrangements for Hitchin Town Hall was set out in a separate report to Cabinet on 26th June 2007.

4. KEY ISSUES

- 4.1 The Council's Contract Procurement Rules state that: No property or land owned or leased by the Council shall be disposed of until a detailed report has been prepared by the Strategic Director of Finance and Regulatory Services. Transfer under a long lease is interpreted as disposal under these rules and current negotiations with the preferred bidder will be for a forty year lease.
- 4.2 The Council's Senior Estates Surveyor has prepared an inspection report on the basis of a survey of the premises. The report describing the property or land and its physical characteristics and development constraints or any other information which would affect the property or land's value or development potential is attached as appendix A.
- 4.3 The Head of Planning and Building Control's assessment of the development potential of the Town Hall is as follows:

Within the town centre, the Hitchin Town Hall, located on the north side of Brand Street occupies a prominent and important location on the corner with Grammar School Walk.

The building is not a statutorily listed building but makes a significant contribution to the streetscene and to the character and appearance of that part of the Hitchin Conservation area within which it is located.

The size and the configuration of the building may limit opportunities for alternative uses other than a community use but consideration would be given to such uses which would retain the building and be appropriate for this town centre location.

- 4.4 Under the Council's asset disposal strategy a site shall be deemed to be surplus to the Council's requirements if either:
- (a) it makes no contribution to the delivery of the Council's services,
 - (b) it has no potential with regard to the Council's strategic objectives.
 - (c) an alternative and more cost effective service delivery site has been identified.
 - (d) The Council's strategic objectives is met more effectively in the ownership of an alternative body.

The property or has been offered to all directorates and the conclusion reached is that the Council's strategic objectives are met more effectively in the ownership, by long lease, of an alternative body, (Asset Management Group meeting held on the 20th June refers).

- 4.5 The recommended method of disposal is by a 40 year lease of the premises at a rental subject to further negotiation with the preferred bidder. Legal and other costs will be recovered from the prospective lessee.
- 4.6 At its meeting on the 26th June 2007 Cabinet agreed to delegate to the Portfolio Holder for Finance, in consultation with the Portfolio Holder for Community Engagement, the decision on the disposal of Hitchin Town Hall, by means of a long lease, following consideration of the recommendations from the Strategic Director of Finance & Regulatory Services."

5. LEGAL IMPLICATIONS

- 5.1 In order to comply with the Council's Standing Orders/Financial Regulations, the market testing process has been undertaken. No 'disposal' shall be effected until a detailed report has been prepared by the Director of Financial and Regulatory Services and considered by Cabinet. The Cabinet Portfolio holder for Finance has responsibility for the overall management of the Council's property assets and disposal of the Council's property interests up to a value of £250,000. The Cabinet Portfolio holder for Community Engagement has delegated responsibility for public halls.
- 5.2 The Town Hall itself is subject to the requirement under Section 123 of the Local Government Act, 1972 that (with exceptions) 'disposal' should be for a consideration not less than the best consideration reasonably obtainable.
- 5.3 In order to comply with these requirements, market testing and consultation have been carried out.
- 5.4 The freehold title to the Town Hall and the associated Gymnasium and Workman's Hall was acquired by Hitchin Urban District Council between 1899 and 1969, and then subsequently transferred as an asset to NHDC on its creation in 1974.
- 5.5 The Gymnasium was registered with the Charity Commission as a charitable trust (233752) in 1964. When the Workman's Hall was conveyed to the Hitchin Urban District Council in 1969, the conveyance declared that it held this hall on the 1934 trust. In 2001, the Gymnasium charity was removed from the Charity Commission's Central Register of Charities which means that the Charity Commission has no expectation of compliance with the Charities Acts in any 'disposal' of the Gymnasium and Workman's Hall.

6. FINANCIAL AND RISK IMPLICATIONS

- 6.1 There is a continuing service interest in the use of the Town Hall for provision of community use, albeit by a third party operator.
- 6.2 Through the Service & Financial Planning process (2005/6), the running costs of the Council managing this facility were approved as savings of £58,780 in 2007/8 and thereafter.
- 6.3 The market testing exercise has established that the potential market value of the Town Hall as a venue for mixed community/commercial activities is in the region of £213,500.
- 6.4 The proposed procurement method is to grant a fully repairing and insuring lease of up to forty years to the preferred supplier at a rent to be agreed. The operator will have a right of renewal provided they have complied with all their obligations under the lease.
- 6.5 Any business case submitted by potential third party external operators should include an investment plan (to meet identified refurbishment repair costs) and sources of funding.

7. HUMAN RESOURCE AND EQUALITIES IMPLICATIONS

- 7.1 There are no human resource or equalities implications arising from the recommendations in this report.

8. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS

- 8.1 The Council's Asset Disposal Strategy, approved July 2004, sets out that consultation should follow the following process; *"the relevant Ward Members will be consulted on any proposals and consideration be given to wider community consultation. Following consultation a report on the officers recommendations will be presented to the appropriate Area Committee for their views before seeking approval from the relevant delegated Member or Committee"*
- 8.2 The Ward members for Hitchin Highbury, Councillors Paul Clark, Lawrence Oliver and Clare Body have been notified of the redevelopment proposals. The views of the ward members and this Committee are sought and will be reported to the Portfolio Holder for Finance, in consultation with the Portfolio Holder for Community Engagement.

9. RECOMMENDATIONS

- 9.1 That as part of the consultation process the Committee gives its views to the Portfolio Holder for Finance on the proposal to dispose of Hitchin Town Hall, by means of a long lease.

10. REASONS FOR RECOMMENDATIONS

- 10.1 To achieve a qualified position on the future use of the Town Hall which meets the financial requirements of the Council and at the same time those of Hitchin Town Centre, local residents and existing users.

11. APPENDICES

11.1 Appendix A - Hitchin Town Hall Inspection Report.

12. CONTACT OFFICERS

12.1 Barrie Jones, Head of Financial Services, ext 4254. E-mail: barrie.jones@north-herts.gov.uk.

12.2 Frances Bogie, Head of Legal and Democratic Services, ext 4560. E-mail: frances.bogie@north-herts.gov.uk.

12.3 Patrick Candler, Head of Community Development and Cultural Services, ex 4823. E-mail: patrick.candler@north-herts.gov.uk

12.4 Mabel Adjei-Barwuah, Estates Surveyor, ext 4320. Email: mabel.adjei-barwuah@north-herts.gov.uk.

12.5 Kerry Shorrocks, Head of Human Resources, ext 4224. E-mail: kerry.shorrocks@north-herts.gov.uk.

13. BACKGROUND PAPERS

13.1 Estates files.

APPENDIX A

INSPECTION REPORT

<i>PROPERTY DESCRIPTION</i>	<i>DETAILS</i>
Property Name	<u>Hitchin Town Hall</u>
Town	Hitchin
Road / Street	Brand Street
Name, Number Or Location	Town Hall
Use / Description	Public hall with bar/kitchen, gymnasium and offices
Council Use	Hire to community groups, the public and individuals
Freehold Or Leasehold	Freehold
Lease Start Date	N/A
Lease Term	N/A
Lease Expiry Date	N/A
Rent Review Period	N/A
Next Review	N/A
Current Rent	N/A
Rateable Value	£28,000.00
Rates	£12,432.00
Net Usable Floor Space	1,117.40 m ² (12,028 ft ²) (<i>See accommodation schedule below</i>)
Number Of Floors	Basement, Ground, First and Second
On Site Parking	8
Estimated Capital Value for mixed commercial/community uses	In the region of £213,500
Numbers Of Staff	3.5 staff
Average Space Per Staff	N/A

Comments

The accommodation is arranged on three floors and basement, offering a flexibility of space to provide for a wide range of activities taking place at the same time. It is an ideal venue to hold a variety of private public and celebratory functions.

The Town Hall is the largest hall in terms of size and capacity in Hitchin (holding up to 800 persons).

The Main Hall on the ground floor has a capacity for up to 300 people seated with tables and chairs, and 500 people standing.

The Gymnasium also on the ground floor has a capacity for up to 200 people.

The Bar on the ground floor has a capacity for up to 20 people.

The Lucas Room on the first floor has a capacity for up to 40 people.

The Upper Hall on the second floor above the gymnasium is currently solely used by St John Ambulance under an agreement for a three year term until 31st March 2008.

There are other ancillary spaces in the building including cloak rooms and a storage area on the ground floor, an office, a balcony and changing rooms on the first floor and changing rooms in the basement below the stage. There are also ample toilet facilities including a disabled one. The accommodation comes with limited parking spaces (four to the side and four to the rear). However, there are a number of public and private car parking spaces spread throughout the town centre that are mostly located within a few minutes walking distance of the Town Hall. Even though the Main Hall and the Gymnasium have disabled access and there is a disabled toilet on the ground floor, the building does not fully comply with the Disability Discrimination Act 1995.

ACCOMMODATION SCHEDULE			
Floor	Description	Sq M	Sq Ft
Ground	Entrance Lobby	27.40	295
Ground	Main Hall	274.00	2,949
Ground	Stage	69.60	749
Ground	Dressing Room (on stage)	10.00	108
Ground	Bar	56.80	611
Ground	Kitchen	56.00	603
Ground	Cloakroom (1)	9.10	98
Ground	Cloakroom (2)	16.40	177
Ground	Gymnasium	212.50	2,287
Ground	Internal Storage (behind gymnasium)	63.80	687
Ground	Toilets In various Locations	-	-
First	Office inc Kitchenette	25.30	272
First	Lucas Room	52.40	564
First	Lucas Room (Ante Office)	10.00	108
First	Balcony	49.00	527
First	Changing Room (Above Stage)	18.90	203
First	Changing Room (1) (Above Gym)	17.50	188
First	Changing Room (2) (Above Gym)	30.40	327
First	Showers (Adjoining Changing Room)	-	-
First	Showers (Adjoining Changing Room)	-	-
Second	Hall currently used by St John Ambulance	73.70	793
Basement	Changing Rooms below stage	44.6	480
Basement	Toilet below stage	-	-
Total	Net Internal Area	1,117.40	12,028

Valuer: M. Adjei-Barwuah **Date:** 14/08/2007

TITLE OF REPORT: FUTURE MANAGEMENT ARRANGEMENTS FOR HITCHIN TOWN HALL – REFERRAL BACK BY SCRUTINY COMMITTEE

REPORT OF THE CHAIRMAN OF THE SCRUTINY COMMITTEE (COUNCILLOR MARTIN STEARS)

1. SUMMARY

1.1 This report presents the recommendations that the Scrutiny Committee is presenting to Cabinet, following the call-in of Cabinet's decision on the Future Management Arrangements for Hitchin Town Hall, Part I report.

2. FORWARD PLAN

2.1 The report contains recommendations on a key decision that was first notified to the public in the Forward Plan on the 1st October 2006.

3. BACKGROUND

3.1 On 26 June 2007, Cabinet made the following resolutions:

3.1.1 That the market testing arrangements for the future management of Hitchin Town Hall that have been carried out in accordance with Standing Orders and Financial Regulations be noted.

3.1.2 That the future management arrangements for the Town Hall to be considered in the report upon this matter to be considered in Part II of the meeting.

3.1.3 That all organisations be thanked for their time and efforts in submitting their expressions of interest in the future of the Hitchin Town Hall.

4. REASON FOR THE CALL-IN

4.1 The resolutions of the Cabinet were called in by the Chairman and Vice-Chairman of the Committee to enable questions and concerns raised by councillors and members of the public to be addressed.

4.2 The Scrutiny Committee met to consider the called-in matter on 16 July 2007. A copy of the relevant Minute of that meeting is attached at Appendix A to this report.

5. LEGAL IMPLICATIONS

5.1 Scrutiny has the power to call-in decisions taken by Cabinet and make recommendations back to them, once they have done so.

5.2 Under the Council's Scheme of Delegations, the Strategic Director of Finance has authority to dispose of land and buildings, where these have been declared surplus to requirements, on such terms and conditions as are in the Council's interests.

5.3 Contract Standing Orders, Appendix F, places a duty on the Council's valuer to report on the progress of transactions to the appropriate committee, in this case Cabinet, at least at every other convened meeting.

6. FINANCIAL AND RISK IMPLICATIONS

- 6.1 Any additional work that may be required if the Scrutiny Committee recommendations are acted upon will be accommodated from existing resources.
- 6.2 If the proposed transfer is delayed there is a risk that the budget savings will not be met during this current financial year.

7. HUMAN RESOURCE AND EQUALITIES IMPLICATIONS

- 7.1 There are TUPE implications for any transfer of undertakings. The Councils TUPE policy and associated staff consultation arrangements would apply in any transfer situation.

8. RECOMMENDATIONS

- 8.1 The Scrutiny Committee recommend that Cabinet should consider the following in respect of Hitchin Town Hall:
 - 8.1.1 That Cabinet should require a comprehensive and expert report no later than 4 September 2007 on the viability of the preferred and reserve operators and their references and reality of their track records, and that this report should also include options to revert to an earlier stage in the process to allow full consultation with community organisations, users and the Hitchin Committee about securing proper and continuing community use of the Hitchin Town Hall.
 - 8.1.2 That the Hitchin Committee be consulted in the process of drawing up the proposed 40 year lease for the Hitchin Town Hall, as a Part II matter.
 - 8.1.3 That a report be prepared for Cabinet's consideration regarding improvements to future consultation exercises as a result of the lessons learnt from the consultation exercise on Hitchin Town Hall.
 - 8.1.4 That the answer to the Hitchin Forum providing clarity on the status of the Town Hall in respect of Charitable Trusts be made available to all Members of the Council.
 - 8.1.5 That Cabinet be requested to consider the recommendations of the Scrutiny Committee, as set out in the Part II report, in formulating any lease or contract in respect of the future management arrangements for Hitchin Town Hall.
 - 8.1.6 That Cabinet be requested to advise whether it would be possible for the preferred and reserve tenderers to present their submissions to the Hitchin Committee, as a Part II matter.

9. REASONS FOR RECOMMENDATIONS

- 9.1 To ensure that the decision making process relating to Hitchin Town Hall reflect and take into account the concerns of the Scrutiny Committee.

10. APPENDICES

- 10.1 Appendix A - Minute of the Scrutiny Committee meeting of 16 July 2007.

11. CONTRIBUTORS & CONTACT OFFICERS

- 11.1 Cllr Martin Stears
Scrutiny Committee Chairman
- 11.2 France Bogie
Head of Legal & Democratic Services
North Hertfordshire District Council
T: 01462 474460
E: francis.bogie@north-herts.gov.uk
- 11.3 Kerry Shorrocks
Head of Human Resources
North Hertfordshire District Council
T: 01462 474224
E: kerry.shorrocks@north-herts.gov.uk
- 11.4 Grace Crawford
Scrutiny Officer
North Hertfordshire District Council
T: 01462 474612
E: grace.crawford@north-herts.gov.uk
- 11.5 Barrie Jones
Head of Financial Services
North Hertfordshire District Council
T : 01462 474243
E : barrie.jones@north-herts.gov.uk

APPENDIX A

EXTRACT FROM MINUTES OF SCRUTINY COMMITTEE – 16 JULY 2007

18. FUTURE MANAGEMENT ARRANGEMENTS FOR HITCHIN TOWN HALL – SCRUTINY CALL-IN

The Chairman explained that, on 6 July 2007, he had called-in the Part I and Part II Cabinet decisions made on 26 June 2007, in respect of the future management arrangements for Hitchin Town Hall. To assist the Committee in its deliberations, the following documents had been despatched with the agenda for the meeting:

- (a) Draft Cabinet Minute (No. 14) of 26 June 2007 relating to the Part I item;
- (b) Draft Cabinet Minute (No. 16) of 26 June 2007 relating to the Part I item;
- (c) Part I Cabinet report of 26 June 2007;
- (d) Draft minutes of the Special meeting of Hitchin Committee – 25 June 2007;
- (e) Part II Cabinet report of 26 June 2007 – circulated to Committee Members only.

The Chairman also referred to four other documents which had been tabled at the meeting in respect of the future management arrangements for the Town Hall, namely letters of representation from the Hitchin Forum and Hitchin Historical Society; the Quirk Report (a Hertfordshire County Council document, which was a guide for the use of County Council property by Voluntary and Community organisations); and the 38 questions raised by the Hitchin Committee at its special meeting held on 25 June 2007 (these were circulated to Members only, as a number related to Part II matters). The Chairman allowed Members a period of time to read these documents.

The Cabinet Portfolio Holders for Finance and Community Engagement & Rural Affairs advised the Committee that the Council had made a decision in early 2006, as part of its consideration of the Budget for 2006/07, to seek alternative arrangements for the future management of Hitchin Town Hall. This decision had been made in the light of the fact that the Town Hall required significant investment in terms of repair and maintenance, for which the Council had insufficient funding.

In response to a series of Member questions, the Finance Portfolio Holder and officers confirmed that the market testing exercise for the Town Hall had been carried out in accordance with the Council's Contract Procurement Rules. He also explained that, although a 40 year lease was classified as a "disposal" in legal/technical terms, the Council would retain ownership of the asset and would control its use through the lease terms.

In reply to further questions regarding the type of organisation asked to bid for the project and the reason for the proposed 40 year lease, the Portfolio Holders and Officers stated that, in February 2006, Cabinet had agreed a multi-strand approach to the venture, meaning that various types of organisation could submit bids. This was to allow for maximum flexibility in the process. In terms of the lease, it was explained that the 40 year period allowed for a reasonable amount of time for the successful bidder to obtain a return on their investment in the building.

A number of Members expressed concerns with the consultation arrangements regarding the Town Hall, and felt that stakeholders should have been consulted at a much earlier stage of the process. Officers commented that the 2003 Area Visioning consultation for Hitchin had revealed from the public a variety of ideas for continued use of the Town Hall, including a number of community uses. The invitation to tender document had been drawn up using the outcome of this consultation process as a basis, and hence had included a wide range of community based activities.

In response to further questioning, the Portfolio Holder for Community Engagement & Rural Affairs commented that the intention to ensure that there would be an appropriate level of community use of the Town Hall throughout the term of the lease would be an important part of the negotiations with the successful tenderer.

The Head of Community Development & Cultural Services accepted that lessons had been learnt regarding the consultation process, and that there had been an underestimation of public feeling with regard to the matter. He added that public consultation would be carried out at a much earlier stage in future.

The Head of Financial Services explained that there would be a series of conditions of use as part of the lease, which would be enforceable throughout its term. Therefore, it could be appropriate and would be possible at various times throughout the 40 year term to re-negotiate certain elements.

In answer to questions regarding the track record of the preferred and reserve tenderers, the Head of Community Development and Community Services advised that bank and other references would be sought, and that discussions would take place with other organisations who used their services. The Portfolio Holder for Community Engagement and Rural Affairs added that, if neither tenderer satisfied the Council's requirements in this regard, then a report would be submitted to Cabinet on a proposed course of alternative action.

At the Chairman's invitation, the Vice-Chairman of the Hitchin Committee addressed the Committee to outline the concerns of that Committee regarding Hitchin Town Hall. The Vice-Chairman of the Hitchin Committee stated that the concerns were those of an underestimation of public feeling at the outset of the project; lack of clarity over the tendering process; and little information and no consultation with user groups on the criteria used for community use of the building.

The Chairman had invited to the meeting a representative from the Hitchin Historical Society. Unfortunately, the Society had been unable to send a representative, but had supplied a statement, which had been circulated and which the Chairman read out to the meeting.

At the Chairman's invitation, Mr Chris Parker spoke on behalf of the "Keep Hitchin Special" Group and commented that a letter had been sent to all hirers of the Town Hall in February 2007 asking them to consider making alternative arrangements for their events from 1 October 2007 (the date when the new arrangements were scheduled to come into effect), when the Council had yet to make a final decision on the matter. He also considered that the timescale for the tender process was too short, in that it failed to allow sufficient time for local charitable organisations or local groups to submit bids. He concluded by referring to the fact that he had made a Freedom of Information request to the Council asking for the names of the three shortlisted tenderers. This request had been granted, and Mr Parker proceeded to name the three tenderers, providing details of the financial searches he had carried out into these organisations.

At the Chairman's invitation, Mr Colin Hewitt addressed the Committee on behalf of the Hitchin Camera Club, one of the users of the Town Hall. Mr Hewitt stated that the Camera Club was not against outsourcing per se, but was concerned about rental costs, which represented 60% of the Club's expenses. The Club was also concerned that, notwithstanding the 3 year moratorium on price increases for users, the approved operator would have leeway to increase hire charges to an unaffordable level at the end of this period. He indicated that he had taken some comfort from the comments regarding continuing community use, and hoped that the rental charges for all existing users would be permitted to remain at an affordable level throughout the term of the lease.

The Head of Community Development and Cultural Services replied that it would be hoped that the terms of the lease would safeguard existing users against extortionate price increases. The Council would wish to intervene should above inflation increases be promoted by the successful operator. In terms of the letter to all existing users referred to by Mr Parker, he commented that it was only right and proper that he should give as much notice as possible to existing users of proposed changes of management/possible repair works to the building, and that he had offered to re-locate any community groups that needed to move during this period.

At the Chairman's invitation, Mr Brian Foreman addressed the Committee. Mr Foreman reiterated many of the concerns he had raised at the 26 June 2007 Cabinet meeting, namely

- Hitchin had a dearth of community facilities when compared with other towns in the District (he cited Letchworth Garden City, which had the Letchworth Arts Centre at The Place, Plinston Hall, The Settlement: the Spirella Ballroom and the Broadway Cinema);
- The Council had spent £500,000 on refurbishing Howard Hall in Letchworth Garden City for additional community use, but did not appear prepared to invest in the refurbishment of Hitchin Town Hall;

- This would be a further example of Hitchin suffering from decline, other examples being decreased vitality of the Market, potential closure of Hitchin Museum, and few community facilities on offer at Hitchin Priory;
- A recent questionnaire of residents who attended the Great Hitchin Debate had revealed that, of those responding, 95% were in favour of the District Council retaining the management of the Town Hall;
- The public and the media had been misled, as they were led to believe that it was only a market testing exercise, and were not informed of the details of the three parties interested in taking over the management of the Town Hall;
- In view of the previous point, consideration may be given to Court action, including the possibility of Judicial Review.

At the Chairman's invitation, Ellie Clarke addressed the Committee on behalf of the Hitchin Forum. She referred to the Forum's letter, which had been tabled, and drew attention to the need to clarify the status of the Town Hall in respect of Charitable Trusts and suggested that the Council obtained expert legal opinion on such legal matters in order to achieve best value for its taxpayers. She considered that the total exclusion of the wider public in the matter of the Town Hall was undemocratic, and that the Council had lost the trust and confidence of a large number of Hitchin residents.

The Head of Community Development and Cultural Services was requested to arrange for a written response to be supplied to the Hitchin Forum providing clarity on the status of the Town Hall in respect of Charitable trusts.

At the Chairman's invitation, Mr Chris Honey of the Hitchin Forum addressed the Committee. Mr Honey re-iterated concerns expressed by previous speakers regarding the letter that had been sent out to all users in February 2006 before the Council had made a decision on the matter. He felt that any advance warning to users should be given by any successful operator after they had taken over management of the Town Hall.

The Committee debated the matters raised by the invitees and the comments and responses made to the questions by the Portfolio Holders and officers.

RECOMMENDED TO CABINET:

- (1) That Cabinet should require a comprehensive and expert report no later than 4 September 2007 on the viability of the preferred and reserve operators and their references and reality of their track records, and that this report should also include options to revert to an earlier stage in the process to allow full consultation with community organisations, users and the Hitchin Committee about securing proper and continuing community use of the Hitchin Town Hall;
- (2) That the Hitchin Committee be consulted in the process of drawing up the proposed 40 year lease for the Hitchin Town Hall, as a Part II matter;
- (3) That a report be prepared for Cabinet's consideration regarding improvements to future consultation exercises as a result of the lessons learnt from the consultation exercise on Hitchin Town Hall;
- (4) That the answer to the Hitchin Forum providing clarity on the status of the Town Hall in respect of Charitable Trusts be made available to all Members of the Council.

REASON FOR DECISION: To refer back to Cabinet the comments and concerns of the Scrutiny Committee, in accordance with the Scrutiny Call-in arrangements contained in the Council's Constitution.

*PART 1 – PUBLIC DOCUMENT	AGENDA ITEM No. 8
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TITLE OF REPORT : PROPOSED CHANGES TO THE ORGANISATION DELIVERING THE MEALS ON WHEELS SERVICE IN NORTH HERTFORDSHIRE

REPORT OF THE HEAD OF STRATEGY & SUPPORT SERVICES
PORTFOLIO HOLDER: COUNCILLOR BERNARD LOVEWELL

1. SUMMARY

- 1.1 To request agreement to the formation of a Social Enterprise to deliver meals on wheels across Hertfordshire and specifically within North Hertfordshire.
- 1.2 To gain approval for the use of resources, and to incur the costs arising as outlined within the body of this report in order to implement the above.
- 1.3 To transfer the North Hertfordshire community meals service to the new organisation from 1st October 2007.

2. FORWARD PLAN

- 2.1 This report contains a recommendation on a key decision that the Leader of the Council considers to be urgent. It has not been possible to notify the public by including it in the Forward Plan because of the short timescales for service transfer. The Chairman of the Scrutiny Committee has agreed that consideration of the key decision cannot be deferred.

3. BACKGROUND

- 3.1 Hertfordshire is unusual if not unique in that the delivery of the Meals On Wheels Service is undertaken individually by the district and borough councils of the county, with county council filling gaps in the provision in some areas. This has resulted in an inconsistent and patchy service, and has limited the ability to achieve economies of scale.
- 3.2 The North Hertfordshire District Council (NHDC) Community Meals Service, delivers both Meals on Wheels(MOW) and Lunch Club meals currently. The Lunch Club meals service is provided on behalf of North Hertfordshire Homes on an annual SLA basis following the housing stock transfer. Lunch Clubs are subsidised by North Hertfordshire Homes (NHH) who have indicated a desire to reduce and ideally remove its subsidy for the service. They have explored other options and providers of this service, and decided not to work in partnership with this authority on an alternative meals supply.
- 3.3 North Hertfordshire Homes (NHH) plan to redevelop the Beechridge Hostel site which houses the kitchens of the NHDC Meals Service. The service has been asked to vacate the building from 1st October 2007. The Hostel has been boarded up since it was closed to residents in April and the NHDC Meals Service has been granted a licence to occupy part of the building only until 1st October and NHH intend to proceed with demolition.

- 3.4 The need for a Hostel Meals service stopped from 1st April 2007 as Beechridge Lodge was vacated.
- 3.5 The contract to supply frozen meals which are reheated by NHDC staff for this service expires as of 1st October 2007. This contract was let following EU Regulations in 2000 and extended for a two year period allowed within the contract under sub clause 13.1 until April 2006 following a Best Value Service Review. At its December 2006 meeting Cabinet agreed to a further six month contract extension until 30th September 2007, this has been agreed with the contractor.
- 3.6 Financial modelling has shown that with the loss of the Hostel Meals and Lunch Club volumes, the cost of the remaining service increases significantly. If no action were taken the cost to NHDC for the Meals on Wheels service would increase to an estimated £205,490 per annum from the current in year budget of £97,800.
- 3.7 The existing 5 day NHDC Meals on Wheels(MOW) service enjoys 99% user satisfaction, it has a small but committed staffing team. The daily contact provided by volunteers who deliver the food, is considered by many of the service users to be as important as the meal itself. The actual 2005/06 cost per meal of £3.78 represents good value for money, based on recent market testing by other authorities, but the changes outlined above in paragraph 3.6 mean that the costs per meal are set to increase significantly.
- 3.8 If NHDC re-let the contract for this service based on the reduced volumes, utilising the methodology agreed by Cabinet in July 2005, the most cost effective way of providing this service, would be to fully outsource it. This has traditionally resulted in the loss or limited involvement of volunteers, which NHDC Members have indicated as the key reason for retention of the service at a district level.
- 3.9 All of the 400 Meals On Wheels customers have been assessed using jointly agreed criteria by HCC and NHDC and so all will continue to qualify for the service. Lunch Club users are self selecting on the whole, many may meet the criteria for MOW, but many have not been assessed, these meals are currently subsidised by NHH.
- 3.10 Whilst the statutory responsibility remains with the County Council, the meals service is commissioned and paid for predominantly by the ten district councils. The county council commissions some services to meet specific needs or fill gaps. In North Hertfordshire this has mainly been the provision of a weekend and bank holiday service, and delivery to areas not covered by the NHDC service on certain days.
- 3.11 The Hertfordshire Meals Providers Group (HMPG) was established in 2002, to bring together officers from the eleven authorities in Hertfordshire to identify opportunities for joint working to generate efficiencies and to share best practice, and to look at potential solutions to the problems identified.
- 3.12 As a result of the work of HMPG, Hertfordshire County Council successfully secured a grant of £76,000 from the East of England Centre of Excellence in Procurement to work with the district councils including NHDC to look at establishing a Community Enterprise delivery model for MOW. A Consultancy known as Mutual Advantage were asked to undertake a viability assessment and summarise the business case for the establishment of a social enterprise and its findings were summarised in the July 2006 report to this Committee.
- 3.13 At the 25th July 2006 meeting, Cabinet agreed that officers be instructed to work urgently with the relevant parties in order to identify the opportunities for joint working, possibly via a community enterprise, or other partnership vehicle. That, as a fall back position, a letter be sent to Hertfordshire County Council advising that after 30th March 2007, NHDC will no longer be able to provide the Meals on Wheels or Lunch Club service on their behalf; and that a letter be sent to NHH to advise that as at 31st March 2007, NHDC would no longer be able to provide the Hostel meals or Lunch Club service on their behalf. Also that the service would no longer

require the use of the Meals Service Offices at Peter Sell House in Hitchin, which the service rented from NHH.

- 3.14 On the 13th September Caroline Tapster, Chief Executive for Hertfordshire County Council also issued a report to the District Chief Executives setting out the County Council's position and suggesting possible options for action which was discussed at a meeting of the Hertfordshire Authorities Chief Executive group. In summary the County Council advised that they would like to work with districts to put in place an equitable, sustainable and cost effective meals service across the county. To achieve this will require change for all Hertfordshire authorities, and set out a key set of principles on which this work should be progressed.
- 3.15 A report to the October meeting of Cabinet identified that by a number of Hertfordshire Authorities working together, significant efficiencies of scale may be achieved, potentially this would allow North Hertfordshire to retain its volunteer delivery, and the expertise of the staff. However further work to ensure that financial estimates are robust and the trading formats will be acceptable to participants is urgently required, and is now underway. NHDC is requesting the agreement of a jointly developed project plan and timetable. Cabinet agreed to delegate its authority to the Strategic Director of Customer Services in conjunction with the Spokesperson for Housing Environmental Health to represent NHDC views on the constitution and trading arrangements for the new Community.
- 3.16 Report and Minute of the Dec 2006 Cabinet.

RESOLVED:

- (1) That the Council retains responsibility for the North Hertfordshire Meals On Wheels Service until at least 1st July 2007 and as a maximum until 1st October 2007;
- (2) That NHH be requested to make the Kitchens at Beechridge and Offices at Peter Sell House available for use of the service for the extension period, in addition to continuing to fund Lunch Club subsidies for the extension period;
- (3) That staff, volunteers and customers be advised of the amended time frames, subject to having full details of the changes proposed available prior to 3rd June 2007 to ensure compliance with NHDC Re-organisation Policy (12 weeks' notice);
- (4) That Officers seek assurances from all partners that all practical steps will be taken to ensure the decision to commit to the development of a Social Enterprise or to make alternative arrangements to ensure meals service continuity in North Hertfordshire from 1st October 2007 or earlier, will be in place in order to give at least 12 weeks' notice of the changes referred to in 9.3 above;
- (5) That a further contract extension be agreed to the existing frozen Meals Supply contract held by Appetito for the period up until 1st October 2007, as the existing contract is currently due to end on 31st March 2007;
- (6) That Officers be asked to write to HCC to advise that NHDC still intends to withdraw from the provision of this service, if the Social Enterprise is not a viable option, and to advise of the proposed recommendation of a three to six months deferral in our plans;
- (7) That the course of action referred to in 9.6 above will include the development of a more detailed plan and timetable, to ensure that all stakeholders can

receive appropriate notice of service changes and impacts, and that service continuity can be secured;

- (8) That once the full details of the Social Enterprise plans have been developed, a further report be brought to Cabinet, to ask for agreement for the key decisions and to explain the likely impact of the proposed changes on NHDC and its residents.

3.17 At its February 2007 meeting Cabinet

The Head of Strategy & Support Services reported that Hertfordshire County Council had confirmed in writing its intention to pursue the Social Enterprise organisation approach towards delivery of the service, and that a similar response was expected shortly from Stevenage Borough Council, the other partner in Phase 1 of the proposed implementation plan.

Cabinet **RESOLVED:**

- (1) That the development of a Social Enterprise organisation to deliver a meals on wheels and lunch club service across Hertfordshire, and specifically to replace the existing Meals on Wheels service in North Hertfordshire, be approved;
- (2) That officers ensure that the Social Enterprise is asked to liaise with North Hertfordshire Homes with regards to their requirements for a Lunch Club Service for their residents;
- (3) That delegated authority be given to the Strategic Director of Customer Services, in conjunction with the Portfolio Holder for Housing & Environmental Health, to agree the detailed terms of transfer and costs, in line with the principles outlined in the report and subject to these being contained within existing budgets;
- (4) That the capital fund of £70,000 identified for New Kitchens be made available to be used to fund the development of a new kitchens/office facility which will be used initially to continue the NHDC service between 1 July and 30 September 2007, but which will then be used by the new Social Enterprise organisation;
- (5) That, as an exception to the normal charging policy, an increase in the charge for the North Hertfordshire Meals on Wheels service to £3.00 from 2 April 2007, be agreed;
- (6) That the Cabinet Portfolio Holder for Housing and Environmental Health be nominated to the Social Enterprise's Shadow Board;
- (7) That the other Phase 1 participants (HCC, SBC, NHH) be asked to confirm formally their agreement to the formation of a Social Enterprise organisation and the principles as outlined above, to allow the required implementation plans to be developed.

3.18 The Portfolio Holder for Housing & Environmental Health (previously Councillor Wren and now Councillor Lovewell) and the Shadow Portfolio Holders, Councillor Kercher and Councillor Oliver, have recognised the importance of this service to the service recipients and their families along with the volunteers and staff, and have agreed to help to ensure a smooth transition of service is achieved. Working with the remaining members of the Meals Service member review group Councillor Needham (chair of the review), Councillor Gibbs and Councillor Kirby have all agreed to use their expertise in championing this service to work alongside officers

to ensure every effort is made by North Hertfordshire District Council to secure a "high quality, value for money, customer focused" meals service for its residents in line with NHDC vision.

4. THE CURRENT POSITION

4.1 Status of key Stakeholders

On Friday, 15th June 2007 a number of meetings with key stakeholders took place and the following clarification was received:-

- 4.1.1 NHH have indicated that they do not want to be part of the Social Enterprise organisation for its Lunch Club service either in its category 2 or 2.5 sheltered accommodation schemes.
- 4.1.2 SBC met with HCC and advised that they had concerns about the financial modelling and sustainability of the Social Enterprise and the amount of risk they could face and requested a three month delay in the proposed go live date currently 1st October 2007 to allow additional work. This is primarily due to the impact of the loss of NHH meals to the Social Enterprise.
- 4.1.3 HCC have indicated that the Social Enterprise is their preferred way ahead. They are continuing to look at progress on this project in the following areas:-
- HCC specifying works to new premises (However not yet committed to the head lease)
 - Specifying the recruitment & selection process and paperwork for the CEO
 - Identifying a skilled resource to take project forward in the interim.
 - The issue of VAT being chargeable on the meals means that HCC will be the commissioning agent for the Social Enterprise.

4.2 NHDC's Position

- 4.2.1 At its meeting of the 25th July 2006 Cabinet resolved that NHDC write to Hertfordshire County Council to serve notice that as of 31st March 2007 (this was done on 7th August 2006). North Hertfordshire District Council will no longer be able to provide the Monday to Friday Meals on Wheels Service on HCC's behalf. This is due to the fact that the District Council will be losing our kitchen due to redevelopment, and as a result of our Financial Strategy which requires us to consider withdrawal from services which are the responsibility of another authority.

In our letter we did continue:- "We are aware of the importance of the day to day contact provided by the dedicated volunteers who deliver the meals on wheels in North Hertfordshire. We welcome the suggestion contained within the jointly commissioned report, A Meals On Wheels Social Enterprise for Hertfordshire, that there are opportunities to reduce unit costs, and to make savings by establishing joint County Council and District Council arrangements to commission the service externally, and also join up arrangements to administer and deliver the service, and allow North Hertfordshire residents to retain volunteer meals delivery.

We are eager to explore these opportunities and look forward to working with yourselves and the other interested authorities to explore whether such an organisation could be in place ahead of the 1st April 2007 deadline, and if so, what role North Hertfordshire District Council is required to play".

4.2.2 Since this date NHDC has been an active contributor to the Steering group for this project lead by HCC.

4.2.3 In recognition of the aspirations of the partners and the amount of work required NHDC has also negotiated extensions to the existing arrangements and with Cabinet approval in Dec 2006 agreed to continue to extend the period it would continue to provide the service in North Hertfordshire beyond the original transfer date of the 1st April 2007 until the 30th September 2007.

This has involved:

- Incurring a substantially increased meals subsidy per MOW meal due to the scaling down and eventual cessation of the Hostel Meals service in March 2006.
- Taking on extra cost and more complex operating arrangements required from continuing to operate from an otherwise empty building (legal costs of lease, business rates etc).
- Negotiating continuation of contracts and operation with suppliers, volunteers, service users and staff.
- Working with the consultant and partners to obtain a robust and realistic financial model. This work has taken from October 2006 to June 2007. Liaising on a regular basis
- Working with the consultant to ensure that the new work patterns are achievable for staff.
- Drawing up job descriptions and the protocols for the new Social Enterprise.

In addition to the work undertaken for developing the Business Case and procedures for the Social Enterprise, which includes open book accounting to help development and challenge the financial model and significant staff and management time in helping refine the project overall.

NHDC has also agreed to fund the fit out and conversion of the kitchen and offices with £70,000 of capital initially for its own service but ultimately for the social enterprise, however this was subject to the SE being operational.

4.3 Current Status of NHDC service:

4.3.1 NHDC is committed to deliver this service until 30th September 2007. However staff, service users and their families and our volunteers all need to be given adequate notice of the changes in service ahead of this date. NHDC Restructure Policy requires a maximum of 12 week notice to be provided to staff. Given the importance of service continuity this deadline is seen as the absolute minimum notice period where plans need to be in place for the service from 1st October 2007, week 40. Working backwards week 28 start on the 9th July 2007. With no realistic proposal of the Social Enterprise in place by this date the Portfolio Holder for Housing & Environmental Health and the Strategic Director of Customer Services agreed that staff needed to be given notice of redundancy. This was subject to no whole scale service transfer being possible as it is believed that TUPE is likely to apply to the transfer, so notice may be withdrawn during this period to ensure staff continuity of service if reasonable.

4.3.2 In addition despite our commitment to run this service until 30th September several significant risks exist to our ability to do this.

4.3.2.1 The kitchen. We have a license to use the Beechridge and NHH have indicated they will let us operate from this site until the end of September, but we have already had three break-ins since April 2007. Serious consideration is now being given to business continuity arrangements. The service had to be cancelled for one day following one of the break ins due to vandalism.

4.3.2.2 Staff. Although staff have been consulted and kept informed of the progress of this project and have not left the service, we are running very tight on staffing hours.

4.4 Options for the future:

4.4.1 Given that NHDC will no longer be able to provide a service with the loss of its kitchens on the 30th September NHDC officers have been working with HCC officers to identify both organisations preferred option for the future.

4.4.2 We understand that there are currently two options available for this service. The preferred option now needs to be agreed and progressed as a matter of urgency.

a) NHDC to withdraw completely from the service, as per the notice given.

b) HCC underwrite the establishment of a SE scheme to meet NHDC deadline of transferring the service from the 1st October.

4.5 Consideration of options:

4.5.1 a) NHDC to withdraw completely from the service, as per the notice given.

4.5.1.1 NHDC will no longer have financial responsibility or risk for this service, immediately achieving the aim set out in our Financial Strategy.

4.5.1.2 As NHDC is returning the service we will no longer be able to control how the service is provided to our residents.

4.5.1.3 HCC are likely to ask a contractor to deliver the Meals-on-Wheels service in North Hertfordshire. WRVS who they have a contract with in East Herts and Appetito who operate on behalf of Stevenage could both potentially provide this service. However both operators use paid drivers and so will result in significant service changes in North Hertfordshire and the loss of the much appreciated volunteers and staff.

4.5.1.4 HCC have indicated that the cost to the public purse of this alternative service is likely to be higher.

4.5.1.5 There is likely to be a high immediate increase in charge to service users as HCC meets these increased and unbudgeted costs.

4.5.2 b) HCC underwrite the establishment of a SE scheme to meet NHDC deadline of transferring the service from the 1st October.

4.5.2.1 NHDC would be required to continue to provide financial support, but as originally suggested that this support is tapered by roughly one third each year to reach zero in year four.

4.5.2.2 HCC have recognised that NHDC would not be willing to progress within the timescales available with the level of uncertainty that still remained under the previously proposed trading arrangements. They have therefore suggested that NHDC agreed to progress on the basis of a grant equivalent to a fixed subsidy level equivalent to £1.70 per hot meal in year one. That HCC take on the risks arising from any variation in the financial modeling, and the delay in participation of the other authorities, such as is currently happening with Stevenage Borough Council.

4.5.2.3 HCC have also undertaken significant planning works relating to the proposed new premises in Green Lane Letchworth for the SE. This has identified that the £70,000 capital contribution planned by NHDC will not be sufficient to undertake all of the

required works. HCC have therefore asked their members for an unbudgeted sum of £100,000 to cover these additional costs, and to pay for the deficit which will arise from the delay in SBC joining the SE.

4.5.2.4 The NHDC staff would transfer under TUPE regulations to the SE.

4.5.2.5 This will allow the service of the NHDC volunteers to be retained.

4.5.2.6 HCC have indicated that this is their preferred option and so most likely to achieve service continuity for North Herts residents.

4.5.2.7 This is a long standing partnership project which has been funded by the East of England Centre of Excellence for Procurement and there is likely to be an impact on failure to progress to fruition of this project on the reputations of those participating and on the ability to work in partnership in the future.

4.6.1 Timescales and impact

4.6.1.1 NHDC will no longer be able to provide a meals on wheels service from 1st October 2007. We need to ensure that the many stakeholders of this service receive adequate notice of change. This include the 8 staff members, 200 volunteers, and 400 service users and their families. A decision as to the way ahead is now overdue.

4.6.1.2 The implications for North Hertfordshire are as follows, and are set out in more detail under section 6 of this report:-

Capital contribution to the cost of establishing northern base.

Cost of TUPE/Redundancy as appropriate

Residual overhead costs

5. LEGAL IMPLICATIONS

5.1 The county council has an obligation, under the Chronically Sick and Disabled persons Act 1970 to make arrangements to meet the needs of chronically sick and disabled people including, where required to meet the needs, the provision of meals whether at home or elsewhere. The definition in legislation of a “chronically sick and disabled person is “substantially and permanently handicapped people”. In addition both district and county councils have the power, under the Health Services and Public Health Act 1968, to make arrangements to provide meals in the home and elsewhere to meet the needs of the elderly.

5.2 HCC have taken advice relating to the funding and procurement methodology of the Social Enterprise. To ensure that the Social Enterprise can continue to provide a VAT free Meals on Wheels service it must act as an agent for HCC. It is intended that the provision of meals to the Social Enterprise will be market tested to ensure compliance with EU legislation. It is proposed that NHDC will grant aid the Social Enterprise to support its development.

5.3 Advice has confirmed that TUPE applies to the whole scale transfer of the meals service.

6. FINANCIAL AND RISK IMPLICATIONS

6.1 The 2005/06 net cost (or subsidy), to the General Fund for the Meals Service was £58,000. As the meals numbers are reduced significantly due to the closure of Beechridge Lodge and the need for Hostel and Lunch Club service no longer exists the full year impact is estimated as £205,490. It would be impossible to reduce this

increased level of subsidy for this service without achieving economies of scale from the operation of this service, arising from some sort of partnership or trading relationship.

6.2 The report into Meals on Wheels carried out by Mutual Advantage on behalf of the steering group suggests that there are opportunities to reduce unit costs, and make savings by establishing joint County Council and District Council arrangements to commission the service externally, and also join up arrangements to administer and deliver the service. Joint Procurement initiatives are inline with the National Procurement Strategy and Gershon efficiency targets. However the recent withdrawal of NHH Lunch Club figures and shift in SBC volumes from hot meals to frozen has made the projected cost per meal rise significantly.

6.3 The Meals Service contributes £81,820 to the Council's 2007/08 overheads and some of these costs will remain with the Council when the service is out-sourced either by whole scale transfer to HCC or to a Social Enterprise.

6.4 Future Service Option a) Financial Impact (Transfer service to HCC)

This would provide an on-going annual saving of £15,000 per annum to NHDC. In addition there may be some opportunity to reduce the £81,820 per annum overheads previously assigned to this service.

This would give rise to a one off redundancy cost for staff of £59,370.60

The capital sum of £70,000 identified for the re-provision of the NHDC meals kitchen and offices will not be spent.

6.5 Future Service Option b) Financial Impact (Establish Social Enterprise to transfer service to)

Funding will be provided by each authority as an annual grant of the social enterprise broadly in line with its estimated meals take up or current net budget. The intention is that this will be a full 36 month commitment. In North Hertfordshire it will allow NHDC to move towards a fully unsubsidised service as required by the Financial Strategy after 3 years. The proposal is to provide grant funding on a tapered basis throughout this period based upon the number of meals provided and the difference between the total cost of the meal against the charge paid by the service user.

This would require a three year tapered grant based on meals numbers, in year one equivalent to £1.70 per meal subsidy of £85,301 (Based on three year tapered grant to zero in year four equal a total of £170,434. (£85,301+£56,867+28,266). This would require £50,630 increase in budget for year one to a total additional of £94,295 for this service over the full 36 months.

The budget impact of this is set out in the table below.

	2007/08	2008/09	2009/10	2010/11	Total
	£	£	£	£	£
Total Projected Costs	£160,490	£152,904	£124,387	£95,953	£533,735
Budgeted Costs	£109,860	£109,860	£109,860	£109,860	£439,440
Overspend requiring funding					
	£50,630	£43,044	£14,527	-£13,907	£94,295

HCC have recognised NHDC's concerns about future financial risk, and suggested that NHDC progress with a fixed annual grant, not the variable one as previously

suggested, accepting risk relating to delays in participation of other authorities and errors in the financial modelling .

NHDC have agreed to underwrite any potential redundancy costs if the SE decide to make changes on organisational, technical or economic grounds, £25,000 has been set aside for that.

The capital sum of £70,000 identified for the re-provision of the NHDC meals kitchen and offices will need to be passed to HCC as a contribution to the higher total cost of these works once it became operational.

This option is subject to HCC gaining funding of in the region of £100,000 and agreement from its Members.

- 6.6 The future of the meals service has been included from September 2006 as a Top Risk for Cabinet to own. The most serious risk being managed is the need to ensure service continuity for the vulnerable service users and their families. Although this has been raised with HCC and contingencies have been investigated no firm plans are currently in place.
- 6.7 Service subsidies can be controlled by consideration of both costs and charges. The current NHDC charge to customers is £3.00 per meal, from the 1st April 2007 and is one of the highest in Hertfordshire. But Hertfordshire is significantly out of step with large areas of the country. Essex have last year increased their charge per meal to £3.50 delivering the service via WRVS, several other counties also charge similar levels. The difference in NHDC grant and the meal cost could be potentially covered by increasing the charge to the customer, it is in this way and in efficiencies arising from economies of scale that will allow NHDC's annual grant to be reduced to zero after 36 months.

7. HUMAN RESOURCE AND EQUALITIES IMPLICATIONS

- 7.1 The existing service is provided by a full time meals manager and kitchen supervisor in addition to 6 mainly part-time staff who cover the administration and cooking services. The cessation of the Hostel Meals Service from 1st April 2007, has resulted in a reduction in hours for two staff and the loss of overtime opportunities for the rest of the team.
- 7.2 The proposals for the social enterprise Phase 1 have been developed based upon retaining as many of the NHDC staff and volunteers as possible for their skills and expertise in delivering this service. The principle adopted is to try to keep changes to the minimum, however changes to the location of the kitchen, meals pick up points, staffing structure, and functions to be undertaken will inevitably impact on the staff. Consultation and workshop sessions with staff and volunteers will be used to ensure that concerns arising from these issues are identified and addressed.
- 7.3 The Meals service team have been advised of on-going discussions relating to the future of the service and have received briefings. The Council will follow its Reorganisation Policy, which will involve both group and individual consultation with staff, as the implications of proposed changes become evident.
- 7.4 Because we have now less than 12 weeks to the date of service transfer staff have been issued with notice of redundancy as from 1st October. However staff have also been advised that TUPE is likely to apply to the service transfer. This notice is expected to be withdrawn for the majority of the staff if the Social Enterprise is formed (there is likely to be just one exception based on the draft staffing structure proposed).

7.5 The 245 volunteers who help deliver meals-on wheels on the Council behalf have also been advised of on-going discussion about the future of the service. Briefings to this team will continue, via a newsletter and meetings. The next meeting of this group has been set for the 31st July 2007. HCC will be represented at this meeting.

8. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS (use if consultation has been undertaken)

8.1 Discussions about the proposed plans for joint working have taken place at a number of meetings of the Hertfordshire Chief Executives, and the Hertfordshire Leaders. The Local Area Panel made up on NHDC and HCC councillor representing North Hertfordshire received a report on these plans at their July and October 2006 meetings.

8.2 Officers meet quarterly with the other Meals on Wheels providers in Hertfordshire, namely the other Districts and County Council, to look to identify best practise and service efficiencies.

8.3 This project is being managed by a Steering Group with representatives for Hertfordshire County Council, Stevenage Borough Council and North Hertfordshire District Council. In addition to Mutual Advantage the specialist advisors, Dacorum Borough Council and Watford Borough Council. This group meet monthly in order to progress this project.

8.4 Regular meetings take place with NHH to review its SLA, and to look at their future needs. NHH have indicated that they are looking at alternative suppliers for the provision of Lunch Clubs not the Social Enterprise.

8.5 A cross party group of members was formed to help guide the NHDC work required. Which brought together the remaining Members of the Meals on Wheels FSR Group (Cllrs Needham; Gibbs; and Kirby) and Spokesperson for the service(Cllr Lovewell), and Shadow Spokespersons (Cllr Kercher and Oliver), who have met and agreed to assist officers develop plans for this service to ensure the best interest of the North Hertfordshire citizens are considered.

8.6 The other Authorities who are expected to participate in Phase 1 of the Social Enterprise (SBC and HCC) have been asked to indicate their intentions relating to this project ahead of the meeting in order to allow Cabinet to make an inform decision.

8.7 A shadow Social Enterprise Board has been established. Sarah Wren has continued to offer support to this group and representation on this body is via a staff representative.

9. RECOMMENDATIONS

9.1 That Cabinet approve support for the development of a Social Enterprise organisation to deliver a meals on wheels and lunch club service across Hertfordshire, and specifically to replace the existing MOW service in North Hertfordshire. Power to establish a Social Enterprise arises under the Local Government act 2000 and the wellbeing powers contained therein.

9.2 That Option B (three year tapered grant) be approved and the additional budget requirement as set out at section 6.5 in this report be recommended to Council.

9.3 To note that delegated rests with the Strategic Director of Customer Services, in consultation with the Portfolio Holder for Housing & Environmental Health, to agree the detailed terms of transfer and costs, in line with the principles outlined in this report.

- 9.4 That Cabinet agree to make available the capital fund of £70,000 identified for New Kitchens to be used to fund the development of a new kitchens/office facility for use to deliver this service in North Hertfordshire by the new Social Enterprise organisation and that this is paid to County once the Social Enterprise is established.
- 9.5 That the other Phase 1 participants (HCC, SBC) are asked to confirm formally their agreement to the formation of a Social Enterprise organisation and the principles as outlined above, to allow the required implementation plans to be developed.

10. REASONS FOR RECOMMENDATIONS

- 10.1 The development of a Social Enterprise to deliver a meals on wheels service across Hertfordshire, offers the opportunity to achieve improved service levels and efficiencies. The kitchens from which the existing NHDC operates will close from 1st October 2007, this offers an ideal opportunity to establish new more efficient arrangements for this service. However service continuity for its vulnerable service users is vital. To ensure the success of the new organisation detailed plans will need to be in place for the new kitchens covering North Hertfordshire before the end of April 2007. It is therefore necessary to confirm formal agreement to the outline plans at this stage, and to agree a methodology for agreement of the detail implantation plans ahead of this deadline.
- 10.2 It would be possible to return the responsibility for this service to HCC. This would give a zero cost service to NHDC, but given HCC lacks service specific experience, this would almost certainly lose the services of the volunteer deliverers of North Hertfordshire, the daily contact that they provide is seen to be as important to the recipients' of this service as the meal itself.

11. APPENDICES

- 11.1 None

12. REPORT AUTHOR

- 12.1 Lynn Saville
Head of Strategy and Support Services
Tel: 01462 474530 Email: lynn.saville@north-herts.gov.uk

13. CONTRIBUTORS

- 13.1 David De Smet
Principal Auditor
Tel: 01462 474467 Email: david.desmet@north-herts.gov.uk
- 13.2 Kim Sawyer
Solicitor
Tel: 01462 474561 Email: kim.sawyer@north-herts.gov.uk
- 13.3 Frances Bogie
Head of Legal & Democratic Services
Tel: 01462 474460 Email: frances.bogie@north-herts.gov.uk
- 13.4 Barrie Jones
Head of Financial Services
Tel: 01462 474243 Email: barrie.jones@north-herts.gov.uk

- 13.5 Clare Fletcher
Accountancy Manager
Tel: 01462 474470 Email: clare.fletcher@north-herts.gov.uk
- 13.6 Kerry Shorrocks –, 474224
Acting Head of Human Resources
Tel: 01462 474224 Email: kerry.shorrocks@north-herts.gov.uk

14. BACKGROUND PAPERS

- 14.1 Cabinet Minutes – 26th July 2005
- 14.2 Cabinet Minutes – 15th November 2005
- 14.3 Cabinet Minutes – 25th July 2006
- 14.4 Cabinet Minutes – 19th December 2006
- 14.5 Cabinet Minutes – 27th February 2007
- 14.6 A Meals on Wheels Social Enterprise for Hertfordshire – July 2006, Summary Report

*PART 1 – PUBLIC DOCUMENT	AGENDA ITEM No. 9
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EXCLUSION OF PUBLIC AND PRESS

To consider passing the following resolution:-

That under Section 100A(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item(s) of business on the grounds that it/they involve(s) the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the said Act.

[Note: The definition of Paragraph 3 referred to above is as follows:

3. Information relating to the financial or business affairs of any particular person (including the authority holding that information).]

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