NEWARK & SHERWOOD
DISTRICT COUNCIL

Castle House
Great North Road
Newark
NG24 1BY

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www.newark-sherwooddc.gov.uk

Wednesday, 16 January 2019

Chairman: Councillor D Lloyd
Vice-Chairman: Councillor K Girling

Members of the Committee:

Councillor R Jackson
Councillor B Laughton
Councillor P Peacock
Councillor D Staples
Councillor T Wendels

Substitute Members:

Councillor R Blaney
Councillor Mrs C Brooks
Councillor N Mison
Councillor Mrs L Tift

MEETING:	**Policy & Finance Committee**
DATE:	**Thursday, 24 January 2019 at 6.00 pm**
VENUE:	**Civic Suite, Castle House, Great North Road, Newark, Notts NG24 1BY**

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 nigel.hill@newark-sherwooddc.gov.uk.

AGENDA

NEWARK AND SHERWOOD DISTRICT COUNCIL

Minutes of the Meeting of **Policy & Finance Committee** held in the Civic Suite, Castle House, Great North Road, Newark, Notts NG24 1BY on Thursday, 29 November 2018 at 6.00 pm.

PRESENT:	Councillor D Lloyd (Chairman) Councillor R Jackson, Councillor B Laughton, Councillor P Peacock, Councillor D Staples, Councillor T Wendels and Councillor R Blaney (substitute for Councillor Girling)
IN ATTENDANCE:	Councillor Mrs I Brown, Councillor M Cope, Councillor B Crowe, Councillor Mrs R Crowe, Councillor Mrs G Dawn, Councillor Mrs M Dobson, Councillor P Duncan, Councillor D Payne and Councillor Mrs P Rainbow
APOLOGIES FOR ABSENCE:	Councillor K Girling (Vice-Chairman)

47 DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS AND AS TO THE PARTY WHIP

There were no declarations of interest.

48 DECLARATIONS OF INTENTION TO RECORD THE MEETING

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

49 MINUTES OF THE PREVIOUS MEETING

The minutes from the meeting held on 20 September 2018 were agreed as a correct record and signed by the Chairman.

50 FORWARD PLAN OF POLICY & FINANCE ITEMS

The Committee noted the Forward Plan items to be considered by the Committee over the next 12 months.

51 APPOINTMENT OF INDEPENDENT PERSONS TO THE COUNCIL

The Deputy Chief Executive presented a report which sought to approve the appointment process for two Independent Persons to the Council. At the meeting held on 8 March 2019 the Council resolved to renew the appointments of the two Independent Persons until the Annual Council Meeting scheduled for 21 May 2019. The report set out the proposed recruitment process for the appointment including a proposed timetable. It was suggested that the Independent Persons be appointed for a four year term.

The report also invited Members to consider the remuneration attached to the role. The current level of remuneration was £2,160 together with reimbursement of travel and subsistence expenses. It was considered that this could be reduced as many authorities offered a lower level of remuneration however it was acknowledged that the duties and responsibilities could potentially be onerous, particularly in the event of an Independent Panel being convened to deal with a disciplinary matter. It was accordingly recommended that the remuneration be reduced to £1,500 per annum, which was to be fixed for the four year term of appointment.

The Committee also referred to CIPFA guidance which recommended that an independent person be appointed on council audit committees. It was suggested that officers explore the feasibility of incorporating this role into these Independent Person posts, albeit there was an acknowledgement that there may be a different skill set required for the two roles.

AGREED (unanimously) that:

(a) the Council appoint two Independent Persons for a four year term commencing immediately following the May 2019 Annual Meeting of the Council at a fixed remuneration of £1,500 per annum for the four year term together with reimbursement of reasonable travel and subsistence expenses in accordance with the Council's approved policies, with the recruitment process to follow the indicative timetable set out in the body of the report;

(b) the Monitoring Officer and Deputy Monitoring Officer be given delegated authority to draw up a shortlist of potential candidates;

(c) an Interview Panel be constituted to interview shortlisted candidates to comprise the Chairman and Vice-Chairman of the Policy & Finance Committee (or their nominees) together with a representative from the major opposition group, together with the Monitoring Officer and Deputy Monitoring Officer to select their two preferred candidates;

(d) the recommendations of the Interview Panel as to the appointment of two Independent Persons to the Council be submitted to the Council Meeting on or before the May 2019 Annual Meeting of the Council for formal approval; and

(e) an indicative date be identified in March 2019 for the Interview Panel to meet to interview shortlisted candidates and that this date be included in the advertisement for the role.

Reason for Decision

To agree a recruitment process for the appointment of two Independent Persons to the Council from May 2019.

52 YORKE DRIVE ESTATE & LINCOLN ROAD PLAYING FIELDS, BRIDGE WARD - REGENERATION PROPOSALS

The Business Manager – Strategic Housing and the Director – Safety presented a report which provided an update on the masterplan proposals developed for the Yorke Drive Estate and the Lincoln Road Playing Fields in Bridge Ward which had been brought about using funding from the Ministry of Housing, Communities and Local Government's Estate Regeneration Programme.

The Members considered the detail and outcomes of the consultation exercises undertaken with residents by Campbell Tickell who had been appointed by the Council to project manage the process of community consultation, developing a masterplan, undertaking viability modelling, securing a planning consent and advising on development delivery options.

The resulting masterplan layout was based on 4 phases and was shown at Appendix A to the report. Overall, the scheme provided 325 new homes with a net gain of 195 new homes given that 130 homes would be demolished. 13 of the properties to be demolished were privately owned and would need to be acquired by the Council. The phases had been geared to facilitate decanting of residents based on the household survey outcome which indicated that 80% of residents wanted to stay in the area. The resulting mix continued to assume a base 30% rent and 70% sale tenure split, although this could be flexed if it turned out that more tenants wanted to remain on the estate.

The revised scheme was presented to the Residents Panel and was the basis of the scheme for which an outline planning application was sought. The overall timetable for the project was to obtain planning approval by March 2019 and reserved matters approval for Phase 1 by March 2020, with a start on site by November 2020. On this basis the first homes would be completed by 2022 and the whole project would take until 2028 to complete, at this stage the project timetable was very much indicative and subject to change.

The report also provided details of an opportunity to purchase one of the owner occupied properties within the area of the Yorke Drive estate proposed for demolition. This could be funded by the site acquisition fund within the HRA. The report also provided details of the key principles of the 'Residents Offer' which would provide rehousing and compensation options for owners and occupants of properties which were required for demolition should the scheme go ahead.

It was noted that the project had a current funding gap, the extent of which would only be know once the planning application had been approved, development delivery structures had been identified and the Council had selected a development partner. The current financial modelling for the project was detailed in an exempt appendix.

AGREED (unanimously) that:

(a) the progress made with the masterplan proposals for the regeneration and development of the Yorke Drive Estate and the Lincoln Road Playing Fields in Bridge Ward, using funding from the Ministry of Housing, Communities and Local Government's Estate Regeneration Programme be noted;

(b) the submission of an outline planning application on the basis of the masterplan proposals set out at Appendix A be approved, with delegated authority being given to the Director – Safety to agree any minor amendments;

(c) the Principles of the "Residents Offer" as outlined in the report be approved and authorisation be given for the development of more detailed rehousing and compensation policies for households affected by demolition to be submitted to a future meeting of the Committee for final consideration and approval;

(d) initial Demolition Notices be issued to tenants whose properties have been identified for demolition as part of the scheme, accompanied by an explanatory letter to those affected residents;

(e) the acquisition of a non-resident owner property affected by the demolition, which has become available for sale, be approved, to be financed from the already allocated and approved HRA acquisition fund; and

(f) the funding position of the scheme covered in the Exempt Item at Appendix B and the next steps in identifying a private developer partner to assist in taking the project forward, be noted.

Reason for Decision

To progress the 'transformational project', focussing on the regeneration of the Yorke Drive estate and Lincoln Road playing fields.

(Councillor Mrs I. Brown left the meeting during consideration of this item).

53 REVIEW OF HOUSING MANAGEMENT ARRANGEMENTS FOR THE COUNCIL'S HOUSING STOCK

The Director - Safety presented a report concerning reviewing the housing management arrangements for the Council's housing stock. In 2003 the Council set up Newark & Sherwood Homes (NASH) to secure funding to deliver the decent homes programme and manage the Council's housing stock. The creation of NASH saw the delivery of a £49 million investment programme to bring the housing stock up to the Decent Homes Standard, which was completed on budget and by the target date of March 2010. At this time the Council then agreed to extend the management agreement with NASH for a further two years, whilst undertaking a stock options appraisal. The conclusion of the appraisal in 2012/13 resulted in the Council's decision to continue the arrangement of NASH managing and maintaining the Council's housing stock and also saw a refreshed management agreement being drawn up in 2013 covering a period of 30 years with 5 year break clauses.

As part of the Council's duty to manage and maintain a sustainable HRA it was prudent to continually review the costs of operation, particularly in view of the current economic climate and the strategic direction of the Council. Such a review included an assessment as to whether bringing the housing service back in-house would release funding that could be reinvested in the service, meeting both tenant priorities and the strategic priorities of the Council.

It was proposed that the Council commence a review of its housing management arrangements to determine how future housing services will be provided. There were four principal reasons why it was considered timely now for the Council to conduct such a review which were detailed in the report. It was proposed to use the existing Strategic Housing Liaison Panel to progress the review work with a view to reporting back in January / February 2019. It was suggested that the membership of the Panel be extended to include the Leader of the Independent Group to ensure cross party representation.

AGREED (unanimously) that:

(a) a review of the housing management arrangements for the Council's housing stock as outlined in the report be initiated;

(b) the current membership of the Strategic Housing Liaison Panel be amended to include the Leader of the Independent Group, Councillor Mrs Dawn, for the period and purpose for which the Panel is undertaking the review of the options for the future provision of housing management and not for any other matters within the Panel's remit; and

(c) the remit of the Strategic Housing Liaison Panel be amended to include "to review the future options for the provision of housing management of the Council's housing stock" and that it be requested to report back to the January and/or February 2019 meetings of the Policy & Finance Committee with recommendations.

Reason for Decision

To enable the Council to review the most appropriate means of delivery of the Housing Management Services for its Council housing.

54 GENERAL FUND AND CAPITAL PROJECTED OUTTURN REPORT TO 31 MARCH 2019 AS AT 30 SEPTEMBER 2018

The Business Manager – Financial Services presented a report which compared the Revised Budgets for with the Projected Outturn forecast for the period to 31 March 2019. The forecast to the year end was based on the six months performance to 30 September 2018 on the Council's revenue and capital budgets. The accounts showed a projected favourable variance against the revised budget of £0.168m on service budgets, with an overall favourable variance of £0.123m. The variances projected in service areas and other budgets were summarised in Appendix A. The level of underspending on service budgets managed by Business Managers was £0.168m which represented a 1.21% of the total service budgets. Non-Service expenditure was expected to be overspent against the revised budget by £0.045m. This was due to the corporate savings target of £0.084m which the Council's Commercial Project Team were looking to achieve.

The report also summarised the first six months position for the Capital Programme. Additions and amendments to the Programme were detailed in Appendix B to the report. If approved he variations would increase the revised budget to £32.482m.

AGREED (unanimously) that:

(a) the General Fund projected favourable outturn variance of £0.123m be noted;

(b) the variations to the Capital Programme at Appendix B, totalling £0.073m, be approved; and

(c) the Capital Programme projected outturn and financing of £32.482m be noted.

Reason for Decision

To advise Members of the projected outturn monitored against service budgets for the period ending 31 March 2019, as at 30 September 2018.

55 ARMED FORCES COVENANT UPDATE

The Committee considered the report of the Director- Resources which advised Members of the signature of the Armed Forces Covenant at the 'Great War Commemoration Service and Armed Forces Covenant Signing' event and the updated 'Armed Forces Covenant Action Plan'.

Nottinghamshire County Council hosted the 'Great War Commemoration Service and Armed Forces Covenant Signing' on 6 November 2018 at Southwell Minster. A revised version of the 'Armed Forces Covenant' was also signed on the day by every local authority in Nottinghamshire to reaffirm Nottinghamshire's commitment to the Armed Forces Community. In light of this the 'Armed Forces Covenant Action Plan' had been refreshed. This Action Plan would be used to focus work across the district and would be reviewed and updated annually. The action plan would be shared with the Nottinghamshire Civil and Military Partnership Board to aid the creation of a county wide action plan.

AGREED (unanimously) that:

(a) the revised Armed Forces Covenant signed on 6 November 2018 be noted; and

(b) the updated Newark & Sherwood Armed Forces Action Plan be noted.

Reason for Decision

To fulfil the Council's commitment to the Armed Forces community.

56 URGENCY ITEM - RESIDENT AND STAKEHOLDER CONSULTATION SURVEY

The Committee noted the decision to approve expenditure of around £30,000 for printing and postage costs for a resident survey.

AGREED (unanimously) that the urgency item be noted.

Reason for Decision

To inform future priority setting for the Council.

57 URGENCY ITEM - INFORMATION TECHNOLOGY INVESTMENT

The Committee noted the decision to approve an increase in the current Capital Programme by £18,000 in respect of the Information Technology Programme.

AGREED (unanimously) that the urgency item be noted.

Reason for Decision

To improve performance in relation the Council's firewall.

58 EXCLUSION OF THE PRESS AND PUBLIC

That, under section 100A (4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involved the likely disclosure of exempt information as defined in Paragraphs 1, 3 and 4 of part 1 of Schedule 12A of the Act.

59 UPDATE REGARDING PAY AND GRADING ARRANGEMENTS 2019 FOR EMPLOYEES ON NJC TERMS AND CONDITIONS OF SERVICE

The Committee considered the exempt report from the Business Manager - HR, OD & Legal, regarding the pay and grading arrangements 2019.

(Summary provided in accordance with 100C(2) of the Local Government Act 1972).

60 LAND ON THE SOUTH SIDE OF MOOR LANE, SOUTH CLIFTON

The Committee considered the exempt report from the Deputy Chief Executive/Director – Resources and the Business Manager, Growth & Resources regarding land on the south side of Moor Lane, South Clifton.

(Summary provided in accordance with 100C(2) of the Local Government Act 1972).

61 THE FORMER ROBIN HOOD HOTEL - PROPOSED JOINT VENTURE WITH MF STRAWSON LTD

The Committee considered the exempt report presented by the Deputy Chief Executive relating to the former Robin Hood Hotel.

(Summary provided in accordance with 100C(2) of the Local Government Act 1972).

62 MODULAR POOL AT THE DUKERIES LEISURE CENTRE

The Committee considered the exempt report presented by the Director - Customers regarding a proposed modular pool at the Dukeries Leisure Centre.

(Summary provided in accordance with 100C(2) of the Local Government Act 1972).

63 THE BUTTERMARKET, NEWARK

The Committee considered the exempt report presented by the Chief Executive regarding the Buttermarket, Newark.

(Summary provided in accordance with 100C(2) of the Local Government Act 1972).

Meeting closed at 8.25 pm.

Chairman

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

Forward Plan of Policy & Finance Committee Decisions from 1 February 2019 to 31 January 2020

This document records some of the items that will be submitted to the Policy & Finance Committee over the course of the next twelve months.

These committee meetings are open to the press and public.

Agenda papers for Policy & Finance Committee meetings are published on the Council's website 5 days before the meeting http://www.newark-sherwooddc.gov.uk/agendas/. Any items marked confidential or exempt will not be available for public inspection.

Meeting Date	Subject for Decision and Brief Description	Contact Officer Details
21 February 2019	Capital Programme Monitoring Q3 2018/19	nick.wilson@newark-sherwooddc.gov.uk
21 February 2019	General Fund and HRA Revenue Monitoring Q3 2018/19	nick.wilson@newark-sherwooddc.gov.uk
21 February 2019	Council Revenue Budget 2019/20	nick.wilson@newark-sherwooddc.gov.uk
21 February 2019	Capital Programme Budget 2019/20-2022/23	nick.wilson@newark-sherwooddc.gov.uk
21 February 2018	Medium Term Financial Plan 2019/20-2022/23	nick.wilson@newark-sherwooddc.gov.uk
21 February 2019	Pay Policy Statement 2019	tracey.piper@newark-sherwooddc.gov.uk
21 February 2019	Consulting on our Corporate Objectives: Results Report	ella.brady@newark-sherwooddc.gov.uk tracey.piper@newark-sherwooddc.gov.uk
21 February 2019	Corporate Plan 2019-2023	tracey.piper@newark-sherwooddc.gov.uk
4 April 2019	Conservation Area Review	oliver.scott@newark-sherwooddc.gov.uk
4 April 2019	Commercials Project Team update	deborah.johnson@newark-sherwooddc.gov.uk natalie.cook@newark-sherwooddc.gov.uk
4 April 2019	Annual Review of Exempt Reports	nigel.hill@newark-sherwooddc.gov.uk
27 June 2019	Standards Annual Report	catharine.saxton@newark-sherwooddc.gov.uk
27 June 2019	Yorke Drive Estate Regeneration Programme	rob.main@newark-sherwooddc.gov.uk

POLICY & FINANCE COMMITTEE
24 JANUARY 2019

GARDEN WASTE BUSINESS CASE

1.0 Purpose of Report

1.1 To present to Members the business case for bringing the Garden Waste service back to an in-house provision.

2.0 Background Information

2.1 The current collection arrangement is delivered in partnership with Rushcliffe Borough Council (RBC) and Mansfield District Council (MDC) and has been operating since 2014. The garden waste service currently has 11,500 garden waste customers and operates a mixed delivery approach within the district.

2.2 Members agreed at Leisure & Environment Committee in June 2018 to transfer the administration for the garden waste scheme from RBC to an in-house provision and that Officers should develop a business case detailing the option of bringing the garden waste service back to an in-house provision.

2.3 The appropriate notice was served as per the Memorandum of Understanding (MoU) and the administration for the 4,500 properties collected by NSDC is currently being delivered in-house. Renewal letters and stickers will be sent out in February/March for the commencement of the garden waste scheme from April 2019.

3.0 Proposals

3.1 Members requested a full business case considering the option of bringing all garden waste services back to an in-house provision, which is attached as **Appendix A.**

3.2 The preferred option is to transfer all of the garden waste service to an in-house provision which will:

- Generate a surplus for the Council.
  Following a significant initial capital outlay of approx. £450k, there will be an estimated revenue surplus of approx. £55k in the first year. It is expected that this surplus would continue to increase for the following 3 years based on adjustments for inflation.

- Improve the Customer Experience.
  The customer would benefit from an improved customer experience as they will be provided with a single point of contact (NSDC customer services) for all types of refuse collection. It is already assumed by some customers that NSDC can resolve their garden waste queries serviced by RBC or MDC. Currently, in this instance, the customer would be told to call the relevant authority. By having NSDC collect and administer the entire service, this would reduce this confusion and offer a seamless service for the customer.

- Establish some of the Infrastructure for When/If the Possibility of a Nationally Mandated Garden Waste Service for all Households with a Garden is Legislated.
  The recent publication of the National Waste strategy set out the Government's consultation on the provision of a free garden waste service. It will require considerable investment to ensure that the Council can meet the infrastructure and associated requirements. In this instance, it is highly likely that RBC and MDC would withdraw their vehicles from the NSDC area in order to support the increased provision in their area. It is considered practicable to establish the infrastructure now in order to meet some of the requirements when/if a free garden waste service is mandated.

- Offer Greater Autonomy over Incorporating the Service into Future District Council Campaigns such as the current Cleaner, Safer, Greener (CSG) initiative.
  Currently if NSDC wanted to promote campaigns/advertise on the side of the garden waste vehicles we could only do this across NSDC fleet and would exclude advertising on garden waste vehicles that service the west and south of the district. By bringing the garden waste back in-house, we would be able to ensure effective marketing campaigns involving garden waste trucks service the entire district.

4.0 Impact of the National Waste Strategy

4.1 Members are requested to take note of the recent government document "Our Waste, Our Resources: A Strategy for England" which establishes a commitment to consult on universal food waste collections and the provision of free garden waste services for all households with a garden. It is unclear at this stage if this will become a reality and to what extent any free garden waste service would be linked with universal food waste collections (they can be processed separately or together through differing systems). This consultation is expected in early 2019 with implementation milestones set for 2023.

4.2 Should a free garden waste collection service be mandated it will require a considerable investment to ensure that the Council can meet the infrastructure and associated requirements. It is highly likely that RBC and MDC will wish to withdraw their vehicles from the NSDC area in order to support the increased provision required in their areas. In this scenario it is estimated that NSDC would have to invest in additional resource (at least 3 garden waste collection vehicles and crew) on top of the provision identified in this report. Although not part of the original remit of this business case, the publication of the national waste strategy must be a factor for consideration. It is deemed sensible to transfer the existing garden waste service now in order to establish some of the infrastructure, in the possible event of a nationally mandated free garden waste service for all households with a garden.

4.3 The waste strategy also makes note of the need for additional infrastructure at a national and county level. It is probable that new sites will be required for the transfer or processing of garden waste following the additional consultation. From NSDC's perspective this would be most ideally placed on the eastern side of the district and we will seek to influence these discussions when they arise.

4.4 It is possible that additional funding will become available as a result of the waste strategy. Officers have noted that the emphasis appears to be on the 'polluter pays principle' whereby producers must meet the recovery costs of the materials they place on the market. It is unclear at this stage how this system will function or how it will apply to garden waste because there is no packaging manufacturer to pursue.

5.0 <u>Other Items to Note</u>

5.1 The growth projections provided in the business case have been provided by the planning team based on their future growth projections.

5.2 Under the terms of the MoU there is no requirement for RBC or MDC to transfer their existing bin stock to NSDC. The figures in this report are an estimation and may vary dependant on the levels of cooperation once notice is given under the terms of the MoU.

5.3 In order to help drive the service it is proposed that for new housing areas we extend the existing practice of developers buying the refuse and recycling bins to include a garden waste bin for all new households with a garden. Discussions will be held with the planning team about implementation.

5.4 If possible we will then offer new estates free garden waste collection for a limited period. This action is founded on the experience of other authorities who historically had a free garden waste collection service and after the implementation of a charge achieved around a 50% uptake.

6.0 <u>Equalities Implications</u>

6.1 As per the policy, an equalities checklist has been undertaken considering the option of bringing the garden waste service back in house and no adverse impacts have been identified. Of note, it has been identified that assisted bin collections which are currently offered for refuse and recycling would be extended to those residents who demonstrated need for the garden waste service. The garden waste service will remain an opt-in chargeable service at this current time and the proposed option does not alter methods of payment.

7.0 <u>Financial Implications – FIN18-19/2100</u>

7.1 To bring the garden waste collection service back in-house from April 2020, the Council would generate increased surpluses, such that by 2023/24 the annual surplus generated from the service would exceed £100k.

7.2 There would be a requirement for the Council to initially invest approximately £450k for the purchase of two new collection vehicles along with the bins currently used by MDC and RDC. It is likely at this stage that due to the limited available capital resources, this capital expenditure would be financed by borrowing, which would cost the Council's revenue budget circa £73k per annum over the life of the assets in interest payments and Minimum Revenue Provision (MRP). The detailed financial implications are within the business case.

8.0 Leisure & Environment Committee

8.1 Leisure & Environment Committee will consider the garden waste business case at its meeting on 22 January. Their recommendations will be reported to the Policy & Finance Committee.

9.0 RECOMMENDATIONS that subject to the final recommendation by the Leisure & Environment Committee:

(a) the preferred option as set out in the business case (bringing the garden waste service back in-house) is approved and added into the revenue budget in 2019/20 and built into the base budget for further budgets; and

(b) the capital costs of £450k is added to the Capital Programme in 2019/20 for the purchase of the new collection vehicles and the additional bins all to be financed by borrowing.

Reason for Recommendations

To approve the preferred option for bringing the garden waste service back in-house.

Background Papers

Nil

For further information please contact Deborah Johnson on ext 5800 or Andy Kirk on ext 5577.

Matthew Finch
Director - Communities - Environment

CPT

Commercials Project Team

Appendix A - Business Case

NEWARK & SHERWOOD
DISTRICT COUNCIL

Garden Waste

January 2019

Document Control

Author(s)	Deborah Johnson (Project Lead) and Natalie Cook (Project Support)
Version	V1
Hyperlink	\\File-p-fs01\data\nsdcshared\CPDT\Projects (Tranche 1)\Garden Waste\10. Business Case - LE Jan\Business Case - Garden Waste.docx
Approval	Leisure and Environment Committee Policy and Finance Committee

Contributors	Matthew Finch – Director of Communities and Environment (Project Sponsor) Andy Kirk – Business Manager, Waste and Transport Services Matt Adey – Assistant Business Manager, Waste and Transport Services Dean Rothwell – Accountant, Financial Services Diane Kirk – Business Manager, Administrative Services Jill Baker – Business Manager, External Communications and Customer Services

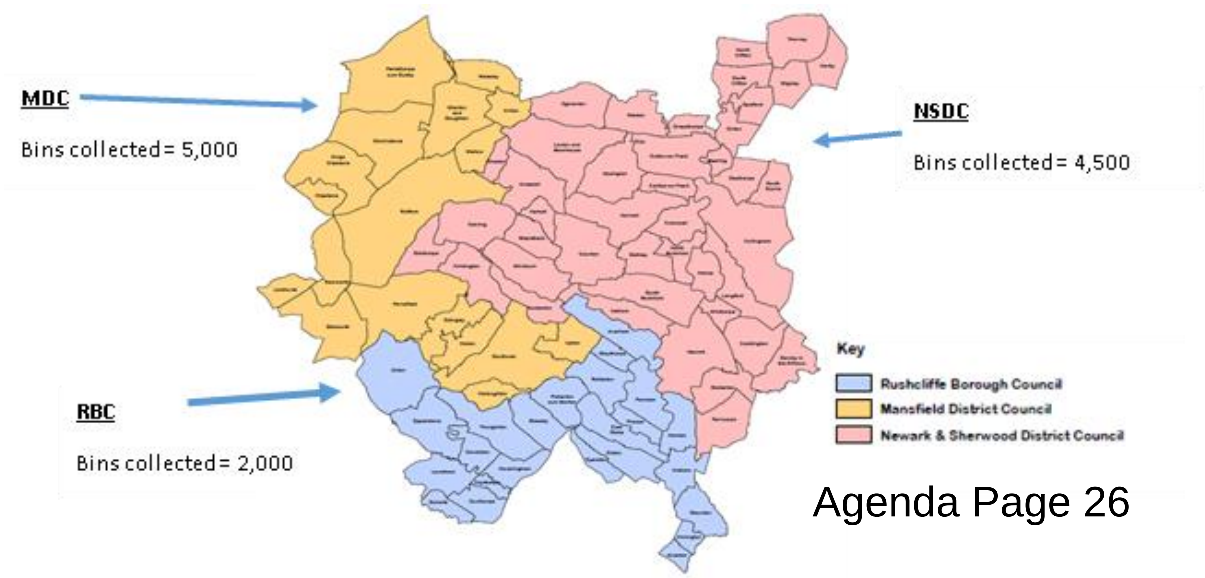
1. Background

The current garden waste arrangement is delivered in partnership with Rushcliffe Borough Council (RBC) and Mansfield District Council (MDC) and has been operating since 2014. A Memorandum of Understanding (MoU) has been signed by the three local authorities to deliver the service across the district. The garden waste service currently has approx 11,500 garden waste customers and operates a mixed delivery approach within the district.

MDC	RBC	NSDC
• 5,000 bins collected • Administration for the 5,000 is provided by MDC • Customer expected to contact MDC customer services to register for service or report missed bin	• 2,000 bins collected • Administration provided by RBC for 2,000 bins • Customer expected to contact RBC customer services to register for service or report missed bin	• 4,500 bins collected • Administration for the 4,500 is provided by NSDC from Jan 2019 (it was previously delivered by RBC) • Customer expected to contact NSDC customer services to register for service or report missed bin

Members at Leisure and Environment Committee in June 2018 agreed to transfer the administration from RBC back to an in house provision (approx 4,500 properties). The transfer of the administration of 4,500 properties is now operating in house, with renewal letters and stickers being sent out in February/March for the commencement of the garden waste scheme in April 2019. The transfer of the administration will generate an income of £30k per annum and will offer an improved customer experience.

The current collection arrangement detailed in the map below, illustrates that MDC collect from approx. 5,000 properties towards the Sherwood area of the district. The District Council collect from approx. 4,500 properties in Newark and the surrounding areas and RBC collect from approx. 2,000 properties towards the South of the District.



2. Objectives

The objective of this business case is to consider the option of bringing the entire garden waste service back in house. This would include collection of the service throughout the District and the administration for approx. 5,000 properties currently undertaken by MDC and administration for approx 2,000 properties undertaken by RBC.

The rollout of a garden waste collection service across the district aligns with the Council's Commercialisation Vision identified in the Commercial strategy.

"Our vision is to be an innovative and entrepreneurial Council that continually achieves positive annual financial contributions; by generating new revenue and delivering cost reductions, through trading and business improvements" (Commercialisation Vision, Commercial Strategy, approved by Council, October 2017)

A number of neighbouring authorities successfully operate an entire garden waste service in house and generate a surplus. Therefore it is sensible that NSDC explore the options of the bringing the service back in house in order to satisfy the ambitions set out in the Council's commercial strategy.

3. Options Appraisal

The options considered in developing this business case have been amended to reflect the recent national waste strategy. A summary of which is detailed below.

National Waste Strategy

Although not part of the original remit of this business case, the recent publication of the National Waste Strategy "Our Waste, Our Resources: A Strategy for England", published in December 2018 has an influence on the preferred option in the business case. The strategy establishes a commitment to consult on universal food waste collections and the provision of free garden waste services for all households with a garden. It is unclear at this stage if this will become a reality and to what extent any free garden waste service would be linked with universal food waste collections (they can be processed separately or together through differing systems). This consultation is expected in early 2019 with implementation milestones set for 2023.

Should a free garden waste collection service be mandated it will require a considerable investment to ensure that the council can meet the infrastructure and associated requirements. It is highly likely that RBC and MDC will wish to withdraw their vehicles from the NSDC area in order to support the increased provision required in their areas. In this scenario it is estimated that NSDC would have to invest in additional resource (at least 3 garden waste collection vehicles and crew) on top of the provision identified in this business case.

Option one: Do nothing – Continue 'as is' arrangement

This is no longer a viable option in light of the national waste strategy. It is unlikely that either or both MDC and RBC would wish to continue to provide the service for NSDC. In light of the national waste strategy, it is likely that either or both MDC and RBC would wish to issue notice and withdraw from the current provision. The notice required is 8 months.

Option Two: Bring all of the garden waste service back in house. This would include:

- Transferring the collection and administration of approx. 7,000 properties (approx. 5,000 operated by MDC and approx. 2,000 operated by RBC) back to the District Council and seeking to expand the service further.

Option two is the preferred option. It aligns with the Council's Commercial ambitions identified in the Commercial strategy and would also contribute to the Council's Cleaner, Safer, and Greener (CSG) initiative. It would offer greater autonomy to incorporating the service into future CSG campaigns, promoting the service and providing NSDC with greater control over the full operation of the service. The customer would benefit from an improved customer experience as they will be provided with a single point of contact (NSDC customer services) for all types of refuse collection.

It is considered practical to bring the garden waste service back in house now in order to establish some of the infrastructure in the possible event of a nationally mandated free garden waste service for all households with a garden. This would also mean that some additional income can be recouped until such time when/if the free garden waste service is implemented nationally.

4. The Proposal

The proposed option is to bring all of the garden waste service back in house. Following an initial capital outlay of approx £450k, there will be an estimated revenue surplus to the service of approx. £55k in the first year. The proposal in detail is set out below:-

Operations

NSDC would need to purchase two 32 tonne trucks and fill each wagon with 15 tonnes of waste (currently we operate 26 tonnes across our fleet). This would allow for more waste to be collected in one round therefore maximising our potential for growth and to offer extra capacity in other waste areas such as the potential expansion of the trade waste service.

Staffing

The staffing ratio would remain at 1 driver and 2 loaders per vehicle, however, consideration has been given to operating a varied staffing ratio such as 1 driver and 1 loader in more rural areas and in concentrated urban areas, operating 1 driver and 2 loaders. It is felt at this stage that the staffing ratio should remain the same (1 driver and 2 loaders) until the service has returned to an in house provision. The costs of additional staff required is explored in the financial implications section (section 5) of the business case.

Customer Retention and Customer Experience

It is assumed that NSDC would retain the existing customers who are currently served by MDC and RBC (currently approx 7,000 customers in total) following the transfer.

From a customer experience perspective, there would be no material change to the service. The garden waste bin would still be collected on a fortnightly basis as per current arrangements. The customer would benefit from an improved customers experience as they will be provided with a single point of contact (NSDC customer services) for all types of refuse collection and would benefit from integration with existing digital by default platforms. It is already assumed by some customers that NSDC can resolve their garden waste queries serviced by RBC or MDC. Currently, in this instance, the customer would be told to call the relevant authority. By having NSDC collect and administer the entire service, this would reduce this confusion and offer a seamless service for the customer.

Purchase of existing bins from MDC and RBC

It has been assumed that MDC and RBC would not want to keep the bins for the existing NSDC customers due to the inconvenience of having to collect, store and potentially clean the bins (for re-use purposes). It is likely to be more expensive for MDC and RBC to go through the process of the collection and storage of the current bins rather than buying new ones.

Therefore it has been assumed that NSDC would purchase the bins owned by MDC and RBC at a negotiated price. We would negotiate the bin purchase price to ensure that NSDC were getting value for money. Due to the age and presumed condition of the bins, and for the purpose of the financial forecast of this business case, we have estimated a cost of £10 per bin in section 5 of this business case. However, we anticipate that we could purchase the bins at a better deal.

Future Growth

The business case includes a targeted approach to future growth areas to grow our customer base. Marketing campaigns would include targeting an area already on an existing round or targeting an area where our waste vehicles already travel through in order to reach their next destination. This would maximise income for the least cost/fuel time. Once the service is operating back in house, Waste and Transport Services would explore incentive schemes to grow the service, such as promotions and initial discount offers.

To support future growth, it is proposed that housing developers should purchase the garden waste bin, as per the current arrangement for existing domestic refuse and recycling bins. This would ensure all new properties have a garden waste bin available whether or not the resident chooses to use the service. Currently the cost of a new garden waste bin is absorbed by the Council at a cost of £16 per bin. By arranging for housing developers to absorb this cost, this would reduce the overhead costs of the service.

To stimulate growth in new housing developments, a free service for a limited period would be offered. Evidence shows that where a service has been offered free, 50% of those customers accessing a free service will continue with that service at a cost to them. It is worth noting that the projections for housing growth used in this business case have been incorporated into the financial forecast, based on a free service for new estate areas and 50% retention rate in those areas. This has been retained within the forecast even though the national waste strategy references a free service for garden waste collection because the strategy is currently out to consultation and this stage there is no certainty that free garden waste service will be delivered.

Administration and Customer Services

The administration for the additional 7,000 households can be absorbed by current existing staffing arrangements within the Administrative Service Business Unit. The costs associated with printing and posting renewal letters and stickers are included in the financial implications section (section 5) of this business case.

It has been identified that Customer Services would require additional resource to process the increased volume of customer enquiries such as processing payments via phone at the start of the garden waste service year. The costs associated with additional staffing have been included in the financial implications section (section 5) of this business case.

5. Financial and Resource implications

Financial Forecast

Currently, NSDC collect from approximately 4500 customers based in the northern and eastern parts of the district. After separating out the garden waste expenditure and income from that of the domestic and trade waste collection services, the garden waste collection service breaks even. This service is provided by 1.3 collection vehicles per week.

The table in fig.1.1 illustrates the additional expenditure and income from NSDC taking over collection and administration of the service for the whole district from April 2020 (Option Two). As can be seen from the table, and as previously stated in the business case, increasing surpluses can be generated from bringing the whole service back in house. However, there will be significant capital investment required in order to achieve this.

Capital Outlay

The council would require capital investment in order to expend the service from 4,500 customers to potentially, in excess of 12,000 customers in 2020. This would require investing in two new 32 tonne vehicles at a cost of £185k each. It would also require the council to purchase the required bins to collect in the areas that MDC and RDC currently collect. For the purposes of the business case we have assumed that the council would buy these bins from the other two collecting authorities due to the inconvenience of having to collect, store and potentially clean the bins at a cost of £10 per bin. Therefore, the capital outlay required would be approximately £450k. It is likely at this stage, that this would be financed by borrowing, which would cost the Council's revenue budget circa £73k per annum over the life of the assets (worst case scenario) in interest and Minimum Revenue Provision (MRP). This additional revenue cost could be funded from surpluses generated by the garden waste collection service in future years.

Revenue Forecast

The revenue forecast contain a number of assumptions, which now need clarification. The staffing requirements will consist of two additional drivers and four additional loaders. The costs used are the current costs for the operatives, with inflation factored in annually and also include sickness and holiday cover expenditure. There may be TUPE implications in relation to the current operatives within MDC and RDC, but this should not create any additional financial pressure on the Council.

The same inflation criteria has also been applied to the running costs (including insurance costs) for the two new vehicles i.e. current average costs increased by the rate of inflation. The supplies and services figure is a harder to determine, as these are not easily identified as being solely for the garden waste service eg. staff uniforms. The forecast has therefore have been determined by using a percentage based on staffing costs for the garden waste service as a percentage of the overall refuse collection service staffing costs. Items that can be identified, such as purchase of brown bins and Meritec charges for the billing system, have been incorporated in the financial forecast for the garden waste collection service.

When the garden waste service is reduced to a monthly collection during December to February, staff are aligned to other services such as street cleansing. In these months, the staffing and vehicle costs are then apportioned to street cleansing which is highlighted in Figure 1.1 as 'additional costs for services'. The forecast also includes the additional postage and staffing for sending out customer invoices and dealing with customer queries.

Summary of Forecast Income & Expenditure - Option Two								
Revenue								
	2019/20	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**
Salaries		151,640	154,670	157,770	160,920	164,140	167,420	170,770
Transport		50,110	51,350	52,630	53,940	55,290	56,670	58,100
Supplies & Services		12,580	12,770	12,960	13,160	13,360	13,570	13,780
Additional Costs incurred by Other Services		42,450	43,270	44,380	45,510	46,670	47,870	49,090
Total Expenditure		**256,780**	**262,060**	**267,740**	**273,530**	**279,460**	**285,530**	**291,740**
Garden Waste Collection Income		**(311,410)**	**(332,280)**	**(358,210)**	**(383,210)**	**(383,900)**	**(384,590)**	**(385,280)**
Forecast Surplus to Garden Waste Service		**(54,630)**	**(70,220)**	**(90,470)**	**(109,680)**	**(104,440)**	**(99,060)**	**(93,540)**
Financing of Capital Expenditure		73,000	73,000	73,000	73,000	73,000	73,000	73,000
Net effect to the Council		**18,370**	**2,780**	**(17,470)**	**(36,680)**	**(31,440)**	**(26,060)**	**(20,540)**
Capital								
Purchase of 2 new vehicles	370,000							
Cost of bins from MDC & RDC	77,600							
Total	**447,600**							

Figure.1.1

The proposed option forecasts a surplus of £55k in the first year in addition to the £30k already achieved through bringing the admin back in house as per of this review. This increases to £100k additional income by 2023/24. The lifetime of the vehicle is estimated at 7 years which is why the above table shows a 7 year forecast. The total capital repayments is £511k. The forecast surplus to the service is £622k over the same period. The forecast income and expenditure would change significantly if the Council decided to increase charges by more than those stated in the business case. Alternatively, central government could impose a free garden waste service on all local authorities and this would have considerable detrimental financial impact on the council unless additional funding becomes available as a result of the waste strategy.

The income forecast in figure 1.1 is based on a charge per bin of £37 in 2020/21, increasing by £1 per year until 2023/24 when the charge will remain at £40 for following years and then revisited based on the rate of inflation to the nearest pound. Any changes in fees and charges would be subject to Committee approval, However as a comparison against authorities geographically adjacent to NSDC, current and forecast garden waste charges are included in Figure 1.2. It is important to note, that the estimated charges in 2020/21 are based on an assumption that the garden waste providers in our geographical locations would also increase their charges based on the rate of inflation to the nearest pound. The charges indicate that NSDC would remain below average compared to our geographical neighbours as is the current positon for 18/19.

Local Authority	Charges 18/19	Estimated Charges in 2020/21 (based on rate of inflation to the nearest £)
Bassetlaw District Council	£30.00	£32.00
North Kesteven District Council	£30.00	£32.00
Mansfield District Council	£30.00	£32.00
Ashfield District Council	£34.00	£36.00
Newark and Sherwood District Council	£35.00	£37.00
West Lindsey District Council	£35.00	£37.00
Rushcliffe Borough Council	£35.00	£37.00
South Kesteven District Council	£35.00	£37.00
Gedling Borough Council	£36.00	£38.00
Melton Borough (provided by BIFFA)	£57.00	£60.00
Average (to the nearest £)	£36.00	£38.00

Figure 1.2

6. Risk

With all projects there are elements of risk and it is good practice to capture these and the associated mitigation actions which have been undertaken.

Risk	Risk Description	Mitigating Action/s
Reputation	Bringing garden waste back in house may cause discontent with partners (RBC and MDC)	Initial conversations have taken place with RBC and MDC in relation to NSDC's proposals
Staffing	Insufficient resource (staff and vehicles) to deliver the proposed option	Financial modelling has been undertaken to ensure that costs associated are incorporated
Customer Experience	The proposed option still delivers a disjointed experience from a customer experience leading to dissatisfied customer and an increase in customer complaints	The proposed option ensures that the service offers parity across the district and is in line with the rest of the household waste services
Space	Lack of physical space to deliver increased in house service	Consideration has been given to the space at the depot and impacts on the 'O' Licence
ICT	The software to take payments for the increased volume of customers is not suitable	Consideration has been given to the ICT requirements
Service Delivery	MDC and RBC could serve notice to NSDC before we have implemented the proposed option	NSDC are exploring options for bringing garden waste back in house through the development of a business case
Waste strategy	The National Waste Strategy could mandate a free garden	Through implementation of the proposed option, NSDC would be able

	waste service for all households with a garden and NSDC are not equipped to deliver the service to all households	to establish some of the infrastructure now in the event of a nationally mandated free garden waste service

7. Implementation

Subject to Committee approval, indicative timescales for implementation are listed below:-

Milestone	Date
Business Case to Leisure and Environment Committee	22 Jan 2019
Business Case to Policy & Finance Committee for approval	24 Jan 2019
Serve Notice to MDC and RBC as per MoU that NSDC take over admin and collection service from April 2020	Feb 2019
Communicate to Residents, that NSDC will collect and administer the garden waste service	Feb 2020
Billing and renewal letters sent by NSDC to all garden waste service customers	Feb 2020
Collection and administration for garden waste service operated by NSDC	April 2020

8. Review

The Leisure and Environment Committee will receive regular updates on the progress of the project up until the service is established and is formally operating in the Waste and Transport Services Business Unit.

POLICY & FINANCE COMMITTEE
24 JANUARY 2019

NOTTINGHAM COMMUNITY HOUSING ASSOCIATION - TRANSFER OF TITLE OF PROPERTIES

1.0 Purpose of Report

1.1 To seek approval to transfer the title of properties registered in the name of the District Council to the Registered Provider, Nottingham Community Housing Association (NCHA).

2.0 Background Information

2.1 The Council, in the 1980's, provided loans to NCHA to develop new build social housing in the district, combined at the time with Housing Corporation funding. Until the loans were re-paid by NCHA the Council retained a charge on the properties.

2.2 The Council provided a loan of £373,611.66 to develop, amongst others, 19 properties at Bellmond Close, Lilac Close, Sycamore Close and Bailey Road, Newark and the loan was paid back in full in early 2004. A schedule of these properties is set out at **Appendix A.**

2.3 On repayment of the loan it was standard practice to return the Title Deeds for the properties to NCHA in order for them to transfer title with the Land Registry. The Council sent the Title Deeds to NCHA for all 19 properties in April 2005.

2.4 It has recently been established that NCHA cannot trace receipt of the Title Deeds and so the properties are still registered in the District Council's name.

2.5 Given the period of time since the loan was issued neither NCHA nor the Council have recourse to all of its records and it is not entirely evident on when the loan agreement was made or to the conditions of this agreement.

2.6 The Committee should note that the Council has a long and beneficial working relationship with NCHA who are the largest stock holder of affordable housing in the district, second only to the Council.

2.7 The Council undertook a voluntary first registration programme of its assets late in 2005. At this time NCHA had not registered their ownership of the 19 properties detailed in Appendix A. For noting, any conveyance by the Council to NCHA before 1986 would not have triggered compulsory registration. The land registry included these 19 properties in the Council's registered title. NCHA cannot now trace the deeds to the 19 properties and have requested that the Council enters into a transfer of these 19 properties for a nominal sum of £1.

3.0 Proposals

3.1 It is proposed that the Council now enters into a transfer of the 19 properties to NCHA for a nominal sum of £1.

3.2 The Council has never included the properties as part of its asset register (either in general fund or HRA) and since their construction NCHA have managed and maintained these properties, including the collection of rent.

4.0 Equalities Implications

4.1 There is no equality implications associated with this report.

5.0 Financial Implications (FIN18-19/553)

5.1 The cost of the work undertaken by Legal and Strategic Housing relating to the transfer will be met by NCHA; therefore there will be no financial implications as a result of this transfer.

6.0 RECOMMENDATION

That the Council enter into a transfer of the 19 listed properties, as identified on the plans at Appendix A, for a nominal sum of £1.

Reason for Recommendation

To transfer the legal title of properties (detailed in Appendix A) currently registered to the Council to Nottingham Community Housing Association.

Background Papers

None

For further information please contact Rob Main, Business Manager - Housing Strategy & Development on 01636 655930.

Karen White
Director - Governance &
Organisational Development

APPENDIX A

Schedule of Properties

11A Lilac Close Newark Nottinghamshire NG24 4LD 12A Lilac Close Newark Nottinghamshire NG24 4LD 19A Lilac Close Newark Nottinghamshire NG24 4LD 20A Lilac Close Newark Nottinghamshire NG24 4LD 21A Lilac Close Newark Nottinghamshire NG24 4LD 26A Lilac Close Newark Nottinghamshire NG24 4LD	13A Bellmond Close Newark Nottinghamshire NG24 4ER 14A Bellmond Close Newark Nottinghamshire NG24 4ER 1A Bellmond Close Newark Nottinghamshire NG24 4ER 45 Bellmond Close Newark Nottinghamshire NG24 4ER 46 Bellmond Close Newark Nottinghamshire NG24 4ER 47 Bellmond Close Newark Nottinghamshire NG24 4ER 8A Bellmond Close Newark Nottinghamshire NG24 4ER
7 Sycamore Close Newark Nottinghamshire NG24 4ES 8 Sycamore Close Newark Nottinghamshire NG24 4ES	21C Bailey Road Newark Nottinghamshire NG24 4EP 21D Bailey Road Newark Nottinghamshire NG24 4EP 21E Bailey Road Newark Nottinghamshire NG24 4EP 21F Bailey Road Newark Nottinghamshire NG24 4EP

POLICY & FINANCE COMMITTEE
24 JANUARY 2019

POLICY & FINANCE COMMITTEE REVENUE BUDGET 2019/20

1.0 Purpose of Report

1.1 To inform the Committee of the budget and scales of fees & charges for those areas falling under the remit of the Policy and Finance Committee for 2019/20.

2.0 Background Information

2.1 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 20 September 2018.

2.2 The budget and Medium Term Financial Plan have been developed to reflect, in financial form, the corporate priorities of the Council. Where further targeted areas of focus have been identified, additional resources have been directed to these business units.

2.3 A summary of the Committee by Service Team is provided at **Appendix A**, together with a summary at subjective level for the whole Committee at **Appendix B**. To aid comparison, capital charges and central support recharges have been omitted from the reports to show just controllable budgets.

3.0 Revenue Budget Proposals

3.1 The current draft budget shows a decrease in 2019/20. Direct service expenditure and income excluding deferred and capital charges, and all central services recharges currently shows an overall increase of £171,430 against 2018/19 budget. This is an increase of 4.43%.

3.2 Staffing costs of £3.796m account for approximately 61.8% of the gross service budget (excluding housing benefits, capital and central recharges) and significant budget savings cannot be achieved without affecting staffing levels.

3.3 Major variances between 2018/19 and 2019/20 are shown below:

3.3.1 Electoral Registration: An increase of £0.005m – The grant receivable during 2018/19 from the Cabinet Office, has been received £0.004m lower than anticipated. As the notification for the level of grant is not received until after the budget process has been concluded, an anticipated decrease inline with the current years estimate has been forecast. This has been offset by an increase in budget for sale of electoral registers, for which the Council has never budgeted before, but seen income generated.

3.3.2 Human Resources: Decrease of £0.029m – The Business Manager – Human Resources & Organisational Development time has been re-apportioned and this has led to a reduction in the budget required in this code. There has also been a change in the accounting for the services provided to Southwell Leisure Centre, to show this as a cash receipt, rather than an internal support service receipt.

3.3.3 Legal Section: Decrease of £0.017m – As per paragraph 3.3.2 The Business Manager – Human Resources & Organisational Development has re-apportioned her time. Also there has been an increase in budgeted income from third parties.

3.3.4 Central Personnel Expenses: Increase of £0.025m – This increase is an accounting change to reflect the actual costs of apprentices. This is funded by a reduction in the Training reserve and will be built into the financing part of the budget.

3.3.5 Corporate Management Team: Decrease of £0.021m – A one off budget of £0.040m was included during 2018/19 in respect of consultancy fees. This has been omitted from the base budget for 2019/20. Estimates of pay awards have also been included which reduce the impact of the reduction in budget.

3.3.6 Financial Services: Decrease of £0.014m – A one off budget of £0.030m was included in respect of upgrades in the income management system. This has been omitted from the base budget for 2019/20. A reduction in services to third party organisations has contributed to offsetting the reduction from the one off budget removal.

3.3.7 Organisational Development: Increase of £0.042m: – As per paragraph 3.3.2 The Business Manager – Human Resources & Organisational Development has re-apportioned her time. There is also an allowance for maternity cover due to one member of staff being off on maternity currently.

3.3.8 Administration Services: Increase of £0.013m – The impact of the new pay and grading structure have led to this increase in budget requirement.

3.3.9 Council Tax: Increase of £0.067m – Prior to court action being taken, officers will try to make a payment arrangement with the customers to avoid court action where necessary. Due to this, an estimate of summons' cost income has been reduced.

3.3.10 Rent Allowances: Decrease of £0.021m – Due to the rollout of Universal Credits, it has been estimated that there will be a reduction in payment of this type of benefit, as these customers port over to the DWP.

3.3.11 Rent Rebates: Decrease of £0.017m – Due to the rollout of Universal Credits, it has been estimated that there will be a reduction in payment of this type of benefit, as these customers port over to the DWP.

3.3.12 Housing Benefit Admin: Increase of £0.010m – There has been a reduction in the Housing Benefit grant receivable from DWP due to the shift away from Housing Benefit to Universal Credits. To offset this, there has been a reduction in staff numbers of 22 hours per week, through natural wastage, which hasn't been replaced due to the reduction in workload through the rollout of Universal Credit.

3.3.13 Risk Management: Decrease of £0.009m – A change in accounting has meant that income previously recognised as support service income in relation to Southwell Leisure Centre is now recognised as cash income.

3.3.14 Castle House: Decrease of £0.030m – Additional partners have occupied space within the building during the course of the current financial year. As such the income budget is due to increase, decreasing the overall budget.

3.3.15 Corporate Property: Increase of £0.132m – The Business Unit is in the process of purchasing a new Asset Management system which will streamline the management of all Council properties and ensure sound and effective record keeping and condition information. Additionally redistribution of workloads have meant that there is a reduction in the charge to capital as there are fewer schemes needing the assistance of asset management currently.

3.3.16 Corporate Development: Increase of £0.073m – In order to further the Councils' commercialisation and major projects agenda there has been recognition that the Business Unit responsible for the oversight and delivery is under resourced. As such, Senior Leadership Team agreed to fund 2 2-year posts to ensure that the required savings and efficiency targets are met ensuring the financial stability of the Council in the medium term.

3.3.17 Members Expenses: Increase of £0.010m – A 2% increase in the basic allowance rate forms the majority of this increase.

3.3.18 Other Financial Transactions: Decrease of £0.040m – A vacancy provision of 3.5% of the total salary budget for 2019/20 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 has been set aside.

3.3.19 Combined Service Costs: Increase of £0.010m – Costs are expected to rise due to an increase in postage costs imposed by Royal Mail. This has been mitigated as far as possible with the re-let of the Hybrid mail contract to Nottinghamshire County Council which has reduced costs within other areas of the postage process.

3.3.20 Corporate Printers: Decrease of £0.012m – A new contract has been let for printing to Specialist Computer Centre which has reduced the cost of corporate printing.

4.0 <u>Fees and Charges</u>

4.1 The level of fees and charges has been considered by officers within the framework set out in the Corporate Charging Policy. Proposals for increases in fees and charges are attached at **Appendix C** for consideration and recommendation to Policy & Finance Committee on 21 February 2019 and Council on 7 March 2019.

5.0 <u>Conclusions</u>

5.1 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.

6.0 <u>RECOMMENDATIONS</u> that:

(a) the final Committee budget as shown at Appendix A be recommended to Policy & Finance Committee at its meeting on 21 February 2019 for inclusion in the overall Council budget; and

(b) the scales of fees and charges as shown at Appendix C be recommended to Policy & Finance Committee at its meeting on 21 February 2019 and Council on 7 March 2019.

Reason for Recommendations

To ensure that the final budget proposals and the level of fees and charges for 2019/20 are recommended to Policy & Finance Committee on 21 February 2019.

Background Papers

None

For further information please contact Nick Wilson.

Nick Wilson
Business Manager - Financial Services

APPENDIX A - BUDGET SUMMARY

POLICY & FINANCE

CODE	DESCRIPTION	2018/19 INITIAL BUDGET	2019/20 BASE BUDGET	MORE/(LESS)
A10601	ELECTORAL REGISTRATION	69,990	75,010	5,020
A10803	INTERNAL AUDIT	76,920	77,720	800
A10805	INCOME SECTION	26,220	29,170	2,950
A10806	BANK CHARGES	113,820	117,770	3,950
A10807	MORTGAGE ADMINISTRATION	(3,090)	0	3,090
A10812	HUMAN RESOURCES	193,240	164,200	(29,040)
A10818	COMMITTEE SECTION	218,840	217,450	(1,390)
A10819	LEGAL SECTION	182,840	165,810	(17,030)
A10832	CENTRAL TELEPHONES	48,150	47,000	(1,150)
A10833	CENTRAL POSTAGES	39,780	40,570	790
A10841	CENTRAL PERSONNEL EXPENSES	111,390	136,430	25,040
A10842	OTHER EMPLOYEE EXPENSES	19,450	20,100	650
A10845	INFORMATION GOVERNANCE	72,340	71,140	(1,200)
A10864	CORPORATE MANAGEMENT TEAM	736,400	715,010	(21,390)
A10895	FINANCIAL SERVICES	442,610	428,190	(14,420)
A10896	ORGANISATIONAL DEVELOPMENT	165,290	207,330	42,040
A10897	PROCUREMENT	41,200	29,350	(11,850)
A10898	ADMINISTRATION SERVICES	348,300	361,200	12,900
A10904	COUNCIL TAX	(21,210)	45,660	66,870
A10905	RENT ALLOWANCES	25,500	4,370	(21,130)
A10907	RENT REBATES	20,000	2,550	(17,450)
A10908	HOUSING BENEFIT ADMIN	81,420	91,820	10,400
A11122	RISK MANAGEMENT	71,670	62,560	(9,110)
A11831	CASTLE HOUSE	118,810	89,210	(29,600)
A11832	OLLERTON HALL	15,000	9,490	(5,510)
A11833	HAYSIDE COTTAGE LOWFIELD LANE	0	6,520	6,520
A11841	CORPORATE PROPERTY	229,150	361,430	132,280
A11844	CORPORATE DEVELOPMENT	67,610	140,900	73,290
A11901	MEMBERS EXPENSES	276,970	287,020	10,050
A11902	CIVIC EXPENSES	20,910	20,890	(20)
A11911	OTHER FINANCIAL TRANSACTIONS	(320,000)	(360,000)	(40,000)
A12301	ELECTION EXPENSES	33,440	33,440	0
A12510	DEMOCRATIC REPRESENTATION	500	500	0
A12512	ETHICAL GOVERNANCE & STANDARDS	300	300	0
A12520	CORPORATE MANAGEMENT	180,390	178,400	(1,990)
A15028	COMBINED SERVICE COSTS	125,680	135,240	9,560
A15029	CORPORATE PRINTERS	38,220	25,730	(12,490)
	TOTAL	**3,868,050**	**4,039,480**	**171,430**

APPENDIX B - BUDGET SUMMARY

POLICY & FINANCE SUBJECTIVE SUMMARY

CODE	DESCRIPTION	2018/19 INITIAL BUDGET	2019/20 BASE BUDGET	More(Less)
111	SALARIES AND WAGES	2,877,540	2,924,370	46,830
112	OTHER SALARIES/WAGES PAYMENTS	31,390	56,440	25,050
113	NATIONAL INSURANCE	351,130	329,210	-21,920
114	SUPERANNUATION	442,570	464,420	21,850
115	OTHER EMPLOYERS CONTRIBUTIONS	21,000	21,800	800
	EMPLOYEE SUB TOTAL	**3,723,630**	**3,796,240**	**72,610**
211	REPAIRS AND MAINTENANCE	111,130	218,440	107,310
212	ENERGY COSTS	27,000	62,730	35,730
214	RATES	120,200	119,840	-360
215	WATER SERVICES	7,500	8,230	730
217	CLEANING AND DOMESTIC	7,000	3,500	-3,500
219	CONTRIBUTION TO FUNDS	115,150	111,390	-3,760
315	CAR ALLOWANCES	63,190	44,520	-18,670
411	EQUIPMENT AND FURNITURE	5,750	5,750	0
412	MATERIALS	200	200	0
421	CATERING	10,500	10,510	10
431	CLOTHING AND UNIFORMS	750	960	210
441	GENERAL OFFICE EXPENSES	85,040	74,870	-10,170
451	CONTRACTUAL	385,880	388,680	2,800
452	OTHER SERVICES	233,090	268,190	35,100
461	COMMUNICATIONS AND COMPUTING	529,470	521,430	-8,040
471	STAFF	19,590	19,870	280
472	MEMBERS	247,350	257,990	10,640
473	CHAIRMAN	7,630	7,630	0
481	GRANTS	0	4,000	4,000
482	SUBSCRIPTIONS	41,240	40,910	-330
491	INSURANCE	84,120	45,980	-38,140
493	OTHER	139,210	134,220	-4,990
611	HOUSING BENEFITS	24,475,000	21,196,850	-3,278,150
	RUNNING EXPENSES SUB TOTAL	**26,715,990**	**23,546,690**	**-3,169,300**
	TOTAL EXPENDITURE	**30,439,620**	**27,342,930**	**-3,096,690**
911	Government Grants	-24,628,500	-21,353,930	3,274,570
922	Contributions From Other Las	-164,300	-162,910	1,390
928	Recharge Non Gf Accounts	-919,770	-965,300	-45,530
931	Sales	0	-2,000	-2,000
932	Fees And Charges	-416,100	-366,210	49,890
933	Rents	-191,400	-219,280	-27,880
939	Other Receipts	-251,500	-250,340	1,160

958	Int Charge For Services	0	16,520	16,520
	INCOME SUB TOTAL	**-26,571,570**	**-23,303,450**	**3,268,120**

		3,868,050	**4,039,480**	**171,430**

APPENDIX C

CIVIC SUITE HIRE CHARGES

(Prices are inclusive of VAT)

No Webcasting				
Room	**Seating Capacity**	**Duration**	**2018/19 Charges**	**2019/20 Charges**
Meeting Room	6 or less	Full Day 9am – 5pm	**£54**	**£55.20**
		Half Day 4hrs	**£30**	**£31.20**
		Hourly charge	**£12**	**£12**
Meeting Room	7 to 10	Full Day 9am – 5pm	**£72**	**£73.20**
		Half Day 4hrs	**£48**	**£49.20**
		Hourly charge	**£18**	**£19.20**
Meeting Room	11 to 20	Full Day 9am – 5pm	**£120**	**£122.40**
		Half Day 4hrs	**£72**	**£73.20**
		Hourly charge	**£30**	**£31.20**
Civic Suite	Max capacity theatre style revised to 200	Full Day 9am – 5pm	**£360**	**£372**
		Half Day 4hrs	**£216**	**£228**
		Hourly charge	**£84**	**£86.40**

Including Webcasting				
Room	**Seating Capacity**	**Duration**	**2018/19 Charges**	**2019/20 Charges**
Meeting Room	6 or less	Full Day 9am – 5pm	**£55.20**	**£58.80**
		Half Day 4hrs	**£33.60**	**£34.80**
		Hourly charge	**£13.20**	**£14.40**
Meeting Room	7 to 10	Full Day 9am – 5pm	**£79.20**	**£81.60**
		Half Day 4hrs	**£52.80**	**£54**

		Hourly charge	**£81.60**	**£21.60**
Meeting Room	11 to 20	Full Day 9am – 5pm	**£132**	**£135.60**
		Half Day 4hrs	**£79.20**	**£81.60**
		Hourly charge	**£33.60**	**£34.80**
Civic Suite	Max capacity theatre style revised to 200	Full Day 9am – 5pm	**£369.60**	**£378**
		Half Day 4hrs	**£224.40**	**£231.60**
		Hourly charge	**£87.60**	**£90**

<u>Newark Beacon</u>

(Prices are inclusive of VAT)

Room	**Seating Capacity**	**Duration**	**2018/19 Charges**	**2019/20 Charges**
Cafferata Suite	Max capacity 70 (theatre style)	Full Day	**£252**	**£258**
		Half Day	**£156**	**£159.60**
		Hourly rate	**£42**	**£43.20**
Trent Suite	Max Capacity 10	Full Day	**£84**	**£86.40**
		Half Day	**£66**	**£67.20**
		Hourly rate	**£18**	**£19.20**

Discounts may be applied to approved charitable organisations or where a package of bookings are made together at the discretion of the Corporate Management Team, with final approval by the Section 151 Officer

<u>NON PAYMENT OF COUNCIL TAX/NNDR - POLICY AND FINANCE COMMITTEE</u>

Council Tax	**2018/19 Charge**	**2019/20 Charge**
Summons	**£80**	**£80**
Liability Order	With summons	With summons

NNDR	**2018/19 Charge**	**2019/20 Charge**
Summons	**£100**	**£100**
Liability Order	With summons	With summons

The level of costs to have to be justified to the court and there is case law against raising to a level that is deemed excessive.

POLICY & FINANCE COMMITTEE
24 JANUARY 2019

HOUSING REVENUE ACCOUNT BUDGET AND RENT SETTING 2019/20

1.0 Purpose of Report

1.1 The annual report being presented to the Committee on the Housing Revenue Account (HRA) will:

a. Provide the actual outturn of the HRA for the year 2017/18 (column 2 of **Appendix A1**).

b. Examine the proposed income and expenditure on the HRA for 2019/20 (column 4 of **Appendix A1**) in accordance with Section 76 of the Local Government and Housing Act 1989, to avoid a deficit on the Housing Revenue Account.

c. Provide the indicative figures of income and expenditure for the financial years 2020/21 to 2022/23 (columns 5 to 7 of **Appendix A1**).

d. Set rent levels and service charges with effect from April 2019.

e. Set charges for garage rents, plots and garage ports with effect from 1st April 2019.

f. Set housing support service charges and all other service charges with effect from 1st April 2019.

g. Detail the annual management fee payable to Newark and Sherwood Homes (2019/20), in accordance with the Management Agreement. The annual management fee is still currently under negotiations and still to be finalised. An update along with revised HRA budget papers will be presented to Committee in the form of a revised **Appendix A**.

1.2 The following paragraphs will provide the necessary detail to the above matters.

2.0 Introduction

2.1 The setting of the HRA budget and the approval of rent levels, to be presented to full Council at its meeting in February 2019, will allow the required time to notify Council housing tenants of the proposed changes to rents in accordance with legislation.

2.2 The key dates in the budget setting timetable are detailed in the table below:

Council determination of HRA budget and rent setting	12 February 2019
Newark and Sherwood Homes update of rent systems	By end of February 2019
Generation of rent cards and letters to notify tenants of variation of their rent levels (tenants are required to be given one month's notice by law of rent changes).	By end of February 2019

2.3 Any slippage from these key dates would jeopardise the implementation of the rent changes for 1 April 2019.

3.0 Background Information

3.1 Since April 2012, following the housing finance reforms, the HRA has been operating within a 30 year self-financing HRA Business Plan. Council Officers have been working with colleagues from Newark and Sherwood Homes to monitor and review the Business Plan, which informs the 2019/20 budget process and medium term financial plan 2020/21 to 2022/23.

3.2 The HRA budget proposed in this report is based on the Government announcement made on 8 July 2015, stating that local authorities must secure that the amount of rent in the relevant year by a tenant of social housing is 1% less than the amount that was payable by the tenant in the previous 12 months. This 1% per year rent reduction commenced in 2016/17 and will continue for the year 2019-20.

3.3 The cumulative impact of the 1% rent reduction has been factored into the HRA Business Plan and is reflected in the proposed budget.

3.4 Every 6/7 years 53 Mondays fall in a financial year, which will be the case in 2019/20 and as rent debits are raised on Mondays this means that the HRA benefits from an extra weeks rent.

3.5 This has created two immediate issues that should be considered:

a) The 4 year -1% rent decrease introduced by the Welfare Reform Act 2016 means that the 53 Mondays of rent in 2019/20 can be interpreted as taking LAs over the required 1% decrease on rents in the 52 Monday year in 2018/19.

b) Universal Credit Legislation does not allow for 53 Monday years and therefore Universal Credit claimants could find themselves a week in arrears if charged 53 weeks rent.

3.6 The Local Government Association (LGA) is in discussion with Ministry of Housing, Communities & Local Government (MHCLG) and Department of Works and Pensions (DWP) on this matter and **Appendix B** sets out the current position.

3.7 In light of the above issues the budget for the HRA 2019/20 has been prepared with rent for 52 weeks. This has been factored into the HRA business Plan.

Management Fee

3.8 In accordance with the Management Agreement with Newark and Sherwood Homes the required process is currently being followed and an agreement for the management fee for 2019/20 has yet to be reached. A verbal update will be made at the meeting.

HRA Business Plan

3.9 In accordance with the management agreement the Company is charged to:

Maintain and manage effective HRA Business Plan forecasting and modelling, undertake scenario testing in liaison with the Council and make recommendation for the maintenance of a viable and sustainable HRA Business Plan

3.10 In respect of the above in October 2017 the Council requested that the Company work with the Council, providing all the necessary financial inputs and assumptions, to complete a fundamental review of the financial model that underpins the HRA Business Plan. This work has taken longer than timetabled with the Company and an external validation has just been completed. Council officers are now able to review the outcome of this work and a future report will be presented to the Committee on this matter.

3.11 Further consideration is also necessary to understand what additional capacity the removal of the HRA Borrowing Cap can bring to the HRA Business Plan, along with analysing the potential impact of the recent proposals within the Social Housing Green Paper over the medium term of the Plan.

Rent Cycle

3.12 The Company have recently informed the Council that their Board have requested that the Council consider a review of its secure tenancy agreement to amend from a 48 week rent cycle (*with 4 rent free weeks*) to a 52 week rent cycle.

3.13 Officers of the both the Council and Company are now considering how best to progress this matter, set against the benefits and disadvantages of the proposal, the resources required, timetabling and the need to undertake statutory consultation with all tenants. A future report will be supplied to the Committee on this matter once all appropriate considerations have been made.

4.0 National and Local Policy Context

4.1 Reflecting on the narrative at paragraph 3.2, on 7 February 2017 Government published the Housing White Paper "Fixing Our Broken Housing Market" stating that it would provide clarity over future rent levels and offer a clear and stable long-term framework for investment with the expectation that significantly more affordable homes are built. The White Paper specifically stated that:

'It will set out, in due course, a rent policy for social housing landlords (housing associations and local authority landlords) for the period beyond 2020 to help them to borrow against future income, and will undertake further discussions with the sector before doing so. *Our aim is to ensure that they have the confidence they need about their future income in order to plan ahead. The Government also confirms that the 1% rent reduction will remain in place in the period up to 2020'*

4.2 In respect of the above MHCLG recently closed a consultation paper proposing to issue a new direction from the Secretary of State to the Regulator of Social Housing to ensure that, from 2020 onwards, the Regulator's rent standard:

- reflects Government's announcement on 4 October 2018 (announcement in October 2017) that it intends to permit registered providers to increase their rents by up to CPI+1% each year, for a period of at least 5 years; the announcement recognises the need for a stable financial environment to support the delivery of new homes
- applies to local authority registered providers (as well as to private registered providers), to reflect the roll out of Universal Credit.

4.3 The direction also sets out the basis on which social rents and affordable rents are set. The following documents covering this matter can be found on www.gov.uk:

- Rents for social housing from 2020-21
- Policy statement on rents for social housing
- The Direction on the Rent Standard 2018

4.4 MHCLG and DWP in 2017 published consultation on the future funding for supported housing, the outcome of this was announced on 9 August 2018 with the decision that housing benefit will remain in place to fund this accommodation, protecting the viability of the HRA Business Plan.

4.5 The Government, however, still intends to develop an oversight regime for this area, ensuring there is quality and value for money across the whole supported housing section, along with undertaking a review of housing related support to better understand how housing and support currently fit together.

4.6 Most recently MHLCG published the Social housing green paper: a 'new deal' for social housing, which sets out a new vision for social housing with five principles to underpin a new, fairer deal for social housing residents:

1) A safe and decent home which is fundamental to a sense of security and our ability to get on in life;
2) Improving and speeding up how complaints are resolved;
3) Empowering residents and ensuring their voices are heard so that landlords are held to account;
4) Tackling stigma and celebrating thriving communities, challenging the stereotypes that exist about residents and their communities, and
5) Building the social homes that we need and ensuring that those homes can act as a springboard to home ownership.

4.7 The Green Paper also confirms that the Government will not be implementing the Higher Value Asset provisions of the 2016 Housing and Planning Act, looking to repeal this legislation when Parliamentary time allows, and confirms that implementation of the fixed-term tenancy provisions within Act is now a decision at the discretion of individual social landlords. This has removed some potential risks to the long term viability of the HRA Business Plan.

4.8 In addition, at the most recent Conservative party conference the Prime Minister announced that Councils' HRA borrowing cap will be scrapped by the end of October 2018 and a determination has now been issued revoking previous determinations that specified a local authority's limits on indebtedness.

5.0 Newark and Sherwood Homes Management Fee

5.1 Under the management agreement, Newark and Sherwood Homes (NSH) will be paid a fee in accordance with the framework detailed below. The activity of NSH is integral to the effective management and long term viability of the HRA Business Plan. This gives rise to a requirement for the Management Fee to be considered within the context of the HRA as a whole.

Fee Elements

The annual management fee comprises:

i. Service Fees – Core Housing Management Services - Tenancy sustainment and income recovery
ii. Service fees – Core Housing Management Services – Repairs and maintenance
iii. Service Fees – Core Housing Management Services – Core service support
iv. Service Fees – Core Housing Management Services – Company

5.2 The payments are set for a 3 rolling year period. In the first year of the agreement (2014/15) a 'base line' Management Fee was set. This was set for 3 years (subject to taking into account external factors including inflation and other aspects which are out of the control of the Company). The next rebase year for the management Fee was 2017-18. This determined the management fee for the next 3 year period, again using the framework which sets out the fee element along with the efficiency targets for the fifth and sixth years. 2020-21 will see the management fee rebased again.

5.3 The process to formulate the Management Fee for 2019/20 is being discussed and negotiated between senior officers of both the Council and Company. Unfortunately, at this point the negotiations have not been concluded and as such the Management Fee cannot be reported. It is anticipated that a verbal update along with the revised HRA budget papers will be presented to Committee.

5.4 For the Committee's reference the total management fee payable for 2016/17 was £7,796,900, 2017/18 was £8,083,310 and £8,265,360 (£8,221,290 plus 20% estimated rent income for Gladstone House £44,070) for 2018/19.

Additional income to NSH

5.5 Members will be aware that the Gladstone House extra care scheme became operational in 2018/19. There are 60 units in total. All tenants pay rent of £92.31 or £101.54 (one or two bed units) and a service charge of £127.85 per week. This service charge is to be paid over to Newark and Sherwood Homes as this covers the cost of providing food, TV Licence, lifelines and general services of communal areas. As some of these charges are variable, the payment of the service fee to NSH should be quarterly on agreement of costs and associated income. These charges are in addition to the management fee detailed in 5.3. The charges above are the rent and service charges for 2018/19 and are subject to the implementation of the agreed changes in this report.

5.6 In addition to the Management Fee detailed in 5.3 – 20% of the rent collected for Gladstone House should be paid over to Newark and Sherwood Homes for the management of the extra care accommodation.

5.7 Payments will also be made where NSH provide general fund Services to the Council, i.e. Non HRA Core Services such as Right to buy administration and Hostel management. The Company also receive income from the management of the HRA capital programme and 5 year development programme. Income of approximately £0.47m from photovoltaic cells, where solar panels are fitted to HRA properties, is received annually and currently pass ported to NSH.

Reserves

5.8 For the Committee's information the Company's reserves are listed below and accord with the Management Agreement:

Reserves	Outturn 2017/18 (£000's)	Estimate 2018/19 (£000's)
Minimum Reserve	450	475
Core Service Reserve	100	100
Bad Debt Reserve	50	50
Development and IT reserve	142	191
Staffing and Pay Reserve	100	100
Capital Financing Reserve	2339	1507
Growth	0	616
Capital Development Fund	1854	3007
Major Repairs Reserve	12	31
TOTAL	5047	6077

5.9 The Company, subject to specific clauses in the Management Agreement, must use any available surpluses or reserves, following discussion with the Council, in furtherance of the Council's strategic housing objectives/aims.

6.0 <u>Rent Levels</u>

6.1 As part of the self-financing settlement in 2012 the assumption was made that local authorities would continue to follow the Government's guidelines on annual rent setting i.e. that rents would continue to move towards convergence with other Registered Providers and that rent increases would be based on September RPI plus 0.5% with a cap on increases of RPI + 0.5% plus £2. As a result of this the self-financing settlement figure assumed a certain level of income in the business plan.

6.2 Further to this, the Government then actioned a consultation on the future rent setting policy for social housing. It proposed to end convergence with effect from 1st April 2015, and to increase rents in future by CPI + 1%. There was an element of flexibility as the proposals allowed for vacant properties to be relet at target (formula) rent. The rent setting policy was amended to reflect this change.

6.3 Members will be aware that on 8 July 2015 Government made an announcement that local authorities must reduce social rents by 1% each year for four years from 2016-17.

6.4 In line with the Government announcement and Welfare Reform & Work Act 2016 the rent levels on the majority of Council held stock have been calculated by applying a decrease of 1%. Any new lets during the year 2019/20 will be set at target rent as at 8 July 2018 less 1%.

6.5 There are a number of exemptions from the 1% reduction policy prescribed by the Welfare Reform and Work Act 2016. The one that impacts on Newark & Sherwood District Council is the temporary social housing for the homeless and as such for the financial year 2018/19 it was agreed that rent and service charge levels for the existing temporary accommodation would be calculated on CPI plus 1% equating to a 3.8% overall increase.

6.6 The calculation for the service charge element has been reviewed and it is proposed that September CPI plus 1% (3.4%) is an appropriate increase for rent and service charges for 2019/20. However, the Business Manager - Housing, Health & Community Relations has said that there is scope for this to be re-evaluated in the year and for 2020/21 as part of wider temporary accommodation proposals being considered. These proposals will be reported to Homes and Communities in March 2019.

6.7 The Committee should note that the total rent rebate case load is 3,115 (57.95%) of the total housing stock, 5375, as at 31 March 2018). The position related to benefits is now complicated by the under occupation charge which is applied after benefit is calculated – 2,215 (41.2%) tenants are currently on 100% benefit, with 898 (16.71%) claimants receiving partial benefit. Of the total number of claimants 697 (12.97%) have their benefit reduced due to an under occupation charge – these could be full or partial benefit cases.

6.8 Officers from Revenues & Benefits work closely with Newark and Sherwood Homes to ensure that Discretionary Housing Payment funds are committed to households in real need and to date this funding has benefited District Council tenants as follows:

- Funds already paid out £52,667
- Committed payments £13,356
- 129 households have been helped all due to under occupation
- Of these 129 properties, 64 have been substantially adapted for the claimants needs; these are automatically renewed each year.

6.9 This financial support helps households to progress solutions aimed at enabling the long term sustainability of their tenancy and alleviates hardship.

7.0 Service Charge Issues

7.1 Newark and Sherwood Homes have indicated that a number of the service charge costs are not currently being met by the service charges that are applied to the tenant.

7.2 Information has yet to be provided as to which charges are falling short and what the difference between cost and income is.

7.3 In light of the above it is anticipated that an analysis of the service charge costs will be undertaken by NSH in 2019/20, with the intention to review the charges in 2020-21 to move towards full cost recovery.

7.4 Therefore, it is proposed that CPI plus 1% be agreed on all service charges, and during 2019-20 a full and complete review of costs and charges are undertaken by NSH to enable a true charge to be established.

8.0 Housing Support Service Charge

8.1 Housing based support services are a core function provided by Newark and Sherwood Homes under the terms of its management agreement with the Council.

8.2 The main support service provided is to tenants in the Council's supported accommodation, representing approximately 50% of the Council's housing stock.

8.3 All tenants living in designated supported housing are responsible for paying a mandatory lifeline service of £1.66 per week in line with the conditions of the tenancy agreement.

8.4 An increase of CPI plus 1% would increase the charge to £1.72 per week in 2019/20. This charge is not covered by Housing Benefit.

8.5 The Company also offers the following support services, which are discretionary:

a) An intensive housing management service to aid those tenants who need higher levels of involvement to sustain their tenancy, and
b) A range of additional services available to tenants and private customers, each attracting a varying charge.

8.6 It is proposed that all discretionary services provided to tenant and private customers should be increased by September 2018 CPI plus 1% (3.4%).

9.0 Other Service Charges

9.1 A number of tenants have water and sewerage provided at their property with the costs of these being recharged through a weekly service charge. It is proposed that these weekly charges are increased in line with September 2017 CPI + 1% i.e. 3.4%.

9.2 A number of properties built since 2010/11 are currently subject to a weekly service charge covering the costs (where appropriate) of landscaping, lighting and drainage. It is proposed that these weekly charges are increased in line with September 2018 CPI +1%, i.e. 3.4%.

9.3 Temporary housing accommodation, Seven Hills and Wellow Green, are subject to a service charge fee. It is proposed that these weekly charges are increased in line with September 2018 CPI + 1% (3.4%), as referenced in paragraph 6.6.

10.0 Garage Rents, Plots and Garage Ports

10.1 The level of garage rents was raised in 2018/19, in line with the rent increase, to £8.36 per week, (plus VAT if they are let to non-Council tenants).

10.2 The level of garage plot rents was raised in 2018/19, in line with the rent increase, to £42.77 per annum with VAT payable for non-Council tenants.

10.3 The level of garage port rents was raised in 2018/19, in line with the rent increase, to £3.74 per week with VAT payable for non-Council tenants. .

10.4 Whilst it may be possible to increase rents by more than CPI + 1% (3.4%) for the more desirable garages, officers are aware that a large increase in rent will increase the expectations of tenants around improvements to the condition and security of the garages. Therefore it is not proposed to introduce differential rent levels at the current time.

10.5 Officers from both the Council and NSH continue to identify existing and redundant garage sites that are suitable for inclusion in the 5 year HRA development programme.

10.6 The 1% reduction in rent does not extend to garage rents.

11.0 <u>Financial Considerations - FIN18-19/8216</u>

11.1 The majority of the financial implications are set out in the body of the report.

11.2 The Housing Revenue Account balances at 31 March 2018 were £2,000,000. Under self-financing, the risks previously met by the Government through housing subsidy have now been transferred to local authority HRAs therefore the self-financing HRA business plan assumes a minimum prudent general reserve of £2,000,000.

11.3 At the most recent Conservative party conference the Prime Minister announced that Councils' HRA borrowing cap will be scrapped by the end of October 2018 and a determination has now been issued revoking previous determinations that specified a local authority's limits on indebtedness.

11.4 Once again it has been a very difficult year, with a significant amount of resources being used in the preparation of the Housing Revenue Account annual budget and the Business Plan.

11.5 The budget includes costs that continue to fall to the HRA following the transfer of management of the housing stock to Newark and Sherwood Homes, for example property insurance, depreciation, and costs of financing the borrowing to fund the capital programme. The budget also includes costs of back funded superannuation (in respect of the service prior to 1 November 2004 of those staff who transferred to Newark and Sherwood Homes), external audit fees, and costs of services which continue to fall to the HRA, for example a recharge from Financial Services for work done in respect of rent setting, servicing the Strategic Housing Liaison Panel, final accounts and budget processes etc.

Right to Buy

11.6 The number of properties sold under 'Right To Buy' sales in 2018/19 to December 2018 amount to 25.

11.7 In 2014 the Council signed up to the national 1-for-1 replacement policy, whereby additional receipts can be retained in order to part fund the construction of new social housing.

11.8 The conditions for retaining 1-for-1 receipts are that they must constitute no more that 30% of the total amount spent on the provision of new affordable housing and that the full amount of spending on the scheme must be spent (work completed) within 3 years of the retained receipts. The remaining 70% of the scheme cannot be funded from public sector grant (e.g. Homes England funding) or non RTB housing receipts.

11.9 1-for-1 receipts can be used for development costs of replacement homes at affordable rent which may be acquired or constructed and can be provided by a registered provider so long as the local authority has nomination rights. Development costs may include the cost of acquiring new land but not the value of land already owned by the authority.

11.10 The Government has recently consulted on introducing some flexibility to the use of the 1-for-1 receipts and the outcome of this is now awaited.

11.11 The Council is using its' 1-for-1 receipts to contribute to the funding of the 5 year HRA development programme, within the parameters set by Government.

Depreciation

11.12 The Council stock is now depreciated on a componentisation basis, the depreciation remains as a charge to the HRA transferring funds to the Major Repairs Reserve (MRR). Officers from the Council and NSH continue to scrutinise the capital programme on an ongoing basis to ensure that sufficient funding is available.

Balances

11.13 At the end of the financial year 2017/2018, the Housing Revenue Account added £4,443,913 to the MRR from the HRA General Reserve to allow a prudent £2,000,000 in the general reserve and to allow for continuing repair and growth within the HRA.

11.14 The Council's current policy for the Housing Revenue Account is to establish a sustainable housing growth programme, as loans reach maturity they are repaid, however dependant on the capital programme and the available resources the borrowing may be refinanced in order to deliver the 5 year HRA development programme. The revenue budget is developed in line with the capital programme requirements and the resources available to deliver the housing growth programme, while making sure that the housing Revenue Account remains financially viable.

12.0 Proposals

12.1 The proposed budget for 2019/20 is attached at **Appendix A1.**

12.2 The proposed combined management and maintenance fee be verbally reported and agreed under the existing management agreement as stated in paragraph 5.3.

12.3 Additional payments to cover the cost of the services and the management of Gladstone House be agreed.

12.4 The proposed rent in line with Welfare Reform & Work Act 2016 on the majority of Council held stock has been calculated by applying a decrease of 1%. Any new lets during the year 2018/19 will be set at target rent as at 8 July 2018 less 1%. The rent on temporary accommodation is exempt from the rent reduction.

12.5 Following a review of the support service provision, the Council implemented charges on a tiered service approach. It is recommended that these charges should be increased by 3.4% in line with CPI + 1% from 1st April 2019.

12.6 As stated in paragraphs 9.1, 9.2, and 9.3 it is proposed that all other services charges are increased by 3.4% in line with CPI + 1% from 1 April 2019.

12.7 That charges for garages, garage plots and garage ports are increased in line with the rent policy relating to garages with effect from 1 April 2019, CPI plus 1% (3.4%).

13.0 <u>RECOMMENDATIONS</u> that:-

(a) the following recommendations be made to Council at its meeting on 12 February 2019:

i. the Housing Revenue Account budget for 2019/2020 as set out in the revised Appendix A1 (to be circulated), be recommended to Council on 12th February 2019;
ii. included within the HRA budget for 2019/20, the Management and Maintenance Fee be agreed;
iii. Additional payments for the management of Gladstone House be made to Newark and Sherwood Homes;
iv. the rent of all properties in the Housing Revenue Account, as at 31st March 2019, be decreased by 1% in accordance with Welfare Reform and Works Act;
v. the rent on temporary accommodation be increased by CPI plus 1% (3.4% from 1st April 2019;
vi. that all services charges and support charges should be increased by CPI plus 1% (3.4%) with effect from April 2019;
vii. that garage, garage plot and garage port rents are increased by 3.4% in line with CPI + 1% with effect from 1st April 2019.

<u>Reason for Recommendations</u>

To advise Members of the proposed HRA budget for 2019/2020, the rent levels, garage rent, garage plots, garage ports and Housing Support Service Charge levels and for all to be recommended to Council.

<u>Background Papers</u>

None

For further information please contact Rob Main on Extension 5930 or Robin Clay on Extension 5332.

Sanjiv Kohli
Director - Resources & Deputy Chief Executive

Karen White
Director - Governance & Organisational Development

HOMES & COMMUNITIES PORTFOLIO **APPENDIX A1**

HOUSING REVENUE ACCOUNT - OUTTURN 2017/18 and BUDGET 2019/20to 2022/23

Rent decrease of 1% for 19/20 - rent increase of CPI plus 1% for 20/21, 21/22 and 22/23

Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7
			-1%	cpiplus 1% (est 3%)	cpiplus 1% (est 3%)	cpiplus 1% (est 3%)
SUMMARY	2017-18 OUTTURN £	2018-19 BASE BUDGET £	2019-20 BASE BUDGET £	2020-21 BASE BUDGET £	2021-22 BASE BUDGET £	2022-23 BASE BUDGET £
INCOME						
Dwelling rents	21,216,006.15	20,743,210	21,253,130	22,163,750	23,113,160	23,990,640
Non dwelling rents	218,912.14	222,070	199,850	193,870	187,710	181,360
Charges for services	355,628.81	772,390	773,290	796,500	820,400	845,030
Contributions to expenditure	75,727.55	83,000	87,940	90,580	93,300	96,100
Other income	677,026.60	109,320	609,210	609,360	609,510	609,670
Sub Total - Income	22,543,301.25	21,929,990	22,923,420	23,854,060	24,824,080	25,722,800
EXPENDITURE						
Management & maintenance						
Supervision & Management General:						
Management	1,373,786.92	1,190,680	1,720,630	1,735,200	1,762,470	1,790,440
Management Fee NaSH	4,283,440.00	4,302,910	5,012,570	5,162,950	5,317,840	5,477,380
Maintenance Fee NaSH	3,835,372.96	3,962,450	3,464,500	3,568,440	3,675,490	3,785,750
Maintenance	0.00	75,000	68,000	70,040	72,140	74,300
Rents, rates, taxes & other	0.00	0	3,170	0	0	0
Depreciation - dwellings	3,723,294.00	3,727,930	4,998,210	5,041,660	5,119,150	5,163,390
Depreciation - others	419,614.43	418,850	0	0	0	0
Revenue Expenditure Funded by Capital	200,915.60	0	0	0	0	0
Revaluation of Assets - Dwellings	(27,068,908.49)	0	0	0	0	0
Revaluation of Assets - Others	94,214.34	0	0	0	0	0
Debt Management Expenses	32,840.13	35,820	76,940	78,480	80,050	81,650
Sub Total - Expenditure	(13,105,430.11)	13,713,640	15,344,020	15,656,770	16,027,140	16,372,910
NET COST OF SERVICES	(35,648,731.36)	(8,216,350)	(7,579,400)	(8,197,290)	(8,796,940)	(9,349,890)
Profit/Loss on sale of HRA fixed assets	(25,066.82)	0.00	0.00	0.00	0.00	0.00
Interest Paid	4,077,156.58	4,081,720	3,877,090	3,791,690	3,889,370	3,962,510
Interest Receivable	3,619.42	(8,400)	(3,000)	(3,000)	(3,000)	(3,000)
S106 Capital Income	(574,992.54)	(1,383,830)	0	0	0	0
Capital Gov'T Grant/Cont	(2,199,614.37)	(1,161,020)	(1,560,000)	(520,000)	0	0
Capital Other Grant/Cont	(3,908,366.29)	0	0	0	0	0
Provision for Bad Debt	90,263.81	0	555,840	36,420	37,980	35,100
Admin Fee on Council Houses	40,300.00	0	36,400	36,400	36,400	36,400
NET OPERATING EXPENDITURE	(38,145,431.57)	(6,687,880)	(4,673,070)	(4,855,780)	(4,836,190)	(5,318,880)
APPROPRIATIONS						
Tfr Sale Proceeds From Cies	2,145,946.50	0.00	3,300,420.00	3,300,420.00	3,300,420.00	3,300,420.00
Tfr Admin Cost Of Sales Re Crr	(40,300.00)	0.00	(36,400.00)	(36,400.00)	(36,400.00)	(36,400.00)
Revenue Contribution To Mrr	4,443,913.00	3,883,030	2,889,470	4,112,180	4,612,590	5,095,280
Depreciation Charged To Mrr	4,142,908.43	4,146,780.00	4,998,210.00	5,041,660.00	5,119,150.00	5,163,390.00
Employers contrib NCC	260,000.00	260,000	260,000	260,000	260,000	260,000
Assets Written Off Disposal	(2,120,879.68)	0.00	(3,300,420.00)	(3,300,420.00)	(3,300,420.00)	(3,300,420.00)
Refcus Expenditure To Caa	(200,915.60)	0.00	0.00	0.00	0.00	0.00
Dep&Imp Excl Hra Dwellings	(419,614.43)	(418,850.00)	0.00	0.00	0.00	0.00
Hra Depreciation	(3,723,294.00)	(3,727,930.00)	(4,998,210.00)	(5,041,660.00)	(5,119,150.00)	(5,163,390.00)
Capital Grant & Contr Applied	6,682,973.20	2,544,850.00	1,560,000.00	520,000.00	0.00	0.00
Tfr Cap Grant Cont To Unapplied	0.00	0.00	0.00	0.00	0.00	0.00
Revaluation of Assets - Dwellings	27,068,908.49	0.00	0.00	0.00	0.00	0.00
Revaluation of Assets - Others	(94,214.34)	0.00	0.00	0.00	0.00	0.00
HRA (SURPLUS)/DEFICIT FOR YEAR	0	0	0	0	0	0
WORKING BALANCE B/F (excluding NSH efficiency gain)	(2,000,000.00)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
WORKING BALANCE C/F (excluding NSH efficiency gain)	(2,000,000.00)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)

SUBJECTIVE SUMMARY

HOUSING REVENUE ACCOUNT **APPENDIX A2**

CODE	SERVICE	2018/19 BASE BUDGET	2019/20 BASE BUDGET	MORE (LESS)	2020/21 BASE BUDGET	2021/22 BASE BUDGET	2022/23 BASE BUDGET
		£	£	£	£	£	£
	EMPLOYEES						
114	SUPERANNUATION	260,000	260,000	0	260,000	260,000	260,000
	EMPLOYEES SUB-TOTAL	**260,000**	**260,000**	**0**	**260,000**	**260,000**	**260,000**
	PREMISES RELATED EXPENDITURE						
211	REPAIRS & MAINTENANCE	4,037,450	3,532,500	(504,950)	3,638,480	3,747,630	3,860,050
214	RATES	0	0	0	0	0	0
	SUPPLIES & SERVICES						
430	NSDC MANAGEMENT COSTS	0	573,060	573,060	570,940	580,930	591,150
451	CONTRACTUAL	4,704,970	5,443,570	738,600	5,605,750	5,773,930	5,947,160
452	PROFESSIONAL SERVICES	19,520	52,680	33,160	52,990	53,300	53,620
471	STAFF EXPENSES & FEES	1,500	1,500	0	1,550	1,600	1,650
482	SUBSCRIPTIONS	2,200	1,000	(1,200)	1,030	1,060	1,090
491	INSURANCES	197,710	189,560	(8,150)	190,890	194,490	198,150
492	TRANSFER TO MAJOR REPAIRS/GROWTH RESERVE	3,883,030	2,889,470	(993,560)	4,112,180	4,612,590	5,095,280
	TRANSFER PAYMENTS						
612	FEED IN TARIFF PAYABLE TO NSH	525,000	475,000	(50,000)	475,000	475,000	475,000
612	PROVISION FOR BAD DEBTS	0	555,840	555,840	36,420	37,980	35,100
	CENTRAL DEPARTMENTAL EXPENSES						
712	CENTRAL DEPARTMENTAL SUPPORT	414,800	0	(414,800)	0	0	0
715	DEPARTMENTAL ADMINISTRATION	152,890	0	(152,890)	0	0	0
	RUNNING EXPENSES SUB-TOTAL	**13,939,070**	**13,714,180**	**(224,890)**	**14,685,230**	**15,478,510**	**16,258,250**
	CAPITAL FINANCING						
811	LOANS POOL	4,081,720	3,877,090	(204,630)	3,791,690	3,889,370	3,962,510
817	DEBT MANAGEMENT EXPENSES	35,820	76,940	41,120	78,480	80,050	81,650
821	CAPITAL CHARGES	4,146,780	4,998,210	851,430	5,041,660	5,119,150	5,163,390
	CAPITAL FINANCING SUB-TOTAL	**8,264,320**	**8,952,240**	**687,920**	**8,911,830**	**9,088,570**	**9,207,550**
	INCOME						
911	GOVERNMENT GRANTS	0	0	0	0	0	0
922	OTHER LA CONTRIBUTIONS	0	0	0	0	0	0
928	RECHARGE TO THIRD PARTY	(5,290)	(4,950)	340	(5,100)	(5,250)	(5,410)
932	FEED IN TARIFFS	(525,000)	(475,000)	50,000	(475,000)	(475,000)	(475,000)
932	FEES & CHARGES	(52,230)	(57,860)	(5,630)	(57,860)	(57,860)	(57,860)
933	RENTS	(21,789,470)	(21,452,980)	336,490	(22,357,620)	(23,300,870)	(24,172,000)
933	SERVICE CHARGES	0	(844,690)	(844,690)	(867,900)	(891,800)	(916,430)
939	OTHER RECEIPTS	(83,000)	(87,940)	(4,940)	(90,580)	(93,300)	(96,100)
941	INTEREST	(8,400)	(3,000)	5,400	(3,000)	(3,000)	(3,000)
	INCOME SUB-TOTAL	**(22,463,390)**	**(22,926,420)**	**(463,030)**	**(23,857,060)**	**(24,827,080)**	**(25,725,800)**
	COMMITTEE TOTAL (SURPLUS)/DEFICIT	**0**	**0**	**0**	**0**	**0**	**0**
	WORKING BALANCE B/Fwd	(2,000,000)	(2,000,000)	0	(2,000,000)	(2,000,000)	(2,000,000)
	Excluding NSH EFFICIENCY PAYMENT						
	WORKING BALANCE C/Fwd	(2,000,000)	(2,000,000)	0	(2,000,000)	(2,000,000)	(2,000,000)
			0		0	0	0

APPENDIX B

Local Government Association – Briefing Note (4 January 2019)

Housing Revenue Accounts (HRA): Rent issues in 2019/20 arising from 53 Mondays falling in the financial year

Introduction

1) This note has been prepared by the Local Government Association (LGA), National Federation of ALMOs (NFA) and Association of Retained Council Housing (ARCH) in consultation with a range of local authorities. We feel it is useful to send to all councils with a Housing Revenue Account.

2) Every six to seven years 53 Mondays fall in a financial year and this will be the case in 2019/20. As rent debits are raised on Mondays this means that the HRA ordinarily benefits from an 'extra' week's rent when there are 53 Mondays in a year.

3) This creates two immediate issues which are important now as local authorities (LA) begin taking decisions and planning communications to tenants on rents from April 2019.

Welfare Reform Act

4) The 4 year 1% rent a year decrease introduced by the Welfare Reform Act 2016 means that the 53 Mondays of rent in 2019/20 can be interpreted as taking LAs over the required 1% decrease on rents in the 52 Monday year in 2018/19.

5) A number of LAs and their representative groups have raised this with MHCLG, whose initial response was that the rent reduction had to be applied on an annual basis and that landlords would either have to offer up a rent free week or collect 52 weeks' worth of rent over 53 payments. Either way local authorities would lose a week's rent.

6) Furthermore this would have a long lasting impact of reducing rental income since Government is consulting on proposals to limit rent increases to CPI+1% per year from 2020/21 so the reduced rental income in 2019/20 would be "baked in".

7) However a number of LAs and partners have investigated this issue and have reached a consensus that the definition within the legislation could be interpreted so that rent payable 'in respect of that relevant year' should be calculated – as it is for accounting purposes at the year end - on a daily basis, though still charged on a weekly basis. This would allow 53 weeks' worth of rent to be charged as normal, and still be in compliance with the Welfare Reform and Work Act requirements to reduce rents by 1%.

8) It is also easier to explain as weekly rents will just need to be reduced by 1% as normal. There will need to be communication with any tenants making monthly payments (for instance by direct debit) where payments will increase by about 1% next year but that the following year’s increase in payments will be lower in percentage terms than the increase at that time.

9) This consensus has been communicated to MHCLG. Officials have emphasised that it is for individual LAs to satisfy themselves that they are complying with the legal position.

Universal Credit

10) A further complicating issue is that Universal Credit legislation does not allow for 53 Monday years and therefore UC claimants would find themselves a week in arrears if charged 53 week’s rent.

11) LAs have suggested that this could be amended through a statutory instrument, which references 53 weeks where applicable. However, DWP are not supportive of this approach, perhaps because it might have implications for their IT systems, or for introducing further complexity.

12) Another proposal is to ask that the Government temporarily resolve this through topping up rents for 2019/20 somehow, while working to find a sustainable long-term solution. There is not yet a detailed view on what the long-term solution might be.

Next steps

13) The LGA will continue to make representations to both DWP and MHCLG for a sustainable long-term solution to this issue, and would welcome views from councils.

POLICY & FINANCE COMMITTEE
24 JANUARY 2019

BUSINESS RATES - NEW RETAIL DISCRETIONARY RATES RELIEF

1.0 Purpose of Report

1.1 To inform the Policy & Finance Committee of a proposed new Business Retail Rates Relief Scheme for the financial years 2019/20 and 2020/21.

1.2 To request that the Policy & Finance Committee adopt the proposed new Business Retail Rates Relief Scheme for the 2019/20 and 2020/21 financial years.

2.0 Background Information

2.1 The Government announced in the Autumn Budget on 29 October 2018 that it will provide business rates relief of up to 1/3rd to all occupied retail properties with a rateable value of £51,000 or less in each of the years 2019-20 and 2020-21.

2.2 As this is a measure for 2019-20 and 2020-21 only, the Government will not change the legislation around the reliefs available to properties. Instead the Government will, in line with the eligibility criteria set out guidance, reimburse local authorities that use their discretionary relief powers, introduced by the Localism Act (under section 47 of the Local Government Finance Act 1988, as amended) to grant relief.

2.3 It will be for individual local billing authorities to adopt a local scheme and decide in each individual case when to grant relief.

2.4 Central government will fully reimburse local authorities for the local share of the discretionary relief (using a grant under section 31 of the Local Government Act 2003). The Government expects local government to grant relief to qualifying ratepayers.

3.0 Proposals

Which properties will benefit from relief?

3.1 Properties that are occupied with a rateable value of £51,000 or less, that are wholly or mainly being used as shops, restaurants, cafes and drinking establishments. Therefore, properties which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief.

3.2 The following are considered to be shops, restaurants, cafes and drinking establishments for the purposes of this scheme:

Properties that are being used for the sale of goods to visiting members of the public including:

Shops (such as: florist, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licence, chemists, newsagents, hardware stores, supermarkets, etc)
Charity Shops
Opticians

Post Offices
Furnishing Shops/Display Rooms (such as: carpet shops, double glazing, garage doors)
Car/Caravan Showrooms
Second Hand Car Lots
Markets
Petrol Stations
Garden Centres
Art Galleries (where art is for sale/hire)

Properties that are being used for the provision of the following services to visiting members of the public:

Hair and beauty services (such as: hair dressers, nail bars, beauty salons, tanning shops, etc)
Shoe repairs/ key cutting
Travel agents
Ticket offices e.g. for theatre
Dry cleaners
Launderettes
PC/ TV/ domestic appliance repair
Funeral directors
Photo processing
DVD/ video rentals
Tool hire
Car hire

Properties that are being used for the sale of food and/or drink to visiting members of the public:

Restaurants
Takeaways
Sandwich shops
Coffee shops
Pubs
Bars

3.3 The list set out above is not intended to be exhaustive, properties not listed that are broadly similar in nature to those above should be considered as eligible for the relief.

<u>Which properties will not benefit from relief?</u>

3.4 The types of uses set out in the list below are not considered to be retail use for the purpose of this relief. Properties that are similar in nature to those below are also not considered to be eligible for the relief under this scheme.

Properties that are being used for the provision of the following services to visiting members of the public:

Financial services (e.g. banks, building societies, cash points, bureau de change, payday lenders, betting shops, pawn brokers)
Other services (e.g. estate agents, letting agents, employment agencies)
Medical services (e.g. dentists, doctors, osteopaths, chiropractors)
Professional services (e.g. solicitors, accountants, insurance agents/ financial advisers, tutors)
Post office sorting office

3.5 Eligibility for the relief and the relief itself will be assessed and calculated on a daily basis.

3.6 The relief will be applied against the net bill after all other reliefs.

3.7 Examples of how the relief would be applied to the business rates bill are shown at **Appendix A.**

4.0 Equalities Implications

4.1 There are no equality implications associated with this report.

5.0 Impact on Budget/Policy Framework

5.1 Central Government will reimburse billing authorities and those major precepting authorities within the rates retention system for the actual cost to them under the rates retention scheme. There will therefore be no additional costs incurred by the Council in adopting such a scheme for 2019/20 and 2020/21.

State Aid

5.2 The state aid provisions that govern this relief come under Section 69 of the Localism Act which amended Section 47 Local Government Finance Act 1988.

5.3 The support offered under this policy is given under the State Aid Regulations (1407/2013). This allows an undertaking to receive up to €200,000 of De Minimis aid in a three year period (consisting of the current financial year and the two previous years).

5.4 There will be a requirement for ratepayers receiving support to confirm that they have not received any other State Aid that, together, exceeds in total €200,000, in accordance with the above.

6.0 RECOMMENDATION

That the proposed new Business Retail Rates Relief Scheme for the 2019/20 and 2020/21 financial years be adopted.

Reason for Recommendation

To establish a local business rates retail relief scheme for the financial years 2019/20 and 2020/21.

Background Papers

Nil

For further information please contact Phil Ward, on Ext 5347

Sanjiv Kohli
Deputy Chief Executive / Director - Resources

The retail discount (one third) is always calculated after mandatory relief and other discretionary reliefs funded by section 31 grant.

Example 1: An occupied shop with a rateable value of £40,000
Gross rates (before any reliefs) = £40,000 x 0.491 = £19,640
Retail discount (1/3): = -£6,547
Rates due (after retail discount): = £13,093

Example 2: An occupied charity shop with a rateable value of £40,000
Gross rates (before any reliefs) = £40,000 x 0.491 = £19,640
Net rates after charity relief: = £3,928
Retail discount (1/3): = -£1,309
Rates due (after charity relief and retail discount): = £2,619

Example 3: An occupied shop with a rateable value of £13,500 eligible for Small Business Rate Relief (SBRR)
Gross rates (before any reliefs) = £13,500 x 0.491 = £6,629
Net rates after SBRR (50%): = £3,314
Retail discount (1/3): = -£1,105
Rates due (after SBRR and retail discount): = £2,210

Example 4: An occupied shop with a rateable value of £10,000 eligible for Small Business Rate Relief (SBRR)
Gross rates (before any reliefs) = £10,000 x 0.491 = £4,910
Net rates after SBRR (100%): = £nil
Rates bill is nil and, therefore, no retail discount applies

URGENCY ITEMS - MINUTE OF DECISION

Delegation arrangements for dealing with matters of urgency

Paragraph 7.2.1 of the Council's Constitution provides that Chief Officers may take urgent decisions if they are of the opinion that circumstances exist which make it necessary for action to be taken by the Council prior to the time when such action could be approved through normal Council Procedures. They shall, where practicable, first consult with the Leader and Chairman (or in their absence the Vice-Chairman) and the Opposition Spokesperson of the appropriate committee.

Subject: Housing Management Service Review – Appointment of Financial Consultant

The Council is undertaking a review of its housing management services, focusing its review on the two options of: retaining delivery through Newark and Sherwood Homes Ltd; or the provision of in-house management services by the Council.

A timescale has been set for the review work to be undertaken over the months of January and February, recognising that whilst the review needs to be robust and thorough, it is important to undertake the work without undue delay given the inevitable uncertainty that the review will cause. This timeline is challenging, and it is recognised by both Council and Newark and Sherwood homes' officers that it is vitally important for the Council and the Company to co-operate fully and in a timely manner in the provision and exchange of information required for the review if the timelines are to be met.

To assist the Council in its review work, and to ensure independency in the gathering and analysis of the relevant financial and other information, the Council has appointed Steve Partridge of Savills. Steve completed a similar piece of work for the Council in 2012, through Consult CIH, when it reviewed the future options for the management of the Council's housing stock. He has extensive experience of providing consultancy on local authority housing, housing structures and options and housing finance, as well as being a recognised national expert in housing finance. It is proposed that he will carry out all financial aspects of the review, providing a valuable degree of external validation to the process. NSH officers have been consulted on this approach and are supportive, recognising the need for additional resource if the review is to deliver its objectives against the timelines set.

Budgetary Implications (Finance Officer's Comments)

The Council's Contract Procedure Rules (CPR) require that three quotations be obtained for contracts over the sum of £10,000 unless an exemption is necessary due to, (inter alia), serious disruption to Council services. In such cases approval to an exemption being applied must be given by the S151 Officer. Given the fact that Steve Partridge undertook similar work for the Council as part of the 2012 stock options appraisal, he has underlying knowledge of both the Council and the Company, which will assist with timeliness and robustness of producing the review report. There are relatively few other organisations that could assist with this highly specialised review and going through a quotation process would delay the review work beyond the required timescales. Taking these factors into account an exemption to the CPR is considered to be appropriate and has been approved.

The HRA currently doesn't have a provision within the 18/19 budget for this amount. However, this could be funded from a reduction in contribution to the Major Repairs Reserve and it is anticipated that this would not have a detrimental impact on the Capital Programme going forward.

Appropriate Committee:

Policy & Finance Committee

Details of Item and Decision Taken (including reason(s) for use of urgency procedure):

To approve the appointment of Steven Partridge, Savills at the sum of £15,000 to undertake the work detailed above to support the Council in the delivery of the review project.

The reason for the urgency is to be able to deliver the review work within the proposed timescale.

Members Consulted:

Councillor David Lloyd - Chairman of Policy & Finance Committee – 09.01.19
Councillor Paul Peacock – Opposition Spokesperson Policy and Finance – 11.01.19

Signed Karen White   Date: 11.01.19

URGENCY ITEM - MINUTE OF DECISION

Delegation arrangements for dealing with matters of urgency

Paragraph 7.2.1 of the Council's Constitution provides that Chief Officers may take urgent decisions if they are of the opinion that circumstances exist which make it necessary for action to be taken by the Council prior to the time when such action could be approved through normal Council Procedures. They shall, where practicable, first consult with the Leader and Chairman (or in their absence the Vice-Chairman) and the Opposition Spokesperson of the appropriate committee.

Subject: Appointment of Director of Growth and Regeneration

Purpose

To determine the appointment process for the Director of Growth and Regeneration.

Background

The Council have recently completed a period of consultation regarding changes to the management structure. Following close of the consultation exercise a revised structure has now been implemented. The structure includes the post of Director – Growth and Regeneration. Many of the activities incorporated into this role are already being undertaken by an existing member of staff who has been carrying out additional activities outside of his substantive role in a deputising capacity. Consequently a decision has been taken to seek applicants for this post internally in the first instance to determine whether an appointment can be made. In the event that it is not possible to make an appointment internally then the post will be advertised externally.

Recruitment/Appointment

Under Part Two of the Council's Constitution Policy & Finance are responsible for the appointment and dismissal of staff, with the exception of Statutory Officer appointments (Head of Paid Service, Monitoring Officer and Section 151 Officer) which are expressly reserved to Council for approval.

Certain appointments are the responsibility of the Chief Officer Appointment Panel. The role and function of the Chief Officers Appointments Panel is to interview and appoint Chief Officers that are not required to carry out a statutory role as set out above.

The size and composition of the Panel is to be determined by either the Policy and Finance Committee or full Council as appropriate.

On the last occasion the Council appointed to a Chief Officer role the Panel included five members drawn from the whole Council, broadly reflecting political balance with three members of the Panel drawn from the controlling group and two members of the Panel drawn from the major opposition group.

On this occasion it is proposed to increase numbers of participants on the Panel to six, to include three members from the controlling group (including the Leader of the Council) and three members from the major opposition groups. The Leader of the Council will assume the role of Chairman and hold the casting vote. When comprising the Panel the Council will ensure gender balance as far as possible.

Appropriate Committee

Policy & Finance Committee

Decision Taken (including reason(s) for use of urgency procedure):

To constitute a Chief Officer Appointment's Panel as soon as possible to comprise three Members of the controlling group and three Members from the opposition groups drawn from the whole Council to interview candidates for the role of Director – Growth and Regeneration.

To enable the recruitment to the post of Director – Growth and Regeneration to take place as soon as possible.

The reason for the proposed urgency is to agree the process for the appointment of the Director of Growth and Regeneration and in doing so enable the Head of Paid Service to progress implementation of the revised management structure at the earliest possible convenience.

Members Consulted

Councillor David Lloyd – Chairman of Policy & Finance Committee
Councillor Paul Peacock – Opposition Spokesperson Policy & Finance Committee

Signed Date: 03.01.19

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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