

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, 25 January 2018 at 6.00 pm.

PRESENT: Councillor R Blaney (Chairman)
Councillor D Lloyd (Vice-Chairman)

Councillor B Laughton, Councillor T Roberts, Councillor P Peacock and
Councillor D Staples

ALSO IN
ATTENDANCE:

APOLOGIES FOR Councillor R Jackson
ABSENCE:

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

Councillor D.J. Lloyd declared a personal interest in respect of Agenda Item No. 17 – The Atrium, Lombard Street, Newark – Restrictive Covenant.

56 DECLARATIONS OF INTENTION TO RECORD THE MEETING

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

57 MINUTES OF THE PREVIOUS MEETING

The minutes from the meeting held on 30 November 2017 were agreed as a correct record and signed by the Chairman, subject to an amendment to Minute No. 53 – Former Municipal Buildings to reflect that Councillor D.J. Lloyd left the meeting prior to the consideration of this item.

The Chairman also advised that Minute No. 50 – Elm Avenue, Newark had been revised from the version that had been presented to the Full Council meeting held on 12 December 2017 in order to better reflect the discussion at the last meeting in respect of the number of dwellings which could be accommodated on the site. In addition the Chairman advised that as Nottinghamshire County Council had now made public their intention to dispose of this land, this minute, subject to any redaction required, could be released into the public domain.

58 FORWARD PLAN OF POLICY & FINANCE ITEMS

The Committee noted the content of a first draft of Forward Plan items to be considered by the Committee over the next 12 months.

59 ESTABLISHMENT OF A DEVELOPMENT COMPANY

The Director - Resources presented a report which set out the business case for establishing a Council wholly owned development company and sought approval for

incorporating the company with Companies House. The business case, which was attached as Appendix 1 to the confidential report, had been informed by market research and financial appraisal carried out on the existing Council owned site on Bowbridge Road. The study established the viability of the Bowbridge Road site for residential development and also the density, character and overall strategy appropriate for the site and location.

The financial appraisal based on the market research demonstrated that developing the site on Bowbridge Road through the limited company would generate positive net commercial returns to the Council which were detailed in the report. The business case set out in detail the benefits of operating through a limited company, the estimated costs of setting up the company, the estimated operational costs 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 analysis and risk appraisal. The business case also set out the proposed governance arrangements and these were detailed in full in the report.

It was considered that the business case made a compelling case for establishing and operating a Council owned development company. The report proposed the establishment of such a company and to commence preparation for developing the first site on Bowbridge Road. The intention would be to replicate, if suitable, the development and funding model, for the initial development on Bowbridge Road, to all future sites.

AGREED (unanimously) that:

- (a) the establishment of the development company be approved;
- (b) the management and governance arrangements, as set out in section 2.5 of the report (2.11 of the exempt report) and section 5 of the business case (in the exempt report) be approved, save that the Council (rather than the Shareholder Committee) will consider the recommendations of the Shareholder Committee and agree:
 - (i) the Company's Articles of Association; and
 - (ii) the Management / Shareholder's 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;
- (c) the Committee approves, in principle, as a one-off, the funding mix for the Bowbridge Road development of 25% equity and 75% debt. The funding mix of future sites will be determined on a case by case basis; and
- (d) the Committee notes the estimated costs of developing Bowbridge Road and notes that a further detailed development report will be considered by the Shareholder Committee.

Reason for Decision

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.

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

The Deputy Chief Executive presented a report which sought approval for a proposed extension to the car park at Newark Sports and Fitness Centre. It was reported that demand at the Newark Sports & Fitness Centre had been higher than anticipated and as a result, at peak times, the car park was full to capacity with cars parking along the access road to the centre.

In order to meet existing and future demand it was considered necessary for the existing car park provision to be extended. This meant that additional land would need to be allocated for car parking, reducing the amount of land which would be available for residential development.

The plan attached to the report showed the proposed additional car parking provision. This effectively provided two additional car parking bays providing around 62 additional spaces. The estimated cost of provision of the additional car parking was £205,500 and provision would need to be made in the 2018/2019 Capital programme for this expenditure.

The Committee requested officers give consideration to the connection between the new cycle path and the Sports & Fitness Centre and possible enhancements to the landscaping between the Centre and the cemetery.

AGREED (unanimously) 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 Decision

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.

61 COMMUNITY & ACTIVITY VILLAGE - MINUTE AMENDMENT

The Committee considered the report of the Deputy Chief Executive which sought to correct a clerical error which had come to light in the minutes of the Policy & Finance Committee meeting held on 22 September 2016.

It had emerged, following an FOI request, that there was an error in the recording of the decision. The words "if possible" had been 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". A letter had been sent to the chairman of NSA immediately following the meeting advising him of the decision. This had accurately set out the decision taken at the meeting with the inclusion of the words "if possible".

AGREED (unanimously) 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 Decision

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.

62 POLICY & FINANCE COMMITTEE REVENUE BUDGET 2018/19

The Assistant Business Manager – Financial Strategy and Performance presented a report which informed Members of the budget and scale of fees and charges for the areas falling under the remit of the Policy & Finance Committee for 2018/19. A summary of the current budget proposals were attached at Appendix A to the report together with a schedule of fees and charges pertaining to the Committee which were attached as Appendix B.

The current draft budget showed a decrease in 2018/19. Direct service expenditure excluding deferred and capital charges, and all central services recharges currently showed an overall reduction of £126,040 against the 2017/18 budget. When central recharges and capital were included this became a saving of £237,340. This budget figure included an average of 2% inflation on expenditure and income and assumed a 2.5% increase in salary and wages costs overall in 2018/19. The report also showed

the major variances between 2017/18 and 2018/19.

AGREED (unanimously) that:

- (a) the final Committee budget as shown at Appendix A to the report 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 to the report be recommended to Policy & Finance Committee at its meeting on 22 February 2018 and Council on 8 March 2018.

Reason for Decision

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.

63 HOUSING REVENUE ACCOUNT BUDGET AND RENT SETTING 2018/19

The Financial Services Accountant presented a report in relation to the Housing Revenue Account Budget and rent setting for 2018/19. The report showed the actual outturn of the Housing Revenue Account for the year 2016/17; examined the proposed income and expenditure on the Housing Revenue Account for 2018/19; and in accordance with Section 76 of the Local Government and Housing Act 1989, made recommendations to avoid a deficit on the Housing Revenue Account. The report also set out indicative figures of income and expenditure for the financial years 2019/20 to 2021/22.

The report also made recommendations to set rent levels and service charges with effect from April 2018 and sought to determine charges for garage rents, plots and garage ports, housing support service charges and the annual management fee payable to Newark and Sherwood Homes in accordance with the Management Agreement.

The setting of the Housing Revenue Account budget and the approval of rent levels would be presented to the Full Council Meeting in February 2018 which would allow the required time to notify tenants of proposed changes to rents in accordance with the legislation.

Since April 2012, following the housing finance reforms, the Housing Revenue Account had been operating within a 30 year self-financing HRA Business Plan. Officers had been working with colleagues from Newark and Sherwood Homes to monitor and review the Business Plan, which informed the 2018/19 budget process and medium term financial plan 2019/20 to 2021/22. The HRA budget proposed in the report was based on the Government announcement made on 8 July 2015, stating that local authorities must secure that the amount of rent in the relevant year by a tenant of social housing is 1% less than the amount that was payable by the tenant in the previous 12 months. This 1% per year rent reduction commenced in 2016/17 and would continue for the financial years 2018/19 and 2019/20.

AGREED (with 5 votes for and 2 against) 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 the report be approved;
- ii. the management and maintenance fee of £8,265,360 be included within the HRA budget for 2018/19;
- 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 Decision

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.

64 COMPONENTISATION POLICY

The Assistant Business Manager – Financial Systems and Accounting presented a report which sought to approve a new Componentisation Policy which was to be effective from 1 April 2017. The Council was required to present its accounts in accordance with International Financial Reporting Standards (IFRS). The move to an IFRS based Code resulted in a number of significant changes in accounting practice. These included a greater emphasis on component accounting, and derecognising parts of an asset that are replaced. As the Council had not yet implemented component accounting it had now been raised as an audit requirement following the 2016/17 final accounts audit. 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.

Based on CIPFA guidance the Council would consider assets of property, plant and equipment with a carrying value of £1m or more for componentisation. The asset components were split at a high level into land and buildings with the buildings element further subdivided. The Council had adopted this component structure based on an analysis by the Council's valuers of building project costs published by the Building Cost Information Service of the Royal Institution of Chartered Surveyors and in relation to the Housing Stock, Communities and Local Government guidance. The structure also mirrored emerging approaches taken by surveying firms in the private

sector who were experienced in undertaking valuations for public sector capital accounting. The land component value was based on the Council's valuers knowledge of land values applicable to areas within Newark and Sherwood District. The Asset Register was fully compliant with the requirements of componentisation.

AGREED (unanimously) that the proposed accounting Componentisation Policy be approved, subject to the Director – Resources ensuring the Policy was consistent with Newark & Sherwood Homes renewals policy in respect of kitchens and bathrooms.

Reason for Decision

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

65 TOUR OF BRITAIN - ADDITIONAL BUDGET REQUEST

The Committee considered the report of the Deputy Chief Executive which sought 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 would be supportive of the Tour of Britain 2018 which was again likely to have a stage in Nottinghamshire. It was noted that a further report would be presented to the Committee when further details of the 2018 Tour were known.

AGREED (unanimously) 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 Decision

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

66 URGENCY ITEM - HOMES & COMMUNITIES AGENCY - GRANT BID SUBMISSION

The Committee noted the decision to make a submission for grant funding to the Homes & Communities Agency. The full details of the grant bid scheme were set out in the urgency item.

AGREED (unanimously) that the urgency item be noted.

Reason for Decision

To deliver new affordable housing and new Council homes through the HRA.

67 URGENCY ITEM - NEWARK & SHERWOOD HOMES - WORK FOR THIRD PARTY

The Committee noted the decision to enable Newark and Sherwood Homes Limited to tender for Handyperson and Adaptation Service (HPAS) work in Newark and Sherwood and Bassetlaw.

AGREED (unanimously) that the urgency item be noted.

Reason for Decision

The deadline for tenders to be submitted to Nottinghamshire County Council was 15 January 2018.

68 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.

ESTABLISHMENT OF A DEVELOPMENT COMPANY

The Committee considered the exempt business case in relation to the Establishment of a Development Company.

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

COMMUNITY & ACTIVITY VILLAGE - FUNDING

The Committee considered the exempt report presented by the Deputy Chief Executive in relation to the funding of the Community & Activity Village.

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

THE ATRIUM, LOMBARD STREET, NEWARK - RESTRICTIVE COVENANT

The Committee considered the exempt report presented by the Deputy Chief Executive in relation to the Atrium, Lombard Street.

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

69 ESTABLISHMENT OF A DEVELOPMENT COMPANY

The exempt part of the report presented the business case for establishing the Council's wholly owned development company. This was considered to be exempt as it included commercially sensitive information. However the decisions in respect of this item were recorded in the public minutes.

70 COMMUNITY & ACTIVITY VILLAGE - FUNDING

The Committee agreed that this item be taken as exempt because it included commercially sensitive financial details of the business concerned and the Council.

The Deputy Chief Executive presented a report which advised Members of the proposed funding arrangements for the Community & Activity Village including the Section 106 contributions being pass-ported by the District Council in respect of both the enhancement of cricket facilities at Kelham Road and the Community & Activity Village within the Councils capital programme, so that expenditure could be regularly monitored.

The appendix to the report set out in detail what monies had been committed by the Town, District and County Councils towards both the enhancement of the cricket at Kelham Road, Newark and the Community & Activity at Bowbridge Road, Newark.

AGREED (unanimously) that the funding arrangements for enhancement of cricket facilities at Kelham Road, Newark and in respect of the Community and Activity Village at Bowbridge Road, Newark be noted and that the project be included within the Councils Capital Programme.

Reason for Decision

To inform Members of funding arrangements for the enhancement of cricket facilities at Kelham Road, Newark and in respect of the Community & Activity Village, at Bowbridge Road, Newark and to include both projects within the Council's Capital programme so that the transfer of monies held by the District Council pursuant to Section 106 obligations can be properly monitored.

71 THE ATRIUM, LOMBARD STREET, NEWARK - RESTRICTIVE COVENANT

The Committee agreed that this item be taken as exempt because it included commercially sensitive financial details of the business concerned and the Council.

The Deputy Chief Executive presented a report which invited the Committee to determine whether to agree terms for a waiver of the restrictive covenant which currently limited the opening hours of The Atrium to 1am which would be personal to the company currently holding a lease of the premises, or whether to take action to enforce the covenant.

The report gave a comprehensive history of the site and the restrictive covenant which was in place but not currently enforced. In considering the report the Committee noted that in 2005 the then licensee was successful in obtaining an extension to their premises licence to 2am and whilst the covenant had never been relaxed or released, the premises had been open for the sale of alcohol until 2am from September 2005 to date. Throughout that period the Council had not taken any action to enforce the covenant.

AGREED (with four votes for and two abstentions) that the covenant relating to the former Wadham Stringer premises requiring a closing time of 1am be relaxed to

permit a closure time of 3am (together with 30 minutes drinking up time on Friday, Saturday and Sunday mornings) subject to the following terms and conditions:-

- (i) the relaxation of the covenant be personal to the current tenants JS Pubco Limited and apply to the Atrium only;
- (ii) the tenants pay an initial annual fee of £5,000 for the period 1 January 2018 to 31 December 2018 to be payable quarterly in arrears with the first payment being made on 31 March 2018, such fee to be in consideration of the relaxation of covenant from 2am until 3am on Friday, Saturday and Sunday mornings (together with 30 minutes drinking up time as provided in the premises licence);
- (iii) the Council acknowledge within the documentation that it will not seek to enforce the covenant against the current tenant, JS Pubco Limited, or to seek any payment for its relaxation in so far as it relates to a 2am closing time provided that this does not preclude the Council from taking action for breach of the covenant against the owner should there be a change of tenancy;
- (iv) the fee payable in respect of the relaxation of the covenant be reviewed annually with any increase or decrease in the fee being calculated having regard to the number of days on which the premises remained open after 2am in the previous calendar year and in accordance with the formula set out in the body of the report;
- (v) the relaxation of the covenant take effect from 1 January 2018 with the Council acknowledging that it will not take any action retrospectively against the current tenant for any breach of the covenant prior to agreement being reached as to its relaxation;
- (vi) the relaxation of the covenant be conditional on a premises licence being in place to permit the premises to remain open for the sale of alcohol until 3am; and
- (vii) delegated authority be given to the Deputy Chief Executive to review the arrangements on an annual basis.

Reason for Decision

To agree terms with the tenant for the relaxation of the covenant in respect of the former Wadham Stringer premises to permit the premises to open until 3am on Friday, Saturday and Sunday mornings in accordance with the extant premises licence.

(Having declared an interest in this item Councillor D.J. Lloyd left the meeting prior to its consideration).

Meeting closed at 7.25 pm.

Chairman