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Chairman: Councillor R.V. Blaney
Vice-Chairman: Councillor D.J. Lloyd

Members of the Committee:

Councillor R.J. Jackson
Councillor R.B. Laughton
Councillor P. Peacock
Councillor A.C. Roberts
Councillor D. Staples (Opposition Spokesperson)

Substitute Members

Councillor Mrs A.C. Brooks
Councillor K. Girling
Councillor Mrs L.J.M. Tift
Councillor T. Wendels

MEETING: Policy and Finance Committee

DATE: Thursday 30 November 2017 at 6.00pm

VENUE: Civic Suite, Castle House

**You are hereby requested to attend the above Meeting to be held at the time/place
and on the date mentioned above for the purpose of transacting the
business on the Agenda as overleaf.**

If you have any queries please contact Nigel Hill on 01636 655243.

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NEWARK AND SHERWOOD DISTRICT COUNCIL

Minutes of the Meeting of the **POLICY & FINANCE COMMITTEE** held in the Civic Suite, Castle House, on Thursday, 21 September 2017 at 6.00pm.

PRESENT: Councillor R.V. Blaney (Chairman)

Councillors: R.J. Jackson, R.B. Laughton D.J. Lloyd, P. Peacock, A.C. Roberts and D. Staples.

ALSO IN ATTENDANCE: Councillors: Mrs A.C. Brooks and Mrs L.J.M. Tift.

19. APOLOGIES FOR ABSENCE

There were no apologies for absence.

20. DECLARATIONS OF INTERESTS BY MEMBERS AND OFFICERS AND AS TO THE PARTY WHIP

There were no declarations of interest.

21. DECLARATIONS OF INTENTIONS TO RECORD THE MEETING

The Chairman advised that the proceedings were being audio recorded by the Council.

22. MINUTES FROM THE MEETING HELD ON 29 JUNE 2017

The minutes from the meeting held on 29 June 2017 were agreed as a correct record and signed by the Chairman.

23. HOUSING INFRASTRUCTURE FUND BIDS

The Chief Executive presented a report which sought support for two to the Housing Infrastructure Fund which was a new government capital grant programme set up with the aim of delivering new homes.

The bids needed to be linked to both delivering infrastructure and unlocking housing development with the housing developments having already been planned or envisaged strategically. The report referred to two pieces of infrastructure which required investment linked to unlocking housing growth, the Newark Southern Link Road and the Ollerton roundabout.

Given the timescales officers had been preparing the two bids. A team comprising Council officers, the relevant developers and their consultants, economic advisors, and the Homes and Community Agency had been assembled with a view to preparing bid submissions. Both bids were likely to be jointly badged with Nottinghamshire County Council and LEP support and would be accompanied by a suite of supporting statements by local MP's, stakeholders, and businesses.

AGREED (unanimously) that the submission by Officers of the Housing Infrastructure Fund bids detailed at Section 3 of the report, on or before 28 September 2017, be supported.

Reason for Decision

To ensure grant opportunity is maximised in order to unlock significant infrastructure and housing on strategic housing and employment sites.

24. ESTATE REGENERATION

The Business Manager – Strategic Housing presented a report which provided an update on the work being progressed further to the Council successfully receiving ‘Capacity and Enabling’ funding through the Department for Communities and Local Government’s (DCLG) Estate Regeneration Programme, which was designed to accelerate and improve estate regeneration schemes. This programme concerned the viable regeneration scheme of the Yorke Drive estate when cross subsidised by development of the adjacent Lincoln Road playing fields.

In accordance with the delivery timetable officers undertook a procurement exercise to procure a suitably qualified consultant to action the early deliverables around enhancing the commercial capacity of the Council and re-appraising the financial elements of the estate regeneration scheme to ensure that it was still a viable proposition. This would then enable progression of the remaining deliverables, including engaging with residents, the local Ward Members and all other local stakeholders. Further to the procurement process, Campbell Tickell had now been appointed as consultants to project manage and undertake the following activities, in relation to delivering this ‘transformational project’.

The report also provided details in respect of the outcome of the Council’s Expression of Interest submitted to the Homes & Communities Agency’s (HCA) Accelerated Construction Programme (ACP). The HCA had now reviewed all the Expressions of Interest and shortlisted 222 sites to go forward for due diligence on the basis of the published criteria. The Council’s submission for the Lincoln Road Playing Field and Yorke Drive Estate had been included in this short list. The due diligence process was designed to assess each site’s suitability for a tailored offer of support. Once the due diligence process was complete all sites included in the shortlist would be assessed against a wider portfolio of sites in central government ownership, to inform final investment decisions. The final assessment would include value for money, additionality and strategic fit considerations and it was reported that the HCA hoped to complete the assessment process within three months.

AGREED (unanimously) that:

- (a) the progress being made under DCLG’s Estate Regeneration Programme for the Yorke Drive estate and Lincoln Road playing fields be noted; and

- (b) approval be given to support the work being undertaken to progress to the 'due diligence' stage of the HCA's Accelerated Construction Programme, subject to the outcome of the discussions referred to in paragraph 3.12 of the report that the ACP complements and doesn't duplicate the work already being taken forward on the Estate Regeneration Programme for the York Drive Estate.

Reason for Decision

To progress the key outputs from the Bridge Ward Neighbourhood Study relating to the 'transformational project' focussing on the growth and regeneration of the Yorke Drive estate and Lincoln Road playing fields.

25. CAPITAL PROGRAMME - FINAL ACCOUNTS ON THE NEWARK SPORTS & FITNESS CENTRE AND THE PALACE THEATRE AND NATIONAL CIVIL WAR CENTRE INTERGRATION

The Director - Customers presented a report which set out the final accounts for the Newark Sports & Fitness Centre and the integration between the Palace Theatre and the National Civil War Centre.

The Newark Sports & Fitness Centre opened in April 2016, following a construction programme which began in January of 2015. Following the contractual completion of the defect period, the final account for the work was £9,352,654. That figure represented an under spend against the £10,321,999 sum contained in the Capital Programme of £969,345.

The integrated Palace Theatre and National Civil War Centre opened in March 2016, following a seven-month construction period which began in September 2015. The final account for the works, which were delivered on programme, was £1,528,137 representing an under spend against budget of £87,482.

AGREED (unanimously) that the final accounts for both the Newark Sports & Fitness Centre and the Palace Theatre and National Civil War Centre Integration be agreed and included within the Council's Capital Programme.

Reason for Decision

To appraise Members of the final accounts of the Newark Sports and Fitness Centre and the Palace Theatre and National Civil War Centre Integration.

26. CAPITAL PROGRAMME MONITORING TO 31 JULY 2017

The Director - Resources and S151 Officer presented a report which monitored the progress of the overall Capital Programme since the last progress report to the Committee on 29 June 2017. Appendices A and B to the report provided details of the capital projects over their whole life to illustrate total budget, expenditure,

progress and explanations for any amendments. Variations to the Capital Programme since it was last reported to the Committee on 29 June 2017 were detailed in Appendix C. The overall financing of the Capital Programme for 2017/18 to 2021/22, including any variations, were illustrated in Appendices D and E.

AGREED (unanimously) that the variations listed in Appendix C be approved and the Programme shown in Appendices D and E be accepted as the latest approved Capital Programme.

Reason for Decision

To enable the Capital Programme to be amended to reflect changes to resources available and better clarity of the cost and phasing of projects.

27. COUNCIL'S ANNUAL BUDGET 2018/19 - OVERALL CORPORATE STRATEGY

The Assistant Business Manager – Financial Services presented a report which introduced the Annual Budget Strategy. The Council's Constitution required that the Council's Section 151 Officer present a report on the overall Budget Strategy to the Policy & Finance Committee for approval. The budget process would result in the setting of the budget and the Council Tax for 2018/19.

The strategy took into consideration financial policies previously approved by the Policy & Finance Committee and was set in the context of the Council's Medium Term Financial Plan (MTFP) which was approved by the Policy & Finance Committee on 29 June 2017.

The Council's Medium Term Financial Plan set out the estimated service expenditure, net budget requirement and the total settlement funding to arrive at the possible funding gap for 2018/19. The report identified a range of the funding gap from £706,000 if Council Tax at average Band D was increased by £5, to a gap of £898,000 if Council Tax at average Band D was frozen at the 2017/18 average Band D level.

The Council would continue to make efficiency savings in order to reduce the funding gap, however as emphasised in the MTFP, further significant savings would start to impact on future service delivery. The Council would therefore look to introduce a Commercial Plan which would be supported by an Investment Strategy.

The report gave details of the updated Council's financial policies and gave some context in terms of the financial environment. The report also set out proposals for the 2018/19 budget including details about business rates, provision for inflation and increases in fees and charges.

AGREED (unanimously) that:

- (a) the overall budget strategy be approved;
- (b) budget officers continue work on the assessment of various budget proposals affecting services for consideration in setting the Council's budget;

- (c) budget managers work with finance officers in increasing income from fees and charges and in identifying new income; and
- (d) officers develop an action plan to support the Commercialisation Plan.

Reason for Decision

To enable the Council's budget process to proceed encompassing agreed inflation and salaries and wages rates for 2018/19 to 2020/21.

28. COMMERCIAL STRATEGY

The Director - Resources and S151 Officer presented a report concerning the adoption of a Commercial Strategy for the Council. The proposed Commercial Strategy followed up on the key messages in the Council's Medium Term Financial Plan (MTFP).

The MTFP stated that whilst the Council managed to balance the budget for 2017/18, because of prudent decisions made in the past, future funding of its services would depend on its ability to raise additional income. Otherwise the Council would need to make up funding gaps by increasing Council Tax or/and depleting its general fund reserves. The Commercial Plan set out how the Council could address and meet the funding challenges identified in the MTFP.

The overarching aim of this strategy was to deliver positive financial returns to the Council's General Fund. It would be important to develop clearer commissioning intentions and medium term delivery strategies across all major service areas, for example by making decisions around collaborative working, shared services, seeking more innovative approaches to delivery, challenging existing approaches and having a clear vision of what the authority would look like in 2020.

The report set out the key objectives of the commercial strategy and how it would be delivered. It was proposed to follow a three tier approach to the delivery of the strategy, Business Unit commercialisation; shared services; and corporate investment and trading.

In support of the development of the commercial business plan framework and subsequent implementation and delivery, it was proposed that a new internal team be formed, the Commercial Projects Development Team (CPDM). It was reported that the CPDM would require upskilling and development and therefore a budget of £20,000 was requested to fund any external advice, training and mentoring.

AGREED (unanimously) that:

- (a) the Commercial Strategy be recommended to Council for approval; and
- (b) the establishment of a Commercial Support budget of £20,000, to be funded from the Change Management Reserve, be recommended to Council for approval.

Reason for Decision

The strategy consolidates the Council's existing commercial activity and provides a framework, with defined objectives for the delivery of future commercial activity and projects.

(Councillor R.V. Blaney left the meeting at this point. Councillor D.J. Lloyd took the Chair for the remainder of the meeting).

29. INVESTMENT PLAN

The Director - Resources and S151 Officer presented a report concerning the adoption of an Investment Plan for the Council which would support the proposed Commercial Strategy. The MTFP identified the need to take steps to ensure that the Council maintained its financial resilience and protected its long term financial position, by exploring and developing alternative sources of funding that reduced its reliance on government grants and council tax increases in the future. The MTFP also stressed the importance of innovation in the delivery of services in the interests of residents and businesses and the need to develop the Council's approach to revenue generation through reviewing fees for services, trading and investment.

The main objectives of the proposed Investment Plan were:

- to support the Council's MTFP and Commercialisation Plan;
- develop a balanced portfolio of investments that support the Council's stated intentions of enhancing financial resilience in the longer term;
- the establishment of appropriate governance arrangements, including the creation of an Investment Advisory Board to provide advice to the Policy and Finance Committee, on the implementation of the Investment Plan; and
- the proposal to establish, subject to a full business case, a wholly owned Property Development Company.

The Committee debated the role of the Audit & Accounts Committee in respect of the Investment Plan and the composition of the proposed Investment Advisory Board.

AGREED (unanimously) that:

- (a) the Investment Plan be approved and recommend to Council for adoption; and
- (b) the establishment of the Investment Advisory Board be approved.

Reason for Decision

The adoption of this Investment Plan meets the Council's objectives as set out in the MTFP and Commercial Plan; primarily to increase revenue generation in order to become financially independent and ensure the future sustainability of Council services.

30. SOUTHWELL FLOOD MITIGATION SCHEME - FUNDING

The Director- Safety presented a report which invited the Committee to consider the level of contribution to be made towards the Southwell Flood Mitigation Scheme. The Scheme was now being prepared by Nottinghamshire County Council for submission in September, via the Environment Agency, to the National Project Assurance team (NPAS) to gain approval for the release of national funding relating to Flood Defence Grant in Aid (FDGiA) and Local Levy. The confirmation and securing of contributions from the other various stakeholders, including the District Council, was key to gaining these national funding approvals.

Currently the economic analysis was showing £26m of benefits on a scheme cost of £3.6m. This included an optimism bias of 30% which at this stage of the process was reasonable and seen as quite low risk. Confirmed partner contributions were currently £0.9m, made up of £600,000 from Nottinghamshire County Council and £300,000 from Local Levy. With these contributions the calculator was at 80% which meant that more benefits/contributions were needed.

At its meeting on 11 September 2017, the Homes and Communities Committee considered an update report on the various flood alleviation schemes proposed within the Newark and Sherwood District. The report contained an update on the Southwell Flood Mitigation Scheme and the County Council's request for the District Council to indicate the level of its partner funding support. The Committee resolved to recommend a figure of £220,000 to the Policy & Finance Committee.

AGREED (unanimously) that £220,000 funding be committed towards the cost of the Southwell Flood Mitigation Scheme in order to support the submission of the Scheme for funding to the National Project Assurance Team.

Reason for Decision

The District Council's funding support will assist the Southwell Flood Mitigation Scheme to attract the necessary funding from the relevant national funding bodies.

31. INFORMATION REQUESTS, COMPLAINTS AND RPIA UPDATE

The Business Manager – Customer Services and External Communications presented a report which informed the Committee of the activity in relation to requests made to the Council during 2016/17 under the Data Protection Act 1998, Freedom of Information Act 2000 and Environmental Information Regulations 2004. The report also advised of the complaints made to the Local Government Ombudsman and the use by the Council of the Regulation of Investigatory Powers Act (RIPA) during 2016/17.

AGREED (unanimously) that the report be noted.

Reason for Decision

To keep Members informed of activities in relation to various regulations.

32. URGENCY ITEM – DISCRETIONARY REVALUATION SUPPORT

The Committee noted the decision to approve the proposed discretionary Revaluation Support scheme, subject to any concerns made by either Nottinghamshire County Council or the Combined Fire authority.

AGREED (unanimously) that the urgency item be noted.

Reason for Decision

To implement the scheme to assist the Council to provide revaluation support by way of business rates relief.

Meeting closed at 7.43pm.

Chairman

ESTABLISHMENT OF A DEVELOPMENT COMPANY

1.0 Purpose of Report

1.1 To present the business case for establishing the Council's wholly owned development company and to seek approval from Committee to incorporate the company with Companies House.

2.0 Background Information

2.1 Committee Members have received a number of presentations (as have all elected Members) on establishing a development company and in its meeting of 6 April 2017, Committee Members agreed to support, in principal, the setting up of a development company, subject to a business case that demonstrated the benefits and financial viability of establishing a company.

2.2 The business case has been developed and is included as **Appendix 1**. The business case has been developed by the Council's Director of Resources who has experience in this field. The business case has been informed by market research and financial appraisal carried out on the existing, Council owned site on Bowbridge Road. The market research has been carried out by URBED (Urbanism Environment and Design) Ltd. and the financial appraisal has been carried out by Aspinall Verdi Ltd. The study establishes the viability of this site for residential development. The study also establishes the density, character and overall strategy appropriate for the site and location. The market research and financial appraisal documents include exempt information and are therefore available on the Council's Extranet, on request.

2.3 The financial appraisal based on the market research demonstrates that developing the site on Bowbridge Road through the limited company would generate profits to the Council, as follows:

	103 Units	55 Units
	£	£
Gross Development Value (GDV Revenue)	19,350,000	11,320,000
Total Cost	15,963,750	9,942,453
Development Profit	3,386,250	1,377,547
Residual Land Value (RLV)	2,481,550	2,481,550
Potential development return to Council	5,867,800	3,859,097
Return on Investment (ROI) –Full	21.21%	13.86%
Return on Investment (ROI) – 50%	10.60%	6.93%

- 2.4 The business case, **(Appendix 1)** sets out in detail, the benefits of operating through a limited company, the estimated cost of setting up the company, the estimated operational cost of the company for the first 3 years, the financial appraisal for the development on Bowbridge Road, together with a SWOT analyses and risk appraisal.
- 2.5 The business case, **(Appendix 1)** also sets out the proposed governance structure, as follows:

(i) Shareholder Committee

The Shareholder Committee will be appointed by full Council and will make recommendations to the Policy and Finance Committee. The Shareholder Committee will comprise of 3 elected Members who will be advised by the Council's Chief Executive and the Monitoring Officer. Other relevant Officers may also be invited to attend. The Chairman of the Board of Directors will report to the Shareholder's Committee at each meeting, unless specifically asked not to.

The role of the Shareholder Committee will not be operational. The Shareholder Committee will not, therefore, have powers to make operational decisions on behalf of the Council or the LATCo. It shall:

- Agree the Company's Articles of Association,
- Agree the Management/Shareholders agreement between the Council and the Board of Directors,
- Recommend to Policy and Finance Committee of the Council, the appointment of the Chairman of the Board and approve best practice policies in relation to such an appointment,
- Recommend to the Policy and Finance Committee of the Council, the constitution of the Board of Directors,
- Receive, review and recommend to Policy and Finance the business plans and each annual business plan,
- Review the financial performance of the LATCo, and
- Make recommendations to Policy and Finance Committee of the Council on how it should exercise the functions flowing from its ownership of shares; including decisions on payment of dividends from the company's profit after taxation. .

The Shareholder Committee shall meet at least quarterly to consider and review the matters identified above and where necessary call extraordinary meetings to accommodate the business identified above.

Full details of the role of the Shareholder Committee will be set out in the Shareholder Agreement.

(ii) Board of Directors

Directors of a company have a fiduciary duty to act in the best interest of the Company and therefore need to have suitable qualifications and experience and must avoid conflicts of interest.

LATCo's Board of Directors shall initially (during set up) comprise:

- One Elected Member
- The Chief Executive*
- The Deputy Chief Executive/Director - Resources*
- One other officer to fulfil the role of Company Secretary
- The Director - Safety*

*The legal advice is that the three statutory officers of the Council should not all be Board Directors at the same time and, in particular, the s151 Officer and the Monitoring Officer should not both be on the Board of Directors at the same time. This is to ensure that the Council continues to receive independent advice from a statutory officer. If, therefore, there was to be a change in the senior management structure of the Council, then the designation of officers to the proposed Board structure above will be reviewed by the Shareholders' Board who would, in turn, make recommendations to the Policy and Finance Committee for compliant changes.

The quorum for board meetings shall be three and at Board meetings each director will have one vote.

Board meetings shall be held monthly for the first 6 months and at least quarterly thereafter, on such dates as the directors may agree (where there is failure to reach agreement, the Chairman will have a casting vote).

Minutes of Board meetings will be provided to the Shareholder Committee for noting.

The Board of Directors will send a report at least twice a year to each member of the Shareholder Committee. The directors shall provide all information reasonably required by the Shareholder Committee to conduct an effective review.

The roles and responsibility of directors of a company are prescribed by the Companies Act 2013. Full details will also be set out in the Shareholder/Management Agreement.

3.0 Proposals

- 3.1 The business case, **Appendix 1** makes a compelling case for establishing and operating a Council owned Development Company.
- 3.2 The proposal, therefore, is to seek Committee approval to establish the company and to commence preparation for developing the first site on Bowbridge Road.
- 3.2 The intention will be to replicate the development and funding model, for the initial development on Bowbridge Road, to all future sites.

4.0 Equalities Implications

- 4.1 The implications will be considered within the business case.

5.0 Finance

- 5.1 Council have approved £100,000 to fund the company's initial set up costs. No further funding requirement is envisaged until the end of this financial year.
- 5.2 As set out in the business case, the company will require seed funding and a loan to fund the development of the first site on Bowbridge Road. Assuming that the scheme approved is for 103 units then the total amount of funding required is around £16m, as set out in the business case (**Appendix 1**). It is proposed that 25%, or £4m is provided as equity funding and 75%, or £12m, as Loan funding. The phasing of this funding provision will need to be determined and therefore a report will need to be brought later for approval to full Council.
- 5.3 The Council has around £10m in reserves which has been identified in the Investment Strategy as being available for investment. If Council approves the funding mix of £4m equity to £12m loan then the Investment Fund would reduce to £6m, with the loan funded from prudential borrowing. The remaining £6m will be applied to other investments to achieve the objective, as set out in the Council's Investment Strategy, of having a balanced investment portfolio.

6.0 RECOMMENDATIONS that:

- (a) the Committee approves the establishment of the development company;**
- (b) the Committee approves the management and governance arrangements, as set out in section 2.5 above and in section 5 of the business case and recommends this structure for approval to full Council;**
- (c) the Committee approves, in principle, the funding mix for the Bowbridge Road development of 25% equity and 75% debt.**
- (d) the Committee note the estimated costs of developing Bowbridge Road. The precise amount of funding required and the timing of this funding will be determined more precisely once preliminary preparatory work has taken place. A separate report will, at that time, be considered by the Shareholder Committee and presented to the Policy and Finance Committee.**

Reason for Recommendations

The establishment of a wholly owned development company supports the Council's Commercial and Investment Plans which in turn support the Council's Corporate Plan and Medium Term Financial Plan; all of which have been supported and approved by full Council.

The business case, Appendix 1, supports the establishment of the development company.

Background Papers

Elphicke House Report - From statutory provider to Housing Delivery Enabler:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/398829/150126_LA_Housing_Review_Report_FINAL.pdf

LGIU Policy Briefing – Appendix A
Councils with Established Housing Companies
Commercial Strategy
Investment Plan

Items not available as they contain commercially sensitive information:

URBED market research report
Aspinall financial appraisal report

For further information please contact Sanjiv Kohli, Deputy Chief Executive/Director - Resources on extension 5303.

Sanjiv Kohli
Director – Resources
Deputy Chief Executive
Section 151 Officer



BUSINESS CASE
for the establishment of a Newark and
Sherwood District Council wholly owned
Development Company.
(LATCo)

Document Control

Author	<i>Sanjiv Kohli, Deputy Chief Executive/Director - Resources</i>
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Contributors	<i>CMT Elected Members (via presentations since February 2017) Policy and Finance Committee Corporate Projects Development Team (CPDT)</i>

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- 9.0 Swot and Risk Management Plan**

1.0 INTRODUCTION

1.1 This Business Plan sets out the:

- Benefits and advantages of a LATCo,
- Governance structure for the LATCo
- Financial overview of the LATCo's forecast performance,
- Board and management structures, and
- Strengths, Weaknesses, Opportunities and Threats.
- Risks and mitigations.

The LATCo will be a company limited by shares, incorporated under the Companies Act, and Newark and Sherwood District Council (NSDC) will be the sole shareholder. The principal activity of the company will be residential development for sale at market value and/or for open market rent. The company will, once established, engage in non-residential development.

1.2 Reasons for Establishing the LATCo

The principle reasons for establishing the LATCo are:

- To meet the objectives of the Council's Corporate Plan.
- To meet the objectives of the Medium Term Financial Plan (MTFP).
- To meet the objectives of the Commercial Strategy.
- To meet the objectives of the Investment Plan.

1.3 Benefits of the LATCO

A company limited by shares is a good way to operate a development delivery vehicle for the following reasons:

- By clearly asserting the Company's commercial character, it will be governed by the Companies Act, and not the Local Government Act, and therefore it would not be obliged to follow European Union procurement regulations. The Company would act on the same basis as its competitors, although it could opt to follow these rules if, on a scheme-by-scheme basis, this was considered prudent and beneficial.
- A company vehicle established to develop housing can potentially extend its operations to wider trading functions, subject to Shareholder approval. For example, the Company could develop commercial buildings where this makes a commercial return.

- A company structure affords flexibility for the future in that it would allow subsidiary companies to be set up or/and joint ventures with other authorities (or the private sector) instead of continually reducing costs, to be more innovative and more commercial to address revenue shortfalls while addressing local issues. Establishing a development company would contribute toward generating revenue and capital income at a greater level than simply selling the land assets
- Direct investment by the Council, which may involve using existing cash reserves or prudential borrowing, would be loaned to the company on a commercial basis generating an investment return to the Council, far exceeding that being received presently.
- Building residential housing is consistent with meeting the governments ask of local authorities as set out in the recent white paper on housing **“fixing our broken housing market”**.
- The ability to operate on a commercial basis coincides with addressing certain demand in the housing market, notably the demand for good quality private rented housing.
- The relative immaturity of the Private Rented Sector (PRS), and the changes introduced by Universal Credit, provides this Council an opportunity to shape the sector.
- It is widely recognised that housing growth and development are key drivers to stimulating wider economic growth and community regeneration.
- It is an opportunity for the Council to stimulate the local construction industry by engaging with local small to medium size builders.
- It presents an opportunity to be an exemplar of good practice in housing development, for example by offering apprenticeships, training and lifetime homes, with the aim of deriving reputational and commercial benefits for the Council.

1.4 There are a series of ways in which the Council will be able to generate financial income through a wholly-owned company. Notably:

- **Receipts from land sold by the Council to the Company.** Land in Council ownership would be sold to the company either:
 - (i) Pre or post ground survey/remediation works.
 - (ii) Pre or post outline planning approval.
 - (iii) Pre or post full planning approval.

This would be determined on a site by site basis, depending on which brings the optimum return to the Council. In each case land would be sold at market value, in line with State Aid regulations.

- **Interest on loans to the Company.** The Council has the power to make loans; commercial rates would need to be applied to be compliant with State Aid regulations. This would attract a margin over the Council's own cost of (internal) borrowing.
- **Distributions of profit made by the Company through dividends.** The Company will derive an income from (a) ground rents, (b) rental income, net of management and maintenance costs, and/or (c) sales and uplift in the capital value of its assets, net of any overage agreements in place. These profits, net of tax, would be distributed to the Shareholders (the Council).
- **Purchase of services from the Council.** The Company may wish to purchase services such as, Legal, HR, Finance or IT support from the Council at a market rate (cost plus 10% to 17%).

2.0 BACKGROUND

- 2.1 On 29 June 2017, Policy and Finance Committee agreed, in principle, the development of a business case for the establishment of a Local Authority Trading Company (LATCO).
- 2.2 The legal position is that the Local Government Act 2003 restricts local authorities from making a profit from its services, although Councils are able to offset on costs.

Section 1 of Localism Act 2011 introduced the General Power of Competency (GPOC) which gave local authorities the power to do anything an individual can do (unless restricted by other legislation). GPOC, however, does not grant completely unrestricted powers. Section 4 of the Act states that where an activity is carried out for commercial purposes, then that activity must be carried out through a company or a community benefits society.

In addition to GPOC under the 2011 Localism Act, the Local Government Act 2003 (s95) allows Councils to establish company to trade and the Local Government Act 2003 (s15) provides Councils with powers to invest.

The Council is, therefore, legally able to establish a wholly owned trading company where the Council retains full control over the direction of the LATCO, and manages its risks and receives the benefits in full.

2.3 Strategic Fit

The Council's Medium Term Financial Strategy (MTFS) 2016/17 to 2020/21 has an overall objective of achieving self-sufficiency from Revenue Support Grant by 2020.

The Council's Corporate Plan 2016-2020, refreshed in October 2017, frames the strategic themes of **People, Prosperity, Place** and **Public Service**. The themes are of equal importance and each theme has main areas of focus which shape the strategic priorities, set out below:

	Strategic Priority	Ambitions
(1)	Provide and support housing growth that meets the existing and emerging needs of Newark and Sherwood	(i) Maintain the high standard of housing stock in Newark and Sherwood. (ii) Grow the supply of housing across the district.
(2)	Support the economic and employment growth of Newark and Sherwood	(i) Support business growth and employment in Newark and Sherwood (ii) Encourage investment in Newark and Sherwood
(3)	Protect the natural and built environment in Newark and Sherwood	(i) Maintain an excellent standard of environment across the district. (ii) To help local communities to provide strong and safe places to live.
(4)	Encourage and support wellbeing and healthier lifestyles of the communities within Newark and Sherwood	(i) Increase participation in leisure and wellbeing activities in the district (ii) Support health promotion and illness prevention activities in Newark and Sherwood

In addition, the Council's ambition is to be financially self-sufficient by 2020/2021.

The LATCo will be a key part of achieving the aims of both the MTFS and the Corporate Plan (in particular strategic priorities 1 and 2). The LATCo will provide the Council with the ability to do things it cannot currently do, specifically:

- Act as the developer and build good, high quality homes,
- Assist in accelerating housing delivery in Newark and Sherwood.
- Have a key objective of procuring goods and services locally,
- Support the Council's Commercial Strategy.
- Form strategic alliances with neighbouring Councils and the private sector.
- Generate net returns to the Council as contributions towards the funding of the Council's core services.

The LATCo will focus, initially, on residential development and may, once established, embark on non-residential developments.

3.0 DEVELOPMENT AMBITION

3.1 The LATCo will harness community experience and local knowledge to deliver successful well designed property developments which bring significant community benefit, are right for their place and respond to the needs of the local market.

In doing so, in the first 5 years, it will:

- Help to deliver a financial return to the Council and enhance its reputation by maximising return from Council property assets and generating net returns to the Council, as sole shareholder, in order to bridge the gap in funding resulting from reductions in central government funding.
- Accelerate housing delivery in Newark and Sherwood commensurate to market and community needs.
- Make Newark and Sherwood an even better place to live by constructing around 500 high quality homes across all sectors of the housing market,
- Improve local infrastructure by delivering appropriate, well-designed property developments, and
- Create new jobs and stimulating the local economy by procuring, wherever possible, goods and services locally.

3.2 Other Opportunities

The LATCo, once established, will look for new opportunities to enter new markets or expand on existing markets. Proposals to move into new markets will require a business case to be developed and agreed.

4.0 PROCESS

4.1 NSDC will continue to provide support services to the LATCo through Service Level Agreements (SLAs).

The LATCo will negotiate individual SLAs with each NSDC support service to reflect the needs of the LATCO as a whole and each Division of the LATCO. Each SLA will include measurable performance indicators, break clauses and remedies for non-performance.

There will be an annual review process whereby SLAs are refined to more accurately reflect the support required by the LATCO.

Support Services include:

- HR Support, including recruitment and training,
- Payroll
- Finance- transactional finance functions and financial control activities,
- IT- provision of IT equipment and services- including helpdesk support,
- Customer services- Phone answering service and taking telephone payments,
- Insurance provision (buildings, vehicles, employers and public liability),
- Legal support- as and when required.
- Property and assets.
- Communications – marketing and public relations.
- Information governance

4.2 Property and Assets

The Council will earn additional income as follows:

The Head Office of the LATCo will be at Castle House, Newark. The company will purchase office space on terms similar to other partners occupying the building.

Property and ICT assets will be leased from NSDC as part of the SLA when the company starts trading.

Small assets such as vehicles and equipment will be purchased/leased from NSDC as part of the SLA when it starts trading.

4.3 Policies and Procedures

The LATCo will continue to use all relevant NSDC policies and procedures in the first instance, but will review and refine these over time to ensure they are fit for purpose.

4.4 Information Sharing

An information sharing protocol will be developed during implementation.

4.5 Data Protection

The LATCo will comply with the relevant legislation and guidance concerning Data Protection, including adopting suitable policies and procedures to ensure data is adequately safeguarded.

4.6 Freedom of Information

The LATCo will be subject to requests for the disclosure of information under the Freedom of Information Act 2000 in its own right. As such, the LATCo will maintain a record management system that complies with the relevant guidance concerning the maintenance and management of records.

4.7 Marketing Strategy

The LATCo will develop its marketing strategy and an identifiable brand by presenting a unique selling point (USP) to potential customers.

5.0 GOVERNANCE AND MANAGEMENT

5.1 This Business Case will be delivered in full compliance with the governance requirements set out by NSDC. The LATCo will seek to maintain and enhance NSDCs reputation and brand for high standards.

The LATCo will establish and maintain an effective service and financial performance management reporting system which will include effective, “open book” reporting to the LATCo Board and the NSDC Shareholder Committee.

The LATCo will be subject to any audit and inspection requirements of the Council.

LATCo’s Business Plan will provide for sufficient support and leadership from Non-Executive Directors, a Managing Director and an Independent Chairman. Additional Support will be provided by Finance, HR, Legal and ICT.

5.2 The Governance Structure

5.2.1 Shareholder Committee

The Shareholder Committee will be appointed by full Council and will make recommendations to Policy and Finance Committee. The Committee will comprise of 3 elected Members who will be advised by the Council’s Chief Executive and the Monitoring Officer. The Chair of the Board of Directors will report to the Shareholder’s Committee at each meeting, unless specifically asked not to attend.

The role of the Shareholder Committee will not be operational. The Shareholder Committee will not, therefore, have powers to make operational decisions on behalf of the Council or the LATCo. It shall:

- Agree the Company's Articles of Association,
- Agree the Management/Shareholders agreement between the Council and the Board of Directors,
- Recommend to the Policy and Finance Committee of the Council, the appointment of the Chairman of the Board and approve best practice policies in relation to such an appointment,
- Recommend to the Policy and Finance Committee of the Council, the constitution of the Board of Directors,
- Receive, review and recommend to Policy and Finance the company's annual report and the annual business plan,
- Review the financial performance of the LATCo, and
- Make recommendations to Policy and Finance Committee of the Council on how it should exercise the functions flowing from its ownership of shares, including decisions on payment of dividends from the company's profit after taxation. .

The Shareholder Committee shall meet at least quarterly to consider and review the matters identified above and where necessary call extraordinary meetings to accommodate the business identified above.

Full details of the role of the Shareholder Committee will be provided in the Shareholder Agreement.

5.2.2 LATCo Board of Directors

Directors of a company have a fiduciary duty to act in the best interest of the Company and therefore need to have suitable qualifications and experience and must avoid conflicts of interest.

The LATCo Board of Directors shall initially (during set up) comprise:

- One Elected Member
- The Chief Executive
- The Deputy Chief Executive/Director - Resources
- One other officer to fulfil the role of Company Secretary
- The Director – Safety

The legal advice is that the three statutory officers of the Council should not all be Board Directors at the same time and, in particular, the s151 Officer and the Monitoring Officer should not both be on the Board of Directors at the same time. This is to ensure that the Council continues to receive independent advice from a statutory officer. If, therefore, there was to be a change in the senior management structure of the Council, then the designation of officers to the proposed Board structure above will be reviewed by the Shareholders' Board who would, in turn, make recommendations to the Policy and Finance Committee for compliant changes.

The quorum for board meetings shall be three and at Board meetings each director will have one vote.

Board meetings shall be held monthly for the first 6 months and at least quarterly thereafter, on such dates as the directors may agree (where there is failure to reach agreement, the Chairman will have a casting vote).

Minutes of Board meetings will be provided to the Shareholder Committee for noting.

Full details of the role of the Board of Directors will be provided in the Shareholder Agreement.

5.2.3 LATCO Chairman, Managing Director and Company Secretary

In the period of establishment of LATCo (to 30 September 2018), the Chair of LATCo will be the Chief Executive of the Council. The Managing Director of the LATCo will be the Deputy Chief Executive/Director - Resources. The Managing Director will act as the key conduit between the LATCo and the Council and shall have overall responsibility for ensuring compliance with the Shareholder Agreement. During this period Board Directors of the company who are also senior officers and elected member of the council will need to put processes in place in order to avoid conflicts of interest.

After the initial set up stage, (in order to avoid potential future conflicts of interest), the company will appoint a suitably qualified and experienced Managing Director and a Non-Executive Director, who will act as an independent Chairman of the Board of Directors. The responsibility of the Non-Executive Chairman will be to hold the Managing Director to account and to ensure proper governance of the Board at all times. After the initial set up stage and post appointment of the Managing Director and Non-Executive Director, the Council's elected Member and the Chief Executive will step down from the Board of Directors.

There is no legal requirement to have a named Company Secretary; however it would be expedient to appoint a company secretary, whose main role would be to ensure compliance with the requirements of the Companies Act. The designation of this role will be determined during incorporation of the Company.

- 5.2.4 The Board of Directors will send a report at least twice a year to each member of the Shareholder Committee. The directors shall provide all information reasonably required by the Shareholder Committee to conduct an effective review.

6.0 FINANCIAL CASE

- 6.1 The Council has identified a number of sites that will be suitable for residential development. It is estimated that around 500 residential units could be developed over the next 5 years through the LATCo.
- 6.2 The initial site which will be developed within the next 18 months is the Council owned land at Bowbridge Road in Newark-on Trent. The viability for development on this site has been undertaken independently by URBED (Urbanism Environment and Design) Ltd and Aspinall Verdi Ltd. The study establishes the viability of this site for residential development. The study also establishes the density, character and overall strategy appropriate for the site and location. The land at Bowbridge road is an allocated site for housing and lies opposite the new leisure centre and the new supported housing for older people.
- 6.3 Aspinall Verdi carried out market research for Newark and Sherwood to establish demand for house types, average market prices and average floor area (the full report is available on the Council's Extranet). This research shows that average house prices for the East Midlands and Newark have generally followed national trends, although the Newark values have consistently been above those achieved in East Midlands.
- 6.4 Aspinall Verdi used Land registry data for the past 3 years to identify the sale prices of new build homes in Newark. In addition to the Land Registry recorded sales price, EPC data has been gathered for each of the property types to obtain the floor area (sqm) in order to calculate the price per sqm.
- 6.5 In addition to EPC and Land registry data, Aspinall Verdi have obtained the most current data for 2, 3 and 4 bedroom new build schemes such as the Heights located on Beacon Hill Road and the Westleigh Homes/ Waterloo Homes on Sleaford Road. There is a lack of market evidence for one bedroom houses and Aspinall Verdi have, therefore, undertaken a search on Rightmoves for one (and two) bedroom flats in Newark to inform the mix and value considerations. There is currently one new build scheme located at Guildhall to the north of the site at Bowbridge Road in the centre of Newark on Guildhall Street.
- 6.6 The market research also extends to the market for second hand homes but this information, although of interest, is not relevant for the purposes of the financial appraisal.
- 6.7 The financial appraisal considers a 55 units development and a 103 units development with 3 different options of housing mix considered for each of the two developments. The detailed appraisals can be found on the Council's Extranet.

In summary, the two options, comprising of a mix of terraced, semi-detached and detached houses of 2 to 4 bedrooms has the best financial return as follows:

	103 Units	55 Units
	£	£
Gross Development Value (GDV Revenue)	19,350,000	11,320,000
Total Cost	15,963,750	9,942,453
Development Profit	3,386,250	1,377,547
Residual Land Value (RLV)	2,481,550	2,481,550
Potential development return to Council	5,867,800	3,859,097
Return on Investment (ROI) –Full	21.21%	13.86%
Return on Investment (ROI) – 50%	10.60%	6.93%

The ROI is calculated on the assumption:

- (i) Full – Where the Company manages the construction directly by appointing a construction company/sub-contractors.
- (ii) 50% - Where the Company enters into a joint venture with a developer and agrees a 50% profit split.

The financial appraisal shows that it would be more profitable to develop the larger 103 unit scheme; however, in both cases, the return on the investment cost is above the threshold of 6% that is set out in the Council’s Investment Strategy that has been approved by Full Council.

The other 4 options fall within the above positive return range of £3,859,097 and £5,867,800

The financial appraisal, as summarised above, includes the following development costs:

- Build costs based on median BCIS indices for Q3, 2017.
- As BCIS indices exclude external works costs a further allowance of 15% has been made in this respect.
- Cost of NHBC warranty equating to £750 per property.
- Developers contingency varies based on the nature of a scheme and how much risk is involved. An average contingency cost of 5% of development costs has been included.

- Professional fees for the costs of planning consultants, site investigations, project manager, quantity surveyor, architects and engineers etc. at 10% of build cost.
- Finance costs at 6% interest. The Council will be able to use Prudential Borrowing which would reduce borrowing costs for the Council as a whole.
- Estimated s106 costs.
- Sales and marketing costs based on 3% GDV for sales and marketing. This takes into account agents fees as well as advertising costs and some allowance for incentives.
- Developers return of 17.5% of GDV.

6.8 In addition to the share of development value set out above in 6.7, the Council will also receive the following direct estimated revenue returns.

(i) Interest on Loan Funding

The Council will receive revenue from loan interest payments. In order to meet State Aid requirements, the Council will charge interest on the £12m loan at around 6% and, assuming current PWLB rates, would borrow long term at around 3%. The release of the loan will be structured in a phased manner commensurate with the set up and working capital requirements of the Company, however if a flat line loan is assumed then the Council would earn a margin of 3% on the loan. This, assuming, the loan is granted in full at the start of the year would earn the Council around £350,000.

(ii) Accelerate the increase in Council Tax

The Council's tax base will increase, meaning an increase in Council Tax at average Band D of £17,204 for the 103 units option and £9,186.65 for the 55 unit option.

This increase in Council Tax income would, of course, also arise if the land was sold by the Council and was developed by an external developer, however the development of the residential units is, (as identified in the Council's objectives for setting up a LATCo), likely to happen more expediently through the Council owned vehicle, thus resulting in an increase in tax base sooner than if the land was sold to an external developer.

(iii) Accelerated New Homes Bonus (NHB)

Similar to Council Tax increase, additional housing will mean an increase in the New Homes Bonus (NHB) allocation regardless of whether the LATCo brought forward the development or whether the development was brought forward by a private developer, however, the LATCo is, in all probability, going to develop the site more expediently; meaning the NHB allocation happening sooner.

Assuming that the development is complete and occupied by 2019/20 and that there is no change in legislation that removes, or revises, the present New Homes Bonus allocation basis then the potential gain to the Council will be as follows:

No of Units	2019/20 allocation	4 year allocation
	£	£
103	115,000	460,000
55	62,000	248,000

(iv) Sale of Services

The Council will also, as stated earlier, earn a margin of between 10% and 17% on any services that it provides to the Council e.g. Finance, Legal, ICT and Asset Management.

(v) Accommodation and Property

The Council will receive income from granting of a licence for the use of office space at the Hub and for lease of equipment (e.g. ICT hardware) to the company.

The financial appraisal, for development of the Bowbridge Road site, together with the potential of additional of additional income as set out above, makes a compelling case for establishing the wholly owned development company.

6.9 A similar approach and appraisal will be carried out for each of the sites identified for potential development and will form part of the company's business plan; each development project will be appraised on its own merit unless a particular site forms part of a strategic development opportunity.

7.0 SET UP COSTS OF LATCo

7.1 The following costs have been estimated in setting up the development company and an initial budget of £100,000 has been approved in the Council's MTFP.

- Incorporation of company - £1,000
- Legal Advice- Business Case - circa £6,000
- Legal Advice- Articles of Association and Management Agreement- circa £15,000
- Finance support-circa- £15,000
- Taxation support- circa £20,000
- Market Appraisal for Bowbridge Road- £8,000
- Architectural support for outline design plans- £10,000
- Other professional costs e.g. QS, PM etc- £25,000
- TOTAL circa £100,000

8.0 OPERATING COSTS OF LATCo

8.1 In the set up phase of the company (up to 30 September 2018), the company will be operated by a Board of Directors who will comprise of an elected Member and Officers seconded to the Company. During this set up phase, the company will have purchased the initial site from the Council, will draw up outline plans for development and submit a planning application to the Planning Authority. The company will also during this period commence external recruitment of a Managing Director, a Business Manager and one Non-Executive Director.

8.2 The rough estimate of the operating costs for the company will be as follows:

	To 30 September 2018	6m to 31 March 2019	1 April 2019 to 31 March 2020
Chairman/Non-Executive Director	£6,000	£6,000	£12,000
Managing Director*	£20,000	£50,000	£100,000
Director*	£10,000	£35,000	£60,000
Company Secretary	£10,000	£10,000	£20,000
Support (Admin, Finance, Legal & HR)	£20,000	£20,000	£40,000
Insurance	£5,000	£10,000	£30,000
Expenses	£5,000	£5,000	£15,000
Office Rent	0	£8,400	£16,800
Audit Fees	0	£5,000	£10,000
Tax Advice	£10,000	£10,000	£10,000
Total	£86,000	£159,400	£313,800

Notes:

- The role of the Chairman will be performed by the Council's Chief Executive or Deputy Chief Executive up to 30 September 2018. After this date, a Non – Executive director who will be appointed externally will perform the duties of Chairman.
- The role of the Managing Director will be performed by the Deputy Chief Executive/Director - Resources up to 30 September 2018 and thereafter by an externally appointed Managing Director from the Development sector.
- The post of Director will be performed by the Council's Director of Safety (and Housing).
- The role of Company Secretary will be performed by the Business Manager for Legal Services.
- It is anticipated that the other support services listed above will be provided by the Council at an arms-length cost.

- The costs shown in the table above for the roles up to 30 September performed by the Council's senior officers will be invoiced (on a time allocation basis) by the Council to the Company. Individual officers of the Council will not be remunerated by LATCo.

The company will have a development and sales phase during which it will incur costs without generating an immediate income flow. It is therefore anticipated that the company will not make a profit for the first 24 months of trading. A detailed business plan for the company will be developed once the company has been incorporated.

8.3 Funding of LATCo

This business case proposes that the company is funded, for the development of the initial site, by the Council in the ratio of 25% Equity and 75% Loan. This would provide essential seed funding to the company and prevent over gearing from inception. It would also limit the Council's risk to the amount of equity funding.

The financial appraisal of the 103 units scheme on Bowbridge Road (as per 5.7 above) estimates the total development cost of just under £16m. Therefore applying the 25:75 ratio for this development, the Council will invest £4m as equity funding and £12m as loan funding. This funding does not need to be provided from the date of incorporation of the company (as the company can be incorporated with a nominal £1 share). The funding will be structured to be provided to the company in a phased manner based on certain, pre-defined, milestones being achieved by the Company. These milestones will be set out in the Shareholders/Management agreement which will be agreed by the Shareholder's Committee at inception of LATCo

The borrowing would need to be on "arms-length" commercial terms and the Loan Agreement will make provision for the following:

- The LATCo shall only utilise the loan in accordance with this Business Plan,
- The LATCo will draw down the loan as cash flow requires,
- Loan interest at a commercial rate,
- Loan conditions, and
- Term of the loan, with initial deferred payment.

9.0 SWOT AND RISK MANAGEMENT PLAN

9.1 SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> - The LATCO will be able to utilise the NSDC reputation and brand to prosper in the open market - The LATCO will be able to assist NSDC in its corporate objective on delivering services in a commercial manner 	<p>Weaknesses</p> <ul style="list-style-type: none"> - The LATCO will be a new company, wholly owned by the Council, that has limited experience in working in a competitive environment - In a competitive environment there is a need for decision to be taken quickly, however, due to the governance arrangements that are in place, this presents a possible disadvantage for the company
<p>Opportunities</p> <ul style="list-style-type: none"> - The LATCO will be able to act as the developer of land - The LATCO will be able to accelerate the delivery of residential development - The LATCO will, over time, be able to deliver Commercial Services in a competitive market 	<p>Threats</p> <ul style="list-style-type: none"> - The property market is subject to volatility in cost and sales - Other companies (and some local authorities) in (or moving in to) the market

9.2 Risk Management

The Council (and Company) will face a number of risks in the setting up and operating a development company. A risk register will be developed to capture all of the risks faced by the Council (with risks relating specifically to the company being captured in the Company's business plan). The following risks will be included in the risk management framework

9.2.1 Site Specific Risks

Site Preparation- a thorough knowledge of the site for development will be required.

This will involve:

- Ground Condition Survey
- Geology Survey
- Topology Survey
- Tree Survey
- Remediation and Demolition
- Utilities

In each case, the Council will decide whether to carry out the site survey and remediation works or whether it wants to dispose of the site without carrying out these works. The company, in turn will need to assess the risks and development value of the site.

9.2.2 Procurement Risk:

The procurement risk will largely be dependent on the type of contractual relationship.

- A Design and Build contract needs to be descriptive and prescriptive but could be too limiting for some developments
- Direct Procurement gives control and flexibility however this approach does increase the operational risk if, for instance, business failure of a key contractor

The procurement approach will need to be led by market requirements and will be dependent on market risks for a particular site.

9.2.3 Market Risks

There needs to be an early assessment of the market for type and mix of properties that will sell in a particular location. The market research should determine the size and type of development on a site. It will therefore be essential to undertake full market research for each proposed development. It would not be wise to develop on the basis of perceived need as this may result in residential units that do not sell. A sales and marketing plan will need to be developed with local agents

Phasing of development will also be of critical importance to mitigate for funding, profitability and reputational risks.

9.2.4 Financial Risks

The following financial risks have been identified and will require mitigating actions:

- Failure of the Council to provide working capital funding. This will be mitigated by getting early approval of set up funding, initial funding for pilots and agree 3-5 year funding plan.
- Failure of the company to repay the debt or does not achieve the targets set by shareholders. This risk will be mitigated by ensuring that the Board of Directors are suitably skilled and experienced. This risk will also be mitigated by the robust governance structure which includes monitoring and challenge responsibilities of the Shareholder's Board.

9.2.5 Legal Risks

The risk is that the Council and Company do not comply with relevant legislative arrangements. This risk will be mitigated by getting external legal advice from a firm of solicitors who have relevant professional experience of advising Councils who have established and are operating wholly owned development companies.

9.2.6 Political Risk

The key risks are that changes in Central Government Policy have a negative impact on development companies set up by the public sector and also that local political support is not sustained over the lifetime of the company.

The mitigation is to be aware and stay ahead of central government policy changes by engaging through the consultation process. With regard to local political support, the mitigating actions are:

- Ensure Cross Party support through regular briefings.
- Not having elected members on the Board of Directors so that if there is political change then this does not impact on the operating functions of the company.
- Having a shareholders management agreement that makes specific provision for changes in political leadership.
- Having approved 5 year business and investment plans approved by full Council

9.2.7 Taxation

There are a number of tax implications for the Company and the Council:

- Corporation Tax- this applies only to the company and is payable on the company's profits after interest but before dividends.
- VAT liability. This is relevant to both the company and the Council, VAT on property for sale, for instance, is treated differently than VAT on rental income.
- The most significant risk to the Council is with regard to its VAT Partial Exemption status that could be affected by the land transactions it undertakes with the company. The Council will also, on a case by case basis, need to consider whether or not it needs to opt to tax a particular site(if it has not done so already in the past)

The mitigation for all of the tax related risk is to obtain relevant tax advice from professional tax advisers. A budget will be set aside for the cost of this advice.

COMMUNITY & ACTIVITY VILLAGE – NOTTINGHAMSHIRE COUNTY COUNCIL’S PROPOSALS FOR THE CREATION OF A CYCLE ROUTE ALONG SPARROW LANE

1.0 Purpose of Report

- 1.1 To advise Members of Nottinghamshire County Council’s proposals in respect of enhancing the current right of way at Sparrow Lane, Newark linking Bowbridge Road to Elm Avenue.

2.0 Background

- 2.1 The County Council have obtained funding from the LEP/D2N2 to enhance cycle routes in Newark. A total of £860,000 has been allocated.
- 2.2 With the exception of Sparrow Lane all the proposals put forward by the County Council involve land which is already public highway.
- 2.3 The County Council had included within their proposals enhanced provision for cycling along Bowbridge Road but the proposals were both complex and expensive.
- 2.4 As a consequence of a public consultation exercise the County Council have revised their proposals so that, subject to the district councils agreement as the owner of Sparrow Lane, they will create a cycle route along part of Bowbridge Road only, then directing cycles through Sparrow Lane to connect to London Road through Elm Avenue.
- 2.5 This will deliver direct benefits to the District Council in that it will both provide an enhanced access by bicycle to the Newark Sports and Fitness Centre and to the Community and Activity Village.
- 2.6 For the majority of its length Sparrow Lane is 1.5m wide but there is an extensive grass verge on both sides of the tarmacked right of way which is also in the ownership of the District Council.
- 2.7 If the County Council goes forward with its proposals the intention would be to widen the tarmacked area to a width of 3m and to provide lighting along the length of the route. There would be a total of 11 lighting columns along the whole length of Sparrow Lane to Elm Avenue, with low energy lighting to reduce running costs.
- 2.8 The County Council would provide the capital funding to undertake the works to widen the footpath and the capital costs of providing the lighting but would look to the District Council to meet future revenue costs in respect of the lighting and to be responsible for future maintenance of the cycle path.
- 2.9 A location plan, which shows the whole of the land in the councils ownership including Sparrow Lane, is attached as an appendix to the report.

3.0 Introduction

3.1 If approval is given to proceed with the proposals the District Council will work with the County Council in determining the final specification for the work and in particular the form of lighting provided not least so that it has some control over revenue costs. It is however strongly recommended that the District Council support the County Council's proposals and agree to meet future revenue and maintenance costs of the enhanced facilities given the direct benefit which will derive to the District Council from the proposed works.

3.2 The County Council have advised that they propose to provide 11 lighting columns along the length of Sparrow Lane. The proposal is to use Holophone 19w LED lanterns.

The estimated annual cost if these were dimmed between 10pm and 7am is £65.67 per annum (£5.97 per unit) and, if undimmed the estimated annual cost would be £102.52 (£9.32 per unit).

It would be for the District Council to determine if they should be undimmed or dimmed after 10pm.

3.3 Consideration has been given to whether the creation of a cycle route would in any way compromise the proposed housing development at Bowbridge Road. However, it is not considered that it would adversely impact on the proposed development, given that the land would need to be retained as an access strip in any event, given the high voltage cables that run along it

4.0 Equalities Implications

4.1 The proposed cycle route will improve accessibility for the Community & Activity Village Sports and Fitness Centre and extra care housing scheme.

5.0 Comments of the Director - Resources and Section 151 Officer

5.1 If the Committee support the recommendations in section 5 below, the estimated annual cost of the lighting columns, as set out in paragraph 3.2, will be included, together with estimated maintenance costs in the Council's Medium Term Financial Plan and in the 2018/19 base budget.

6.0 RECOMMENDATIONS that:

(a) the District Council approve the County Council's proposals for the enhancement of Sparrow Lane in order to provide a designated cycle route linking Bowbridge Road to Elm Avenue and the Deputy Chief Executive be given delegated authority to sign any necessary legal documentation to give effect to this accordingly; and

(b) the District Council agrees to accept responsibility for any future maintenance costs including lighting of the proposed route, and that appropriate budget provision be made accordingly.

Reasons for Recommendations

To approve the County Council's proposals to enhance Sparrow Lane in order to provide a designated cycle route and to improve accessibility to council facilities.

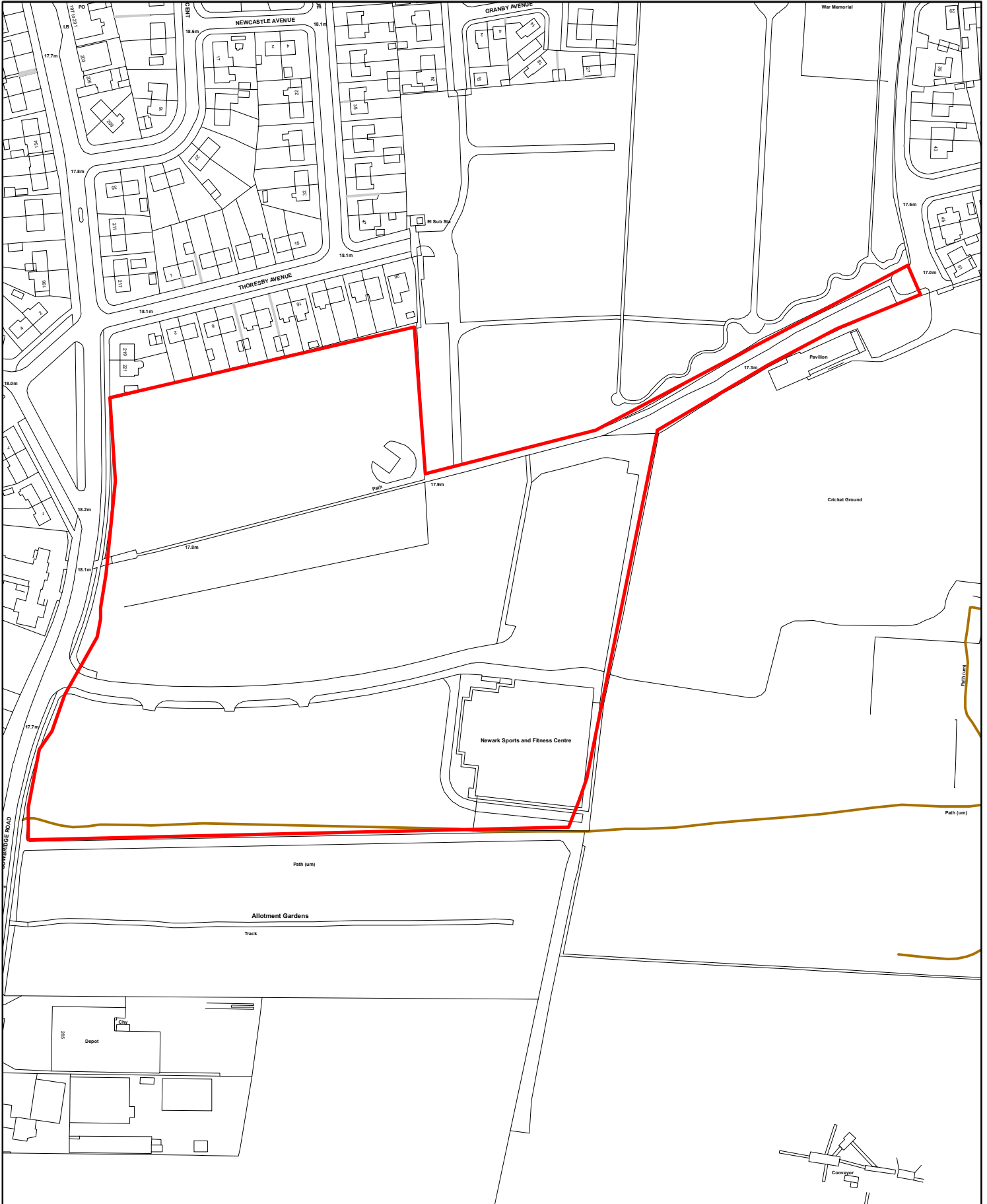
Background Papers

Nil

For further information please contact Kirsty Cole on Extension 5210.

Kirsty Cole
Deputy Chief Executive

Asset Management



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Bowbridge Rd/Sparrow Ln
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Nottinghamshire
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COMMUNITY & ACTIVITY VILLAGE – ARRANGEMENTS WITH RHP SPORTS & SOCIAL CLUB

1.0 Purpose of Report

- 1.1 To advise the Policy & Finance Committee of the agreement reached with RHP Sports & Social Club in respect of the Community and Activity Village .

2.0 Background

- 2.1 Policy & Finance Committee, at its meeting on 6 April 2017, noted progress on negotiations with RHP Sports & Social Club and gave delegated authority to the Deputy Chief Executive to transfer land adjacent to Sparrow Lane to the Sports & Social Club by way of lease, licence or freehold transfer as appropriate, if expedient to do so, in order to reach an accommodation with them in relation to the adjacent Sports & Community village.
- 2.2 RHP Sports & Social Club immediately abuts the site of the Sports & Community Village. RHP Sports & Social Club own the access from Elm Avenue and, under the terms of the District Council's lease from Nottinghamshire County Council, the District Council has rights of access over the land only for the purposes of maintaining the sports facilities and not a general right of vehicular access. In addition, RHP Sports & Social Club own an area of land immediately adjacent to Elm Avenue, which is not surfaced but is used for car parking and storage of portacabins, two of which currently provide very basic changing facilities.

3.0 Introduction

- 3.1 Negotiations have been ongoing with RHP Sports & Social Club regarding the use of the area of land immediately adjacent to the Sports & Social Club for the provision of staff parking for use by YMCA staff during the daytime, with the car parking then available for the Sports & Social Club in the evenings. RHP Sports & Social Club have also been requested to grant a vehicular right of way over their land into the Sports & Community Village. Heads of Agreement have now been entered into between RHP Sports & Social Club, YMCA and the Council whereby RHP Sports & Social Club will grant a leasehold right of access to the District Council comprising both vehicular and pedestrian access from Elm Avenue to the Sports & Community Village for a term concurrent with the District Council's lease from the County Council and with the agreement of RHP Sports & Social Club that this would be converted to a freehold right in the event of the District Council acquiring the freehold interest in the Sports & Community Village from the County Council.
- 3.2 RHP Sports & Social Club have also agreed to allow the District Council, and in turn YMCA, to use the land immediately adjacent to their premises for car parking, provided the use is compatible with the Sports & Social Club's requirements. As set out above, essentially the intention is that YMCA would use this area for staff parking during the daytime and it would be available to the Sports & Social Club during the evenings.

- 3.3 In return for the Sports & Social Club granting these rights, the District Council has agreed to erect fencing up to a height of 2 metres at the rear of the Sports & Social Club's premises. The District Council owns Sparrow Lane and is responsible for the fencing obligations along this boundary in any event.
- 3.4 YMCA will erect fencing around the remainder of the building, including the provision of a gated access into the Community and Activity Village from the Sports & Social Club which the Sports & Social Club will be able to use with the express consent of YMCA and a further gated access adjacent to the car parking area which will enable access to the Sports & Social Club for brewery deliveries.
- 3.5 YMCA for their part will meet the costs of surfacing the area adjacent to the Sports & Social Club to provide car parking for around 42 vehicles.
- 3.6 The District Council will grant the Sports & Social Club a sub-lease of an area of land immediately in front of the Sports & Social Club, which is included in the area leased to the District Council from the County Council. Giving them this additional area of land at the front of their premises will mitigate the impact of the perimeter fencing which will be erected by YMCA around the Community and Activity Village and which is required to be 3.5 metres in height to comply with safeguarding requirements.
- 3.7 RHP will also, for their part, enter into a deed of release relating to covenants of which they have the benefit on the site of the Community and Activity Village.
- 3.8 Whilst delegated authority was given to the Deputy Chief Executive at the Policy & Finance Committee meeting on 6 April 2017 to agree terms, particularly in relation to the sublease of land at the front of the Club's premises, the purpose of this report is to advise members of the full background to the matter and the detailed terms agreed, which will bring positive benefits to the Community and Activity Village.

4.0 Equalities Implications

- 4.1 The proposed Community & Activity Village will provide accessible facilities to the wider community. These proposals will facilitate the delivery of the project.

5.0 RECOMMENDATIONS that:

- (a) the Heads of Agreement entered into between RHP Sports & Social Club, YMCA and Newark & Sherwood District Council be noted and endorsed; and**
- (b) the Deputy Chief Executive be given delegated authority to enter into detailed legal documentation to reflect the agreed terms accordingly.**

Reason for Recommendations

To advise members of the Heads of Agreement entered into between the Council, RHP Sports and Social Club and the YMCA and to seek delegated authority for the Deputy Chief Executive to conclude associated legal documentation.

Background Papers

Nil

For further information please contact Kirsty Cole on Extension 5210.

Kirsty Cole
Deputy Chief Executive

COMMUNITY & ACTIVITY VILLAGE – UPDATE ON CRICKET

1.0 Purpose of Report

- 1.1 To advise Members of progress on the provision of a second pitch at Kelham Road, Newark and associated issues.

2.0 Background

- 2.1 Members will be aware that the former RHP sports field on which the proposed Community and Activity Village will be constructed had previously included a cricket pitch used by Newark R&M Cricket Club, principally for their junior members. In order to enable the proposals for the Community and Activity Village to proceed, it was necessary to satisfy both Sport England and the English Cricket Board, as the relevant National Governing Body, that replacement facilities could be provided to replace the pitch which would be lost at the Bowbridge Road site.
- 2.2 To this end, an agreement was reached with Newark R&M Cricket Club to transfer land in the District Council's ownership to the Club at a peppercorn consideration, in order for them to provide a second pitch.
- 2.3 It was also agreed to allocate Section 106 monies held by the District Council, up to a maximum of £40,000 to go towards funding the cost of providing the second pitch. In the medium/longer term it is also the aspiration of Newark R&M Cricket Club to enhance their existing changing facilities by the provision of new changing facilities at the Kelham Road site and to maximise the social uses of the existing pavilion to generate additional income to support the ongoing maintenance of their ground and the future sustainability of the club.

3.0 Introduction

- 3.1 Discussions have been ongoing with the English Cricket Board who have offered their full support to Newark R&M Cricket Club.
- 3.2 They have indicated, in principle, that they would be willing to provide funding towards both the provision of the second pitch and the new changing facilities.
- 3.3 However, their clear advice is that the project should be delivered in two phases with the intention being that work on the provision of the second pitch will commence in May 2018 with work on the new changing facilities commencing in 2019, so that the new changing facilities will be constructed and available at the same time as the second pitch is suitable for play.
- 3.4 Accordingly, the ECB would contribute grant funding towards the first phase of the project in 2018/19 and similarly the second phase of the project, namely the new changing facilities, in 2019/20.

- 3.5 An initial feasibility study has already been undertaken and specialist turf consultants have been appointed to undertake detailed design work on the provision of the second pitch.
- 3.6 Those consultants will then invite formal tenders to carry out the work and will evaluate and make recommendations on the tenders received.
- 3.7 It is anticipated that an in principle letter of support will be received from ECB confirming their willingness to allocate funding for phase one of the project, namely the provision of the second pitch, towards the end of the year, which will then enable a contractor to be appointed no later than the end of December, with a view to work commencing on site in May next year.
- 3.8 Because of the complexities in providing a fine turf pitch, including the requirements for drainage etc., the estimated cost of the work is in the order of £111,000 which is considerably more than had been initially anticipated by either the Club or the District Council.
- 3.9 However, indications are that the ECB may put in funding of between £40,000 to £60,000 towards phase 1 of the project and potentially more and Newark Town Council have indicated that they would be willing to allocate up to £100,000 towards enhancing cricket facilities at Kelham Road. Accordingly, the Club could use some of the Town Council monies to fund any deficit in phase 1 of the project, although this would obviously reduce the amount which they would have available for phase 2, namely the provision of new changing facilities.
- 3.10 However, it will enable phase 1 of the project to proceed without any concerns as to how funding will be identified.
- 3.11 Whilst ECB have indicated their support in principle to both phases 1 and 2 of the project, they have not at this stage given any indication as to what level of funding they would commit to phase 2 of the project.
- 3.12 They are, however, proactively working with the Club on the detailed design and specifications for the new changing facilities.
- 3.13 In addition, the Club are working on a detailed development plan which will address the themes of encouraging increased participation, improved performance, working with the community, upgrading and sustaining their facilities and consolidating their governance.
- 3.14 This will include outreach events and new opportunities for women and girls, as well as advertising and promoting the sport.
- 3.15 In terms of the detailed arrangements for delivery of phase 1, namely the second pitch, it had initially been anticipated that the land would transfer to the Club and that they would then engage consultants, invite and evaluate tenders and appoint a contractor to undertake the works.

- 3.16 However, in discussions with the Club and ECB it is clear that there would be considerable advantages in the District Council retaining ownership of the land until the completion of the works, as it would result in savings of up to £20,000 in VAT, which the District Council is able to recover, but which the Club is not able to recover.
- 3.17 The strong recommendation from ECB therefore, is that the District Council should retain ownership of the land until the completion of the work to create the second pitch.
- 3.18 The intention would be that on completion of the works, the District Council would grant a long lease of the land to the Club rather than a freehold transfer.
- 3.19 The Club would take responsibility for the pitch under the terms of that lease throughout a subsequent 12 month maintenance period.
- 3.20 It would accordingly be the District Council rather than the Club who would be the applicant for ECB funding for the phase 1 works.

4.0 Proposal

- 4.1 The District Council progresses the development of a second cricket pitch at Kelham Road Newark as outlined in this report.
- 4.2 The District Council retain ownership of the land which will comprise the second pitch, until completion of the works to provide the second pitch and that the District Council ultimately be responsible, through its appointed consultants TGMS, for the appointment of contractors to undertake the works and for the carrying out of those works.
- 4.3 A 99 year lease be granted to Newark R&M Cricket Club as soon as the works have been completed with the Club taking on responsibility for the second pitch under the terms of that lease for the consequent 12 month maintenance period.
- 4.4 That the cost be included in the Capital Programme as per the proposal.

5.0 Equalities Implications

- 5.1 The proposed Community & Activity Village will provide accessible facilities to the wider community. The creation of a second pitch at Kelham Road will address any concerns raised by Sport England as to the loss of cricket facilities at Bowbridge Road, enabling the project to proceed.

6.0 RECOMMENDATIONS that:

- (a) progress on the provision of the second pitch and new changing facilities at Kelham Road, Newark be noted;**
- (b) subject to Newark R and M cricket Club first entering into an agreement for lease and subject to confirmation of in principle funding from ECB, approval be given for the District Council to retain ownership of the land which will comprise the second pitch until completion of the works to provide the second pitch, with the District Council being responsible, through its appointed consultants TGMS, for the appointment of contractors to undertake the works and for the carrying out of those works;**

- (c) **delegated authority be given to the Deputy Chief Executive to submit an application to ECB for funding for the phase 1 works to create a second pitch at Kelham Road;**
- (d) **ownership of the land transfer to Newark R&M Cricket Club as soon as the works have been completed with the Club taking on responsibility for the second pitch for the consequent 12 month maintenance period; and**
- (e) **the cost be included in the Capital Programme as per the proposal.**

Reason for Recommendation

To facilitate the delivery of a second cricket pitch at Kelham Road.

Background Papers

Nil

For further information please contact Kirsty Cole on Extension 5210.

Kirsty Cole
Deputy Chief Executive

COMMUNITY & ACTIVITY VILLAGE – PROPOSED ACQUISITION OF A PARCEL OF LAND FROM SUSTRANS

1.0 Purpose of Report

1.1 To seek approval to purchase a parcel of land from Sustrans to enhance the proposed Community and Activity Village and to enter into legal agreements with Sustrans to enable linkages to be made to the Sustrans route.

2.0 Background

2.1 Sustrans own an area of land immediately adjacent to the rear of the Activity and Community and Activity Village. This land is shown on the plan attached as an **appendix** to the report.

2.2 Part of the land comprises a permissive right of way.

2.3 As part of the Community and Activity Village proposals, it will be necessary to divert the public footpath which currently crosses part of the site and create a new link from that path to the permissive path owned by Sustrans, over land which is in the ownership of Sustrans.

2.4 The Council is also looking to acquire additional land from Tarmac in order to extend the Community and Activity Village, although formal terms have not yet been agreed. The intention is that the proposed cycle track will extend into the additional area of land to be acquired from Tarmac and as a second phase of their proposals, YMCA will erect a boat store with the intention to reach agreement with Balderton Parish Council to use Balderton Lake for water based activities.

2.5 To this end it will be necessary to cross the Sustrans path in order to gain access from the boat store to Balderton Lake.

2.6 Sustrans have indicated their agreement to granting the Council the right to extend the proposed footpath diversion over land in Sustrans ownership, to connect to the Sustrans route and to grant a Deed of Easement to the Council to cross land in Sustrans ownership in order to pass from the Community and Activity Village to Balderton Lake.

2.7 The legal agreements would be entered into with the Council, but with the Council in turn being able to pass on the rights granted to YMCA.

2.8 As part of the consideration for granting these rights, Sustrans would require works to be undertaken to widen the Sustrans route at the point at which it is intended to pass and re-pass from the proposed boat store to Balderton Lake, and to undertake works to straighten the path in order to improve visibility and to reduce the risk of any accidents between cyclists using the Sustrans route and those crossing the path with boats.

- 2.9 In addition, Sustrans have offered to convey a parcel of land to the Council running immediately adjacent to the proposed land to be acquired from Tarmac, which will enable enhancement of the proposals being put forward by the YMCA by the construction of a boat store and associated facilities.
- 2.10 In particular, it will enable YMCA to offer access to toilet facilities to be provided in the boat store to users of the Sustrans route, without giving them access to the Community Village and Activity, thus improving amenity for users of the Sustrans route.
- 2.11 Sustrans have proposed that the land be conveyed to the Council at a nominal consideration, but with the Council meeting their legal and surveyors fees in connection with the transaction.

3.0 Equalities Implications

- 3.1 The proposed Community & Activity Village will provide accessible facilities to the wider community. These proposals will facilitate and enhance the delivery of those facilities.

4.0 RECOMMENDATIONS that:

- (a) **delegated authority be given to the Deputy Chief Executive to enter into a Deed of Easement and other associated documentation within Sustrans/Railway Paths Ltd. to enable the proposed footpath diversion to be extended over land in Sustrans ownership to connect to the Sustrans route and, further to create a right to pass and re-pass from the proposed boat store to be erected at the Community and Activity Village to Balderton Lake on the terms set out in the body of the report;**
- (b) **the Deputy Chief Executive be given delegated authority to purchase a parcel of land from Sustrans adjacent to the Community and Activity Village, as shown on the attached plan, at a nominal consideration, but with the Council meeting Sustrans legal and other associated costs; and**
- (c) **on the completion of the land transfer the land be included in the area to be leased to YMCA and any rights and easements granted to the Council by Sustrans be passed on to YMCA as the leasehold occupiers of the site.**

Reasons for Recommendations

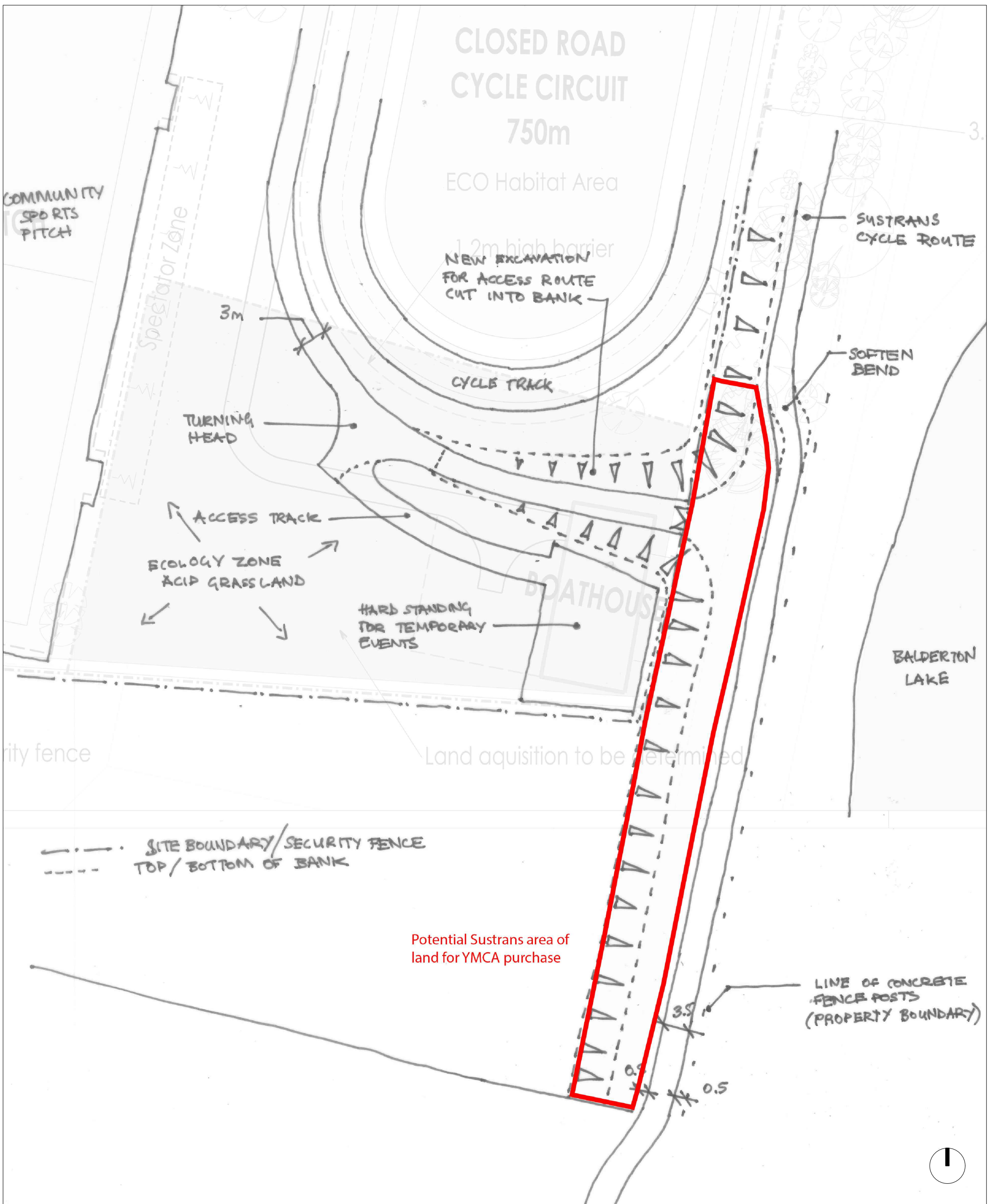
To enable the enhancement of the proposed Community and Activity Village.

Background Papers

Nil

For further information please contact Kirsty Cole on Extension 5210.

Kirsty Cole
Deputy Chief Executive



01 Potential area of Sustans land for YMCA acquisition 1:500 0 5m 20m 40m

NOTES

REVISIONS	DATE	BY
-	25-08-17	MJV
First Issue		

JOB TITLE		
Newark Sports & Community Village		
DWG TITLE		
Sustrans Land Sketch Diagram		
DATE	BY	CHECKED BY
25/08/17	MJV	CJG
DWG NO.	REV.	STATUS
2242(03)057	-	Preliminary
© Rayner Davies Architects. Do not scale this drawing. All dimensions to be checked on site.		
		A3

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ICT STRATEGY

1.0 Purpose of Report

1.1 Since July 2011, Newark and Sherwood District Council has been part of a shared services partnership for the provision of ICT and information management services with Rushcliffe Borough Council and Broxtowe Borough Council. This report provides an update on the role and achievements of the partnership, and presents the new ICT strategy

2.0 Background Information

2.1 The ICT Shared Service Partnership was established in July 2011. A new agreement was developed and signed in 2014 in order to establish the role of Chief Information Officer (CIO) and to reaffirm the partners' commitment to the ICT Shared Service.

2.2 At the end of March 2017 the ICT Shared Service had generated £1.63M of cumulative savings across the three councils (based on analysis of 10 years with 5 years looking forward and 5 years looking back). In order to capture and understand more fully the benefits that the shared service generates, savings are broken down into the follow areas: -

- Cost Avoidance (Cashable), such as contract re-negotiation to avoid future increased costs such as inflationary rises, but does not deliver savings to the bottom line
- Staff (Cashable), where savings in the ICT structure have been realised
- Non-Staff (Cashable), such as contract re-negotiations from the partnership's increased purchasing power which result in bottom line budget savings.
- Capacity Building (Non Cashable), which are instances where the Council is able to benefit from the partnership with Rushcliffe and Broxtowe around business continuity, research and sharing business cases
- Income (Cashable)

Newark and Sherwood District Council's proportion of the savings equates to £519,922 which is broken down as follows: £262,492 Cost Avoidance (Cashable), £218,392 Non Staff (Cashable), £33,413 Staff (Cashable), and £2,625 Capacity Building (Non Cashable).

2.3 In addition to financial capacity building benefits each organisation has benefited from collaborative working in relation to business continuity and security, sharing knowledge, learning and experiences. All three organisations are PCI/DSS compliant (which relates to payment card industry data security standards – i.e. in relation to taking credit/debit card payments), PSN compliant (relating to public service networks) and have an Information Security Management System (ISMS) in place.

2.4 All three organisations are implementing agile working technologies. Two (Newark and Sherwood and Rushcliffe) have implemented flexible working arrangements, supported by appropriate technologies, hot-desking, and information management arrangements including a clear desk policy. These are significant cultural changes. Broxtowe has from June 2017 implemented a new ways of working programme to benefit from the achievements already seen within the partnership.

3.0 ICT Strategy

3.1 The ICT strategy has been developed in consultation with employees, managers, and the wider ICT shared service partnership established in July 2011 between Newark and Sherwood District Council, Broxtowe Borough Council and Rushcliffe Borough Council.

3.2 This strategy is the first common strategy for ICT service delivery across all three partner organisations and is part of a suite of five common elements (see bullet points below). Other than branding and some small variances to address alignment with differing corporate plans/strategies and naming conventions for senior management teams and roles, the strategy is identical across the partnership. While the strategy contains broad strategic objectives along with the rationale behind those objectives, including the benefits and deliverables that will be achieved (see ICT Strategy 2017-2021, pages 9 -14 at Appendix 1), it does not set out to provide a strict formula or action plan dictating the approach. It is a scene setter. The five common elements referred to above include: -

- Common ICT Strategy
- Common Digital Strategy
- Common Information Management and Governance arrangements
- Common ICT Governance Framework
- Common ICT Performance Framework

3.3 A technical delivery plan has also been produced to support the ICT strategy and particularly give the necessary detailed technical information required by ICT employees to inform their on-going work programmes. This is an operational document and so is not included in this report.

3.4 The strategy provides the 5 ICT themes to support the strategic objectives namely: -

- Enabling **efficiency**
- Responding flexibly and with agility to **customer** needs
- Increase our ability to work in effective **partnerships**
- Modern architecture supporting efficient and agile working **culture**
- Robust arrangements for **business continuity, information management and governance** and **security**

Each theme is presented in terms of its impact, its benefits, and its deliverables in relation to ICT service delivery. The strategy is at **Appendix 1**.

4.0 Equalities Implications

4.1 There is no anticipated impact on any protected characteristic group. Accessibility is considered as part of ICT service design.

5.0 Impact on Budget/Policy Framework

5.1 Recognising the importance of and the benefits derived from ICT, the Council has invested significant amounts in ICT. The likely levels of additional investment required for the period to March 2021 have still to be agreed and form part of the annual budget process.

6.0 RECOMMENDATION

That Policy & Finance Committee adopts the new ICT Strategy.

Reason for Recommendation

The adoption of the Strategy will achieve the first truly common ICT strategy for the ICT shared service partnership, one of the strategic goals of the partnership.

Background Papers

Nil

For further information please contact Kevin Powell.

Matthew Finch
Director - Customers

ICT Strategy 2017 - 2021

Working with you to achieve more





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To provide relevant Information Technology Services that, in terms of economy, efficiency and effectiveness, our customers regards second to none.



Ruth Hyde OBE

*Chief Executive
Broxtowe Borough Council*



Andrew Muter

*Chief Executive
Newark and Sherwood
District Council*



Allen Graham

*Chief Executive
Rushcliffe Borough
Council*

Foreword

Broxtowe Borough Council, Newark and Sherwood District Council and Rushcliffe Borough Council entered into an ICT shared service agreement in July 2012.

Employees rely on access to ICT equipment, systems and online information to perform their day to day jobs. Customers expect services to be online and available on an anytime and anywhere basis in addition to the traditional access channels of telephone and face-to-face.

The partnership are continually looking to achieve maximum value for money from their ICT investments. Connectivity solutions are key in supporting greater accessibility, flexibility and information provision. The increasing complexity of ICT solutions, their rapid evolution and the need to be agile in responding to organisational and customer needs and to partnership opportunities that reduce cost, increase resilience and improve quality requires a less traditional approach to ICT strategy moving forward.

The rationalisation of property assets at all partner sites has seen large logistical projects being delivered or in the process of being delivered. Reliance on ICT infrastructure and solutions to support an agile and flexible working culture is a significant part of this overall transformation.

The success of this shared strategy depends on close partnership working. We will look for new partners and explore commercial opportunities. We will continue to explore opportunities that promote common software and hardware solutions and consequently deliver platforms that will provide the prospect of back office shared service.

Shared Services

The five common strategic elements presented in the graphic opposite have proven to provide a strong foundation for shared ICT service delivery. All three organisations are now at a similar maturity level in relation to the strategic delivery of each of these five common strategic elements.

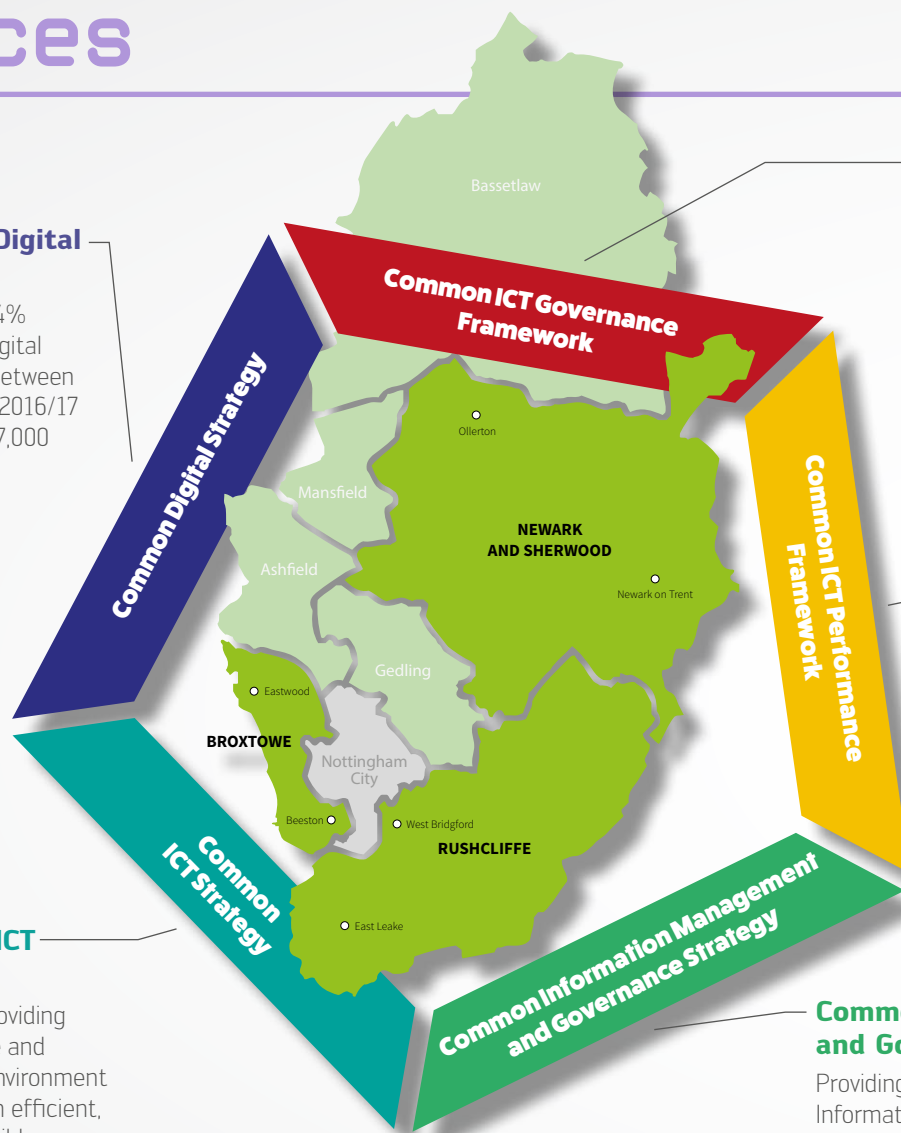
The common ICT strategy document that follows has been developed following consultation across the entire partnership and will further promote and support good customer services along with a culture of agile and flexible working arrangements for employees and members.

Common Digital Strategy

Delivered 15.4% increase in digital transaction between 2015/16 and 2016/17 (now over 237,000 transactions)

Common ICT Strategy

Emerging providing a sustainable and responsive environment to support an efficient, agile and flexible working culture.



Common ICT Governance Framework

- Providing:
- Risk management
 - Performance measurement
 - Resource management
 - Value delivery
 - Business strategic alignment

Common ICT Performance Framework Providing:

- Consistent report across the partnership
- Benchmarking opportunities
- Assurance
- Transparency

Common Information Management and Governance Strategy

- Providing an Information Security Management System (ISMS):
- Training framework
 - Policy Centre
 - Communications and engagement strategy
 - Process and tools



Introduction

Purpose

This document sets out the Council's strategy for Information Communication and Technology (ICT) over the period 2017 to 2021.

The role of ICT is essential to the delivery of all of the Council's services and is fundamental to most business change programmes across the organisation.

While the strategy contains broad strategic objectives along with the rationale behind those objectives, including the benefits and deliverables that will be achieved it does not set out to provide a strict formula or action plan dictating the approach. An emerging strategy will therefore exist enabling an agile approach to operational delivery, taking advantage of new proven developments and partnership opportunities.

The ICT Strategy reflects the Council's mission statement and Corporate Strategy in promoting sustainability and efficient high quality services. The Council continues to use the following themes:

'People, Places, Prosperity and Public Services'

These themes help to frame the corporate strategic priorities and are used to illustrate the impact of four groups of strategic priorities:

- Homes
- The economy
- Safety and cleanliness
- Healthiness

In addition, there are number of corporate which will shape the way the Council's operates:

- The commitment to the Community Covenant and specifically the way it shapes the Council's approach to priorities around our lettings policy and support, advice and sign-posting activities
- The need to review central and support services as some activities are reduced or moved into other delivery vehicles
- The ability to increase the range of digital service delivery
- The scope to increase collaboration with neighbouring councils



ICT Vision

The ICT Strategy defined within this document seeks to accomplish the following five part vision aligned with the Corporate Strategy, and the ICT mission statement of Economy, Efficiency and Effectiveness:

- 1 ICT as an enabler for **efficiency** savings and service improvements.
- 2 Responding in a flexible and agile way to **customer** needs, with emphasis on digital by design / channel shift through automation and enabling of online and self-service.
- 3 Standardisation of strategies, policies, processes and technologies to enable good practice operation and **partnership**/shared service opportunities.
- 4 Modern architecture enabling efficient operation and supporting the agile/flexible working **culture**
- 5 Robust arrangements for **business continuity, information governance** and **security**.

economy, efficiency and effectiveness

Corporate Strategy – Strategic Alignment

The five part vision for ICT set out above supports the Corporate Strategy in promoting cost effectiveness and excellence in front line service delivery.

In particular, the successful implementation of the ICT strategy will:

- Improve the **efficiency** of the Council by implementing new or improved methods of working that are either more cost effective (for example by reducing travel or reducing paper consumption) or by enabling employees to be more efficient with their time (for example by using agile/mobile technologies to maximise the presence of employees in their primary place of work). These efforts will also directly support a further corporate objective of the Council, which is that the environment will be protected and enhanced for future generations. Ensuring that the technology implemented reduced where possible the environmental impact is implicit and runs through the entire ICT vision and strategy.
- Encourage and facilitate **partnership** by creating shared good practice ICT strategies, policies, processes and the alignment of technologies and systems.
- Provide employees with the most appropriate ICT tools and processes to enable them to deliver cost effective and efficient **customer focused** services.
- Through efficient technology platforms support the Council's commercial services to enhance **income generation**.

- Through effective **business intelligence**, improve the information available to members and officers so that it is of a high quality, up-to-date, complete, presented in an appropriate format and is available at anytime and at any place, creating transparency and informing the Council's **decision support system**.
- Empower Newark and Sherwood's **customers** by providing them with greater accessibility to the Council's public and information services.
- Improve **communications** with customers, with other organisations and within the Council through effective and flexible electronic communication channels (anytime, anywhere).
- Maintain an effective and **modern infrastructure** which underpins all of the priorities and actions within the Council's key objectives; housing, business growth, environment, health and community safety.



Context

National

Key to the national picture is the austerity measures that were introduced before the previous strategy (2012 to 2016) and are set to continue beyond the end of this strategy document (2017 to 2021). A number of additional sources have been considered in the development of the five part vision including:

- Central government Transformation Strategy 2017 to 2020
(published 9 February 2017)
- Central government's UK Digital Strategy (published 1 March 2017)
- Central government's Digital Economy Bill 2016/17
- National Cyber Security Strategy 2016 to 2021
(published 1 November 2016)
- Government Digital Service (GDS) online resources
- LCIOC Standardise – Simply – Share Strategy 2016 (published 2016)
- LG Inform – Mapping digital exclusion across the UK

Local

Key to the local picture is alignment with the Council's published Corporate Strategy. The ICT Strategy should be read in the context of the Corporate Strategy and the underpinning Financial Strategy. As well as the above documents the five part vision has been informed by a number of other sources including:

- Consultation with ICT Shared Services CEO Steering Group
- Consultation with senior staff facilitated through the ICT Business Account Management meetings with Directors and Business Managers conducted throughout June and July each year across all partner authorities (Broxtowe Borough Council, Newark and Sherwood District Council and Rushcliffe Borough Council)
- Alignment with service based strategies
- ICT Services Mission Statement
- ICT Governance Arrangements
- ICT Shared Services Partnership Strategy
- Broxtowe Borough Council Corporate Plan
- Rushcliffe Borough Council Corporate Strategy



Looking Back

Development between 2012 and 2016

During the life of the last ICT Strategy (2012 to 2016) the following provides an example of what was achieved:

IMPLEMENTATION OF NEW SYSTEMS

- Mobile Device Management (MDM)
- Web Filtering
- Encryption
- Enhanced Communications Solution
- Microsoft Office 2010 / 2013
- Environmental Health
- Document Management Solution
- Digital Platform
- Customer Relationship Management Solution
- Garden / Trade Waste
- Mobile Working
- Civil War Ticketing
- Civil War Web Site



UPGRADING INFRASTRUCTURE

- Disaster Recovery Upgrade
- Government Connect
- Storage Area Network (SAN)
- Network
- Multi Functional Devices (MFD)
- Two Factor Authentication (2FA)
- Firewall
- Windows 7 / 8.1
- Microsoft Server 2008 / 2012
- Members Secure Portal / Extranet
- Smartphones



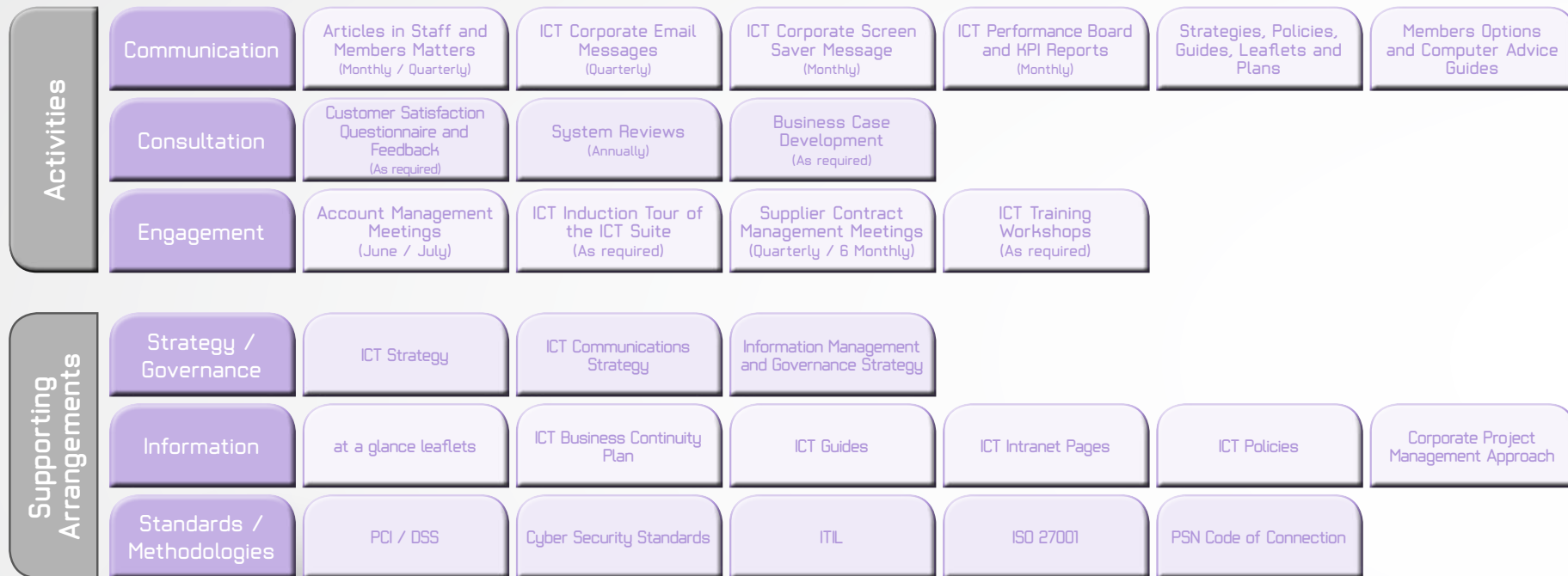
ENHANCED PARTNERSHIP WORKING

- Implementation and delivery of a common Digital Strategy
- Implementation and delivery of a common Information Governance Strategy
- Business intelligence support demand management and channel shift
- Common process, common policies, and common procedures
- Improved procurement and contract renegotiation

Communications, Consultation and Engagement Strategy

Many of the communication, consultation and engagement elements of ICT service delivery are now embedded in the service culture across the ICT Shared Service.

The strategy depicted below makes explicit the activities that are delivered under each element in line with the Corporate Communications, Consultation, and Engagement Strategy.





Strategic Objectives

ICT Themes

This strategy consists of the following strategic themes:

- 1 Enabling **efficiency**
- 2 Responding flexibly and with agility to **customer** needs
- 3 Increase our ability to work in effective **partnerships**
- 4 Modern architecture supporting efficient and agile working **culture**
- 5 Robust arrangements for **business continuity, information management and governance** and **security**



These themes have been selected for;

- Their importance as key transformation drivers for the Council; and
- Their alignment to the Corporate Strategy and core strategies; and
- Their alignment with the five part vision for ICT
- Investigate Open Source alternatives to business software and specialist applications to promote value for money and cost effectiveness

Enabling Efficiency

IMPACT

Enabling the Council to redesign processes/ services to be more accessible and efficient, producing better, quicker and more consistent outcomes for customers. Using Digital by Design principles to automate business processes. Recognising employees as a key organisational resource and ensuring access to appropriate technology and information to promote efficient and effective working. Enabling financial stability and the promotion of environmental good practice by establishing appropriate contractual arrangements.

BENEFITS

Operational efficiency through the effective use of existing or new technologies. Reduced waste through automated processing and streamlined manual procedures taking opportunities to remove bureaucracy. Improved service delivery through operational consistency.



DELIVERABLES

- Promote Digital by Design principles throughout the organisation.
- Review and exploit established technology to ensure greatest operational benefit being gained
- Capture efficiencies and lessons learned to avoid cost and effort
- Implement good practice from local or regional partners for proactive training and development



Responding flexibly and with agility to customer needs

IMPACT

Improving responsiveness to ensure that customers experience consistent services through appropriate and modern access channels (web, telephony and face to face). To facilitate channel shift where appropriate by creating digital service that our customers view as their access channel of choice moving transactions away from face to face and telephony towards self-service facilities via Internet, automated telephony and kiosk technologies. Helping the community to gain access to online services and investigating technologies which support community engagement.



BENEFITS

Improve customer experience with greater first line resolution and provide a consistent customer experience across services. Support customer's needs through assisted technology initiatives. Making services more accessible and offering the customer greater choice in how they contact us at what time and on what device. Enable a higher level of customer engagement resulting in stronger communities (e.g. electoral registration and e-newsletters).

DELIVERABLES

- Expand channel shift programme targeting high volume, politically sensitive and socially important services to achieve 70%, 20%, 10% (or better) split of interactions (Web, Telephone, Face to Face respectively)
- Promote and encourage community engagement through modern technologies
- Help address the issue of digital exclusion due to age, education, income and health
- Expand access channels to include the use mobile web services as a means of delivering council services and increase the use of email and mobile text based services (SMS)
- Progress use of mobile technology subject to business case approval to pursue a quicker and better service to local people.



Increase our ability to work in effective partnerships

IMPACT

To grow the ICT share service partnership including more local and possibly regional partners. To continue the work to facilitate common policies, standards, systems and infrastructure to drive out cost and create opportunities for greater resilience, efficiencies and savings.

BENEFITS

Improvements to service delivery through common processes. Increased flexibility/resilience and opportunities to share resources. Alignment of procurement opportunities to achieve economies of scale.

DELIVERABLES

- Pursue a cloud first approach (public, private or hybrid cloud deployment models) including implementing IAAS (infrastructure as a service) and SAAS (software as a service) where there is an economic case to do so promoting alignment of software, technologies and services
- Alignment of procurement opportunities and contracts to create savings
- Promote technology alignment (systems/infrastructure/security)
- Promote procedural alignment (policies/procedures/standards)
- Investigate shared service opportunities built on established modern technology and common policies procedures and standards
- Promote training across partnerships for common services
- Establish greater resilience through enabling flexibility across organisational sites

Modern architecture supporting efficient and agile working culture

IMPACT

Enabling the greater flexibility and agility of both employees and members through the deployment of appropriate technology including effective collaboration systems and tools. Support decision making through business intelligence by utilising of the Council's information assets. Promoting environmental good practice through reduction in for example the number of journeys undertaken and smaller asset footprint.



BENEFITS

Ensures a modern work place that is flexible and agile to enable the Council to be responsive to organisational and customer needs. Provides relevant communications and collaboration tools to enables an efficient work place and one that is attractive to employees and partner organisations. Reduces the Council's environmental impact.

DELIVERABLES

- Investigate the greater use of mobile technologies as these become more robust and suitably designed for a corporate environment
- Enhance systems to design in agility and flexibility
- Keep abreast of technologies and facilities within the district/ borough that can be utilised by employees further assisting mobile working



Business Continuity, Information Management and Governance, and Security

IMPACT

Delivering robust and resilient safeguards ensuring ongoing availability of priority services and a means of recovery in the event of a disaster. Safeguarding the Council's data by ensuring compliance with all relevant legislative, financial and central government security standards. Improving maturity of the management and governance of information assets and delivering appropriate arrangements to ensure compliance with such as the General Data Protection Regulation (GDPR). Enhancing security to better address cyber security threat vectors. Ensuring our information assets are effectively managed in line with all relevant legislation through the deployment of appropriate technical standards and solutions.

BENEFITS

Ensures availability and continuity of services to our customers and the management of risk related to the authority's ICT assets. Ensure compliance with relevant legislation and good practice standards (e.g. ISO 27001)

DELIVERABLES

- Maintain compliance with legislative, financial and central government security standards (i.e. PCI/DSS, GCS Code of Connection, GDPR), ensuring standards are applied in a proportionate way so as not to stifle our ability to deliver effective services
- Enhance arrangement for business continuity utilising mobile devices and homeworking arrangements
- Deliver full failover direct internet access (DIA) services in order to provide appropriate capacity for agile working environment (increased capacity DIA over IPVPN)
- Ensure compliance with relevant ISO standards (i.e. ISO 17799, 25999, 27001)
- Open data principles along with the transparency framework supporting and reducing Freedom of Information (FOI) requests
- Implement appropriate software/ procedures to support archiving and retention in support of the Information Management strategy
- Investigate the use of collaboration and information sharing tools including extended use of existing technologies to reduce paper based activities and storage
- Achieve compliance with Cyber Essential and enhance the organisational awareness in relation to the growing cyber threat vectors
- Ensure appropriate technology is deployed to offer resilience and capacity in the provision of a robust technical architecture





Risks

The delivery of the ICT Strategy will be through a series of managed programmes and projects linked to the strategic components within the Newark and Sherwood Service Improvement (NSSi) Portfolio of projects and programme and will be subject to the established ICT governance arrangements (see page 17).

Risks associated with the implementation of this strategy will be reduced through the use of structured techniques for programme and project management. The methodology is described more fully in the ICT governance section.

Some of the key risks associated with the delivery will be:

- funding constraints, if the funds identified in the NSSi Portfolio business cases are not forthcoming or at the appropriate time
- changes in scope which may impact on cost, quality, timescales and resourcing
- resource constraints associated with running significant concurrent programmes of work
- important and urgent organisational business priorities emerging which require significant ICT resourcing, necessitating the redeployment of ICT resources as priorities dictate
- the technical complexity and interdependencies inherent in the concurrent deployment of large technical projects
- cultural challenges associated with new ways of working, the use of technology and the desire for customised local solutions
- ensuring appropriate skills, support and training is in place to empower employees to deal with organisational changes



Critical Success Factors

Critical Success Factors and Resourcing the ICT Strategy

The successful implementation of this Strategy depends on maximising the value the Council achieves through its use of existing ICT systems, equipment, and human resources. In particular, the Council will aim to ensure that:

- the **ICT strategy is embraced by the whole organisation** and the delivery of action plans are facilitated by appropriate communications, skills development, training and the application of best practice;
- **business change management** is strengthened through clear governance by the corporate Newark and Sherwood Service Improvement (NSSi) Portfolio of projects and programmes;
- **future investment plans** give sufficient emphasis to Information and Communication Technology where significant investment has already been made.
- a corporate approach to **information management and governance** continues to be supported including the implementation of relevant standards (ISO 17799 – code of practice, ISO 27001 – ISMS standard);
- the **digital by design strategy** continues to be supported including the drive to manage demand and provide online and self-service facility that our customers view as their access channel of choice;
- the **Automation and Enablement** of key processes is achieved;
- taking the opportunity to develop further **joint working or shared** service initiatives with local authority/public body partners; and
- the issues of **cyber security, physical or information security, disaster recovery** and **business continuity** are given appropriate priority.

Recognising the importance of and the benefits derived from ICT, the Council has invested significant amounts in ICT. The likely levels of additional investment required for the period to March 2021 have still to be agreed and form part of the annual budget process.

ICT Governance

ICT Governance Arrangements

The portfolio of projects and programmes resulting from this strategy will be managed in accordance with the established governance arrangements; ICT governance is made up of five strands namely:

- risk management
- performance measurement
- value delivery
- strategic alignment
- resource management

RISK MANAGEMENT

The ICT related projects that the Council implements are often expensive and delivered over a number of months, so it is important that sound risk management is in place both in managing projects and the day to day operation. Using the PRINCE2 project management methodology helps to mitigate the risks by enabling the Council to consistently work to identify the risks associated with a given project and regularly report on progress to the programme board.

STRATEGIC ALIGNMENT

Key to achieving strategic alignment is good communication and a good relationship between ICT, Directors and Business Mangers. Regular Business Account Management Meetings facilitate this relationship. The aim is to ensure that ICT systems are only developed once a full understanding of appropriate business

strategies exists and that any investment is able to support the planned development of the business with the underlying objective of improved and efficient services delivered to customers.

PERFORMANCE MEASUREMENT

In order to ensure that the ICT service delivers solutions on time and is able to support those solutions, a series of internal service level targets are in place. These targets are used to ensure openness and transparency exists. Monthly reports are sent to the Corporate Management Team (CMT) and are considered by the programme board.

RESOURCE MANAGEMENT

Resource management covers the service in a number of areas. It is not only important to ensure that there is enough

ICT resource with the requisite skills (SFIA) to deliver the project management, the technical installations and the support of new systems / solutions but it is also essential that capacity exists within the service area to enable successful change/ implementations to take place.

VALUE DELIVERY

Once a solution has been delivered, ensuring that the organisation is realising the improvements and efficiencies that were highlighted in the business case supporting the original investment come under the strand of value delivery - Benefits realisation is reported on a monthly basis to senior management.



Newark and Sherwood Service Improvement (NSSi) Portfolio

The Newark and Sherwood Service Improvement (NSSi) Portfolio is part of the ICT governance framework and is used to ensure that there is a mechanism in place to manage the portfolio of ICT developments and service improvements.

The Role of Corporate Management Team and ICT Services

The role of CMT and ICT Services is to ensure that the NSSi portfolio is effectively monitored, that the direction of travel of the ICT Strategy is monitored, that expertise is coordinated from all areas of the business aiding strategic alignment, that a communication channel is facilitated to ensure that all employees have the opportunity to engage and that resource can be utilised to deliver service improvement through business transformation and deployment of appropriate technologies.

Business Account Management Meetings

In order to maintain a close working relationship between the ICT function and the business, regular account management meetings are organised. These include annual meetings between the Chief Information Officer and ICT Manager with Directors and Business Managers.

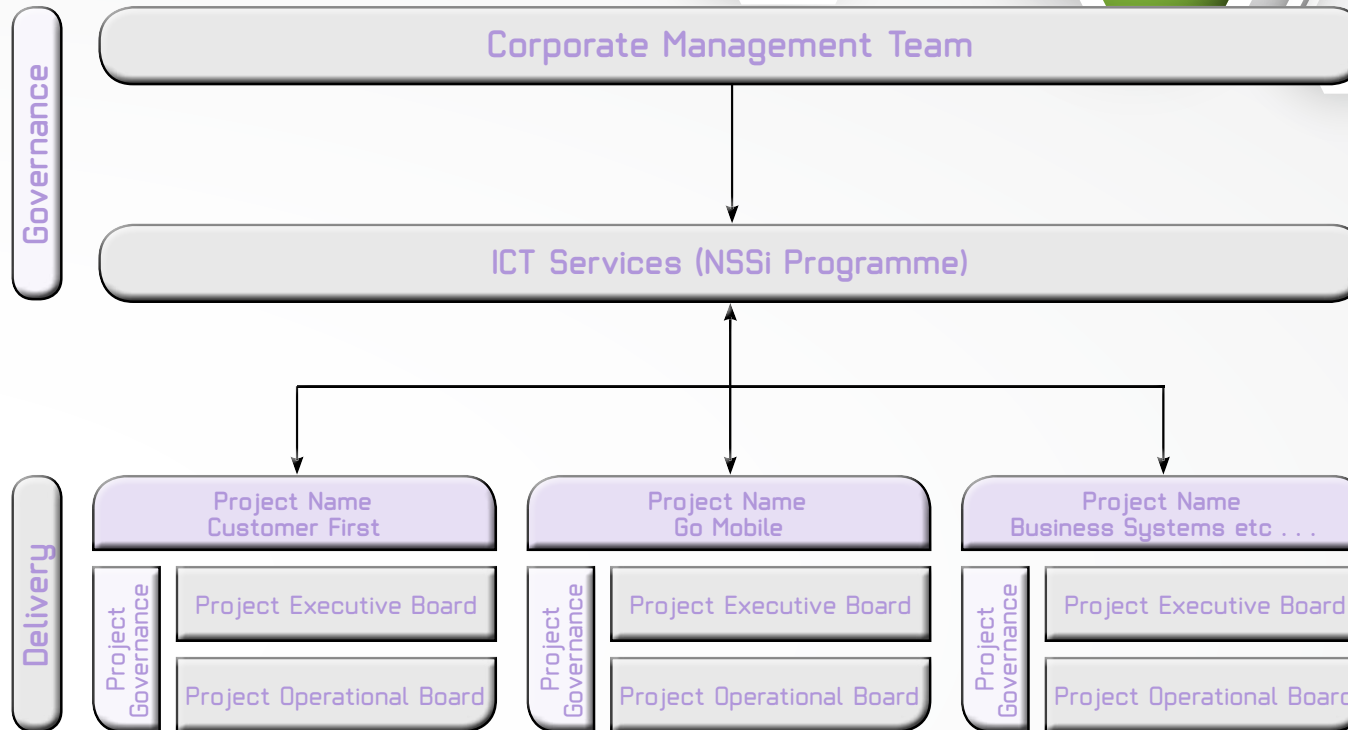
Portfolio Management

The NSSi portfolio and the reporting mechanisms associated with the programme (for example the NSSi Portfolio Highlight Report) ensure that openness and transparency exists. Using a simple to understand traffic light system (Red, Amber, Green (RAG) status) Executive Managers and the programme board can see immediately where issues exist and are able to react in order to apply the appropriate measures to address the circumstances

Project Management

Risks associated with the implementation of any programme will be reduced through the use of structured techniques for programme and project management. PRINCE2 (Projects IN Controlled Environments) is a structured methodology for effective project management. PRINCE2 has been adopted corporately. ICT services and its contractors have used PRINCE2 successfully. PRINCE2 is not restricted for use in ICT related projects but is a generic methodology that promotes best practice in project management and as such all corporate projects benefit from this.

ICT Governance Framework Diagram



Performance Management and Progress Monitoring

A number of measures are in place to ensure that regular performance management and progress monitoring is carried out.

The ICT management KPI report is produced monthly. This document contains details of security incidents, the number of calls received by the services desk, the percentage of responses achieved within the service level targets, the percentage of time the systems are available and the customer satisfaction survey results.

The NSSi Portfolio Highlight Report is produced monthly. The report is used to monitor progress giving full transparency to the state of all projects and programmes contained within the portfolio.

The business plan for ICT contains local indicators, which are monitored throughout the life of the programme. A percentage is recorded to indicate how much of the programme has been delivered.

Consultation

STAFF CONSULTATION

This strategy has been developed in consultation with ICT employees, Directors and Business Managers as part of a consultation workshop activity included in the annual Business Account Management meetings.

Over 130 employees across all three organisations in the ICT Shared Service took part in the consultation. All service areas were represented and feedback was captured and has been used to inform the new ICT strategy.

CEO STEERING GROUP

A consultation exercise was carried as part of the ICT Shared Service CEO Steering group. Feedback received from the Chief Executive has been fed directly into the new ICT strategy in terms of specific objectives and direction of travel.



Glossary

CLOUD COMPUTING	<p>Hybrid Cloud: may be established where several organisations have similar requirements and seek to share infrastructure so as to realise the economic and environmental benefits of cloud computing. This option may offer a higher level of privacy, security and/or policy compliance. In addition it can be economically attractive as the resources (storage, servers) shared in the community are already exploited and may have reached their return on investment.</p> <p>Public Cloud: (or external cloud) describes cloud computing in the traditional mainstream sense, whereby resources are dynamically provisioned on a self-service basis over the Internet, via web applications/web services, from an off-site third-party provider billed on a utility computing basis.</p> <p>Private Cloud: (or internal cloud) offer the ability to host applications or virtual machines in an organisation's (or partnership's) own set of hosts. These provide the benefits of utility computing – shared hardware costs, the ability to recover from failure, and the ability to scale up or down depending upon demand.</p>
GCSX	<p>Government Connect Secure extranet is a central government facility providing a secure private Wide-Area Network (WAN) between connected Local Authorities and other public organisations.</p>
IAAS	<p>Cloud infrastructure services, also known as 'Infrastructure as a Service' (IAAS) which delivers a server infrastructure environment as a service. Rather than purchasing servers, software, data-center space or network equipment the service is billed on a utility computing basis i.e. by the amount of resources consumed.</p>
ICT	<p>Information & Communication Technology.</p>
ISO 17799	<p>Information Security Management Code of Practice Standard</p>
ISO 25999	<p>Business Continuity / Disaster Recovery Standard</p>
ISO 27001	<p>Information Security Management System (ISMS) Standard</p>

ITIL	<p>ITIL® (the IT Infrastructure Library) is the most widely accepted approach to IT service management in the world. ITIL® provides a cohesive set of best practice, drawn from the public and private sectors internationally. It is supported by a comprehensive qualifications scheme, accredited training organisations, and implementation and assessment tools. The best practice processes promoted in ITIL® support and are supported by, the British Standards Institution's standard for IT service Management (BS15000). The standard includes the following components: -</p> <ul style="list-style-type: none">• Service Management:• Financial Management:• Capacity Management:• Continuity Management:• Availability Management:• Configuration Management:• Service Desk:• Incident Management:• Problem Management:• Change Management• Release Management
IPVPN	<p>Internet Protocol Virtual Private Network provided by Virgin Media. The provision of a network linking remote buildings, making up part of the WAN.</p>
PCI/DSS	<p>Payment Card Industry Data Security Standards</p>
SAAS	<p>Cloud application services or 'Software as a Service' (SAAS) deliver software as a service over the Internet, eliminating the need to install and run the application locally and simplifying maintenance and support.</p>



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DISQUALIFICATION CRITERIA FOR COUNCILLORS – GOVERNMENT CONSULTATION

1.0 Purpose of Report

1.1 To advise Members of Government consultation on proposed legislative changes to extend the criteria for disqualification of councillors.

2.0 Background

2.1 The Government has commenced a consultation on updating and expanding the disqualification criteria for councillors. It is seeking responses, by 8 December 2017, to the consultation questions set out in **Appendix C**.

3.0 Introduction

3.1 The current disqualification criteria are contained in Section 80 of the Local Government Act 1972 and are summarised below:-

A person is disqualified from standing as a candidate or being a member of a local authority if they:

- (1) Are employed by the authority or a company under the control of the authority, or under the direction of various local authority committees and boards;
- (2) Are subject to certain types of bankruptcy orders;
- (3) Have, within 5 years before being elected, or at any time since, been convicted of any offence and received a sentence of imprisonment (suspended or not) for a period of not less than three months without the option of a fine;
- (4) Are disqualified under Part III of the Representation of the People Act 1983 (election offences);
- (5) Are a teacher in a school maintained by the local authority.

4.0 Proposals

4.1 The Government propose the following additional disqualification criteria in relation to sexual offences and anti-social behaviour.

1. Sexual Offences

The Government's proposals and consultation questions are set out in **Appendix A**. Essentially the government is seeking to extend disqualification to cover offenders who are the subject of "notification requirements" but not extending it to persons who have not been either convicted or have not received a caution (which involves an admission of guilt) in relation to a sexual offence. The inclusion of proven offenders is clearly sensible but differing views may be held over the proposal not to extend disqualification to persons who are subject to Sexual Risk Orders (see **Appendix A**) but the rationale for this is clearly based on the fact that, in these circumstances there has been no conviction or admission of guilt by the person and, hence, disqualification could be argued to breach their human rights.

2. Anti-Social Behaviour

The Government's proposals are set out in **Appendix B**. Here the proposed disqualifications are the consequences of orders issued by the courts in respect of civil injunctions and criminal behaviour orders following convictions. A similar rationale has been applied to narrow the disqualification to where a court process and findings have been applied to anti-social behaviour. Queries were raised with DCLG over two issues:

- (a) Whether a short term injunction would have the effect of immediate disqualification of a sitting councillor? – DCLG has confirmed that it was intended that this would cause an immediate disqualification of a sitting councillor but on, on the expiry of the injunction, the former councillor would be able to stand as a candidate for election.
- (b) Whether injunctions imposed as a result of behaviour outside the areas of the relevant council would attract the disqualification? – DCLG has confirmed that their intention was that it should.

4.2 The intention is that the new provisions will not be applied retrospectively. This is in line with normal legislative practice, and will mean that existing councillors will not become disqualified under one of the new criteria during their, then, orders which were imposed prior to the new provisions coming into force but which remain in effect will act to disqualify the councillor from standing for re-election after the changes come into force.

5.0 Equalities Implications

5.1 The implications of the proposals for the Council's Public Sector Equality Duties are difficult to predict or appraise but, if they contribute to an environment where there is a greater confidence that Councillors' elections and ongoing behaviour is subject to additional safeguards then any impact should be positive. One potential area for controversy would be where anti-social behaviour injunctions and orders have been imposed in respect of actions occurring within a politically contentious context.

6.0 RECOMMENDATION

That Members consider their response to the proposals set out in the DCLG consultation paper including the effect the proposals may have on the discharge of Public Sector Equality Duties.

Reason for Recommendation

To respond to the government proposals to extend the criteria for disqualification of councillors.

Background Papers

DCLG consultation paper dated September 2017.

For further information please contact Kirsty Cole on Extension 5210.

Kirsty Cole
Deputy Chief Executive

Sexual Offences

10. The Government considers that anyone who is subject to sex offender notification requirements, commonly referred to as 'being on the sex offenders register', should be barred from standing for election, or holding office, as a local authority member, directly-elected mayor or member of the London Assembly. The period of time for which they would be barred would end once they were no longer subject to these notification requirements.

11. An individual can become subject to notification requirements by committing certain criminal acts or being issued with certain types of civil order:

- Being subject to sex offender notification requirements is an automatic consequence of being cautioned or convicted of a sexual offence listed in Schedule 3 of the Sexual Offences Act 2003 (see: <http://www.legislation.gov.uk/ukpga/2003/42/schedule/3>).
- Sexual Harm Prevention Orders are civil orders intended to protect the public from offenders convicted of a sexual or violent offence who pose a risk of sexual harm to the public by placing restrictions on their behaviour. Offenders who are subject to Sexual Harm Prevention Orders become subject to notification requirements.
- Notification Orders are civil orders intended to protect the public in the UK from the risks posed by sex offenders who have been convicted, cautioned, warned or reprimanded for sexual offences committed overseas. Such offenders may be British or foreign nationals convicted, cautioned etc. abroad of a relevant offence. Offenders who are subject to Notification Orders become subject to notification requirements.

12. The duration of the notification requirement period (i.e. how long a person is on the sex offenders register) is set out in the Sexual Offences Act 2003 and in the table below. The courts have no discretion over this.

Where the (adult) offender is:	The notification period is:
Sentenced to imprisonment for life or to a term of 30 months or more	An indefinite period
Detained in a hospital subject to a restriction order	An indefinite period
Sentenced to imprisonment for more than 6 months but less than 30 months imprisonment	10 years
Sentenced to imprisonment for 6 months or less	7 years
Detained in a hospital without being subject to a restriction order	7 years
Cautioned	2 years

Conditional discharge	The period of the conditional discharge
Any other description (i.e. community sentence, fine)	5 years

These periods are halved for offenders who are under 18 on the date of the caution, conviction or finding, as defined within the 2003 Act.

13. Offenders who are subject to the notification requirements must notify the police of (amongst other things) their: name, date of birth, national insurance number, home address, passport number, bank account and credit card details. They must do this annually, any time the details change or when they travel abroad. They must also notify the police when they stay or reside with a child for more than 12 hours.

14. Further information on the Sexual Offences Act 2003 can be found at: <https://www.gov.uk/government/publications/guidance-on-part-2-of-the-sexual-offences-act-2003>.

15. The Government does not propose including another type of civil order, the Sexual Risk Order, as this person would not have been convicted or cautioned of a sexual offence under the Sexual Offences Act 2003 and are not subject to notification requirements for registered sex offenders. A Sexual Risk Order does require the individual to notify to the police their name and their home address. A Sexual Risk Order can be sought by the police against an individual who has not been convicted, cautioned etc. of an offence under Schedule 3 or Schedule 5 of the 2003 Act but who is nevertheless thought to pose a risk of harm to the public in the UK and/or children or vulnerable adults abroad.

Q1. Do you agree that an individual who is subject to the notification requirements set out in the Sexual Offences Act 2003 (i.e. who is on the sex offenders register) should be prohibited from standing for election, or holding office, as a member of a local authority, mayor of a combined authority, member of the London Assembly or London Mayor?

Q2. Do you agree that an individual who is subject to a Sexual Risk Order should not be prohibited from standing for election, or holding office, as a member of a local authority, mayor of a combined authority, member of the London Assembly or London Mayor?

Anti-Social Behaviour

16. Anti-social behaviour blights people's lives and can leave victims feeling powerless. These are a range of powers to the courts, police and local authorities to tackle the problems in the table below.

17. The Government considers that an individual who is subject to an anti-social behaviour sanction that has been issued by the court, i.e. a Civil Injunction or a Criminal Behaviour Order, should be barred from standing for election, or holding office, as a local authority member, directly-elected mayor or member of the London Assembly. The period of time for which they would be barred would end once they were no longer subject to the injunction or Order.

Anti-Social Behaviour (ASB) Powers

Type	Power	Description
Issued by the court to deal with individuals	Civil Injunction	A civil order with a civil burden of proof. The injunction can include both prohibitions and positive requirements to tackle the underlying causes of the behaviour. Applications can be made by police, councils, social landlords, Transport for London, Environment Agency, Natural Resources Wales and NHS Protect.
	Criminal Behaviour Order	A court order available on conviction. The order can be issued by any criminal court against a person who has been convicted of an offence. It is aimed at tackling the most persistently anti-social individuals who are also engaged in criminal activity. The order can include both prohibitions and positive requirements. Applications are made by the prosecution, in most cases by the Crown Prosecution Service, either at its own initiative or following a request from the police or council.
Used by the police to move problem groups or individuals on	Dispersal Power	A flexible power which the police can use in a range of situations to disperse anti-social individuals and provide immediate short-term respite to a local community. It allows the police to deal instantly with someone's behaviour and prevent it escalating. The use of the power must be authorised by an officer of at least inspector rank, to be used in a specific locality for up to 48 hours or on a case by case basis. This is to ensure that the power is used fairly and proportionately and only in circumstances in which it is necessary.

Issued by councils, the police and social landlords to deal with problem places	Community Protection Notice	A notice designed to deal with particular problems which negatively affect the community's quality of life. The Notice can be issued to anyone aged 16 or over, businesses or organisations. This is a two-stage power and a written warning has to be issued first. Failure to stop the behaviour or take action to rectify the problem would lead to the notice being issued. The power can be used by councils, police and social landlords (if designated by the council).
	Public Spaces Protection Order	Designed to deal with anti-social behaviour in a public place and apply restrictions to how that public space can be used to stop or prevent anti-social behaviour. The order is issued by the council. Before the order can be made, the council must consult with the police and whatever community representatives they think appropriate, including regular users of the public space. Before the order is made the council must also publish the draft order.
	Closure Power	A fast and flexible two-stage power. Can be used to quickly close premises which are being used, or likely to be used, to commit nuisance or disorder, including residential, business and licensed premises. The police and councils are able to issue Closure Notices for up to 48 hours and the courts are able to issue Closure Orders for up to six months if satisfied that the legal tests have been met. Following the issue of a Closure Notice, an application must be made to the magistrates' court for a closure order.

Q3. Do you agree that an individual who has been issued with a Civil Injunction (made under section 1 of the Anti-social Behaviour, Crime and Policing Act 2014) or a Criminal Behaviour Order (made under section 22 of the Anti-social Behaviour, Crime and Policing Act 2014) should be prohibited from standing for election, or holding office, as a member of a local authority, mayor of a combined authority, member of the London Assembly or London Mayor?

Q4. Do you agree that being subject to a Civil Injunction or a Criminal Behaviour Order should be the only anti-social behaviour-related reasons why an individual should be prohibited from standing for election, or holding office, as a member of a local authority, mayor of a combined authority, member of the London Assembly or London Mayor?

Questions

- Q1. Do you agree that an individual who is subject to the notification requirements set out in the Sexual Offences Act 2003 (i.e. is on the sex offenders register) should be prohibited from standing for election, or holding office, as a member of a local authority, mayor of a combined authority, member of the London Assembly or London Mayor?**
- Q2. Do you agree that an individual who is subject to a Sexual Risk Order should not be prohibited from standing for election, or holding office, as a member of a local authority, mayor of a combined authority, member of the London Assembly or the London Mayor?**
- Q3. Do you agree that an individual who has been issued with a Civil Injunction (made under section 1 of the Anti-social Behaviour, Crime and Policing Act 2014) or a Criminal Behaviour Order (made under section 22 of the Anti-social Behaviour, Crime and Policing Act 2014) should be prohibited from standing for election, or holding office, as a member of a local authority, mayor of a combined authority, member of the London Assembly or London Mayor?**
- Q4. Do you agree that being subject to a Civil Injunction or a Criminal Behaviour Order should be the only anti-social behaviour-related reasons why an individual should be prohibited from standing for election, or holding office, as a member of a local authority, mayor of a combined authority, member of the London Assembly or London Mayor?**
- Q5. Do you consider that the proposals set out in this consultation paper will have an effect on local authorities discharging their Public Sector Equality Duties under the Equality Act 2010?**
- Q6. Do you have any further views about the proposals set out in this consultation paper?**

POLICY & FINANCE COMMITTEE'S DRAFT REVENUE BUDGET 2018/19

1.0 Purpose of Report

1.1 To inform the Committee of the progress to date on the budget for 2018/19.

2.0 Background Information

2.1 At the meeting of Policy & Finance Committee on 21 September 2017, Members considered the preliminary report on the 2018/19 Budget and agreed the overall strategy including the appropriate basis on which the budget should be developed, including salaries, wages, general inflation, debt charges etc.

2.2 Also at this meeting, Policy & Finance Committee agreed the timetable for consideration of the 2018/19 budget provisions. The budget timetable is dictated by the corporate timetable for Policy & Finance and operational Committees. The essential deadline is that the Council is able to set the level of Council Tax for 2018/2019 at its meeting on 8 March 2018. Working back from this date a timetable has been drawn up and is attached at **Appendix C**. This timetable enables sufficient time for the budget proposals to be considered by operational Committees and Policy & Finance Committee and also sufficient time for the work to be completed within the Financial Services section and Business Units.

2.3 The Council has agreed policies on Budgeting and Council Tax, Reserves and Provisions, Budget Principles, a Charging Policy and Value for Money Strategy which set out the approach to be taken to the budget process. These policies and principles were reviewed and updated by Policy & Finance Committee in September 2017.

3.0 Introduction

3.1 The Council's Medium Term Financial Plan sets out the estimated service expenditure, net budget requirement and the total settlement funding to arrive at the possible funding gap for 2018/19, (and subsequent years), at three levels of increases in Council Tax, as follows:

	2018/19 £000
Net Service Expenditure	12,796
Net Budget Requirement	12,053
Total Settlement Funding	4,557
Best : Increase Av. Band D Council Tax by £5	706
Forecast: Increase Av Band D Council Tax by 1.94%	774
Worst : Freeze Council Tax at Average Band D	898

3.2 The table above identifies a range of scenarios regarding the funding gap from £706K, if Council Tax at average Band D is increased £5, to a gap of £898K if Council Tax at average Band D is frozen at the 2017/18 average Band D level.

- 3.3 The Council will continue to make efficiency savings in order to reduce the funding gap, however (as emphasised in the MTFP), further significant savings will start to impact on future service delivery. The Council will, therefore, introduce a Commercial Plan which will be supported by an Investment Strategy. The measures set out in the Commercialisation Plan will, when implemented, bridge the funding gap.
- 3.4 Further detail can be read in the Commercialisation Strategy and the Investment Plan which were considered by the Policy and Finance Committee at its meeting on the 21 September 2017.

4.0 Budget Proposals

4.1 Budget Presentation

- 4.1.1 The budget process will result in setting the budget and the Council Tax for 2018/19, and will be approved by Council at its meeting on 8 March 2018

4.2 Financial Environment and Current Position

Government support for the economy means that there continues to be severe reductions in funding across the public sector and this looks set to continue for a number of years in order to reduce the level of government debt.

At the time of writing this strategy, the UK economy is in a state of uncertainty following the “leave” decision of the referendum on membership of the European Union and the Prime Minister formally given notice to leave under Article 50. The Prime Minister, following the triggering of Article 50, also announced that there would be a snap general election on the 8 of June 2017. The result of the election and the current negotiations on the terms of the exit from the European Union has added greater uncertainty to the economic and financial market place. The situation will be kept under review with any impact(s) on the budget for 2018/19 will be included before final approval by Council.

4.3 Business Rates

- 4.3.1 For 2017/18, Newark & Sherwood District Council’s retained business rates have been assessed as £3.435m. This does not include any additional growth or amount generated through the Nottinghamshire Business Rates Pool.
- 4.3.2 Over the three years of the settlement, this is estimated to rise to £3.67m, an increase of £0.24m. In reality, however, it is expected that the actual income the Council achieves from Business Rates will be higher than the baseline over this period. The estimated amount of Business Rates income for 2017/18 shows that of the £42,028m collectable in the Newark and Sherwood area, the Council’s share (after allowing for recovery of deficits) is expected to be £4.588m which includes a forecast growth of £1.153m.

Given the uncertainty of the timing of new development or/and new businesses moving into the District, the financial forecast assumes that growth in business rate income will reflect the Government forecast growth. This suggests that broadly income will rise by 2% per annum. The forecasts for retained business rates are as follows (the figures for 2016/17 have been included for comparison purposes):

	2016/17 (actual) £000s	2017/18 (budget) £000s	2018/19 £000s	2019/20 £000s	2020/21 £000s
Base line	3,366	3,435	3,545	3,671	3,715
Forecast Growth	(110)	1,100	420	420	420
Retained	3,256	4,535	3,965	4,091	4,135

In accordance with the table above, £420,000 will be included in the 2018/19 budget for business rates growth.

4.3.3 Move Towards 100% Retention of Business Rates

The government has consulted on proposals to allow local government to retain 100% of business rate income locally. In total this Council collects in the order of £42.028m of business rate income net of reliefs and exemptions. Irrespective of the changes that are finally agreed it is envisaged that the existing system of tariffs and safety nets will still be in place in some form and that the level of income retained from business rates will be broadly similar to the current level. Interestingly, the move to 100% business rates retention was not included in the Queen's speech following the result of the general election in May 2017 and it is now widely felt that this change will not happen by 2020/21 as previously suggested.

4.3.4 The table below shows the settlement figures for the years 2016/17 through to 2019/20. The key figure is the "Settlement Funding Assessment" which is part Revenue Support Grant and part retained Business Rates and forms the overall amount of funding receivable by the Council.

	2016/17	2017/18	2018/19	2019/20	2020/21 (est)	Change since 2016/17
	£000s	£000s	£000s	£000s	£000s	£000s
Revenue Support Grant	1,777	1,049	592	83	0	(1,777)
Retained Business Rates	3,366	3,435	3,545	3,671	3,715	349
Total Settlement Funding Assessment	5,143	4,484	4,137	3,754	3,715	(1,428)

Under the current business rates retention scheme introduced in April 2013, Councils are able to keep a proportion of the business rates revenue as well as a proportion of the growth that is generated in their area. The estimated amounts for retained business rates, excluding growth in the area, are shown in the table above:

The total settlement assessment amount of £4,137,391 will be included in the funding of the 2018/19 budget together with an amount of £420,000 business rates growth.

- 4.3.5 The position with regard to general inflation remains complex. The latest (August 2017) CPI figure for inflation shows an annual increase of 2.9%. The Bank of England forecast is for CPI inflation to remain around 2% by the end of 2017/18.
- 4.3.6 One of the major areas of the budget affected by inflation is the cost of salaries and wages. The 2016 -2018 pay deal comprised a 1% increase per annum with substantial bottom loading of between 10.28% and 2.3% to start towards the introduction of a new National Living Wage (NLW) by 2020. There was agreement to revise the pay spine to meet the requirements of the NLW. This will impact on the Council’s budget and it will be necessary to assess the position on this as further details are announced.
- 4.3.7 The 2018 pay claim asks for a 5% increase on all pay points with the deletion of points 6-9 to ensure that no NJC pay points fall below the Foundation Living Wage of £8.45 per hour. With this in mind it has been decided to include a 2.5% increase in salary costs in 2018/19, with future years’ increases remaining at 1%.

5.0 Income from Fees and Charges

The generation of income from fees and charges is an essential element of the Council’s revenue budget. The overall level of fees and charges is substantially affected by legislation with many chargeable services prevented from recovering more than their costs. The objective therefore is where services are chargeable (and the level of charges is determined by the Council) then they should achieve break-even. Opportunities will also be explored for premium pricing for discretionary services where the Council is able to deliver variable levels of service. The total income from fees and charges included in the MTFP projections was as follows:

	2017/18 (budget) £000s	2018/19 (estimate) £000s	2019/20 (estimate) £000s
Statutory Charges	1,201	1,204	1,208
Discretionary Charges	4,530	4,657	4,670

Castle House income from partners £121,130, full year 2018/19 £242,260

The estimates for fees and charges for 2018/19 will be updated and included in the budget preparation.

6.0 Budget Strategy

- 6.1 Whilst there is always a need to improve efficiency and review existing budgets, the Council’s budget gap in future years means that, as well as further efficiencies, the Council needs to generate “new” revenue streams. Savings from leisure commissioning (Active4Today), devolution and collaboration and savings following the move to the new offices and associated working practices, have been built into the Medium Term Financial Plan and will accordingly be included in the base budget for 2018/19.
- 6.2 The following underlying assumptions (derived from the Council’s approved MTFP) will be applied in compiling the draft budget for 2018/19:

6.2.1 Base Budget

The base budget for 2018/19 will be derived from the **actual** income and expenditure for 2016/17. This is a change from previous years when the base budget was derived from the original budget for the previous year (in this case this would be the original budget for 2017/18). This change in strategy will produce a “tighter” budget and reduce the levels of year- end underspends reported in previous years.

This base position will be adjusted for known one off items of income and expenditure incurred in 2016/17 and for new on-going growth items included in the 2017/18 original budget, plus any on-going estimates approved, by delegation, after approval by Council of the original 2017/18 budget.

6.2.2 Staff Costs

Figures for salaries and wages will be built up from the detailed base position as set out in 6.2.1 taking into account the numbers and salary of each employee per service unit. It has been assumed that within the Service Unit budgets, the Council will employ 100% of the establishment throughout the year with the exception of known unfilled vacancies where salaries are budgeted to commence on the anticipated starting date.

A prudent increase in wages and salaries of 2.5% will be assumed for 2018/19. This increase in estimate from 1% increase to 2.5% increase is in acknowledgement of the national debate, political pressure, and negotiations by Trade Unions to remove the 1% cap for public service workers and to increase the National Living Wage. This estimate will be kept under constant review during the budget setting process and the final figures included in the budget will be based on financial modelling of the proposed, or agreed, changes.

Increases in the National Living Wage will have a knock on impact on all salary pay grades of the Council. The financial implications of these increases will also be kept under constant review and the budget, if required, will be revised before presentation to Policy & Finance Committee on 22 February 2018.

A vacancy provision of 3.5% of the total salary budget for 2018/19 will be made to allow for natural savings being made from posts remaining vacant before being filled. As it is not possible to predict precisely which business units will experience vacancies in the year, an overall saving will be set aside. The estimated amount of this provision based on the 2016/17 outturn is £320,000.

6.2.3 Employer’s Superannuation

The actuarial review carried out as at 31 March 2016 increased the employer’s superannuation contributions from 12.5% to 14.5% from 2017/18. An average amount of £1,070,010 per year for 3 years has been provided in 2017/18, 2018/19 and 2019/20 for historical debt. A further provision will be made at 14.5% for 2018/19.

6.2.4 Provision for Inflation

The budget will be prepared by applying forecast RPI increases to non-staff costs in accordance with the estimate used in the MTFP. In May 2017 RPI was 3.6% and is forecast to remain at this level for the remainder of 2017/18, followed by a drop to around 3% by the end of 2017/18. An inflation rate, therefore, of 3% will be applied to non-salary costs, unless a different specific rate is specified in a contract for the supply of goods and services.

6.2.5 Fees and Charges

The increase in fees and charges will be subject to specific, detailed review by Business Managers who will compare the Council's fees for discretionary services to other neighbouring and family group authorities that provide the same services. The Business Managers will also benchmark the fees with other commercial organisations where similar services are provided. Business Managers will also assess and evaluate whether new fees and charges can be introduced for discretionary services that are not currently being charged for.

Where comparative benchmarking information is not available, an increase equivalent to inflation, 3%, will be applied.

7.0 Draft Revenue Budget Proposals

7.1 Business Managers and service budget officers have been working with officers from Financial Services to determine a first draft General Fund budget and Medium Term Financial Plan. The budgets have been prepared in line with the strategy agreed by Policy & Finance Committee on 21 September 2017.

7.2 A summary of the figures to date for the Policy & Finance Committee is shown at **Appendix A** to this report. It should, however, be clearly understood that the figures shown are first draft only and that a substantial amount of work has yet to be completed before any conclusions can be drawn. The figures exclude capital charges and recharges for central services. The subjective summary is shown in **Appendix B**.

7.3 It should be noted that this shows only the budget for services falling within the remit of the Policy & Finance Committee. When the overall budget is considered by the Policy & Finance Committee later on this agenda it may refer budgets back where it feels that additional savings need to be made. The Policy & Finance Committee have also instructed the functional Committees be requested to look at opportunities for savings in 2018/19, and also any investment potentials which would increase and support revenue income levels, in order to reduce the projected burdens in future years.

7.4 The current draft budget shows an increase in 2018/19. The increase is due primarily to changes to National Insurance rebates and banding and the 2.5% pay award to employees. It is important that the Committee continues to scrutinise and review its budget in order to achieve additional savings in future years.

7.5 Direct service expenditure net of capital charges and internal central services recharges currently shows an overall decrease of £32,040 against 2017/18 budget. As noted above, this relates to the 2.5% increase in salary and wages costs overall in 2018/19.

7.6 Staffing costs account for approximately 63% of the overall gross service costs excluding housing benefits payments and significant budget savings cannot be achieved without affecting staffing levels.

7.7 Major variances between 2017/18 and 2018/19 are shown below:

7.7.1 Restructures of Policy & Commissioning, Performance, Corporate Development and the Corporate Management Team have resulted in an overall increase in budgets. £40,000 built into the budget for professional services is funded from reserves 'below the line'.

- 7.7.2 All budgets relating to Kelham Hall including Building Services have now been built into the budget for Castle House – the latter includes a full year budget for 2018/19 compared to 6 months for 2017/18.
- 7.7.3 As stated in paragraph 6.2.2 the allowance for vacant posts has been increased to £320,000 from £150,000. This represents a saving in the overall budget.
- 7.7.4 The budget for Corporate Property does not currently include any recharges to capital schemes. It is likely that the final net budget will be reduced.

8.0 Revenue Budget Bids 2018/19

- 8.1 As stated above, Members will be aware that the Council is likely to face severe budgetary challenges over the next four years. It is anticipated that significant savings will need to be identified in the later years of the Medium Term Financial Plan. As other pressures impact on Local Government spending it is anticipated that further cuts may be forced on to Local Government. Consequently, it is not possible for revenue growth bids to be incorporated into the budget for 2018/19 or following years.
- 8.2 At the meeting on 21 September 2017 Policy & Finance Committee agreed that spending Committees should scrutinise their budgets to look for opportunities for further savings and for spend to save schemes where additional expenditure in the short term will bring increased revenue income in the future.

9.0 Increases in Fees and Charges

- 9.1 Members will be aware that a review of charges is considered as part of the budget process each year. With this in mind it is proposed that a **guideline** figure for increases to fees and charges should be set at a minimum of 3% for each year of the medium term financial plan (see paragraph 6.2.5). In preparing income budgets officers should have regard to this guidance and the level of RPI at the time the charges are set. Each type of income should be considered on its own merits and there should be comparative assessment with other local authorities and service providers in the area before final approval of fees and charges by Council. It is important for income levels to be considered **net** of VAT where appropriate, i.e. to consider the level of income ultimately retained by the Council. Business Managers have been instructed to work with relevant Committee Members prior to making proposals on future levels of fees and charges.
- 9.2 It is important that fees and charges are considered within the framework set out in the Corporate Charging Policy that was approved by Policy & Finance Committee on the 21st September 2017.
- 9.3 Proposals for increases in fees and charges will be brought to the next meeting of the Policy & Finance Committee on 25 January 2018 for consideration and recommendation to Policy & Finance Committee on 22 February 2018 and Council on 8 March 2018.

10.0 Conclusions

- 10.1 The figures at this stage in the budget process require a considerable amount of work before they are recommended to Policy & Finance Committee on 22 February 2018.

10.2 It is important that the Committee continues to scrutinise and review its budget in order to achieve additional savings in future years at a time when the Council is facing reducing government grants and other financial pressures.

11.0 RECOMMENDATIONS that:

- (a) the Committee undertakes a review of fees and charges accordance with the Corporate Charging Policy;**
- (b) the current draft Committee budget be incorporated into the overall service budget to be considered later on this Agenda**
- (c) the Business Manager – Financial Services, continues to formulate budget proposals for formal consideration at the Policy & Finance Committee meeting on 25 January 2018 for recommendation to Policy & Finance Committee on 22 February 2018.**

Reason for Recommendations

To ensure that the preliminary figures for the budget are considered by Policy & Finance Committee and that final budget proposals for 2018/19 are submitted to the Policy & Finance Committee on 17 January 2018 for recommendation to Policy & Finance Committee on 22 February 2018.

Background Papers

Draft P&F Budget (included with papers for information purposes)

For further information please contact Nick Wilson on Extension 5317, Amanda Wasilewski on extension 5738 or Dean Rothwell on Extension 5478.

Nick Wilson
Business Manager – Financial Services

BUDGET SUMMARY**APPENDIX A****POLICY & FINANCE**

CODE	DESCRIPTION	2017/18 BASE BUDGET	2018/19 BASE BUDGET	MORE / (LESS)
A10601	ELECTORAL REGISTRATION	85,390	69,990	(15,400)
A10803	INTERNAL AUDIT	80,670	76,950	(3,720)
A10805	INCOME SECTION	24,770	36,290	11,520
A10806	BANK CHARGES	93,370	113,820	20,450
A10807	MORTGAGE ADMINISTRATION	(2,860)	0	2,860
A10812	HUMAN RESOURCES	182,390	195,230	12,840
A10815	POLICY & COMMISSIONING	148,430	0	(148,430)
A10818	COMMITTEE SECTION	200,490	218,660	18,170
A10819	LEGAL SECTION	176,700	190,310	13,610
A10821	KELHAM HALL	62,330	0	(62,330)
A10827	BUILDING SERVICES	96,320	0	(96,320)
A10832	CENTRAL TELEPHONES	50,460	58,680	8,220
A10833	CENTRAL POSTAGES	44,880	37,770	(7,110)
A10841	CENTRAL PERSONNEL EXPENSES	111,140	111,390	250
A10842	OTHER EMPLOYEE EXPENSES	17,770	19,450	1,680
A10845	INFORMATION GOVERNANCE	65,120	72,340	7,220
A10864	CORPORATE MANAGEMENT TEAM	649,020	731,290	82,270
A10895	FINANCIAL SERVICES	402,920	430,990	28,070
A10896	PERFORMANCE	81,390	161,710	80,320
A10897	PROCUREMENT	40,810	42,140	1,330
A10898	ADMINISTRATION SERVICES	338,540	345,580	7,040
A10904	COUNCIL TAX	(25,380)	(21,210)	4,170
A10905	RENT ALLOWANCES	(16,950)	25,500	42,450
A10907	RENT REBATES	20,070	20,000	(70)
A10908	HOUSING BENEFIT ADMIN	71,040	81,420	10,380
A10910	DISCRETIONARY HOUSING PAYMENTS	0	0	0
A11122	RISK MANAGEMENT	67,200	71,670	4,470
A11332	KELHAM HALL GROUNDS	(1,120)	0	1,120
A11831	CASTLE HOUSE	47,020	109,350	62,330
A11832	OLLERTON HALL	0	15,000	15,000
A11841	CORPORATE PROPERTY	217,200	323,710	106,510
A11844	CORPORATE DEVELOPMENT	0	67,610	67,610
A11901	MEMBERS EXPENSES	281,520	276,970	(4,550)
A11902	CIVIC EXPENSES	24,380	20,910	(3,470)
A11911	OTHER FINANCIAL TRANSACTIONS	(150,000)	(320,000)	(170,000)
A12301	ELECTION EXPENSES	37,030	33,440	(3,590)
A12507	MOVING AHEAD	122,110	0	(122,110)
A12510	DEMOCRATIC REPRESENTATION	5,000	500	(4,500)
A12512	ETHICAL GOVERNANCE & STANDARDS	500	300	(200)
A12520	CORPORATE MANAGEMENT	209,540	180,390	(29,150)
A12530	NON DISTRIBUTED COSTS	0	0	0
A15028	COMBINED SERVICE COSTS	133,930	125,680	(8,250)
A15029	CORPORATE PRINTERS	37,460	38,220	760
A15030	KELHAM HALL EVENTS	(36,510)	0	36,510
	TOTAL	3,994,090	3,962,050	(32,040)

BUDGET SUMMARY
POLICY & FINANCE SUBJECTIVE SUMMARY

APPENDIX B

CODE	DESCRIPTION	2017/18 BASE BUDGET	2018/19 BASE BUDGET	MORE/(LESS)
111	SALARIES AND WAGES	3,146,710	2,868,080	(278,630)
112	OTHER SALARIES/WAGES	31,390	31,390	0
113	NATIONAL INSURANCE	323,630	350,170	26,540
114	SUPERANNUATION	398,990	441,040	42,050
115	OTHER EMPLOYERS CONTRS	24,500	21,000	(3,500)
	EMPLOYEE SUB TOTAL	3,925,220	3,711,680	(213,540)
211	REPAIRS AND MAINTENANCE	52,240	111,130	58,890
212	ENERGY COSTS	100,800	27,000	(73,800)
214	RATES	130,800	120,200	(10,600)
215	WATER SERVICES	15,090	7,500	(7,590)
217	CLEANING AND DOMESTIC	4,660	7,000	2,340
219	CONTRIBUTION TO FUNDS	135,700	115,150	(20,550)
315	CAR ALLOWANCES	35,140	63,190	28,050
411	EQUIPMENT AND FURNITURE	7,420	5,750	(1,670)
412	MATERIALS	200	200	0
421	INTERNAL	550	10,500	9,950
431	CLOTHING AND UNIFORMS	1,280	750	(530)
441	GENERAL OFFICE EXPENSES	84,350	85,040	690
451	CONTRACTUAL	362,590	383,880	21,290
452	OTHER SERVICES	194,730	233,090	38,360
461	COMMUNICATIONS AND COMPUTING	528,830	494,470	(34,360)
471	STAFF	15,760	19,590	3,830
472	MEMBERS	253,310	247,350	(5,960)
473	CHAIRMAN	10,180	7,630	(2,550)
482	SUBSCRIPTIONS	38,740	41,240	2,500
491	INSURANCE	85,900	84,120	(1,780)
493	OTHER	131,550	139,210	7,660
611	HOUSING BENEFITS	25,262,000	24,475,000	(787,000)
	RUNNING EXPENSES SUB TOTAL	27,451,820	26,678,990	(772,830)
911	Government Grants	(25,440,880)	(24,628,500)	812,380
922	Contributions From Other Las	(182,860)	(164,300)	18,560
928	Recharge Non Gf Accounts	(898,040)	(776,820)	121,220
931	Sales	(1,500)	0	1,500
932	Fees And Charges	(373,000)	(416,100)	(43,100)
933	Rents	(235,220)	(191,400)	43,820
939	Other Receipts	(251,450)	(251,500)	(50)
	INCOME SUB TOTAL	(27,382,950)	(26,428,620)	954,330
	COMMITTEE TOTAL	3,994,090	3,962,050	(32,040)

2018/19 REVENUE BUDGET TIMETABLE				
Action	Base Budget & General Principles of Budget	Draft Budget	Draft Final Budget	Final Budget Approval & Council Tax Setting
Medium Term Financial Strategy	Policy & Finance 29 June 2017			
Base budget & general principles of budget	Policy & Finance 21 September 2017			
Support services – agree basis for charging		8 September 2017		
Working papers issued to budget officers		31 July 2017		
First draft of treasury estimates based on capital programme reported to September Policy & Finance Committee		6 October 2017		
Draft budgets complete – no support services allocated		22 September 2017		
Budgets uploaded onto eFinancials		25 – 29 September 2017		
Coordination & review of first draft budget and reports prepared		2 – 4 October 2017		
First draft budget presented		Homes & Communities 6 November 2017 (papers 04/10/17)		

First draft budget presented		<p>Leisure & Environment 14 November 2017 (25/10/17)</p> <p>Economic Development 22 November 2017 (papers 25/10/17)</p> <p>Policy & Finance 30 November 2017 (papers 08/11/17)</p>	<p>Policy & Finance 30 November 2017 (papers 08/11/17)</p>	
Final treasury estimates completed based on capital performance reported to December Policy & Finance			29 December 2017	
Support services allocated and uploaded to efinancials			1 December 2017	
Final committee budgets approved for consideration by Policy & Finance Committee on 23 February 2018			<p>Homes & Communities 15 January 2018 (papers 13/12/17)</p> <p>Economic Development 17 January 2018 (papers 13/12/17)</p> <p>Leisure & Environment 23 January 2018 (papers 31/12/17)</p>	

			Policy & Finance 25 January 2018 (papers 03/01/18)	
Housing Revenue Account budget and rent setting report				Policy & Finance 25 January 2018 to refer to Council for approval on 13 February 2018 (papers 03/01/18)
Council Tax Discounts Scheme determined				Council 12 December 2017
Council Tax Base 2017/18				Officer decision – determined between 1 December 2017 and 31 January 2018
Revenue budget setting				Policy & Finance 22 February 2018 (papers 11/01/18)
Parish Council Precept information received			(up to) 28 February 2018	
Council Tax setting				Council 8 March 2018 (papers 28/02/18)

COUNCIL'S OVERALL DRAFT REVENUE BUDGET 2018/19

1.0 Purpose of Report

1.1 To inform the Policy & Finance Committee of the progress to date on the budget for 2018/19.

2.0 Background Information

2.1 Members will be aware that it is this Council's statutory duty to consider its budget position and the legal precepts made upon it by other precepting bodies (i.e. County, Police and Fire Authorities and Parish Councils) and to set a Council Tax to realise sufficient funds to meet these demands. The Council Tax setting meeting for the Authority is scheduled for 8 March 2018.

2.2 It should be remembered that the part of the overall bill relating directly to Newark and Sherwood District Council is a relatively small proportion of the overall tax payable i.e. in 2017/2018 less than 10%. A typical Band D property being broken down as follows: -

Tax Payable at Band D

	<u>2017/18</u>	
Nottinghamshire County Council	£1,351.97	73.1%
Police Authority	£183.42	9.9%
Fire Authority	£75.29	4.1%
Newark and Sherwood District Council	£167.03	9.0%
Average Parish Council	<u>£71.63</u>	<u>3.9%</u>
	<u>£1,849.34</u>	<u>100%</u>

2.3 This report considers only that part of the overall Tax bill attributable to Newark & Sherwood District Council i.e. the 9.0%.

2.4 At the meeting of Policy & Finance Committee on 21 September 2017, Members considered the preliminary report on the 2018/19 Budget and agreed the overall strategy including the appropriate basis on which the budget should be developed, including salaries, wages, general inflation, debt charges etc.

2.5 The individual Committees have met throughout November and have recommended that their current draft budgets should be reported to this meeting of the Policy & Finance Committee for further consideration. It should be noted that at this stage the Committee is considering only the budget and not the implications for Council Tax levels.

2.6 The level of fees and charges will be considered by individual Committees during January 2018 and these will be reported to Policy & Finance Committee on 22 February 2018.

3.0 Budget Proposals

3.1 A summary of the figures to date is shown at **Appendix A** to this report. A subjective summary is attached as **Appendix B**. It should, however, be clearly understood that the figures shown are first draft only and that a substantial amount of work has yet to be completed before any conclusions can be drawn. The Council continues to consider the current level of service provision and there will be little or no room for service development. It is important that savings that can be identified in the current financial year are realised to ensure maximum flexibility in future years. It is also essential not only to consider the budget for 2018/19 but to give some consideration to the need for further savings in the following years as well.

3.2 Committee Expenditure (Line 5)

3.2.1 Committee expenditure (excluding recharges for central and service management support services and Deferred and Capital Charges) currently shows an overall increase of £833,070. This figure assumes a 2.5% increase in salary and wages costs overall in 2018/19. The Committee expenditure also includes a number of items which are funded from reserves 'below the line' – these are explained in detail below.

3.2.2 Major variances between years comprise:

Economic Development Committee

- Heritage, Culture & Visitors – increase in cost of exhibitions & displays £27k and a reduction in income from admission £20k & sales £8k.
- Promotion of Tourism includes a sum of £30k for 'Pikes & Plunder'.
- Development Costs – this includes a new budget for feasibility studies £50k – where a feasibility study results in a new capital project the costs will be charged against the project.
- Development Company – Council has approved the setting up of the new development company with a budget of £140k (less direct staff costs) which will be funded from reserves (Line 23 **Appendix A**).
- Surface car parks, Newark – a reduction of £30k in income following a general downturn in parking (there is increased competition in the town currently). NDR has increased significantly.
- Growth Investment Fund is showing a significant reduction, however this is due to the accounting treatment of loan repayments, this is reversed below the line (Line 25 **Appendix A**).

Homes & Communities Committee

- Housing Options staffing costs are funded from the Homelessness reserve (Line 20 **Appendix A**).
- The majority of other variances do not impact on the bottom line of the budget as they are offset within other Committee budgets, for example the Idox software is now used across all services and is charged centrally to ICT, whereas previously it was charged direct to the users.
- Likewise savings in staffing in Revenues & Benefits (Policy & Finance) have been used to fund posts in Customer Services.

Leisure & Environment Committee

- Domestic Refuse & Street Sweeping – 2 vehicles plus staffing for one extra round have been included in the budget but the costs are met from reserves in the short term (Line 22 **Appendix A**). Ultimately, income from additional council tax from new properties will fund the expansion of the service.
- Dog Control – outsourcing the work of the dog warden has saved £17k.
- Livestock Market – negotiation on the profit element of the rent is ongoing.

Policy & Finance Committee

- Castle House/Kelham Hall/Building Services – 2018/19 has a full year budget for Castle House which includes the costs previously charged to Building Services.
- Other Financial Transactions - the contingency for vacant posts has been increased to £320k. (3.5% of the total employee budget).
- Corporate Management Team - £40k provision for consultancy costs funded from reserves
- (Line 24 **Appendix A**).
- Moving Ahead – no budget in 2018/19.
- Corporate Property – currently awaiting a decision on recharges to capital.

3.3 The Impact of Staffing Costs

Staffing costs account for approximately 56% of the gross service budget (excluding housing benefits) and significant budget savings cannot be achieved without affecting staffing levels.

3.4 Other Operating Income & Expenditure (Lines 6 to 12)

The predicted savings from the CCTV service in 2017/18 have now been built into the base budget for 2018/19. The actuary's report into the pension fund was received too late in the 2017/18 budget cycle for the change in the employer's contribution to be built into the service budgets therefore this was included as an adjustment shown at line 8, this is now contained within the base budget for 2018/19.

3.5 Capital Financing and Interest Receivable (Lines 13 & 14)

Capital Financing is considered together with Interest Receivable. The net cost shows an reduction in expenditure for the Council over 2017/18 of around £255,500 however the estimates continue to be reviewed. The additional investment income results from a decision to make longer term investments at higher interest rates.

3.6 Contributions from Provisions (Lines 19 - 26)

The level of provisions and balances is now considered annually to ensure that adequate, but not excessive "reserves" are maintained by the Council.

When the budget for 2017/18 was set it was believed that the amount of NDR growth calculated as £1.1m might be clawed back by the Government, therefore a decision was made to set this aside in the Growth Reserve. Contributions from other reserves (Moving Ahead, Think Big, Homelessness reserve etc) reduce the net transfer into reserves for the year to £917,610.

The contributions from reserves used to fund service expenditure in 2018/19 are shown in lines 20-24, whilst line 25 is an accounting adjustment offsetting transactions in the Growth Investment Fund. Line 26 is a contribution to the former Building Control deficit from current receipts (South Kesteven Building Control).

3.7 Taxation and Non Specific Grant Income - Lines 15 to 18

3.7.1 The baseline funding assessment is likely to remain unchanged from the forecasts in the Medium Term Financial Strategy. Therefore Formula Grant (Line 15) and Retained NDR (line 17) are expected to remain the same when the government's final settlement is received in February 2018.

3.7.2 NDR growth is currently estimated at £0.5m however a more accurate figure will be built into the budget in February when the initial estimates of NDR income is submitted to Government.

3.7.3 Section 31 grants are paid to local authorities to compensate them for lost Non Domestic Rate income where central government changes (e.g. Small Business Rate Relief) impact adversely on the amount of income retained by Councils. It is uncertain what impact the changes to business rates will have on this grant in future. Until more information becomes available, the budget for the annual grant remains level throughout the life of the medium term financial plan.

3.8 Savings Required

3.8.1 The Policy & Finance Committee on 21 September 2017 agreed that officers should continue to develop the budget and deliver strategic savings. The Policy & Finance Committee have also instructed the functional Committees be requested to look at opportunities for savings in 2018/19, and also any investment potentials which would increase and support revenue income levels, in order to reduce the projected burdens in future years.

3.8.2 As stated above there is considerable work to be undertaken before the budget is completed, however good progress has been made towards a balanced budget for 2018/19.

3.8.3 If Members decide to increase or decrease the level of Council Tax, a 1% change equates to approximately £63,880.

4.0 Revenue Budget Bids 2018/19

4.1 As stated above, Members will be aware that the Council continues to face severe budgetary challenges over the next four years. As changes to Government funding come into effect and other pressures impact on Local Government spending it is anticipated that further cuts may be applied to Local Government. Consequently, it is not possible for revenue growth bids to be incorporated into the budget for 2018/19 or following years without identifying further savings and/or increasing the level of Council Tax.

5.0 Capital Programme

5.1 It will also be necessary for the Council to determine the Capital Programme at its meeting in March.

- 5.2 The second quarter capital monitoring report showing the latest position on approved schemes is considered elsewhere on this agenda.
- 5.3 The Capital Programme for 2018/19 to 2022/23 will be considered by Policy & Finance Committee on 22 February 2018 for recommendation to Council on 8 March 2018.

6.0 Conclusions

- 6.1 The figures at this stage in the Budget process require a considerable amount of work before the final budget and levels of Council Tax can be determined. Savings continue to be required in 2018/19 and future years to balance the Council's budget. To enable the work to be carried out in a structured way and to increase the consultative process on the budget the following recommendations are put to the Policy & Finance Committee.

7.0 RECOMMENDATIONS that:

- (a) the overall position on the 2018/19 budget be noted; and
- (b) the Business Manager – Financial Services continues to formulate budget proposals for formal consideration at the Policy & Finance Committee Meeting on 22 February 2018.

Reason for Recommendations

To ensure that the Council's Budget is prepared in accordance with the necessary timescale.

Background Papers

Nil

For further information please contact Nick Wilson on Extension 5317, Amanda Wasilewski on extension 5738 or Dean Rothwell on Extension 5478.

Nick Wilson
Business Manager – Financial Services

SUMMARY OF DISTRICT COUNCIL BUDGET REQUIREMENT

A	B	C	D
	Approved Budget 2017/18 £	Estimate 2018/19 £	C-B More (Less) £
Committee			
*NB the figures below exclude support service recharges and capital charges			
1 Economic Development Committee	757,080	1,020,050	262,970
2 Homes & Communities Committee	1,977,510	2,183,670	206,160
3 Leisure & Environment Committee	3,102,630	3,498,610	395,980
4 Policy & Finance Committee	3,994,090	3,962,050	(32,040)
5 Total Service Budgets	9,831,310	10,664,380	833,070
Other Operating Income & Expenditure			
6 CCTV savings	(20,500)		20,500
Other Employee Expenses			
7 Apprenticeship Levy	42,000	42,000	0
8 Pensions - employers % contribution (12.5 to 14.5)	176,730		(176,730)
9 Pensions - employers lump sum (less contr from HRA)	1,038,690	1,069,760	31,070
10 Pensions auto enrolment	33,500	34,890	1,390
11 Pensions - Pensions Act	206,390	210,520	4,130
12 Drainage Levy	523,530	534,000	10,470
Financing and Investment income & expenditure			
13 Capital Financing cost	747,410	616,320	(131,090)
14 Investment interest received	(554,390)	(678,800)	(124,410)
Taxation and Non Specific Grant income			
Revenue Support Grant			
15 Formula Grant	(1,048,590)	(592,370)	456,220
Non Domestic Rates			
16 NDR Growth	(1,100,000)	(500,000)	600,000
17 Retained NDR	(3,434,500)	(3,545,020)	(110,520)
Non Domestic Rates S31 Grant			
18 S31 Grants	(946,100)	(946,100)	0
Contributions to/(from) Reserves & Balances			
Deferred charges			
Capital Charges			
19 Contributions to/(from) usable reserves	917,610		(917,610)
20 Homelessness Reserve		(30,100)	(30,100)
21 Energy Reserve		(23,970)	(23,970)
22 Contribution to new refuse round		(100,000)	(100,000)
23 Contribution to Development Company		(140,000)	(140,000)
24 CMT Consultancy Fees - Change Management Reserve		(40,000)	(40,000)
25 Reverse A12506 Growth Investment Fund		118,200	118,200
26 SKDC contribution to BC deficit		22,310	22,310
Net call on collection fund	6,413,090	6,716,020	302,930

BUDGET SUMMARY - SUBJECTIVE ANALYSIS OF OVERALL SERVICE EXPENDITURE

CODI	DESCRIPTION	2017/18	2018/19	More(Less)
		BASE BUDGET	BASE BUDGET	
111	SALARIES AND WAGES	9,217,220	9,133,530	(83,690)
112	OTHER SALARIES/WAGES PAYMENTS	31,390	31,390	0
113	NATIONAL INSURANCE	863,340	943,750	80,410
114	SUPERANNUATION	1,102,130	1,293,360	191,230
115	OTHER EMPLOYERS CONTRIBUTIONS	24,500	21,000	(3,500)
	EMPLOYEE SUB TOTAL	11,238,580	11,423,030	184,450
211	REPAIRS AND MAINTENANCE	208,570	268,170	59,600
212	ENERGY COSTS	271,850	195,070	(76,780)
213	RENT	146,640	160,890	14,250
214	RATES	289,050	331,530	42,480
215	WATER SERVICES	51,520	46,560	(4,960)
217	CLEANING AND DOMESTIC	6,850	9,350	2,500
219	CONTRIBUTION TO FUNDS	420,810	408,150	(12,660)
311	TRANSPORT	935,940	965,180	29,240
315	CAR ALLOWANCES	96,930	121,480	24,550
316	INSURANCE	68,130	76,490	8,360
411	EQUIPMENT AND FURNITURE	202,000	259,030	57,030
412	MATERIALS	36,420	33,230	(3,190)
421	INTERNAL	60,260	70,820	10,560
431	CLOTHING AND UNIFORMS	24,270	25,060	790
441	GENERAL OFFICE EXPENSES	274,930	266,630	(8,300)
451	CONTRACTUAL	1,225,610	1,308,260	82,650
452	OTHER SERVICES	571,450	765,130	193,680
453	LEASING PREMIUMS	0	332,290	332,290
461	COMMUNICATIONS AND COMPUTING	799,810	747,370	(52,440)
471	STAFF	31,330	37,170	5,840
472	MEMBERS	253,310	247,350	(5,960)
473	CHAIRMAN	10,180	7,630	(2,550)
481	GRANTS	408,480	358,870	(49,610)
482	SUBSCRIPTIONS	47,510	49,860	2,350
491	INSURANCE	256,460	323,750	67,290
492	CONTRIBS TO FUNDS AND PROVISNS	233,890	213,420	(20,470)
493	OTHER	1,120,240	1,203,870	83,630
497	DISCOUNTS	11,360	10,160	(1,200)
611	HOUSING BENEFITS	25,262,000	24,475,000	(787,000)
612	OTHER TRANSFER PAYMENTS	65,550	83,000	17,450
	RUNNING EXPENSES SUB TOTAL	33,391,350	33,400,770	9,420
911	GOVERNMENT GRANTS	(25,440,880)	(24,628,500)	812,380
922	CONTRIBUTIONS FROM OTHER LAS	(398,580)	(220,570)	178,010
928	RECHARGE NON GF ACCOUNTS	(2,020,450)	(1,990,870)	29,580
929	OTHER GRANTS	(9,480)	(9,670)	(190)
931	SALES	(524,870)	(507,880)	16,990
932	FEES AND CHARGES	(4,010,900)	(4,026,490)	(15,590)
933	RENTS	(1,281,390)	(1,415,190)	(133,800)
934	LOAN REPAYMENTS	0	(180,000)	(180,000)
938	FEES AND CHARGES	(347,890)	(421,900)	(74,010)
939	OTHER RECEIPTS	(716,280)	(724,540)	(8,260)
941	INTEREST	(630)	0	630
951	RECHARGES	(28,420)	(27,520)	900
958	INT CHARGE FOR SERVICES	(6,700)	(6,290)	410
961	REVENUE APPROPRIATION ADJUST	(12,150)	0	12,150
	INCOME SUB TOTAL	(34,798,620)	(34,159,420)	639,200
	COMMITTEE TOTAL	9,831,310	10,664,380	833,070

CAPITAL PROGRAMME MONITORING TO 30 SEPTEMBER 2017

1.0 Purpose of Report

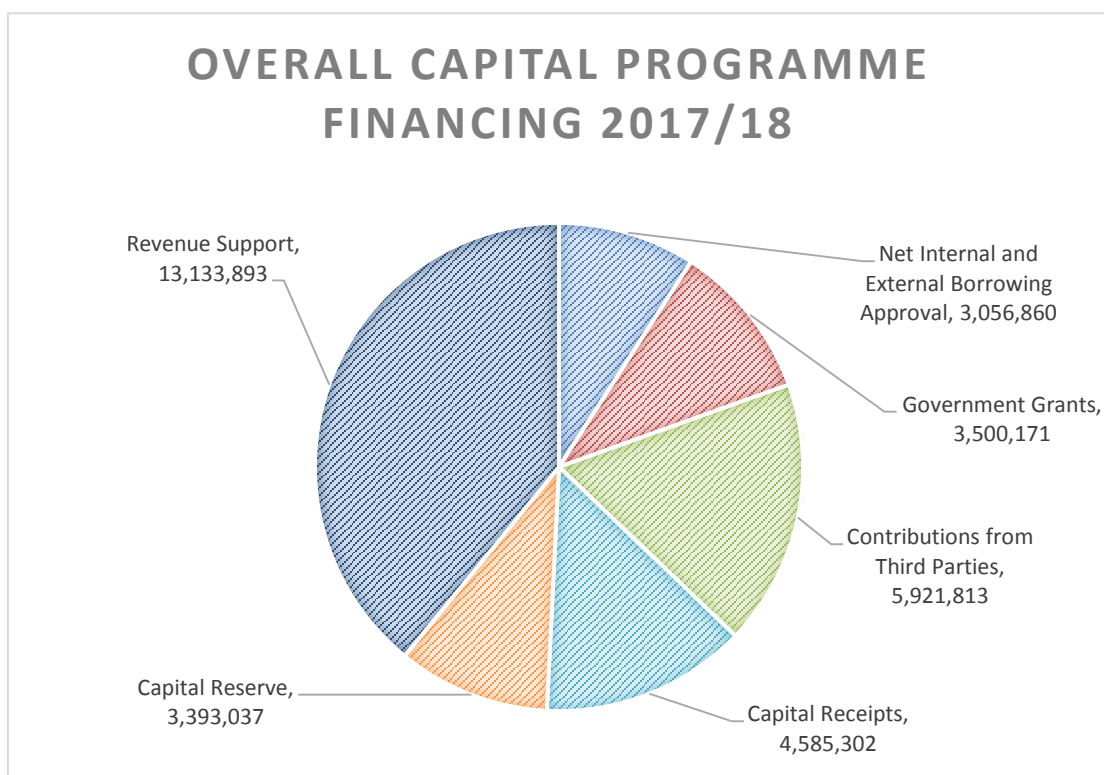
1.1 To enable Members to monitor the progress of the overall capital programme since the last progress report on 21 September 2017. The current five year programme was approved by Council on 9 March 2017 and regular reports on progress and variations are required.

2.0 Issues for Consideration

2.1 Details of the capital projects over their whole life illustrating total budget, expenditure, progress and explanations for any amendments on general fund schemes can be found at **Appendix A** along with the Housing Revenue Account (HRA) and Affordable Housing schemes at **Appendix B**.

2.2 Variations to the capital programme since it was reported to this committee on 21 September 2017 can be found in **Appendix C**.

2.3 The current revised capital programme for 2017/18 for General Fund and HRA is £33.591m which is financed as per below.



3.0 RECOMMENDATION

That the variations listed in Appendix C be approved.

Reason for Recommendation

To enable the Capital Programme to be amended to reflect changes to resources available and better clarity of the cost and phasing of projects.

Background Papers

Nil

For further information please contact Jenna Norton on extension 5327.

Sanjiv Kohli
Director - Resources and S151 Officer

Capital - General Fund - Whole life

Project	Capital Description	Project Manager	Original Budget - Whole life	Revised Budget Whole life	Actuals to date	Projected future costs	Projected Total costs - Life of project	Revisions - Whole life	Comments - Revisions over project life
TA1211	Newark, New Leisure Centre	Matt Finch	10,122,000	9,352,654	9,340,024	12,630	9,352,654	-769,346	Extended defects period is now complete, with all matters resolved satisfactorily. Awaiting imminent final account.
TA3050	National Civil War Centre	Matt Finch	6,066,825	6,222,825	6,222,824	0	6,222,825	156,000	Project Complete.
TA3052	Palace Theatre/Museum Integration	Matt Finch	1,460,846	1,528,138	1,528,137	0	1,528,137	67,291	Final Payment made w/c 28 August 2017. The whole life budget for this project was £1.6m and total spend incurred over the life is £1.5m.
TA3053	Museum Improvements	Matt Finch	750,000	750,000	288,236	461,764	750,000	0	
TA3286	Information Technology Investment	Sharon Parkinson	2,017,510	2,017,510	830,850	1,186,661	2,017,510	0	
TA	CUSTOMERS		20,417,181	19,871,127	18,210,072	1,661,055	19,871,126	-546,055	
TB2253	Vehicles & Plant (NSDC)	Andrew Kirk (Veh) / Matt Finch (Leis Equip)	5,500,375	5,695,375	3,116,625	2,578,750	5,695,375	195,000	Reprofile approved budget for lease extension and earlier than anticipated orders. Additional RCV and street sweeper as per MTFP reported on 29.6.17
TB3154	Castle Gatehouse Project	Phil Beard	60,000	117,600	0	117,600	117,600	57,600	Increase from £60k to £117,600 As per P&F on 01.12.16. Tender accepted in October for conservation management, so unlikely to spend full budget allocation in 17/18. Reprofile.
TB3158	Hawtonville School Playing Field	Phil Beard	107,742	107,742	84,619	23,123	107,742	0	
TB3159	Humberstone Road Open Space, Southwell	Phil Beard	54,837	54,837	54,837	0	54,837	0	
TB6145	Grant to Farndon Sports Pavilion	Phil Beard	43,100	43,100	28,469	14,631	43,100	-	
TB6147	Contribution to Cycle Route Improvements	Phil Beard	32,634	32,634	25,000	7,634	32,634	0	
TB6148	Lorry Carpark Extension	Alan Batty	792,000	792,000	50,887	741,113	792,000	-	Work due to start in March 2018. £100k forecasted spend in 17/18.
TB6149	Lorry Carpark - Health and Safety	Alan Batty	19,700	19,700	19,700	0	19,700	0	
TB6150	Farnsfield PC S106 Re Ash Farm AG909 Comm Fac & SANIS	Andy Hardy	0	128,544	0	128,544	128,544	128,544	S106 expenditure added to the Capital Programme, funded by S106 receipts
TB6151	Ollerton & Boughton TC S106 AG767 Trf of Open Space & Play	Phil Beard	0	164,616	0	164,616	164,616	164,616	S106 expenditure added to the Capital Programme, funded by S106 receipts
TB6152	Nottingham Road Southwell S106 AG966 Trf of Open Space provision	Phil Beard	0	69,208	0	69,208	69,208	69,208	S106 expenditure added to the Capital Programme, funded by S106 receipts
TB	COMMUNITY		6,610,388	7,225,355	3,380,136	3,845,219	6,862,967	614,967	
TC1000	New Council Offices	Matt Finch	6,302,000	7,676,128	7,421,773	254,355	7,676,128	1,374,128	As per P&F 25.02.16. Total cost £7.6m
TC2000	Land at Lowfield Lane, Balderton	David Best	4,540,000	4,618,000	522	4,617,478	4,618,000	78,000	Increased to take into account the actual purchase prices
TC3017	Workshop Frontage Improvements	David Best	111,100	111,100	107,161	3,939	111,100	0	
TC3133	BIC Internal Reconfiguration	David Best	0	75,000	8,150	66,850	75,000	75,000	As per P&F 6.4.17
TC	RESOURCES		10,953,100	12,480,228	7,529,455	4,875,772	12,405,228	1,452,128	
TE3266	Growth Point	Andrew Muter	558,453	558,453	109,332	449,121	558,453	0	
TE3268	Southern Link Road Contribution	Andrew Muter	2,500,000	9,500,000	1,019,215	8,480,785	9,500,000	7,000,000	Increase to take into account additional grant
TE	GROWTH		3,058,453	10,058,453	1,128,547	8,929,906	10,058,453	7,000,000	
TF3220	Major Flood Alleviation	Ben Adams	150,000	150,000	10,000	140,000	150,000	0	
TF3221	Southwell Flood Mitigation	Ben Adams	0	220,000	0	220,000	220,000	220,000	As per P&F 21.9.17
TF3223	CCTV	Ben Adams	500,000	521,100	481,663	39,437	521,100	21,100	whole life cost increased as per P&F 29.6.17
TF3224	Seven Hills	Leanne Monger	78,860	78,860	68,629	10,231	78,860	0	whole life cost increased as per P&F 29.6.18
TF3225	Maps & Signage Newark Town Centre	Julie Reader - Sullivan	48,117	48,117	1,160	46,957	48,117	0	whole life cost increased as per P&F 29.6.19
TF	SAFETY		650,000	1,018,077	491,663	399,437	891,100	241,100	
TF6011	Private Sector Disabled Facilities Grants	Alan Batty	3,033,054	3,033,054	762,726	2,270,328	3,033,054	-	
TF6012	Discretionary DFG	Alan Batty	175,000	175,000	28,234	146,766	175,000	0	
	HOUSING GENERAL FUND		3,208,054	3,208,054	790,960	2,417,094	3,208,054	-	
TOTALS			44,960,665	53,861,293	31,569,803	22,190,502	53,579,120	8,799,640	

Capital - Affordable Housing - Whole life

Project	Capital Description	Project Manager	Original Budget - Whole life	Revised Budget Whole life	Actuals to date	Projected future costs	Projected Total costs - Life of project	Revisions - Whole life	Comments - Revisions over project life
S9****	Property Investment	NSH	26,210,800	26,210,800	1,569,210	24,638,350	26,207,561	-3,239	This expenditure is managed by NSH as part of their Business Plan.
SA1013	25 supported dwellings - Bilsthorpe	Rob Main / Peter Harley	2,330,141	2,386,915	2,343,899	43,016	2,386,915	56,774	Tender agreed for works to be completed was at a higher price by £56,774 than originally estimated when project first considered for capital approval.
SA1015	Affordable Rural Housing Grant	Rob Main / Peter Harley	260,000	260,000	150,000	110,000	260,000	0	
SA1016	Site A - Wolfit Avenue, Balderton	Rob Main / Peter Harley	424,434	313,344	277,633	35,711	313,344	-111,090	Tender agreed for works to be completed was at a lower price of £111,090 than originally estimated when project first considered for capital approval.
SA1017	Site B - Wolfit Avenue, Balderton	Rob Main / Peter Harley	441,846	357,952	322,740	35,212	357,952	-83,894	Tender agreed for works to be completed was at a lower price of £83,894 than originally estimated when project first considered for capital approval.
SA1018	Coronation Street/Grove View Rd, Balderton	Rob Main / Peter Harley	709,628	728,351	656,783	71,568	728,351	18,723	Tender agreed for works to be completed was at a higher price of £18,723 than originally estimated when project first considered for capital approval.
SA1019	Lilac Close	Rob Main / Peter Harley	941,415	747,544	672,236	75,308	747,544	-193,871	Tender agreed for works to be completed was at a lower price of £193,871 than originally estimated when project first considered for capital approval.
SA1020	Second Avenue, Edwinstowe	Rob Main / Peter Harley	545,809	493,203	430,570	62,634	493,203	-52,606	Tender agreed for works to be completed was at a lower price of £60,723 than originally estimated when project first considered for capital approval.
SA1021	Ash Farm Farnsfield	Rob Main / Peter Harley	1,176,000	1,171,169	1,018,006	153,163	1,171,169	-4,831	Budget adjusted to match whole life budget approved at outset approved at P&F on 29.6.17
SA1022	St Leonards Hospital Trust	Rob Main / Peter Harley	330,000	333,300	333,300	0	333,300	3,300	
SA1023	Bowbridge Road	Rob Main / Peter Harley	8,937,121	8,841,734	5,792,228	3,049,506	8,841,734	-95,387	Budget adjusted to match whole life budget approved at outset approved at P&F on 29.6.17
SA1030	HRA Site Development	Rob Main / Peter Harley	500,000	400,000	307,871	92,129	400,000	-100,000	Report to P&F 01.12.16 - Reduce capital programme by £100k and use this reduction in HRA reserve required to fund associated project revenue costs
SA1031	Site Acquisition (Inc RTB)	Rob Main / Peter Harley	2,000,000	2,000,000	0	2,000,000	2,000,000	0	
SA1032	New Build Programme	Rob Main / Peter Harley	27,444,500	27,444,500	341,926	27,102,574	27,444,500	0	Report to P&F 23.02.17 seeking approval of New Build Programme. Total costs equals anticipated actuals for next 5 years, the total programme costs come to £33.5m
SA1033	Estate Regeneration	Rob Main / Peter Harley	986,799	986,799	0	986,799	986,799	0	
					0				
	Total - Affordable Housing		73,238,493	72,675,611	14,216,403	58,455,969	72,672,372	-566,121	

RECONCILIATION

72,675,611

72,675,611

General Fund Additions

Project	Capital Description	Additions/ Reductions - 17-18	Additions/ Reductions - 18-19	Additions/ Reductions - 19-20	Additions/ Reductions - 20-21	Additions/ Reductions - 21-22	Comments
TC2000	Land at Lowfield Lane, Balderton	78,000					Increased to take into account the actual purchase prices
TB2253	Vehicles & Plant (NSDC)	195,000					x1 new RCV & x1 new street sweeper due to greater levels of housing development, recently highlighted in the MTFP reported to P&F on 29.6.17
TB6150	Farnsfield Parish Council S106 Re Ash Farm AG909	128,544					Spend approved at P&F on 06.04.17. Fully funded by S106, as per agreement
TB6151	Ollerton & Boughton TC S106 AG767	164,616					Spend approved at P&F on 23.02.17. Fully funded by S106, as per agreement
TB6152	Nottingham Road Southwell S106 AG966	69,208					Spend approved at P&F on 06.04.17. Fully funded by S106, as per agreement
TF3221	Southwell Flood Mitigation	220,000					As per P&F committee on 21.09.17
Total additions/Reductions		855,368	0	0	0	0	

General Fund - Reprofiting

Project	Capital Description	Movement 16-17	Movement 17-18	Movement 18-19	Movement 19-20	Movement 20-21	Comments
TB2253	Vehicles & Plant (NSDC)	-18,000		18,000			Lease extended on vehicle, reprofile budget
TB2253	Vehicles & Plant (NSDC)	150,000	-130,000	-20,000			Planned vehicle purchases brought forward to allow lead in time.
TB3154	Castle Gatehouse Project	-37,600	37,600				Tender for conservation management plan accepted. Projected spend - £80k in 17/18, remainder in 18/19.
TB6148	Lorry Park Extension	-692,000	692,000				Work is not due to start until later in the financial year.
Total General Fund Re profiting		-597,600	599,600	-2,000	0	0	

HRA Additions/Reductions

Project	Capital Description	Additions/ Reductions - 16-17	Additions/ Reductions - 17-18	Additions/ Reductions - 18-19	Additions/ Reductions - 19-20	Additions/ Reductions - 20-21	Comments
SA1022	St Leonards Hospital Trust	3,300					Increased for Stamp Duty
Total additions/Reductions		3,300	0	0	0	0	

REVIEW OF PROGRESS ON CORPORATE PEER CHALLENGE ACTION PLAN

1.0 Purpose of Report

1.1 To advise Members of progress on the Corporate Peer Challenge Action Plan.

2.0 Background

2.1 At its meeting on 1 December 2016 the Policy & Finance Committee considered a report on the findings of the Corporate Peer challenge held on 19 to 21 July 2016 and approved an action plan. Updates on the action plan were considered by Policy & Finance Committee in April 2017 and it was further agreed that an interim report be considered later in the year.

3.0 Introduction

3.1 Attached as an **Appendix** to this report is the approved action plan which details the agreed actions together with a note of progress made and revised target dates for completion of relevant actions.

3.2 As Members will be aware, the Councillors' Commission have commenced a detailed review of the Councils' existing governance arrangements which will pick up a number of agreed actions.

3.3 Work is ongoing on developing and improving the Member extranet and improving communications and engagement generally both internally and externally.

3.4 Regarding officer training and development, the Council is progressing the third cohort of the MPA programme through a mixed delivery model of face to face and online learning. The appraisal process, HR Strategy and Workforce Development Plan are currently being reviewed and will link to succession planning.

4.0 RECOMMENDATION

That progress on the Corporate Peer Challenge Action Plan be noted.

Reason for Recommendation

To inform Members of progress against the corporate peer challenge action plan.

Background Papers - Nil

For further information please contact Kirsty Cole on Ext 5210.

Kirsty Cole
Deputy Chief Executive

CORPORATE PEER CHALLENGE – ACTION PLAN

APPENDIX

RECOMMENDATION 1

Undertake a review of the impact of your governance arrangements and consider how effective the Council’s political decision-making machinery is.

AGREED ACTIONS	ACTION BY	DATE	NOTES
1. Consider C21 century public servant, C21 Councillor and future issues facing Council and determine what governance system presents the ‘best fit’ – report to be considered by Councillors Commission.	Councillors Commission (KHC/NH)	Ongoing	Report to be presented to the next Councillors Commission meeting.
2. Look at areas of duplication in current committee structure. Can existing system be streamlined? Can overview and scrutiny be strengthened?	Councillors Commission (KHC/NH)	Ongoing	Initial report considered by Councillors Commission. Scope of a comprehensive review to be agreed at the next Councillors Commission.
3. Consider the Council’s experience of the Committee system since its reintroduction and assess options for retaining or adapting the current arrangements or changing to a Cabinet and Scrutiny system – to be considered by Councillors Commission and Council.	Councillors Commission (KHC/NH)	Ongoing – target of March 2018 for completion of review	To be considered at the next Councillors Commission meeting.

CORPORATE PEER CHALLENGE – ACTION PLAN

RECOMMENDATION 2

Improve communications with and involvement of back bench Councillors.

AGREED ACTIONS	ACTION BY	DATE	NOTES
1. Can overview and scrutiny role be strengthened?	Councillors Commission (KHC/NH)	Target date of 31 March 2018 for completion of review	Survey of Officer/Members views to be considered at the next Councillors Commission.
2. Further develop Member extranet to i) Develop the range of information available ii) Improve the interface for users iii) Support councillors in their ward/community leadership roles	Nigel Hill/Sharon Parkinson	Ongoing	Undertake review of best practice. Consider purchasing bespoke package – Councillors’ Commission to consider conclusions of best practice review and any recommendations arising from the same.
3. Continuing consultation with and involve all Councillors so that their views on future communications and the extranet are taken into account.	Nigel Hill/Sharon Parkinson/communications team	Ongoing	Keep members informed through Councillors’ Commission.

CORPORATE PEER CHALLENGE – ACTION PLAN

RECOMMENDATION 3

Take steps towards achieving greater influence over other decision-makers and service providers in the area.

AGREED ACTIONS	ACTION BY	DATE	NOTES
1. Set out the Council's partnership/collaboration agenda and how we intend to develop it in the future.	CMT	31/12/17	Organisational Development are undertaking a comprehensive review of the Council's significant partnerships and will produce an up to date partnership map.
2. Engage actively outside bodies/partnerships where they are relevant to the Council's objectives and cease involvement where the Council does not actively engage at present.	CMT/Nigel Hill/ Organisational Development	31/12/17	Quarterly senior officer/member meetings with Newark CCG (Annual Health Forum, GP Forum and themed Parish Council Event which took place on 16 October 2017.
3. Review membership of/attendance by officers on outside bodies to determine relevance and review member representation on outside bodies.	CMT Nigel Hill	Complete	Current Outside Bodies representatives approved at Full Council in May 2017, following a detailed review by the Councillors Commission.

CORPORATE PEER CHALLENGE – ACTION PLAN

RECOMMENDATION 4

Embed the changes to operational culture to make the move to the new office a success. Maximise the benefits of the ‘my themes’ groups, which staff value, to help establish a collaborative and inclusive working culture across business units.

AGREED ACTIONS	ACTION BY	DATE	NOTES
<p>1. Draw on the experience of the Moving Ahead project and consider whether a ‘Transformation Team’ is required for future changes following the move to the new offices.</p>	<p>CMT Moving Ahead Team MF/DJ</p>	<p>Lessons learned session booked for all Moving Ahead Team took place on 19 October 2017</p>	<p>A staff survey was undertaken prior to the project commencing. A full 100 day review will be undertaken (December 2017/January 2018), this will include a full staff and partner survey which will compare pre and post move results, where applicable.</p> <p>Moving Ahead have conducted a review of lessons learnt from the project on 19 October, a report was taken to the Last Programme Board on 7 November. Action on lessons learnt will be disseminated at the Programme Board meeting.</p>

CORPORATE PEER CHALLENGE – ACTION PLAN

RECOMMENDATION 5

Consider how to future-proof the organisation with succession planning, building on the investment in staff development.

AGREED ACTIONS	ACTION BY	DATE	NOTES
1. Continue to encourage and support development through the MPA programme and use of development programmes such as the NGDP.	HR	Ongoing	<p>Cohort 1 have now successfully completed their MPA. Cohort 2 are completing their final year and Cohort 3 continue to complete the MPA through a mixed delivery model of online and face to face learning.</p> <p>NGDP</p> <p>Both of the National Management Trainees (NMT) have now completed their fixed term contracts. One of the NMTs secured a full time role at Rushcliffe whilst the other returned to full time education.</p> <p>Consider use of the Apprenticeship Levy to fund future education at a Masters level.</p>
2. Identify and nurture ‘future stars’ and talent throughout the organisation through the GNSR Talent Development Framework.	CMT/HR	Ongoing	NSDC continue to provide development opportunities for those employees identified as having potential. Examples include allocation to/involvement in corporate based projects.
3. Update competency framework for NSDC (and wider GNSR if possible) to reflect skills/attributes of the 21 st Century Public Servant	CMT/HR	31/12/17	To be completed.
4. Ensure that any skills/knowledge gaps are addressed through personal appraisals/training and development plans.	CMT/HR	31/12/17	Personal appraisal scheme currently being reviewed. Review of HR strategy and Workforce Development Plan currently ongoing and will link to succession planning.
5. Facilitate formal mentoring/shadowing /secondments involvement in projects where appropriate in line with the Talent Development Framework.	CMT/HR	Ongoing	Employees continue to receive mentoring/shadowing and be provided with the opportunity to become involved in projects where appropriate. Formal mentoring arrangements have been implemented for those employees completing their MPA.

CORPORATE PEER CHALLENGE – ACTION PLAN

RECOMMENDATION 6

Refine your strategy for joint working and shared services to make it more focused. Develop a more coherent approach with nearby districts and other agencies to improve resilience and reduce costs.

AGREED ACTIONS	ACTION BY	DATE	NOTES
1. Continue to actively explore opportunities for joint working with local partners including: <ul style="list-style-type: none"> i) seeking to develop agreement to clear goals around shared service development with partners ii) actively promoting and resourcing change programmes to accelerate shared services where agreement can be reached iii) clearly communicating goals around shared services so they are understood throughout the Council 	CMT	Ongoing	

CORPORATE PEER CHALLENGE – ACTION PLAN

RECOMMENDATION 7

Develop a co-ordinated engagement strategy – with staff, residents, external stakeholders and Members, enabling all parties to influence service changes into the future.

AGREED ACTIONS	ACTION BY	DATE	NOTES
1. Development of an engagement strategy which pulls together the communication, consultation and engagement priorities of the Council into a single approach.	CMT/ Organisational Development	Complete	Strategy approved by CMT in June 2017.
2. Review/update of communications strategy to ensure that it remains fit for purpose in accordance with above.	HR/ Communications	Ongoing	Draft External Strategy has been completed and will be submitted to CMT for approval

CORPORATE PEER CHALLENGE – ACTION PLAN

RECOMMENDATION 8

The Council has achieved a lot and is looking to do a lot more for the benefit of its community so those successes should be celebrated.

AGREED ACTIONS	ACTION BY	DATE	NOTES
1. Continue to take a pro-active approach to engaging with media and the community in demonstrating the Council's successes.	CMT/ Communications Team	Ongoing	Annual Volunteer Celebration Event. Significant Council decisions/events now promoted through social media channels
2. Pursue recognition through national awards where appropriate.	CMT/Business Managers	Ongoing	<p>The Council was recently shortlisted in the Public Finance Innovation Awards and the MJ Awards for its devolution initiative.</p> <p>The Council's Nottinghamshire Warm Homes on Prescription scheme has been awarded the 'East Midlands Association of Local Energy Officers Award 2017' for its commitment to tackling health inequalities and reducing fuel poverty.</p> <p>The Council has also been shortlisted for council of the year in the LGC Awards in 2018.</p> <p>The Sports Hub project has been shortlisted for the LLG Legal awards in the category of best project team.</p> <p>The Council will continue to pursue recognition through national and regional awards where appropriate.</p> <p>Council has committed to National Practitioner Support Service Gold Standard Challenge for ensuring continuous</p>

CORPORATE PEER CHALLENGE – ACTION PLAN

			improvement in front line housing /homeless services; excellent score in a recent diagnostic peer review which was celebrated at Annual NPSS Conference in July 2017.
3. Build the Council's reputation through promotion of our achievements		Ongoing	

GENERAL FUND PROJECTED OUTTURN REPORT TO 31 MARCH 2018 AS AT 30 SEPTEMBER 2017

1.0 Purpose of Report

1.1 This report compares the General Fund Revised Budget for the period ending 31 March 2018 with the Projected Outturn forecast for the period, based on meetings with Financial Services staff and the appropriate Business Manager, based on half yearly performance information.

2.0 Background Information

2.1 The Council's Constitution states that the Section 151 Officer shall present to the Policy & Finance Committee, at least twice in each financial year, budgetary control statements showing performance against the approved estimates of revenue expenditure and income. The appropriate Chief Officer will report on any major variances from planned budget performance.

2.2 Where it appears that the amount included under any head of the approved budget is likely to be exceeded or the budgeted amount of income under any head is unlikely to be reached then Business Managers are required to find savings elsewhere in their budget. In circumstances where savings cannot be identified it will be necessary to consult with the Section 151 Officer and ultimately take a report to the Policy & Finance Committee.

3.0 Proposals

3.1 The attached appendices detail anticipated performance against budget for the period to 31 March 2018 for all general Fund service provision, split by committee.

3.2 **Appendix A** comprises a projection of all transactions during the financial year. A significant number of transactions take place 'below the line', i.e. shown in the General Fund account rather than identified to a particular service. This is in line with the CIPFA Code of Practice and includes such things as transfers to and from reserves. **Appendices B to E** shows projected outturn on expenditure and income on provision of services within each Committee.

3.3 Under the Accounting Code of Practice Local Authorities are required to show capital charges for the use of their assets based on the current market value. These amounts are included within the estimates to show the true cost of delivering local services however they are reversed 'below the line' in the overall cost of services therefore not impacting on the Council Tax payer. Variations on 'capital charges' are therefore not an area for concern.

3.4 The introduction of International Financial Reporting Standards (IFRS) for the financial year 2010/2011 has resulted in a change in the way the Council accounts for grants received from third parties. These changes mean that income and expenditure is charged direct to the service accounts and, at the year end, any under spend is transferred to reserves and any overspend is transferred from reserves. The base budget does not include grant funded expenditure or income, although at the year end these are included in the profiled budget and actual figures.

- 3.5 Support services (e.g. HR, Financial Services, ICT) are charged to individual budget heads at the end of the financial year and are reported here for noting only.
- 3.6 Capital charges are applied to accounts at the end of the financial year and are reversed 'below the line' so have no impacts on the Council Tax payer. These are reported here for noting only.

4.0 Performance Comments

4.1 The total for service net expenditure shows a projected shortfall of income and small overrun on expenditure totalling **£165,190** (highlighted in yellow on **Appendix A**) against the revised budget for the period to 31 March 2018. All managers are very aware of the current financial environment and challenges facing local government in the future and will be closely monitoring budgets to ensure that year end net expenditure is in line with the revised budget for the year. Officers from Financial Services are working with Business Managers to examine where savings can be achieved in the next six months of the financial year, to reduce the deficit projection. Members should also note that the £176,730 on line 12 in **Appendix A**, relating to the Employers Superannuation contribution increase, has now been moved to the service budgets within each Committee.

4.2 The main variations from the Revised Budget to 31 March 2018 are itemised below, figures in brackets identify reduced expenditure or increased income:

4.2.1 Economic Development Committee – Projected deficit £73.8k

- Shortfall in income at the museum due to less visitor numbers than expected £40k
- Additional income anticipated on land charge searches (£10.5k)
- Underachievement on planning application income projected at the moment. However, this is a prudent projection as one large application could significantly alter this forecast 47k
- Projecting increased pre-income due to bespoke pre-applications (£15k)
- Overspend projected on Building Control contract, currently under review £30k
- Underspend projected on Community Infrastructure Levy employee costs (£12k)
- Small underachievement on Lorry Park Income anticipated, after a reduction of 40 spaces £15k
- Grounds Maintenance employee costs reduced due to gardener resigning and not being replaced (£27.6k)

4.2.2 Homes & Communities Committee – Projected surplus £8k

- Underspend projected on ICT professional service expenditure (£19k)
- Strategic Housing – staffing underspend (£19k)
- Communications & Customer Services additional income (£13k)
- Additional taxi licence fee income from Licensing (£7k)
- Increased ICT staffing costs due to move to Castle House £15k
- Loss of income from NSH recharge due to ceasing counter cash collection £16k
- ICT reduced income from recharge to Active 4 Today £16k

4.2.3 Leisure and Environment Committee – Projected Deficit £109.4k

- Agreement is yet to be reached on the method for calculating the rent for Newark Livestock Market. Income has been based on provisional sums for a number of years and a backdated adjustment has been made to provide a more realistic level of income. This results in a shortfall in the current financial year, although once agreement is reached this figure may reduce £188k

- Environmental Health staffing underspend (£29k)
- Additional income anticipated for the collection of trade, bulky and garden waste (32k)
- Underspend projected due to devolution of service (£11k)

4.2.4 Policy & Finance Committee – Projected Surplus £10k

- Additional income was received from Government to cover the transition to IER (individual Electoral Registration) (£17k)
- Reduced fee relating to the Audit Service and the reduced number of contracted days (£6k)
- Increase in bank charges due to the use of a bar code £8k
- Increase Caretaking costs to assist with the transition of work places £5k
- Reduced postage costs – due to transferring post to hybrid mail (£20k)
- Reduced income from NSH due to the use of hybrid mail £13k
- Vacant posts in Financial Services, Admin Services, Council Tax and Asset Management resulting in staffing underspends (£93k)
- Higher than anticipated agency staff cost in Asset management £24k
- Asset Management recharges to Capital and non-General fund reduced due to the vacant posts £73k

4.3 The overall projected net deficit on service budgets amounts to **£165,190**. However, after applying ‘below the line’ adjustments and non-service specific expenditure and income to the figures, this would lead to a **£167.4k** increased transfer from reserves compared with the revised budgeted (**Appendix A** Line 36).

5.0 RECOMMENDATION

That the current projection of the Council’s net expenditure compared to budget at 31 March 2018 be noted.

Reason for Recommendation

To advise Members of the projected outturn monitored against service budgets for the period ending 31 March 2018, as at 30 September 2017.

Background Papers

Performance Monitoring Working Papers

For further information please contact Dean Rothwell on Ext 5478

Nick Wilson
Business Manager – Financial Services

A	B Approved Budget 2017/18	C Revised Budget 2017/18	D projected outturn 2016/17	E Variance (D-C)
1 Economic Development Committee	2,063,240	2,209,840	2,283,680	73,840
2 Homes & Communities Committee	2,007,080	2,165,930	2,157,910	(8,020)
3 Leisure & Environment Committee	4,378,710	4,511,400	4,620,770	109,370
4 Policy & Finance Committee	3,191,690	3,548,970	3,538,970	(10,000)
5 Total Service Budgets	11,640,720	12,436,140	12,601,330	165,190
				Variance (D-B)
6 CCTV savings	(20,500)	(20,500)	0	20,500
7 Markets TUPE to NTC	0	(15,180)	0	15,180
8 Apprenticeship Levy	42,000	42,000	42,000	0
9 Pensions - employers lump sum	1,038,690	1,038,690	1,038,690	0
10 Pensions - auto enrolment	33,500	33,470	0	(33,470)
11 Pensions - pensions act	206,390	206,390	206,390	0
12 Pensions - employers contn increase (12.5 to 14.5)	176,730	0	0	0
13 Drainage Levy	523,530	523,530	523,530	0
14 Total other operating income & exp	2,000,340	1,808,400	1,810,610	2,210
15 Capital Financing Cost	747,410	747,410	747,410	0
16 Investment Interest received	(554,390)	(554,390)	(554,390)	0
17 Debt Management Expenses	0	0	0	0
18 Total financing & Invest income & exp	193,020	193,020	193,020	0
19 Formula Grant	(1,048,590)	(1,048,590)	(1,048,590)	0
20 NDR (Growth)/shortfall on baseline funding	(1,100,000)	(1,100,000)	(1,100,000)	0
21 Retained NDR	(3,434,500)	(3,434,500)	(3,434,500)	0
22 Retained NDR - Renewable Energy	0	0	0	0
23 S31 Grants NDR	(946,100)	(946,100)	(946,100)	0
24 S31 Grants Council Tax	0	0	0	0
25 Rural Services Delivery Grant	0	0	0	0
26 DCLG Capacity Funding	0	0	0	0
27 NDR Levy payment	0	0	0	0
28 Refund of NDR Growth paid to preceptors	0	0	0	0
29 NDR Pool surplus returned from NCC	0	0	0	0
30 New Homes Bonus	0	0	0	0
31 Total Taxation and non Specific Grant income	(6,529,190)	(6,529,190)	(6,529,190)	0
32 Deferred Charges	(469,700)	(469,700)	(469,700)	0
33 Capital charges	(1,339,700)	(1,339,700)	(1,339,700)	0
34 Amortisation of intangible assets				0
35 Impairments				0
36 Contributions to(from) reserves & Balances	0	(603,480)	(770,880)	(167,400)
37 Surplus for year to reserves	917,610	917,610	917,610	0
38 Total Contribution to(from) usable reserves	(891,790)	(1,495,270)	(1,662,670)	(167,400)
39 Net Call on Collection Fund	6,413,100	6,413,100	6,413,100	

Economic Development Committee

Appendix B

	Approved Budget 2017/18	Revised Budget 2017/18	projected outturn 2016/17	Variance (D- C)
Employees	2,602,620	2,556,940	2,521,754	(35,186)
Premises	676,340	575,291	617,938	42,647
Transport	106,930	106,930	108,326	1,396
Supplies	1,707,000	2,479,809	2,508,760	28,951
Transfers	0	0	0	0
Income	(5,160,290)	(5,635,270)	(5,599,239)	36,031
Sub Total - Economic Development Committee	(67,400)	83,700	157,539	73,839
Support	1,786,660	1,782,160	1,782,160	0
Capital	343,980	343,980	343,980	0
Excluded	0	0	0	0
Total - Economic Development Committee	2,063,240	2,209,840	2,283,679	73,839

Homes & Communities Committee

Appendix C

	Approved Budget 2017/18	Revised Budget 2017/18	projected outturn 2016/17	Variance (D-C)
Employees	1,864,340	1,919,200	1,920,083	883
Premises	42,300	26,000	21,204	(4,796)
Transport	14,630	14,630	13,353	(1,277)
Supplies	1,163,590	1,318,850	1,305,398	(13,452)
Transfers	65,550	65,550	70,000	4,450
Income	(2,400,200)	(2,435,172)	(2,428,994)	6,178
Sub Total - Homes & Communities Committee	750,210	909,058	901,044	(8,014)
Support	585,540	585,540	585,540	0
Capital	671,330	671,330	671,330	0
Excluded	0	0	0	0
Total - Homes & Communities Committee	2,007,080	2,165,928	2,157,914	(8,014)

Leisure & Environment Committee

Appendix D

	Approved Budget 2017/18	Revised Budget 2017/18	projected outturn 2016/17	Variance (D-C)
Employees	2,846,400	2,885,848	2,860,028	(25,820)
Premises	237,360	169,584	158,027	(11,557)
Transport	944,300	990,600	980,808	(9,792)
Supplies	981,530	1,114,882	1,115,511	629
Transfers	0	0	0	0
Income	(2,173,080)	(2,191,710)	(2,034,390)	157,320
Sub Total - Leisure & Environment Committee	2,836,510	2,969,204	3,079,984	110,780
Support	852,040	852,040	850,626	(1,414)
Capital	690,160	690,160	690,160	0
Excluded	0	0	0	0
Total - Leisure & Environment Committee	4,378,710	4,511,404	4,620,770	109,366

Policy & Finance Committee

Appendix E

	Approved Budget 2017/18	Revised Budget 2017/18	projected outturn 2016/17	Variance (D-C)
Employees	3,925,220	3,894,076	3,753,479	(140,597)
Premises	439,290	469,591	488,086	18,495
Transport	35,140	35,140	30,825	(4,315)
Supplies	1,715,390	2,085,218	2,028,921	(56,297)
Transfers	-	-	-	0
Income	(6,499,920)	(6,511,630)	(6,402,512)	109,118
Sub Total - Policy & Finance Committee	(384,880)	(27,605)	(101,201)	(73,596)
Support	3,469,520	3,469,520	3,469,520	0
Capital	103,930	103,930	103,930	0
Excluded Exp	25,262,000	25,262,000	26,071,018	809,018
Excluded Inc	(25,258,880)	(25,258,880)	(26,004,299)	(745,419)
Total - Policy & Finance Committee	3,191,690	3,548,965	3,538,968	(9,997)

A	B Approved Budget 2017/18	C Revised Budget 2017/18	D projected outturn 2016/17	E Variance (D-C)
1 Economic Development Committee	2,063,240	2,209,840	2,283,680	73,840
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Economic Development Committee

Appendix B

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Excluded	0	0	0	0
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Homes & Communities Committee

Appendix C

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Leisure & Environment Committee

Appendix D

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Total - Leisure & Environment Committee	4,378,710	4,511,404	4,620,770	109,366

Policy & Finance Committee

Appendix E

	Approved Budget 2017/18	Revised Budget 2017/18	projected outturn 2016/17	Variance (D-C)
Employees	3,925,220	3,894,076	3,753,479	(140,597)
Premises	439,290	469,591	488,086	18,495
Transport	35,140	35,140	30,825	(4,315)
Supplies	1,715,390	2,085,218	2,028,921	(56,297)
Transfers	-	-	-	0
Income	(6,499,920)	(6,511,630)	(6,402,512)	109,118
Sub Total - Policy & Finance Committee	(384,880)	(27,605)	(101,201)	(73,596)
Support	3,469,520	3,469,520	3,469,520	0
Capital	103,930	103,930	103,930	0
Excluded Exp	25,262,000	25,262,000	26,071,018	809,018
Excluded Inc	(25,258,880)	(25,258,880)	(26,004,299)	(745,419)
Total - Policy & Finance Committee	3,191,690	3,548,965	3,538,968	(9,997)