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Date: 27-2-2012

Please ask for: Nicola Kirby, Senior Democratic Support Officer (Cabinet)
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CABINET

Date: Tuesday 6 March 2012

Time: 2pm

Venue: COUNCIL HOUSE, PLYMOUTH

Members:

Councillor Mrs Pengelly, Chair

Councillor Fry, Vice Chair

Councillors Ball, Bowyer, Jordan, Michael Leaves, Sam Leaves, Monahan, Ricketts and Wigans.

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

Members and officers are requested to sign the attendance list at the meeting.

Please note that unless the chair of the meeting agrees, mobile phones should be switched off and speech, video and photographic equipment should not be used in meetings.

Barry Keel
Chief Executive

CABINET

AGENDA

PART I – PUBLIC MEETING

1. APOLOGIES

To receive apologies for non-attendance submitted by Cabinet Members.

2. DECLARATIONS OF INTEREST

Cabinet Members will be asked to make any declarations of interest in respect of items on this agenda.

3. MINUTES

(Pages 1 - 6)

To sign and confirm as a correct record the minutes of the meeting held on 21 February 2012.

4. QUESTIONS FROM THE PUBLIC

To receive questions from the public in accordance with the Constitution.

Questions, of no longer than 50 words, can be submitted to the Democratic Support Unit, Corporate Support Department, Plymouth City Council, Civic Centre, Plymouth, PL1 2AA, or email to democraticsupport@plymouth.gov.uk. Any questions must be received at least five clear working days before the date of the meeting.

5. CHAIR'S URGENT BUSINESS

To receive reports on business which, in the opinion of the Chair, should be brought forward for urgent consideration.

CABINET MEMBERS: COUNCILLOR BOWYER AND COUNCILLOR JORDAN

6. NORTH PROSPECT LIBRARY - PROPOSED RELOCATION TO COMMUNITY HUB, NORTH PROSPECT ROAD - ACQUISITION OF LEASE

(Pages 7 - 12)

The Director for Corporate Services and the Director for People will submit a report on a proposal to relocate North Prospect Library from its current freehold premises at Greatlands Place to larger leasehold premises at the planned Community Hub complex to be constructed at North Prospect Road. (See also agenda item 10 below)

CABINET MEMBER: COUNCILLOR SAM LEAVES

7. SETTING THE SCHOOLS' REVENUE BUDGET 2012/13 (Pages 13 - 28)

The Director for People will submit a written report recommending an initial determination of the schools' budget for 2012/13 prior to giving notice of that determination before 31 March 2012, to the governing bodies of the schools that the local authority maintains.

CABINET MEMBER: COUNCILLOR WIGENS

8. CONSULTATION RESPONSE TO GREATER WESTERN FRANCHISE REPLACEMENT (Pages 29 - 36)

The Director for Place will submit a written report on the over-arching consultation response from south west local authorities and local enterprise partnerships to the Department for Transport, on the specification that will be provided to short listed bidders for the new franchise for the Greater Western route starting in April 2013.

9. EXEMPT BUSINESS

To consider passing a resolution under Section 100A(4) of the Local Government Act 1972 to exclude the press and public from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part I of Schedule 12A of the Act, as amended by the Freedom of Information Act 2000.

PART II (PRIVATE MEETING)

AGENDA

MEMBERS OF THE PUBLIC TO NOTE

that under the law, members are entitled to consider certain items in private. Members of the public will be asked to leave the meeting when such items are discussed.

CABINET MEMBERS: COUNCILLOR BOWYER AND COUNCILLOR JORDAN

10. NORTH PROSPECT LIBRARY PROPOSED RELOCATION TO COMMUNITY HUB, NORTH PROSPECT ROAD - ACQUISITION OF LEASE (E3) (Pages 37 - 42)

Further to agenda item 6 above, the Director for Corporate Services and the Director for People will submit a written report on the confidential details relating to the proposed relocation of the North Prospect Library.

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Cabinet

Tuesday 21 February 2012

PRESENT:

Councillor Mrs Pengelly, in the Chair.

Councillor Fry, Vice Chair.

Councillors Ball, Bowyer, Jordan, Michael Leaves, Sam Leaves, Monahan, Ricketts and Wigen.

Barry Keel (Chief Executive), Adam Broome (Director for Corporate Services), Carole Burgoyne (Director for People), Anthony Payne (Director for Place), Gareth Simmons (Project Director for Buildings and Learning Environments) and Nicola Kirby (Senior Democratic Support Officer (Cabinet)).

Apology for absence: Barry Keel (Chief Executive).

The meeting started at 2 pm and finished at 2.15 pm.

Note: At a future meeting, the Cabinet will consider the accuracy of these draft minutes, so they may be subject to change. Please check the minutes of that meeting to confirm whether these minutes have been amended.

122. **DECLARATIONS OF INTEREST**

There were no declarations of interest in accordance with the code of conduct from councillors in relation to items under consideration at this meeting.

123. **MINUTES**

Agreed that the minutes of the meeting held on 7 February 2012 are confirmed as a correct record.

124. **QUESTIONS FROM THE PUBLIC**

One question was submitted by the public, for this meeting in accordance with Part B, paragraph 11 of the Constitution, as set out below.

With the consent of Mr Lawrie, who attended the meeting, the question and the response were circulated and the written response was provided to him.

| Question No | Question By | Cabinet Member | Subject |
|--------------------|--------------------|--|-----------------------------------|
| 14 (11/12) | Richard Lawrie | Cabinet Member for Community Services (Street Scene, Waste and Sustainability) | Incinerator at the North Dockyard |

Will the council put 'on hold' the 'go ahead' for the incinerator at the North Dockyard? Because of the shocking report on Health disparities in the city, and the HEALTH PROTECTION AUTHORITY'S decision to commission further research into the adverse effects of such incinerators, I urge it to do so.

Response:

No, the Council is satisfied that any potential adverse impacts of the development have been fully considered and mitigated as part of the statutory planning and on-going permitting process and no formal objections were received from either the Environment Agency or NHS PCT.

We are aware that the Health Protection Agency has indicated its intention to undertake a study to update its research to take into account any recent evidence but has also stated that its current position statement remains valid in that; well run and regulated modern Municipal Waste Incinerators are not a significant risk to public health and that any potential damage to the health of those living close-by is likely to be very small, if detectable.

It should be recognised that the Council has a need to implement an urgent new solution for treating its residual waste as an alternative to landfill. Plymouth City Council along with its partners in Devon and Torbay has a signed contract with MVV, planning permission has been granted for the development and the Environment Agency is minded to grant an Environmental Permit having satisfied itself that the proposed facility will be constructed and operated in a way that will not harm human health or significantly pollute the environment.

The Chair thanked Mr Lawrie for his attendance.

125. **CHAIR'S URGENT BUSINESS**

There were no items of Chair's urgent business.

126. **CAPITAL INVESTMENT DELIVERY FOR MARINE ACADEMY, PLYMOUTH**

Further to minute 71 of the Cabinet meeting held on 18 October 2012, the Director for Place submitted written reports on the capital investment delivery for Marine Academy Plymouth.

Cabinet Members were advised that -

- (a) the Department for Education approved a capital allocation of £9.4m for the Marine Academy Plymouth of which Plymouth City Council was a co-sponsor;
- (b) the allocation was on the basis that the delivery of this capital investment was procured through the Partnership for Schools Academies Framework and managed through the local authority;

- (c) a feasibility study had been undertaken on the building options and had been through a pre-application planning process. The study had received approval by Partnership for Schools on 24 November 2011;
- (d) a report on the All Saints Academy would be submitted to a future meeting of Cabinet;
- (e) the tender process included the option to use the successful contractors to deliver the University Technical College at a later stage should the Council wish to do so, saving a considerable amount of procurement time;
- (f) following a tender process and evaluation of the tenders received, BAM Construction Ltd was recommended as the selected panel member (preferred bidder). This recommendation had been endorsed by the Academy, and by the Academy's main sponsors who were the University of Plymouth;
- (g) the capital investment into the city would have an important impact on the local economy. It was estimated that as much as 80% of this value would be spent in Plymouth and the demand for skilled trades would also allow the Council to negotiate with the contractor to take on apprentices as part of the proposal.

Plans together with a model of the proposal, were displayed.

Agreed that –

- (1) approval is given to the appointment of BAM Construction Ltd as the selected panel member to deliver the capital improvements to the Marine Academy Plymouth and that expenditure of the design fees is awarded to this contractor;
- (2) the final approval to agree the scope and quality of works is delegated to the Director for Place.

127. **UNIVERSITY TECHNICAL COLLEGE, PLYMOUTH**

The Director for People and the Director for Place submitted a written report indicating that -

- (a) a consortium of Plymouth University, City College Plymouth and Plymouth City Council had developed a vision to promote employer led learning in Plymouth that would be delivered through a University Technical College (UTC);

- (b) the University, who acted as lead sponsors, City College and leading employers formed a limited company in order to make a bid for a UTC based at a Devonport location. They had been supported in this by, amongst others, Babcock Marine, Princess Yachts International, Plymouth Manufacturers Group, Plymouth Chamber of Commerce and Industry and Plymouth Federation of Small Businesses;
- (c) the Government had announced that Plymouth's bid for a UTC had been successful and that the Secretary of State hoped that the Plymouth UTC would be opened in 2014, but that there were possibilities of an earlier start in 2013;
- (d) Plymouth University, Plymouth City College and Babcock Marine were developing the governance arrangements for a UTC Academy Trust. This body would take forward the proposals to form a UTC with a view to signing a formal Funding Agreement with the Secretary of State for Education;
- (e) these partners had proposed the site of the former Parkside School as a suitable location and a feasibility study was currently being developed;
- (f) Partnership for Schools had set out its preferred delivery of the capital investment in the buildings which was for the Council to add this proposal as a follow-on project to the procurement of the Marine Academy Plymouth. This procurement route would be very cost effective for the private sector with reduced procurement costs. It would also allow a very fast turnaround in development time as the procurement time would be minimal;
- (g) Partnership for Schools had advised that it was the Government's preferred route for the Council to act as procurement agent and the University, as main sponsors, and the co-sponsors, had endorsed this as a preferred procurement method;
- (h) the UTC would bring capital investment, in the order of £8m, into the city. This would have an important impact the local economy. It was estimated that as much as 80 per cent of this value would be spent in Plymouth and the demand for skilled trades would also allow the Council to negotiate with the contractor to take on apprentices as part of the proposal.

The Chair congratulated Bronwen Lacey (former Director of Services for Children and Young People), Viv Gillespie (former Principal of the City College, Plymouth) and Wendy Purcell (Vice-Chancellor and Chief Executive of Plymouth University) on their achievements to secure the UTC for Plymouth.

Agreed that Plymouth City Council –

- (1) formally becomes a co-sponsor of the UTC Plymouth and were very proud to do so;
- (2) becomes the delivery agent for the University Technical College.

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PLYMOUTH CITY COUNCIL

Subject: North Prospect Library proposed relocation to Community Hub, North Prospect Road, North Prospect, Plymouth – Acquisition of lease

Committee: Cabinet

Date: 6 March 2012

Cabinet Member: Councillor Bowyer and Councillor Jordan

CMT Member: Director for Corporate Services and Director for People

Author: Chris Trevitt, Head of Capital and Assets and Sandra Pentney, Community Libraries Manager

Contact: Tel: 01752 307778 and 01752 305939
Email: Chris.Trevitt@plymouth.gov.uk and Sandra.Pentney@plymouth.gov.uk

Ref:

Key Decision: Yes

Part: I

Executive Summary:

It is proposed the Council relocate North Prospect Library from its current freehold premises at Greatlands Place to significantly larger leasehold premises at the planned Community Hub complex to be constructed on North Prospect Road.

The new leasehold premises are proposed to be held on a ninety-nine year lease. In addition to operating costs of the Library premises the Council will be liable for a service charge contribution towards the costs of maintaining and operating the Community Hub complex including communal areas. Revenue costs will be met from the Library Service revenue budget.

The proposed relocation will enable the Library Service to provide an improved service from better quality more accessible accommodation in a customer friendly location. The proposal involves working with Plymouth Community Homes Ltd supporting them in the regeneration of North Prospect which is a Council priority supporting delivery of the Corporate Plan 2012-2015.

The new premises will need to be fitted out for use as a public library. The capital cost of the fit out is proposed to be met from within the Community Services Capital Programme.

Following relocation of the Library it is proposed to dispose of the Greatlands Place site.

Corporate Plan 2012 – 2015:

DELIVERING GROWTH

The proposed relocation of North Prospect Library is anticipated to secure existing jobs. It is proposed, subject to relocation of North Prospect Library facility, that the current library site will be disposed of.

The siting of the Library within the Community Hub is anticipated to increase the footfall and use of adjacent commercial premises within the Hub.

The Library will support access to information for job seeking and learning opportunities.

RAISING ASPIRATIONS

The provision of an enlarged library facility in the Community Hub is anticipated to improve quality of life and satisfaction with the Library Service. It will provide information, advice and support for all ages, from babies to older people. There will be activities designed to develop reading and learning skills.

REDUCING INEQUALITIES

The existing North Prospect Library has accessibility improvements identified. New build accommodation will be designed and constructed to higher accessibility standards.

The existing Library is detached from other community facilities / services some of which it is intended will also relocate to the Community Hub.

The Library Service will support literacy and educational attainment in the area with free access for all.

PROVIDE VALUE FOR COMMUNITIES

The proposed relocation of North Prospect Library will involve working with Plymouth Community Homes Ltd to maximise resources to benefit customers with the aim of increasing customer satisfaction with the Library Service and offering value for money. The library will offer direct access to Council information and services as well as local venue for activities.

**Implications for Medium Term Financial Plan and Resource Implications:
Including finance, human, IT and land**

There will be an estimated cost of £0.075m to fit out the proposed premises at the Community Hub complex for use as a public library. The capital cost of the fit out is proposed to be met from capital receipts or capital grants.

Removal costs from the current Greatlands Place site will be met from existing Library Service revenue budget.

Annual revenue operating costs for the relocated Library are to be met from the existing Library Service revenue budget.

Through ongoing discussion the staff (1.82 full time equivalent) at the current Greatlands Place site are aware of the proposed Library relocation to new premises in the planned Community Hub complex on North Prospect Road. Currently there are no plans to alter the terms and conditions or hours worked by the staff. Should any changes be proposed the staff, and where appropriate any trade unions, will be consulted before any changes are implemented. It is proposed the new premises will benefit from the installation of self service kiosks and provide a better, and safer, working environment for staff.

The fit out will include the provision of appropriate IT connection and services.

It is proposed, subject to relocation of North Prospect Library facility, that the current library site will be disposed of.

Other Implications: e.g. Community Safety, Health and Safety, Risk Management and Equality, Diversity and Community Cohesion:

Community Safety

The current Greatlands Place facility is subjected to vandalism and graffiti. The facility is on the edge of a residential area with little passing pedestrian or vehicular traffic. The rear of the building is screened by mature trees and hedging to the perimeter of the site from both the nearby houses and Wolseley Road. The proposed new Library premises will directly front the busy North Prospect Road, a main route through the area, and adjoining uses including shops and community facilities are expected to generate passing traffic during the day, evenings and weekends reducing the opportunity for anti-social behaviour and encourage customers with any safety concerns to visit 'after dark' as well as increasing safety for staff.

Health and Safety

Relocation to new purpose built premises is anticipated to reduce any health and safety concerns and improve on the category C condition rating of the current facility.

Equality

The current facility has accessibility improvements identified suggesting a reduced service is provided to certain customers. The new premises will be constructed to higher accessibility standards improving equality.

Community Cohesion

By relocating the Library from a remote standalone site to adjacent to other uses within the Community Hub complex and working in co-operation with other Community Hub users it is expected community cohesion will be improved.

Recommendations & Reasons for recommended action:

Cabinet is asked to approve the acquisition of a lease, for a term of ninety-nine years, of premises to be constructed within the proposed Community Hub complex on North Prospect Road for relocation of the North Prospect Library from the current premises at Greatlands Place. Agreement of detailed terms to be delegated to the Director for Corporate Services in consultation with the City Librarian.

Cabinet is asked to approve the addition of the proposed fit out of the new Library facility to the Community Services Capital Programme.

Alternative options considered and reasons for recommended action:

- A) To continue to operate from the current premises at Greatlands Place, North Prospect. The Library Futures strategy produced in 2004 included a recommendation (reiterated in the draft Library Review 2012) that the North Prospect Library be relocated due to its location and that this could potentially be achieved by working in partnership. The current premises are on the opposite side of, and screened by trees from, the busy Wolseley Road and the local shopping centre and other nearby community facilities, local shops and businesses. The current premises have been assessed as in condition category C (poor – showing major defects and/or not operating as intended) and accessibility improvements have also been identified which would require additional expenditure. The current premises provide approximately 105 square metres of accommodation compared to approximately 200 square metres proposed at the Community Hub complex.

- B) To acquire alternative premises, either freehold or leasehold from which to operate North Prospect Library. There is no capital provision in the current Capital Programme for 2010/11-2014/15 for the Library Service from which to fund acquisition of alternative premises. Relocation to the Community Hub is working in partnership with Plymouth Community Homes Ltd to support the regeneration of North Prospect.

Background papers:

None.

Sign off:

| | | | | | | | | | | | |
|---|--------------------------------------|-----|---------|----|----------------|--------------|------------------------|----|--------------|---------------|-----|
| Fin | CDR/Co SFLC 1112003/ 230212 | Leg | 13865AC | HR | MG 1202/001 | Corp Prop | CJT/0 92/02 0212 | IT | JN02021 2 | Strat Proc | N/A |
| Originating SMT Member: Chris Trevitt and Sandra Pentney | | | | | | | | | | | |
| Have you consulted the Cabinet Member(s) named on the report? Yes | | | | | | | | | | | |

1.0 Current Premises

- 1.1 North Prospect Library is currently located in a stand alone building with grounds at Greatlands Place with residential properties to the north, east and west and Wolseley Road to the South. The current Library building dates from 1933 and provides approximately 105 square metres of accommodation.
- 1.2 The Library currently provides books, free computer access, a fax service, exhibition and display space, notice boards for community information and jobs and careers information. Regular activities include an adult reading group, rhymetimes for children under five years of age and a friendship group for adults over fifty years of age.
- 1.3 A summary condition report dated June 2009 for the current North Prospect Library premises identified outstanding repairs.
- 1.4 Accessibility improvements have been identified in respect of the current North Prospect Library premises.
- 1.5 The Library Futures strategy produced in 2004 included a recommendation (reiterated in the draft Library Review 2012) that the North Prospect Library be relocated due to its location and that this could potentially be achieved by working in partnership.

2.0 North Prospect Regeneration

- 2.1 The £168m regeneration of the North Prospect area is a Council priority with Plymouth Community Homes Ltd being the developer. The regeneration area includes the current Library site at Greatlands Place.
- 2.2 As part of phase 1b / 1c of the North Prospect Regeneration, a Community Hub complex is proposed to be built on a site which has boundaries to North Prospect Road, Lark Hill, Foliot Road and Cookworthy Road. The Community Hub complex, which has received full conditional planning permission (planning application numbers 10/02065/OUT and 11/01384REM), is to include a multi-use community hall, shop units, a daycare nursery (to replace the facility currently operated by Sure Start North Prospect LARK Project Ltd on the former North Prospect Primary School site which is to be redeveloped with residential units as part of phase 1b / 1c), office space, residential flats and public open space.
- 2.3 Discussions / negotiations between the Council and Plymouth Community Homes Ltd have resulted in the approved design for the Community Hub complex including approximately 200 square metres of space identified for the provision of a public library (to replace the current approximately 105 square metre Greatlands Place facility).

3.0 Proposed Lease

- 3.1 It is proposed that the Council acquire a lease for a term of ninety-nine years of the space, which will front directly on to North Prospect Road, identified for the provision of a public library.
- 3.2 In addition to the rent and operating costs the Council will be liable to contribute to service charge costs including the maintenance and operation of shared common parts of the Community Hub complex.

3.3 The lease will be on effective full repairing and insuring terms (through the service charge).

4.0 Fit Out Costs

4.1 There will be an estimated capital cost of £0.075m to fit out the proposed premises at the Community Hub complex for use as a public library.

4.2 Funding for the fit out of the new library premises will come from capital receipts or capital grant.

5.0 Financial Implications

5.1 The majority of the Library Service budget for North Prospect Library relates to staffing costs leaving the remainder to other operating costs. The operating costs allocation reflects that the current North Prospect Library is owned freehold by the Council so no lease costs are incurred.

5.2 In addition to the proposed lease rent there will be a service charge payable under the terms of the lease to contribute to shared expenditure and the running costs of the communal Community Hub. As the Community Hub complex will be new build property there is no historical information to estimate the level of service charge, however it is not anticipated to be significantly different to the operating costs of the existing facility.

CITY OF PLYMOUTH

Subject: Setting the Schools Revenue Budget 2012/13
Committee: Cabinet
Date: 6 March 2012
Cabinet Member: Councillor Sam Leaves
CMT Member: Director for People
Author: Anita Martin - Group Accountant for Schools
Contact: Tel: 01752 307433
Email: anita.martin@plymouth.gov.uk
Ref:
Key Decision: No
Part: I

Executive Summary:

The Local Authority must make an initial determination of the Schools Budget for 2012/13 and give notice of that determination to the governing bodies of the schools it maintains before the 31 March 2012.

The Schools Budget includes the Individual Schools Budget (ISB) which is determined by the local schools funding formula and all other expenditure incurred in connection with the authority's functions in relation to the provision of primary, secondary and special education and all relevant early years provision.

The Local Authority determines the local schools funding formula to ensure the equitable distribution across all schools, in consultation with the Schools Forum.

The Schools Budget is funded from the ringfenced Dedicated Schools Grant (DSG) and post 16 funding from the Young Peoples Learning Agency (YPLA).

The DSG has faced rising pressures over the last few years due to the increasing cost of providing for Special Education Needs (SEN) pupils. The Schools Forum commissioned a sub-group to review the funding of SEN in June 2009, to ensure it effectively and efficiently meets the needs of pupils.

Corporate Plan 2012 - 2015**Raising Aspiration:**

To protect the education system as far as possible during a period of significant change the principles of reducing turbulence and maintaining stability have been adopted.

Reducing Inequality:

The proposals continue to target funding at vulnerable children and young people to support their development and educational achievement. The Pupil Premium is welcome additional funding which is targeted to the most vulnerable children, in order to support schools in the work they do to raise attainment.

**Implications for Medium Term Financial Plan and Resource Implications:
Including finance, human, IT and land**

The recommendations in this report concern the distribution of the Dedicated Schools Grant (DSG). The DSG is ring fenced and as such any changes within it will not have a direct impact on the MTFP.

A number of local authority school related functions are funded by the central element of the DSG. As schools transfer to academy status the funding which the authority receives in relation to those functions will reduce. The authority will need to either a) replace the funding by charging the academy to continue delivering services on its behalf or b) re-focus services in line with the reducing requirement to deliver services on behalf of schools.

The Pupil Premium is a ring fenced grant allocated by the Department for Education in addition to the DSG.

Other Implications: e.g. Community Safety, Health and Safety, Risk Management and Equality, Diversity and Community Cohesion:

An Equalities Impact Assessment is currently being undertaken regarding the proposed changes to the funding of SEN in mainstream schools.

Recommendations & Reasons for recommended action:

1. The recommendations from the Schools Forum are accepted by Cabinet as follows -
 - a. to discontinue assessment nursery provision from July 2012;
 - b. to change the special school banding system from April 2012;
 - c. to update the proxy indicators used in the Category A formula to reflect the proposed split set out in paragraph 4.24;
 - d. to transfer savings on Category B arising from pupils transitioning from primary to secondary in September 2012 and year 11, 12 and 13 pupils leaving the school system of £0.630m to the Category A budget;
 - e. to continue to fund primary schools in-year for the additional pupils as a result of the Local Authority increasing the school Planned Admission Number (PAN);
2. Cabinet note the risk to the central DSG budget as schools transfer to academy status.
3. The proposed DSG budget should be set with a predicted surplus of £0.313m to be carried forward to the 2013/14 financial year. The predicted surplus will be updated to reflect the January 2012 pupil numbers and the final individual schools budget calculation.

Alternative options considered and reasons for recommended action:

The Local Authority must make an initial determination of the Schools Budget and give notice of that determination to the governing bodies of the schools it maintains before the 31 March preceding the start of the financial year.

Background papers:

Schools Forum Report: Setting the Schools Budget 2012/13 (26 January 2012)

Schools Forum Report: Assessment Nurseries (04 October 2011)

Schools Forum Report: Special Schools Funding Review (08 December 2011)

Sign off:

| | | | | | | | | | | | |
|---|---------------|-----|---------|----|--|--------------|--|----|--|---------------|--|
| Fin | ChS0375 AS | Leg | LT 1702 | HR | | Corp Prop | | IT | | Strat Proc | |
| Originating SMT Member: Colin Moore Assistant Director Services for Children & Young People | | | | | | | | | | | |

1.0 Introduction

- 1.1 The Department for Education (DfE) launched a consultation on School Funding Reform in July 2011. Proposals are still being formulated at a national level which will determine the method of funding local authorities and schools from 2013/14. The Local Authority, in consultation with the Schools Forum, must decide the distribution of the Dedicated Schools Grant for 2012/13 and set the Schools Budget by the 31 March 2012.
- 1.2 In order to cope with the large amount of work needed regarding changes to schools funding, the Schools Forum commissioned a Schools Budget Modelling Group in November 2010. The business plan of the group supports the detailed modelling needed to set the Schools Budget in 2011/12 and 2012/13 and building on the local formula review work in conjunction with national funding reform proposals for 2013/14 and beyond.
- 1.3 This report focuses on setting the 2012/13 Schools Budget.
- 1.4 The main areas for consideration include:
- i) The Schools Funding Settlement
 - ii) Phase II of the Special Educational Needs funding review
 - iii) Operation of the Pupil Premium
 - iv) Policy for Expanding Schools
 - v) Overall affordability of the Schools Budget

2.0 Schools Funding Settlement

- 2.1 The Secretary of State for Education announced the schools funding settlement on the 13 December 2011.
- 2.2 The funding settlement covers the one year period of 2012/13 only. It is hoped that the Department for Education will issue a settlement for the remainder of the Comprehensive Review Period following consultation during 2012.
- 2.3 The DSG will continue to be allocated by the 'spend plus' methodology. No inflationary increase will be applied and the only adjustment to the DSG will be to reflect pupil number changes.

| | |
|--|--------|
| 2011/12 DSG Guaranteed Unit of Funding per pupil | £4,891 |
| 2012/13 DSG Guaranteed Unit of Funding per pupil | £4,891 |

- 2.4 All schools will be guaranteed that their funding will not reduce by more than 1.5%, where pupil numbers stay the same. This is known as the Minimum Funding Guarantee. Whilst the guarantee will offer some protection, schools will be expected to make efficiency savings to live within the settlement.
- 2.5 The DSG is based on the January School Census. An analysis of the October School Census estimates that primary pupil numbers are rising at a rate above the falling secondary pupil numbers which is likely to provide a marginal amount of headroom to support some of the pressures.

- 2.6 The formula issued for the calculation of individual school Devolved Formula Capital (DFC) allocations has not changed and therefore schools can expect to receive a similar amount to that in 2011/12, subject to any movement in pupil numbers. At Authority level it should be noted that the final DfE allocation will be based on January 2011 pupil data and therefore as Plymouth's overall pupil numbers are rising, this is likely to give rise to a budget pressure, as local distribution is currently based on January 2012 data. It is likely that this pressure will be offset by the Local Abatement of DFC for new or modernised schools.
- 2.7 Whilst the government plans to allocate £7.5bn to fund an additional 34,000 post 16 places nationally to support the move towards the raising participation age, changes to the post 16 funding formula by the Young Peoples Learning Agency is likely to have a significant impact on individual schools over the next few years.
- 2.8 Details of the Post 16 allocations for individual schools are still awaited. Transitional protection for 2012/13 policy changes will continue to be made available until 2015/16.

3.0 Operation of the Pupil Premium

- 3.1 The Pupil Premium will be allocated for service children, deprived children as assessed by FSM entitlement and Looked After Children in years reception to 11.
- 3.2 The cash available to fund the pupil premium has been doubled by the Government for 2012/13. The eligibility has also been extended to covers pupils who have been entitled to a free school meal at any point in the last six years.

| | 2011/12 £m | 2012/13 £m | Increase £m |
|----------------------------|---------------|---------------|----------------|
| Free School Meal | 3.061 | 5.451 | 2.390 |
| Service Children | 0.447 | 0.599 | 0.152 |
| Looked After Children | 0.125 | 0.153 | 0.028 |
| Total Pupil Premium | 3.633 | 6.163 | 2.530 |

- 3.3 The change to FSM Ever 6 has the impact of diluting the funding each pupil receives but allocating it over a higher number of pupils. The impact of this change for Plymouth is set out in the table below.

| | Primary | Secondary | Total |
|---------------------------------------|---------|-----------|---------|
| No of eligible pupils – FSM Current | 3,845 | 2,195 | 6,040 |
| No of eligible pupils – Ever 6 | 5,061 | 3,634 | 8,695 |
| Additional Pupils Funded | 1,216 | 1,439 | 2,655 |
| | £m | £m | £m |
| Pupil Premium - FSM Ever 6 at £600 | 3.037 | 2.184 | 5.221 |
| Pupil Premium - FSM Current at £874 # | 3.359 | 1.917 | 5.276 |
| Increase/ (decrease) | (0.322) | 0.263 | (0.059) |

£874 is an estimation of allocating the national pupil premium deprivation element over the number of pupils with a current eligibility for free school meals.

- 3.4 The assessment of the national impact of changing to the FSM Ever 6 approach indicates that the impact on Plymouth is similar to our statistical neighbours and there is a general shift with more affluent authorities receiving additional funding and more deprived authorities receiving a lower share of the pupil premium.
- 3.5 The DfE will issue guidance to schools on what the Pupil Premium should be spent on. The additional funding cannot be used to bridge a schools budget gap. Individual schools will need to report to parents how the premium has been spent.

4.0 Special Educational Needs (SEN)

- 4.1 The Schools Forum commissioned a sub-group to review the funding of Special Educational Need (SEN) in June 2009, to ensure it effectively and efficiently meets the needs of pupils. The phase I of the review was reported to Cabinet in March 2011 and led to a change in the funding of pupils with named allocations of special educational need being implemented in April 2011.
- 4.2 Phase II of the SEN funding review has been undertaken during 2011/12 to refine the formula distribution method with a view to increasing delegation from April 2012.

The phase II work plan has focused on the following areas:

- a) Assessment Nursery Provision
- b) Special School Funding
- c) Funding Formula for Distributing Category A (low level needs) Resources
- d) Tracking the transfer of funding from Category B to Category A

Assessment Nursery Provision

- 4.3 Assessment nurseries were established in Plymouth in the late 80's due to a lack of good quality provision for young children identified with an additional need and/or disability. With a dramatic change in the provision of early years education and childcare over the last 10 years, mainly driven by the introduction of the free entitlement, a review of assessment nurseries was commissioned to determine how best to meet the needs of early years children with SEN.
- 4.4 The Local Authority currently employs a mix of nursery nurses and teaching assistants from the Dedicated Schools Grant (DSG) budget at an annual cost of £0.129m. These staff were originally employed to provide a reduced staffing ratio which would enable the individual pupil assessment of SEN to take place. The table below shows the current assessment nursery arrangements.

| Nursery | Number of Places | Full Time Equivalent Staff Employed | Budgeted Cost £ |
|----------------------|------------------|-------------------------------------|-----------------|
| Ham Drive Nursery | 10 | 1.00 | 25,124 |
| Plymbridge Nursery | 10 | 0.93 | 22,834 |
| High Street Primary | 10 | 1.31 | 30,212 |
| Whitleigh Primary | 5 | 0.66 | 12,424 |
| Mount Street Primary | 6 | 1.00 | 24,462 |
| Weston Mill Primary | 5 | 0.58 | 14,214 |
| | | | 129,270 |

- 4.5 Following discussion in relation to current provision and historical perspectives it was agreed that relevant data and historical trends should be a key consideration in determining future provision.
- 4.6 The data showed that in June 2011 only 20 of the 46 available assessment nursery places were taken up. All nurseries are eligible to apply for additional funding for named pupils through the Early Years Inclusion Resource Panel (EYIRP). Whilst it was not originally anticipated that assessment nurseries would need access to this funding, the table below indicates a high level of applications across assessment nursery settings.

| Nursery | Allocation | Places taken up (June 11) | Applications for EYIRP Funding |
|----------------------|-------------------|----------------------------------|---------------------------------------|
| Ham Drive Nursery | 10 | 5 | 7 |
| Plymbridge Nursery | 10 | 3 | 6 |
| High Street Primary | 10 | 4 | 5 |
| Whitleigh Primary | 5 | 4 | 3 |
| Mount Street Primary | 6 | 2 | 2 |
| Weston Mill Primary | 5 | 1 | 1 |

- 4.7 The data also showed that the occurrence of SEN was not limited to the assessment nurseries and that there were other maintained and Private, Voluntary and Independent (PVI) settings meeting comparable levels of SEN using the EYIRP funding.
- 4.8 Consultation with parents who have accessed assessment nursery provision indicated that most would prefer their child's needs to have been met in a local provision if the child had travelled to an assessment nursery.
- 4.9 Following detailed consideration of the data and the Governments strategy for SEN which identifies the need to develop the confidence and expertise of staff across all settings, the Schools Forum makes the following recommendations to Cabinet:
- The current assessment nurseries should be discontinued from July 2012 and all early years' pupils with high levels of SEN/Disability should be consistently supported through the EYIRP.
 - The nursery nurses and teaching assistants currently charged to the central budget will be put at risk of redundancy.
 - Schools should model the projected additional income which could be allocated through the EYIRP based on a typical years catchment to determine whether the individuals could secure suitable alternative employment by being absorbed into the school.
 - The current assessment nursery budget of £131,120 will be added to the EYIRP funding to meet the increased cost of named allocations.
 - Early Years Support Services should promote and develop expertise in meeting needs across settings through training and professional accreditation.

Special School Funding

- 4.10 A review of special school banding descriptors has been taking place since the last audit and moderation of places funded from April 2008. Special school places should have been audited and agreed for the three year period commencing in April 2011, however the release of the SEN Green Paper and the National Schools Funding Reform consultation has meant that more time has been taken to ensure the local review is in line with national directives.
- 4.11 There are currently five bands used to fund special schools and a significant number of pupils receive an additional named allocation where their needs are above those included in the place led funding. The national school funding reform consultation discussed options for how high cost pupils could be funded which included the provision of a base rate of £10,000 per pupil and giving additional funding for actual pupils.
- 4.12 A recent assessment of actual pupils carried out for this review suggested that approximately 68% of pupils could be supported through a base rate of £10,000. Consideration was then given to the 25% of pupils assessed with a cost of approximately £15,000 and the delivery model this would purchase in a special school context was determined.
- 4.13 Consideration was then given to the remaining 7% of pupils currently in receipt of an additional named allocation. Initial modelling attempted to include a band for these very high cost pupils which would fund the schools direct, based on the historical audit of need, and reduce the need for named allocations. Concern was raised as to whether this would provide a) responsive funding to schools for very complex pupils or b) value for money, particularly when pupils move between schools during the funding cycle.
- 4.14 The Schools Forum makes recommendation to Cabinet to reduce the banding system from five to three bands as shown in the table below from April 2012.

| Current | | Proposed | |
|--------------------------------|---------|----------|----------------------------------|
| Medium | £6,296 | Band 1 | £10,191 |
| High | £9,351 | Band 2 | £16,075 |
| Exceptional | £14,426 | Band 3 | £10,191 plus Named Allocation |
| Exceptional Physical/Severe | £14,831 | | |

- 4.15 New simplified banding descriptors will be used to support schools in the audit and moderation of pupil needs.
- 4.16 The cost implication of approximately £0.200m will be built into the overall affordability of the Schools Budget.

Funding Formula for Distributing Category A Resources

- 4.17 Category A SEN resources are allocated via a funding formula designed to target resources according to need across individual schools. Historically the resources have been used to support low level but high incidence need, with the high level needs predominately being funded through a named resource (Category B).

- 4.18 The changes to Category B funding implemented in April 2011, require schools to use the delegated resources to meet the needs of SEN pupils with a top up allocation paid for high level needs. The top up allocations have been paid to schools for all new cases from April 2011 and for transition between primary and secondary from September 2012. As pupils with previously approved allocations leave the school system, the savings on the Category B budget will be transferred to the Category A budget and increase the total formula funding available to schools.
- 4.19 The initial modelling of increasing delegation to schools using the current formula factors estimated there would be large transfers of funding across the City. The deprivation factors in the current formula meant that schools in less deprived areas of the City which historically attract high numbers of SEN pupils would lose considerable amounts of funding.

Review of Proxy Indicators

- 4.20 An analysis of the pupils registered on the January 2011 school census was undertaken in relation to SEN need. Statemented and School Action Plus pupil data was split into those supported by formula and additional funding.
- 4.21 Using information from a recent research paper produced by Price Waterhouse Coopers and experience of supporting pupils, the group considered which proxy indicators would be most appropriate to target the different types of need.
- 4.22 The current formula uses free school meal eligibility to distribute the deprivation element of the Category A funding. To determine whether this identified the majority of pupils with an SEN type linked to deprivation, a cross match of SEN type by FSM and the deprivation ranking of the pupil's home postcode was carried out. The results, shown below, demonstrated that a considerably proportion of pupils with an SEN type linked to deprivation were not registered for FSM but were living in the most deprived areas of the City.

Cross match SEN Need to Deprivation

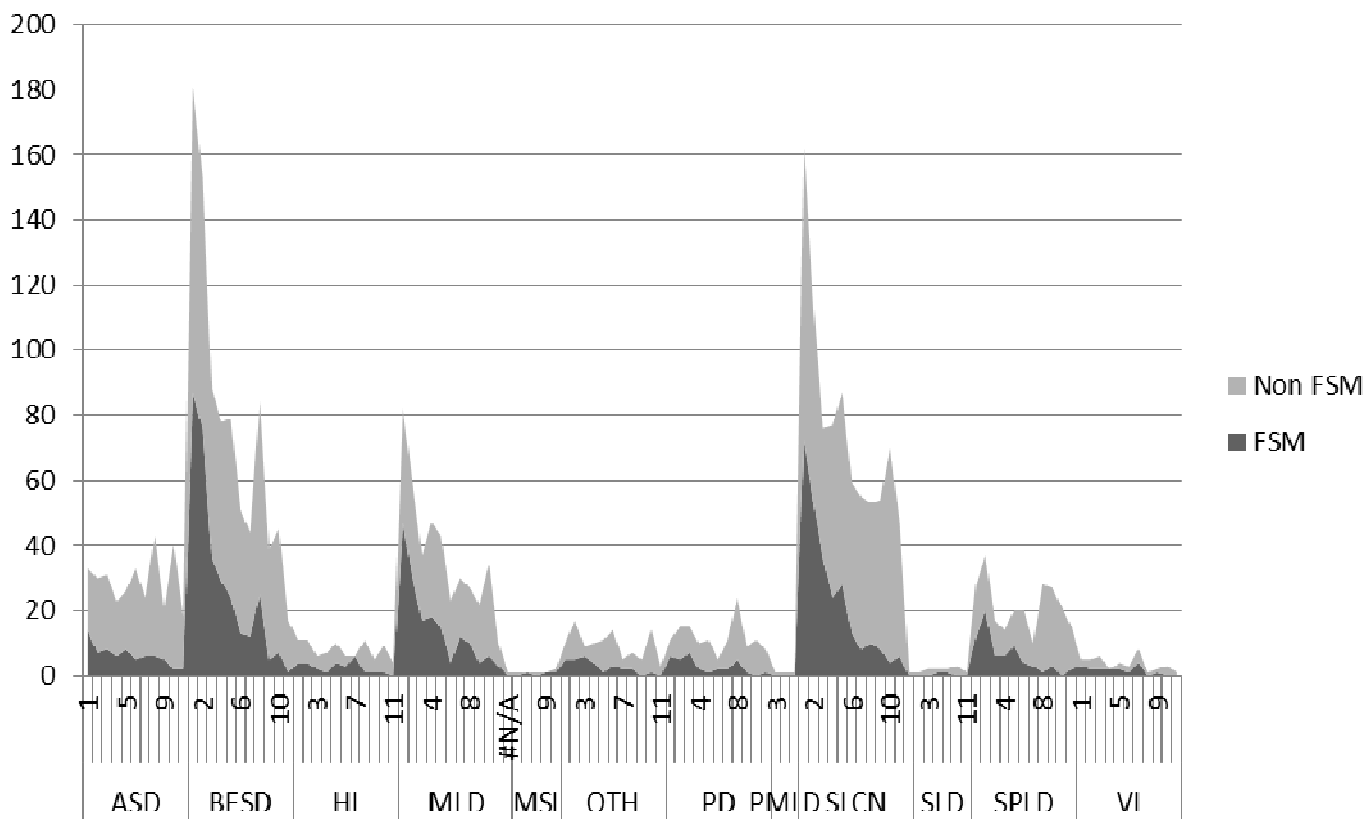


Chart Key:

| SEN Code | Need Type |
|----------|---------------------------------------|
| SpLD | Specific Learning Difficulty |
| MLD | Moderate Learning Difficulty |
| SLD | Severe Learning Difficulty |
| PMLD | Profound Multiple Learning Difficulty |
| BESD | Behaviour, Emotional and Social |
| SLCN | Speech, Language and Communication |
| MSI | Multi Sensory Impairment |
| PD | Physical Disability |
| HI | Hearing Impaired |
| VI | Visually Impaired |
| ASD | ASD |
| OTH | Other |

4.23 The group considered whether the data for pupils ever registered for FSM in the last 6 years would identify the pupils not picked up with a current eligibility. This was discounted given that it would create disproportionate transfers in funding across individual schools. However, the evidence did suggest that distributing funding using the Index of Multiple Deprivation of the pupil’s home postcode would appropriately identify pupils with SEN who do not trigger FSM eligibility.

4.24 The proposed funding formula and proxy indicators for 2012/13 are shown in the table below.

| Proxy Indicator | Current Formula | | Proposed Formula | |
|---------------------|-----------------|-----------|------------------|-----------|
| | Primary | Secondary | Primary | Secondary |
| Prior Attainment | 51.10% | 53.10% | 44.07% | 44.07% |
| Flat rate per pupil | 20.40% | 21.40% | 34.18% | 34.18% |
| IMD | 0.00% | 0.00% | 21.75% | 21.75% |
| FSM | 26.50% | 23.50% | 0.00% | 0.00% |
| LAC | 2.00% | 2.00% | 0.00% | 0.00% |

Tracking the transfer of funding from Category B to Category A

4.25 As part of agreeing to change the Category B banding system, a commitment was made to transfer resources from Category B to Category A when pupils receiving higher allocations under the old system either left the school system or transitioned from primary to secondary schools from September 2012.

4.26 The SEN funding group has considered the transfer savings, alongside the requirement to keep a provision for year 6 transfers and recommends that £0.630m is transferred from April 2012. The transfer will be allocated across phase according to pupil numbers.

5.0 Funding Expanding Schools from 2012/13

5.1 Schools are funded according to the number of pupils on the January school census proceeding the financial year as per the School Finance Regulations. Plymouth has historically been in a falling roll position and has therefore only had a policy for recognising in-year exceptional growth. The in-year exceptional growth policy allowed schools to receive an additional in-year allocation if the September pupil numbers were 20% higher than the proceeding January.

5.2 The birth rate significantly increased from 2005/06 and the increased pupil numbers began filtering into primary education from September 2011. Following a programme to reduce surplus capacity when in a falling roll position, the local authority now has to build additional capacity into the city. The increased capacity is in the form of building space and suitability together with increasing the Planned Admission Numbers (PAN) of some schools.

5.3 The Dedicated Schools Grant (DSG) is also paid to the Local Authority based on the January headcount and any additional in-year allocations will present a cost pressure for the DSG.

5.4 As an interim measure in 2011/12, the Schools Forum agreed to fund primary schools for the additional pupils as a result of increasing the school PAN from September 2011. This was in recognition that the increased PAN would be likely to result in the creation of an additional class with associated costs.

5.5 The Schools Budget Modelling group has reviewed the various policies for funding expanding schools in other local authorities and the cost implications of adopting a policy in Plymouth. On balance it is proposed that the policy of funding primary schools for additional pupils as a result of the Local Authority increasing the schools PAN should be continued.

5.6 A provision of £0.250m should be set aside in the 2012/13 budget to fund the in-year allocations in September 2012.

6.0 Overall Affordability of the Schools Budget 2012/13

6.1 Given that the only increase in the Dedicated Schools Grant (DSG) in 2012/13 will be through pupil number growth, consideration must be given to expected cost pressures when determining the overall affordability of the 2012/13 Schools Budget. The DSG budget must legally be determined using the January pupil census data. The draft budget outlined in this report has been based on the October pupil census and thus is subject to pupil number change.

6.2 2011/12 DSG Monitoring Position

Any under or overspend on the DSG will be carried forward and be added to or deducted from the 2012/13 DSG available.

| | |
|---|--------------|
| | £m |
| Adjusted brought forward from 2012/13 | 0.152 |
| Forecast In-year monitoring variation (Dec 11) | <u>0.845</u> |
| Net forecast underspend to carry forward | 0.693 |

6.3 Expected cost pressures are shown in the table below.

| Cost Pressures | | £m |
|-----------------------|--|----------------|
| 1 | Review of Special School Funding | 0.200 |
| 2 | Statementing Category B Growth | 0.201 |
| 3 | Carbon Reduction Tax | 0.169 |
| 4 | Increased data factors i.e. UPS, NNDR etc. | 0.135 |
| 5 | Policy for Growing Schools | 0.250 |
| 6 | FSM Take-up | 0.196 |
| | Total Estimated Cost Pressures | 0.950 |
| | | |
| | Financed By: | |
| 1 | Reducing the Statementing Contingency | (0.224) |
| 2 | Removing the support for schools in financial difficulty | (0.100) |
| 3 | Saving on prudential borrowing repayment | (0.173) |
| 4 | Full year effect of lifelong learning restructure | (0.314) |
| 5 | Balance of increased pupil numbers | (0.140) |
| | Total Savings to Offset Cost Pressures | (0.950) |

The information above illustrates the high level changes built into the illustrative budget. The detailed analysis of all estimated cost pressures and savings is shown in Annex A.

6.4 The illustrative Schools Budget for 2012/13, including academies, is shown in the table below.

| | Adjusted 2011/12 £m | Illustrative 2012/13 £m | Increase/ (Decrease) £m | % |
|-----------------------------|------------------------------------|--|--|-------------|
| Direct Schools Expenditure | 158.755 | 159.196 | 0.441 | 0.3% |
| Central Expenditure | 12.685 | 12.866 | 0.181 | 1.4% |
| Total Schools Budget | 171.440 | 172.062 | 0.622 | 0.4% |

| | £m |
|--|-----------|
| Estimated DSG | 171.682 |
| Projected surplus carried forward from 2011/12 | 0.693 |
| Less illustrative DSG allocation to schools and central services | 172.062 |
| Forecast under/ (over) spend carried forward to 2013/14 | 0.313 |

6.5 The Schools Finance Regulations prohibit the increase of the central expenditure at a rate which is higher than the direct schools expenditure without approval from Schools Forum. The total estimated DSG budget shown in paragraph 6.4 demonstrates that a breach of the central expenditure limit has occurred. The breach has occurred as a direct result of transferring the Hospital School budget from direct school expenditure to the Alternative Complimentary Education Service within the central expenditure. If this had not been transferred the central expenditure would have reduced by 1.9%.

6.6 The Schools Forum approved the breach of the central expenditure limit on the 26 January 2012.

6.7 The proposals regarding the distribution of the DSG in 2012/13 represents a balanced allocation across all schools. However, a very small number of schools (6 primary schools) will remain on the Minimum Funding Guarantee (MFG). The nature of the MFG means that those schools will effectively lose a maximum of 1.5% compared to their 2011/12 budget. A number of other schools may experience cash reductions but this will relate to pupil number and other data changes rather than as a result of any local formula changes.

7.0 Academy Recoupment

7.1 Part of the Local Authority's DSG allocation is recouped by the DfE for each school transferring to academy status. The majority of the recoupment is related to the Individual School Budget which is then paid direct to the academy by the YPLA. However, an element of the recoupment relates to the central expenditure where responsibilities are transferred to the academy.

7.2 The estimated recoupment in 2012/13 for Plymouth schools which have transferred to academy status is £0.655m.

- 7.3 In setting the illustrative budget the academy recoupment has been financed by a combination of the following factors:
- a) An 80% saving on the business rates allocation for academies eligible to charities relief.
 - b) Charging academies to continue delivering services on their behalf through the Prospectus of Services
 - c) Reducing service costs in relation to the authorities reducing responsibilities. For example, the cost of teachers maternity has fallen by 25% following the transfer of a significant number of teachers to academies entities.
- 7.4 Additional risk surrounds the calculation methodology of the DSG recoupment, in particular the charities relief allowance. If the methodology is changed it could have a significant impact on the services funded by the centrally retained element of the DSG.

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PLYMOUTH CITY COUNCIL

Subject: Consultation Response to Greater Western Franchise Replacement
Committee: Cabinet
Date: 6 March 2012
Cabinet Member: Councillor Wigens
CMT Member: Director for Place
Author: Philip Heseltine, Head of Transport Strategy
Contact: Tel: 01752 307942
Email: philip.heseltine@plymouth.gov.uk
Ref: TS/Rail/Rail Franchise Replacement 2013/Cabinet
Key Decision: No
Part: I

Executive Summary:

In the summer of 2011, the Department for Transport (DfT) issued notice to commence the process to award a new franchise for the Greater Western route starting in April 2013 and lasting 15 years. Prior to them issuing an Invitation to Tender to short listed bidders in May 2012, the DfT is undertaking a period of public consultation and seeking views from stakeholders on the specification that will be provided to short listed bidders.

Improved rail connectivity is an area which Plymouth has been actively campaigning for. Therefore, in September 2011, Plymouth City Council in partnership with Plymouth Chamber of Commerce, in anticipation of the Department for Transport (DfT) issuing its consultation on the franchise replacement, jointly commissioned a study on rail connectivity to bring together data and information from a range of sources. The study demonstrates, through inclusion of wider economic benefits, the importance of good rail connectivity to business activity and supporting inward investment.

The franchise replacement process presents an opportunity to put forward a robust case for improvement to increase the number of faster trains between London and Exeter (2 hours) Plymouth (3 hours) and Penzance (5 hours).

To achieve the implementation of these proposals will require effective channels of communication between South West local authorities, both Local Enterprise Partnerships (LEP) in the far South West, the Department for Transport and the bidders once the shortlist is announced in May. It is crucial for these key stakeholders, who stand to benefit, to be fully aligned behind the objectives of faster journey times and are able to demonstrate their combined determination that these improvements are delivered, will allow a stronger case to be made to DfT during the franchise consultation phase.

To add weight to the response, Cabinet sign off is sought to the core objectives of the new franchise specification, with our counterparts in Devon, Cornwall, Somerset and Torbay also signing up to the same set of core objectives. This will give a consistent message and provides a robust set of plans for rail service improvements that communicates a powerful message to the DfT of the ambitions we are pursuing across the whole South West.

The main body of this report is the over-arching statement setting out the core objectives required in the new franchise and will be submitted as a joint consultation response by LEPs, local authorities and local MPs together with individual detailed consultation responses, letters of support from stakeholders in the business community and supporting evidence.

Corporate Plan 2012 – 2015:

Improving rail services will support three corporate priorities: Delivering Growth, Reducing Inequalities and Providing Value for Communities:

Deliver Growth

The scheme directly supports Plymouth's growth agenda. Rail connectivity supports jobs and growth and those improvements will benefit the city's economy. The results of our own economic analysis have demonstrated the benefits to the local and national economy of an improved and faster rail journey time to London. An improved rail service increases productivity, which in turn can create a virtuous circle of benefits in economic terms.

Reduce Inequalities

The Gross Value Added (GVA) for Plymouth is below the national average. Analysis of transport improvements on local economic indicators such as GVA and employment shows that faster journey times increase GVA through business time savings and agglomeration benefits which in turn give rise to higher productivity among businesses leading to higher demand for labour, capital goods and business premises. The higher demand for labour results in the creation of new jobs as businesses increase their demand for more employees as a consequence of higher efficiency.

Provide Value for Communities

The environmental credentials of rail in relation to other forms of transport may also encourage a greater growth trajectory than might otherwise be the case and factors such as the price of petrol will play a role in the mode choice decisions of individuals. This is particularly true of longer journeys such as Plymouth to London, or Plymouth to Heathrow, where rail traditionally has an advantage over the car.

**Implications for Medium Term Financial Plan and Resource Implications:
Including finance, human, IT and land:**

There are no capital or revenue implications arising from this report.

Other Implications: e.g. Community Safety, Health and Safety, Risk Management and Equality, Diversity and Community Cohesion:

This is a response to a consultation issued by the Department for Transport. There are no other implications arising from this report.

Recommendations & Reasons for recommended action:

The Cabinet is recommended to:

- (i) Note the report
- (ii) Approve the wording of the over-arching response from the South West Local Authorities, Local Enterprise Partnerships to the Department for Transport’s consultation on the Greater Western Franchise Replacement
- (iii) Authority is delegated to the Cabinet Member for Transport, in consultation with the Director for Place, to give final approval to the wording of the final consultation response

Alternative options considered and reasons for recommended action:

To not respond to the consultation will mean losing out on a unique opportunity to make representations to the Department for Transport on the future specification of rail services to and from Plymouth. Other authorities will be making representations and the danger is that Plymouth’s priorities will not be heard, affecting the service over the life of the franchise, which will last for 15 years.

To not submit a joint response across the far South West authorities and the Local Enterprise Partnerships, will weaken substantially the case for better rail services made to the Department for Transport during the consultation phase.

Background papers:

Plymouth: The case for better rail services launched on 9 February 2012

Sign off:

| | | | | | | | | | | | |
|--------------------------------------|-------------------|-----|---------------|----|--|--------------|--|----|--|---------------|--|
| Fin | Dev F 11120056 | Leg | JAR/1 3992 | HR | | Corp Prop | | IT | | Strat Proc | |
| Originating SMT Member: Clive Perkin | | | | | | | | | | | |

1.0 Introduction

- 1.1 Section 2.0 is the over-arching statement that is intended to form the basis of a joint response to the Greater Western Rail franchise consultation by the Local Economic Partnerships (LEP), Local authorities (LA) and local MPs.
- 1.2 This is currently being finalised with our partners, but is based upon positive discussions held to date.
- 1.3 The final version may well be subject to minor change and delegated sign off by the Portfolio holder for Transport is therefore being requested as part of this report.
- 1.4 A more detailed officer response is being prepared on the specific questions set within the consultation document as they relate to Plymouth, and along with letters of support from stakeholders in the business community and other supporting evidence, will form the complete submission from the City Council.

2.0 Content of the joint authority and LEP submission to the franchise replacement consultation

- 2.1 Further to the consultation for the Greater Western Rail Franchise that is due to end on the 31st March 2012, we are writing to you jointly as representatives of the far South West to set out our overarching comments upon the new franchise and indeed the future needs for rail infrastructure during the franchise period.
- 2.2 In summary, we believe that the peripheral nature of the far South West and the resultant below average economic performance of the area can be directly and positively influenced by this new rail franchise through faster connectivity; increased rail capacity; and better quality of journey for the business traveller. The improvements to rail services which would bring substantial benefits to the South West and national economies alike are:
 - An increase in the number of faster trains between London and Exeter (2 hours) Plymouth (3 hours) and Penzance 5 (hours).
 - A corresponding improvement in local rail services to provide a comprehensive network that caters for both long distance and local trips.
 - Sufficient capacity on trains between the South West and London to meet both future levels of demand as well as current levels of demand, including more capacity on local services within Devon and Cornwall to relieve overcrowding during the peaks and over the summer months.
 - A refurbishment programme to existing rolling stock and station environments, to improve the passenger experience to better suit business needs that gives people the ability to work effectively throughout the journey with access to “WiFi” and continuous mobile coverage.
 - A commitment to review the medium to long term infrastructure requirements of the network to address reliability, resilience and journey times into the future.

Unlocking economic growth

- 2.3 We welcome the investment already committed for the Great Western routes. We also recognise that massive investment on the South Western route will take many years to be fully realised. Nevertheless, the fear in the far South West is that of becoming more peripheral, relative to other parts of the UK as other major rail projects, such as HS2 and Great Western electrification to Bristol and Cardiff, become operational.
- 2.4 The South West is performing below the national average economically in places such as Cornwall, Plymouth and Torbay. The far South West Authorities are already working with their Local Economic Partners to identify opportunities to deliver growth and a corresponding improvement in economic activity. However, improved connectivity is key to unlocking the full potential. Good rail connectivity supports jobs and growth, but a lack of proximity to centres of economic activity particularly disadvantages our ability as a region to become more economically productive. Research has shown that for every 100 minutes travel time from London, productivity drops by 6 per cent¹. Such regional disparities should concern Government. In arguing for the high speed rail network, HS2, the then Secretary of State for Transport Mr. Philip Hammond said, “unbalanced growth is not just bad for the North: it’s bad for the entire country”.
- 2.5 Better connectivity to the South West is essential to attract investment and boost employment opportunities and therefore the South West is focussing on improving the economy by improving connectivity by rail as the main form of public transport to London and other parts of the UK.
- 2.6 The Minister’s response to the Westminster Hall debate was very encouraging, in that she recognised the link between good rail connectivity and how it supports jobs and growth. In her response she said “Rail connectivity supports jobs and growth, and is, in particular, vital for the tourism sector, which is such an important part of the economy in the area served by the Great Western franchise” and “it would be positive for the Department for Business, Innovation and Skills, the Treasury, local enterprise partnerships and local authorities to be engaged in the important decision in question”.
- 2.7 Unfortunately the six objectives, set out in pages 22/23 of the consultation document and endorsed by the Secretary of State for Transport for the franchise renewal fails to mention explicitly the role of rail connectivity in helping to re-balance regional and sub-regional economies.
- 2.8 The franchise objectives and the criteria by which bids will be evaluated must recognise the importance of train services to the wider economy and the economic well-being of the areas the franchise serves and that rail connectivity supports jobs and growth and therefore it would be beneficial that any evaluation of the wider economic benefits requires the engagement of the Department for Business, Innovation and Skills (DBIS), LEPs, LAs and local business groups.
- 2.9 The level of services to the far South West provided through the new Greater Western Franchise Replacement should be determined by the economic needs of the far South West and the current level of demand. There is a good case for a frequent and fast rail link from London to Exeter/Plymouth and the far South West based on balancing regional/sub-regional economies.

¹ *Meeting the productivity challenge*, University of Bath & University of West of England

- 2.10 The Cornwall and Isles of Scilly and Heart of the South West Local Economic Partnerships, the five local authorities of Plymouth, Devon, Torbay, Cornwall and Somerset and our local MPs all agree on the need for faster rail services with regular journey times between London and Exeter (2 hours) Plymouth (3 hours) and Penzance (5 hours) being our shared priority. However, this is not asking for major investment from the start of the franchise, but a recognition that improvements to existing rail services can be made early in the next franchise period which will make a big difference to the far South West 's economy and its ability to attract investment and achieve its growth ambitions.
- 2.11 It is widely recognised that a maximum 3 hour travel time from London determines investment in an area - not only to enable business to be 'done in a day' but also through investment decisions of major companies who specifically search for suitable locations by this simple rule.

Economic Case for faster train services

- 2.12 Economic analysis carried out on behalf of Plymouth City Council by leading rail industry experts, Steer Davies Gleave, shows that modifications made to the current timetable, to achieve journey times between London and Exeter (2 hours) Plymouth (3 hours) and Penzance (5 hours), produce substantial economic benefits for the far South West. Not only has our analysis demonstrated the impact on revenue accruing to the rail industry through increased passenger demand, but also identified wider economic benefits, in line with Department for Transport guidance, which have proved to be large relative to the costs. Overall, the analysis suggests that the scenarios that have been analysed present opportunities to realise economic benefits well in excess of costs, but the far South West authorities require Government support through the Greater Western franchise Train Service Requirement to realise these benefits. In the medium to longer term, the far South West would benefit further from affordable infrastructure improvements delivered through Network Rail that allow trains to operate at higher line speeds.
- 2.13 We are asking, therefore, that the improved level of economic activity achieved in Cornwall, Torbay, Devon, Somerset and Plymouth, arising from timetable modifications justifies inclusion in the next franchise an increase the number of trains between London and Exeter (2 hours) Plymouth (3 hours) and Penzance (5 hours) to eventually an hourly headway.

Capacity

- 2.14 Our concerns are not just restricted to connectivity. Demand for rail services across the country has averaged 4.5 per cent per annum between 2001/02 and 2009/10 with passenger use on the main lines to and from London at 4.2 per cent and passenger growth in the Bristol, Exeter and Plymouth travel-to-work area grew even faster, averaging 4.6 per cent per annum. The likelihood is that growth in demand in the far South West will continue and accelerate due to:
- The high level of population growth forecast in the South West region;
 - The level of new development that is being delivered or planned which is located conveniently to main railway stations;
 - The almost inevitable future upward trend in global oil prices contributing to an increasing propensity to use rail; and
 - An increasing dependence on public transport where it is available arising from an ageing population.

- 2.15 Many trains are already at capacity with no room for further passenger growth. There must be recognition through the franchise process that these drivers of growth are both recognised and factored into passenger growth projections and that we are clear how this growth can be catered for.
- 2.16 Clearly the Government has recognised the long-term benefits of £8bn investment in electrification to Bristol Cardiff, Oxford and Newbury through the Inter-City Express Project (IEP). Equally it needs to be understood that the electrification programme as it currently stands would only provide limited improvements in capacity on the railway serving the far South West as:
- The strategic link to London, from stations west of Taunton , will continue to be via the ‘Berks and Hants’ line via Westbury and not via Bristol;
 - Many local train services, including many branch lines are at capacity; and
 - Indicative timetables, post electrification of the GWML, indicates a broadly similar level of service to the current service pattern, journey times and frequencies, which would not meet current demands let alone future demand.

Quality of the passenger environment

- 2.17 Our work with local businesses has also highlighted the frustrations with the quality of journey, where it is impossible to work during the journey due to poor seating configurations and lack of wifi or continuous mobile coverage.
- 2.18 Furthermore, for all passengers, there needs to be improvements to existing rolling stock and station environments through a refurbishment programme to reconfigure passenger accommodation to better suit long distance journeys.
- 2.19 Given the importance of future connectivity and rail capacity being sufficient to meet rather than choke off future growth in demand, the ability of the new franchise to provide incentives for the franchisee to invest in building the business is vital. The complexities and long lead times associated with securing investment in infrastructure and additional rolling stock, which largely fall outside the franchise but are none the less within the gift of the Department for Transport (DfT), requires measures to be put in place to accelerate the process of funding those enhancements needed to increase capacity. The lack of additional rolling stock becoming available to accommodate passenger growth running at about 4.5per cent per annum between now and the completion of the programme of electrification in 2018 is a major concern to the South West where many services are already at capacity. We therefore, call upon Government to invest in new diesel multiple units to strengthen existing services as well as stimulating demand in the train building industry.

Infrastructure Improvements

- 2.20 Whilst it is acknowledged that the network presents some challenging issues that will require longer term solutions, we are also aware that enhancements could be made in the shorter term under ‘business as usual’ to improve journey times, train capacity and reliability. This includes for example:
- Maximising line speeds
 - Increasing passing opportunities (e.g. length and number of passing loops)
 - Reducing headway between trains (e.g. signalling improvements West of Exeter)

Electrification

- 2.21 Looking further into the franchise period, we ask that the new franchise does not ignore electrification into the far South West, as an opportunity for the replacement of the existing High Speed Train fleet. We would like to draw your attention to the conclusions arising from Network Rail's Electrification Route Utilisation Strategy (RUS) of 2009. The "Core Strategy" for the South West has to be robust, by becoming a phased and committed electrification package. Without commitment beyond the Great Western Main Line (GWML) to Bristol and Cardiff to include Cross-Country route to Birmingham and the "Berks & Hants" route from Reading to Plymouth and Torbay, the solution will be inadequate and doesn't amount to a robust strategy that is fit for purpose. Network Rail's electrification RUS demonstrated that following electrification of the GWML, the electrification of the Cross-Country route between the limit of the current electrified network in the West Midlands, which ends at Bromsgrove, and Plymouth/Paignton had a Benefit to Cost Ratio (BCR) of 5 to 1. Electrifying the remaining link along the length of 'Berks and Hants' route between Newbury and Taunton, to fill the remaining gap to make Paddington to Plymouth all electric, had a positive financial (business) case and where the BCR was described as "effectively infinite".
- 2.22 We welcome this opportunity to have inputted into the new franchise and would be more than willing to discuss any of these issues further if required.

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