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

**Members of the Committee:**

**Councillor R.J. Jackson**  
**Councillor R.B. Laughton**  
**Councillor A.C. Roberts**  
**Councillor D. Staples**  
**Councillor Mrs A.A. Truswell (Opposition Spokesperson)**

**Substitute Members**

**Councillor Mrs C. Brooks**  
**Councillor P.C. Duncan**  
**Councillor T. Wendels**  
**Councillor Mrs Y. Woodhead**

**MEETING: Policy and Finance Committee**

**DATE: Thursday, 28<sup>th</sup> January 2016 at 6.00pm**

**VENUE: Room G21, Kelham Hall**

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

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

## AGENDA

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NEWARK AND SHERWOOD DISTRICT COUNCIL

Minutes of the Meeting of the **POLICY & FINANCE COMMITTEE** held in Room G21, Kelham Hall, Newark on Thursday, 3<sup>rd</sup> December 2015 at 6.00pm.

PRESENT: Councillor D.J. Lloyd (Chairman)

Councillors: R.J. Jackson, R.B. Laughton, A.C. Roberts, D. Staples and Mrs A.A. Truswell.

ALSO IN ATTENDANCE: Councillors: P.C. Duncan, D.R. Payne and T. Wendels.

63. APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor R.V. Blaney.

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

Councillor D.R. Payne declared a Disclosable Pecuniary Interest in relation to Agenda Item No. 12 – St Leonard’s Hospital Trust.

65. DECLARATIONS OF INTENTIONS TO RECORD THE MEETING

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

66. MINUTES FROM THE MEETING HELD ON 5<sup>TH</sup> NOVEMBER 2015

The minutes from the meeting held on 5<sup>th</sup> November 2015 were agreed as a correct record and signed by the Chairman subject to the following amendments:

Minute No. 53 – Pay to Stay – Fairer Rents in Social Housing – to include additional wording to reflect that the Leader and Deputy Leader were also to meet with the two MP’s to discuss this matter further.

Minute No. 54 – Car Park Fees – to amend the second resolution to reflect the decision of the Economic Development Committee that Christmas car parking sessions in Newark be agreed for the four Sundays each year prior to Christmas.

67. REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) POLICY

The Director – Safety presented a report which sought to update the Council’s RIPA Policy. The report also updated Members on the usage of the RIPA powers by the Council during 2014/15.

The Council’s RIPA Policy had been reviewed and updated to take into account the good practice procedures and guidance set out by the Office of Surveillance Commissioners (OSC) and to comply with recommendations made by an Inspector from the OSC following the most recent inspection of the Council. A copy of the proposed amended Policy is attached to this report as Appendix A. In brief, apart from some “tidying up” to reflect best practice and guidance, the majority of the amendments were to give effect to the four recommendations made by the OSC inspector which were detailed in the report. Changes to the policy were also required in order to reflect the current staffing structure.

AGREED (unanimously) that:

- (a) the Council's Policy on RIPA, as set out at Appendix A to the report, be adopted;
- (b) the Director – Safety be designated as the Council's Senior Responsible Officer;
- (c) the Senior Legal Officer (Lisa Ingram) be designated as the Council's RIPA Co-Ordinating Officer; and
- (d) the Chief Executive, the Deputy Chief Executive and the Director – Resources be the Council's Authorising Officers.

Reason for Decision

To ensure that the Council's RIPA Policy and procedures are fit for purpose and fully compliant with legislation and best practice.

68. WESTBROOK DRIVE, RAINWORTH – DISPOSAL OF PUBLIC OPEN SPACE

The Deputy Chief Executive presented a report concerning a proposed sale of an area of public open space for the erection of a disabled standard bungalow. In April 2015 a request was received to dispose of an area of public open space adjacent to 76 Westbrook Drive for the erection of a two bedroomed bungalow specifically designed for a disabled person.

It was considered that the most suitable site for such a dwelling would be adjacent to 74 Westbrook Drive, Rainworth. The land formed part of a green and while the area of grass would be slightly reduced overall, it was considered that the provision of public open space would not be significantly affected. The Council has to consider any request to sell public open space on a case by case basis with any proposed disposal being advertised in accordance with S123 Local Government Act 1972. Under the Act the Council is required to consider any objections to such a sale. Five objections to the proposed sale were received and the content of these were set out in an appendix to the report. In addition, the Committee were advised of an objection to the proposal by Rainworth Parish Council.

It was noted that if the Committee approved the principle of the sale of this area of public open space then the applicant would still have to submit a detailed planning application for consideration. In debating the merits of the proposal the Committee concluded that the benefits to the individual outweighed the loss of public open space.

AGREED (unanimously) that the sale of public open space adjacent to 74 Westbrook Drive, Rainworth, for the erection of a disabled standard bungalow be approved, subject to the terms as set out in Appendix D to the report.

Reason for Decision

To determine in this specific case if the benefits to the individual of selling the land outweigh the loss of green open space to the public.

69. POLICY & FINANCE DRAFT REVENUE BUDGET 2016/17 – 2020/21

The Assistant Business Manager – Financial Services presented a report which informed Members of the progress to date on the budget for 2016/17 and future years. At their meeting on 10<sup>th</sup> September 2015 the Policy & Finance Committee considered the preliminary report on the 2016/17 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 2015.

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 10<sup>th</sup> September 2015. A summary of the figures to date for the Policy and Finance Committee were given in Appendix A to the report.

Until the Local Government Finance Settlement was announced later this month all figures for government grants were based on internal estimates. A reduction in grant of approximately £1m was anticipated for 2016/17.

Members noted that whilst there was always a need to improve efficiency and review existing budgets the budget gap was significant and should principally be addressed through strategic measures. A number of strategies were considered and approved for the 2015/16 budget and the current estimate of savings in these areas was set out in the report. It was considered that these areas, leisure commissioning, devolution and service redesign, the accommodation move and collaboration would remain the central planks of the development of the budget for 2017/17 and future years.

AGREED (unanimously) that:

- (a) the Committee undertakes a review of fees and charges (excepting services which are subject to commissioning and devolution);
- (b) the current draft Committee budget be incorporated into the overall service budget to be considered by the Policy & Finance Committee at the next item; and
- (c) the Director – Resources continues to formulate budget proposals for formal consideration at the Policy & Finance Committee meeting on 28<sup>th</sup> January 2016 for recommendation to Policy & Finance Committee on 25<sup>th</sup> February 2016.

Reason for Decision

To ensure that the preliminary figures for the budget are considered by the Policy & Finance Committee and that the final budget proposals for 2016/17 to 2020/21 are submitted to the Policy & Finance Committee on 28<sup>th</sup> January 2016 for recommendation to the Policy & Finance Committee on 25<sup>th</sup> February 2016.

70. COUNCIL'S DRAFT OVERALL REVENUE BUDGET 2016/17 – 2020/21

The Assistant Business Manager – Financial Services presented a report which informed Members of the progress to date on the budget for 2016/17 and future years. It is anticipated that the draft Local Government Finance Settlement would be announced later this month. The Chancellor has stated that local authorities can expect the same trajectory of cuts to government grants to be continued and this has been assumed in the Council's Medium Term Financial Plan (MTFP). It was noted that the content of the Comprehensive Spending Review (CSR) confirmed that the assumptions made within the MFP were appropriate.

The 2014/15 budget outturn position identified sustainable under-spends in service expenditure which would be built into future budgets. These amounted to approximately £260,000 per year and had been built into the draft budget figures at Appendix A to the report. It was reported that the anticipated savings from Active4Today had not been realised in full, however, excluding the payment for management of the Southwell Leisure Trust annual savings for 2016/17 were in the region of £234,000 with slight increases in the level of savings in future years. The savings accrued from devolving services to town and parish councils were in the region of £210,000 which was slightly below the amount estimated in the medium term financial plan approved in March 2015. It was noted that a number of initiatives had taken longer to progress than originally anticipated but discussions continued around further devolution of services.

The figures set out in the report were a first draft only and that a substantial amount of work had yet to be completed before any conclusions could be drawn. The Council continued to consider the current level of service provision and there would be little or no room for service development. It was important that savings that could be identified in the current financial year were realised to ensure maximum flexibility in future years. It was also essential not only to consider the budget for 2016/17 but to give some consideration to the need for further savings in the following years as well.

The Chief Executive advised that in the CSR the government had confirmed their intention to localise business rates which did result in uncertainty over future funding with a complex pooling mechanism anticipated. He added that any announcement as to a Council Tax freeze grant was likely to come with the Local Government Finance Settlement over Christmas.

AGREED (unanimously) that:

- (a) the overall position on the 2016/17 budget be noted and Members should consider the strategy for achieving a balanced budget in 2017/18 onwards;
- (b) the Director – Resources make payments to town and parish councils in line with the policy agreed on 26<sup>th</sup> September 2013 to protect them against the net effect of adverse statutory changes in their Council Tax Base; and
- (c) the Director – Resources continues to formulate budget proposals for formal consideration at the Policy & Finance Committee meeting on 25<sup>th</sup> February 2016.

Reason for Decision

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

71. CAPITAL PROGRAMME MONITORING TO 31<sup>ST</sup> OCTOBER 2015

The Financial Services Accountant presented a report which monitored the progress of the overall capital programme since the last progress report to the Committee on 10<sup>th</sup> September 2015. The report appendices listed all the current schemes with expenditure to date, variations to the programme since the last report and the overall financing position. The report provided an update in respect of housing services and general fund schemes. It was noted that the new general fund scheme for frontage improvements to the Council's workshops had still to be approved by the Economic Development Committee.

AGREED (unanimously) that the variations listed in Appendix B to the report be approved and the Programme shown in Appendix C to the report be accepted as the latest Capital Programme, subject to the Economic Development Committee approving the new scheme for frontage improvements to the Council's workshops.

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.

72. HOUSING GROWTH

The Business Manager – Strategic Housing presented a report which advised the Committee of the progress being made on taking forward priorities of the housing growth plan for the Council within the context of the Housing Revenue Account Business Plan and on the proposal to deliver market housing through the General Fund by way of a development company or similar vehicle.

It was noted that at present, detailed appraisal work based on sound financial assumptions could not be progressed to assess the vehicles that could be used by the Council to deliver housing growth. Such work could only be undertaken once clarity was given by Government on their national housing policy and an assessment was made of the housing related announcements from the spending review and autumn statement. Therefore a further report would be submitted to the Committee once financial and risk appraisals had been undertaken that fully considered the impact of national policy on delivering housing growth through both the General Fund and Housing Revenue Account.

AGREED (unanimously) that the report be noted.

Reason for Decision

To formulate a housing growth strategy that will contribute to the wider strategic priorities of the Council, meet the evidenced housing need across the district for all tenures and maintain a viable Housing Revenue Account Business Plan.

73. MOVING AHEAD UPDATE

The Programme Manager – Moving Ahead provided an oral update to the Committee in respect of the Moving Ahead project. The update included the current position in respect of the build programme, potential partners in the new office and the ongoing work in relation to the ‘spoke’ offices in Ollerton and Southwell. It was agreed that this update be circulated to all Members of the Council.

In response to Members questions about the potential loss of income from the lorry park, the Chief Executive stated that the Economic Development Committee would have the opportunity to consider options around possible expanding or relocation in due course.

AGREED (unanimously) that the update be noted.

Reason for Decision

To keep Members updated in respect of the move to new Council offices.

74. 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 item of business on the grounds that it 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.

75. ST LEONARD’S HOSPITAL TRUST

The Committee considered the exempt report presented by the Business Manager – Strategic Housing in relation to St Leonard’s Hospital Trust. The report contained financial details which were not appropriate to release into the public domain.

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

Meeting closed at 6.53 pm.

Chairman



**HOUSING GROWTH: S106 ACQUISITION - WELLOW ROAD, OLLERTON**

**1.0 Purpose of Report**

- 1.1 In line with the Council's Housing Growth Programme this report outlines the proposal to acquire the freehold interest of eight new build dwellings that form part of the Section 106 affordable housing contribution at Wellow Road, Ollerton.

**2.0 Background Information**

- 2.1 The Council's Policy Committee at its meeting on 3<sup>rd</sup> July 2014 resolved to approve the report (*Agenda Item No.15*), which outlined the development of a housing growth strategy for the Council against the background of maintaining a viable Housing Revenue Account Business Plan (HRA BP). The report set out the key strategic context and financial considerations that needed to be taken into account in determining the Council's strategy.
- 2.2 The report also detailed the financing options available and delivery mechanisms that could secure housing growth opportunities over a short, medium and long term development programme, set against an assessment criteria, that would deliver both new affordable and open market homes across the district.
- 2.3 In this respect one of the mechanisms to secure housing growth is through the acquisition of Section 106 (S106) affordable housing units, enabling the Council to intervene in the market where it is appropriate and necessary in order to ensure the delivery of affordable housing.
- 2.4 Traditionally Registered Providers have acquired S106 affordable housing units, however due to changes in housing finance for local Providers they now do not have capacity within their current Business Plans to enter into negotiations for additional S106 units, which they have not already committed too, until 2018. (*The Council's Core Strategy (Adopted March 2011) Core Policy One – Affordable housing provision seeks to secure 30% affordable housing contribution on all qualifying site thresholds of 11 units or more*).
- 2.5 As S106 agreements are a primary mechanism to deliver affordable housing in the district and due to the current capacity issues faced by local Registered Providers, the Council has the opportunity to acquire the freehold interest in 8 S106 affordable homes at a Avant Homes (Midlands) site (formerly Ben Bailey Homes) development at Wellow Road, Ollerton.

**3.0 Wellow Road, Ollerton**

- 3.1 Details of the Wellow Road development, which commenced on site in January 2015, are provided in the table below:

<b>Developer</b>	<b>Avant Homes</b>
<b>Development Name</b>	Avant Homes - Wellow Road, Ollerton
<b>Planning References</b>	13/000743/OUTM - 31/3/14 Approved outline planning application 14/01533/RMAM – 12/2/15: Approved Reserved Matters
<b>Total No of Houses</b>	147
<b>Total No of Market Homes</b>	125
<b>Total No of Affordable Homes</b>	22
<b>Total No of Affordable Homes</b>	<p>a) The current S106 Agreement stipulates that 22 units on the site should be designated as affordable housing, representing 15% (a mix of 13 affordable rent/9 shared ownership) of the total scheme. The reduced 15% contribution from the Policy target of 30% was agreed due to evidenced viability issues raised by the developer.</p> <p>b) A number of local Registered Providers were contacted by the developer to acquire the 22 units and 2 offers were made, these were subsequently withdrawn for the reason cited at paragraph 2.4. No further offers have been made and evidence has been supplied to confirm the reason for the retracted offers.</p> <p><b>Proposal</b></p> <p>c) To ensure on site affordable housing delivery an alternative offer has been proposed by the developer to reduce the 22 affordable unit requirement to 8 x 2 bed four person houses for acquisition by the Council at £1 per unit, in addition to a commuted sum contribution of £40,000.</p> <p><i>(A desk top appraisal has been undertaken to provide the Council with some comfort that should a commuted sum for the 22 affordable housing units be negotiated that this still represents a similar value to the proposed offer of 8 units for £1 plus £40k).</i></p>
<b>Evidenced Housing Need</b>	See paragraph 3.4.
<b>Section 106</b>	<p>States: ‘not to permit occupation of more than 60% of the individual completed properties until at least 100% of the affordable housing has been completed and transferred to an affordable housing provider.</p> <p>The current S106 stipulates that 22 affordable housing units would be delivered at an ‘affordable rent’.</p>

3.2 Positive discussions are taking place between Avant Homes, Newark and Sherwood Homes (NSH) and the Council regarding the specification of the properties. NSH have requested that the developer provides a specification that replicates those of the Council’s housing stock so to ensure easier maintenance and management of the properties and to minimise any additional capital costs over the term of the HRA BP.

- 3.3 Avant Homes have recently advised the Council that the development is progressing well with strong local interest and due to the affordable housing triggers set within the S106 they are now keen to have a quick resolution to the offer set out in the table above.

#### ***Housing Need - Ollerton***

- 3.4 The DCA Housing Market, Needs and Affordability Study 2014 and accompanying sub area report provides information on housing need across the district. Ollerton is part of the Sherwood Sub-area and the study shows that over 80% of the overall requirement is for smaller units (one and two bedrooms – 669 required). In the affordable housing sector the main size of property required by existing households is two bedrooms; concealed household need is one bedroom. The housing register also shows that there is a strong demand for affordable units in this locality. There are 391 applicants on the Council's housing register for one and two bedroom homes and 77 for 3 bedrooms in the Sherwood area.

#### **4.0 Financial and Risk Appraisal**

##### ***Financial***

- 4.1 The Committee will note that the offer set out in the table at 3.1 shows a minimal capital outlay is required to acquire the 8 x two bed four person houses. This is in addition to the Council receiving a £40,000 'affordable housing' commuted sum.
- 4.2 The developer has provided an indicative open market valuation for such a unit type being in the region of £135,000. The Council has not commissioned an independent valuation to corroborate this, although local searches show similar market values for such a new build product.
- 4.3 The offer provides a positive investment return to the HRA BP to sustain its viability compared to other housing growth options. If the Council were to complete a new build scheme of a similar type and scale an approximate build cost for each unit would be in the region of £100,000, excluding land costs.
- 4.5 In terms of HRA finance at present the Council has immediate access to £8.3m of borrowing headroom to facilitate the delivery of housing growth, plus anticipated resources of £2.161m within the HRA BP to 2018/19.
- 4.6 In addition to the above sum the Council has, at this point, collected £1.449m through Section 106 commuted sum payments designated for the delivery of additional affordable housing within the district.

##### ***Risks***

- 4.7 A range of risks have been appraised in assessing the offer made and the below matters have been considered:
- HRA BP Financial Modelling- the proposal offers a positive return.
  - Independent advice has confirmed that there is no chargeable interest in the properties (*for this purpose £1 can be regarded as effectively nil consideration*) and therefore the transaction is exempt from Stamp Duty Land Tax (SDLT).

- NHBC registration is in place for each unit.
- No additional estate/service charges apply to this development

4.8 Further actions are required in the following area:

- Advice is being sought on the implications of Right to Buy (RTB) and the cost floor calculation.
- A legal review of the documentation between the Council and the Developer is required.
- Permission is required from the Homes & Communities Agency to charge an affordable rent, a requirement of the S106.
- The Council and Newark & Sherwood Homes need to be satisfied with the specification provided by the developer for the 8 units.

4.9 The Committee will note that the offer put forward by Avant Homes means that the overall affordable housing contribution from the development will reduce from 22 to 8 units; the reasons for this are cited in the table at paragraph 3.1.

4.10 Considering the reduction in the affordable numbers an overview of recent planning applications in this locality has been undertaken along with some broad financial appraisals to assess the merits of the offer.

4.11 Looking at recent planning applications for the West of the district, the majority of developers have cited site viability as an issue and requested 'flexibility' from the Council when looking at their applications to ensure housing growth. This has seen a number of approved applications not providing on site affordable housing, for example in Clipstone (Cavendish Park) the first phase of development by Taylor Wimpey saw an affordable housing commuted sum of £1.789m being agreed in lieu of onsite delivery of 56 affordable units. Further approved applications on the this site at Clipstone will see minimal affordable housing commuted sum payments based on viability issues put forward by the applicant.

4.12 Another approved planning application at Whinney Lane, Ollerton has seen the affordable housing contribution comprise of 26 units, marketed as 'intermediate housing' products via the developers own shared equity or governments 'help to buy' scheme(s) with no affordable rented units provided.

4.13 From assessing the information the Council holds on bidding for the S106 affordable housing units on the Wellow Road site, an offer for the total number of affordable units (22) on this site would be in region of between £1 - £1.5m, (*variance is due to using a range of house price valuations*).

4.14 A desk top calculation has also been completed to assess what commuted sum payment would be expected in lieu of on site delivery; here a range of between £600 – 800k could be achieved subject to negotiation. (*This is lower than a bid for acquisition, as the developer will claim additional on costs for them in developing and marketing these properties for sale, adding risk to their business model and impacting on predicted cash flow forecasts.*)

- 4.15 In considering the above, and taking note of the point that Avant Homes have been unable to secure an offer from a Registered Provider to purchase the 22 affordable housing units, the offer put forward will deliver on site affordable rented units (albeit reduced numbers) and avoid the developer entering into commuted sum negotiations with the Council.
- 4.16 The offer is also an attractive investment opportunity for the HRA BP and provides the necessary financial compensation, set against what the Council would expect to receive from a commuted sum payment for the loss of on site delivery of affordable housing.
- 4.17 An alternative approach to the proposal made by Avant Homes would for the Council to intervene and submit a bid to acquire all of the 22 affordable units on the site, which will involve a significant HRA capital sum.

## **5.0 Proposals**

- 5.1 It is proposed that the Committee accepts the offer made by Avant Homes to acquire 8 x two bed four person houses at a price of £1 per unit in addition to receiving a commuted sum contribution of £40,000 in relation to the development at Wellow Road, Ollerton.
- 5.2 This is because the offer gives a positive investment return to the HRA BP, will contribute towards meeting evidenced housing need, delivers the Council's housing growth agenda and brings additional affordable housing units to the Council's housing stock.
- 5.3 The offer made will form a revised S106 affordable housing contribution on the development at Wellow Road, Ollerton, seeing a reduction from the original planning permission approval of 22 affordable housing units to 8.
- 5.4 As set out at paragraph 4.8 further work is required to seek confirmation and clarification over a number of areas and on the satisfactory completion of this it is proposed that the Director – Resources/Safety be given delegated authority to enter into a contract with Avant Homes for the acquisition of the 8 affordable housing units.

## **6.0 Equalities Implications**

- 6.1 The acquisition of the 8 affordable housing units by the Council will meet the evidenced housing need in the locality and further equality implications will be considered on the letting of these units set against the parameters of the Council's Allocation Scheme.

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

- 7.1 Within the contents of the main report all the budgetary and policy framework requirements have been considered.

## **8.0 Comments of Director - Resources**

- 8.1 At the meeting of the Committee on 9<sup>th</sup> July 2015 (Agenda Item No.6) an overview was provided on the resources available to support housing growth directly through the Council and Newark and Sherwood Homes, showing the current borrowing headroom, anticipated resources and current commitments within the HRA BP to 2018/19.

8.2 In addition, the following matters are relevant to the proposal for additional capital expenditure to support housing growth as set out in this report:

- The HRA currently has surplus funds in the Major Repairs Reserve (MRR), identified for use with housing growth.
- Other funds including HRA borrowing headroom are available.
- Within the Housing Growth Programme there is a current commitment to deliver 32 units through the Homes & Communities Agency's 2015-18 Affordable Homes Programme and a pending commitment in relation to the recent bid submitted to the HCA for an extra care scheme at Bowbridge Road, Newark.
- The HRA BP can currently afford to support additional borrowing up to the debt cap. Assumptions within the HRA BP will need re-appraising considering the detail of the recent Budget announcement, along with the contents of the \*Works & Welfare Reform and Housing & Planning Bills, in order to ascertain the level of housing growth that can be sustained over the period of the HRA BP.

*\*The key impacts to HRA BP relate to the 4 year reduction in social rent increases, the sale of 'high value' vacant properties linked to the revised Right to Buy proposals for Housing Associations and introduction of 'pay to stay', where people living in social housing and earning over £30,000 will have to pay market or near market rent to stay in their homes (the difference being paid directly to the Treasury and not the Local Authority).*

8.3 A response is awaited from the Department of Communities and Local Government regarding the calculation of the cost floor for the eight properties. If the cost floor is based on the acquisition cost rather than the build cost this will affect the sale price after discount of any property sold under the RTB legislation. A verbal update will be provided at the meeting.

## 9.0 **RECOMMENDATIONS** that:

- a) **the Committee approves the acquisition of the freehold interest in the eight new build affordable homes for the sum of one pound only from Avant Homes, in addition to receiving a commuted sum payment of £40,000, forming a revised Section 106 affordable housing contribution for the development at Wellow Road, Ollerton; and**
- b) **subject to the satisfactory completion of the further work set out paragraph 4.8 the Director – Resources/Safety be given delegated authority to enter into a contract with the developer to acquire the freehold interest in the eight new build affordable homes.**

### **Reason for Recommendations**

**The acquisition of the freehold interest in Section 106 affordable homes at Wellow Road, Ollerton, will contribute to delivering housing growth, meet the wider strategic priorities of the Council, meet locally evidenced housing need and help maintain a viable Housing Revenue Account Business Plan.**

Background Papers

Nil

For further information please contact Rob Main (5930).

Karen White  
Director – Safety

David Dickinson  
Director - Resources

**PROPOSED SPORTS HUB DEVELOPMENT AT BOWBRIDGE ROAD, NEWARK**

**1. Purpose of Report**

- 1.1 To provide Members with an overview of progress on the proposed sports hub development at Bowbridge Road, Newark, to approve a feasibility study in relation to the same and to give delegated authority for the Council to enter into a Partnership Agreement with Newark Town Council and Newark Sports Association.

**2. Background Information**

- 2.1 Members will recall that the Council has committed to facilitating the development of a sports hub facility at the former RHP sports ground at Bowbridge Road, Newark and to that end entered into a long lease with the County Council, who are the freehold owners of the land and, further, agreed that additional land be purchased from Tarmac.
- 2.2 The intention was that the District Council would lead on land assembly, but otherwise its role would be confined to a facilitating role. The District Council has been working closely with the Town Council, which has committed £500,000 towards the project and with Newark Sports Association who are a community organisation bringing together local sporting clubs.
- 2.3 A Project Steering Group has been established comprising representatives of the District Council, Town Council and NSA to progress the project. It is also intended that a Partnership Strategy Group will be established to provide strategic direction to the project. This will comprise representatives of the District Council, Town Council and Newark Sports Association.
- 2.4 Under the terms of the Section 106 Agreement relating to the Newark Academy site, Nottinghamshire County Council have committed £1million towards the provision of an athletics track and 3G pitch at the Bowbridge Road site, with a proviso that works must commence on the Bowbridge Road site within five years of the date of that Agreement (17<sup>th</sup> October 2019). If work were to not commence by that time, the County Council have an option either to extend the relevant timescales or, after a further 12 months have elapsed and if the relevant timescales have not been extended, to provide the facilities at the Academy site.
- 2.5 Initially it was envisaged that NSA would take a lead role in developing and then in operating and managing the sports hub site. This was reflected in the terms of a Partnership Agreement which was approved by the Council, but which was not executed.
- 2.6 The Council has, however, subsequently received advice that the project is unlikely to receive funding from Sport England and the National Governing Bodies unless the project is seen as being led by the District Council. This is significant as it will fundamentally change the nature of the District Council's role in bringing forward the development.



- 2.7 Further complexities have been introduced in that NSA have been successful in securing funding of £250,000 from Power to Change for the provision of a cycle track, which it is intended will primarily be constructed on the former Tarmac land, with potential for further funding of £250,000 towards the hub building. However this funding is conditional on the project being seen as “community led” and Power to Change being satisfied as to the content of a Partnership Agreement which must be in place as a condition of their funding.
- 2.8 A mechanism therefore needs to be sought in which the project is delivered in such a way as to satisfy Power to Change and other funding pots related to community based initiatives, but at the same time to satisfy Sport England and the National Governing Bodies.
- 2.9 It is clear that significant external funding will be required in order to ensure that the project will be delivered, as there is currently no capital commitment towards the project from the District Council.
- 2.10 It is also essential in terms of future operation and management that an effective mechanism is put in place and that the facilities mix is designed in such a way as to secure its future sustainability. To this end, a detailed business plan and a supporting programme of use is being developed.
- 2.11 The former RHP sports ground is still used by football and cricket. The detailed design of the new facilities mix has not been finally agreed, but is likely to include a cycle track, grass pitch with stadium, changing facilities and hub building, 3G track and athletics track. It may also include a provision for tennis and indoor cricket should the necessary funding be identified. At this stage the facilities mix does not include cricket, because of the extent of land which would be required for its provision and therefore, before the development can proceed, work will need to be undertaken to relocate cricket to an alternative site. Discussions are ongoing with Newark Cricket Club, with a view to the creation of an additional pitch at their Kelham Road site and the enhancement of the existing club facilities. However, this will require the necessary funding to be identified.

### **3. Proposals**

- 3.1 Newark & Sherwood District Council and Newark Town Council jointly commissioned LK2 to undertake a feasibility study on the provision of a sports hub at the Bowbridge Road site.
- 3.2 The feasibility study looked at the optimum facilities mix for the site, having regard to existing provision within the area, potential funding opportunities and an analysis of future management and operational structures. A full copy of the feasibility study is available for Members on request and a copy has been placed on the Members extranet. The feasibility study will be important as a background document in supporting any funding bids to Sport England and to relevant National Governing Bodies.
- 3.3 NSA have submitted detailed comments on what they consider to be inaccuracies and omissions in the feasibility study. Any agreed inaccuracies have been corrected and other matters have been the subject of discussion and clarification at steering group meetings.

- 3.4 Regarding the way forward for delivery of the project, the Town and District Councils and NSA have agreed the content of a Partnership Agreement which it is hoped will satisfy both Power to Change and Sport England and the National Governing Bodies. Essentially this would provide for NSA to act as accountable body in delivery of the first phase of the project, namely the cycle track, with the District Council acting as accountable body on the delivery of the remainder of the facilities.
- 3.5 The Partnership Agreement as currently drafted also provides that the District Council would then grant a lease of the facilities to NSA, provided they were satisfied that they were a credible and viable organisation with a sustainable business plan for their future operation.
- 3.6 Members need to be aware that if a decision is taken that the District Council should act as accountable body for Phase 2 of the Project, this will fundamentally change the nature of the District Council's role from the facilitation role which was originally envisaged.

In particular it is likely that Sport England and the NGBs will require the District Council to act as guarantor for any funding which is awarded.

At this stage it is difficult to quantify the risk to which the council might be exposed. However in order for members to better understand the nature of the potential risks, these could potentially include both a risk of capital overruns in project delivery and a revenue deficit in the future operation and management of the facility.

- 3.7 To mitigate these potential risks, the intention would be, if necessary, to reduce the range of facilities to be provided on the site to reflect the capital funding available with further facilities then being provided as and when funding became available in addition to the Power to Change funding of £250,000 for the cycle track, there is funding in place of £1million from the S106 agreement with the County Council in respect of Newark Academy site to be allocated towards the re-provision of an athletics track and 3Gpitch and the Town Council has committed £500,000 towards the project of which £100,000 has already been committed towards feasibility work.

Power to Change have indicated that a further £250,000 may be available towards a hub building. A funding application has been submitted to the football foundation in respect of the football pitch and stadium building.

- 3.8 It will be necessary to relocate the existing cricket provision on the site before the proposed development can proceed and work is ongoing to look at options and what funding might be identified. At this stage the preferred option is to provide a second pitch at Kelham Road with either a new pavilion or an enhancement of the existing building as the existing pavilion is not capable of supporting an additional pitch.
- 3.9 Existing S106 funding is being identified with a view to allocating monies towards the overall project.

Some preliminary work has been undertaken to identify overall project costs but further detailed work is now ongoing and it is hoped to present detailed information to the June Committee. A project risk register is also being prepared.

- 3.10 In terms of a potential revenue deficit, work is ongoing on putting together a detailed business plan. An indicative plan has already been prepared and the intention is that mix will be such as to be revenue generating. However the indicative revenue streams need to be robustly tested with a proposed programme of use currently being developed in consultation with local sporting groups.
- 3.11 Finally, members may wish to note that in an endeavour to move the project forward more effectively, a member of the Policy and Commissioning Team has been appointed to act as project co-ordinator.

However it is likely that, as the project develops, further project support will be required both in terms of providing a point of contact between the “Partnership” and potential funders to maximise funding opportunities and in providing specialist advice relation to the design and procurement of the facilities mix.

**4. RECOMMENDATIONS that:**

- (a) the feasibility study for the proposed sports hub development at Bowbridge Road, Newark be approved;**
- (b) the Deputy Chief Executive, in consultation with the Chairman and Major Opposition Spokesperson of the Policy and Finance Committee, together with the Chairman and Major Opposition Spokesperson of the Leisure and Environment Committee, be given delegated authority to conclude a Partnership Agreement between Newark & Sherwood District Council, Newark Town Council and NSA relating to the delivery of the sports hub project and in relation to its future operation and management, with such agreement recognising the District Council’s role as accountable body in the delivery of phase 2 of the Sports Hub project and the potential financial risks that may arise as a consequence. The Partnership Agreement will reflect the document attached at Appendix 1 with such amendments as may be necessary to satisfy the relevant funding bodies;**
- (c) a further report be brought to the Policy and Finance Committee on 30 June 2016 after detailed budgets, a detailed business plan and a project risk register have been developed for the project;**
- (d) approval be given to the allocation of appropriate S106 monies towards the overall project; and**
- (e) the Chairman of the Policy and Finance Committee be appointed to represent the District Council on the Partnership Strategic Group.**

**Reasons for Recommendations**

**To progress the development of a sports hub at Bowbridge Road, Newark.**

**Background Papers**

Nil

For further information please contact Kirsty Cole on Extension 5210.

Kirsty Cole  
Deputy Chief Executive

## **PARTNERSHIP AGREEMENT BETWEEN NEWARK & SHERWOOD DISTRICT COUNCIL,**

### **NEWARK TOWN COUNCIL AND NEWARK SPORTS ASSOCIATION**

1. The Newark Sports Association (NSA) is a community benefit society and registered charity. The NSA has been established to create equitably managed and sustainable sports facilities of the highest quality for the people of Newark and the surrounding area.
2. Newark and Sherwood District Council, Newark Town Council and NSA have a shared vision to provide a sports hub (the Sports Hub) at Elm Avenue, Newark for the benefit of the local community bringing together local authority partners, local businesses, schools, sports clubs and organisations and local people.
3. Newark and Sherwood District Council and Newark Town Council recognise the importance of community organisations to the overall development and long term sustainability of the Sports Hub. At the current time NSA is the recognised lead community organisation in Newark and, as such, the parties will aim to develop community engagement through the NSA.
4. Newark and Sherwood District Council hold a lease of part of the land which will comprise the Sports Hub and are freeholder owner of the remainder.
5. Newark Town Council has committed the sum of £500,000 towards the Sports Hub project. In addition Nottinghamshire County Council have entered into a unilateral undertaking dated 17 October 2014 pursuant to Section 106 of the Town and Country Planning Act 1990 under which an additional one million pounds may be made available towards the provision of a new athletics track and artificial grass pitch at the Sports Hub provided that the development of the Sports Hub is commenced within the timescales set out in the said unilateral undertaking.
6. It is envisaged that the Sports Hub project will be developed in two phases but in a co-ordinated manner. NSA will act as accountable body for P2C funding for phase 1 which comprises the cycle track. Newark & Sherwood District Council will act as accountable body for any funding awarded by Sport England and National Governing Bodies in respect of phase 2 of the project.
7. Newark & Sherwood District Council, Newark Town Council and NSA have established a Partnership Strategy Group to provide strategic direction for the project and a Project Steering Group to co-ordinate and manage the implementation of the project. This will ensure the delivery of the two phases of the project as a co-ordinated whole.
8. In respect of the Phase 2 development, Newark & Sherwood District Council, Newark Town Council and NSA (the Partnership) will determine the facilities mix following detailed discussions with all possible funding bodies. Such facilities mix shall include an athletics track, a 3G pitch and changing facilities as a minimum. The agreed design will be future proofed to allow development, enhancement and additions to the facilities mix in the event that further funding becomes available. The intention is that the facilities mix will deliver a sustainable income stream, will help meet the needs of the playing pitch strategy and will complement existing sporting facilities in Newark.
9. Subject to:-

- (i) Appropriate planning permission being first obtained for the construction of the cycle track.
- (ii) The District Council serving the requisite notice on the existing occupiers of part of the Phase 1 land to enable the reconfiguration of the existing football pitch.
- (iii) A footpath diversion order being applied for prior to the determination of the planning application for the cycle track and such order being made.

The District Council will grant NSA a lease and sublease (as appropriate) of the Phase 1 land for a 25 year term which will be subject to an agreed non-performance clause at a rental payment to be determined. The lease and sublease will be subject to the covenants, restrictions and obligations attaching to the land and in particular set out in the transfer from Tarmac to the District Council of the former Tarmac land and in the lease between the District Council and Nottinghamshire County Council.

10. Prior to commencing works to construct the cycle track on the Phase 1 land, NSA will effect the necessary works, at its expense, to realign the football pitch on the existing sports ground, or make other provision for RHP Football Club subject to their agreement.
11. The parties will work together to develop the credibility and capacity of NSA with the intention that, in the longer term, it has the potential to operate and manage the facilities provided on the Phase 2 land and may further develop and enhance the facilities provided through pursuing funding opportunities.
12. Subject to NSA being a viable and credible organisation with the appropriate skills, knowledge and capacity to operate and manage the phase 2 land, the District Council will grant NSA a sublease of the Phase 2 land for a 25 year term which will be subject to an agreed non-performance clause at an annual rental of £2,200 per annum. The sublease will be subject to the covenants, restrictions and obligations attaching to the land and set out in the lease between the District Council and Nottinghamshire County Council. The commencement of the term of the sublease will be at an appropriate point in time which satisfies all relevant funding bodies and ensures that potential funding is maximised for the project.
13. Such sublease shall provide that NSA will be responsible, at its expense, for maintaining the Phase 2 land to an appropriate standard throughout the term.
14. Such sublease shall provide that the District Council will have the right to use, at no cost, up to 75 car parking spaces to be constructed on the Phase 2 land, jointly with NSA, for the purpose of overspill car parking for the Leisure Centre. This arrangement could be reciprocal subject to planning requirements and prior agreement of the parties.
15. On the commencement of the sublease, it is the intention of the parties that NSA will enter into a service level agreement with Active4Today to manage bookings for the facilities. The details of the arrangements will be agreed by the parties.

16. The arrangements for drawing funding and contracting the development phase of the project will be done in a manner which minimises the potential for unnecessary VAT payments.

SIGNED BY  
ROGER VAUGHAN BLANEY  
On behalf of Newark & Sherwood District Council

SIGNED BY  
DAVID JOHN LLOYD  
On behalf of Newark Town Council

SIGNED BY  
STEFF WRIGHT  
On behalf of Newark Sports Association

Dated: January 2016

G:\KHC2016\Sports Hub Partnership Agreement

**POLICY & FINANCE COMMITTEE REVENUE BUDGET 2016/17 - 2020/21**

**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 2016/17 and future years.

**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 10<sup>th</sup> September 2015.

- 2.2 The Policy & Finance Committee met 25<sup>th</sup> November 2015 to scrutinise the budget and continue to look for ways to achieve further savings in 2016/17 and future years. The budget proposals attached at **Appendix A** have been developed following consideration by the Committee.

- 2.3 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<sup>th</sup> February 2016. 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 reduction in 2016/17. Direct service expenditure including deferred and capital charges, and all central services recharges currently shows an overall increase of £203,050 against 2015/16 budget. When central recharges and capital are excluded this becomes a saving of £61,300.

- 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 10<sup>th</sup> September 2015. It also assumes a 1% increase in salary and wages costs overall in 2016/17 and future years.

- 3.3 The budget will be further reduced during the financial year as strategic savings, currently shown centrally 'below the line' are agreed and implemented – this could include savings from leisure commissioning, devolution & service re-design, collaboration and ultimately efficiencies achieved through the move to the new offices later in the medium term financial plan.

- 3.4 Staffing costs 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.



- 3.5 Major variances between 2015/16 and 2016/17 are shown below:
- 3.5.1 The revenue costs of the Moving Ahead Project are met from the Change Management Reserve and this is shown 'below the line' in the overall revenue budget.
- 3.5.2 No allowance for vacant posts is built into the business unit budgets, however the allowance held centrally in the Policy & Finance Committee budget has been increased by £90,000 to £100,000. This appears as a saving in A11911 – Other Financial Transactions.
- 3.5.3 Although the budgets for Democratic Representation (A12510) and Corporate Management (A12520) have increased this is as a result of a change in the apportionment of the costs of the Corporate Management Team. The budget remains constant however costs have been allocated strategically rather than to individual business units.
- 3.5.4 A detailed copy of individual service budgets is available in the Members' Room.

#### **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 25<sup>th</sup> February 2016 and Council on 10<sup>th</sup> March 2016.
- 4.2 It should be noted that the level of court costs for non-payment of Council Tax and Business Rates was reduced at the Policy & Finance Committee on 4<sup>th</sup> June 2015. This followed a hearing where the London Borough of Haringey were challenged to demonstrate that costs were at a reasonable level. Subsequently the Nottingham Magistrates Court advised that there should be justification of costs requested at liability order hearings. Certain elements of the costs can no longer be taken into account therefore the level of costs were reduced.

#### **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 25<sup>th</sup> February 2016 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 25<sup>th</sup> February 2016 and Council on 10<sup>th</sup> March 2016.

#### **Reason for Recommendations**

To ensure that the final budget proposals for 2016/17 to 2020/21 and level of fees and charges for 2016/17 are recommended to Policy & Finance Committee on 25<sup>th</sup> February 2016.

Background Papers

Nil

For further information please contact David Dickinson on Extension 5300 or Amanda Wasilewski on Extension 5738.

David Dickinson  
Director - Resources

**BUDGET SUMMARY  
POLICY & FINANCE**

CODE	DESCRIPTION	2015/16	2016/17	MORE/ (LESS)	2017/18	2018/19	2019/20	2020/21
		INITIAL BUDGET	BASE BUDGET		BASE BUDGET	BASE BUDGET	BASE BUDGET	BASE BUDGET
A10601	ELECTORAL REGISTRATION	257,510	213,610	(43,900)	215,150	216,480	217,880	219,310
A10803	INTERNAL AUDIT	0	0	0	0	0	0	0
A10805	INCOME SECTION	0	0	0	0	0	0	0
A10806	BANK CHARGES	0	0	0	0	0	0	0
A10807	MORTGAGE ADMINISTRATION	0	0	0	0	0	0	0
A10812	HUMAN RESOURCES	0	0	0	0	0	0	0
A10815	POLICY & COMMISSIONING	230,540	184,000	(46,540)	186,120	192,910	194,860	196,810
A10818	COMMITTEE SECTION	0	0	0	0	0	0	0
A10819	LEGAL SECTION	0	0	0	0	0	0	0
A10821	KELHAM HALL	0	0	0	0	0	0	0
A10822	THE LODGE	4,840	0	(4,840)	0	0	0	0
A10827	BUILDING SERVICES	0	0	0	0	0	0	0
A10831	CENTRAL REPROGRAPHICS	0	0	0	0	0	0	0
A10832	CENTRAL TELEPHONES	0	0	0	0	0	0	0
A10833	CENTRAL POSTAGES	0	0	0	0	0	0	0
A10841	CENTRAL PERSONNEL EXPENSES	0	0	0	0	0	0	0
A10842	OTHER EMPLOYEE EXPENSES	0	0	0	0	0	0	0
A10845	INFORMATION GOVERNANCE	74,220	75,410	1,190	76,300	77,050	77,810	78,590
A10864	CORPORATE MANAGEMENT TEAM	0	0	0	0	0	0	0
A10895	FINANCIAL SERVICES	0	0	0	0	0	0	0
A10896	PERFORMANCE	0	0	0	0	0	0	0
A10897	PROCUREMENT	53,350	54,060	710	54,690	55,220	55,810	56,360
A10898	ADMINISTRATION SERVICES	0	0	0	0	0	0	0
A10904	COUNCIL TAX	326,430	280,180	(46,250)	290,610	299,810	308,650	317,540
A10905	RENT ALLOWANCES	(28,000)	(18,090)	9,910	(18,090)	(18,090)	(18,090)	(18,090)
A10906	COUNCIL TAX BENEFITS	0	0	0	0	0	0	0
A10907	RENT REBATES	20,000	20,010	10	20,010	20,010	20,010	20,010
A10908	HOUSING BENEFIT ADMIN	312,010	329,930	17,920	337,970	347,340	355,940	364,590
A10910	DISCRETIONARY HOUSING PAYMENTS	0	0	0	0	0	0	0
A11122	RISK MANAGEMENT	0	0	0	0	0	0	0
A11332	KELHAM HALL GROUNDS	29,830	32,490	2,660	33,240	48,440	49,340	49,880
A11841	CORPORATE PROPERTY	0	0	0	0	0	0	0
A11901	MEMBERS EXPENSES	0	0	0	0	0	0	0
A11902	CIVIC EXPENSES	48,820	46,470	(2,350)	46,770	46,900	47,120	47,330
A11911	OTHER FINANCIAL TRANSACTIONS	(9,160)	(99,060)	(89,900)	(99,010)	(99,090)	(99,080)	(99,070)
A11912	MISCELLANEOUS LOANS	(950)	(760)	190	(600)	(560)	(420)	(270)
A12301	ELECTION EXPENSES	123,830	131,550	7,720	133,330	135,040	136,770	138,520
A12505	TRANSFERRED ASSETS	820	920	100	970	890	900	910
A12507	MOVING AHEAD	0	194,920	194,920	107,470	0	0	0
A12510	DEMOCRATIC REPRESENTATION	666,790	748,010	81,220	751,690	755,390	763,430	771,370
A12512	ETHICAL GOVERNANCE & STANDARDS	1,390	1,410	20	1,460	1,380	1,390	1,400
A12520	CORPORATE MANAGEMENT	889,200	1,020,980	131,780	1,019,440	1,028,840	1,037,840	1,046,890
A12530	NON DISTRIBUTED COSTS	810	910	100	960	880	890	900
A15028	COMBINED SERVICE COSTS	113,950	147,520	33,570	149,970	152,330	154,830	157,380
A15029	CORPORATE PRINTERS	64,500	51,910	(12,590)	51,940	51,870	51,890	51,940
A15030	KELHAM HALL EVENTS	(4,250)	(36,850)	(32,600)	(35,510)	(34,780)	(33,770)	(32,830)
A15031	SUPPORT SERVICE HOLDING ACCT	0	0	0	0	0	0	0
	<b>TOTAL</b>	<b>3,176,480</b>	<b>3,379,530</b>	<b>203,050</b>	<b>3,324,880</b>	<b>3,278,260</b>	<b>3,324,000</b>	<b>3,369,470</b>

**BUDGET SUMMARY  
POLICY & FINANCE SUBJECTIVE SUMMARY**

<b>COD</b>	<b>DESCRIPTION</b>	<b>2015/16 INITIAL BUDGET</b>	<b>2016/17 BASE BUDGET</b>	<b>More(Less)</b>	<b>2017/18 BASE BUDGET</b>	<b>2018/19 BASE BUDGET</b>	<b>2019/20 BASE BUDGET</b>	<b>2020/21 BASE BUDGET</b>
111	SALARIES AND WAGES	3,239,300	3,301,940	62,640	3,244,060	3,165,600	3,199,080	3,231,810
112	OTHER SALARIES/WAGES PAYMENTS	31,390	31,390	0	31,390	31,390	31,390	31,390
113	NATIONAL INSURANCE	239,730	253,440	13,710	249,410	243,900	246,440	248,920
114	SUPERANNUATION	399,740	406,530	6,790	399,020	388,980	393,010	396,910
115	OTHER EMPLOYERS CONTRIBUTIONS	22,840	23,190	350	23,190	23,190	23,190	23,190
	<b>EMPLOYEE SUB TOTAL</b>	<b>3,933,000</b>	<b>4,016,490</b>	<b>83,490</b>	<b>3,947,070</b>	<b>3,853,060</b>	<b>3,893,110</b>	<b>3,932,220</b>
211	REPAIRS AND MAINTENANCE	60,880	58,440	(2,440)	58,720	59,010	59,300	59,600
212	ENERGY COSTS	125,710	133,680	7,970	136,350	139,080	141,850	144,690
214	RATES	124,240	125,590	1,350	128,100	130,660	133,280	135,940
215	WATER SERVICES	7,660	9,820	2,160	10,020	10,220	10,430	10,640
217	CLEANING AND DOMESTIC	3,630	4,000	370	4,040	4,040	4,040	4,040
219	CONTRIBUTION TO FUNDS	177,550	147,250	(30,300)	147,250	147,250	147,250	147,250
315	CAR ALLOWANCES	37,090	35,310	(1,780)	35,780	36,230	36,720	37,210
411	EQUIPMENT AND FURNITURE	12,450	11,860	(590)	12,040	12,230	12,420	12,610
412	MATERIALS	240	200	(40)	200	200	200	200
421	INTERNAL	0	290	290	290	290	290	290
431	CLOTHING AND UNIFORMS	1,040	1,050	10	1,060	1,070	1,080	1,090
441	GENERAL OFFICE EXPENSES	86,170	89,370	3,200	89,390	89,410	89,430	89,450
451	CONTRACTUAL	301,920	406,220	104,300	371,670	337,200	341,300	345,490
452	OTHER SERVICES	272,810	217,310	(55,500)	214,100	210,910	211,470	212,140
461	COMMUNICATIONS AND COMPUTING	484,640	526,680	42,040	535,410	544,310	554,110	564,090
471	STAFF	15,610	15,830	220	15,870	15,910	15,950	15,990
472	MEMBERS	220,440	221,600	1,160	223,820	226,060	228,320	230,600
473	CHAIRMAN	10,180	10,180	0	10,180	10,180	10,180	10,180
482	SUBSCRIPTIONS	38,750	39,570	820	40,250	40,940	41,640	42,360
491	INSURANCE	96,120	89,440	(6,680)	93,490	94,800	97,330	99,310
493	OTHER	243,400	195,890	(47,510)	196,530	197,190	197,860	198,540
496	CAPITAL	500	500	0	500	500	500	500
611	HOUSING BENEFITS	27,919,440	25,131,390	(2,788,050)	25,131,390	25,131,390	25,131,390	25,131,390
711	ADMIN BUILDINGS	318,360	290,090	(28,270)	295,180	315,440	320,350	324,780
712	CENTRAL DEPARTMENT SUPPORT	2,302,660	2,392,440	89,780	2,420,760	2,447,130	2,472,670	2,498,460
713	CSS MONTHLY PERCENTAGE RECHGS	61,570	60,100	(1,470)	61,240	62,200	63,340	64,430
714	CENTRAL EXPENSES	420,690	468,920	48,230	472,820	477,330	481,600	485,760
715	DEPARTMENTAL ADMINISTRATION	240,370	231,330	(9,040)	234,640	237,480	240,350	243,290
811	LOANS POOL	1,040	980	(60)	980	980	980	980
817	DEBT MANAGEMENT EXPENSES	10	10	0	10	10	10	10
821	CAPITAL CHARGE	103,890	103,940	50	103,940	103,940	103,940	103,940
	<b>RUNNING EXPENSES SUB TOTAL</b>	<b>33,689,060</b>	<b>31,019,280</b>	<b>(2,669,780)</b>	<b>31,046,020</b>	<b>31,083,590</b>	<b>31,149,580</b>	<b>31,215,250</b>
911	Government Grants	(28,234,490)	(25,311,370)	2,923,120	(25,311,370)	(25,311,370)	(25,311,370)	(25,311,370)
922	Contributions From Other Las	(165,660)	(204,410)	(38,750)	(183,870)	(165,140)	(165,140)	(165,140)
928	Recharge Non Gf Accounts	(685,560)	(913,510)	(227,950)	(879,010)	(852,060)	(858,920)	(864,540)
931	Sales	(1,500)	(1,500)	0	(1,500)	(1,500)	(1,500)	(1,500)
932	Fees And Charges	(364,500)	(377,000)	(12,500)	(377,000)	(377,000)	(377,000)	(377,000)
933	Rents	(132,740)	(134,870)	(2,130)	(135,960)	(137,080)	(138,220)	(139,390)
939	Other Receipts	(234,310)	(251,830)	(17,520)	(251,830)	(251,830)	(251,830)	(251,830)
951	Recharge Gf Rev Accounts	(4,626,820)	(4,461,750)	165,070	(4,527,670)	(4,562,410)	(4,614,710)	(4,667,230)
	<b>INCOME SUB TOTAL</b>	<b>(34,445,580)</b>	<b>(31,656,240)</b>	<b>2,789,340</b>	<b>(31,668,210)</b>	<b>(31,658,390)</b>	<b>(31,718,690)</b>	<b>(31,778,000)</b>
	<b>COMMITTEE TOTAL</b>	<b>3,176,480</b>	<b>3,379,530</b>	<b>203,050</b>	<b>3,324,880</b>	<b>3,278,260</b>	<b>3,324,000</b>	<b>3,369,470</b>

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

<b>Council Tax</b>	<b>2015/2016 £</b>	<b>2016/17 £</b>
Summons	£100.00	£80
Liability Order	With summons	With summons

<b>NNDR</b>	<b>2015/2016 £</b>	<b>2016/2017 £</b>
Summons	£125.00	£100
Liability Order	With summons	With summons

**HOUSING REVENUE ACCOUNT BUDGET AND RENT SETTING 2016/17**

**1.0 Purpose of Report**

- 1.1 To show actual outturn of the Housing Revenue Account for the year 2014/15 (column 2 of **Appendix A1**).
- 1.2 To examine the proposed income and expenditure on the Housing Revenue Account for 2016/17 (column 4 of **Appendix A1**) and, in accordance with Section 76 of the Local Government and Housing Act 1989, to make recommendations to avoid a deficit on the Housing Revenue Account.
- 1.3 To receive indicative figures of income and expenditure for the financial years 2017/18 to 2020/21 (columns 5 to 8 of **Appendix A1**).
- 1.4 The report makes recommendations to adjust rent levels and service charges with effect from April 2016. In the past these have been calculated in accordance with Government guidance which is in line with the rent setting policy amended by Policy and Finance on 29<sup>th</sup> January 2015. On 8<sup>th</sup> July 2015 the Government made an announcement that local authorities must reduce social rents by 1% each year for four years from 2016-17. It is recommended that the rent setting policy should be amended in line with the new guidance and rents reduced accordingly.
- 1.5 To determine these rent decreases having regard to the Welfare Reform and Works Bill 2015-16, which, amongst other things, requires that *“social landlords reduce their rents by 1% every year for four years”*.
- 1.6 To determine charges for garage rents, plots and garage ports.
- 1.7 To approve arrangements to determine housing support service charges.
- 1.8 To approve the annual management fee payable to Newark and Sherwood Homes, in accordance with the Management Agreement.

**2.0 Introduction**

- 2.1 The setting of the budget and the approval of rent levels at Council in February 2016 will allow the required time to notify tenants of proposed changes to rents in accordance with the legislation.
- 2.2 Members will be aware that since April 2012 the Housing Revenue Account is now self-financing and there is no longer any central government control though HRA subsidy. Other controls continue to exist such as the cap on overall HRA debt and the ring-fencing of the account.
- 2.3 The timetable for approval of the budget and rent setting to enable rents to be increased from the beginning of the financial year in April 2016 is restricted by external constraints, in that the correct notification of variation needs to be given to tenants.

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

Council determination of HRA budget and rent setting	9 <sup>th</sup> February 2016
Newark and Sherwood Homes update of rent systems	By end of February 2016
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 2016

Any slippage from these key dates would jeopardize the implementation of rent decrease for 1 April 2016.

### **3.0 Background Information**

3.1 Since April 2012, following the housing finance reforms the Housing Revenue Account has been operating within a 30 year self-financing Housing Revenue Account business plan. Council officers have been working with colleagues from Newark and Sherwood Homes to monitor and review the business plan which informs the 2016/17 budget process and medium term financial plan 2017/18 to 2020/21.

3.2 Under the new management agreement with Newark and Sherwood Homes, the Council's housing management company, which came into effect on 1<sup>st</sup> October 2013 there is a new methodology for calculating the management fee and this process has been followed for determining the fee for 2016/17. Details of the fee are shown in paragraphs 5.1 to 5.7 of this report.

3.3 The budget proposed in this report is based on the Government announcement made on 8<sup>th</sup> July 2015 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 is for four years.

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

4.1 Further to the publication of the Housing & Planning Bill and Welfare Reform & Work Bill officers are continuing to assess the impact of the following Policy areas:

- year 1% rent reduction – Implementation April 2016 (as mentioned previously in the report)
- Pay to Stay – expected implementation April 2016
- Sale of High Value Council houses - expected implementation April 2017
- Ending of life time tenancies - expected implementation April 2017
- Introduction of Right to Buy to Housing Association properties.

4.2 Consideration is being given to the impact of the spending review and autumn statement that was announced on 25th November 2015.

4.3 Due to the status of the above policies, that currently lack specific detail around implementation frameworks, initial scenarios are being assessed but based on a range of financial assumptions. These will be set against the requirement to maintain a viable HRA BP.

4.4 Currently, this presents key challenges for the Council in being able to appropriately assess the ability of the HRA BP to deliver both its strategic housing priorities, including a programme of Council HRA housing growth, and in maintaining the current management and maintenance standards.

<p>Spending Review Nov 2015</p>	<p>The rate of housing benefit in the social sector will be capped at the relevant local housing allowance - in other words, the same rate paid to those in the private rented sector who receive the same benefit.</p> <p>'Shared accommodation rate' - the level of housing benefit that applies to single people in the private rented sector who are under 35 and do not have dependent children.</p> <p>The above will apply to new tenancies only signed after 1 April 2016, with housing benefit entitlement changing from 1 April 2018 onwards.</p>
<p>Housing &amp; Planning Bill:</p> <p>Selling of High Value Homes</p> <p>Pay to Stay and relets at Social Rent.</p> <p>Ending Lifetime tenancies –</p>	<p>Formulae approach to be adopted to ensure equitable approach across all LA's and in effect this will be annual levy to the HRA BP</p> <p>Pay to Stay those tenant 'households' who earn above £30k to be charged market or near market rent – proposed policy implies that all new lets should be at social rent.</p> <p>Amendment now to be included in the H&amp;P Bill for the mandatory inclusion of fixed term tenancies, this will have implications for all registered applicants</p>

## 5.0 Newark and Sherwood Homes Management Fee

5.1 Under the new management agreement, Newark and Sherwood Homes 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 Housing Revenue Account (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

Additionally Newark and Sherwood Homes will receive income for managing the Housing Revenue element of the Council's capital programme, i.e.



- v. Works fee – fee payable for the delivery of the Asset Management Programme. A fee of 8% is paid by the District Council for management of the capital programme and 5% for project managing the Council’s current house building programme. Both fees are calculated on the total level of spend during the financial year.

Payments will also be made where Newark and Sherwood Homes provide general fund Services to the Council:

- vi. Other NSH Work – Non HRA Core Services (Right to buy/Hostel management)

Finally, the company will be able to provide services to third parties such as rent income from properties that it has purchased or built.

- vii. Fee income from third party schemes/investments including the income from photovoltaic cells where solar panels are fitted to council properties. Approximately £0.5m income is received in the Housing Revenue Account annually and passported to Newark and Sherwood Homes.

5.2 The total management fee payable for 2014/15 was £7,637,600 for 2015/16 was £7,674,500, and 2016/17 is £7,707,390.

5.3 The payments are set for a 3 rolling year period. In the first year of the Agreement (2014/15) a ‘base line’ Management Fee was set. This was set for 3 years (subject to taking into account external factors including inflation and other aspects which are out of the control of the Company). For years 2 (2015/16) and 3 (2016/17) of the first three year period an efficiency target of 3% has been set for each year. At the end of year 3 there will be a further base line exercise carried out, again using the framework which sets out the fee elements. This will determine the Management fee for the next 3 year period, as well as efficiency targets for the second and third years within that second three year period and so on, etc.

5.4 The Company submitted a request for additional payments to be included in the 2016/17 management fee in early October 2015. The Management Agreement provides that budgets will be adjusted annually to take into account external factors and other aspects which are out of the control of the Company reflecting impact upon costs. Following discussions between the Council and Company finance officers to scrutinise the request from the Company, it was accepted that four of items involved costs increases that were outside the Company’s control. On this basis the following adjustments to the management fee were approved by the Council’s S151 officer.

Adjustment	Amount	Evidence
Court Fee Costs	£10,800	As a result of increased unit cost from £250 to £325
Increased costs to manage Legionella	£55,000	as a result of a legislative change around commercial testing
Increased Utilities costs	£32,900	Increase from base year 13/14

Increase in Pension Contribution	£64,000	Now fixed lump sum for back funded element
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5.5 Officers from the District Council recommend that the management fee for 2016/17, after the adjustments above, inflation and the 3% efficiency figure have been applied, should be £7,707,390 as shown in Appendix A1 lines 9 and 10.

5.6 Under the terms of the new management agreement, the management fee is calculated in a way that is much more aligned to the estimated costs of the Company discharging the housing service. Newark and Sherwood Homes will retain any surpluses that they have accrued or meet any losses that may occur from their accounts; however clause 12 of the management agreement details how those surpluses should be applied:

*12.1 Subject to Clauses 12.2-3 NSH shall be entitled to use any available surpluses or reserves following discussion with the Council in furtherance of the Council's strategic housing objectives/aims.*

*12.2 Surpluses and/or reserves shall only be deemed to be available for the purposes of Clause 12.1 if this is consistent with generally accepted accounting practice or specific confirmation from NSH's auditors and to the extent not required to maintain NSH's reserves in accordance with Schedule 8. (See paragraph 5.6 I to iv)*

*12.3 NSH shall keep the Council informed about the use of its surpluses and reserves.*

5.7 A report on the Newark and Sherwood Homes annual delivery plan for 2016-17 was presented to the Homes & Communities Committee on 30<sup>th</sup> November 2015 for approval. This contains details of 2015/16 performance to September 2015 and indicates key areas for future improvements in performance and action plan for future years.

## **6.0 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 business plan.

6.2 Cabinet considered the report on the Self-financing HRA in January 2012 and agreed a rent setting policy that rent levels should continue to be determined by following the Government's guidance as assumed in the self-financing settlement.

6.3 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<sup>st</sup> April 2015, and to increase rents in future by CPI + 1% rather than RPI +1%. There is an element of flexibility as the proposals allow for vacant properties to be relet at target (formula) rent. The rent setting policy was amended to reflect this change.

- 6.4 Members will be aware that on 8<sup>th</sup> July 2015 Government made an announcement that local authorities must reduce social rents by 1% each year for four years from 2016-17.
- 6.5 In line with the Government announcement and Welfare Reform & Work Bill the rent levels on all Council held stock have been calculated by applying a decrease of 1%. Any new lets during the year 2016/17 will be set at target rent as at 8<sup>th</sup> July 2015 less 1%.
- 6.6 Setting a rent decrease will have a detrimental impact on the long term HRA Business Plan as the debt settlement under self-financing was calculated on the assumed rent levels (i.e. converged rents) rather than actual rent income. Officers are currently working on the impact that this will have on the HRA Business Plan, along with the impact of all the other proposed changes affecting the HRA.
- 6.7 The Committee should note that the total rent rebate case load is 3,270 (61% of the total housing stock). The position related to benefits is now complicated by the under occupation charge which is applied after benefit is calculated – 2,233 (42%) tenants are currently on 100% benefit, with 1,037 (19%) claimants receiving partial benefit. Of the total number of claimants 706 (22%) have their benefit reduced due to an under occupation charge – these could be full or partial benefit cases.
- 6.8 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 £45,752
  - Committed payments £6,034
  - 128 households have been helped all due to under occupation
  - Of these 128 properties, 59 have been substantially adapted for the claimants needs; these are automatically renewed each year.

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 Newark and Sherwood Homes 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 £1.50 per week in line with the conditions of the tenancy agreement.
- 7.4 This charge has remained static for a number of years, but when looking at the actual cost of providing this service the cost has increased by 18%. If the 18% was to be applied to the support charge to cover the cost it would increase to £1.78 per week. An increase of CPI plus 1% would increase the charge to £1.51 per week. If the charge was increased by 10%, with a view to matching the cost of the service over a number of years, this would increase the charge to £1.65 per week. 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.

(a full list of the current and mandatory and discretionary support charges is shown in appendix B)

- 7.6 In order for the cost of delivering the discretionary services to be recovered, the recharge would also have to be increased by 18%. It was agreed at Policy and Finance Committee on 28<sup>th</sup> January 2015 that the discretionary charges for 2015/16 would remain at the 2014/15 level. Prior to this it was agreed that the 2014/15 level would remain at the 2013/14 level.

- 7.7 It is proposed that all discretionary services provided to tenant and private customers should be increased by September CPI plus 1% (0.9%)

- 7.8 In the Company's 2016-17 Annual Delivery Plan the following activity has been set in order to ensure the support charge is equitable for all tenants in designated supported housing:

*Review the age designation of supported accommodation and the link to the housing support charge, in the context of: the Council's Allocation Scheme and tenancy agreement; meeting housing need and demand; and the associated risks with any such review e.g. impact upon Right to Buy.*

- 7.9 The results of this work will be presented to members once completed.

## **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 2015 CPI + 1% i.e. 0.9%.

- 8.2 New properties built since 2010/11 are currently subject to a weekly service charge of between £3.62 and £6.03 covering the costs (where appropriate) of landscaping, lighting and drainage. It is proposed that these weekly charges are increased in line with September 2015 CPI +1%, i.e. 0.9%.

- 8.3 In relation to service charges the following activity has been added to 2016-17 Annual Delivery Plan for the Company:

*Support the Council in maintaining the viability of the HRA BP including where this is supported by: housing growth through new and innovative delivery mechanisms and housing products; supporting the costs analysis and impact.*

- 8.4 On 29<sup>th</sup> January 2015 the Housing Revenue Account Budget and Rent Setting 2015/16 report was taken to the Policy and Finance Committee. As part of this report, Members approved the implementation of a service charge at Seven Hill's Newark and Wellow Green, Ollerton. Approval of the level of the service charge was delegated to the Director – Resources following consultation with the Leader, Deputy Leader and Leader of the Opposition party. The service charge of £31.64 per week was duly agreed. The charge has yet to be implemented due to the testing on the Housing Benefit system and it is proposed that the charge now be implemented at the beginning of the financial year 2016/17.
- 8.5 It is proposed that these weekly charges are increased in line with September 2015 CPI + 1% i.e. 0.9%.

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

- 9.1 The level of garage rents was raised in 2015/16, in line with the average rent increase, to £7.84 per week. (plus VAT if they are let to non-Council tenants).
- 9.2 The level of garage plot rents was raised in 2015/16, in line with the average rent increase, to £40.01 per annum with VAT payable for non-Council tenants.
- 9.3 The level of garage port rents was raised in 2015/16, in line with the average rent increase, to £3.50 per week with VAT payable for non-Council tenants.
- 9.4 Officers from both the District Council and Newark and Sherwood Homes have undertaken a review of the garage sites focusing on the following matters:
- Location
  - Condition
  - Investment required
  - Demand/availability
  - Customer preferences
  - Future options, e.g.: introducing differential rent levels for garages based on demand/condition, incentivising low demand garage sites, assessing a sites development potential.
- 9.5 Whilst it may be possible to increase rents 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.
- 9.6 Officers from both NSDC and NSH continue to identify existing and redundant garage sites which could be suitable for small scale new build projects should the Council decide on a policy of future growth.
- 9.7 The 1% reduction in rent does not extend to garage rents.

## **10.0 Financial Considerations**

- 10.1 The Housing Revenue Account balances at 31<sup>st</sup> March 2015 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 Housing Revenue Account annual budget and self-financing business plan.
- 10.3 The budget includes costs that continue to fall to the HRA following the transfer of management of the housing stock to Newark and Sherwood Homes, for example property insurance, depreciation, and costs of financing the borrowing to fund the capital programme. The budget also includes costs of back funded superannuation (in respect of the service prior to 1<sup>st</sup> November 2004 of those staff who transferred to Newark and Sherwood Homes), 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 2015/16 to December 2015 amount to 15. 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 Housing Growth Strategy it is essential that Members consider a programme of new build or acquisition of properties to ensure that the conditions of retaining the receipts are met.

### ***Depreciation***

- 10.9 On the advice of the Audit Commission, depreciation continues to be calculated based on the valuation of the Council stock rather than on a componential basis, however it is no longer reversed out of the HRA 'below the line'. It remains as a charge to the HRA transferring funds to the Major Repairs Reserve. 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 business plan. Officers from the Council and Newark and Sherwood Homes 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 2014/2015, the Housing Revenue Account added £1,006,061 to the Major Repairs Reserve (MRR). £3,400,911 was also added 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 Housing Revenue Account debt level is not reducing, although as loans become due for repayment they are refinanced using internal borrowing from the General Fund. The budget set out in Appendix A1 indicates that towards the end of the 5 year medium term financial plan, large surpluses are accumulating within the Major Repairs Reserve. The revenue budget does not take account of any future growth and contributions which may be required either from revenue or to fund any additional borrowing (up to the HRA borrowing cap).

## **11.0 Proposals**

- 11.1 The proposed budget for 2016/17 is attached at **Appendix A1**.
- 11.2 The proposed combined management and maintenance fee of £7,707,390 under the existing management agreement as stated in paragraph 5.2 should be noted.
- 11.3 Following a fundamental review of the support service provision, the Council implemented charges on a tiered service approach as shown in Appendix D, these charges have remained static for a number of years. It is recommended that these charges should be increased by 0.9% in line with CPI + 1% from 1<sup>st</sup> April 2016.
- 11.4 As stated in paragraphs 8.1, 8.2 and 8.6 it is proposed that all other services charges are increased by 0.9% in line with CPI + 1% from 1<sup>st</sup> April 2016.
- 11.5 That charges for garages, garage plots and garage ports are increased in line with the rent policy relating to garages with effect from 1<sup>st</sup> April 2016. The new weekly charges based on 0.9% - CPI + 1% will be:

	£	
Garage Rents	7.91	(plus VAT if they are let to non-Council tenants)
Garage Ports	3.53	(plus VAT if they are let to non-Council tenants)
Garage Plots	40.37	per annum (plus VAT if they are let to non-Council tenants)

## **12.0 RECOMMENDATIONS that:-**

- (a) the Rent Setting Policy shown in Appendix C be revised to follow the new Government guidance in accordance with the Welfare reform and Works Bill on the rent reduction;
- (b) the following recommendations be made to Council at its meeting on 9<sup>th</sup> February 2016:
- i. the Housing Revenue Account budget for 2016/2017 as set out in Appendix A to this report be recommended to Council on 9<sup>th</sup> February 2016;

- ii. the Management and Maintenance Fee for 2016/2017 of £7,707,390 be noted;
- iii. the rent of all properties in the Housing Revenue Account be decreased by 1% in accordance with Welfare Reform and Works Bill;
- iv. that Members consider the support charges in Appendix B and agree an appropriate level for charges with effect from 1<sup>st</sup> April 2016;
- v. that other services charges should be increased by 0.9 % with effect from April 2016;
- vi. that garage, garage plot and garage port rents are increased by 0.9% in line with CPI + 1% with effect from 1<sup>st</sup> April 2016.

### **Reason for Recommendations**

**To enable the HRA budget for 2016/2017, 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 Amanda Wasilewski on extension 5738, Robin Clay on Extension 5332 or Rob Main on Extension 5930.

David Dickinson  
Director - Resources

Karen White  
Director - Safety



## HOUSING REVENUE ACCOUNT - OUTFURN 2014/15 and BUDGET 2016/17 to 2020/21 - RENT DECREASE 1% ANNUALLY

LINE NO.	Col 1 SUMMARY	Col 2 2014-15 OUTTURN £	Col 3 2015-16 BASE BUDGET £	Col 4 2016-17 BASE BUDGET £	Col 5 2017-18 BASE BUDGET £	Col 6 2018-19 BASE BUDGET £	Col 7 2019-20 BASE BUDGET £	Col 8 2020-21 BASE BUDGET £
	<b>INCOME</b>							
1	Dwelling rents	20,814,674.78	20,507,260	20,369,540	20,165,840	19,964,180	19,764,540	20,357,480
2	Non dwelling rents	239,321.97	240,030	250,950	253,130	255,330	257,550	259,800
3	Charges for services	285,991.27	371,720	290,640	293,540	296,470	299,430	302,410
4	Contributions to expenditure	62,850.15	60,220	65,550	65,550	65,550	65,550	65,550
5	HRA Subsidy Grant	0.00	0	0	0	0	0	0
6	Other income	327,462.12	84,760	151,580	151,580	151,580	151,580	151,580
7	<b>Sub Total - Income</b>	<b>21,730,300.29</b>	<b>21,263,990</b>	<b>21,128,260</b>	<b>20,929,640</b>	<b>20,733,110</b>	<b>20,538,650</b>	<b>21,136,820</b>
	<b>EXPENDITURE</b>							
	Management & maintenance							
	Supervision & Management General:							
8	Management	4,313,150.43	576,890	576,610	586,260	593,160	601,820	609,290
9	Management Fee NaSH		3,784,460	3,796,920	3,683,010	3,572,520	3,465,340	3,361,380
10	Maintenance Fee NaSH	3,903,619.92	3,890,040	3,910,470	3,793,160	3,679,370	3,568,990	3,461,920
11	Rents, rates, taxes & other	0.00	0					
12	Government subsidies payable	0.00						
13	Depreciation - dwellings	2,214,015.14	2,218,260	2,294,860	2,294,860	2,294,850	2,294,850	2,294,850
14	Depreciation - others	385,160.66	376,720	393,550	393,550	377,490	362,190	362,190
15	Impairments of assets - dwellings	(7,578,328.47)						
16	Impairments of assets - others	150,761.79						
17	Debt Management Expenses	27,219.35	32,350	36,350	37,490	38,690	39,080	39,480
18	<b>Sub Total - Expenditure</b>	<b>3,415,598.82</b>	<b>10,878,720</b>	<b>11,008,760</b>	<b>10,788,330</b>	<b>10,556,080</b>	<b>10,332,270</b>	<b>10,129,110</b>
19	<b>NET COST OF SERVICES</b>	<b>(18,314,701.47)</b>	<b>(10,385,270)</b>	<b>(10,119,500)</b>	<b>(10,141,310)</b>	<b>(10,177,030)</b>	<b>(10,206,380)</b>	<b>(11,007,710)</b>
20	Profit/Loss on sale of HRA fixed assets	3,892,279.29						
21	Interest Paid	4,407,007.72	4,381,230	4,321,310	4,344,970	4,278,810	4,079,350	4,026,690
22	Interest Receivable	(24,449.64)	(27,240)	(36,330)	(45,410)	(45,410)	(45,410)	(45,410)
23	Income from Feed In Tariffs	(459,376.29)	(525,000)	(525,000)	(525,000)	(525,000)	(525,000)	(525,000)
24	Feed in Tariff to NSH	459,376.03	525,000	525,000	525,000	525,000	525,000	525,000
25	Provision for Bad Debt	122,324.01	0	0	0	0	0	0
26	Contribution to NSH Reserves	781,270.00	0	0	0	0	0	0
27	<b>NET OPERATING EXPENDITURE</b>	<b>(9,136,270.35)</b>	<b>(6,031,280)</b>	<b>(5,834,520)</b>	<b>(5,841,750)</b>	<b>(5,943,630)</b>	<b>(6,172,440)</b>	<b>(7,026,430)</b>
	<b>APPROPRIATIONS</b>							
28	Premiums on repaid debt	0.00						
29	Profit/Loss on sale of HRA fixed assets	(3,892,279.29)						
30	Employers Contribution NCC	260,000.00	260,000	260,000	260,000	260,000	260,000	260,000
31	Major Repairs Reserve Movement	7,970,683.29	5,771,280	5,574,520	5,581,750	5,683,630	5,912,440	6,766,430
32	Contribution to capital	771,290.98						
33	Impairments of assets - dwellings	7,578,328.47						
34	Depreciation	0.00						
35	Impairments of assets - others	(150,761.79)						
36	Repaid debt	0.00						
37	<b>HRA (SURPLUS)/DEFICIT FOR YEAR</b>	<b>3,400,991.31</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)	(5,400,991.31)	(2,000,000)	(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)	(2,000,000)

## Major Repairs Reserve

Brought Forward	1,424,785.60	5,979,950	8,143,390	10,162,020	12,241,880	14,677,550	17,326,730
Contributions in year	10,569,859.09	8,366,260	8,262,930	8,270,160	8,355,970	8,569,480	9,423,470
Used to fund major repairs	(6,014,695.18)	(6,202,820)	(6,244,300)	(6,190,300)	(5,920,300)	(5,920,300)	(5,920,300)
Projected balance carried forward	5,979,949.51	8,143,390	10,162,020	12,241,880	14,677,550	17,326,730	20,829,900

External Debt carried forward	90,159,167.02	88,141,910	88,123,111	88,102,631	88,080,317	88,056,002	88,029,504
Internal Borrowing	14,015,640.90	16,032,898	16,051,697	16,072,177	16,094,491	16,118,806	16,145,304

Total debt carried forward		104,174,810	104,174,810	104,174,810	104,174,810	104,174,810	104,174,810
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## SUBJECTIVE SUMMARY

## HOUSING REVENUE ACCOUNT

APPENDIX A2

CODE	SERVICE	2015/16 BASE BUDGET	2016/17 BASE BUDGET	MORE (LESS)	2017/18 BASE BUDGET	2018/19 BASE BUDGET	2019/20 BASE BUDGET	2020/21 BASE BUDGET
		£	£	£	£	£	£	£
114	<b>EMPLOYEES</b>							
	SUPERANNUATION	260,000	260,000	0	260,000	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>260,000</b>
	<b>PREMISES RELATED EXPENDITURE</b>							
211	REPAIRS & MAINTENANCE	3,890,040	3,910,470	20,430	3,793,160	3,679,370	3,568,990	3,461,920
214	RATES	0	0	0	0	0	0	0
	<b>SUPPLIES &amp; SERVICES</b>							
451	CONTRACTUAL	3,784,460	3,796,920	12,460	3,683,010	3,572,520	3,465,340	3,361,380
452	PROFESSIONAL SERVICES	18,470	19,270	800	19,600	19,930	20,270	20,620
471	STAFF EXPENSES & FEES	1,500	1,500	0	1,500	1,500	1,500	1,500
482	SUBSCRIPTIONS	2,200	2,200	0	2,200	2,200	2,200	2,200
491	INSURANCES	203,370	189,940	(13,430)	198,800	202,520	208,000	212,160
492	TRANSFER TO MAJOR REPAIRS/GROWTH RESERVE	5,771,280	5,574,520	(196,760)	5,581,750	5,683,630	5,912,440	6,766,430
	<b>TRANSFER PAYMENTS</b>							
612	FEED IN TARIFF PAYABLE TO NSH	525,000	525,000	0	525,000	525,000	525,000	525,000
	<b>CENTRAL DEPARTMENTAL EXPENSES</b>							
712	CENTRAL DEPARTMENTAL SUPPORT	268,820	273,320	4,500	275,460	277,440	279,400	281,470
715	DEPARTMENTAL ADMINISTRATION	82,530	90,380	7,850	88,700	89,570	90,450	91,340
	<b>RUNNING EXPENSES SUB-TOTAL</b>	<b>14,547,670</b>	<b>14,383,520</b>	<b>(164,150)</b>	<b>14,169,180</b>	<b>14,053,680</b>	<b>14,073,590</b>	<b>14,724,020</b>
	<b>CAPITAL FINANCING</b>							
811	LOANS POOL	4,381,230	4,321,310	(59,920)	4,344,970	4,278,810	4,079,350	4,026,690
817	DEBT MANAGEMENT EXPENSES	32,350	36,350	4,000	37,490	38,690	39,080	39,480
821	CAPITAL CHARGES	2,594,980	2,688,410	93,430	2,688,410	2,672,340	2,657,040	2,657,040
	<b>CAPITAL FINANCING SUB-TOTAL</b>	<b>7,008,560</b>	<b>7,046,070</b>	<b>37,510</b>	<b>7,070,870</b>	<b>6,989,840</b>	<b>6,775,470</b>	<b>6,723,210</b>
	<b>INCOME</b>							
911	GOVERNMENT GRANTS	0	0	0	0	0	0	0
922	OTHER LA CONTRIBUTIONS	0	0	0	0	0	0	0
928	RECHARGE TO NON GENERAL FUND A/CS	(6,430)	(6,830)	(400)	(6,830)	(6,830)	(6,830)	(6,830)
932	FEED IN TARIFFS	(525,000)	(525,000)	0	(525,000)	(525,000)	(525,000)	(525,000)
932	FEES & CHARGES	(78,330)	(70,010)	8,320	(70,010)	(70,010)	(70,010)	(70,010)
933	RENTS	(21,119,010)	(20,985,870)	133,140	(20,787,250)	(20,590,720)	(20,396,260)	(20,994,430)
939	OTHER RECEIPTS	(60,220)	(65,550)	(5,330)	(65,550)	(65,550)	(65,550)	(65,550)
941	INTEREST	(27,240)	(36,330)	(9,090)	(45,410)	(45,410)	(45,410)	(45,410)
	<b>INCOME SUB-TOTAL</b>	<b>(21,816,230)</b>	<b>(21,689,590)</b>	<b>126,640</b>	<b>(21,500,050)</b>	<b>(21,303,520)</b>	<b>(21,109,060)</b>	<b>(21,707,230)</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>	<b>0</b>
	WORKING BALANCE B/Fwd	(2,000,000)	(2,000,000)		(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
	Excluding NSH EFFICIENCY PAYMENT	0						
	WORKING BALANCE C/Fwd	(2,000,000)	(2,000,000)		(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)

Service Specification and Pricing

APPENDIX B

Service Name	Service Descriptor	Customer Group	Charges	Mandatory/Agreement	Notice period
Lifeline	Provision of a Lifeline unit and, if not provided by the tenant, a telephone line and line rental.  24 hours a day 365 days a year monitoring of lifeline.  Provision of advice and or contact of next of kin or emergency service if required on receipt of call	Supported Housing Tenants with a phone line installed	<b>£1.50</b> per week	Mandatory for tenants in supported housing properties in line with condition of tenancy agreement	Not applicable
		Supported Housing Tenants who do not have a telephone line installed	<b>£6.05</b> per week	Authority already in place through tenancy agreement for those currently receiving service  Annual Charge on rent account	
		General Needs Tenants with a telephone line installed receiving the service on a permanent basis	<b>£1.50</b> per week	Mutually agreed variation to tenancy agreement  Payment for Set up cost taken in advance	4 weeks notice required to access the service. Note. There may be circumstances in relation to both the property and the individual which will enable the service to be provided within a shorter timescale
		General Needs Tenants who do not have a telephone line installed receiving the service on a permanent basis	Set up cost of <b>£125.50</b>  <b>£6.05</b> per week	Annual Charge on rent account	
		General Needs Tenants with a telephone line installed receiving the service on a flexible basis	Setup costs of <b>£22.00</b> for each period the tenant accesses	Mutually agreed contract with the tenant  Can be subscribed to on an annual	

Service Name	Service Descriptor	Customer Group	Charges	Mandatory/Agreement	Notice period
			the service <b>£1.35</b> per week	basis or for any period in denominations of one week (7 days)	
		General Needs Tenants who do not have a telephone line installed receiving the service on a flexible basis	Set up costs of <b>£125.50</b> And setup costs of <b>£22.00</b> for each period the tenant accesses the service <b>£6.05</b> per week	Payment for Set up cost taken in advance  Payment taken in advance for any period of service provision up to 8 weeks  Where service provided for more than 8 weeks then tenant will be invoiced monthly in advance  Tenant can move from temporary to permanent service but would not be reimbursed one off or upfront costs.	

Service Name	Service Descriptor	Customer Group	Charges	Mandatory/Agreement	Notice period
		Private Customers with a telephone line installed	<b>£3.60</b> per week	Agreement through mutually agreed contract with customer	
		Private customers who do not have a telephone line installed receiving the service on a permanent basis	Set up cost of <b>£125.50</b> <b>£10.60</b> per week	Can be subscribed to on an annual basis or for any period in denominations of one week (7 days)	
		Private Customer with a telephone line installed receiving the service on a flexible basis	Setup costs of <b>£22.00</b> for each period the tenant accesses the service  And <b>£3.60</b> per week	Payment for Set up cost taken in advance  Payment taken in advance for any period of service provision up to 8 weeks	
		Private Customers who do not have a telephone line installed receiving the service on a flexible basis	Set up costs of <b>£125.50</b>  And setup costs of <b>£22.00</b> for each period the tenant accesses the service  And <b>£10.60</b> per week	Where service provided for more than 8 weeks then tenant will be invoiced monthly in advance  Customer can move from temporary to permanent service but would not be reimbursed one off or upfront costs.	

Service Name	Service Descriptor	Customer Group	Charges	Mandatory/Agreement	Notice period
Additional Tenancy Assistance	Activities to support the sustainment of a tenancy which may vary dependent upon the tenants requirements but will include:	Supported Housing or General Needs Tenants receiving the service on a permanent basis	<p><b>£4.50</b> per week</p> <p>This cost would be eligible for housing benefit</p>	<p>Mutually agreed variation to tenancy agreement</p> <p>Annual Charge on rent account</p>	<p>4 weeks notice required to access the service. Note. There may be circumstances in relation to both the property and the individual which will enable the service to be provided within a shorter timescale</p> <p>4 weeks notice to leave the service</p>
	<ul style="list-style-type: none"> <li>i. An annual tenancy audit</li> <li>ii. Assistance in accessing welfare benefits including completing forms and liaison with other agencies</li> <li>iii. Assistance in obtaining more suitable accommodation in line with the tenants needs</li> <li>iv. Liaison with and referrals to other agencies</li> </ul>	Supported Housing or General Needs Tenants receiving the service for a period of 3 months or more but not permanently	<p><b>£7.20</b> per week</p> <p>This cost would be eligible for housing benefit</p>	<p>Mutually agreed variation to tenancy agreement</p> <p>Payment taken in advance for any period of service provision up to 8 weeks</p> <p>Where service provided for more than 8 weeks then tenant will be invoiced monthly in advance</p> <p>Customer can move from temporary to permanent service but would not be reimbursed one off or upfront costs.</p>	

Service Name	Service Descriptor	Customer Group	Charges	Mandatory/Agreement	Notice period
	<p>on behalf of the tenant to sustain the tenancy</p> <p>v. Assist tenants to demonstrate behaviours which would enable them to successfully sustain their tenancy</p> <p>An average of 1, 15 minute visit and 2 telephone calls will be made each week.</p>				

Service Name	Service Descriptor	Customer Group	Charges	Mandatory/Agreement	Notice period
Welfare Calls	<p>To receive this service tenants must also subscribe to the lifeline service.</p> <p>A daily 5 minute call made to the customer between the hours of 6am and 8pm within a mutually agreed time slot.</p> <p>Ensure the welfare of the customer, provide advice and or contact of next of kin or emergency service if required.</p>	Supported Housing or General Needs Tenants receiving the service on a permanent basis	In addition to lifeline costs <b>£10.10</b> per week	Mutually agreed variation to tenancy agreement  Annual Charge on rent account	<p>4 weeks notice required to access the service. Note. There may be circumstances in relation to both the property and the individual which will enable the service to be provided within a shorter timescale</p> <p>4 weeks notice required to exit service (if not subscribed on a weekly basis)</p>
		Supported Housing or General Needs Tenants receiving the service for flexible periods	In addition to lifeline costs <b>£12.80</b> per week	Mutually agreed contract with the tenant  Payment taken in advance for any period of service provision up to 8 weeks  Where service provided for more than 8 weeks then tenant will be invoiced monthly in advance  Tenant can move from temporary to permanent service	
		Private Customers receiving the service on a permanent basis receiving service permanently	<b>£15.00</b> per week	Mutually agreed contract with the customer  Customer invoiced in advance	



Service Name	Service Descriptor	Customer Group	Charges	Mandatory/Agreement	Notice period
	To receive this service tenants must also subscribe to the lifeline service.	Private Customers receiving the service on for flexible periods	£19.00 per week	<p>Mutually agreed contract with the customer</p> <p>Payment taken in advance for any period of service provision up to 8 weeks</p> <p>Where service provided for more than 8 weeks then tenant will be invoiced monthly in advance</p> <p>Tenant can move from temporary to permanent service</p>	

Service Name	Service Descriptor	Customer Group	Charges	Mandatory/Agreement	Notice period
Welfare Visits	15 minute face to face visit made to the customer between 8am and 6pm, Monday to Friday.  Ensure the welfare of the customer, provide advice and or contact next of kin or emergency services if required.	Supported Housing or General Needs Tenants receiving the service on a permanent basis	£55.00 per week	Mutually agreed variation to tenancy agreement  Annual Charge on rent account	4 weeks notice required to access the service. Note. There may be circumstances in relation to both the property and the individual which will enable the service to be provided within a shorter timescale  4 weeks notice required to exit service (if not subscribed on a weekly basis)
		Supported Housing or General Needs Tenants receiving the service for flexible periods	£57.70 per week,	Mutually agreed contract with the tenant  Payment taken in advance for any period of service provision up to 8 weeks  Where service provided for more than 8 weeks then tenant will be invoiced monthly in advance  Tenant can move from temporary to permanent service	
		Private Customers receiving the service on a permanent basis	£81.00 per week	Mutually agreed contract with the customer  Customer invoiced in advance	
		Private Customers receiving the service on for flexible periods	£85.00 per week	Mutually agreed contract with the customer  Payment taken in advance for any period of service provision up to 8	

Service Name	Service Descriptor	Customer Group	Charges	Mandatory/Agreement	Notice period
				<p>weeks</p> <p>Where service provided for more than 8 weeks then tenant will be invoiced monthly in advance</p> <p>Tenant can move from temporary to permanent service</p>	

Service Name	Service Descriptor	Customer Group	Charges	Mandatory/Agreement	Notice period
Sensor Monitoring	<p>To receive this service tenants must also subscribe to the lifeline service.</p> <p>The provision of sensors and 24 hour a day, 365 days a year monitoring of the sensor.</p> <p>The sensors available are:</p> <ul style="list-style-type: none"> <li>i. Smoke alarms</li> <li>ii. Carbon monoxide alarms</li> <li>iii. Flood alerts</li> <li>iv. Bed sensors</li> <li>v. Panic alarms</li> <li>vi. Fall detectors</li> </ul>	Supported Housing or General Needs Tenants receiving the service on a permanent basis	<b>£1.30</b> per week	<p>Mutually agreed variation to tenancy agreement</p> <p>Annual Charge on rent account</p>	<p>4 weeks notice required to access the service. Note. There may be circumstances in relation to both the property and the individual which will enable the service to be provided within a shorter timescale</p> <p>4 weeks notice required to exit service (if not subscribed on a weekly basis)</p>
		Supported Housing or General Needs Tenants receiving the service for flexible periods	<p>Upfront costs of <b>£22.00</b> for the provision of the lifeline each time the tenant requests the service</p> <p>Plus <b>£1.35</b> per sensor per week</p>	<p>Mutually agreed contract with the tenant</p> <p>Payment taken in advance for any period of service provision up to 8 weeks</p> <p>Where service provided for more than 8 weeks then tenant will be invoiced monthly in advance</p> <p>Tenant can move from temporary to permanent service but would not be reimbursed one off or upfront costs.</p>	
		Private Customers receiving the service on a permanent basis	<b>£2</b> per week	<p>Mutually agreed contract with the customer</p> <p>Customer invoiced in advance</p>	
		Private Customers receiving the service on for flexible periods	<p>Upfront costs of <b>£22.00</b> for the provision of the</p>	Mutually agreed contract with the customer	

Service Name	Service Descriptor	Customer Group	Charges	Mandatory/Agreement	Notice period
			<p>lifeline each time the tenant requests the service</p> <p>Plus <b>£2</b> per week</p>	<p>Payment taken in advance for any period of service provision up to 8 weeks</p> <p>Where service provided for more than 8 weeks then tenant will be invoiced monthly in advance</p> <p>Tenant can move from temporary to permanent service but would not be reimbursed one off or upfront costs.</p>	

**Policy on Council Housing Rent Setting**

**1.0 Introduction**

- 1.1 Each year the Council is required to set rent levels for all housing properties.
- 1.2 The Council sets its Annual Housing Revenue Account Budget and rent levels in February each year.

**2.0 Background**

- 2.1 Until March 2002 social landlords in different areas used slightly different ways of setting rent. This meant that it was not always possible to compare rents of different landlords, including those in neighbouring areas.
- 2.2 The Government wanted rents to be charged by all social landlords to be fair and affordable believing that rents should:
  - Remain affordable in the future.
  - Generally be well below those charged by private landlords.
  - Be linked to size, location and condition of the home.
  - Be similar to rents for other Council and Registered Social Landlords properties of a similar size, location and condition.
- 2.3 In 2002 the Government produced a formula for setting rents which takes into account the following:
  - The value of the property (based on January 1999 prices)
  - The number of bedrooms in the property
  - Local earnings
- 2.4 It would have been unfair for rents to have changed immediately when the new system was introduced; therefore the government set a deadline for what we call 'convergence' i.e. when all rents in the social housing sector would be comparable at their formula rent. Originally this was planned for 2012/13, but following a change to the formula, and a number of years where rent increases were capped this has now been moved to 2015/16, indeed for NSDC, complete convergence will not be achieved until around 2019/20.
- 2.5 This rent is called the 'formula rent' and has to be calculated for all properties owned by the District Council. The formula rent is increased by the previous September's rate of inflation (CPI) + 1.0% each year.
- 2.6 Prior to 1<sup>st</sup> April 2015, to ensure that tenants did not face unacceptably large rent increases in any one year the Government set a limit on rent increases as RPI + 0.5% plus £2. However from 1<sup>st</sup> April 2015 the guidance is for a flat rate increase of CPI + 1%.

- 2.7 The Government made an announcement on 8th July 2015 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 preceding 12 months. This 1% per year rent reduction is from 2016-17 for four years. The rent reduction is to be calculated against a base rent figure applicable on 8<sup>th</sup> July 2015.

### **3.0 Self Financing**

- 3.1 Self-Financing was introduced from April 2012 and under self-financing risks transfer from the Government to Newark and Sherwood District Council regarding the financial management of the Housing Revenue Account. As part of the self-financing implementation the Council took on new debt to make the one off financial settlement to Government to exit from the current housing subsidy system. The additional debt allocated is based on the amount of debt the Government considers that the housing stock of Newark and Sherwood can support and is based on the Government's rent setting guidance.

- 3.2 When the Government calculated the affordability of debt they based income estimates on the basis that Local Authorities would follow the Government rent setting guidance. It is therefore important that a local rent setting policy is set at the implementation of Self Financing, providing assurances about income levels to be included within the business plan.

- 3.3 The base income level assumed in the Self Financing Housing Revenue Account Business plan (SFHRABP) is based on average rents assuming that the previous Government guidance was followed. This plan was affordable, had the ability to service debt requirements, invest in the housing stock to maintain the income stream, and provide prudent investment for growth.

- 3.4 An analysis of the impact of a year on year reduction in rent levels on the HRA business plan has been undertaken.

### **4.0 New Build Properties**

- 4.1 New Build rents are set at full formula rents from initial let unless otherwise required by any grant giving body. These rents will have the 1% reduction applied for 4 years.

### **5.0 Acquired Properties**

- 5.1 Where properties are acquired, usually as a result of buying back a property bought under the Right to Buy provisions the rent should be set at the full formula rent as at 8<sup>th</sup> July 2015 less 1% for the initial let. The rent will then decrease by 1% each year.

### **6.0 Converted Properties**

- 6.1 Where former retail premises or existing council properties are converted into flats, or alternative types of accommodation to meet an identified need, the formula rent should be calculated from the current valuation of the property, determined by the Council's Asset Management Unit, discounted back to 1999 prices. The rent should be set at full formula rent as at 8<sup>th</sup> July 2015 less 1% for the initial let. The rent will decrease by 1% each year.

## **7.0 Relet Void Properties**

- 7.1 Under Self Financing, supporting appropriate income levels which deliver the approved priorities of the business plan and protect and enhance the Councils ability to service debt are very important.
- 7.2 To support this approach, considerations will be undertaken to look at ways to maximise income opportunities, which will include letting properties at full formula rent as at 8<sup>th</sup> July 2015 less 1% for the initial let. The rent will decrease by 1% each year.
- 7.3 As part of any change process, tenants would be fully involved and risks and opportunities to the SFHRABP considered.

## **8.0 Service Charges**

- 8.1 In accordance with the Councils agreed principle for the applicable of service charges to support the delivery of high quality services and identified investment needs, the consideration of the introduction of new charges is supported by this policy.
- 8.2 Any consideration would be progressed within the context of the financial benefits and challenges to the SFHRABP; support equitable charging levels and is in consultation with tenants and other appropriate customers.

## **9.0 Garage Rents**

- 9.1 Garage rents were originally set based on the costs relating to maintenance and management charges with the provision to increase the charge annually by CPI + 1% in line with the increases on property rents.
- 9.2 As identified previously maximising appropriate income opportunities under Self Financing to contribute to the longer term financial viability of the Councils HRA is important and garages are a group of assets could increase income generating potential in the future.
- 9.3 This policy sets the approach for the future setting of garage rents, which provides the opportunity to enhance the linkage between costs and income and support a pricing structure which is more transparent and reflective of demand.
- 9.4 Through the detailed asset management work in preparation for self-financing there is enhanced information on asset costs which supports any future changes to updating the pricing structure.
- 9.5 When setting rents for garages the following points should be considered:
- Location
  - Condition
  - Demand/availability

## **10.0 Notification of Rent Changes**

- 10.1 Rent changes are notified to tenants giving 4 weeks' notice of any changes in the amount of the rent due and giving the reasons for the rent change.



## **11.0 Housing Revenue Account Reserves**

- 11.1 The income generation capabilities of the housing assets need to be managed effectively to service the priorities of the SFHRABP, deliver the approved debt approach and maintain the prudent levels of balances for the HRA which are reflective of the new risks of self-financing.
- 11.2 The Local Government Act 2003 requires all Councils to maintain adequate balances, reserves and provisions to help ensure that their activities are sustainable. This Act covers General Fund Balances and separate policies cover reserves and provisions and Housing Revenue Account balances.
- 11.3 In the first instance it is recommended that the Council aims to maintain its HRA balance at a minimum of £2,000,000, which will be subject to an annual review by the Council's Section 151 Officer.
- 11.4 The Major Repairs Reserve should be set at a level which allows future years major repairs to be fully funded over the lifetime of the Housing Revenue Account Business Plan.

## **12.0 Review of the Policy**

- 12.1 On implementation of the SFHRABP a full review of it will be undertaken in year 5, at which time the impact of this Policy will be considered.

**REQUEST TO INCREASE THE LEISURE EQUIPMENT BUDGET LINE WITHIN THE CAPITAL PROGRAMME**

**1.0 Purpose of Report**

1.1 To request an increase to the budget for fitness equipment within the Council's Capital Programme

**2.0 Introduction**

2.1 The current capital programme contains a budget of £518,000 for procurement of new fitness equipment in 2016/17. This amount was based on the previous cost of replacing the equipment and the requirements of the leisure centres operational at the time. The last time procurement of fitness equipment was undertaken was in 2009.

2.2 Under the new management agreement with Active4Today Ltd, capital expenditure including fitness equipment is the responsibility of the Council. Maintenance, repairs and servicing costs are revenue and are the responsibility of Active4Today Ltd.

**3.0 Background Information**

3.1 An ESPO framework agreement has been used in compliance with EU tender rules and the Council's Contract Procedure Rules to obtain quotations from fitness equipment suppliers. These were assessed against qualitative and quantitative criteria and the winning bid came from Life Fitness.

**4.0 Capital Cost**

4.1 The capital cost of the new equipment for the three leisure centres owned by the Council (new leisure centre, Dukeries Leisure Centre and Blidworth Leisure Centre) is £663,407. The difference of £145,407 has arisen for a variety of reasons:

- The fitness equipment required to ensure our leisure offer is competitive and that the new leisure centre is attractive to customers is technologically advanced to improve the customer experience;
- The budget within the capital programme is based on costs from seven years ago and inflation had not been factored in;
- The new leisure centre is bigger than the Grove Leisure Centre, thus requiring more equipment

4.2 It is therefore proposed that extra budget of £145,407 is added to the Council's Capital Programme to facilitate the purchase of new fitness equipment.

**5.0 Equalities Implications**

5.1 Equality implications have been taken into account through the tendering process.

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

6.1 Within the contents of the report all the budgetary and policy framework requirements have been considered.

## **7.0 Financial Comments**

7.1 Capital Programme financing is considered in its entirety and the method of financing the fitness equipment will be determined as part of that process.

## **8.0 RECOMMENDATION**

**That £145,407 be added to the Council's Capital Programme.**

### **Reason for Recommendation**

**To enable the procurement of up to date, technologically advanced fitness equipment to ensure the competitiveness of the Council's leisure offer.**

### **Background Papers**

None

For further information please contact Nicky Lovely on extension 5317

Matthew Finch  
Director – Customers

**UPDATE ON NEW OFFICES – BUILD**

Please Note: The appendix to this report is to be considered as an exempt item.

**1.0 Purpose of Report**

1.1 The purpose of this report is to update the Policy & Finance Committee on the current position with regard to appointing a contractor to undertake the build of the new council offices.

**2.0 Background Information**

2.1 In December 2013 the Policy Committee agreed in principle, to relocate the Council to new offices to be built on the site adjacent to Castle station;

2.2 In July 2015 RIBA Stage D Business Case was put before the Policy & Finance Committee which agreed that the predicted costs be put into the council's committed Capital Programme. An indicative timescale included within the report indicated that the tendering process for a contractor would be completed early 2016.

**3.0 Update**

3.1 A full and robust tendering process is being undertaken with regard to the appointment of a contractor, which due to the indicative costs is subject to OJEU (Official Journal of the European Union) procurement rules.

3.2 An OJEU notice was published on 17<sup>th</sup> October 2015. This notice informs potential contractors that the council is wishing to engage a contractor to build new office accommodation.

3.3 All companies interested in bidding for this work submitted a PQQ (Pre- Qualification Questionnaire). This first stage of the procurement is not a full costed tender but a set of requirements by which the council can determine a shortlist of potential suppliers who have the relevant experience, qualifications, financial standing and are able to demonstrate a quality of build by providing examples of previous similar undertakings.

3.4 14 contractors submitted a PQQ and of these 5 were shortlisted and asked to submit a full tender document, known as an ITT (Invitation to Tender). Listed in the exempt Appendix A are the 14 contractors who submitted a PQQ, shading indicates those who were shortlisted. Also detailed within the table are the comments as to why potential contractors have or have not been shortlisted.

3.5 Since the ITTs have been sent out, 2 of the shortlisted contractors have declined to proceed to the next stage. The two companies concerned (denoted by \* on Appendix A) have been approached and have indicated that as large national companies they will be taking forward opportunities which present greater business profitability. The council's Project Managers and Cost Consultants Gleeds have advised that the next two highest scoring contractors do not meet our requirements.

3.6 With this in mind and the potential delay in the process that inviting another contractor to submit a tender would incur it has been decided that the contract should progress with the remaining 3 selected contractors. Informal contact with the remaining contractors has indicated that they are fully committed to submitting a competitive tender. The 3 remaining contractors are medium sized companies for whom this opportunity presents a viable and desirable business opportunity.

#### **4.0 Next Steps**

4.1 The deadline for ITT submissions is the 22<sup>nd</sup> of January 2016, the preferred contractor will be selected and appointed mid February 2016 with work to commence on site March 2016.

4.2 The full ITT document will include a range of elements which will be scored to determine the best contractor for this methodology and costing which will be scored. Within the core scoring matrix of the ITT submissions will be a section in relation to local factors. Scores within this section will be made in relation to the proposed use of local businesses within a defined geographical area, recruitment of local labour and additional job opportunities including apprenticeships.

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

5.1 There is no impact on budget or policy framework arising from this report. Until such time as the ITT's are returned the capital commitment to the new council offices remains unchanged.

#### **6.0 RECOMMENDATIONS that:**

- (a) the update report be noted; and**
- (b) Members are informed of the appointed contractor at the conclusion of the procurement process.**

#### **Reason for Recommendations**

**To ensure members are updated with progress in building the new council offices.**

#### **Background Papers**

Nil

For further information please contact Deborah Johnson, Moving Ahead Programme Manager on Ext 5800

Matthew Finch  
Director - Customers

**PERFORMANCE MANAGEMENT MID-YEAR UPDATE 2015/16**

**1.0 Purpose of Report**

1.1 This report will provide Members with a selection of performance information falling under the remit of the Policy and Finance Committee.

**2.0 Background**

2.1 The Council's performance management framework is administered using Covalent, the performance management system. Each business unit has a selection of performance indicators which are used to inform its management.

2.2 Where performance indicators are measured against a target, their status is reflected by a colour as follows:

	Green status - P.I.'s performing at or above target
	Amber status - P.I.'s performing at minimum level of service delivery
	Red status - P.I.'s performing below minimum level of service delivery

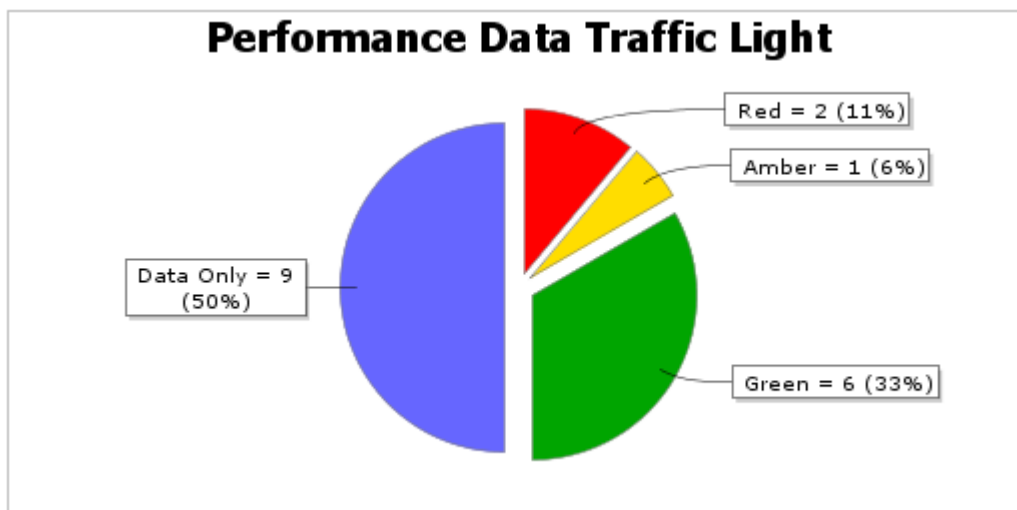
2.3 Targets for all key performance indicators are agreed with Business Managers and their Directors at the start of each financial year.

2.4 Data only performance indicators are not measured against a target.

**3.0 Performance Information**

3.1 A selection of detailed Business Unit performance data is attached at **Appendix A** for information. An overview of their mid-year performance is reflected in the pie chart below.

**Overview of Performance Indicator Status**



#### **4.0 Equalities Implications**

4.1 There are no direct equalities implications of the report itself as the report is for information only. However, there may be some implications relating to the individual performance indicators included in the report appendix.

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

5.1 There are no direct budget/policy framework implications of the report itself as the report is for information only. However, the Committee could take any of the financial performance into account when considering its budget.

#### **6.0 RECOMMENDATION**

**That the contents of the report be noted.**

#### **Reason for Recommendation**

**To keep Members informed of the latest performance information relating to the Policy & Finance Committee.**

#### **Background Papers**

Nil

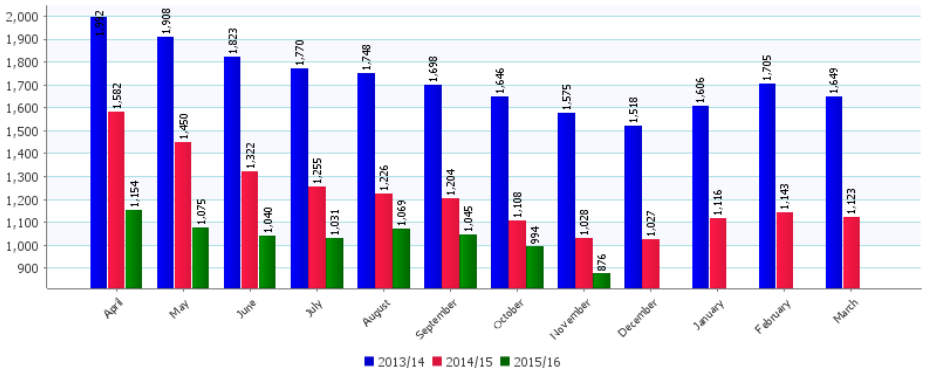
For further information please contact Ged Greaves on Ext 5231.

David Dickinson  
Director - Resources

**No. of JSA claimants for Newark & Sherwood**

Actual for Period

Latest result for 2015/16 as of November 2015  
876

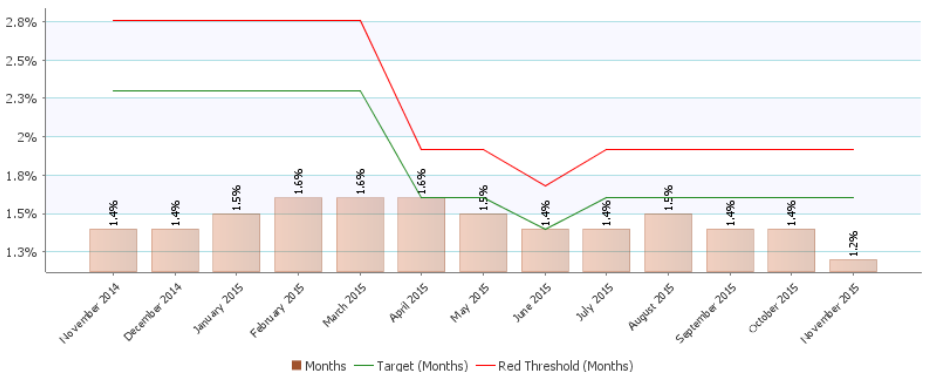
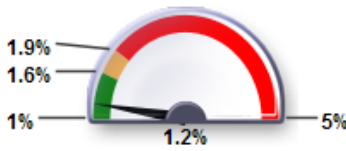


Commentary: Economic Growth Business Manager deemed no additional commentary required.

**% of total JSA Claimants within the District**

Rolling / Snapshot Outturn

Latest result for 2015/16 as of November 2015

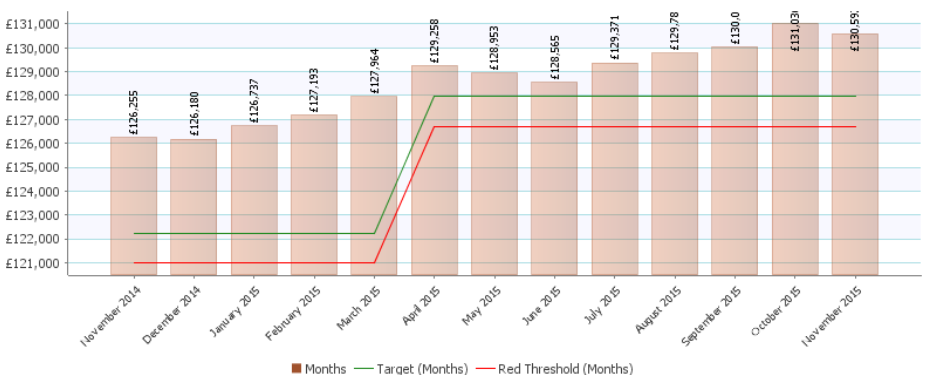
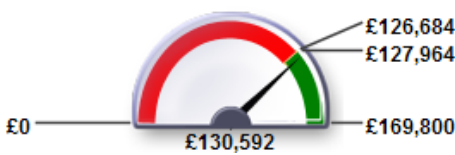


Commentary: Policy & Commissioning Business Manager: This indicator has been in decline as the economic recovery has gained traction. Recent announcements regarding major recruitment activities in the district suggest this positive trend will continue.

**Average House Price (Nottinghamshire)**

Rolling / Snapshot Outturn

Latest result for 2015/16 as of November 2015



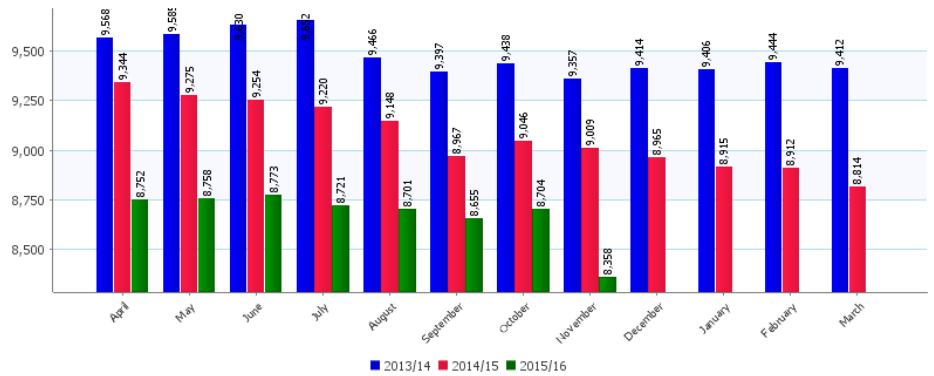
Commentary: Policy & Commissioning Business Manager deemed no additional commentary required.



**No. of active Housing / Council Tax Benefit claims (individual months)**

Rolling / Snapshot  
Outturn

Latest result for 2015/16 as of November 2015  
8,358

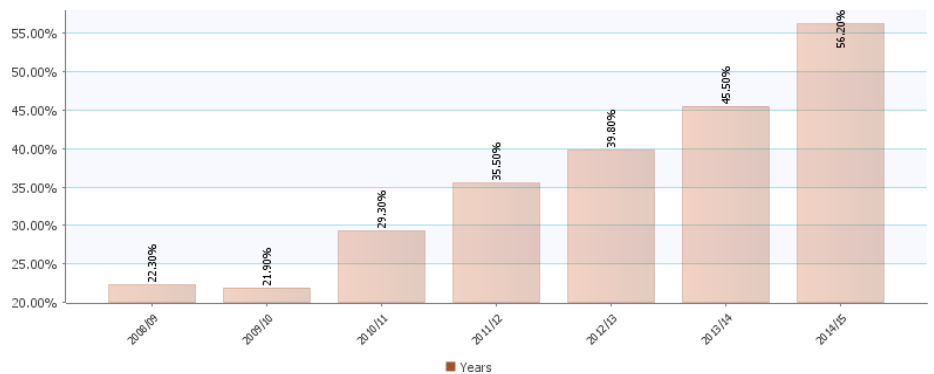


Commentary: Revenue & Benefits Business Manager deemed no additional commentary required.

**Spend with Local Suppliers as a % of total third party spend (CO1 & CO2) (All NG and LN postcodes) Excl Public Sector, Energy & Fuel Spend**

Actual for Period

2014/15 result  
56.20%

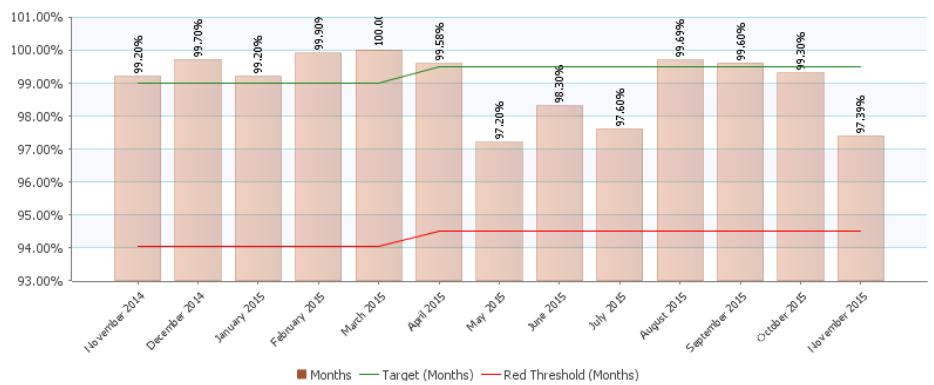
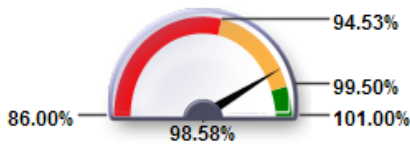


Commentary: Procurement Business Manager deemed no additional commentary required.

**Avg % of invoices for commercial goods & services paid within 30 days - Whole Council (excl NSH)**

Actual for Period

Average result for 2015/16 as of November 2015  
98.58%

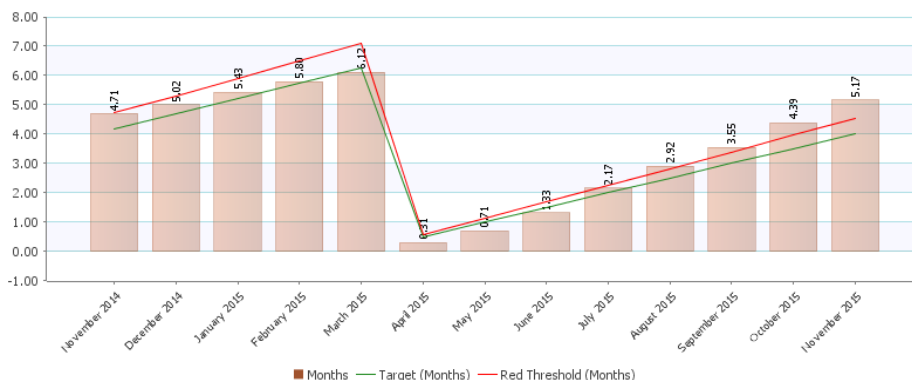


Commentary: Financial Services Business Manager deemed no additional commentary is required.  
*The graph is showing the actual result for each month. The gauge is displaying the average result for the year to date.*

**Average No. of Sick days per FTE - Whole Council**

Accumulating Data (Month1 +2=2)

Latest result for 2015/16 as of November 2015



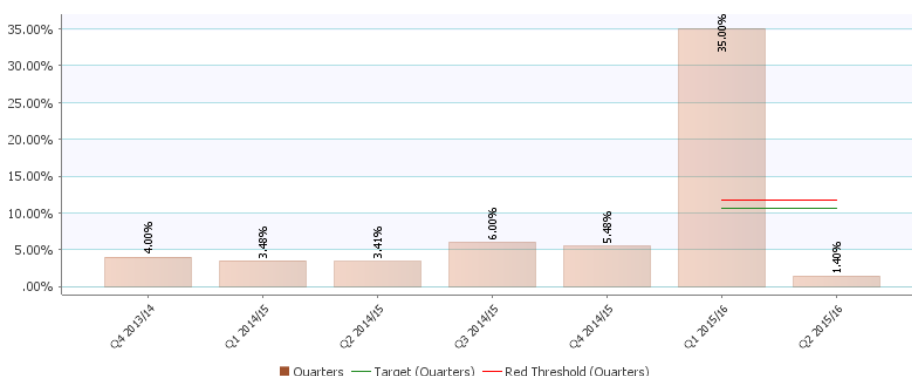
**Commentary:** HR & Legal Business Manager: There has been a slight increase of 27.35 days overall in sickness levels up to November 2015 when compared to the same period last year. There has been a reduction in the number of short term absences with only 634.6 days lost compared to 686.25 in the same period last year giving a reduction of 51.65 day. The increase is therefore largely due to the increase in long term absences with 79 more days lost to long term absence than last year, with 20 people absent compared to 13 in the previous year.

HR continue to work with managers to ensure early intervention in long term absences to help facilitate a return to work as soon as possible where appropriate.

**% of staff turnover**

Rolling / Snapshot Outturn

Latest result for 2015/16 as of Q2 2015/16

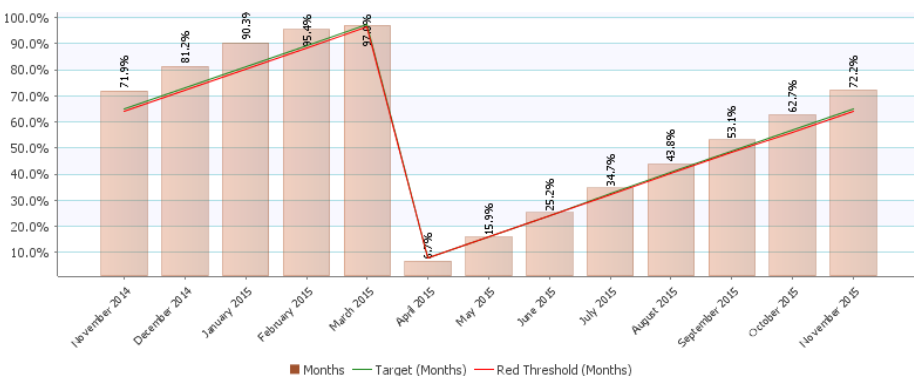
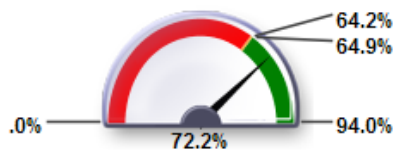


**Commentary:** HR & Legal Business Manager: During the second quarter of the year there were only 6 leavers, one of which was a relief employee, giving a turnover rate for the second quarter of the year of 1.4%.

**% of Council Tax collected**

Accumulating Data (Month1 +2=2)

Latest result for 2015/16 as of November 2015

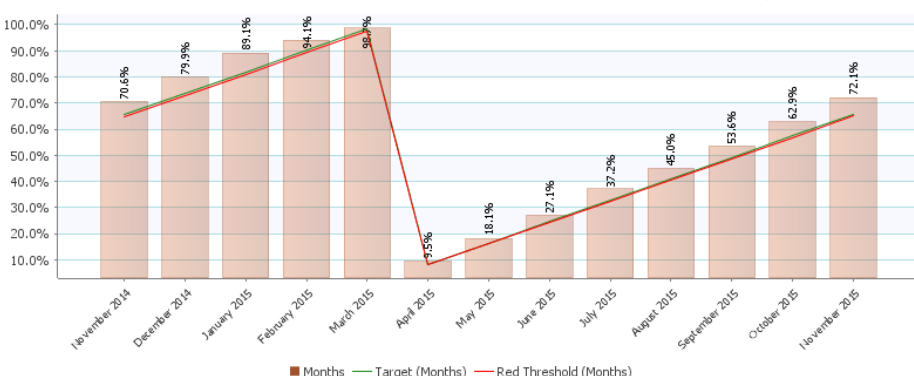
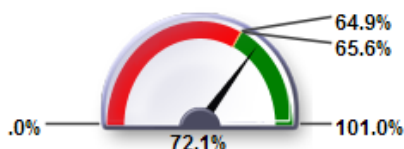


Commentary: Revenue & Benefits Business Manager deemed no additional commentary required.

**% of Business Rates collected**

Accumulating Data (Month1 +2=2)

Latest result for 2015/16 as of November 2015

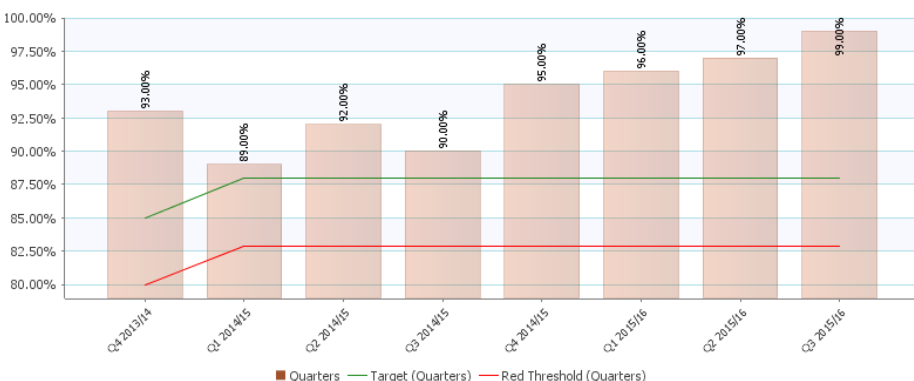
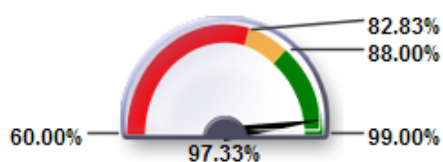


Commentary: Revenue & Benefits Business Manager deemed no additional commentary required.

**Avg % of units occupied - Commercial Property**

Actual for Period

Average result for 2015/16 as of Q3 2015/16

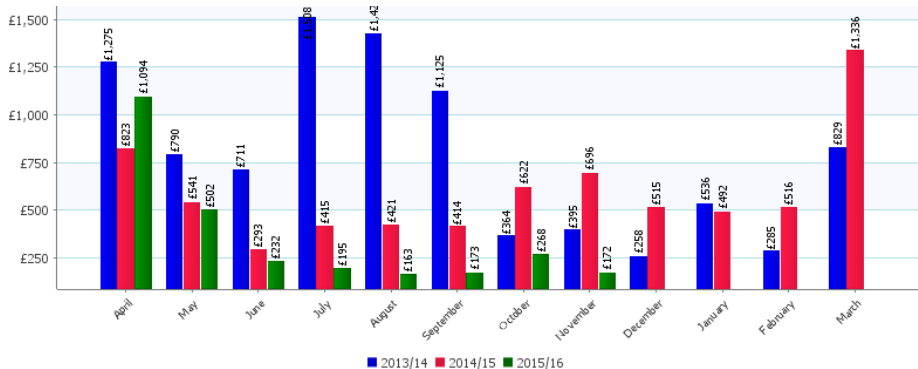


Commentary: Asset Management Business Manager deemed no additional commentary required.  
 The graph is showing the actual result for each quarter. The gauge is displaying the average result for the year to date.

**Value of savings by using Clean Mail**

Cumulative result for 2015/16 as of November 2015  
£2,799

Actual for Period

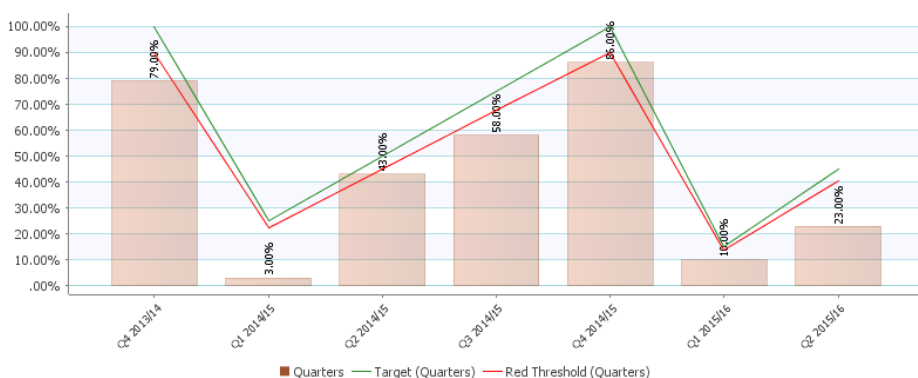


**Commentary:** Administration Business Manager deemed no additional commentary required.  
*The graph is showing the actual result for each month. The gauge is displaying the cumulative result for the year to date.*

**% of Audit plan completed**

Rolling / Snapshot  
Outturn

Latest result for 2015/16 as of Q2 2015/16

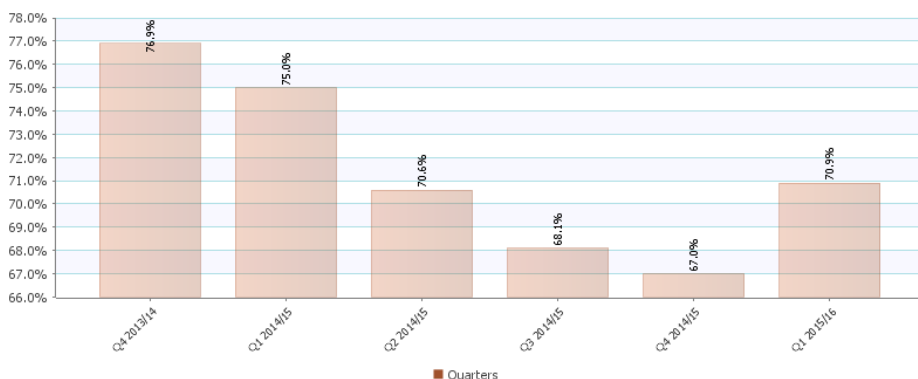


**Commentary:** Financial Services Business Manager deemed no additional commentary is required.

**% Population Economically Active - in employment (N&S)**

Rolling / Snapshot  
Outturn

Latest result for 2015/16 as of Q1 2015/16  
70.9%

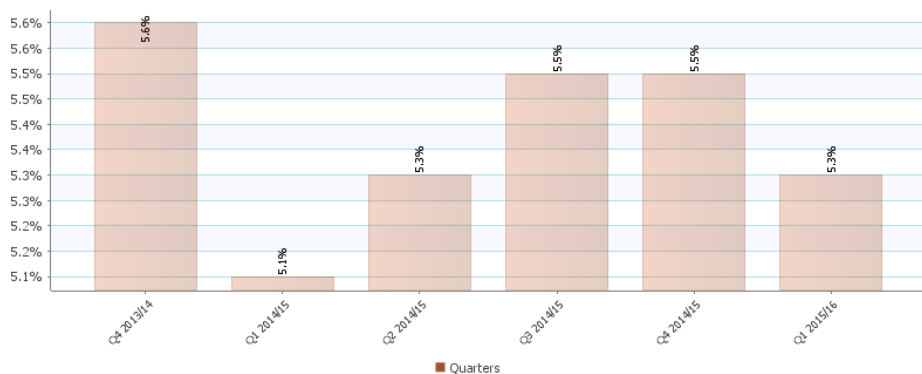


**Commentary:** Policy & Commissioning Business Manager: This indicator has been in in general decline since 2004 and is approximately 3% below regional and GB averages. Recent announcements regarding major recruitment activities in the district will hopefully have a positive impact in future months.

**% Population Economically Active - unemployed (N&S)**

Rolling / Snapshot  
Outturn

Latest result for 2015/16 as of Q1 2015/16  
5.3%

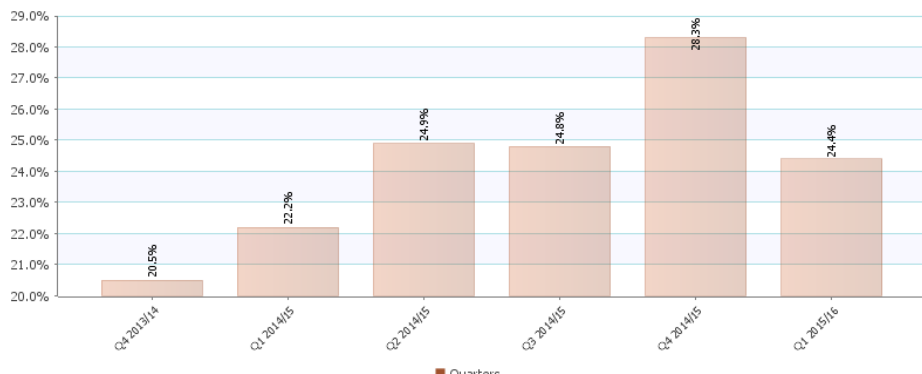


**Commentary:** Policy & Commissioning Business Manager: This indicator rose through the recession and has been in overall decline since 2012. Recent announcements regarding major recruitment activities in the district will hopefully have a positive impact in future months.

**% Population Economically Inactive (N&S)**

Rolling / Snapshot  
Outturn

Latest result for 2015/16 as of Q1 2015/16  
24.4%

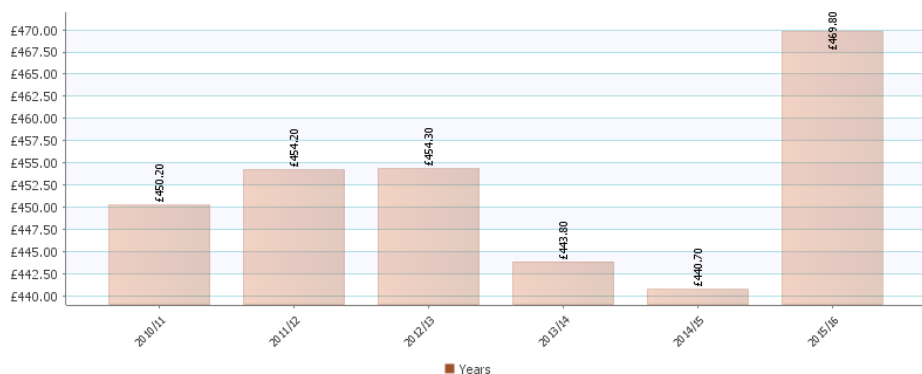


**Commentary:** Policy & Commissioning Business Manager: This is gradually increasing and is slightly above the regional and GB averages. Recent announcements regarding major recruitment activities in the district will hopefully have a positive impact in future months.

**Earnings by Residence - Gross Weekly Pay - All Full Time Workers (N&S)**

Rolling / Snapshot  
Outturn

2015/16 result  
£469.80

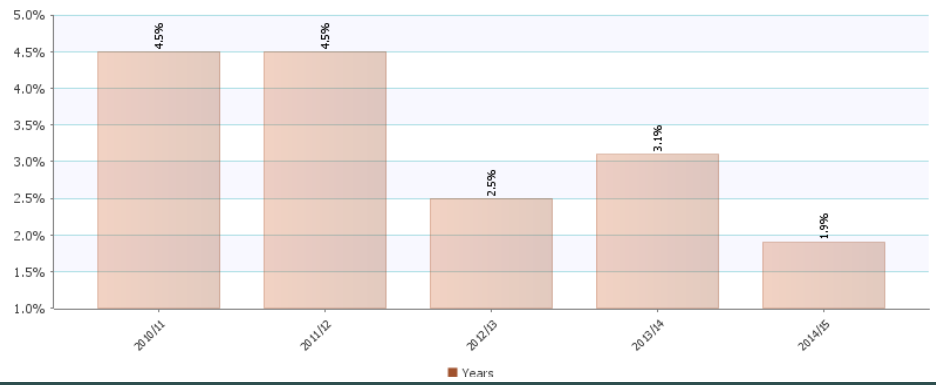


**Commentary:** Policy & Commissioning Business Manager: This has improved to its highest level over the last 5 years but remains below the regional average. Recent announcements regarding major recruitment activities in the district will hopefully have a positive impact in future months.

**% NEETS (Nottinghamshire)**

Rolling / Snapshot  
Outturn

**2014/15 result**  
1.9%



<b>Commentary:</b>	Policy & Commissioning Business Manager: This is the lowest level over the last five years and compares favourably with the regional average of 4.4%. Recent announcements regarding major recruitment activities in the district will hopefully have a positive impact in future months.
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## NEWARK AND SHERWOOD DISTRICT COUNCIL

Minutes of the meeting of the **Strategic Housing Liaison Panel** held in Room G23, Kelham Hall on Wednesday, 25 November 2015 at 4.00pm.

**PRESENT:** Council Panel Members: R.V. Blaney (Chairman),  
Councillors: R.B. Laughton and Mrs C. Brooks.

Company Panel Members:  
Board Members: Lynn Clayton, Jean Clarke, Peter Duncan, Paul Handley and Kenneth Sutton.

**Officers in Attendance:** Karen White (Director – Safety)  
Rob Main (Business Manager - Strategic Housing)  
Stephen Feast (Director – Newark and Sherwood Homes)  
Rebecca Rance (Chief Executive – Newark and Sherwood Homes)  
Robin Clay (Accountant)  
Andy Dewberry (Assistant Director, Asset and Development Services- Newark and Sherwood Homes)

### 8. APOLOGIES FOR ABSENCE

An apology for absence was received from Councillors D.J. Lloyd and Mrs A.A. Truswell David Dickinson (Director – Resources).

### 9. DECLARATIONS OF INTERESTS BY MEMBERS AND OFFICERS

There were no declarations of interest by Members or officers.

### 10. MINUTES OF THE MEETING HELD ON MONDAY, 2 SEPTEMBER 2015

The Panel considered and agreed the minutes of the meeting held on Monday, 2 September 2015 as a correct record.

### 11. HOUSING GROWTH

The Panel considered a report detailing progress in the delivery of an extra care housing scheme in partnership with Nottinghamshire County Council, at Bowbridge Road, Newark. The proposed scheme comprises 60 apartments which would remain in the ownership of the District Council with Newark and Sherwood Homes managing and maintaining the scheme on behalf of the Council. The County Council would have nomination rights to 40 of the extra care units, with the remaining 20 being utilised for supported accommodation by the District Council.

Details of the funding sources were included within the report. A grant bid equating to 18% of funding for the development had been submitted to the Homes and Communities Agency Care and Support Specialised Housing Fund, with a further 38% and 44% from the County Council and District Council/Newark and Sherwood Homes respectively. Subject to a successful bid, a co-operation agreement between the County Council and District Council would be required, and the project was still subject

to planning approval. Proposed layouts and designs were distributed at the meeting. Some initial work on site had been undertaken, alongside the procurement process, in anticipation of a successful bid. It was anticipated that if successful, work could commence on site in late spring 2016. Members of the Panel considered the proposed layouts and design and were complimentary about these.

It was suggested and agreed that the orientation and exact location of the proposed development should be altered to maximise the potential use of the remainder of the site.

The Panel acknowledged that this would be a new scale and type of extra care housing delivery for the Council and its Company but was vital to meet the growing need for this type of housing within the District.

AGREED (unanimously) that the report be noted.

12. DATE OF NEXT MEETING

Tuesday 19 January 2016 at 16:00 hours.

The meeting closed at 4:57pm

Chairman



**URGENCY ITEMS - MINUTE OF DECISION**

**Delegation arrangements for dealing with matters of urgency**

Paragraph 7.2.1 of the Council's Constitution provides that Chief Officers may take urgent decisions if they are of the opinion that circumstances exist which make it necessary for action to be taken by the Council prior to the time when such action could be approved through normal Council Procedures. They shall, where practicable, first consult with the Leader and Chairman (or in their absence the Vice Chairman) and the Opposition Spokesperson of the appropriate committee (Constitution incorporating a scheme of delegation approved by the Council on 14<sup>th</sup> May 2013)

**Subject: Palace Theatre Heating Solution**

**Appropriate Committee: Policy & Finance**

**Details of Item** (including reason(s) for use of urgency procedure):

**Background Information**

The Palace Theatre has four boilers located in a separate boiler house at the rear of the theatre. The replacement of the boilers and pipework was not included as part of the integration project as three boilers were in working order. However in March 2015 the discovery of several potentially costly gas leaks led to a decision to shut off the gas until the integration project was approved and completed, as the majority of the leaks were in a run of pipe that was being relocated during the project.

Subsequent to this, the decision was taken to split the project into three stages, with the relocation of the gas pipe identified as a high risk item due to the utility company's timescales being outside of the control of the contractor, RG Carter. The work was eventually completed on 11<sup>th</sup> December. This included some additional repairs to two of the boilers, using parts from the third, which had by then been out of action for 9 months and did not fire up when the initial attempt was made to re-commission them. The third boiler will need significantly more work to bring it back into use but all three are at the end of their life and will continue to pose an ongoing liability if attempts are made to repair rather than replace. The fourth boiler was already condemned.

This situation has highlighted the risk of continuing with the current set up. Only two of the four boilers are currently working, the third would need to be repaired and it is anticipated that all four will need replacing in the immediate future. It should be noted that the two boilers are not adequate to completely heat the entire building - radiators at the end of the line (ie in the staff offices and Byron Room) are currently not being reached.

The layout of the heating system is extremely inefficient. With the boilers being located at the rear of the theatre and with the pipes running through the auditorium, a huge amount of energy is lost in order to heat the front of house areas, especially as much of the pipework is inadequately insulated.

### Proposal

The proposed solution is to split the current network of pipes into two distinct zones: the first being front of house (including the bars, kitchen and staff offices) and the second being auditorium and backstage. The auditorium and backstage would be supplied by three replacement boilers in the current boiler location, front of house would be supplied by a new boiler located within that zone. This will enable a controlled management of the heating within the building, ensuring that the boilers are working efficiently and only heating areas when necessary.

The recent use of temporary electric fan heaters has demonstrated the differing heat consumption levels in these two zones - a single heater has warmed the foyer and bars, while four heaters positioned within the auditorium were barely adequate for this area. This further highlights the inefficiency of drawing the heat through the auditorium, a space which is used on average 3 or 4 times per week but requires four times the heat capacity, in order to supply the lesser needs front of house.

The cost for this work is up to £98,000 dependant on the condition of the current pipework and whether all joints and pipes are compliant with current health and safety standards. However there would be immediate benefits in the running costs of a more efficient system which would consume less gas overall and in the installation of boilers with flue recovery technology. Maintenance costs will be lower as much of the system will have been overhauled. Long term, the replacement boilers will have a longer life overall as they are heating a less expansive area in total.

Currently, the theatre's annual budget for gas is £15,000. A rough estimate of the reduction in usage in the auditorium 3 days out of 7, together with efficiencies from a new system, equates to savings of approximately £5000 annually.

### Reasons for Urgency Item

The reason for bringing this report as an urgency item is that further efficiencies can be made through linking it to the current integration project, which is due to be complete by March 2016, and instructing the work through RG Carter. Ordinarily, a report would have been presented to Policy and Finance asking for the works to be included in the Capital Programme, but it is advantageous in this instance to instruct the work outside of that timescale, and outside of the normal procurement process.

If instructed before Christmas, it should be possible to complete the work within the current timescale of the integration project, therefore eliminating any further disruption to the theatre, of particular importance with the all-day cafe offer being launched in the Spring

The risk to the business in not undertaking this work - we have evidence of the impact of just one show last month where the heating was insufficient. Multiple complaints were sustained and refunds awarded totalling more than £400. Had this been a more significant part of the programme (pantomime or the annual Operatic production for example) the damage to the theatre's reputation and potential for negative PR alongside the immediate financial impact could have been more costly

Limiting future disruption to local residents and businesses.

Taking advantage of the knowledge and understanding RG Carter now has of our grade II listed building to ensure work is undertaken sympathetically.

Avoiding additional costs through undertaking a further tender process, as RG Carter have already demonstrated best value by being awarded the integration project and the council's cost managers at Turner and Townsend have agreed the cost of the boiler works.

The additional cost to the business of temporary heaters - the hire cost is in excess of £500 per week which is not a sustainable solution to an unstable heating system. There would also be a delay whilst the heaters were being delivered, and this would not be achievable should an issue occur over a weekend, leaving the business vulnerable

The risk of inflation increasing the cost of this work in the future

The ability of RG Carter to adapt the current design of the integration project to suit a new heating system and delivering a bespoke, fully integrated solution

Significant abortive costs around RG Carter finishing areas which will then be impacted by any later changes to the heating system, including the new hygienic environment in the kitchen, if the work was tendered to another contractor in the future.

### Recommendation

The boiler system at the Palace Theatre is no longer fit for purpose and poses a significant financial and reputational risk to the business. It is certain that work will be required in the near future, but the cost of this can be reduced by taking the decision to instruct RG Carter to undertake the work alongside the current integration project.

### Decision

RG Carter are instructed to replace the Palace Theatre boilers in line with the strategy set out above, with the works to be added to the Capital Programme.

### Members Consulted:

Councillor Roger Blaney (Leader of the Council and Chairman)  
Councillor Tony Roberts (Chairman of the Leisure and Environment Committee)  
Councillor David Lloyd (Deputy Leader of the Council and Vice-Chairman)  
Councillor Abbie Truswell (Opposition Spokesperson)

Director - Matthew Finch

Date 18/12/15