

NEWARK AND SHERWOOD DISTRICT COUNCIL

Minutes of the Meeting of **Policy & Finance Committee** held in the Civic Suite, Castle House, Great North Road, Newark, Notts NG24 1BY on Thursday, 27 June 2019 at 6.00 pm.

PRESENT: Councillor D Lloyd (Chairman)
Councillor K Girling (Vice-Chairman)

Councillor B Clarke-Smith, Councillor R Jackson, Councillor P Peacock,
Councillor T Wendels and Councillor R White

IN ATTENDANCE: Councillor L Goff

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

Councillor T Wendels, Rob Main and Sanjiv Kohli declared conflicts of interest in respect of Agenda Item No. 13 – Arkwood Developments – Bowbridge Road Development, Newark – as Directors of Arkwood Developments Limited.

Councillor D. Lloyd, Sanjiv Kohli and John Robinson declared conflicts of interest in respect of Agenda Item No. 9 – Blidworth Leisure Centre – Steam & Sauna Proposal – Active4Today – as Directors of Active4Today Limited.

2 DECLARATIONS OF INTENTION TO RECORD THE MEETING

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

3 MINUTES OF THE PREVIOUS MEETING HELD ON 4 APRIL 2019

The minutes from the meeting held on 4 April 2019 were agreed as a correct record and signed by the Chairman.

4 FORWARD PLAN OF POLICY & FINANCE ITEMS

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

The Chief Executive advised that a report concerning the tenant consultation in respect of the Housing Management Review would be presented to the 26 September 2019 meeting.

5 RECONSTITUTION OF WORKING PARTIES / TASK & FINISH GROUPS

The Committee considered a report regarding the reconvening of various working parties and task and finish groups established by the Committee, which were detailed in the appendix to the report. The Committee were also invited to appoint a representative for the Local Development Framework Task Group.

AGREED (unanimously) that:

- (a) the Working Parties/Task & Finish Groups, as set out in the appendix to the report, be reconvened with the memberships as detailed;
- (b) Councillors M. Brown, Mrs R. Holloway and R. White be appointed as the additional Conservative Group nominations on the Member Development & Training Task Group; and
- (c) Councillor P. Peacock be appointed as the Committee's representative on the Local Development Framework Task Group.

Reason for Decision

To reconvene the appropriate Working Parties / Task & Finish Groups.

6 HOUSING REVENUE ACCOUNT - FIRE DAMAGED PROPERTIES - FORSTER AVENUE, NEWARK

The Business Manager – Housing Strategy & Development presented a report which sought approval to redevelop the Housing Revenue Account (HRA) site at Numbers 38 and 40 Forster Avenue, Newark further to significant fire damage to both properties.

Due to the scale of remedial works required to return the properties to a habitable condition an appraisal by Newark & Sherwood Homes of the available options was undertaken. Option 1 was to refurbish the properties on a like for like basis; option 2 was to demolish the two existing properties and replace on a like for basis; and option 3 was to demolish the two existing properties and replace with three two bed houses. This options appraisal, including costs and timescale was detailed in the report.

Based on the options appraisal undertaken the report proposed that the Committee approve option 3. It was the intention to deliver the proposal through the 5 year HRA development programme and be delivered by Robert Woodhead. The additional HRA capital finance requirement of £171,736 would be allocated to the programme set against the potential for this sum to be reduced subject to being awarded Homes England grant funding.

The Committee sought assurance around the competitive nature of the build costs in the current market and supported option 3 as detailed, as this proposal offered the greatest value for money.

AGREED (unanimously) that:

- (a) option 3, to demolish the fire damaged units at 38 and 40 Forster Avenue, Newark and replace these with three, two bed Council homes, be approved; and
- (b) the 2019/20 Housing Development Programme Phase 3 capital budget be increased by £382,736, for the three new properties, with £211,000 to be financed by the insurers and the remaining budget to come from available Housing Revenue Account capital resources.

Reason for Decision

To replace two fire damaged Council homes deemed to be structurally unsound and meet the Council's objective within the Community Plan to 'accelerate the supply of new homes including associated facilities'.

7 HOUSING REVENUE ACCOUNT - EXTRA CARE SCHEME - BOUGHTON

The Business Manager – Housing Strategy & Development presented a report which updated the Committee on progress to develop an extra care housing scheme in Boughton and sought approval to increase the capital budget to enable the scheme to be delivered.

It was reported that due to the specialist nature of the proposed scheme a procurement exercise had been undertaken outside of the existing five year HRA development programme. Initially seven contractors had accepted to tender for this project. However, two contractors withdrew early in the process and a further three withdrew due to the risks involved with working around the high voltage overhead cables that crossed the site and ran in close proximity to the build. In addition one contractor withdrew due to being unable to tender within the timescales, leaving only one contractor to tender for the project.

The submitted tender sum for the build contract was 23% higher than that originally estimated by Newark & Sherwood Homes which had at that time been validated by an independent cost consultant. The reasons for the higher cost were detailed in the report but included changes to the market conditions and the complexities associated with the site. Subsequent to the receipt of the tender Newark & Sherwood Homes and the cost consultant had undertaken a value engineering exercise with the tenderer which resulted in a reduced tender figure now 18% above the original estimated sum. The key areas where savings had been generated were set out in the report.

It was proposed that the budget allocated to deliver the proposed new extra care housing scheme in Boughton was increased from £7,600,000 to £8,937,401.70. This sum included all pre-construction & design fees, the build contract, soft furnishings and a contingency. The scheme would be funded through the capital finances available within the HRA Business Plan and grant secured from Homes England. The Committee noted the ongoing discussions with the County Council to secure a nomination agreement for the scheme.

AGREED (unanimously) that an increase in budget of £1.337m for the extra care scheme in Boughton within the Housing Revenue Account (HRA) 2019/20 capital programme be approved, and financed through available HRA capital resources within the HRA Business Plan, to enable delivery of the scheme.

Reason for Decision

To meet the Council's objectives within the Community Plan specifically to 'Accelerate the supply of new homes including associated facilities' and 'Improve the health and

wellbeing of local residents, with a particular focus on narrowing the gap in healthy life expectancy and other health outcomes', set against the evidenced housing, health and social care need for this locality.

8 BLIDWORTH LEISURE CENTRE - STEAM & SAUNA PROPOSAL - ACTIVE4TODAY

The Committee considered the report of the Director – Communities & Environment which sought approval to grant permission to Active4Today under the conditions of the current lease to build an extension to Blidworth Leisure Centre to accommodate a steam and sauna facility.

The proposal would improve the local offer for centre users and would be funded from a combination of Active4Today reserves and Section 106 monies secured from a housing development scheme (AG1040) for the improvement of leisure facilities in Blidworth. The estimated cost for the scheme was £75,000 and £30,973 Section 106 monies had been committed and allocated to the project proposal. The Active4Today business case for the proposal was attached as an appendix to the report.

The Leisure & Environment Committee, at their meeting held on 25 June 2019 recommended the proposal to the Policy & Finance Committee for approval and also discussed the potential of a similar facility at Newark Sports & Fitness Centre.

AGREED (unanimously) that:

- (a) Active4Today be granted permission to extend Blidworth Leisure Centre for the purposes of a steam and sauna facility subject to the legal position being agreed;
- (b) subject to (a) above appropriate budget provision be made in the Council's Capital Programme, financed from the relevant Section 106 monies; and
- (c) Officers be requested to put forward a business case for the provision of the steam and sauna facility at Newark Sports & Fitness Centre.

Reason for Decision

To enable Active4Today to deliver a steam and sauna facility at Blidworth Leisure Centre which will enhance the service offer to the community.

(Having declared a conflict of interests Councillor D. Lloyd, Sanjiv Kohli and John Robinson left the meeting during consideration of this item).

9 FINANCIAL OUTTURN REPORT TO 31 MARCH 2019

The Business Manager – Financial Services presented a report which set out the 2018/19 financial outturn position on the Council's revenue and capital budgets including details regarding the: General Fund Revenue; Housing Revenue Account; Capital Programme; Provisions and Impaired Estimates on Debtors; Usable Reserves; Collection Fund; Balance Sheet; and Treasury Management. The accounts showed an

underspend of £0.23m on service budgets with a total underspend variance of £1.957m.

AGREED (unanimously) that:

- (a) the final outturn of revenue and capital spending for 2018/19 be approved;
- (b) the capital financing proposals as set out in Appendix C to the report, that will be passed to the external auditors as part of the 2018/19 Statement of Accounts, be approved;
- (c) the net variations of £5.614m not spent in 2018/19 on the Capital Programme, be re-profiled and carried forward into 2019/20;
- (d) the movement in Provisions and Impaired Estimates on Debtors be approved;
- (e) the creations of the new reserves, as outlined in paragraph 2.19 in the report, be approved;
- (f) the individual contributions to, and withdrawals from, the revenue and capital Usable Reserves be approved;
- (g) the contents of the Pension Fund Actuary report and the proposed assumptions to be used in the IAS19 pensions report for inclusion in the 2018/19 Statement of Accounts be approved;
- (h) the Committee receives the Annual Report on Treasury Management Activity and comments as appropriate for referral onto the Council for information, as required by the Chartered Institute of Public Finance and Accountancy's Code of Practice on Treasury Management; and
- (i) the Committee note the Treasury Management activities are consistent with the objectives identified in the Treasury Management Strategy for 2018/19.

Reason for Decision

To approve the Financial Outturn for the Council for the 2018/19 financial year.

10 COUNCIL'S ANNUAL BUDGET 2020/21 - OVERALL CORPORATE STRATEGY

The Business Manager – Financial Services presented a report which set out the Budget Strategy for 2020/2021 prior to detailed work commencing on preparation of the budget. The Council's Constitution required that the Council's Section 151 Officer present a report on the overall Budget Strategy to the Policy & Finance Committee for approval. The budget process would result in the setting of the budget and the Council Tax for 2020/21.

The strategy took into consideration agreed policies on budgeting and council tax, reserves and provisions, value for money and also a set of budget principles which set out the approach to be taken to the budget process. These policies had been reviewed and updated as appropriate and were attached as appendices to the report.

The current Medium Term Financial Plan (MTFP) was approved on 7 March 2019. The report set out a summary of the financial forecast identified within the current MTFP assuming that Council Tax at average Band D would increase by the same rate as the previous three financial years, namely 1.94%. The gap in the Council's budget in future years meant that as well as further efficiencies the Council would need to generate new revenue streams which was the task of the recently created Commercialisation and Major Projects Business Unit.

The report also set out a number of underlying assumptions which would be applied in compiling the draft budget for 2020/21 including staff costs, provision for inflation and fees and charges.

The Committee discussed the timetable for the formulation of the budget and the involvement of the operational committees and Members in the process. The Director – Resources referred to a budget workshop with Chairs and Vice-Chairs of committees to be held in September 2019.

AGREED (unanimously) that:

- (a) the overall budget strategy be approved;
- (b) budget officers continue work on the assessment of various budget proposals affecting services for consideration in setting the Council's budget; and
- (c) budget managers work with finance officers in identifying further efficiency savings, increasing income from fees and charges and in identifying new income.

Reason for Decision

To enable the Council's budget process to proceed encompassing agreed inflation and salaries and wages rates for 2019/20 to 2021/22.

11 WRITE-OFF POLICY

The Business Manager – Revenues & Benefits presented a report which sought approval for the updated Write-Off Policy. The purpose of the policy was to establish a framework to regulate the process under which Council debts should be submitted for write off. The policy was intended to ensure that the writing off of debts was conducted in a consistent and accountable manner.

The Write-Off Policy, attached as Appendix A to the report, set out the procedure to be followed when writing off irrecoverable amounts (including credit balances) of

Council Tax, Non-Domestic Rates, and Sundry Debts including Housing Benefit Overpayments. It was reported that every effort would be made to recover a debt owing to the Council before it was considered for write off. Only where all recovery action had failed, was a debt regarded as irrecoverable. In cases where the debtor was jointly and severally liable for the debt with another party, recovery action would continue against all liable individuals and only if this action failed would monies be recommended for write off.

In response to questions from Members the Business Manager – Revenues & Benefits provided collection rate percentages for the current year, previous year and an all years' total which stood at 99%. He also provided percentage figures for the amount of Council Tax and Business Rates which had been written off. The Committee commended the Business Unit for achieving such figures.

AGREED (unanimously) that the updated Write-off Policy, as detailed at Appendix A to the report, be approved.

Reason for Decision

To ensure that only income which is collectible is included in the Council's accounts.

12 ARKWOOD DEVELOPMENTS - BOWBRIDGE ROAD DEVELOPMENT, NEWARK

The Business Manager – Financial Services presented a report detailing the recommendations of the Shareholder Committee to approve the sale of the land at Bowbridge Road to Arkwood Developments (the Company), and to release the equity to the Company to facilitate the commencement of the development.

At their meeting held on 11 June 2019, the Shareholder Committee, considered and approved the business case for the Bowbridge Road development site that had been submitted by the Company. As a consequence the Shareholder Committee recommended approval of the release of equity funding to the Company in the sum of £3,321,276. There was provision within the Council's approved capital programme of £4m in respect of equity funding for the Company.

The Council commissioned an external independent surveyor, HEB Chartered Surveyors, to undertake a viability appraisal of the proposed scheme and a valuation of the development land. The surveyor had advised a residual sum of £1,970,469 based upon the proposed scheme for land acquisition value. However the Business Manager – Financial Services advised that a further certified validation had been done by the Council's in-house valuation team to give the Council assurance it was disposing of the land at best consideration, taking into account the proposed scheme. This valuation had been certified at £2,350,000 and was recommended for approval. This would impact upon the business case considered by the Shareholder Committee however, it was highlighted that the Company had confirmed that despite this impacting upon the profit margin, the scheme remained viable with a profit margin in excess of the Council's Commercialisation Strategy target of 6%.

AGREED (unanimously) that:

(a) the sale of the land at Bowbridge Road to the Company for the sum of £2,350,000 be approved, and the Director – Governance & Organisational Development be given delegated authority to finalise the terms for the sale at this sum, to include deferred payment with interest accrued at the appropriate rate; and

(b) the equity funding of £3,321,276 be released to the Company to facilitate the development of the Bowbridge Road site.

Reason for Decision

To enable the first development by the Council's development company at Bowbridge Road, Newark, to commence.

(Having declared a conflict of interests Councillor T. Wendels and Sanjiv Kohli left the meeting during consideration of this item).

13 JOSEPH WHITAKER SCHOOL ARTIFICIAL TURF PITCH REFURBISHMENT - SECTION 106 FUNDING REQUEST

In accordance with Section 100(B)(4)(b) of the Local Government Act 1972, the Chairman agreed to take this item as a late item of business in order to release appropriate funding as soon as possible.

The Business Manager – Parks & Open Spaces presented a report which sought approval to allocate a financial contribution to the refurbishment of the Third Generation Artificial Turf Pitch (3G ATP) at the Joseph Whitaker School from Section 106 (s106) monies held for the purposes of sports provision in Rainworth.

The current 3G ATP was an important community facility but was 11 years old and required significant refurbishment. The original ATP was funded jointly by the school and the Football Foundation with support from the Council. In receiving grant funding the school accepted the obligation to create a sinking fund for the purposes of future refurbishments. The school had met this obligation to provide its required capital contribution of £218K, however, the tender price for the project identified a shortfall of up to £43K. In order to secure the delivery of the project over the summer holiday period and reduce the impact on both the school and the community a request had been made to the Council to make a contribution from s106 receipts held for the provision of sports facilities in Rainworth.

The contribution would come from the s106 monies received from the Warsop Lane, Rainworth housing development currently held by the Council of £274K which has to be used 'for the provision, enhancement or maintenance of sports facilities in Rainworth' as defined in the Agreement AG919a 'Off-site Sports Provision Contribution'. The actual amount of the contribution would not be known until final account stage, however, the commitment from the Council was not expected to exceed £43K and may prove to be a lower contribution. It was reported that the local Ward Members supported the proposal.

AGREED (unanimously) that:

- a) the creation of a £43k capital budget within the 2019/20 Capital Programme, all to be financed from Section 106 Agreement AG919a 'Off site sports provision' be approved; and
- b) in the unlikely event that the shortfall is in excess of the £43K the Director - Resources be given delegated authority to increase the Section 106 contribution up to a further 10%.

Reason for Decision

To enable the proposed project to proceed in a timely manner in order to enhance the community leisure offer in the Rainworth locality.

14 ANNUAL STANDARDS REPORT FOR THE PERIOD 1 APRIL 2018 - 31 MARCH 2019

The Committee considered the report of the Director – Governance & Organisational Development which presented the Annual Standards Report for the period 1 April 2018 to 31 March 2019. The Monitoring Officer had received five Code of Conduct complaints during the period, two complaints resulted in no further action being taken and three were currently being investigated by the Monitoring Officer.

Register of Interest forms for Newark & Sherwood District Councillors had been issued to all Members following the elections held on 2 May 2019. These were required to be completed within 28 days of the election and were in the process of being published on the Council's website. Newly elected Town and Parish Councillors were also required to complete a Register of Interest form and these were currently being collated ahead of publishing.

AGREED (unanimously) that the Annual Standards Report be noted.

Reason for Decision

To provide Members of details of standards issues in 2018/19.

15 EXCLUSION OF THE PRESS AND PUBLIC

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

16 APPROVAL OF WRITE-OFFS ABOVE £10,000

The Committee considered the exempt report presented by the Business Manager – Revenues & Benefits regarding the write-offs above £10,000.

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

17 APPROVAL OF LOAN WRITE-OFF ABOVE £10,000

The Committee considered the exempt report presented by the Director – Resources regarding the write-off of a loan above £10,000.

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

Meeting closed at 7.08 pm.

Chairman