

AGENDA

Cabinet

Date: **Thursday 16 February 2012**

Time: **2.00 pm**

Place: **The Council Chamber, Brockington, 35 Hafod Road,
Hereford**

Notes: Please note the **time, date** and **venue** of the meeting.

For any further information please contact:

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Agenda for the Meeting of the Cabinet

Membership

Chairman Councillor JG Jarvis

Councillor AJM Blackshaw
Councillor H Bramer
Councillor PM Morgan
Councillor RJ Phillips
Councillor PD Price
Councillor DB Wilcox

GUIDANCE ON DECLARING PERSONAL AND PREJUDICIAL INTERESTS AT MEETINGS

What is a personal interest?

You have a personal interest in a matter if that matter affects the well-being or financial position of you, your relatives or people with whom you have a close personal association more than it would affect the majority of other people in the ward(s) to which the matter relates.

A personal interest can affect you, your relatives or people with whom you have a close personal association positively or negatively. If you or they would stand to lose by the decision, you should also declare it.

You also have a personal interest in a matter if it relates to any interests, which you must register.

What do I need to do if I have a personal interest?

You must declare it when you get to the item on the agenda headed "Declarations of Interest" or as soon as it becomes apparent to you. You may still speak and vote unless it is a prejudicial interest.

If a matter affects a body to which you have been appointed by the authority, or a body exercising functions of a public nature, you only need declare the interest if you are going to speak on the matter.

What is a prejudicial interest?

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- a) a member of the public, who knows the relevant facts, would reasonably think your personal interest is so significant that it is likely to prejudice your judgment of the public interest; and
- b) the matter affects your financial interests or relates to a licensing or regulatory matter; and
- c) the interest does not fall within one of the exempt categories at paragraph 10(2)(c) of the Code of Conduct.

What do I need to do if I have a prejudicial interest?

If you have a prejudicial interest you must withdraw from the meeting. However, under paragraph 12(2) of the Code of Conduct, if members of the public are allowed to make representations, give evidence or answer questions about that matter, you may also make representations as if you were a member of the public. However, you must withdraw from the meeting once you have made your representations and before any debate starts.

AGENDA

	Pages
1. APOLOGIES FOR ABSENCE To receive any apologies for absence.	
2. DECLARATIONS OF INTEREST To receive any declarations of interest by Members in respect of items on the Agenda.	
3. MINUTES To approve and sign the minutes of the meeting held on 19 January 2012.	1 - 2
4. CHILD POVERTY STRATEGY To approve the Child Poverty Strategy 2011-2015.	3 - 26
5. WASTE CONTRACT - VARIATIONS To authorise the parameters of negotiations with our contractors concerning the variation to the integrated waste contract and to note progress to date in those negotiations.	27 - 48

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HEREFORDSHIRE COUNCIL

BROCKINGTON, 35 HAFOD ROAD, HEREFORD.

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HEREFORDSHIRE COUNCIL

MINUTES of the meeting of Cabinet held at The Council Chamber, Brockington, 35 Hafod Road, Hereford on Thursday 19 January 2012 at 2.00 pm

Present: Councillor JG Jarvis (Chairman)

Councillors: AJM Blackshaw, H Bramer, PM Morgan, RJ Phillips, PD Price and DB Wilcox

In attendance: Councillors RB Hamilton, JA Hyde, AW Johnson, NP Nenadich, GJ Powell, P Sinclair-Knipe, LO Barnett, TM James, RI Matthews and A Seldon

144. APOLOGIES FOR ABSENCE

There were no apologies for absence.

145. DECLARATIONS OF INTEREST

There were no declarations of interest made.

146. MINUTES

RESOLVED: That the Minutes of the meeting held on 15 December 2011 be approved as a correct record and signed by the Chairman.

147. DRAFT FINANCIAL STRATEGY AND BUDGET 2012/13

The Leader of the Council introduced the Draft Financial Strategy and Budget report for 2012/13. Prior to any discussion on the report the Assistant Director Law, Governance and Resilience informed Cabinet of the requirement to include an additional recommendation relating to equalities.

The Leader addressed Cabinet on the following points:

- The Council would set the Council tax based on a balanced budget.
- This was the second year there had been a freeze on Council tax in Herefordshire, which would be helped this year by the Government's Council tax freeze grant for 2012/13 of £2.2m.
- The provisional local government settlement included additional funding of £1.5m for social care, £2.1m to fund the 2011/12 council tax freeze, £2.3m NHS funding to support social care and £824k for the new homes bonus.
- The report before Cabinet covers the proposed capital programme, which includes funding for the broadband project, the link road as part of the City centre development and the replacement of the archives and modern records facilities.
- The removal of 'ring fencing' of grants for the majority of grants that remained was welcomed.
- The Overview and Scrutiny Committee and the Task and Finish groups were thanked for their work in reviewing the role that income charging plays in paying for services.

- The dedicated schools grant is to continue to be paid at the same rate as 2011/12 and the Herefordshire Schools Forum would be making its recommendations in light of the settlement.

The Chief Officer Finance and Commercial Services added that there was no certainty on funding after this year's budget and the local government settlement referenced on page eight of the report was provisional but it was not expected to change.

Cabinet discussed in more detail the points made by the Leader and Chief Finance Officer and the need to ensure savings were made in the way services were delivered. In referring to the current pressures in the People's Services Directorate and the proposed savings, the Director reminded Cabinet that although the Adult Social Care budget was under pressure, within Adult Social Care there were a number of savings schemes in place that were starting to deliver significant savings coupled with changing the way services were delivered. The Director undertook to provide all Members with further details on the pressures in Adult Social Care prior to the Council budget meeting on 3 February. Cabinet received the draft minutes of the Overview and Scrutiny Committee. Clarification was sought regarding the £2.2m to be used for the transformation of services as it was felt that there was some ambiguity in the budget report indicating that some funding was to be held back. The Chief Finance Officer informed Cabinet this had been discussed at the Overview and Scrutiny meeting of 16 February and that £1.2m was to be used for the support of the transformation programme and that £1m would be held back for budget contingency funding.

RESOLVED

THAT Cabinet recommends to Council on 3 February 2012:

- a) Approval of the Medium term Financial Strategy (MTFS) shown in Appendix A, which includes the 2012/13 budget and Treasury Management Strategy and policy Statement;**
- b) Approval of a freeze of Council tax for 2012/13 at 2011/12 levels;**
- c) Approval of the Capital Programme outlined in paragraph 67 of the report; and**
- d) That officers be required to further assess those elements which are perceived as engaging the Council's duties under the Equalities Act 2010 (including those at paragraphs 48/9, 55-58 and 69) and report further on any necessary amendments to this budgetary framework.**

The meeting ended at 3.30 pm

CHAIRMAN

MEETING:	CABINET
DATE:	16 FEBRUARY 2012
TITLE OF REPORT:	HEREFORDSHIRE'S CHILD POVERTY STRATEGY 2011-2015
PORTFOLIO AREA:	HEALTH AND WELL-BEING

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To approve the Child Poverty Strategy 2011-2015.

Key Decision

This is not a key decision.

Recommendation(s)

THAT Cabinet:

- (a) **approve the Child Poverty Strategy; and**
- (b) **approve the approach to the delivery and accountability / governance arrangements of the strategy and the approach to updating the strategy and needs assessment**

Key Points Summary

- The Child Poverty Act 2010 was established to put in place the action required to meet the 2020 vision to end child poverty. The government has affirmed its commitment to the Child Poverty Act and has produced a child poverty strategy in accordance with the requirements of the Act. The Act requires local authorities to prepare, publish and refresh both child poverty needs assessments and strategies, acting as leaders for a local, partnership approach. Herefordshire's Child Poverty Needs Assessment was published last year and forms part of the Joint Strategic Needs Assessment.
- Herefordshire's Child Poverty Strategy has been developed through a steering group and workshop approach with partners, including wider public services and the voluntary sector and is attached. At a national and local level, the dramatic and deep effects of the economic crisis continue to be a source of concern for the immediate and long term futures of children and young people. The Strategy provides a coordinated approach to child poverty in

Further information on the subject of this report is available from
Philippa Granthier, Head of Commissioning (Children's Services) on (01432) 260226

Herefordshire, but does not propose additional resources.

Alternative Options

- 1 There are no alternative options as it is a requirement that the local authority have a Child Poverty Strategy

Reasons for Recommendations

2. Child poverty matters because:
 - Children and young people are experiencing the effects now, they are often excluded from many of the things that other children and young people enjoy and that society would aspire to
 - Children within families who are poor tend to have lower educational attainment. Low skill levels and consequent productivity is seen to stunt economic growth, limiting the UK's ability to compete in the global economy.
 - There are strong links between child poverty and poor outcomes. Poorer outcomes for children and families place extra burdens and costs on public services, such as health care and children's services and affect everybody's day to day experiences of safety and well-being.
 - Communities suffer through increased deprivation and inequalities which reduce social cohesion. The costs of child poverty fall on individuals, families, communities and the taxpayer.
 - Many people believe there is very little child poverty in the UK today. This is not the case: over a fifth of children are in poverty (taken from Ending Child Poverty: Everyone's Business March 2008). This figure is widely recognised to have worsened over the past three years.
 - The economic crisis from 2008 has fundamentally affected the opportunities and life chances of many people in the UK. Arguably the poorest have been the worst affected, along with young people as recent national and local figures for people under the age of 25 not in education, training or employment have illustrated
3. The Herefordshire Child Poverty Needs Assessment provides a clear summary of the issues involved in child poverty. National data is released two years in arrears and relates to a snapshot date of 13 August each year. 2010 data suggests that 4,370 children under the age of 16 were living in poverty in Herefordshire at the snapshot date in 2008. From data released in 2011, this figure had risen to 4,685 at the snapshot date, a 0.9% increase. It is a multi faceted problem for society and for all statutory and non-statutory services working for the interests of communities. The Child Poverty Needs Assessment is now an embedded part of Herefordshire's Joint Strategic Needs Assessment, ensuring that child poverty needs are identified and integral to a holistic needs assessment across HPS.
4. The Child Poverty Strategy 2011-2015 was produced through a working group, working on behalf of the then Children's Trust and Herefordshire Partnership. Two workshops were held involving the voluntary sector to develop both the needs assessment and the strategy. It is a requirement of the Act to publish it by April 2011. Given local elections and subsequent developments regarding partnership approaches, it was agreed with the interim Director of People's Services to seek approval for the strategy and approach in the autumn of 2011.
5. The Child Poverty Strategy contributes to the work of the Health and Wellbeing Board in Herefordshire and also strategic intentions captured within the Economic Development Strategy. It is not a distinct approach, but one that provides a clear focus, a multi agency approach, and an opportunity for others to consider needs and activity and decide what they

can do to align their own work. This has taken place with representatives of the South Wye Partnership and could be replicated in other localities in Herefordshire, potentially with the assistance of the Assistant Directors.

6. The Strategy contains proposals for governance, monitoring and refresh (page 11 of the Strategy).

Introduction and Background

- 7 This report enables Cabinet to approve Herefordshire's Child Poverty Strategy, which is a requirement of the Child Poverty Act 2010. The strategy has been created through the development and use of the Child Poverty Needs Assessment, another requirement of the Act. This assessment is now an embedded part of Herefordshire's Joint Strategic Needs Assessment.
- 8 The Director of Public Health Annual Report 2011 Executive Summary also highlights the importance of intervention in the Foundation Years (early years) of a child's life in terms of improved outcomes and cost effectiveness of any early intervention. *People from deprived socio-economic groups not only have shorter lives but also spend more of their later years living with a chronic disease or disability.. This social gradient in health starts in the womb and accumulates through life.. with the most effective interventions being those in the first years of life. Action to reduce child poverty has close synergy with action to improve population health because reducing the social gradient in readiness for school at age 5 is the effective way to achieve both goals.*

Key Considerations

Making the strategy happen

- 9 This initiative forms 3.4 of the Joint Corporate Plan and contributes to the delivery of a number of strategic intentions and plans, including the Economic Development Strategy, our approach to housing, and the developing Health and Wellbeing Strategy. As a key part of the Joint Corporate Plan, Herefordshire Public Services Leadership Team has an important role to play in directing and leading the implementation of the strategy. Alongside that, the Council and the Health and Wellbeing Board will have a significant leadership and enabling role.
- 10 There is a requirement to have both a strategy and needs assessment and for them to be reviewed and updated. The needs assessment identifies the profound issues facing children who grow up in poverty and that these are evident in areas of Herefordshire. The Strategy sets out why issues are important in Herefordshire and also what activity is being undertaken to address them.
- 11 The Strategy is presented in such a way as to enable partners, community groups and others to consider how they might also contribute to addressing child poverty in Herefordshire. The Local Authority can use the Strategy to exercise its community leadership role.
- 12 The effectiveness of the Strategy will be kept under review through a number of different ways. Importantly the activities are positioned as ones that are central to different service areas, rather than "add-ons" that require additional activity and governance arrangements.
- 13 As there is a requirement to refresh the strategy on an annual basis, it is proposed to publish the strategy as a working document. This will then be used with a variety of groups, as well as with partnership bodies, to raise awareness and promote the use of the needs assessment and strategy by others. Activity that contributes to the delivery of the strategy will be captured.

- 14 It is proposed that the Children and Young People's Partnership Forum be used to oversee the impact of work in Herefordshire in a holistic way. They will hold individual agencies and services to account for the delivery of the activity identified in the strategy. Furthermore, it is proposed that the strategy is refreshed through this forum with the updated version being considered by the Health and Wellbeing Board along with a progress report. .
- 15 There has been some debate on how to measure the effectiveness of the Strategy and this will be refined through the work of the Children and Young People's Partnership Forum. The factors that contribute to child poverty are numerous and significant, with the recent national economic position playing a considerable part. Herefordshire's Child Poverty Strategy is ambitious whilst at the same time recognising that the national and local context can only be influenced to a degree in some areas.

Community Impact

- 16 Child Poverty is a significant issue for a number of localities in Herefordshire, as illustrated in the Child Poverty Needs Assessment. Community approaches to meeting the challenges of child poverty can fundamentally improve the lives of children and young people in Herefordshire, and can break cycles of poverty which are evident in particular areas within wards.

Equality and Human Rights

- 17 The strategy does pay due regard to our public sector equality duty :-

Under Section 149, the "General Duty" on public authorities is set out thus:

"A public authority must, in the exercise of its functions, have due regard to the need to -

- eliminate discrimination, harassment, victimisation and any other conduct ... prohibited by or under this Act;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it."

- 18 The aim of the strategy is to meet the challenges and reduce the impact that poverty places on families, and their children. By tackling this we will be improving their lives and outcomes to those achieved by their peers.

Financial Implications

- 19 The Strategy does not have a separate resource plan. It has been produced by combining the individual activities across a range of services and partners, recognising that there are few national grants now available and that local authorities have a fundamental role in coordinating and leading action, more so than perhaps commissioning or paying for all the activity that will make a difference.

Legal Implications

- 20 The Act requires a local authority to prepare and publish an assessment of needs of children living in poverty in its area. This must be published by September 2010, refreshed every 12 months and reviewed and revised within 3 years of being first published.
- 21 The Act requires local authorities and their partners to turn cooperation and their needs assessment into effective local child poverty strategies. These must be published by April 2011, reviewed and refreshed every 12 months and fully revised every 3 years

Risk Management

- 22 The risks to individuals and to society as a whole are such that the Child Poverty Act 2010 was reaffirmed by the present government, although it was introduced by the last Labour government. The national strategy establishes an overarching approach but doubts have been expressed about what can be done in some areas in the face of the economic situation. Locally, risks to opportunity, quality of life, basic needs, and wider society goals can be addressed through the strategy and the range of strategic intentions that HPS has established through the life of this Council. Fundamental activities to create employment and housing for local people will do much to reduce the risk of child poverty in the future, as will effective changes to people's health.

Consultees

- 23 Consultation has taken place with services within HPS and with voluntary organisations through two workshops which has led to changes to the strategy. The most recent changes have been made as a result of the views of the Health and Wellbeing Board who asked that greater emphasis be given to actions to increase the income which families have available to them
- 24 To date, there has been no direct consultation with children, young people and families on the overall strategy although specific actions/pledges within the strategy have been informed by feedback from families and communities. A consultation/engagement strategy will be rolled out as part of the implementation of the strategy.

Appendices

- 25 Herefordshire Child Poverty Strategy 2011 – 2015

Background Papers

Herefordshire's Child Poverty Needs Assessment

January 2012

Child Poverty Strategy 2011-2015

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Child Poverty Strategy 2011-2015

1. Introduction

“Out of every five children, one is currently living in poverty. 2 million live in poor housing – crowded rooms, squalid conditions, dangerous buildings too. These kinds of beginnings can hold a child back for his or her whole life. At just 22 months a poor child’s skills already trail behind those of better off toddlers. At age 5 that poor child, even if he or she is very bright, will have been overtaken at school by a less talented but more privileged classmate. By 16 he or she is just half as likely to get five good GCSEs, including English and Maths. And, at the other end of their life, a child born today in England, in the poorest neighbourhoods will still die, on average, 7 years before a child born in the richest.”

Government statement, 2010

Children and young people are growing up in poverty in Herefordshire. The effects of this will resonate throughout their lives, and are entwined with everyone else. They affect the growth and enrichment of society as a whole and affect the way individuals, communities, independent and voluntary organisations, and the public and private sectors use money and people. Successive national governments have recognised the profound impact of child poverty and the relationships with many different areas of society and services. The Child Poverty Act of 2010 has been endorsed by the government that came to power in 2010 and this government published its national strategy for Child Poverty in 2011¹.

In Herefordshire we can make a difference and transform the lives of our children, young people, families and communities together. This strategy is based on Herefordshire’s Child Poverty Needs Assessment, part of our overall Joint Strategic Needs Assessment. It sets out what we will do in the key areas affecting child poverty and also provides the opportunity for others to become involved and target their own activities to make improvements in their own local communities.

2. Vision

In Herefordshire we aim to address child poverty by:

- Preventing poor children from becoming poor adults, breaking cycles of poverty
- Promoting ambition, skills, and capabilities of children and families in poverty enabling them to move out of poverty
- Improving family circumstances including homes to enable children and young people to thrive and take full opportunities in education and be able to work in well paid employment with training and development opportunities
- Creating opportunities for people to meet their economic potential through work

¹ [A New Approach to Child Poverty: Tackling the Causes of Disadvantage and Transforming Families' Lives](#)

3. Herefordshire solutions

Herefordshire's Child Poverty Strategy sets out the areas of work we will focus on for the next four years. Herefordshire Public Services and partners have been working on many of these areas of work for some time; however, this strategy is the mechanism for pulling them together into a coherent strategy focused on tackling child poverty. This strategy, along with the child poverty needs assessment, enables others to think about what they can contribute and determine their own actions to address child poverty. Detailed actions are contained in individual service and business plans.

4. Definitions

Following extensive consultation, *Measuring Child Poverty*² set out a new tiered approach to measuring child poverty in the UK over the long-term.

- absolute low income: this indicator measures whether the poorest families are seeing their income rise in real terms. The level is fixed as equal to the relative low-income threshold for the baseline year of 1998-99 expressed in today's prices;
- relative low income: this measures whether the poorest families are keeping pace with the growth of incomes in the economy as a whole. This indicator measures the number of children living in households below 60 per cent of contemporary median equivalised household income; and
- material deprivation and low income combined: this indicator provides a wider measure of people's living standards. This indicator measures the number of children living in households that are both materially deprived and have an income below 70 per cent of contemporary median equivalised household income.

The Government monitors child poverty against all three measures with a target attached to the relative low-income measure, recognising that when family income falls below that of others in society, this has additional negative outcomes including inequality of opportunity and social exclusion.

The most familiar definition of Child Poverty is:

Proportion of children under 16 living in families in receipt of Child Tax Credit whose reported income is less than 60 per cent of the median income or in receipt of Income Support or (Income-Based) Job Seekers Allowance.

5. National Drivers

The Government's national Child Poverty Strategy sets out a new approach to tackling poverty up to 2020. Strengthening families, encouraging responsibility, promoting work, guaranteeing fairness and providing support to the most vulnerable are at the heart of this strategy. It is set against the backdrop of the Child Poverty Act 2010, which established income targets for 2020 and a duty to minimise socio-economic disadvantage. It has also been developed in the context of a Spending Review that placed a very high priority on improving the life chances of children and the protection of vulnerable families, while also making crucial progress in reducing the nation's fiscal deficit.

² [Measuring Child Poverty](#)

The Government's focus is on "combating worklessness and educational failure and preventing family and relationship breakdown with the aim of supporting the most disadvantaged groups struggling at the bottom of society." It is important to recognise the context in which a child is raised, alongside factors including education and income.

The national strategy has been informed by independent reviews by Frank Field MP³ and Graham Allen MP⁴. As a result, the Government is working on developing new life chances indicators, taking account of Field's recommendations and those in Dame Clare Tickell's review of the Early Years Foundation Stage⁵.

6. Herefordshire Profile

This Child Poverty Strategy has been informed by a comprehensive [Child Poverty Needs Assessment](#) which was completed in March 2011 and which will be updated on an annual basis as part of the Joint Strategic Needs Assessment. National data is released two years in arrears and relates to a snapshot date of 13 August each year. 2010 data suggests that 4,370 children under the age of 16 were living in poverty in Herefordshire at the snapshot date in 2008. From data released in 2011, this figure had risen to 4,685 at the snapshot date, a 0.9% increase. Further detailed statistics are also available on the [Facts and Figures website](#).

The needs assessment examines child poverty by the impacts that it may have on the life chances of an individual under the themes of:

- My House
- My Physical and Mental Wellbeing
- My Education and Skills
- My Job Prospects
- The Money In My Pocket
- The Area In Which I Live
- Crime And disorder In My Area

Those areas of Herefordshire recording the highest levels of child poverty for children under 16 are Golden Post-Newton Farm and Leominster-Ridgemoor, both of which are mentioned consecutively within the theme areas studied.

Whilst employment is one of the most successful routes out of poverty, it is not a guarantee. A combination of low wages in low skilled jobs may limit total earnings. A child's risk of being in poverty falls from 58 per cent to 14 per cent when one or both parents is working; however, various constraints exist, not least transport costs to work and availability of affordable child care, which may prevent parents entry to employment. Herefordshire is fortunate in that unemployment rates are comparatively low with some 76.2% of all people in employment and just 5.3% unemployed. Comparative unemployment rates regionally and nationally are 9.3% and 7.9% respectively.

Whilst the county has a comparatively high employment rate, the average wage levels are much lower. This has an effect on people's circumstances as well as the economy as a whole and wealth of the county. A key factor in Herefordshire is the number of part time workers and especially female workers, who receive mean wages below both the regional and national averages. Insufficient family income is a significant contributor to child

³ [Independent Review on Poverty and Life Changes](#)

⁴ [Early Intervention: Next Steps](#)

⁵ [Early Years: Foundations for life, health and learning](#)

poverty. Income maximisation is therefore a critical part of the solution, and steps to address this include economic growth and job opportunities, building adults skills and experience to progress into higher paid work, enabling child care, and ensuring clear advice and guidance is available to maximise benefit take up. In addition, appropriate legal advice on debt management can positively address child poverty.

Poor development in childhood and negative experiences can impact on educational attainment and ultimately employability. Whilst the attainment of pupils eligible to free schools meals at key stage 4 has risen consecutively in recent years in Herefordshire, a gap still exists between these children and their peers. In 2010, this gap stood at 30 percentage points, slightly wider than the 28 percentage points recorded nationally.

Whilst it is true that the highest levels of child poverty are recorded in Hereford city and the market towns, poverty can be particularly prevalent in rural areas where it may be harder or more costly for families to access services and opportunities. People in the lowest income group in rural areas spend, on average, almost 50 per cent more than urban equivalents on transport. The Commission for Rural Communities (CRC) and the Rowntree Foundation have published research (2010) that shows that people in rural areas need to take home up to 24% more than those in urban areas in order to reach an acceptable living standard. For example, a single person living in a hamlet will need £18,600 a year to get by, compared with £14,400 for the same person living in an urban area.

Housing quality is one of the wider determinants of health, and poor housing conditions can trigger negative health effects and poor educational attainment in children. In Herefordshire, poorer housing conditions are more commonly found in the private rented sector, much of which is pre-1919 housing, and much of which is in the “hard to heat, hard to treat” category. Many rural dwellings in Herefordshire also lack a mains service infrastructure such as gas, water and drainage.

Proximity to services, both safeguarding and preventative as well as entertainment and play has a marked impact on families in rural communities. Young people in these areas are less likely to engage in after school activities, prevented from doing so by the time and money required to access these and the availability of transport. Transport, its availability and cost, can play an important part in whether adults and young people in Herefordshire access services and employment.

7. Performance Framework

A fundamental part of our approach is not to prescribe all the activities required to address child poverty, but to present the key issues facing Herefordshire in an informed, accessible way and to be clear about what Herefordshire Public Services will do for its part. The needs assessment and strategy have been developed in consultation with a variety of other organisations, including private, voluntary and community organisations.

It is important that, collectively, we focus on activity that has a strong track record of delivering change, whilst also enabling local innovation together. The strategy can be used by local partnerships, private, voluntary and community organisations to think what they can do to take part in addressing child poverty, to put thought into action and to pledge their involvement. We will collect these pledges and use them to assess how we

are achieving our aims in Herefordshire. Local intelligence from all partners will be used to update the needs assessment annually.

8. Key areas of work

The strategy follows the needs assessment in setting out the key areas of our work. Each section establishes what we are aiming to achieve, why it is important and what we will do. The key partners for delivery are listed although it is acknowledged there are many other agencies and organisations that will also have an impact eg the third sector.

DRAFT

My House

What are we aiming to achieve?

For children in Herefordshire to live in safe, warm and healthy homes, thus contributing to maximising their positive health and educational life opportunities

Why is this important?

- The total cost of poor housing is calculated to be in excess of £600 million annually to the NHS, and the costs to society may be greater than £1.5 billion, per year.
- The House Condition Survey in Herefordshire (2006) indicated that over 9% of dwellings had serious Category 1 Hazards and over 40% failed the Decent Homes Standard. Most of these were in the private rented sector.
- Many homes in Herefordshire are “hard to heat, hard to treat homes”: expensive to heat.
- In 2008, 29.3% of Herefordshire residents were in fuel poverty (latest figures from DECC).
- Housing inspections reveal that damp and mould, excess cold, electrical safety, fire safety, risk of falls and overcrowding are common hazards found in Herefordshire homes.
- There is a shortage of affordable social housing in Herefordshire, with over 5,000 households on the waiting list (April 2011), most of them families. In addition, there are over 1900 empty properties (April 2010).
- Herefordshire has the worst affordability ratio in the West Midlands. This means that for those on lower earnings, a house at the bottom end of the market currently would cost them 9.3 times their annual earnings

What we will do?

- Improve housing conditions in all tenures (private rented, social, owner-occupied)
- Prioritise for action all referrals from partners, in relation to children in alleged poor housing conditions
- Continue to prevent illegal evictions & harassment of families by landlords.
- Work towards addressing overcrowding of homes in the county
- Provide disabled facilities/amenities for children in terms of access or egress within the home.
- Bring 390 empty properties back into use in Herefordshire by 2013
- Use the Joint Housing and Social Services protocol for early intervention where children are at risk of homelessness.
- Expand the Women’s Aid outreach support service to offer support to children living in the community affected by domestic abuse
- Work in conjunction with SHYPP to prepare a Teenage Parents Homelessness needs analysis.
- Set a target of 264 affordable housing (both built or acquired) to be delivered in what is still a fragile housing market.
- Continue the delivery of the National and Local Mortgage Rescue Scheme

Main partners for delivery:

Herefordshire Public Services – Homes and Community Services

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My Physical and Mental Wellbeing

What are we aiming to achieve?

For every child in Herefordshire to have an equal chance of a healthy childhood and developing a healthy lifestyle for adulthood

Why is this important?

- Research suggests that the working-age obese may be 15-20% less likely to be in employment than the non-obese, all other things being equal
- Locally, in 2008-9 almost 1 in 10 children in Reception and nearly 1 in 20 children in Year 6 were obese
- Across Herefordshire estimated rates of binge drinking vary from 13.3% to 24.2% of the total population, averaging at 16.8% for the county
- ONS estimates indicate a correlation between higher levels of binge drinking and local areas of deprivation
- Central ward showed the highest under 18 conception rate in 2009 at 85.9 per 1000 girls aged 15-17, almost three times the county average of 31.2
- The simple act of a mother and father being interested in their children's education alone increases their chances of moving out of poverty as an adult by 25 percentage points
- Lower income mothers are less likely to breast-feed but those low income mothers who breast-fed for 6-12 months had the highest scores of any group on quality parenting interactions at age five.
- It has been shown that a reduction in income and worsening mental health tend to lead to a reduction in parenting capacity; however, increases in income alone did not necessarily improve parenting capacity.
- The dental health of children in Herefordshire is poor; 39% of 5 year olds in Herefordshire have experienced tooth decay, compared to 29% in the West Midlands and 31% in England.

What we will do?

- Promote safe alcohol consumption amongst children, young people and pregnant women thus supporting those that drink unsafe amounts
- Promote Start4Life programme across Herefordshire
- Provide breastfeeding support to new mothers
- Provide 8-13 year olds with information, advice and guidance on how to maintain health lifestyles, with particular emphasis on smoking and drinking alcohol
- Provide opportunities for active sport, play and leisure
- Understand the issues and needs of young people around sexual health and substance misuse (including tobacco and alcohol) and then improve the services we provide
- Provide support for sexually active young people across all localities within Herefordshire:
- Continue to implement and expand existing programmes which aim to improve dental health by promoting toothbrushing using family fluoride toothpaste and the uptake of fluoride varnish.

Main partners for delivery:

Herefordshire Public Services – Health and Wellbeing
Wye Valley NHS Trust
Herefordshire Public Services – Economic, Environment and Cultural Services
Early Years settings, schools and colleges
Halo
Herefordshire Public Services – People’s Services
Third sector providers

DRAFT

My Education and Skills

What are we aiming to achieve?

For all young people in Herefordshire to realise their potential and achieve economic independence by:

- enabling all children to be given the best start in life
- raising aspiration
- reducing the gap in attainment for those young people in vulnerable groups
- reducing the number of young people aged 16-18 who are not in education, employment or training (NEET)

Why is this important?

- In 2010, the gap between those pupils eligible to free school meals who achieved 5 or more A*-C GCSE including English and Maths and those who were not was 30 percentage points.
- The gap in attainment is already evident when pupils are assessed in the Early Years Foundation Stage Profile at the end of the Reception year.
- In general, 18 year old labour market entrants are more likely to be in higher status jobs at 19 than 16 year old entrants.
- Skilled trade vacancies account for the greatest proportion of vacancies that were hard-to-fill due to a lack of skills in the labour market

What we will do?

- Expand the number of places available in the market for 2 year old free education through settings and childminders.
- Support early years settings to ensure smooth entry to school for children and provide clear transition documentation.
- Deliver accredited parenting programmes in groups and 1:1 in Children's Centres, together with family learning programmes, including work related skills
- Work with schools, colleges and providers to raise aspirations of young people and ensure pastoral support is available to enable them to achieve.
- Work with schools to identify early those learners most at risk of disengaging and becoming NEET.
- Ensure interventions occur when young people have been identified as at risk of being NEET.
- Develop programmes to raise intergenerational aspirations in targeted geographical areas
- Encourage work based learning across the county both in Key Stages 4 and 5.
- Ensure that future developments in Herefordshire are used to benefit the local community via the development of skills academies, e.g. in construction and retail

Main partners for delivery:

Early Years settings, schools, PRUs, sixth forms, colleges

Herefordshire Public Services – People's Services

Herefordshire Public Services – Economic, Environment and Cultural Services

Third sector providers

My Job Prospects

What are we aiming to achieve?

For all people in Herefordshire to meet their potential through work by:

- breaking down individual barriers to work
- creating opportunity for employment
- boosting economic growth that in turn creates additional employment

Why is this important?

- Parental employment is the single biggest determinant of family income and living in a household where no adult is working puts a child at a 63 per cent risk of relative poverty.
- In a recent residents survey, 23% of respondents thought “Job Prospects” one of the most important factors of quality of life and 26% also thought it was one of the factors that most needed improving.
- Locally, one area is in the top 10% national decile for employment deprivation, Golden Post-Newton Farm.
- The highest levels of young people not in education, employment or training (NEET) are concentrated in the area south of the River Wye in Hereford City.
- A report by the Commission for Rural England found more than a quarter of parents interviewed in rural Children’s Centres did not feel that the childcare available locally adequately met their needs.

What we will do?

- Run basic skill and life long learning courses to gain confidence and skills to enter the workforce
- Work with schools to ensure that children and young people receive information, advice and guidance on their career options, specifically those young people identified as being at risk of becoming NEET
- Provide employment advice and guidance in Children’s Centres
- Raise the profile of apprenticeships within Herefordshire and ensure that the entitlement to apprenticeships is accessible to young people throughout Herefordshire.
- Encourage entrepreneurial skills within the county including running business booster programmes and training voucher schemes to enable small companies to take the next steps in their development and enter new markets

Main partners for delivery:

Local businesses

Job Centre Plus

Third sector organisations

Herefordshire Public Services – Economic, Environment and Cultural Services

Herefordshire Public Services – Homes and Community Services

Herefordshire Public Services – People’s Services

Hereford Futures

The Money in my Pocket

What are we aiming to achieve?

For every young person in Herefordshire to manage their lives in a way that means they can achieve their potential by:

- equipping young people with the skills to manage their lives, including budgeting, bills, accessing support
- enabling people to make sound financial decisions in a legally operating market

Why is this important?

- Evidence from children shows that they will modify their own needs in response to their family's financial difficulties
- Latest published statistics show 13.6% of children in Herefordshire are living in poverty.
- Three areas in Herefordshire have over one third of children living in poverty; Golden Post-Newton Farm, Leominster-Ridgemoor and Leominster-Gateway
- Those areas with the highest proportions of pupils claiming free school meals also have the highest proportions of children living in poverty.
- Compared to both regional and national figures, the weekly work-based earnings of Herefordshire residents compares poorly and appears to be worsening
- Low income families are more likely to rely on the subprime finance market and/or illegal forms of money lending such as 'loan sharking'
- There is a correlation between disability and low income
- Locally, enquiries to CAB regarding debt in 2009-10 were up by 16% on the same point in the previous year – similar to trends regionally and nationally.

What we will do?

- Work with schools and colleges to assist them to deliver economic awareness education including budgeting, debt management, bank accounts and bills.
- Work with schools and colleges to identify sources of grants/ funding to ensure young people from low income families are not disadvantaged in education by an inability to pay for trips/ text books/ equipment.
- Work with the post 16 education providers in Herefordshire to ensure an equitable method of distributing the Government's new Bursary scheme:
- Provide pre-contract and post-contract advice on consumer credit matters through appropriate and targeted means
- Enforce consumer credit legislation in a proportionate manner in accordance with the council's prosecution policy
- Signpost individuals to appropriate advice on income maximisation, benefits, debt management and forms of credit, credit advisors and providers
- Support vulnerable consumers and those with additional needs to resolve disputed credit agreements and credit brokerage issues at the earliest opportunity
- Publicise and encourage communities to use credit unions

Main partners for delivery:

Local businesses

Job Centre Plus

Third sector organisations

Herefordshire Public Services – Economic, Environment and Cultural Services

Herefordshire Public Services – People’s Services

Herefordshire Public Services – Health and Wellbeing

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The Area in which I live, including crime and disorder

What are we aiming to achieve?

For all children in Herefordshire to feel safe, secure and confident by:

- working to reduce crime
- stimulating creativity and exploration in children and young people particularly through access to quality play groups and outdoor adventure.
- providing full access for children and young people, families to services.

Why is this important?

- A quarter of children living in rural England are living in poverty.
- The effects of geographical isolation on individuals and families is significant both in terms of financial impact as well as social interaction.
- Young people in rural areas are less likely to take part in out-of-school activities than children in urban areas, because of the disadvantage of fewer options and distance.
- NSPCC findings acknowledged significant challenges to delivering child protection services in rural areas with service users spread over a much wider geographical area making face-to-face delivery more difficult and expensive.

What we will do?

- Work with communities to take ownership of, and responsibility for, green spaces (eg South Wye Regeneration Partnership and the development of Belmont and Haywood Country Park as a community asset)
- Improve business capability, access to services and a range of benefits for residents through investment in the broadband infrastructure.
- Develop the play buildings project to improve the quality and range of play grounds in the county
- Provide access to leisure and swimming facilities at reduced rates for targeted groups
- Promote special campaign to encourage reading with children, including annual reading challenges and improved access to neighbourhood libraries
- Prevent young people from entering the Criminal Justice System by identifying issues at an early stage and offering appropriate support.
- Target resources on those offenders most at risk of re-offending and / or causing harm to the community.
- Raise awareness on internet safety, fire safety, road safety, drug and alcohol, social behaviour and healthy eating to years 5 and 6 through the Crucial Crew project.
- Increase the percentage of service users exiting drug treatment successfully.
- Work with community and voluntary groups to deliver community projects addressing a range of issues, including drug and alcohol misuse, access to services, and community engagement

Main partners for delivery:

Herefordshire Public Services – Homes and Community Services

Herefordshire Public Services – Economic, Environment and Cultural Services

Halo

MATAC, including West Mercia Police and West Mercia Probation Trust

Herefordshire Public Services – People's Services

9. Gap analysis

Implementation of the strategy and the associated monitoring of progress will identify gaps where there is currently limited or no provision in place to address them. Parental capacity and aspiration has been one such area which is addressed in part through the strategy but which may require additional provision and focus in the future. Where gaps are identified, Herefordshire Public Services and partners will work together to address them.

10. Resources

There are no dedicated resources for work around combating child poverty. The pledges and actions outlined in this strategy are a combination of the work that individual services undertake that will contribute towards combating child poverty.

11. Monitoring Arrangements

Progress against the achievement of the strategy and identification of gaps will be assessed through the following ways:

- Reviewing progress quarterly against specific actions through the countywide partnership arrangements including The Herefordshire Partnership, The Health and Wellbeing Board, The Economic Development Partnership, The Schools Strategic Group and The Safeguarding Boards
- Reporting on those activities that are contained in the Joint Delivery Plan for Herefordshire Public Services which contribute to the delivery of the child poverty strategy in line with the agreed performance reporting cycle for Herefordshire Public Services
- Reporting against a range of indicators in an annual report commissioned by the Children and Young People's Partnership Forum, chaired by the Director of People's Services.
- Running a series of workshops for partners through the Children and Young People's Partnership Forum focusing on case studies in each of the key areas of work
- Updating the child poverty needs assessment annually, as part of the Joint Strategic Needs Assessment. Then updating the strategy to ensure effective progress.

Strategic links – list of related strategies and reports

- Economic Development Strategy
- Housing In Herefordshire Strategy Action Plan 2011-2012
- Joint Herefordshire and Shropshire Housing Strategy (currently out for consultation)
- Healthy Housing Strategy (draft at present)
- Affordable Warmth Strategy
- Homelessness Strategy
- Empty Properties Strategy
- “Yes We Can” Plan 2011-2015
- Domestic Abuse Strategy
- Director of Public Health’s Annual Report
- South Wye Regeneration Partnership Action Plan and the action plans of the advisory groups
- NEET Strategy (in development)

DRAFT

MEETING:	CABINET
DATE:	16 FEBRUARY 2012
TITLE OF REPORT:	WASTE CONTRACT – VARIATION
PORTFOLIO AREA:	MAJOR CONTRACTS

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To authorise the parameters of negotiations with our contractors concerning the variation to the integrated waste contract and to note progress to date in those negotiations.

Key Decision

This is not a Key Decision.

This item was originally included in the Forward Plan in the expectation that it would require a decision on expenditure over £500,000. In the event, no financial decision is to be made at this stage and a further report to Cabinet will be required in due course.

Recommendation(s)

THAT:

- (a) **Cabinet notes progress since the reports to Cabinet in September 2009 and January 2010;**
- (b) **subject to recommendation (d) below the Director for Places and Communities be authorised, in consultation with the Chief Officer Finance and Commercial and Worcestershire County Council, to agree the negotiated form of a variation to the existing waste contract with Mercia Waste Management Ltd (Mercia) to put into effect Mercia's proposals for:**
 - i) **the provision of a residual waste treatment facility (RWTF) using Energy from Waste technology at Hartlebury Trading Estate; and**
 - ii) **such other ancillary issues as are appropriate in relation to the waste contract (collectively 'the contractor's proposals') provided**

Further information on the subject of this report is available from Andy Tector,
Head of Special Projects on (01432) 261989

such a variation is in compliance with

- a) the planning parameters**
- b) the financial parameters**
- c) the contractual parameters and**
- d) the technical parameters.**

(all are set out in this report and collectively the ‘parameters’); and

- (c) the Director for Places and Communities provides a further report to Cabinet seeking formal authority to execute such a variation when he considers, having regard to any advice from the appointed advisors, that the parameters have been materially satisfied; and**
- (d) the authorisation under (b) is subject to Worcestershire County Council giving approvals substantially in the same form as those contained in the recommendations of this report and the two councils agreeing in principle to extend the joint working agreement in so far as it relates to the Energy from Waste facility for a period commensurate with the intended life of the facility.**

Key Points Summary

- The report outlines the progress to date on the negotiations between the two councils and Mercia.
- The report outlines parameters around which future negotiations should be based to bring forward a variation which would put into effect Mercia’s proposals for a residual waste facility and any ancillary issues in relation to the waste contract.
- The report also provides an in principle agreement to extend the joint working agreement between the two authorities in so far as it relates to the Energy from Waste facility at Hartlebury for a period commensurate with the intended life of the facility.

Alternative Options

- 1 At this stage there are no alternative options to consider and the recommendations will require further ratification by Cabinet at the conclusion of the negotiations.

Reasons for Recommendations

- 2 The recommendations give officers authorisation to continue negotiations with Mercia within the context of the parameters in Appendices 1 – 5.

Introduction and Background

- 3 This report refers to the Waste Management Private Finance Initiative (PFI) Contract (the ‘waste contract’) that was entered into between Worcestershire County Council and Herefordshire Council (the councils) and Mercia Waste Management Ltd in December 1998. The two councils act jointly as waste disposal authorities and any variation to the waste contract would need to be agreed by both councils.

4 At the Cabinet meeting of 7 January 2010 the then Director of Environment and Culture set out the recent history of the waste contract, and some of the key terms and the statutory targets that have been set for waste disposal authorities for the diversion of biodegradable municipal waste from landfill. The Director of Environment and Culture was authorised to encourage Mercia to bring forward proposals under the existing PFI contract for future residual waste treatment and to negotiate with Mercia with a new to a potential variation to give effect to the EfW proposal.

5 On 10 September 2009, the Director of Environment and Culture presented a report on the first review of the Joint Municipal Waste Management Strategy (JMWMS) which Cabinet endorsed and adopted. Paragraph 20 of that report contained the following text:

*20. The prescriptive approach to treatment of residual waste by an autoclave process has been removed in the revised strategy. There is now a new policy to increase diversion away from landfill supported by a Residual Options Appraisal (Annex D). * This provides a detailed appraisal for waste treatment options capable of increasing the value derived from the residual waste stream. The appraisal informs the method for future treatment of residual waste, proposals for which are expected to come forward from the Waste Disposal Contractor (Severn Waste Services). The robustness of the strategy is important in supporting necessary applications for planning consent.*

(*included in Appendix 5)

6 On 10 November 2009, Mercia presented a project proposal to the councils for the construction of an Energy from Waste Plant at Hartlebury (the EfW Proposal).

7 Entec, specialist technical advisers to the councils on waste, had examined the EfW proposal both in relation to their own assessment of the councils' requirements and the JMWMS. The executive summary of Entec's report concluded that the EfW Proposal was compliant with the JMWMS and would meet the councils' needs.

8 On 7 January 2010 Cabinet resolved that, subject to similar approvals having been given by Worcestershire Council and having due regard to the technical assessment received from the technical advisers to the councils in relation to the EfW Proposal described in paragraph 6 of the report, and the Joint Municipal Waste Management Strategy:

- a) the concept contained in the EfW proposal and the progression of the proposal to the planning stage be supported in principle;
- b) the Director of Environment and Culture be authorised, in consultation with the Director of Resources and the Assistant Chief Executive (Legal and Democratic), to enter into negotiations with Mercia and to prepare a potential variation (the variation) to the waste contract to give effect to the EfW Proposal for subsequent consideration by Cabinet should planning permission be granted in respect of it;
- c) the land at Hartlebury Trading Estate already within Worcestershire County Council's ownership was appropriated for the planning purposes of the EfW proposal;
- d) a further report be received in due course to consider any potential variation to the waste contract.

9 This report is now brought to Cabinet in line with paragraph 8(d). The post of Director of Environment and Culture has subsequently been superseded for these purposes by the Director for Places and Communities. The post of Director of Resources has been

superseded by the Chief Officer – Finance and Commercial, and the post of Assistant Chief Executive (Legal and Democratic) has been superseded by the Assistant Director – Law, Governance and Resilience.

- 10 Mercia subsequently made an application for planning permission for the EfW proposal which has been the subject of a recent planning inquiry. Such an application would be dealt with by Worcestershire county Council as the relevant planning authority. Worcestershire County Council's Planning and Regulatory Committee was minded to grant consent but the matter was called-in by the Secretary of State. A public inquiry was held by an inspector in November 2011 and the Secretary of State's decision is due on or before the 23 April 2012.
- 11 In the event that the Secretary of State grants planning permission for the EfW proposal, and contractor's proposals are acceptable, the councils acting jointly need to be in a position to be able to effect a suitable variation to the waste contract.

Key Considerations

- 12 The recommendations as detailed above and the parameters outlined below provide the scope within which the negotiations, to conclude the variation to the waste contract, should be conducted. A further report will be presented to Cabinet at the conclusion of the negotiations.
- 13 Parameters – generally
Given that the waste contract is already in effect pursuant to the decisions of the councils at its inception and subsequently (in relation to any changes), and in order to avoid iterative decision-making on points of detail which are likely to be meaningless in isolation, it is suggested that Cabinet defines a mandate by reference to certain parameters ("the parameters") within which any variation can be concluded.
- 14 Planning Parameters
Without an effective planning consent, Mercia will be unable to bring forward their contractor's proposals. Notwithstanding this point, the councils may not be prepared to accept contractor's proposals based upon any planning consent e.g. where conditions on hours of operation or sources of waste collection render the plant vulnerable to becoming uneconomical, particularly beyond expiry of the waste contract. The councils' position on these issues is defined at Appendix 1 – Planning Parameters.
- 15 Financial Parameters
In deciding whether or not to approve the recommendations contained in this report, Cabinet will no doubt want to know that any variation would:
 - (a) be affordable;
 - (b) represent value for money; and
 - (c) not burden the councils with unpredictable costs in the future.
- 16 The waste contract already contains a payment mechanism which applies a baseline fee for each tonne of waste received by Mercia, with an uplift fee per tonne for treatments other than landfilling such as recycling, energy from waste (EfW) etc. Consequently, the price effect of variation will manifest itself as a change to the payment mechanism, particularly the EfW uplift, derived from a complex financial model. The model is sensitive to many inputs such as tender costs, interest rates, foreign exchange rates, in so far as equipment is purchased outside the UK, swap rates and other financial data sets. Whilst the EfW uplift may be the focal point of intensive, commercial negotiations, it is suggested that it is not an appropriate defining parameter due to:
 - (a) the volatility and transient nature of some of those inputs, particularly in current markets;

and

- (b) the absence of reliable comparators due to the split between the baseline Fee and the EfW uplift.

17 When Cabinet receives a further report on a proposed variation it will no doubt consider the overall cost envelope in the context of current budgets plus projections and the projected cost of doing nothing or the cost of starting the procurement process afresh.

18 The financial parameters set out in Appendix 2 are intended to address all of the points referred to in the paragraphs above.

19 It should be noted that, based on Mercia's proposal, the councils would be obliged to make a "balloon payment" upon termination or expiry of the project agreement. The amount of balloon payment due at any point in time will relate to the amount of bank funding outstanding in relation to the EfW at that time and is therefore expected to be set out in the variation.

20 Contractual Parameters

Legally enforceable public procurement rules have been established to prevent public bodies from improperly purporting to use variations to existing contracts to avoid costly and time-consuming re-procurement. Two golden rules are that:

- (a) there must be no material change in the services and means of delivery compared with that envisaged when the original contract was let; and
- (b) if there is any change in the risk/reward share in the original contract, it should not be to the benefit of the contractor.

21 In relation to the former point, aside a refresh of the Energy from Waste technology:

- (a) particularly in relation to pollution control, the services and means of delivery to be procured in the EfW proposals are essentially the same as the original proposal but in a different place at a different time with a similar capacity adjusted to reflect updated waste flow predictions.
- (b) In relation to the latter point any amendments to the contract will be limited to those necessary to give effect to the contractor's proposals and to any benefits the councils are seeking from the opportunity created by the making of the variation. The councils' position on these issues is defined in Appendix 3 – Contractual Parameters. Importantly the intention is that Mercia's rate of return is not improved.

22 Technical Parameters

The original intention of the waste contract was that the EfW plant life would be commensurate with the duration of the contract period and so handback condition was of little concern; any remaining useable life (for which see, for example, Coventry) would have been a bonus. The variation proposes the return of the facility to the councils with more than half of its economic life left to run (together with the outstanding debt to which the balloon payment relates) and so the hand-back condition, together with anticipated life cycle costs and accrued maintenance reserves become critical; the councils' position is defined in Appendix 4 – Technical Parameters. Accordingly, it will be important for the two councils to agree in principle to extend the joint working agreement insofar as it relates to this EfW facility for a period a commensurate with the intended life of the EfW facility.

23 Appointed Advisors Opinion

Recognising that Cabinet and officers will properly be relying on the advice of the councils' advisors dealing with legal, technical and financial issues (the appointed advisors) who hold the requisite professional indemnity insurances in relation to the advice they give to the councils, it is suggested that any future delegated mandate to execute the variation be subject

to receipt of appropriate advice from the appointed advisors recording their opinion in relation to the extent to which the parameters have been met.

Community Impact

- 24 As the report mainly refers to the provision of a residual waste treatment facility at Hartlebury in Worcestershire, the impact of this report is minimal. However the current landfill site has a very limited life and there would be impact on the community should an alternative method of residual waste treatment not be developed.

Equality and Human Rights

- 25 The decision would have no impact on our public sector equality duty.

Financial Implications

- 26 Appendix 2, the Financial Parameters outlines the financial scope of the councils' negotiations. The recommendations do not at this stage commit the council to expenditure. However, should the recommendations not be adopted there is potential scope for the contractor to seek to terminate the contract with the council's having to meet their respective proportion of the cost of termination and/or the Department of Environment, Food and Rural Affairs terminating the two councils PFI credit. Herefordshire Council currently receives £1.362 million per annum in PFI credits. This will continue until December 2023.

Legal Implications

- 27 Appendix 3 to the report outlines the contractual parameters for ongoing negotiations and outlines the legal issues that will need to be satisfied before any variation can be concluded.

Risk Management

- 28 The variation of the waste contract is recorded as a risk in the corporate risk register (RSK.PAC.003 PBC 003).
- 29 At this stage the recommendations do not in themselves pose any risk as a further report will need to be made to Cabinet before any variation can be confirmed.
- 30 Should the recommendations not be adopted there is potential scope for the contractor to seek to terminate the contract with the councils having to meet their respective proportion of the cost of termination and/or the Department of Environment, Food and Rural Affairs terminating the two Councils PFI credit.
- 31 It is expected that the councils will be obliged to make any balloon payment (see paragraph 19) to the bank irrespective of the condition of the EfW at the relevant time or any other breaches of the waste contract by Mercia. The councils would therefore have to pursue Mercia for any losses arising (e.g. as a result of the EfW not being in the required condition). There is a risk that at that point Mercia are not good for the money and the councils are left overpaying for a 'broken' plant. This risk may be mitigated and managed by proactive contract management during the term and parent company guarantees from a company of sufficient strength and a bank bond for a sum which the councils expect to be sufficient to cover any overpayment

Consultees

32 Worcestershire County Council

Appendices

Appendix 1 – Planning Parameters

Appendix 2 – Financial Parameters

Appendix 3 – Contractual Parameters

Appendix 4 – Technical Parameters

Appendix 5 – Joint Municipal Waste Management Strategy – Annex D

Background Papers

38 None.

The Planning Parameters

- 1 There are no planning conditions which degrade the performance of the plant to such an extent it is not suitable to meet the output specification.
- 2 There are no planning conditions which render the Variation not value for money for the Councils.

The Financial Parameters

1. The Councils are satisfied that the additional cost of the Variation is **affordable** in relation to:
 - (a) the Councils' MTFP and relevant reserves; and
 - (b) the total cost of Waste Contract and the Variation for the life of the Waste Contract to 2023 (or as extended) compared with the inflated financial envelope of what was originally intended to be delivered (Kidderminster); and
 - (c) likely costs of ownership and operation beyond the life of the Waste Contract (as extended) whether out-sourced or not (including the amount of any balloon payment to be made on termination/expiry).
2. The additional cost of the Variation represents **value for money** when assessed:
 - (a) absolutely in terms of the processes used by Mercia to procure competitively the facilities comprised within the Contractor's Proposals; and
 - (b) relatively with other similar facilities procured recently;
 - (c) in the light of the opportunity cost and other disadvantages of the "do nothing" option having regard to both:
 - (i) the effects of an increasing land fill tax
 - (ii) the finite capacity of existing landfill and the absence of a planning consent for any other form of residual waste treatment; and
 - (d) in the light of the opportunity cost of terminating the Waste Contract (in whole or in part) and re-procuring the facilities afresh.
3. The amendments to the Schedule 6 prices and Payments Mechanism are made on the assumption that capital costs are **amortised linearly** over the design life of the facilities comprised within the Variation.
4. The Internal **Rate of Return** (IRR) over the whole life of the Waste Contract shall not exceed the IRR used in the financial model in the original procurement.
5. DEFRA (WIDP) approve the **Variation Business Case**.
6. Neither DEFRA nor Audit Commission indicate that they have an objection to the Variation on grounds of value for money.

The Contractual Parameters draft 10.2

1. There are **no alterations** to the Waste Contract, its structure or financial basis (including models) resulting from the incorporation of the Variation, save for those
 - (a) necessary to give effect to the Variation; and
 - (b) bringing the Waste Contract into compliance with current and foreseeable legislation; and
 - (c) the net effect of which is to deliver a commercial benefit to the Councils
2. Legal opinion from Leading Counsel has been obtained confirming that the execution of the Variation by the Councils, in particular in relation to the "balloon" payment, should not be construed as **ultra vires** the power of the Councils.
3. There is no realistic prospect of a material delay to or cessation of the execution of the Variation as a result of a challenge to how the facility is being procured or operated and the European Commission, having been apprised of all of the facts (eg through the issue of a voluntary ex ante transparency notice) relating to how the Counties intend to effect the Variation, has not indicated that it has an intention to challenge UK government on **procurement** grounds.
4. The period of the Waste Contract is not extended unless such **extension** produces an economic benefit to the Councils and is in any event for no longer a period than that envisaged by the original EU procurement process.
5. Both DEFRA and the Audit Commission have indicated that they have **no objection** to the Variation (in its final form) being executed by the Councils.
6. Herefordshire Council and this Council have entered into an agreement to extend the **Joint Working Agreement** insofar as it relates to this facility for a period a commensurate with the intended life of the facility.

The Technical Parameters

1. The Reliability, Availability, Maintainability and Safety (RAMS) and **Life Cycle Costs** (LCC) are such that:
 - (a) the costs of running the facility are the same or better than those for recently procured similar plants (adjusted for capacity and time); and
 - (b) the costs of running the facility are not deflated during the period up to the end of the period of the Waste Contract at the expense of increased running costs from that point to the end of the design life of the facility.
2. The **return condition** of the facilities comprised within the Variation at the expiry of the Waste Contract, shall be such that they;
 - (a) are in accordance with the specifications pursuant to which they were procured (save for agreed changes); and
 - (b) are in a condition consistent with proper use up to that point in time; and
 - (c) are capable of being operated for the remainder of their design life; and
 - (d) are likely to be capable of being re-financed at commercial rates; and
 - (e) are in a condition which, having regard to the adequacy of any maintenance reserve does not create an operational and/or maintenance burden for the remainder of the design life.
3. Any **prescriptive specification** items required by the Counties [such as additional pollution control/de-nox] have been incorporated in the specification for the facility.
4. Any **operating restrictions** required by the Counties have been incorporated in the operating requirements for the facility.
5. Any major **component warranties** required by the Counties have been requested in Mercia's contract documents for the facilities.

Joint Municipal Waste Management Strategy – Annex D

EXECUTIVE SUMMARY

INTRODUCTION

The Joint Municipal Waste Management Strategy (JMWMS) is currently being reviewed by the waste disposal authorities of Worcestershire and Herefordshire, in partnership with their constituent waste collection authorities (the Partnership).

The JMWMS aims to promote waste minimisation but, inevitably, some residual municipal solid waste (MSW) will continue to be generated and will need to be managed. Residual waste managed by the Partnership is mostly disposed to landfill at present but this cannot continue due to changing legislation, the rising cost of landfill and a lack of capacity. Furthermore, the Partnership wishes to address the challenges of climate change and believes that, wherever possible, waste should be viewed as a resource.

A long list of possible options for treating the residual waste was developed for the Partnership to review. After consideration, the following final short list of options to be appraised was agreed:

- Option A – a single Energy from Waste (EfW) facility
- Option B – a single EfW facility with combined heat and power (CHP)
- Option C – two Mechanical Biological Treatment (MBT) facilities, located on two separate sites, one with on-site combustion.
- Option D – two MBT facilities each with off site combustion
- Option E – a single autoclave
- Option F – two autoclaves, located on separate sites
- Option G – EfW located out of county

The options listed above were assessed against a range of environmental, social and economic criteria. A workshop was held with both Officers and Members of the Partnership to agree the criteria and to ensure that any specific concerns that an authority had were identified.

The required capacity for the residual waste treatment facility(ies) is assumed to be 250,000 tonnes per annum. This is based on an assumed growth rate; predicted recycling and composting performance; and sending 10% of untreatable residual waste directly to landfill.

Assessment of the different options against the environmental criteria was undertaken using the Environment Agency's life cycle assessment tool - Waste and Resources Assessment Tool for the Environment (WRATE). The assessments against the remaining criteria were undertaken using both quantitative and qualitative appraisal methods.

The results of the appraisal are summarised below.

ENVIRONMENTAL CRITERIA

Criteria	Results Summary
Resource Depletion	Resource depletion potential estimates the amount of extraction of scarce minerals and fossil fuels. Option D was found to be the best performing option in terms of resource depletion because of the offsetting of fossil fuel used in the cement kiln. Option B performs well due to the conversion of waste into electricity and heat energy.
Freshwater Ecotoxicity	Freshwater aquatic ecotoxicity potential is a measure of the detrimental effects to aquatic organisms from exposure to toxic substances such as heavy metals. The results suggest that the recycling performance of the facilities is closely coupled with a favourable ecotoxicity score and options C-F score very well for this reason.
Greenhouse Gas Emissions	Global warming potential assesses the amount of carbon dioxide and other gases emitted into the atmosphere that cause global warming. Due to the increased efficiency of the plant in option B, it is by far the best option and although options E and F perform well in terms of reduced greenhouse gas emissions due to increased recycling, this is counter-balanced by the impacts associated with the actual treatment technology.
Air Acidification	Acidification potential relates to the release of acidic gases, such as sulphur dioxide, which can form 'acid rain' and damage ecosystems. Increased recycling in options E and F is again significant and these are the best performing options against this criterion. Option G is the worst performing due to the high impact of the treatment technology for this option.
Eutrophication	Eutrophication potential reflects the amount of nitrate and phosphate released. High concentrations of these compounds in water can encourage excessive algal growth, thereby damaging ecosystems through reduced oxygen supply within the water. Again, recycling strongly influences the result and options E and F are the best performing options in this assessment. The greater amounts of materials landfilled in options C and D results in lower scores against this criterion.

SOCIAL CRITERIA

Criteria	Results Summary
Health	Human toxicity potential is a measure of the impacts on human health and the results indicate that the majority of options have a beneficial impact, which can be accredited to increased recycling and the offsetting of burning fossil fuels. Options E and F perform best because they recycle the most. The creation of energy from waste in option B is also highly beneficial.
Transport	This accounts for the associated risks/impacts of transporting waste and assumes that the waste is moved by road. The greater the distance travelled, the worse the score, as more distance increases the risk of accidents, congestion and has a greater impact on local communities. Owing to the low levels of onward transport from the facilities, options A and B score well while option F performs the worst.

FINANCIAL AND RISK CRITERIA

Criteria	Results Summary
Costs	The financial cost associated with each waste management option has been considered. Capital (CAPEX) and operational (OPEX) costs, landfill tax and the costs of landfill and hazardous landfill were all included in this assessment. CAPEX typically includes civil engineering works, all external works and all process plant costs while OPEX includes labour, maintenance, consumables, insurances and overheads. Option C has the largest total cost, closely followed by option D.
Reliability of Delivery	Newer types of waste treatment technology that are largely untested in the UK may face problems with both implementation and funding. Facilities that have not been shown to work at large scale in the UK are therefore given lower scores. Options E and F were the only options not to achieve the top score.
Planning Risk	The options involving the use of two sites are considered to incur the greatest risk as they require two Planning Permissions. Hence options C and D are considered to be the worst options in terms of planning risk. There are already planning approvals in place for two autoclave facilities within the authorities and so options E and F are assumed to have a low planning risk. A sensitivity analysis has been carried out to reflect the fact that the planning permissions for the autoclave facilities have since lapsed.
Compliance with Policy	This criterion assesses how closely each of the options matches national waste policy in terms of how the waste is managed. Government policy seeks to drive the management of waste up the waste hierarchy and the JMWMS aims to maximise value from the residual waste and use it wherever possible as a resource. Taking this into account, option B performed the best, followed closely by options E and F, due to the management of waste at or near the top of the waste hierarchy. In contrast, option C was found to be the worst because it involves a large amount of waste being sent for disposal.
Flexibility	The options were assessed for their flexibility in terms of ability to accept waste with differing compositions. This is important because waste composition can change in the short term, for example due to seasonal variations, and in the longer term due to potential changes to packaging material etc. Options A, B and G are the better performing options and can accept a relatively large range of waste compositions. Options C and D, on the other hand, require stricter controls over the mix of materials for their input. In terms of flexibility to varying quantities of input, option C performed well because additional capacity can be added in a modular fashion. Options D, E & F perform less well than C because they would typically require a minimum supply contract for the RDF and autoclave fibre. The worst performer against this criterion was option G.
End Product Liability	The options with the least liability associated with their end products, and therefore the best performing, are options A and B. Due to the relatively high risk associated with finding a market for the autoclave fibre, options E and F have the highest liability.

OVERALL RESULTS AND CONCLUSIONS

The appraisal has assessed each of the options against fourteen criteria. A ranking has been devised based on the performance against all of these criteria. The ranked order of options is shown in *Table 3.1*.

Option B scores the best overall; however the criteria were not weighted, so no criteria are assumed to be more important than any others. Members of the Partnership highlighted cost, reliability and resource depletion as the most important criteria. With the exception of cost, option B scored well against these key criteria. If the potential income from the heat generated by option B is also taken into consideration, this option will also have a lower overall cost than assumed by this assessment.

Option E was ranked second overall and scored well against many of the environmental criteria, however it did not score well against the resource depletion or reliability criteria and was scored as average against cost.

Option D performed very well in terms of resource depletion and reliability, but poorly in terms of cost. The overall ranking for option D was sixth, reflecting lower performance against compliance with policy, cost and some of the environmental criteria.

Option A also performed well against two of the key criteria - cost and reliability. It also finished third against resource depletion, the other key criterion, and finished third in the overall scoring. This was due to a lower performance against some of the environmental criteria.


Option G is the worst performing option. The reliance on an out of county facility means the option performed badly in relation to flexibility in terms of quantity of throughputs and also against the transportation criterion. This option also performs poorly against the environmental criteria. This is partly as a result of assessment assuming this option is similar to the Coventry EfW, rather than a new, more efficient, EfW technology. To assess the impact of this assumption, a sensitivity analysis was undertaken. This further analysis did change slightly the results of option G (moving it from 7th to 6th place). However, it didn't result in any significant changes to the top performing options.

Table 3.1 Total Scores and Ranks

	Resource Depletion	Global Warming	Ecotoxicology	Acidification	Eutrophication	Health	Transport	Cost	Reliability	Risk	Planning	Compliance with Policy	Flexibility - composition	Flexibility - tonnage	End Product Liability	Average	Rank
Option A	3	6	7	6	5	4	1	1	1	4	5	1	2	1	3.36	3	
Option B	2	1	6	5	3	3	1	5	1	4	1	1	2	1	2.57	1	
Option C	4	5	1	4	4	5	3	7	1	6	7	6	1	5	4.21	5	
Option D	1	4	4	3	6	6	4	6	1	6	6	6	6	3	4.43	6	
Option E	6	2	2	1	1	1	5	2	6	1	2	4	4	6	3.07	2	
Option F	7	3	3	2	2	2	7	2	6	1	2	4	4	6	3.64	4	
Option G	5	7	5	7	7	7	6	4	1	1	4	1	7	4	4.71	7	

KEY:

Option A	1 x EFW
Option B	1 x EFW + CHP
Option C	2 x MBT - gasification
Option D	2 x MBT - cement kiln
Option E	1 x Autoclave
Option F	2 x Autoclave
Option G	EFW out of county

Best Performing	
Worst Performing	

