

JOINT MEETING OF FINANCE AND POLICY COMMITTEE AND CHILDREN'S SERVICES COMMITTEE AGENDA



Monday 12 June, 2017

at 10.00 am

**in the Council Chamber,
Civic Centre, Hartlepool.**

MEMBERS: FINANCE AND POLICY COMMITTEE

Councillors C Akers-Belcher, Clark, Cranney, Fleming, Hunter, James, Lindridge, Loynes, Moore, Thomas and Thompson.

MEMBERS: CHILDREN'S SERVICES COMMITTEE:

Councillors Clark, Harrison, Lauderdale, Moore, Morris, Robinson and Sirs.

Co-opted Members: Jo Heaton, C of E Diocese and Stephen Hammond, RC Diocese representatives.

School Heads Representatives: Mark Tilling (Secondary), David Turner (Primary)

Six Young Peoples Representatives

- 1. APOLOGIES FOR ABSENCE**
- 2. TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS**
- 3. BUDGET AND POLICY FRAMEWORK ITEMS**

None.
- 4. KEY DECISIONS**
 - 4.1 Proposed Business Plan for the Future Use of Centre Currently Known as Northern Lights Academy (NLA) – *Director of Child and Adult Services*
- 5. OTHER ITEMS REQUIRING DECISION**

None.
- 6. ITEMS FOR INFORMATION**

None.
- 7. ANY OTHER BUSINESS WHICH THE CHAIR CONSIDERS URGENT**



JOINT FINANCE AND POLICY COMMITTEE AND CHILDREN'S SERVICES COMMITTEE

12 June 2017



Report of: Director of Child and Adult Services

Subject: PROPOSED BUSINESS PLAN FOR THE FUTURE
USE OF CENTRE CURRENTLY KNOWN AS
NORTHERN LIGHTS ACADEMY (NLA)

1. TYPE OF DECISION/APPLICABLE CATEGORY

Key Decision test (i)/(ii) Forward Plan Reference No. CAS51/16

2. PURPOSE OF REPORT

- 2.1 The purpose of this report is to gain approval from Finance and Policy Committee and Children's Services Committee for a business plan in relation to the future use of the centre currently known as Northern Lights Academy (NLA).

3. BACKGROUND

- 3.1 Northern Lights Academy (NLA) originated when the Headland Development Trust (HDT) secured a multi-million pound grant application through the Big Lottery Fund Myplace Programme to build a state of the art facility for dance, music production, film production and performing arts.
- 3.2 The Myplace programme was launched in April 2008 and was funded by the Big Lottery Fund (BLF). Following three competitive bidding rounds, a total of 63 capital grants of between £1 million and £5 million were awarded for the development of world-class youth centres in some of the most deprived areas of England. Myplace Centres serve disadvantaged communities by providing high quality services that support and engage young people. No two Myplace Centres are the same because each Centre has been designed to meet the needs of local people. However, each Myplace Centre is committed to helping young people to develop the skills, knowledge and capabilities that they need to become independent, mature citizens and responsible members of their communities.

- 3.3 HDT closed for business in 2011 shortly before NLA could officially open to the public. BLF, as the project sponsor at the time, asked the Diocese of Durham to take over the project. The Diocese agreed to this with the intention to operate NLA alongside the neighbouring St Hild's school. Unfortunately it became unsustainable for the Diocese to manage NLA, and in June 2015 they approached Hartlepool Borough Council (HBC) and asked if the Council would be interested in taking over the building.
- 3.4 HBC agreed to lease NLA from the Diocese of Durham temporarily while a solution was found for its future use. The HBC temporary lease began in September 2015 at which point the authority mothballed the building in order to reduce running costs to a minimum and prevent further deterioration to the fabric of the building. The building currently remains mothballed. The current temporary lease on the building expires on 31 August 2017.
- 3.5 The funding responsibility for MyPlace projects has transferred from BLF to the Education Funding Agency (EFA) and the Cabinet Office.
- 3.6 Since September 2015 HBC has been the only key holder of the building and has funded basic utility, building repair and maintenance costs. The following actions have also been taken to support the production of a business case and business plan for NLA:
 - a. A NLA Project Team was established to ensure that the building was properly maintained. The Project Team comprises officers from all three Council Departments, including the Council's legal and finance teams. There was proactive liaison with key partners and an investigation was carried out in regard to future financial sustainability of the centre.
 - b. Members of the Project Team have been in regular contact with representatives of the Cabinet Office and Education Funding Agency. The purpose of this liaison has been to update the departments on the current position of the project, to agree possible future use of the centre, and to renegotiate any liabilities associated with the original funding allocation.
 - c. An independent options appraisal was carried out to investigate future community use of the building. It was felt that the recommendations of this appraisal did not offer best use of the unique facilities within NLA and did not offer financial sustainability.
 - d. A series of open events was held with local schools and colleges, ward members, local authority teams, arts and culture organisations and other interested parties.
 - e. A business planning event was held to consider future business opportunities for NLA that would support the growth of the cultural sector in Hartlepool, and how a model could be developed that would meet the needs of schools in Hartlepool and enhance the offer of local post-16 colleges.
- 3.7 To date the centre has lacked a number of elements that are essential for it to operate on a financially self-sustaining basis:

- a. **a sustainable business model** that optimises the use of the centre's unique facilities, addresses gaps in service provision for young people, and generates an income to provide a financially stable future
 - b. **dedicated and skilled staff** to manage the building, operate the technical equipment in a proficient and relevant way, and deliver the core business offer
 - c. **essential 'pump priming' revenue funding** to enable the centre to employ staff and allow it to develop and deliver an offer to key customer groups and attract the necessary revenue to become financially self-sustaining
 - d. **a clear brand and identity**, underpinned by a relevant business offer, that clarifies for local people what the NLA does and what it can offer them
 - e. **effective local governance arrangements** enabling the centre to be owned, managed and controlled by the key stakeholders in the local community including the Council, local primary and secondary schools, colleges and businesses and the local creative industries community.
- 3.8 At the meeting of 27 March 2017 Finance and Policy Committee agreed Hartlepool Borough Council acquire NLA and bring it into its estate. This was agreed on the understanding that reduced liabilities in relation to the original funding obligations could be agreed with central government departments and that the future use of the centre would focus on meeting the educational and social needs of children and young people in Hartlepool and neighbouring local authorities.

4. PROPOSALS

- 4.1 It is proposed that NLA be used as a centre for excellence in technical training for the creative industries. The centre will target emerging technologies and industrial growth sectors, including digital media and creative industries, with a view to developing a supply of suitably skilled and capable young people to form the creative workforce of the future. The planned curriculum pathways accessed through NLA will also re-engage some young people for whom a traditional, fully academic diet is not appropriate.
- 4.2 Hartlepool schools are currently struggling to manage children and young people presenting with various social, emotional and mental health needs which are disrupting their education. In addition to this, following the Government's focus on English Baccalaureate (EBacc) some young people, who have not been academically strong but have talents in other non-EBacc subjects, no longer have a consistently significant place in the curriculum to shine and are therefore suffering with a lack of confidence, direction and engagement in education.
- 4.3 The centre aims to plug a gap that currently exists in the educational offer available to young people in Hartlepool in four main ways:

- primarily offering curriculum opportunities around vocational training and qualifications, traineeships and apprenticeships to 14-19 year olds focusing on technical training in TV and Film Production, Sound Production, Theatre and Live Event Production, and Graphic Design and Animation
- provide new, unique and engaging learning opportunities for young people at key stages 3 and 4 who are experiencing difficulties in academic education and for whom the current vocational training offer – of construction and related trades training - is unsuitable
- support the emotional development and resilience of young people through universal and targeted 'creative therapies'
- offering a route to enterprise and self-employment in the creative industries by providing a base from which young people can develop arts and music projects, and business proposals, with a view to establishing new business start-ups
- outside of school hours; the centre will also offer children and young people an opportunity to engage in creativity-based activities such as Saturday Club, a well established programme developed by the Sorell Foundation

4.4 By becoming a technical training centre for the creative industries it is anticipated that the centre will provide grassroots support for young people wanting a career in the creative sector. It will also support these young people through development pathways into FE, HE and employment. In turn, the increased supply of technically competent and capable young people will provide a skilled workforce that will enable this important sector of the economy to enhance its productivity and to grow.

4.5 It is anticipated that by providing a less formal learning experience for young people who are failing to engage satisfactorily in mainstream education, it will be possible to motivate and re-engage some young people, and find different and more suitable routes for them to progress through education and training towards the world of work.

4.6 For those young people who may need additional support with emotional well-being, the facilities and resources available through the centre will offer a safe space for children, young people and their families to express their thoughts, feelings and experiences so that they can become happier, better engaged and more resilient members of their communities.

4.7 The following table gives possible examples of how children and young people could access the centre.

Example Student	Delivery Programme	Funding Source	Outcomes
Y5 pupil who is struggling with confidence and self-esteem, needs additional emotional support to help prepare for future transition to Y7	School releases pupil out of school to attend 'creative therapy' type sessions at the centre	Possibly grant funded Schools discretionary budgets	An example could be a comedy academy where children and young people can work with professional comedians to develop their own set. This helps them to express their own thoughts in a safe environment and develop confidence through performance.
13 year old student attends free Saturday Club delivered by CCAD	CCAD design a programme that is specifically encompassing the unique facilities within the centre	The Sorrell Foundation, an independent charity, which has offered National Saturday Clubs since 2009. Nationally recognised programme	Relevant artistic/creative skills; improved motivation and attitude; insight into possible future education/career options; raised attainment in school subjects; informed choices about future study; enhanced life skills.
14-16 student who needs a personalised curriculum as diet of EBacc subjects is not motivating. Interest in Creative Arts has been sparked by attending Saturday Club.	When making choices at Y9 the young person opts to undertake a Level 1 course in Art and Design (Graphic Design) delivered by CCAD at the Centre. The young person attends the centre for ½ per week to study with CCAD but stays on roll at their current school and studies English, maths and science as usual.	DSG/School's discretionary budget	Approved vocational qualification; understanding of the media industry; skills for further study; if the young person successfully completes L1 in Y10 they can progress to L2 in Y11

Example Student	Delivery Programme	Funding Source	Outcomes
Has completed Key Stage 4 but does not have equivalence of a full Level 2. GCSE Maths and English achieved at grade D. Enjoyed experience at the centre and is interested in creative digital career.	Starts a Traineeship at the centre. Continues study of Maths and English; work preparation; quality work placement(s) with relevant sector employers; additional short skills qualifications as agreed with employer and Traineeship provider (college or independent provider) as being needed for employment in the sector.	EFA 16-18 Study Programme funding. Traineeship lasts maximum of 6 months so income approx. £2000 (before cost weighting and other funding factors).	Guaranteed exit interview with work placement employer, or formal interview if a vacancy arises; real work place experience and contact with industry professionals; readiness for Apprenticeship or employment with training; additional short qualifications relevant to sector.
Successful in interview for Advanced Level Apprenticeship in Theatre and Live Event Rigging with local employer. Apprenticeship is a real job with training so student is now earning and learning.	College/independent provider in the centre Theatre and Live Events faculty delivers formal components of Apprenticeship framework.	Provider will be fully funded by EFA/SFA while student is 16-19.	Opportunity for progression to Higher Level Apprenticeship or HE.

4.8 Target markets and key customer groups are indicated in the table below

	Offer	Audience
Core Business	<p>Technical training centre offering introductory sessions, courses, traineeships and apprenticeships in the following four areas:</p> <ul style="list-style-type: none"> - TV and Film - Sound Production - Theatre and Live Event production - Graphic Design and Animation - 	<p>Children and young people that fall into any of the following categories:</p> <ul style="list-style-type: none"> - Desire to enter into a career in the creative sector - Shows talent valued in creative industries - Struggling to engage in mainstream education pre-16

	Offer	Audience
Supplementary Business A	Creative therapy programme offering a safe space for children, young people and their families to express their thoughts, feelings and experiences through creativity so that they can become happier, better engaged and more resilient members of their communities	Children and families of all ages that need universal and targeted support to build confidence and develop emotionally
Supplementary Business B	<p>Creative and arts recreational activities offered through schemes such as the 'Saturday Club'</p> <p>Organisations such as Youth Services with specific projects to deliver that fit with either the core business or supplementary business A</p>	<p>Those who want to engage in creative and arts activities as a means of personal therapy, relaxation or recreation</p> <p>Targeted groups of young people engaged with Youth Services</p>
Supplementary Business C	<p>Artist in residence programme providing low cost space for start-up creative businesses while being supported by and supporting the technical trainee programme</p> <p>Providing a space for start-up creative businesses and artists to develop and showcase their work.</p>	<p>Creative individuals or businesses that are:</p> <ul style="list-style-type: none"> - Artists and performers who are developing a specific project or piece of work which they intend to tour/showcase

4.9 Cleveland College of Art and Design (CCAD), Hartlepool College of Further Education and Hartlepool Sixth Form College have all been valued partners in supporting a new use for NLA and developing the current business case and plan for a change of use to a the centre. They feel that this proposal would not only assist them to expand their current FE offer to support the creative sector, but would also help demonstrate to young people that fulfilling careers in the creative sector are available in Tees Valley and the North East. This would help with pathways from school onto both FE and HE education and training, and into creative sector employment. Colleges are also looking at how they can support the mental health needs of their students and feel that some of the creative therapies proposed would also be of benefit to their students.

4.10 CCAD have committed resources to the project by allocating staff to deliver the following courses in the Graphic Design and Animation faculty from September 2017:

- Pearson's Edexcel Level 1 in Art and Design (Graphic Design)
- Pearson's Edexcel Level 2 in Art and Design (Graphic Design)
- Pearson's Edexcel Level 1 in Art and Design (Creative Digital Media)
- Pearson's Edexcel Level 2 in Art and Design (Creative Digital Media)

- 4.11 CCAD have also committed to running Saturday Club from the centre using funds from the Sorrell Foundation. CCAD have been running Saturday Club successfully from their campus in Middlesbrough for a number of years and usually have an average of 85 13-16 year olds attending each week.
- 4.12 HBC can develop 'public sector to public sector' partnership agreements with other appropriate education providers to develop curriculum offers in the three other the centre faculties of TV and Film, Sound Production, and Theatre and Live Event Production.
- 4.13 Where faculty leads cannot be secured through public sector to public sector partnership agreements there are two options available:

Option 1: Open opportunities to run individual faculties on the open market. Each faculty would be offered as a concession opportunity. The Council would be clear on advertising the opportunity what the expectations would be in relation to the education/curriculum offer. Bidders would be expected to submit a business plan for their faculty area. This business plan can cover both educational and commercial use of the facilities. Bids would be evaluated on the quality of the business offer and the sustainability of the plan. This option would carry less financial risk for the authority and would require less staffing resource to operate the centre.

Option 2: Release tenders which allow the Council to purchase educational service that could then be sold on to schools. This would carry a higher financial risk and would require more staffing resource.

5. RISK IMPLICATIONS

- 5.1 Business risks in relation to the proposed business plan have been assessed in the table below:

Category of Risk (RAG)	Key Risk	Mitigating Actions
Medium	Funding: Following a period of underwriting from Hartlepool Borough Council or Tees Valley Combined Authority the centre cannot meet its income targets to operate on a cost neutral basis	<ul style="list-style-type: none"> - Education partners established that are engaged and supportive of the process - The business plan allows for a staggered introduction of services/facilities, this allows time for each faculty to establish itself before new courses are advertised through another faculty

Category of Risk (RAG)	Key Risk	Mitigating Actions
		<ul style="list-style-type: none"> - Areas of grant funding identified - Services are to be sold across the Tees Valley rather than being restricted just to a Hartlepool market - Numbers of estimated places to be sold are conservative
Medium	Staffing: The Centre will require a core complement of staff capable of running the facility as if it were a commercial operation requiring full cost recovery and with the technical competence to ensure the specialist equipment can be properly operated and maintained	<ul style="list-style-type: none"> - Staffing structure identified which grows as the centre develops and brings new faculties on line - Strategic Co-ordinating Group to be developed to support the future development of the centre and business plan - Potential partner organisations with identified skills and experience identified
High	Physical Location: The location of the centre is sub-optimal from an accessibility viewpoint and there will be a need for a transport service to ferry students to and from the centre	<ul style="list-style-type: none"> - Transport arrangements identified and costed
Medium/High	School Engagement with creative based education programme: Schools continue to focus on EBacc subjects and are unwilling to allow children and young people time out of school to study an arts based curriculum	<ul style="list-style-type: none"> - Schools, especially in Hartlepool, are proactively communicating the need for alternative curriculum offers for their young people that are not coping or flourishing in mainstream education – this plan is one response to this
Medium	Lack of identify/public perception: It will take some time for a re-launched Centre to build its reputation and credibility with young people, local schools and colleges, businesses in the creative industries sector and the local community	<ul style="list-style-type: none"> - Re-branding and re-launch costed as part of start-up - Credible partner organisations identified
Low	Lack of reputation for delivering education/training/creative therapies: It will be essential to recruit capable staff who can quickly build the reputation and credibility of the centre	<ul style="list-style-type: none"> - Credible partners organisations identified - Marketing budget identified to promote centre and centre business - Potential target markets identified

6. FINANCIAL CONSIDERATIONS

- 6.1 Members are reminded that significant additional Government Grant cuts will be made over the period 2017/18 to 2019/20. By 2019/20 this means Government funding will have been cut for 9 years. In addition, the Government's current policy in relation to Council Tax, including the Social Care precept, is increasing the proportion of the overall budget funded from Council Tax. An update of the Medium Term Financial Strategy was submitted to the Finance and Policy Committee on 9th January 2017 and informed Members that the Council faces a gross budget deficit over the next three year of £20.8m. The implementation of corporate savings, forecast Council Tax increases, housing growth and increased Better Care Funding reduces this to £8.8 million over the next three years, which equates to 10% of the 2016/17 budget. Detailed savings proposals totaling approximately £6.6m were approved by Finance and Policy Committee on 9th January 2017, which means the Council still needs to make further savings of £2.2m over the next three years. This figure may increase if existing budget pressures cannot be managed by reducing demand for demand led services. Any additional budget pressures that are created will increase the level of budget cuts which will need to be made and will need to be referred to the Finance and Policy Committee for consideration.
- 6.2 A budget has been allocated to the project to maintain the building in a mothballed state. This budget will continue to support the project until 31 August 2017.
- 6.3 Detailed projections in relation to income strategy for years 1 to 4 are included in confidential **Appendix 1** of this report. **This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, information relating to the financial or business affairs of any particular person (including the authority holding that information (para. 3).**
- 6.4 Detailed projections in relation to staffing costs and centre running costs are included in confidential **Appendix 1** of this report. **This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, information relating to the financial or business affairs of any particular person (including the authority holding that information (para. 3).**
- 6.5 The financial forecasts detailed in Appendix 1 have been prepared on a worst case basis and are based on years 1 and 2 being transitional years, reflecting the establishment of new courses and phased increases in student numbers. These forecast are also based on a small potential deficit in year 3, with the centre breaking even in year 4. However, it is anticipated that the worst case forecasts for the phased increase in student numbers should be exceeded and if this is the case the forecast deficits in year 1 and 2 would be

significantly reduced and the break-even year would be brought forward. However, for planning purpose it is prudent, at this stage, to plan on the worst case forecasts.

- 6.6 A bid has been submitted to Tees Valley Combined Authority (TVCA) for both revenue underwriting for the first three years of the project and up front capital investment. A breakdown of revenue underwriting for years 1 to 3 are detailed in confidential **Appendix 1** of this report.
- 6.7 Should the bid to TVCA for revenue funding not be successful, or only partially successful, it will be necessary to identify alternative funding from outside the General Fund revenue budget. In this regard one-off funding of £136,000 is available from Trading Standard fine income secured from the successful settlement of a recent case. These monies had not been included in the Council's financial plans as the outturn for the case was unknown. It is therefore recommended that these one-off resources should be allocated towards this project until the outcome of the funding bid to TVCA is known. This funding provides time to either secure TVCA funding to underwrite the project, or for the project to become financially self sustaining if the actual income exceeds the worst case forecast. In the event that the Trading Standards fine income is not needed for this project, alternative proposals for using this funding will be able to be considered as part of the 2018/19 budget process.

7. LEGAL CONSIDERATIONS

- 7.1 HBC currently has a licence to operate the building. This is due to expire on 31 August 2017.
- 7.2 The NLA Project Team have pre-agreed terms under which the land and building would transfer from the Diocese of Durham to Hartlepool Borough Council. At the time of writing this report, this work is continuing as expected for a start date of 1 September 2017.
- 7.3 Members of the NLA Project Team have been liaising with the Cabinet Office and Education Funding Agency who are now the sponsors of all Myplace projects nationally. Both Central Government departments have been fully briefed on the intended future use of NLA, primarily being focussed on education provision, and they are agreeable to this proposal. HBC has clearly stated that there is no intention of the Council becoming fully responsible for the original funding liabilities associated with the Myplace project. Both departments have indicated that they are willing to negotiate these liabilities in order to mitigate all associated risks for HBC. At the time of writing this report, this work is continuing as expected, central government departments are preparing legal paperwork to allow the acquisition of the centre to be finalised.

8. CHILD AND FAMILY POVERTY

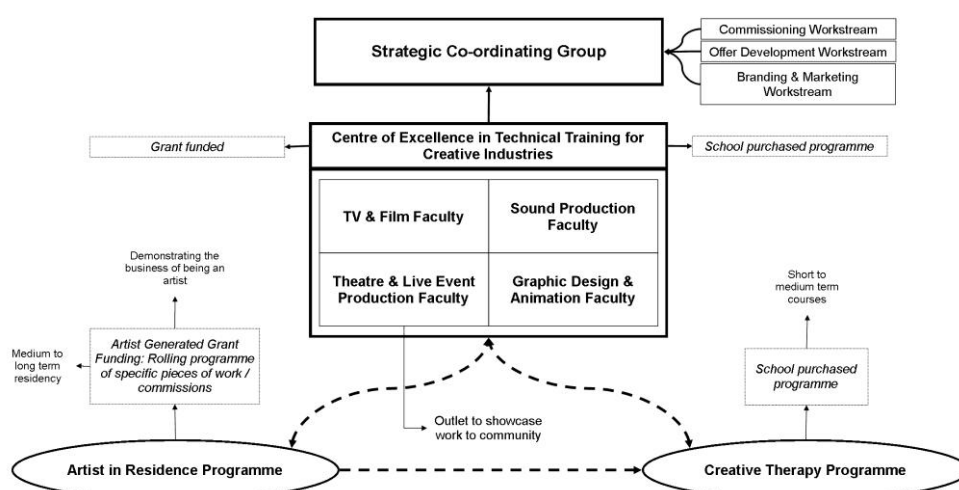
- 8.1 Options have been considered and there are no child and family poverty impact issues.

9. EQUALITY AND DIVERSITY CONSIDERATIONS

- 9.1 Options have been considered and there are no equality and diversity impact issues.

10. STAFF CONSIDERATIONS

- 10.1 The diagram below demonstrates how the centre will be co-ordinated. It is proposed that a Strategic Co-ordinating Group will be established to act as the driver for implementing the Y1-4 business plan and to develop a Y5+ business plan at the appropriate time. This group will also support the commissioning of faculty providers. The group will consist of elected members, school and college representatives, creative industry employers, delivery partners and council officers.



- 10.2 The Strategic Co-ordinating Group will be supported by a number of relevant workstreams which will be responsible for progressing key work areas. These are:

Commissioning Workstream: Responsible for developing concession opportunities, contracting delivery partners and monitoring these contracts moving forward. The Council's Strategic Procurement and Support Services Manager sits on this workstream to ensure that NLA is taken into consideration, where appropriate, concerning goods and services that the Council is procuring. The workstream will also consider how in-house services can be appropriately used to support the development of the centre.

Offer Development Workstream: Responsible for developing a relevant curriculum and programme offer from NLA that is consistent with any

business plan approved by members and responsive to the needs of young people in Hartlepool.

Branding and Marketing Workstream: Responsible for the formal re-branding and future marketing of the centre.

- 10.3 There will be a requirement to employ staff for the centre. In the early stages this will mainly be in the form of admin support and caretaking. It is proposed that the current bank of casual caretaking staff employed by community centres are utilised for the centre. There may also be options to utilise admin staff from other council locations to support the operation of the centre. Staffing costs are incorporated in the financial plan in confidential **Appendix 1**. These costs are set to increase year on year to accommodate the growth of the centre. As the centre's reputation grows, a business manager post will be needed to ensure long-term sustainability. The business manager will be responsible for ensuring that future operation of the centre aligns closely with the wider sector needs of the Tess Valley, alongside the needs of the local community.

11. ASSET MANAGEMENT CONSIDERATIONS

- 11.1 Members approved the acquisition of the building and the land in the meeting of Finance and Policy Committee on 27th March 2017. Work is continuing, as expected, with the Diocese of Durham, Cabinet Office and the Education Funding Agency to legally transfer these assets, as described in section 7.2.

12. CONCLUSIONS

- 12.1 The business model outlined at **Appendix 1** provides a slow, phased approach to finally bringing some excellent provision into use for the communities in Hartlepool. The learning programme will provide opportunities for children and young people to get off to a flying start in some sector shortage areas of employment in the Tees Valley. This will be a contributor to bridging the gaps many sector-led employers are concerned about, and also providing an excellent start for Hartlepool's young people on some key curriculum and technical curriculum pathways. In addition to the curriculum pathways outlined at **Appendix 1**, other community-based activities will be brought on stream once the building is up and running during year 1 of operation. This will include activities at weekends, during the evening and during the school holiday periods. These activities will all generate income which will in time make the facility fully self-sustaining.
- 12.2 Central government departments have agreed to draw up the legal paperwork to ensure that the Council will not be liable for any historic clawback from the original BLF grant.
- 12.3 The financial model is based on a worst case forecast and reflects a tapering model of initial pump-priming to establish the provision. Funding is being

sought from the Tees Valley Combined Authority and other external grant funding applications that will be submitted. Schools have already indicated that they have suitable students at numbers greater than initially modelled. Until this funding is achieved it is recommended that the Council earmarks fine income secured from a recent successful Trading Standards case to partly underwrite the worst case forecast. This will remove any short-term financial risk to the General Fund budget.

- 12.4 In the event that the worst case forecasts are exceeded the above resources may not be required.
- 12.5 There is a potential downside risk that if the phased income forecasts are not exceeded, or funding from TVCA is not secured, that the only income to support the development of the centre will be the Trading Standards fine income. In this situation the centre would not be financially viable and the centre would need to be closed to avoid a financial risk to the General Fund budget. The phased development of the provision is designed to remove this financial risk.

13. RECOMMENDATIONS

- 13.1 It is recommended that members approve the business proposal that the centre is used as a Centre of Excellence in Technical Training for Creative Industries.
- 13.2 Note the business case is a worst case financial model and if actual pupil numbers and income exceeds these forecasts the centre will break even sooner than currently anticipated.
- 13.2 It is recommended that members approve the re-branding of the centre, beginning with a new name for the centre such as one of those listed below:
- a. Centre for Excellence in Creative Industries
 - b. Centre for Excellence in Digital and Creative Industries
 - c. Centre for Excellence in Performance, Digital and Creative Industries
 - d. Centre for Excellence in Creative Arts
 - e. Centre for Excellence in Creative and Digital Arts
- 13.3 It is recommended that members approve commissioning Option 1, concession tendering, as detailed in 4.3 of this report.
- 13.4 Members approve that the proposed four year financial plan, incorporating a staggered opening of faculty areas.
- 13.5 Members approve the allocation of the Trading Standards Fine income of £136,000 to underwrite the project in the event that financial support from TVCA cannot be secured for the worst case forecast deficit.

- 13.6 To note that in the event that the Trading Standards fine income is not needed for this project, alternative proposals for using this funding will be able to be considered as part of the 2018/19 budget process.

14. REASONS FOR RECOMMENDATIONS

- 14.1 Utilising the centre as a Centre of Excellence in Technical Training for Creative Industries fully utilises the unique facilities offered within the centre, while also providing alternative learning opportunities for young people. It also helps young people develop the skills required to enter pathways into further education and employment within a Tees Valley growth sector industry.
- 14.2 The centre requires rebranding in order for it to cut ties with its past and in order to reflect its new use and role within education provision for young people. Also the term 'academy' has a more defined meaning within the education sector than it did when the centre was originally established. Using this term could lead to the perception that the centre is an educational establishment in its own right.
- 14.3 Concession tendering carries less financial risk and requires Council resources. It also means that opportunities can be advertised to a wider market.
- 14.4 It is believed that the four year plan with staggered faculty opening provides an opportunity for the centre to develop slowly and embed offers before introducing new ones.
- 14.5 The proposed business plan cannot be implemented without capital investment and revenue underwriting in years 1-3.

15. BACKGROUND PAPERS

- 15.1 Finance and Policy Committee Report, 27 March 2017: Proposal Regarding the Acquisition of Northern Lights Academy (NLA)

16. CONTACT OFFICER

Mark Patton
Assistant Director: Education, Learning and Skills (0-19)
Child and Adult Services
Hartlepool Borough Council
Tel: (01429) 523 736
E-mail: mark.patton@hartlepool.gov.uk