

# Public Document Pack



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**Chairman: Councillor R Blaney**  
**Vice-Chairman: Councillor D Lloyd**

**Members of the Committee:**

**Councillor R Jackson**  
**Councillor B Laughton**  
**Councillor T Roberts**  
**Councillor P Peacock**  
**Councillor D Staples**

**Substitute Members:**

**MEETING: Policy & Finance Committee**

**DATE: Thursday, 25 January 2018 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](mailto:nigel.hill@newark-sherwooddc.gov.uk).



## AGENDA

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# Agenda Item 4

## NEWARK AND SHERWOOD DISTRICT COUNCIL

Minutes of the Meeting of the **POLICY & FINANCE COMMITTEE** held in the Civic Suite, Castle House, on Thursday, 30 November 2017 at 6.00pm.

PRESENT: Councillor R.V. Blaney (Chairman)

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

ALSO IN ATTENDANCE: Councillor: T. Wendels.

### 33. APOLOGIES FOR ABSENCE

There were no apologies for absence.

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

Councillor D.J. Lloyd declared a personal interest in respect of Agenda Item No. 20 – Former Municipal Buildings as his employer owned the property.

### 35. DECLARATIONS OF INTENTIONS TO RECORD THE MEETING

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

### 36. MINUTES FROM THE MEETING HELD ON 21 SEPTEMBER 2017

The minutes from the meeting held on 21 September 2017 were agreed as a correct record and signed by the Chairman, subject to an amendment to Minute No. 23 – Housing Infrastructure to insert the word ‘bids’ in the first sentence as follows: “The Chief Executive presented a report which sought support for two bids to the Housing Infrastructure Fund...”

### 37. ESTABLISHMENT OF A DEVELOPMENT COMPANY

The Chairman advised that this item was withdrawn from the agenda and would be re-presented at the meeting scheduled to take place on 25 January 2018.

### 38. COMMUNITY AND ACTIVITY VILLAGE - NOTTINGHAMSHIRE COUNTY COUNCIL'S PROPOSALS FOR THE CREATION OF A CYCLE ROUTE ALONG SPARROW LANE

The Deputy Chief Executive presented a report concerning proposals by Nottinghamshire County Council to enhance the current right of way at Sparrow Lane, Newark, linking Bowbridge Road to Elm Avenue.

It was reported that following public consultation the County Council had revised their proposals which were now to create a cycle route along part of Bowbridge Road only, then directing cycles through Sparrow Lane to connect to London Road through Elm Avenue. District Council approval of the proposal was required given the District Council owned Sparrow lane.

It was considered that the proposal would deliver direct benefits in that it would provide an enhanced access by bicycle to the Newark Sports and Fitness Centre and to the Community and Activity Village. The County Council would provide the capital funding to undertake the works to widen the footpath and the capital costs of providing lighting but would look to the District Council to meet future revenue costs in respect of the lighting and to be responsible for the future maintenance of the cycle path. If the scheme was to proceed the District Council would work with the County Council in determining the final specification for the work in order to have some control over revenue costs. The Deputy Chief Executive confirmed that the estimated cost of lighting was £65.67 per annum, if these were dimmed between 10pm and 7am.

AGREED (unanimously) that:

- (a) the County Council's proposals for the enhancement of Sparrow Lane in order to provide a designated cycle route linking Bowbridge Road to Elm Avenue be approved with the Deputy Chief Executive being given delegated authority to sign any necessary legal documentation to give effect to this accordingly; and
- (b) the District Council accepts responsibility for any future maintenance costs including lighting of the proposed route, with appropriate budget provision being made accordingly.

Reason for Decision

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

39. COMMUNITY AND ACTIVITY VILLAGE - ARRANGEMENTS WITH RHP SPORTS AND SOCIAL CLUB

The Deputy Chief Executive presented a report which advised that terms had been agreed with RHP Sports & Social Club in respect of their relationship with the Community and Activity Village.

Negotiations had been ongoing with the club regarding the use of the area of land immediately adjacent to the Sports & Social Club for the provision of staff parking for use by YMCA staff during the daytime, with the car parking then available for the Sports & Social Club in the evenings. The club would grant a vehicular right of way over their land into the Community and Activity Village. The club had also released covenants over the former sports field to enable the development to proceed.

The district council would sublease an area of land to the club at the front of their building and erect fencing at the back of the premises adjacent to Sparrow Lane. YMCA had also agreed to undertake various works as set out in the report.

It was reported that Heads of Agreement had now been agreed and the details of these were set out in the report. The terms agreed would bring positive benefits to both the club and the Community and Activity Village.

AGREED (unanimously) that:

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

Reason for Decision

To advise members of the Heads of Agreement entered into between the Council, RHP Sports and Social Club and the YMCA and to conclude the associated legal documentation.

40. COMMUNITY AND ACTIVITY VILLAGE - UPDATE ON CRICKET

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

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

The report gave an update in respect of potential costings, funding, design and details of delivery of phase one of the scheme, the provision of a second pitch. ECB had advised that in order to secure VAT savings the district council should be responsible for seeking funding for phase 1 of the works from ECB and appointing a contractor to undertake the works. The club should then be given a leasehold rather than a freehold transfer of the land on completion of the works. This presented an increased risk to the Council but this was mitigated by the fact that the contractor would not be appointed until the club had entered into an agreement for lease in respect of the second pitch, ECB had given approval in principle to provide grant funding and the Town council had confirmed that they would meet any funding deficit.

AGREED (unanimously) that:

- (a) progress on the provision of the second pitch and new changing facilities at Kelham Road, Newark be noted;
- (b) subject to Newark R&M Cricket Club first entering into an agreement for lease and subject to confirmation of in principle funding from the ECB, approval be given for the District Council to retain ownership of the land which will comprise the second pitch until completion of the works to provide the second pitch, with the District Council being responsible, through its appointed consultants TGMS, for the appointment of contractors to undertake the works and for the carrying out of those works;
- (c) delegated authority be given to the Deputy Chief Executive to submit an application to the ECB for funding for the phase 1 works to create a second pitch at Kelham Road;
- (d) ownership of the land transfer to Newark R&M Cricket Club as soon as the works have been completed with the Club taking on responsibility for the second pitch for the consequent 12 month maintenance period; and
- (e) the costs be included in the Capital Programme as per the proposal.

Reason for decision

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

41. COMMUNITY AND ACTIVITY VILLAGE - PROPOSED ACQUISITION OF A PARCEL OF LAND FROM SUSTRANS

The Deputy Chief Executive presented a report which sought approval to purchase a parcel of land from Sustrans to enhance the proposed Community and Activity Village and to enter into legal agreements with Sustrans to enable linkages to be made to the Sustrans route.



The parcel of land was immediately adjacent to the rear of the Community and Activity Village. This land was shown on the plan attached as an appendix to the report. As part of the Community and Activity Village proposals, it would be necessary to divert the public footpath which currently crossed part of the site and create a new link from that path to the permissive path owned by Sustrans. The Council was also looking to acquire additional land from Tarmac in order to extend the Community and Activity Village, although formal terms have not yet been agreed. The intention was that the proposed cycle track would extend into the additional area of land to be acquired from Tarmac and as a second phase of their proposals, YMCA would erect a boat store with the intention to reach agreement with Balderton Parish Council to use Balderton Lake for water based activities. To this end it would be necessary to cross the Sustrans path in order to gain access from the boat store to Balderton Lake. Sustrans had indicated their agreement to granting the Council the right to extend the proposed footpath diversion over land in Sustrans ownership, to connect to the Sustrans route and to grant a Deed of Easement to the Council to cross land in Sustrans ownership in order to pass from the Community and Activity Village to Balderton Lake.

AGREED (unanimously) that:

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

#### Reason for Decision

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

#### 42. ICT STRATEGY

The Director – Customers presented a report which set out the new ICT Strategy. The report advised that since July 2011 the Council had been part of a shared services partnership for the provision of ICT and information management services with

Rushcliffe and Broxtowe Borough Councils. It was noted that at the end of March 2017 the ICT Shared Service had generated £1.63M of cumulative savings across the three councils. In addition, the councils were benefiting from collaborative working in relation to business continuity and security, sharing knowledge, learning and experiences.

The ICT Strategy, which was attached as an appendix to the report, had been developed in consultation with employees, managers, and the wider ICT shared service partnership. The Strategy provided five themes to support the strategic objectives namely: enabling efficiency; responding flexibly and with agility to customer needs; increase ability to work in effective partnerships; modern architecture supporting efficient and agile working culture; and robust arrangements for business continuity, information management and governance and security.

AGREED (unanimously) that the ICT Strategy be adopted.

Reason for Decision

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

43. DISQUALIFICATION CRITERIA FOR COUNCILLORS - GOVERNMENT CONSULTATION

The Deputy Chief Executive presented a report concerning a Government Consultation on proposed legislative changes to extend the criteria for disqualification of councillors. It was proposed to extend the disqualification criteria as detailed in the report.

Members expressed anxiety regarding the civil elements as these could be of a low level and as such it was felt that civil penalties should be excluded. However they did feel that disqualifications should be introduced for those convicted of benefit or Council Tax fraud. The Committee considered that only convictions issued by the courts should be relevant in this context, and should not include cautions.

AGREED (unanimously) that the Deputy Chief Executive respond to the DCLG consultation paper in accordance with the views put forward by the Committee.

Reason for Decision

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

44. POLICY AND FINANCE COMMITTEE DRAFT REVENUE BUDGET 2018/19

The Assistant Business Manager – Financial Services presented a report which informed Members of the progress to date on the budget for 2018/19. At their meeting on 21 September 2017 the Policy & Finance Committee considered the preliminary report on the 2018/19 Budget and agreed the overall strategy including the appropriate basis on which the budget should be developed, including salaries, wages, general inflation, debt charges etc.

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

Business Managers and service budget officers had been working with officers from Financial Services to determine a first draft General Fund budget and Medium Term Financial Plan. The budgets had been prepared in line with the strategy agreed by the Policy & Finance Committee on 21 September 2017. A summary of the figures to date for the Policy and Finance Committee were given in Appendix A to the report.

It was noted that the current draft budget showed an increase in 2018/19 primarily due to changes in National Insurance rebates and banding and the 2.5% pay award to employees, however it was now considered unlikely that a 2.5% pay award would be awarded. It was important for the Committee to continue to scrutinise and review its budget on order to achieve additional savings in future years.

AGREED (unanimously) that:

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

#### Reason for Decision

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

#### 45. COUNCILS OVERALL DRAFT REVENUE BUDGET 2018/19

The Assistant Business Manager – Financial Services presented a report which informed Members of the progress to date on the budget for 2018/19. At their meeting held on 21 September the Policy & Finance Committee considered the preliminary report on the 2018/19 Budget and agreed the overall strategy including the appropriate basis on which the budget should be developed, including salaries, wages, general inflation, debt charges etc.

The individual Committees had met throughout November and had recommended that their current draft budgets should be reported to this meeting of the Policy & Finance Committee for further consideration. It should be noted that at this stage the Committee was considering only the budget and not the implications for Council Tax levels. The level of fees and charges would be considered by individual Committees during January 2018 and these would be reported to Policy & Finance Committee on 22 February 2018.

A summary of the budget figures were set out in Appendix A to the report. Committee expenditure currently showed an overall increase of £833,070. This figure assumed a 2.5% increase in salary and wages costs overall in 2018/19. The Committee expenditure currently also included a number of items which were funded from reserves. These were detailed in the report.

Officers would continue to develop the budget and deliver strategic savings and functional Committees had been requested to look at opportunities for savings in 2018/19, and also any investment potentials which would increase and support revenue income levels, in order to reduce the projected burdens in future years. It was noted that there was considerable work to be undertaken before the budget was completed, however good progress had been made towards a balanced budget for 2018/19.

AGREED (unanimously) that:

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

Reason for Decision

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

46. CAPITAL PROGRAMME MONITORING TO 30 SEPTEMBER 2017

The Capital Programme Accountant presented a report which monitored the progress of the overall Capital Programme since the last progress report to the Committee on 21 September 2017. Appendices A and B to the report provided details of the capital projects over their whole life to illustrate total budget, expenditure, progress and explanations for any amendments. Variations to the Capital Programme since it was last reported to the Committee on 21 September 2017 were detailed in Appendix C. It was advised that the current revised capital programme for 2017/18 for General Fund and HRA was £33,591,000.

AGREED (unanimously) that the variations listed in Appendix C of the report be approved.

Reason for Decision

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

47. REVIEW OF PROGRESS ON CORPORATE PEER CHALLENGE ACTION PLAN

The Deputy Chief Executive presented a report which advised of progress on the Corporate Peer Challenge Action Plan. The agreed action plan which detailed the agreed actions, along with a note of progress made and revised target dates for completion of relevant actions, was attached as an appendix to the report.

AGREED (unanimously) that progress on the Corporate Peer Challenge Action Plan be noted.

Reason for Decision

To inform Members of progress against the Corporate Peer Challenge Action Plan.

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

The Assistant Business Manager – Financial Services presented a report which compared the General Fund Revised Budget for the period ending 31 March 2018 with the Projected Outturn forecast for the period based on half yearly performance information.

The appendices to the report detailed anticipated performance against budget for the period to 31 March 2018 for all general Fund service provision. The total for service net expenditure showed a projected shortfall of income and small overrun on expenditure totalling £165,190 against the revised budget for the period to 31 March 2018. The main variations from the revised budget were detailed in the report.

AGREED (unanimously) that the current projection of the Council's net expenditure compared to budget at 31 March 2018 be noted.

Reason for Decision

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

49. EXCLUSION OF THE PRESS AND PUBLIC

AGREED (unanimously) that under Section 100(A) of the Local Government Act 1972, the press and public be excluded from the meeting during discussion of the following items of business on the grounds that they involved the likely disclosure of exempt information as defined in Paragraph 3 of Schedule 12A of the Act and that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

50. ELM AVENUE, NEWARK

The Committee considered the exempt report presented by the Deputy Chief Executive in relation to the purchase of land at Elm Avenue, Newark.

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

51. KEEPERS COTTAGE, NEWARK

The Committee considered the exempt report presented by the Deputy Chief Executive in relation to the sale of Keepers Cottage, Newark.

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

52. HOPE HOUSE SCHOOL, NEWARK

The Committee considered the exempt report presented by the Deputy Chief Executive in relation to Hope House School.

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

53. FORMER MUNICIPAL BUILDINGS

The Committee considered the exempt report presented by the Deputy Chief Executive in relation to the former Municipal Buildings.

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

Meeting closed at 7.40pm.

Chairman

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

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## ESTABLISHMENT OF A DEVELOPMENT COMPANY

### **1.0 Purpose of Report**

- 1.1 To consider the business case for establishing the Council's wholly owned development company and to seek approval from Committee to incorporate the company with Companies House. A further report is included the confidential part of the agenda.

### **2.0 Background Information**

- 2.1 The Council has set out its vision in the Commercial Strategy, approved by Council on 21 September 2017:

**“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”**

- 2.2 The overarching aim of the Commercial Strategy is to deliver positive financial returns to the Council's General Fund. The Strategy also sets out the following aims and objectives:

- Deliver a financial contribution in order to re-invest in current services where at present we cannot recover adequate, or any, income;
- Invest in new projects that will save costs, increase revenue, or both;
- Help enable non-statutory services to at least cover all their costs including overheads (and potential opportunity cost) in order to reduce risk of closure and be profit generating where possible.
- Actively engage in market development and market shaping where no such market currently exists and using insight to manage specification and demand;
- Apply our financial strength to invest in order to deliver on going positive returns;
- Ensure that outcomes in the local community are delivered on a sustainable basis;
- Strengthen our reputation with residents, local businesses, the Local Government sector, staff, other customers, partners, and stakeholders in general;
- Become a services provider to new and existing customers both from within the local authority environment and beyond, particularly where we are uniquely placed to do so;
- Develop and cultivate our commercial/transformational knowledge.

One of the key branches to delivering the objective above (as well as direct investments, shared and traded services), is the establishment of a limited company, wholly owned by the Council, that will undertake residential and commercial developments to generate revenue returns back to the Council and thereby contribute towards meeting the anticipated funding gap by the year 2020/21.

- 2.3 Central Government Funding for Newark and Sherwood has reduced from £8.5m in 2013/14 to £5.9m in 2016/17. This represents a reduction in core funding of 30.5% over this 3 year period. In response to this reduction in funding, the Council has reduced its net service expenditure over this same period from £12m to £10.8m.
- 2.4 Further reductions in government funding are anticipated to the year 2020, when Revenue Support Grant (RSG) will be fully withdrawn by government and may be replaced by 100% business rates retention. It is very unlikely that this anticipated change will mean retention of 100% business rate billed and collected in Newark and Sherwood as there will certainly be a national system of equalisation to accompany the new funding regime. Furthermore, government have already stated that new responsibilities will be passed on to Local Government resulting in additional funding pressures. The deficits in funding, that Local Government has, by now, become accustomed to, will therefore continue.
- 2.5 The Council has already recognised in approving the Medium Term Financial Plan (approved 29 June 2017), the Commercial Strategy (approved 21 September 2017) and the Investment Plan (approved 21 September 2017) the need to generate new revenue streams by 2020/21 in order to safeguard the delivery of front line services, by bridging the anticipated funding gap by 2020/21.
- 2.6 Committee Members have received a number of presentations (as have all elected Members) on establishing a development company and at its meeting of 6 April 2017, Policy & Finance Committee Members agreed to support, in principal, the setting up of a development company, subject to a business case that demonstrated the benefits and financial viability of establishing a company.
- 2.7 This business case has been developed and is included as **Appendix 1** to the report on the confidential part of the agenda. The business case has been developed and has been informed by expert market research and financial appraisal carried out on the existing, Council owned site on Bowbridge Road. The market research has been carried out by URBED (Urbanism Environment and Design) Ltd. and the financial appraisal has been carried out by Aspinall Verdi Ltd. The study establishes the viability of this site for residential development. The study also establishes the density, character and overall strategy appropriate for the site and location.
- 2.8 The financial appraisal based on the market research demonstrates that developing the site on Bowbridge Road through the limited company would generate positive net commercial returns to the Council.

The estimated total return to the Council for the two options would be 36.76% of total development cost and 41.32% of total development cost respectively. This, however, includes land value which, arguably, would be receivable by the Council anyway, irrespective, of whether the development was undertaken by the LATCo or an unrelated independent developer (albeit it may be accelerated if developed by LATCo). If, therefore, the land value is disregarded for the purposes of this appraisal then the Return on Investment (ROI), assuming direct development or partnership/joint venture development, would be between 21.21% and 10.6% depending on the development option chosen.

2.9 The method of development (direct or partnership) will need to be explored further once the company has been incorporated, however, the viability report demonstrates that in both cases, the estimated return on the investment cost exceeds the target return of 6% that is set out in the Council's Investment Strategy and has been approved by Full Council.

2.10 The business case, **(see the Confidential item on the Agenda)** sets out in detail, the benefits of operating through a limited company, the estimated cost of setting up the company, the estimated operational cost of the company for the first 3 years, the funding structure of the company and the financial appraisal for the development on Bowbridge Road, together with a SWOT analyses and risk appraisal.

2.11 The business case also sets out the proposed governance structure, as follows:

#### 2.11.1 The Council

- Establish and appoint members to the Shareholders Committee
- Agree all consequential changes to the constitution of the Council
- Approve funding for the company as part of the annual budget setting process
- Approve any additional in-year funding exceeding the approved budget

#### 2.11.2 Policy & Finance Committee

- To receive and review reports from the Shareholders Committee
- To review the outcomes of the LATCo in the context of the Council's strategy
- To consider and approve requests for funding within the approved budget.

#### 2.11.3 Shareholder Committee

The Shareholder Committee will be appointed by full Council and will have full delegated authority within its remit. . The Committee will be **politically balanced** and comprise of **5 elected Members** who will be advised by the Council's Monitoring Officer. The Chair of the Board of Directors will report to the Shareholder's Committee at each meeting, unless specifically asked not to attend.

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

- Agree the Company's Articles of Association;
- Agree the Management/Shareholders agreement between the Council and the Board of Directors; setting out the objectives including the economic, social and ethical considerations which the Council expects the company to address;
- Agree the constitution of the Board of Directors and to approve the appointment of directors to the Board and to have the power to remove directors of the Board and approve best practice policies in relation to such appointments;
- Receive, review and approve the company's annual report and the annual business plan;
- Review the performance of the LATCo; and

- Determine on behalf of the Council how it should exercise the functions flowing from its ownership of shares, including decisions on payment of dividends from the company's profit after taxation.

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

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

#### 2.11.4 LATCo Board of Directors

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

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

- One Elected Member
- The Chief Executive
- The Deputy Chief Executive/Director - Resources
- Two Officers of the Council

In addition, an Officer of the Council will be appointed as Company Secretary. This is not a Board position and therefore carries no voting rights

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

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

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

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

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

### **3.0 Proposals**

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

### **4.0 Equalities Implications**

- 4.1 There are no equality implications in establishing a development company.

### **5.0 Finance**

- 5.1 The Council has approved £120,000 to fund the company's initial set up costs. No further funding requirement is envisaged until after the end of this financial year.
- 5.2 As set out in the business case, the company will require seed funding and a loan to fund the development of the first site on Bowbridge Road. Assuming that the scheme approved is for 103 units then the total amount of funding required is set out in the business case. It is proposed that 25% is provided as equity funding and 75%, as loan funding. The phasing of this funding provision will need to be determined and therefore a report will need to be brought later for approval by Policy & Finance Committee.

### **6.0 RECOMMENDATIONS**

**It is recommended that, subject to the detailed consideration of the exempt business case, Policy & Finance Committee:**

- (a) approves the establishment of the development company; and**
- (b) approves the management and governance arrangements, as set out in section 2.5 above.**

#### **Reason for Recommendations**

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

**The business case, to be considered in detail as a confidential item, supports the establishment of the development company.**

#### **Background Papers**

Elphicke House Report - From statutory provider to Housing Delivery Enabler:  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/398829/150126\\_LA\\_Housing\\_Review\\_Report\\_FINAL.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/398829/150126_LA_Housing_Review_Report_FINAL.pdf)

Commercial Strategy  
Investment Plan  
Medium Term Financial Plan

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

Sanjiv Kohli  
Director – Resources/Deputy Chief Executive  
Section 151 Officer

**PROPOSED CAR PARK EXTENSION TO THE SPORTS & FITNESS CENTRE, NEWARK**

**1.0 Purpose of Report**

- 1.1 To seek approval for a proposed extension to the car park at Newark Sports & Fitness centre and to make provision in the 2018/2019 Capital programme for the cost of the works.

**2.0 Background Information**

- 2.1 Since completion of the Newark Sports & Fitness Centre demand has been higher than anticipated and as a result at peak times the car park is full to capacity with cars parking along the access road to the Sports & Fitness Centre.
- 2.2 In order to meet existing and future demands it is necessary for the existing car park provision to be extended.
- 2.3 This means that additional land will need to be allocated for car parking, reducing the amount of land which will be available for residential development.
- 2.4 Care has therefore been taken in the design of the additional car parking to minimise the necessary land take, to ensure that as much land as possible is available for the residential development.
- 2.5 However at the same time, there is clearly a need to future proof the Sports & Fitness Centre car parking provision as demand for the facility is likely to increase due to housing growth in the immediate vicinity of the Sports & Fitness Centre and also through the construction of the adjacent Community & Activity Village.
- 2.6 It should be noted that the Community & Activity Village will have its own car parking provision providing around 104 spaces with an additional 42 spaces being provided on land adjacent to Elm Avenue for staff parking.

**3.0 Introduction**

- 3.1 Attached is a plan showing the proposed additional car parking provision for the Sports & Fitness Centre.
- 3.2 This effectively provides two additional car parking bays providing around 62 additional spaces.
- 3.3 The estimated cost of provision of the additional car parking is £205,500 and provision will need to be made in the 2018/2019 Capital programme for this expenditure.
- 3.4 As the District Council owns the freehold of the Sports & Fitness Centre and the existing car park it is proposed that the capital work should be carried out directly by the District Council but that the Director – Customers be given delegated authority to enter into negotiations with Active4Today in order to agree an appropriate adjustment to the management arrangements between the Council and Active4Today to reflect the potential increase in income generation to Active4Today through the enhanced car parking provision.

- 3.5 The area comprising the car park extension would be included within the area currently leased to Active4Today.
- 3.6 In practice there will be no delineation between that part of the car park which will be provided for use by the Sports & Fitness Centre and that part which has been provided for the Community & Activity Village although the two car parks will be separated by a landscaping buffer.
- 3.7 Both parties recognise that it may be necessary in the future to look at introducing measures to control parking and to ensure its exclusive use by the users of those two facilities only.

#### **4.0 Comments of Director - Resources & Section 151 Officer**

- 4.1 The estimated cost of £205,500 will be included in the 2018/19 capital programme on approval of the recommendations.

#### **5.0 RECOMMENDATIONS that:**

- (a) additional land be allocated at Bowbridge Road, Newark for an extension to the existing Sports & Fitness Centre car park as indicated on the plan attached to the report;**
- (b) the District Council meet the capital costs of undertaking the works estimated at £205,500 and that appropriate provision be made in the 2018/2019 capital programme;**
- (c) the Director – Customers be given delegated authority to renegotiate the agreement with Active4Today in order to reflect the additional capital commitment being undertaken by the District Council and the potential to Active4Today for increased revenue generation; and**
- (d) the Director – Customers be given delegated authority to seek planning approval for the car park extension and to undertake the necessary works to construct the car park.**

#### **Reason for Recommendations**

**To extend the existing car park at Newark Sports & Fitness Centre to meet current and future demands and to make appropriate provision in the 2018/2019 capital programme for the capital costs of undertaking the works.**

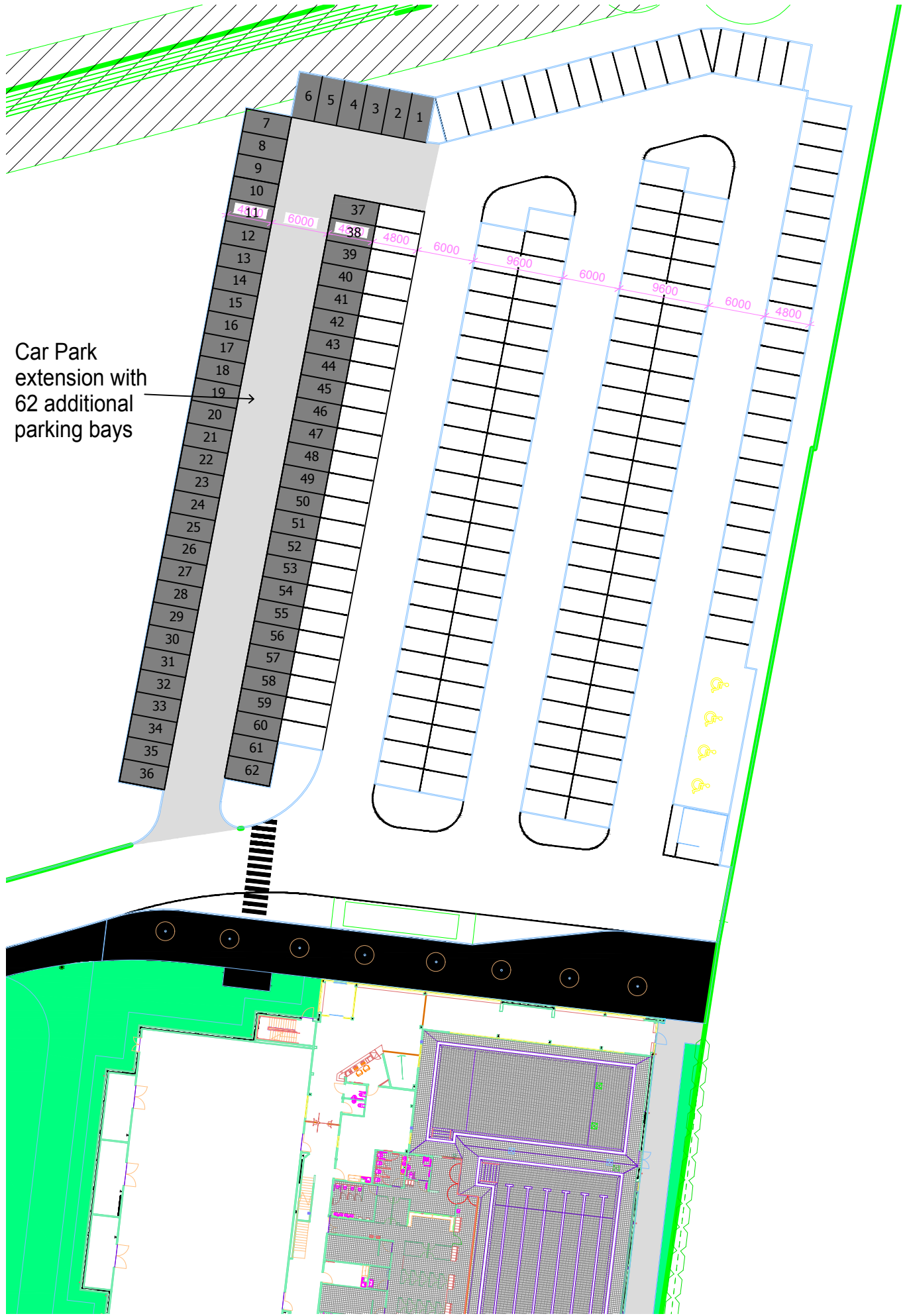
#### **Background Papers**

Nil.

For further information please contact Kirsty Cole on Ext. 5210.

Kirstin H Cole  
Deputy Chief Executive





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**COMMUNITY & ACTIVITY VILLAGE - MINUTE AMENDMENT**

**1.0 Purpose of Report**

- 1.1 To correct a clerical error which has come to light in the minutes of the Policy & Finance Committee meeting of 22 Sept 2016 and to clarify the role of NSA in respect of future involvement in the project.

**2.0 Background Information**

- 2.1 It has emerged, following an FOI request, that there was an error in the recording of the decision at the meeting of the Policy & Finance Committee on 22 September 2016. The words "if possible" were omitted in error. The actual decision taken was that "the District Council continue to work with both YMCA and NSA to seek to ensure, if possible, that NSA continues to have a meaningful role in the project's delivery and in its future operation and management.
- 2.2 However a letter was sent to the chairman of NSA immediately following the meeting advising him of the decision. This accurately set out the decision taken at the meeting with the inclusion of the words "if possible".
- 2.3 The audio recording of the meeting has also been checked and has confirmed the above. Clearly the minutes should be corrected as a matter of public record.

**3.0 Introduction**

- 3.1 NSA, having received a copy of the minute following an FOI request, have sought to argue to YMCA that the District Council has imposed an obligation on YMCA to work with NSA in both the delivery of the project and in its future operation and management.
- 3.2 It is clear that the intended decision of the Policy & Finance Committee was that NSA should only continue to have a meaningful role if that proved both possible and practicable.
- 3.3 Unfortunately, because of their subsequent actions, it is considered that it is no longer possible for NSA to have an ongoing role in the project despite both the Council and YMCA using their best endeavours to secure this.
- 3.4 Members will recall that, at a subsequent meeting in December 2016, YMCA was selected as the preferred partner and, having reached that decision, the District Council did not make any ongoing commitment that NSA should play any continuing role in the project.

**4.0 RECOMMENDATIONS that:**

- (a) the minutes of the meeting of 22 September 2016 be corrected by the addition of the words "if possible" to read as follows: "the District Council continues to work with both YMCA and NSA to seek to ensure, if possible, that NSA continues to have a meaningful role in the project's delivery and in its future operation and management"; and**

- (b) NSA be advised they no longer have an ongoing role in the project's delivery or in its future operation and management.

**Reason for Recommendations**

To correct a clerical error in the minutes of the meeting of 22 September 2016 and to clarify the future role of NSA in respect of the project.

**Background Papers**

Minutes of the meeting of the Policy & Finance Committee of 22 September 2016.

For further information please contact Kirsty Cole on Ext 5210.

Kirstin H Cole  
Deputy Chief Executive

**POLICY & FINANCE COMMITTEE REVENUE BUDGET 2018/19**

**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 & Finance Committee for 2018/19.

**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 21 September 2017.
- 2.2 As part of the budget strategy it was agreed that the functional Committees be requested to look at opportunities for savings in 2018/19 and also any investment potentials which would increase and support revenue income levels, in order to reduce the projected burdens in future years. Members of this Committee are asked to identify any 'spend to save' initiatives in order that these can be considered by the Policy and Finance Committee.
- 2.3 The Policy & Finance Committee met on 30 November 2017 to scrutinise the budget and continue to look for ways to achieve further savings in 2018/19 and future years. The budget proposals attached at **Appendix A** have been developed following consideration by the Committee.
- 2.4 It was agreed that Business Managers should continue to work with officers from Financial Services to formulate a final budget for submission to Policy & Finance Committee on 25 February 2018. The current budget proposals are attached at **Appendix A**. A schedule of fees and charges pertaining to Policy & Finance Committee are attached at **Appendix B**.

**3.0 Revenue Budget Proposals**

- 3.1 The current draft budget shows a decrease in 2018/19. Direct service expenditure excluding deferred and capital charges, and all central services recharges currently shows an overall reduction of £126,040 against 2017/18 budget. When central recharges and capital are included this becomes a saving of £237,340.
- 3.2 This budget figure includes an average of 2% inflation on expenditure and income, as approved by the Policy & Finance Committee at its meeting on 21 September 2017. It also assumes a 2.5% increase in salary and wages costs overall in 2018/19. Superannuation budgets include the increased percentage contribution announced by the actuary in February 2017.
- 3.3 Staffing costs of £3.724m account for approximately 63% of the gross service budget (excluding housing benefits, capital and central recharges) and significant budget savings cannot be achieved without affecting staffing levels.
- 3.4 Major variances between 2017/18 and 2018/19 are shown below:

- 3.4.1 Electoral Registration – the savings are as a result of Government grant towards implementing individual electoral registration which continues to be received.
- 3.4.2 Bank Charges – additional costs of Girobank charges as a result of the move to cashless offices.
- 3.4.3 Human Resources – the increase is due to inflationary pressures as shown in 3.2 above.
- 3.4.4 Policy & Commissioning – a restructure has resulted in the Policy & Commissioning and Performance business units being combined and a new Corporate Development team being created.
- 3.4.5 Committee Section – in addition to the inflationary pressures in 3.2 above there is a further budget of £7k for ongoing maintenance of the Modern.Gov committee management software solution which Democratic Services are looking to purchase.
- 3.4.6 Kelham Hall & Kelham Hall Events – following the sale of Kelham Hall there are no budgets for future years.
- 3.4.7 Building Services – this budget has been combined incorporated into the Castle House budget.
- 3.4.8 Corporate Management Team – in addition to the inflationary pressures at 3.2 above a one off budget of £40k for professional services has been included in 2018/19.
- 3.4.9 Financial Services – the budget for 2018/19 includes a sum of £35k for a one off purchase of new income processing software. This will be funded from the ICT Repairs and Renewals reserve.
- 3.4.10 Performance – see 3.4.4 above
- 3.4.11 Rent Allowances – the level of anticipated government grant has been reduced.
- 3.4.12 Housing Benefit Administration - the increase is due to inflationary pressures as shown in 3.2 above.
- 3.4.13 Castle House – the budget for 2018/19 is a full year budget (17/18 – 7 months) and includes the budget for Building Services.
- 3.4.14 Ollerton Hall – includes a small budget for emergency repairs.
- 3.4.15 Corporate Property - the increase is due to inflationary pressures as shown in 3.2 above.
- 3.4.16 Corporate Development – see 3.4.4 above
- 3.4.17 Other Financial Transactions – the provision for savings from vacant posts has been increased from £150k to £320k as agreed as part of the budget strategy
- 3.4.18 Moving Ahead – this budget contained all the costs of the project to move to Castle House and has been funded from reserves. The project is now complete.

#### **4.0 Fees and Charges**

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 B** for consideration and recommendation to Policy & Finance Committee on 22 February 2018 and Council on 8 March 2018.

#### **5.0 Conclusions**

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 RECOMMENDATIONS that:**

**(a) the final Committee budget as shown at Appendix A be recommended to Policy & Finance Committee at its meeting on 22 February 2018 for inclusion in the overall council budget; and**

**(b) the scales of fees and charges as shown at Appendix B be recommended to Policy & Finance Committee at its meeting on 22 February 2018 and Council on 8 March 2018.**

#### **Reason for Recommendations**

**To ensure that the final budget proposals and the level of fees and charges for 2018/19 are recommended to Policy & Finance Committee on 22 February 2018.**

#### **Background Papers**

None

For further information please contact Nick Wilson on Extension 5317 or Amanda Wasilewski on Extension 5738.

Nick Wilson  
Business Manager - Financial Services

**BUDGET SUMMARY**

**APPENDIX A**

**POLICY & FINANCE**

<b>CODE</b>	<b>DESCRIPTION</b>	<b>2017/18 INITIAL BUDGET</b>	<b>2018/19 BASE BUDGET</b>	<b>MORE/(LESS)</b>
A10601	ELECTORAL REGISTRATION	85,390	69,990	(15,400)
A10803	INTERNAL AUDIT	80,670	76,920	(3,750)
A10805	INCOME SECTION	24,770	26,220	1,450
A10806	BANK CHARGES	93,370	113,820	20,450
A10807	MORTGAGE ADMINISTRATION	(2,860)	(3,090)	(230)
A10812	HUMAN RESOURCES	182,390	193,240	10,850
A10815	POLICY & COMMISSIONING	148,430	0	(148,430)
A10818	COMMITTEE SECTION	200,490	218,840	18,350
A10819	LEGAL SECTION	176,700	182,840	6,140
A10821	KELHAM HALL	62,330	0	(62,330)
A10827	BUILDING SERVICES	96,320	0	(96,320)
A10832	CENTRAL TELEPHONES	50,460	48,150	(2,310)
A10833	CENTRAL POSTAGES	44,880	39,780	(5,100)
A10841	CENTRAL PERSONNEL EXPENSES	111,140	111,390	250
A10842	OTHER EMPLOYEE EXPENSES	17,770	19,450	1,680
A10845	INFORMATION GOVERNANCE	65,120	72,340	7,220
A10864	CORPORATE MANAGEMENT TEAM	649,020	736,400	87,380
A10895	FINANCIAL SERVICES	402,920	442,610	39,690
A10896	PERFORMANCE	81,390	165,290	83,900
A10897	PROCUREMENT	40,810	41,200	390
A10898	ADMINISTRATION SERVICES	338,540	348,300	9,760
A10904	COUNCIL TAX	(25,380)	(21,210)	4,170
A10905	RENT ALLOWANCES	(16,950)	25,500	42,450
A10907	RENT REBATES	20,070	20,000	(70)
A10908	HOUSING BENEFIT ADMIN	71,040	81,420	10,380
A10910	DISCRETIONARY HOUSING PAYMENTS	0	0	0
A11122	RISK MANAGEMENT	67,200	71,670	4,470
A11332	KELHAM HALL GROUNDS	(1,120)	0	1,120
A11831	CASTLE HOUSE	47,020	118,810	71,790
A11832	OLLERTON HALL	0	15,000	15,000
A11841	CORPORATE PROPERTY	217,200	229,150	11,950
A11844	CORPORATE DEVELOPMENT	0	67,610	67,610
A11901	MEMBERS EXPENSES	281,520	276,970	(4,550)
A11902	CIVIC EXPENSES	24,380	20,910	(3,470)
A11911	OTHER FINANCIAL TRANSACTIONS	(150,000)	(320,000)	(170,000)
A11912	MISCELLANEOUS LOANS	0	0	0
A12301	ELECTION EXPENSES	37,030	33,440	(3,590)
A12505	TRANSFERRED ASSETS	0	0	0
A12507	MOVING AHEAD	122,110	0	(122,110)
A12510	DEMOCRATIC REPRESENTATION	5,000	500	(4,500)
A12512	ETHICAL GOVERNANCE & STANDARDS	500	300	(200)
A12520	CORPORATE MANAGEMENT	209,540	180,390	(29,150)
A12530	NON DISTRIBUTED COSTS	0	0	0
A15028	COMBINED SERVICE COSTS	133,930	125,680	(8,250)
A15029	CORPORATE PRINTERS	37,460	38,220	760
A15030	KELHAM HALL EVENTS	(36,510)	0	36,510
	<b>TOTAL</b>	<b>3,994,090</b>	<b>3,868,050</b>	<b>(126,040)</b>



<b>CODE</b>	<b>DESCRIPTION</b>	<b>2017/18 INITIAL BUDGET</b>	<b>2018/19 BASE BUDGET</b>	<b>MORE/(LESS)</b>
	Central Recharges	3,469,520	3,607,770	138,250
	Capital Charges	103,930	175,270	71,340
	Income from recharges	(4,375,850)	(4,696,740)	(320,890)
	<b>TOTAL</b>	<b>3,191,690</b>	<b>2,954,350</b>	<b>(237,340)</b>

**BUDGET SUMMARY**

**POLICY & FINANCE SUBJECTIVE SUMMARY**

<b>CODE</b>	<b>DESCRIPTION</b>	<b>2017/18 INITIAL BUDGET</b>	<b>2018/19 BASE BUDGET</b>	<b>MORE/(LESS)</b>
111	SALARIES AND WAGES	3,146,710	2,877,540	(269,170)
112	OTHER SALARIES/WAGES PAYMENTS	31,390	31,390	0
113	NATIONAL INSURANCE	323,630	351,130	27,500
114	SUPERANNUATION	398,990	442,570	43,580
115	OTHER EMPLOYERS CONTRIBUTIONS	24,500	21,000	(3,500)
	<b>EMPLOYEE SUB TOTAL</b>	<b>3,925,220</b>	<b>3,723,630</b>	<b>(201,590)</b>
211	REPAIRS AND MAINTENANCE	52,240	111,130	58,890
212	ENERGY COSTS	100,800	27,000	(73,800)
214	RATES	130,800	120,200	(10,600)
215	WATER SERVICES	15,090	7,500	(7,590)
217	CLEANING AND DOMESTIC	4,660	7,000	2,340
219	CONTRIBUTION TO FUNDS	135,700	115,150	(20,550)
315	CAR ALLOWANCES	35,140	63,190	28,050
411	EQUIPMENT AND FURNITURE	7,420	5,750	(1,670)
412	MATERIALS	200	200	0
421	CATERING	550	10,500	9,950
431	CLOTHING AND UNIFORMS	1,280	750	(530)
441	GENERAL OFFICE EXPENSES	84,350	85,040	690
451	CONTRACTUAL	362,590	385,880	23,290
452	OTHER SERVICES	194,730	233,090	38,360
461	COMMUNICATIONS AND COMPUTING	528,830	494,470	(34,360)
471	STAFF	15,760	19,590	3,830
472	MEMBERS	253,310	247,350	(5,960)
473	CHAIRMAN	10,180	7,630	(2,550)
482	SUBSCRIPTIONS	38,740	41,240	2,500
491	INSURANCE	85,900	84,120	(1,780)
493	OTHER	131,550	139,210	7,660
611	HOUSING BENEFITS	25,262,000	24,475,000	(787,000)
711	ADMIN BUILDINGS	217,630	182,110	(35,520)
712	CENTRAL DEPARTMENT SUPPORT	2,527,030	2,913,390	386,360
713	CSS MONTHLY PERCENTAGE RECHGS	61,350	59,600	(1,750)
714	CENTRAL EXPENSES	508,200	416,670	(91,530)
715	DEPARTMENTAL ADMINISTRATION	155,310	36,000	(119,310)
821	CAPITAL CHARGE	103,930	175,270	71,340
	<b>RUNNING EXPENSES SUB TOTAL</b>	<b>31,025,270</b>	<b>30,464,030</b>	<b>(561,240)</b>

<b>CODE</b>	<b>DESCRIPTION</b>	<b>2017/18 INITIAL BUDGET</b>	<b>2018/19 BASE BUDGET</b>	<b>MORE/(LESS)</b>
911	Government Grants	(25,440,880)	(24,628,500)	812,380
922	Contributions From Other Las	(182,860)	(164,300)	18,560
928	Recharge Non Gf Accounts	(898,040)	(919,770)	(21,730)
931	Sales	(1,500)	0	1,500
932	Fees And Charges	(373,000)	(416,100)	(43,100)
933	Rents	(235,220)	(191,400)	43,820
939	Other Receipts	(251,450)	(251,500)	(50)
951	Recharge Gf Rev Accounts	(4,375,850)	(4,696,740)	(320,890)
	<b>INCOME SUB TOTAL</b>	<b>(31,758,800)</b>	<b>(31,268,310)</b>	<b>490,490</b>
	<b>COMMITTEE TOTAL</b>	<b>3,191,690</b>	<b>2,919,350</b>	<b>(272,340)</b>

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**CIVIC SUITE HIRE CHARGES**  
**Current charges for Civic Suite 2017/18**

Room	Seating Capacity	No Webcasting			To include Webcasting		
		Full Day 9am- 5pm	Half Day 4 hrs	Hourly Charge	Full Day 9am- 5pm	Half Day 4 hrs	Hourly Charge
Meeting Room	6 or less	£40	£25	£10	£44	£28	£11
Meeting Room	7 to 10	£60	£40	£15	£66	£44	£17
Meeting Room	11 to 20	£100	£60	£25	£110	£66	£28
Civic Suite	up to 100	£280	£170	£60	£308	£187	£66

**Proposed Hire Charges 2018/19**

Room	Seating Capacity	Full Day 9am-5pm	Half Day 4 hrs	Hourly Charge	Additional Charges
Meeting Room	6 or less	£45	£25	£10	
Meeting Room	7 to 10	£60	£40	£15	
Meeting Room	11 to 20	£100	£60	£25	
Civic Suite	Max capacity theatre style revised to 200	300	£180	£70	Out of hours 7am – 7pm by negotiation additional charge to cover staff costs and overheads

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

**NON-PAYMENT OF COUNCIL TAX/NNDR - POLICY AND FINANCE COMMITTEE**

<b>Council Tax</b>	<b>2017-18 £</b>	<b>2018-19 £</b>
Summons	£80	£80
Liability Order	With summons	With summons

<b>NNDR</b>	<b>2017-18 £</b>	<b>2018-19 £</b>
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.

**HOUSING REVENUE ACCOUNT BUDGET AND RENT SETTING 2018/19**

**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 2016/17 (column 2 of **Appendix A1**).
- b) Examine the proposed income and expenditure on the HRA for 2018/19 (column 4 of **Appendix A1**) in accordance with Section 76 of the Local Government and Housing Act 1989, to avoid a deficit on the HRA.
- c) Provide the indicative figures of income and expenditure for the financial years 2019/20 to 2021/22 (columns 5 to 7 of **Appendix A1**).
- d) Set rent levels and service charges with effect from April 2018.
- e) Set charges for garage rents, plots and garage ports with effect from 1 April 2018.
- f) Set housing support service charges and all other service charges with effect from 1<sup>st</sup> April 2018.
- g) Detail the annual management fee payable to Newark and Sherwood Homes (NSH), in accordance with the management agreement.

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, which will be presented to full Council at its meeting in February 2018, will allow the required time to notify tenants of 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	13 February 2018
Newark and Sherwood Homes update of rent systems	By end of February 2018
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 2018

2.3 Any slippage from these key dates would jeopardize the implementation of the proposed rent decrease from 1 April 2018.

### **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 2018/19 budget process and medium term financial plan 2019/20 to 2021/22.
- 3.2 In accordance with the management agreement with NSH, the Council's Housing Management Company, the required process has been followed to determine the fee for 2018/19.
- 3.3 The HRA budget proposed in this report is based on the Government announcement made on 8<sup>th</sup> 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 financial years 2018-19 and 2019-20.

### **4.0 National Policy and Impact**

- 4.1 In terms of national policy the Housing White Paper – 'Fixing Our Broken Housing Market', published in February 2017, sets out how Government want to help encourage more investment in social housing, to create a stable financial environment by setting a long term rent deal for councils and housing associations in England.
- 4.2 Under proposals published on 4<sup>th</sup> October 2017, increases to social housing rents will be limited to the preceding September Consumer Price Index (CPI) plus 1% for 5 years from April 2020 and therefore moving away from the current policy of an annual rent reduction of 1%. Government states that this will give social tenants, councils and housing associations the security and certainty they need.
- 4.3 The Housing and Planning Act 2016 proposed that it would phase out lifetime secure tenancies, introduce fixed term tenancies and charge a levy to local authorities to sell any of their higher value housing. It was the intention that these policies would be implemented in April 2017. To date, however, no further guidance has been issued by Government on these matters.
- 4.4 Due to this and lack of specific detail around implementation frameworks, officers have been unable to assess the impact of these policies against the HRA Business Plan.
- 4.5 At the end of October 2017 the Department for Communities and Local Government (DCLG) now called Ministry of Housing, Communities & Local Government and Department for Works and Pensions (DWP) published a consultation document looking at the future funding of supported housing, (*"Funding Supported Housing"* <https://goo.gl/on1RZT>).
- 4.6 In this consultation document the Government recognise that any new funding model for supported housing cannot be a one size fits all and must meet the needs of a diverse sector. For the purposes of funding supported housing the Government consider there to be three broad groups:



- a) Sheltered housing and extra care supported housing
- b) Short term and transitional support
- c) Long term support

4.7 The group that directly relates to the Council's housing stock is sheltered housing and extra care supported housing. It is proposed that a 'sheltered rent' will be introduced, a type of social rent which keeps funding for sheltered housing and extra care funding in the welfare system.

4.8 The Council is in the process of drawing up a response to this consultation document.

4.9 Officers of the Council and Newark and Sherwood Homes will continue to monitor the impact of national policy implementation on the HRA Business Plan.

## **5.0 Newark and Sherwood Homes Management Fee**

5.1 Under the management agreement, 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 year rolling 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.

5.3 The process to formulate the management fee for 2018/19 has been discussed and negotiated between senior officers of both the Council and Company at the regular Strategic Housing Liaison meetings. This has enabled the Council to recommend that the management fee for 2018/19, after adjustments, inflation and the 3% efficiency figure have been applied, should be £8,265,360. A breakdown of the fee is detailed at **Appendix B**.

5.4 For the Committee's reference the total management fee payable for 2015/16 was £7,705,041 for 2016/17 £7,796,900 and 2017/18 £8,083,310.

### ***Additional income to NSH***

- 5.5 Members will be aware that the Gladstone House extra care scheme will be operational in 2018/19. There are 60 units in total. All tenants will pay rent of £92.31 or £101.54 (one or two bed units) and a service charge of £128.87 per week. This service charge will be paid over to NSH as this covers the cost of providing food, TV Licence, lifelines and general services of communal areas. This is in addition to the adjustments shown in the management fee. These are the rent and service charges for 2018/19.
- 5.6 Payments will also be made where NSH provide general fund Services to the Council, i.e. other NSH work – Non HRA Core Services (Right to buy/Hostel management). The income of approximately £0.5m from photovoltaic cells where solar panels are fitted to council properties is received in the HRA annually and pass ported to NSH.

### ***Reserves***

- 5.7 For the Committee's information, the Company's reserves are listed below and accord with the management agreement:

<b>Reserves</b>	<b>Outturn 2016/17 (£000's)</b>	<b>Estimate 2017/18 (£000's)</b>
Minimum Reserve	431	456
Core Service Reserve	100	100
Bad Debt Reserve	50	50
Development and IT reserve	29	142
Staffing and Pay Reserve	100	100
Growth	2,531	1,241

- 5.8 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.
- 5.10 In considering the detail contained within the above paragraphs and **Appendix B**. The following proposals are put forward for the Committee's consideration and approval:
- a) The **base fee** of £7,966,580 plus IT reserve adjustment of £139,000, and all other adjustments detailed in the **Appendix B**, which equates to a total **service fee** of £8,265,360 be agreed to be paid to NSH for the management fee for 2018/19.

### **Rent Levels**

- 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 HRA 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 1 April 2015, and to increase rents in future by CPI + 1% rather than RPI +1%. There was an element of flexibility as the proposals allowed for vacant properties to be relet at target (formula) rent. The Council's 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. The Committee will note that in 2016/17 Government allowed supported housing rents to be increased by CPI + 1% for one year only, whilst it considered the future funding for supported housing.
- 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 2018/19 will be set at target rent as at 8 July 2017 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 the Council is the temporary homeless accommodation at Seven Hills and Wellow Green, (general fund units). It is proposed that these rents will increase by September 2017 CPI +1%, i.e. 3.7%. It should be noted by Committee that, as a comparison for affordability, this increase will take Wellow Green properties above the weekly local housing allowance for a two bed property, this is currently £92.98. The proposed rent of £103.24 will remain fully eligible for Housing Benefit.
- 6.6 The Committee should note that the total rent rebate case load is 3,125 (58%) of the total housing stock as at 31 March 2017). The position related to benefits is now complicated by the under occupation charge which is applied after benefit is calculated – 2,484 (46%) tenants are currently on 100% benefit, with 641 (12%) claimants receiving partial benefit. Of the total number of claimants 656 (12%) have their benefit reduced due to an under occupation charge – these could be full or partial benefit cases.
- 6.7 Officers from Revenues and 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 £62,320
  - Committed payments £17,450
  - 119 households have been helped all due to under occupation
  - Of these 119 properties, 63 have been substantially adapted for the claimants needs; these are automatically renewed each year.
- 6.8 This financial support helps households to progress solutions aimed at enabling the long term sustainability of their tenancy and alleviates hardship.

## **7.0 Housing Support Service Charge**

- 7.1 Housing based support services are a core function provided by NSH under the terms of its management agreement with the Council.

- 7.2 The main support service provided is to tenants in the Council's supported accommodation, representing approximately 50% of the Council's housing stock.
- 7.3 All tenants living in designated supported housing are responsible for paying a mandatory lifeline service of £1.60 per week in line with the conditions of the tenancy agreement.
- 7.4 An increase of CPI plus 1% would increase the charge to £1.66 per week in 2018/19. This charge is not covered by Housing Benefit.
- 7.5 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.
- 7.6 It is proposed that all discretionary services provided to tenant and private customers should be increased by September 2017 CPI plus 1%, i.e. 3.7%.

## **8.0 Other Service Charges**

- 8.1 A number of tenants have heating and water/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. 3.7%.
- 8.2 New properties built since 2010/11 are currently subject to a weekly service charge of between £2.63 and £6.34 covering the costs (where appropriate) of landscaping, lighting and drainage. It is proposed that these weekly charges are increased in line with September 2017 CPI +1%, i.e. 3.7%.
- 8.3 Temporary homeless accommodation at Seven Hills and Wellow Green, are subject to a service charge fee of £32.30 per week. It is proposed that these weekly charges are increased in line with September 2017 CPI + 1%, i.e. 3.7%.

## **9.0 Garage Rents, Plots and Garage Ports**

- 9.1 The level of garage rents was raised in 2017/18, in line with the rent increase, to £8.05 per week, (plus VAT if they are let to non-Council tenants).
- 9.2 The level of garage plot rents was raised in 2017/18, in line with the rent increase, to £41.20 per annum with VAT payable for non-Council tenants.
- 9.3 The level of garage port rents was raised in 2017/18, in line with the rent increase, to £3.60 per week with VAT payable for non-Council tenants. .
- 9.4 Whilst it may be possible to increase rents by more than CPI + 1% (3.7%) 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.

9.5 As part of the 5 year HRA Development Programme officers from both the Council and NSH continue to identify existing and redundant garage sites which could be suitable for inclusion in the programme.

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

## **10.0 Financial Considerations**

10.1 The HRA balances at 31 March 2017 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.

10.2 Once again it has been a very difficult year, with a significant amount of resources being used in the preparation of the HRA annual budget and business plan.

10.3 The budget includes costs that continue to fall to the HRA, 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 NSH), external audit fees, and costs of central 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***

10.4 The number of properties sold under 'Right to Buy' sales in 2017/18 to December 2017 amount to 12. The District Council has 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.

10.5 Under the 1-for-1 replacement policy the Government states that every additional council home sold under Right to Buy will be replaced at a national level by an affordable rent home. The baseline is the number of Right to Buy property sales assumed in the self-financing settlement made prior to the recent policy invigoration (40,000 nationally in the first 10 years of self-financing).

10.6 The conditions for retaining 1-for-1 receipts are that they must constitute no more than 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. HCA funding) or non RTB housing receipts.

10.7 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.

10.8 Through the 5 year HRA Development Programme, and ongoing monitoring of the 1-for-1 receipts received, officers of both the Council and NSH are ensuring that these monies are allocated and spent within the programme to meet the necessary Government conditions.

### ***Depreciation***

- 10.9 The Council stock is to be depreciated on a componential basis from April 2017. The depreciation remains as a charge to the HRA transferring funds to the Major Repairs Reserve (MRR). There is an additional transfer from the HRA to the Major Repairs Reserve to ensure that there is sufficient funding for the capital programme during the life of the 30 year HRA Business Plan. Officers from the Council and NSH continue to scrutinise the capital programme on an ongoing basis to ensure that sufficient funding is available.

### ***Balances***

- 10.10 At the end of the financial year 2016/2017, the HRA added £6,481,055 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.
- 10.11 Under current Council Policy, the HRA debt level is not reducing. This is to enable the Council to focus on a programme of housing growth. Although as loans become due for repayment they are refinanced. The HRA rent income budget for 2018/19 takes account of additional income from the first phase of the Council's 5 year housing development programme.

### **11.0 Proposals**

- 11.1 The proposed HRA budget for 2018/19 is attached at **Appendix A1**.
- 11.2 The proposed combined management and maintenance fee of £8,265,360, set within the HRA budget for 2018/19 and in line with the Management Agreement as stated in paragraph 5.3 should be noted.
- 11.3 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 2017 less 1%. The rent on temporary homeless accommodation is exempt from the rent reduction, as detailed in paragraph 6.5.
- 11.4 Following a fundamental 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 3.7% in line with September CPI + 1% from 1 April 2018.
- 11.5 As stated in paragraphs 8.1, 8.2, and 8.3 it is proposed that all other services charges are increased by 3.7% in line with September CPI + 1% from 1 April 2018.
- 11.6 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 2018, September CPI plus 1% (3.7%).

### **12.0 RECOMMENDATION**

**That the following recommendations be made to Council at its meeting on 13 February 2018:**

- i. the HRA budget for 2018/2019 as set out in Appendix A1 to this report be recommended to Council on 13 February 2018;**

- ii. included within the HRA budget for 2018/19, the management and maintenance fee of £8,265,360 be noted;
- iii. the rent of all properties in the Housing Revenue Account, as at 31 March 2018, be decreased by 1% in accordance with Welfare Reform and Works Act;
- iv. the rent on temporary accommodation be increased by CPI plus 1% (3.7%) from 1 April 2018;
- v. that all services charges and support charges should be increased by September CPI plus 1% (3.7%) with effect from April 2018;
- vi. that garage, garage plot and garage port rents are increased by 3.7% in line with September CPI + 1% with effect from 1 April 2018.

### Reason for Recommendations

To enable the HRA budget for 2018/2019, the rent levels, garage rent, garage plots, garage ports and Housing Support Service Charge levels to be recommended to Council.

### Background Papers

None

For further information please contact Dean Rothwell on extension 5587, Robin Clay on Extension 5332 or Rob Main on Extension 5930.

Sanjiv Kohli  
Director – Resources

Karen White  
Director - Safety

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## HOUSING REVENUE ACCOUNT - OUTTURN 2016/17 and BUDGET 2018/19 to 2021/22

Rent decrease of 1% for 18/19 and 19/20 - rent increase of CPI plus 1% for 20/21 and 21/22

LINE NO.	Col 1 SUMMARY	Col 2 2016/17 OUTTURN £	Col 3 2017-18 BASE BUDGET £	Col 4 2018-19 BASE BUDGET £	Col 5 2019-20 BASE BUDGET £	-1%	-1% (est 2%)	cpiplus 1% (est 2%)
						Col 6 2020-21 BASE BUDGET £	Col 7 2021-22 BASE BUDGET £	
	<b>INCOME</b>							
1	Dwelling rents	21,376,598.82	20,459,470	20,743,210	21,219,990		21,202,660	21,626,720
2	Non dwelling rents	267,238.41	267,780	222,070	225,770		229,540	233,390
3	Charges for services	334,270.44	353,770	772,390	795,730		803,610	819,680
4	Contributions to expenditure	76,881.65	64,940	83,000	84,660		86,350	88,080
5	Other income	155,035.12	144,130	109,320	109,770		110,220	110,680
6	<b>Sub Total - Income</b>	<b>22,210,024.44</b>	<b>21,290,090</b>	<b>21,929,990</b>	<b>22,435,920</b>		<b>22,432,380</b>	<b>22,878,550</b>
	<b>EXPENDITURE</b>							
	Management & maintenance							
	Supervision & Management General:							
7	Management	669,778.12	669,470	1,190,680	1,214,950		1,225,920	1,242,620
8	Management Fee NaSH	3,825,729.96	4,144,440	4,302,910	4,302,910		4,302,910	4,302,910
9	Maintenance Fee NaSH	3,910,469.92	3,938,870	3,962,450	3,962,450		3,962,450	3,962,450
	Maintenance			75,000	75,000		75,000	75,000
10	Rents, rates, taxes & other							
11	Government subsidies payable							
12	Depreciation - dwellings	2,393,259.41	2,408,580	3,727,930	3,727,930		3,727,930	3,727,930
13	Depreciation - others	409,953.42	400,950	418,850	419,550		419,550	419,550
14	Impairments of assets - dwellings	(45,769,059.85)						
15	Impairments of assets - others	1,279,470.33						
16	Debt Management Expenses	32,569.70	37,850	35,820	36,820		37,860	38,980
17	<b>Sub Total - Expenditure</b>	<b>(33,247,828.99)</b>	<b>11,600,160</b>	<b>13,713,640</b>	<b>13,739,610</b>		<b>13,751,620</b>	<b>13,769,440</b>
18	<b>NET COST OF SERVICES</b>	<b>(55,457,853.43)</b>	<b>(9,689,930)</b>	<b>(8,216,350)</b>	<b>(8,696,310)</b>		<b>(8,680,760)</b>	<b>(9,109,110)</b>
19	Profit/Loss on sale of HRA fixed assets	3,097,146.65						
20	Interest Paid	4,134,761.01	4,058,600	4,081,720	4,010,150		3,871,640	3,899,610
21	Interest Receivable	(10,139.61)	(8,400)	(8,400)	(8,400)		(8,400)	(8,400)
22	Income from Feed In Tariffs	(499,713.54)	(525,000)	(525,000)	(525,000)		(525,000)	(525,000)
23	Feed in Tariff to NSH	499,713.54	525,000	525,000	525,000		525,000	525,000
24	Provision for Bad Debt	102,587.42	0	0	0		0	0
25	Contribution to NSH Reserves	0.00	0	0	0		0	0
26	<b>NET OPERATING EXPENDITURE</b>	<b>(48,133,497.96)</b>	<b>(5,639,730)</b>	<b>(4,143,030)</b>	<b>(4,694,560)</b>		<b>(4,817,520)</b>	<b>(5,217,900)</b>
	<b>APPROPRIATIONS</b>							
27	Premiums on repaid debt							
28	Profit/Loss on sale of HRA fixed assets	(3,097,146.65)						
29	Employers Contribution NCC	260,000.00	260,000	260,000	260,000		260,000	260,000
30	Major Repairs Reserve Movement	6,481,055.09	5,379,730	3,883,030	4,434,560		4,557,520	4,957,900
32	Contribution to capital	0.00						
33	Impairments of assets - dwellings	45,769,059.85						
34	Depreciation							
35	Impairments of assets - others	(1,279,470.33)						
36	Repaid debt/De-Minimis Transfers							
37	<b>HRA (SURPLUS)/DEFICIT FOR YEAR</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>
38	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)
39	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)

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**SUBJECTIVE SUMMARY**

**HOUSING REVENUE ACCOUNT**

APPENDIX A2

CODE	SERVICE	2017/18 BASE BUDGET	2018/19 BASE BUDGET	MORE (LESS)	2019/20 BASE BUDGET	2020/21 BASE BUDGET	2021/22 BASE BUDGET
		£	£	£	£	£	£
	<b>EMPLOYEES</b>						
114	SUPERANNUATION	260,000	260,000	0	260,000	260,000	260,000
	<b>EMPLOYEES SUB-TOTAL</b>	<b>260,000</b>	<b>260,000</b>	<b>0</b>	<b>260,000</b>	<b>260,000</b>	<b>260,000</b>
	<b>PREMISES RELATED EXPENDITURE</b>						
211	REPAIRS & MAINTENANCE	3,938,870	4,037,450	98,580	4,037,450	4,037,450	4,037,450
214	RATES	0	0	0	0	0	0
	<b>SUPPLIES &amp; SERVICES</b>						
451	CONTRACTUAL	4,144,440	4,704,970	560,530	4,720,900	4,721,220	4,729,590
452	PROFESSIONAL SERVICES	19,000	19,520	520	19,910	20,510	21,130
471	STAFF EXPENSES & FEES	1,500	1,500	0	1,500	1,500	1,500
482	SUBSCRIPTIONS	2,200	2,200	0	2,200	2,200	2,200
491	INSURANCES	196,010	197,710	1,700	204,900	209,950	213,870
492	TRANSFER TO MAJOR REPAIRS/GROWTH RESERVE	5,379,730	3,883,030	(1,496,700)	4,434,560	4,557,520	4,957,900
	<b>TRANSFER PAYMENTS</b>						
612	FEED IN TARIFF PAYABLE TO NSH	525,000	525,000	0	525,000	525,000	525,000
	<b>CENTRAL DEPARTMENTAL EXPENSES</b>						
712	CENTRAL DEPARTMENTAL SUPPORT	361,050	414,800	53,750	413,360	416,090	418,320
715	DEPARTMENTAL ADMINISTRATION	89,710	152,890	63,180	155,090	157,360	158,920
	<b>RUNNING EXPENSES SUB-TOTAL</b>	<b>14,657,510</b>	<b>13,939,070</b>	<b>(718,440)</b>	<b>14,514,870</b>	<b>14,648,800</b>	<b>15,065,880</b>
	<b>CAPITAL FINANCING</b>						
811	LOANS POOL	4,058,600	4,081,720	23,120	4,010,150	3,871,640	3,899,610
817	DEBT MANAGEMENT EXPENSES	37,850	35,820	(2,030)	36,820	37,860	38,980
821	CAPITAL CHARGES	2,809,530	4,146,780	1,337,250	4,147,480	4,147,480	4,147,480
	<b>CAPITAL FINANCING SUB-TOTAL</b>	<b>6,905,980</b>	<b>8,264,320</b>	<b>1,358,340</b>	<b>8,194,450</b>	<b>8,056,980</b>	<b>8,086,070</b>
	<b>INCOME</b>						
911	GOVERNMENT GRANTS	0	0	0	0	0	0
922	OTHER LA CONTRIBUTIONS	0	0	0	0	0	0
928	RECHARGE TO NON GENERAL FUND A/CS	(5,330)	(5,290)	40	(5,400)	(5,510)	(5,620)
932	FEED IN TARIFFS	(525,000)	(525,000)	0	(525,000)	(525,000)	(525,000)
932	FEES & CHARGES	(77,300)	(52,230)	25,070	(52,230)	(52,230)	(52,230)
933	RENTS	(21,142,520)	(21,789,470)	(646,950)	(22,293,630)	(22,288,290)	(22,732,620)
939	OTHER RECEIPTS	(64,940)	(83,000)	(18,060)	(84,660)	(86,350)	(88,080)
941	INTEREST	(8,400)	(8,400)	0	(8,400)	(8,400)	(8,400)
	<b>INCOME SUB-TOTAL</b>	<b>(21,823,490)</b>	<b>(22,463,390)</b>	<b>(639,900)</b>	<b>(22,969,320)</b>	<b>(22,965,780)</b>	<b>(23,411,950)</b>
	<b>COMMITTEE TOTAL (SURPLUS)/DEFICIT</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	WORKING BALANCE B/Fwd	(2,000,000)	(2,000,000)		(2,000,000)	(2,000,000)	(2,000,000)
	Excluding NSH EFFICIENCY PAYMENT						
	WORKING BALANCE C/Fwd	(2,000,000)	(2,000,000)		(2,000,000)	(2,000,000)	(2,000,000)

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**Management Fee – Newark and Sherwood Homes – 2018/19**

<b>Elements of the Service Fee</b>	<b>Agreed Base Fee 2017/18</b>
Tenancy Sustainment and Income Recovery	£1,910,185
Repairs and Maintenance	£3,938,870
Core Service Support	£2,004,189
Company	£91,066
<b>Proposed Base Fee 17/18</b>	<b>£7,944,310</b>
Reserve Adjustment – IT Reserve £100k missed from calculation in 2015/16 and 2016/17 – adjustment needed to recoup lost income by 2023/24	£139,000
<b>Proposed total Service Fee 17/18</b>	<b>£8,083,310</b>
2017/18 Base Management Fee	<b>£7,944,310</b>
Deduct SLA costs	<b>-£858,900</b>
Inflation adjustments: <ul style="list-style-type: none"> <li>• Employment costs – Pay award</li> <li>• Repairs &amp; maintenance costs – Building Costs Indices (BCI)</li> <li>• Other elements – Retail Price Index (RPI)</li> </ul>	<b>£242,100</b>
Sub Total	<b>£7,327,510</b>
Less efficiency of 3%	<b>-£219,830</b>
Add back in the SLA costs	<b>£858,900</b>
Sub Total	<b>£7,966,580</b>
Adjustments Repair materials £44k Insurance £17.5k Gladstone House Management £44k (20% of rent income) Gladstone House Repairs (to be reviewed in year) £36k Temporary 6 month – Universal Credit Officer £17.7k	<b>£159,770</b>
IT Reserve Adjustment	<b>£139,000</b>
<b>Total Management Fee including all adjustments for 2018/19</b>	<b>£8,265,360</b>

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## **COMPONENTISATION POLICY**

### **1. Purpose of Report**

- 1.1 To approve the new Componentisation Policy with effect from 1 April 2017.

### **2. Background Information**

- 2.1 The Council is required to present its accounts in accordance with International Financial Reporting Standards (IFRS). The Chartered Institute of Public Finance and Accountancy/ Local Authority (Scotland) Accounts Advisory Committee (CIPFA/LASAAC Code Board under the oversight of the Financial Reporting Advisory Board has developed the Code of Practice on Local Authority Accounting (LAA COP) based on IFRS, to be applied to accounting periods beginning on or after 1 April 2017.
- 2.2 The move to an IFRS-based Code from a UK GAAP-based Statement of Recognised Practice (SORP) results in a number of significant changes in accounting practice. These include a greater emphasis on component accounting, and derecognising parts of an asset that are replaced.
- 2.3 As the Council has not yet implemented component accounting it has now been raised as an audit requirement following the 2016/17 final accounts audit.
- 2.4 Due to the extent and complexity of the changes and the limited time available to do the work officers have had to start work on applying the requirements to the Council's fixed assets. Our approach reflects guidance obtained from professional bodies, attendance at training courses and discussions with our external auditors. As a result, changes may be required in the way we have applied the requirements.

## **CODE REQUIREMENTS**

### ***Extract: IFRS 2016-17 LAA COP (4.1.2.43)***

*Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. Where there is more than one significant part of the same asset which has the same useful life and depreciation method, such parts may be grouped in determining the depreciation charge. In practice this can be achieved by only separately accounting for significant components that have different useful lives and/or depreciation methods. The requirement for componentisation for depreciation purposes shall be applicable to enhancement and acquisition expenditure incurred, and revaluations carried out, from 1 April 2010.*

### **3. Proposals**

- 3.1 CIPFA have produced guidance on the level of componentisation and have stated:

*A pragmatic and sensible approach is recommended and only significant components will need to be separated out. The measure of what is 'significant' is again a judgment but is based on the cost of the component in relation to the total value (cost) of the overall asset.*

*The CIPFA guidance suggests that it is unlikely that there would be a need to identify several components, typically four components for any particular asset is deemed reasonable. The number and type of components will vary from asset to asset but might typically include such elements (components) as the roof, mechanical & electrical equipment/installations, and site infrastructure. The final decision will depend upon the particular circumstances and appropriateness of each case.*

*(Source: CIPFA Property Asset transfer Unit IFRS Guide Framework. June 2010).*

Based on the above guidance, the Council will consider for componentisation the following;

- Assets of Property, Plant and Equipment, with a carrying value of £1,000,000 or more.
- The asset components are split at high level into Land and Buildings with the buildings element further subdivided, in order to be depreciated over different estimated useful lives each component, as a significant element will be based on cost of 10% or above, of the total asset value and may include for example;
  - Building Structure
  - Building Roof
  - Building Mechanical and Electrical (M&E) ie lifts, boilers etc

For the Housing Stock the de-minimis will not apply and the categories will be

- Building structure which includes the roof
- Kitchens
- Bathrooms
- Electrical wiring
- Heating system

- 3.2 The Council has adopted this component structure based on an analysis by the Council's valuers of building project costs published by the Building Cost Information Service (BCIS) of the Royal Institution of Chartered Surveyors (RICS) and, in relation to the Housing Stock, Communities and Local Government guidance. The structure also mirrors emerging approaches taken by surveying firms in the private sector who are experienced in undertaking valuations for public sector capital accounting.
- 3.3 The land component value is based on the Council's valuers knowledge of land values applicable to areas within Newark and Sherwood District.
- 3.4 The Asset Register is fully compliant with the requirements of componentisation.
- 3.5 Componentisation will take effect from 1 April 2017 and in line with the requirements of the Code, only assets which have been acquired, enhanced or revalued will be componentised and have their estimated useful lives updated, thereby achieving progressive compliance over 5 years.

#### APPLICATION OF THE REVISED POLICY: DETERMINATION OF THE ESTIMATED USEFUL LIFE OF COMPONENTS

The estimated useful life of the identified components depends on the component initial useful life and the age and condition of the component. In an ideal world the assessment of age and condition and the estimated remaining life of components would be undertaken by way of a condition survey carried out by a team of building surveyors. This would be both time-consuming and costly.



The upper level for estimated useful life has been established following analysis of data published by BCIS. This comprised a survey of the life expectancies of common building components based on the experiences of 80 building surveyors. The most common sample size in respect of each component in the survey was 56, so the data covers a good number of projects.

The following table is based on analysis of data from this survey with average values for the typical maximum life expectancy of aggregated building components being produced.

Component	Typical maximum life expectancy
<b>Building Structure</b> = substruction and superstructure and including internal walls, windows and doors, but excludes roof (except on Housing Stock), finishes and fittings	50 years
<b>Non-traditional roof</b> = flat roof types and non-traditional pitched	35 years
<b>Traditional Roof</b> = pitched/tiled excluding thatch	50 years
<b>M &amp; E (services)</b> = water, heat, ventilation, electrics, lifts, fire, communications	20 years
<b>Housing Stock</b> (Structure and Roof as above)	
<b>Kitchens</b>	20 years
<b>Bathrooms</b>	30 years
<b>Electrical wiring</b>	30 years
<b>Heating Systems</b>	22.5 years

#### APPLICATION OF REVISED POLICY: APPORTIONMENT OF EXISTING BALANCES TO COMPONENTS

Accumulated depreciation attached to an asset will be attributed to the main asset ie building structure.

Revaluation gains & losses attached to an asset will be attributed to the main asset ie building structure.

Existing impairments attached to assets will be attributed to the main asset ie building structure.

#### APPLICATION OF REVISED POLICY: APPORTIONMENT OF FUTURE REVALUATIONS AND IMPAIRMENTS TO COMPONENTS

The impact of revaluation gains or losses that arise in the future will be applied to the main asset ie building structure.

All components will be reviewed annually for impairment and where the impairment was due to a specific part of an asset will be attached to the specific component. Where new impairments relate to the asset as a whole due to a decrease in market values on properties valued to Fair Value (Existing Use) and Fair Value (Depreciated Replacement Cost) will be applied to the main asset ie building structure.

Where the carrying amount of a replaced component cannot be determined the Council will use an estimated replacement cost indexed back to the inception of the component.

Where reversing a previous loss the reversal will be matched to the existing component carrying the impairment.

Impacts on previously approved Accounting Policies in relation to Property, Plant and Equipment will be reviewed and amended accordingly in line with these policies.

#### RISKS AND UNCERTAINTIES

Work is on-going to identify components and finalise valuations as at 31 March 2018. Enhancements and new acquisitions capitalised at 31 March 2018 are also required to comply with this policy. The Accountants and Valuer are working together to ensure compliance. However, a number of risks and uncertainties remain which could require changes to the way in which the revised policy is implemented.

<b>Risk/Uncertainty</b>	<b>Possible impact</b>	<b>Mitigation</b>
The fixed asset register is found to be unable to support the proposed treatment.	Required outputs cannot be obtained or are incorrect. Statement of accounts cannot be completed to required timescales.	After consultation with Logotech on the capabilities of the system. Testing will be undertaken as soon as possible. Changes to the application of the policy may be required to enable use of the system.
External auditors may not agree with the Council's interpretation of the Code or existing guidance.	Accounts may be materially misstated, rework and further audit work may be necessary.	The policy and decisions have been discussed with KPMG and they have indicated that they are minded not to challenge the basis of componentisation. Continued consultation with the external auditors on an on-going basis. Implement their guidance as required.

#### **4. RECOMMENDATION**

**That the proposed accounting componentisation policy be approved.**

#### **Reason for Recommendation**

**To enable the Council to comply with International Financial Reporting Standards (IFRS).**

#### **Background Papers**

CIPFA LAAP Bulletin 86 (Updated)

For further information please contact Andrew Snape on Ext 5523.

Sanjiv Kohli  
Director – Resources and S151 Officer

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**TOUR OF BRITAIN – ADDITIONAL BUDGET REQUEST**

**1.0 Purpose of Report**

- 1.1 To secure approval for additional budget provision to cover the costs incurred by the Council hosting the Stage 4 Finish of the 2017 event and to secure an 'in principle' agreement that the Council will be supportive of the Tour of Britain 2018 which will once again take place in Nottinghamshire.

**2.0 Background Information**

- 2.1 Members will be aware that the Council, as part of the Nottinghamshire Tour of Britain project team, hosted the Stage 4 Finish of the event on Wednesday, 6 September following approval by the Economic Development Committee at its meeting of 21 June 2017.
- 2.2 The approval was granted under Paragraph 7.2.1 of the Council's Constitution and an initial budget provision of £40,000 was made available to cover the costs associated with the event predicated on the information available at the time of the request.
- 2.3 During the planning of the event it became apparent that the costs associated with hosting the stage finish would be greater than originally anticipated to the sum of £9,970 due to unforeseen works associated with ensuring the event met all necessary health, safety and security requirements for all involved.
- 2.4 The increased costs were primarily associated with necessary highways works and the extensive Temporary Traffic Regulation Orders required hosting such a prestigious professional cycle race on open roads.
- 2.5 At the 2017 event debrief it was announced that there will be a Tour Stage in Nottinghamshire in 2018 and the District Council will once again be asked to support the event and be part of the Countywide Project team although details of the role that the District will play are still to be determined.

**3.0 Proposals**

- 3.1 That Policy and Finance Committee approve the additional budget required of £9,970 to cover the costs associated with hosting the Stage 4 Finish of the Tour of Britain 2017.
- 3.2 That Policy and Finance Committee confirm that the Council gives 'in principle' support to the County Project team to deliver the 2018 stage of the Tour in Nottinghamshire.
- 3.3 That a further report is presented to Policy and Finance Committee when details of the 2018 Tour of Britain start, finish, route details and financial implications are known.

**4.0 Equalities Implications**

- 4.1 There are no equalities issues associated with this report.

## **5.0 Impact on Budget/Policy Framework**

5.1 The actual expenditure, as stated in the report, has exceeded the budget by £9,970. Members of the Policy & Finance Committee need to approve the additional spend in accordance with the Council's Financial Procedure Rules.

## **6.0 Comments of Chief Executive**

6.1 The Nottinghamshire stage of the Tour of Britain was a hugely successful event for the District to be involved with and brought significant numbers of visitors to the District. The live media coverage and highlights showcased the District and its residents in its best possible light to an international audience and generated uplift in local spend.

## **7.0 RECOMMENDATIONS that:**

- (a) the additional budget of £9,970 required to cover the costs associated with hosting the Stage 4 Finish of the Tour of Britain 2017 be approved; and**
- (b) the Council gives 'in principle' support to the County Project team to deliver the 2018 stage of the Tour in Nottinghamshire.**

## **Reason for Recommendations**

**To ensure suitable budget provision to cover all costs associated with staging the event and indicate 'in principle' support for the 2018 race.**

## **Background Papers**

Nil

For further information please contact Andy Hardy on Ext 5708.

Kirsty Cole  
Deputy Chief Executive

**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: HOMES & COMMUNITIES AGENCY – GRANT BID SUBMISSION**

**Appropriate Committee:**      **Policy & Finance Committee**

**1.0      Details of Item**

- 1.1      Delivery of new affordable housing is a strategic priority for the Council. Together with enabling the supply of new affordable housing, the Council is delivering new Council homes through its Housing Revenue Account (HRA) 5 year housing development programme in partnership with its housing management company, Newark and Sherwood Homes (NSH).
- 1.2      At its meeting on 30<sup>th</sup> June 2016 the Policy & Finance Committee approved that the Council and Newark & Sherwood Homes work in partnership to deliver the indicative (HRA) development programme of 335 units over five years, with Homes & Communities Committee charged with monitoring the delivery of the programme.
- 1.3      Further to ongoing discussions the Council and NSH have had with the Homes & Communities Agency (HCA) an opportunity has arisen for the Council to submit housing grant bids to the HCA, through their 2015 to 2018 and 2016 to 2021 Affordable Homes Programmes to support the HRA development programme (Phase 1).

**2.0      Homes & Communities Agency Grant Funding**

- 2.1      NSH has collated all the necessary bid information on the HCA's Investment Management System. This has enabled the Council to formerly submit grant bids for 19 sites (56 units) and a further 6 sites (9 units) will be submitted in early January 2018. Across all bids the average grant rate is £42,000 per unit.
- 2.2      These will now be appraised by the HCA and the outcome should be known by early 2018; should the bids be successful then the grant will support the finances within the HRA Business Plan and ongoing viability of the development programme.

2.3 One development site has not been put forward as part of the HCA bid submission because the Council is utilising its 1-4-1 Right to Buy capital receipts to ensure this money is spent within the timelines set by Government. (1-4-1 receipts cannot be used on a site in conjunction with HCA grant.)

2.4 In early 2018 work will commence to formulate bids for the phase 2 sites.

### 3.0 Grant Bid Scheme Details

3.1 The total grant applied for is £2,793,635.90, equating to £42,327.82 per unit over 66 units. The total development cost is £8,698,385.00. Individual scheme bids (in clusters) are detailed below:-

<u>Scheme Address</u>	<u>Unit</u> <u>s</u>		<u>HCA Grant</u> <u>Application per</u> <u>unit</u>	
<b><u>Cluster 1</u></b>				
Stephen Road	2		£40,000.00	
Grange Road	5		£37,000.00	
Meldrum Crescent	8		£37,000.00	
Quibell Road	3		£45,000.00	
<b>Totals</b>	<b>18</b>	<b>£2,059,153.0</b> <b>0</b>		<b>£696,000.00</b>

<u>Cluster 2</u>	<u>Unit</u> <u>s</u>		<u>HCA Grant</u> <u>Application per</u> <u>unit</u>	
California Road	1		£47,994.00	
Almond 1	2		£46,241.50	
Almond 2	1		£0.00	
Staveley 1	8		£41,135.00	
Staveley 2	3		£37,000.00	
The Willows	2		£47,381.00	
<b>Totals</b>	<b>17</b>	<b>£2,239,248.0</b> <b>0</b>		<b>£675,319.00</b>

<u>Cluster 3</u>	<u>Units</u>		<u>HCA Grant</u> <u>Application per</u> <u>unit</u>	
Wolift Avenue ID60	3		£40,330.00	
Wolfit Avenue ID63	2		£49,990.00	
Wolfit Avenue ID66	1		£49,990.00	



Wolfit Avenue ID67	2		£49,990.00
Gibson Crescent ID69	2		£49,990.00
<b>Totals</b>	<b>10</b>	£1,420,606.73	<b>£470,920.00</b>

<u>Mixed Sites taken from Collingham and the west area</u>	<u>Units</u>		<u>HCA Grant Application per unit</u>
Adj 1 Allenby Road	2		£37,000.00
Adj 31 Trinity Road	1		£42,118.75
Greenwood Crescent	2		£48,000.00
Adj 67 Greenwood Crescent	1		£37,000.00
Eastfield Close	2		£49,500.00
Vicars Court	2		£39,784.38
Haywood Oaks Lane	3		£41,753.13
Central Avenue	1		£49,500.00
Preston Road	2		£49,500.00
<b>Totals</b>	<b>16</b>	<b>£2,265,724.36</b>	<b>£701,446.90</b>

<u>Cluster 5 Collingham</u>	<u>Units</u>		<u>HCA Grant Application per unit</u>
Windsor Close	3		£49,990.00
Snowdon Road	2		£49,990.00
<b>Totals</b>	<b>5</b>	<b>£713,652.91</b>	<b>£249,950.00</b>

	<u>Units</u>		<u>HCA Grant Average</u>
<b>Total no of units</b>	<b>66</b>	£8,698,385.00	£42,327.82
			£2,793,635.90

**Record of Decision:**

To approve the submission for grant funding to the HCA.

**Members Consulted:**

**Councillor Roger Blaney**  
**Councillor David Staples**

**Reason for Urgency Decision:**

The opportunity to bid to the Homes and Community Agency only came to light in December 2017 and had to be submitted before the next meeting of Policy & Finance Committee on 25 January 2018 to enable it to be considered and comply with the HCA's timelines.

A handwritten signature in black ink, appearing to read 'Roger Blaney', enclosed within a hand-drawn oval shape.

Signed

Date 19 December 2017

**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: NEWARK AND SHERWOOD HOMES – WORK FOR THIRD PARTY**

**Appropriate Committee:**      **Policy & Finance Committee**

**1.0      Details of Item**

- 1.1      Newark and Sherwood Homes Limited's Articles of Association permits the Company to provide services to a third party subject to the Council's consent (Article 4.8).
- 1.2      A request has been received from Newark and Sherwood Homes for the Council's consent for the Company to submit a tender to provide the Handyperson and Adaptation Service (HPAS) in Nottinghamshire. The Nottinghamshire Handyperson and Adaptations Service (HPAS) is a Nottinghamshire County Council service that provides the help and support people need to keep safe and secure in their home at low cost but high quality essential adaptations and small practical jobs.
- 1.3      The HPAS service provides handy person and minor adaptation services to customers regardless of tenure across Nottinghamshire. Due to its nature the service therefore aligns with the services delivered by the Company as part of its management agreement with the Council and in particular the responsive repairs service which undertakes minor repairs and adaptations of a similar nature to that of the scheme for Tenants.
- 1.4      Newark and Sherwood Homes intention is to bid for 2 lots - Newark and Bassetlaw. The length of each contract is an initial term of one year with the option to extend for up to three years in increments of up to 12 months. The Company considers that utilising its experience and capacity in the delivery of works of the nature of the HPAS scheme will assist it in maximising the potential income generation from this opportunity.
- 1.5      The Company has set out its case for bidding for the HPAS work in the document attached to this decision as **Appendix A**. This document sets out the benefits of delivering this contract as:
- i.      Contribution to delivery of the Council's Strategic Objectives in relation to Homes, The Economy and Healthiness;

- ii. Supporting the Council in discharging its duties under the Homelessness Reduction Act through providing support to vulnerable people;
- iii. Delivery of housing maintenance services to vulnerable people in Nottinghamshire in line with the Company's growth strategy and the Council's ambitions for the Company to innovate and generate income;
- iv. Delivery of the service to residents of the District by a qualified and reliable organisation;
- v. Filling the gap in the market due to local contractors (to Newark) proving challenging to secure and the scheme therefore not realising the desired outputs and outcomes; and
- vi. Provision of a value for money service through which the impact of the public funds aligned to the HPAS scheme can be maximised.

**Record of Decision:**

The ability of the Company to be successful in attaining a contract of the relatively small scale and nature of the HPAS contract is considered to be valuable in testing the ability of the Company to provide services to third parties outside the current management agreement with the Council with minimal risk. This evidence could support future bids, where appropriate and approved by the Council, and increase the Company's ability to generate additional income. Therefore, consent is given to Newark and Sherwood Homes Limited tendering for the HPAS work in Newark and Sherwood and Bassetlaw.

**Members Consulted:**

**Councillor Roger Blaney**  
**Councillor David Staples**  
**Councillor Bruce Laughton**

**Reason for Urgency Decision:**

The deadline for tenders to be submitted for the work to Nottinghamshire County Council is 15 January 2018, which is before the next Policy and Finance Committee on 25 January.

Signed

*Karen White*

Date 10 January 2018

**Newark and Sherwood Homes Third Party Service Provision - Shareholder Permission Request**

**Nottinghamshire Handyperson and Adaptation Service (HPAS) Tender Opportunity Business Case**

**Request Date: 9 January 2018.**

**Bid Submission Date: 15 January 2018.**

**Decision to submit bid and provide third provision party work required by Friday, 12 January**

**1.0 Introduction**

**1.1 Outline of Business Plan**

This business plan relates to Newark and Sherwood Homes' proposal to submit a tender to provide the Handyperson and Adaptation Service (HPAS) in Nottinghamshire. The Company intends to submit a tender to provide 2 lots; Newark and Bassetlaw. The length of each contract shall be an initial term of one year with the option to extend for up to three years in increments of up to 12 months.

The HPAS service provides handy person and minor adaptation services to customers regardless of tenure across Nottinghamshire. Due to its nature the service therefore aligns with the services delivered by the Company as part of its management agreement with the council and in particular the responsive repairs service which undertakes minor repairs and adaptations of a similar nature to that of the scheme for Tenants.

Newark and Sherwood Homes intention is to bid for 2 lots and utilising its experience and capacity in the delivery of works of the nature of the HPAS scheme will seek to maximise the potential income generation from this opportunity.

Newark and Sherwood Homes intention is to bid for 2 lots and utilising its experience and capacity in the delivery of works of the nature of the HPAS scheme will seek to maximise the potential income generation from this opportunity.

**1.2 Benefits of Delivering the Contract**

- i. Contribution to delivery of Councils Strategic Objectives in relation to Homes, The Economy and Healthiness
- ii. Support the council in discharging its duties under the Homelessness Reduction Act through providing support to vulnerable people.

- iii. Delivery of housing maintenance services to vulnerable people in Nottinghamshire in line with the Company growth strategy and the Councils ambitions for the company to innovate and generate income.
- iv. Delivery of the service to residents of the District by a qualified and reliable organisation
- v. Filling the gap in the market due to local contractors (to Newark) proving challenging to secure and the scheme therefore not realising the desired outputs and outcomes
- vi. Provision of a value for money service through which the impact of the public funds aligned to the HPAS scheme can be maximised.

## **2.0 Background**

The Nottinghamshire Handyperson and Adaptations Service (HPAS) is a Nottinghamshire County Council service that provides the help and support people need to keep safe and secure in their home at low cost but high quality essential adaptations and small practical jobs. There are two elements to HPAS; Adaptations and Handyperson services. Adaptations are the main part of this service with 91% of jobs delivered in 2016-17 falling under this definition. Handyperson services are a minor part of the overall service.

The stated aims of the service are to carry out basic and practical maintenance jobs to enable the client group(s) identified to:

- i. maintain and maximise their independence in their own home
- ii. live in a warm, weather tight, safe and secure home
- iii. improve their quality of life, health and wellbeing
- iv. provide information and advice service which signposts clients to other services which furthers these aims

The service has been in place for a number of years but the current operating model has failed to deliver the service adequately. The County Council is therefore tendering the service in a number of lots to seek to deliver the service aims in an effective and efficient manner.

## **3.0 Development Ambition**

The successful attainment and delivery of the HPAS contract supports the generation of additional income that will contribute to Company overheads by providing additional property maintenance services which meet the needs of vulnerable people.

The ability of the Company to be successful in attaining a contract of the scale and nature of the HPAS contract is considered to be valuable in demonstrating the ability of the Company to provide services to third parties outside the current management agreement with the Council with minimal risk. This evidence will support future bids where appropriate and approved by the council and increase the Company's ability to generate additional income.

#### 4.0 Process

The following table sets out a summary of the procurement process and an indicative timetable:

Stage	Description	Date
ITT Response Date	Date by which bidders must compile their bids in the required format and submit them.	15 January 2018
Evaluation stage	Period during which the Council may wish to invite bidders to meet in order to clarify aspects of tender submissions.	15 January 2018 – 9 February 2018
Notification of evaluation outcome	After selection of any successful bidder(s), the Council will notify all bidders of the outcome of the evaluation. A 10 days standstill period will commence from this date.	Week commencing 19 February 2018

In parallel with the procurement process detailed above the Company will undertake pre-contract preparation works and, if successful, will contract mobilisation in the period from notification of outcome to contract start date in April.

#### 5.0 Governance and Management

The nature of the HPAS contract falls within the Company's articles of association.

The contract will be subject to the Company's usual governance and management mechanisms, specifically in relation to:

- i. Performance Management
- ii. Health and Safety
- iii. Recruitment and Selection
- iv. Equality and Diversity
- v. Insurance
- vi. Training and Development
- vii. Financial Accounting
- viii. Risk management
- ix. Procurement
- x. Exit strategy
- xi. Contractual legal position

The designated contract manager will be the Responsive Repairs Manager.

#### 6.0 Financial Case

The tender has been configured into lots as described below. Providers can bid for a maximum of 2 lots:

	District	Contract Value (per annum)
Lot 1	HPAS Ashfield	£32,500
Lot 2	HPAS Bassetlaw	£39,000
Lot 3	HPAS Broxtowe	£30,000

Lot 4	HPAS Gedling	£35,000
Lot 5	HPAS Mansfield	£41,500
Lot 6	HPAS Newark	£34,500
Lot 7	HPAS Rushcliffe	£24,000

It is envisaged that up to three providers will be awarded a contract for each lot in each of the seven districts as a result of this procurement exercise and that the award and value of work will be equal across the three providers.

It has also been indicated that should there not be demand for a lot (and this has previously been the case with the Newark lot) then the lot could be awarded to a single provider.

The length of each contract shall be an initial term of one year with the option to extend for up to three years in increments of up to 12 months.

The Company is confident that the costs of providing the HPAS service inclusive of overheads will allow for income to be generated based on the works values. Before submitting a tender the Company will assess the costs of the provision of this service and will only progress a tender once there is certainty.

## **7.0 Set Up Costs**

The set up costs related to the contract are not significant and relate to amendment to current policies and procedures to take into account the provision of services to a third party, such as:

- i. System Changes to ensure effective job logging and allocation of the work to the correct resource
- ii. Work specifications, trade and time allocations
- iii. Design and implementation of charge recovery mechanisms
- iv. Monitoring and reporting tools

Further set up costs include ensuring that the resources are available to discharge the contract specification.

It is considered that flexibility within current resource levels can accommodate the demand levels across the areas to be tendered for thereby reducing the level of setup costs. The income secured through the tenders (if successful) will cover the ongoing costs of delivery.

## **8.0 Operating Costs**

The operating costs model of the service will be engineered to ensure all costs of providing the HPAS service inclusive of overheads will be met through the contract sums. This may include the engagement of additional resources at specific times to meet service demand dependent upon any lots allocated to the Company should the tender be successful.



## 9.0 SWOT and Risk Management Plan

<p><b><u>Strengths</u></b></p> <ul style="list-style-type: none"> <li>• Fit with Company’s Vision, Mission and Strategic Objectives</li> <li>• Alignment with Councils strategic priorities and desire for the Company to income generate and innovate</li> </ul>	<p><b><u>Weaknesses</u></b></p> <ul style="list-style-type: none"> <li>• Limited previous experience of third party contracting</li> </ul>
<p><b><u>Opportunities</u></b></p> <ul style="list-style-type: none"> <li>• To generate additional income</li> <li>• To develop a positive relationship and image with third party which will support further tender success</li> <li>• Gain experience in third party delivery</li> <li>• Improve the delivery of the HPAS service within the District by filling the gap left by the private sector</li> </ul>	<p><b><u>Threats</u></b></p> <ul style="list-style-type: none"> <li>• Submission costs lost if tender unsuccessful</li> <li>• Exit costs if contract lost</li> </ul>

### Risks

The following risks have been identified associated to the project and actions plans will be developed to manage these risks:

- i. Tender submission is unsuccessful/costs of submission lost
- ii. Costs of delivering the service in line with the contract are not covered by the contract sum

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

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