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

**Members of the Committee:**

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

**Substitute Members**

**Councillor R.J. Jackson**  
**Councillor D. Jones**  
**Councillor D.P. Logue**  
**Councillor Mrs Y. Woodhead**

**MEETING: Policy and Finance Committee**

**DATE: Thursday, 29<sup>th</sup> January 2015 at 5.30pm**

**VENUE: Carriage Court, 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 the Carriage Court, Kelham Hall, Newark on Thursday, 4 December 2014 at 5.30pm.

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

Councillors: Mrs T. Gurney, R.B. Laughton, A.C. Roberts, D. Staples and  
Mrs A.A. Truswell.

ALSO IN ATTENDANCE: Councillors: Mrs I. Brown, Mrs G.E. Dawn, P.C. Duncan, J.E. Hamilton, P. Handley, D. Jones, Mrs C. Rose, M. Shaw, R. Shillito and Mrs L.J. Tift.

35. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor D.J. Lloyd. The Committee were advised that he would be arriving part way through the meeting.

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

There were no declarations of interest.

37. DECLARATIONS OF INTENTIONS TO RECORD THE MEETING

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

38. MINUTES FROM THE MEETING HELD ON 18 SEPTEMBER 2014

The minutes from the meeting held on Thursday, 18 September 2014 were agreed as a correct record and signed by the Chairman.

39. PERFORMANCE MANAGEMENT UPDATE- 2014/15 YEAR TO DATE

The Business Manager – Performance presented a report which provided Members with a selection of the latest performance information falling under the remit of the Policy & Finance Committee. It also included an overview of performance information reported to the Homes and Communities Committee, Leisure and Environment Committee and the Economic Development Committee.

The Business Manager – Performance responded to Member queries in respect of the Performance Indicators relating to Job Seekers Allowance claimants, average house prices and the average number of sick days per FTE for Council staff.

AGREED (unanimously) that the report be noted.

### Reason for Decision

To keep Members informed of the latest performance information relating to the Policy & Finance Committee and an overview of other Committee performance data, for the period up to Quarter 2 in 2014/15.

#### 40. DEVOLUTION PACKAGE TO NEWARK TOWN COUNCIL

The Deputy Chief Executive presented a report which sought to approve the devolution of a package of services from Newark and Sherwood District Council to Newark Town Council. The purpose of the devolution package was to give Newark Town Council greater autonomy, power and responsibility in the strategic operation and management of certain services and facilities within the parish. The package also sought to achieve a net annual saving of £260,000 to the District Council.

In order to deliver the devolution package, the proposals included a mix of the transfer of services and assets which carry an ongoing maintenance liability together with an agreed income stream from the District Council to the Town Council. The income stream payable to the Town Council, in the sum of £189,000, had been calculated by taking the cost to the District Council in 2014/2015 of providing and maintaining the assets and services together with the costs of providing services to the Town Council for the operation of the market (including trade refuse and cleansing) and for grounds maintenance and deducting from that figure the required £260,000 saving to be achieved by the District Council through the devolution package. The income stream would be payable to the Town Council for a 20 year period and would be fixed at the sum of £189,000.

The full content of the devolution package, in terms of the assets, services and proposals for Service Level Agreements, were detailed in the report. It was proposed that the package would be reviewed after an initial eighteen month period, with a view to considering whether other services and assets could transfer to the Town Council. In the event that the package was amended following such review, the revenue stream to be paid by the District Council to the Town Council would be renegotiated.

AGREED (unanimously) that the Chief Executive be given delegated authority to agree the detailed terms of the devolution package subject to the agreement of the Chairman and Opposition Spokesman of the Policy & Finance Committee in line with the principles set out in the body of this report and to take all necessary steps to enable the transfer of services and assets on 1st April 2015.

### Reason for Decision

To agree terms for the devolution of a range of assets and services to Newark Town Council.

41. UPDATE OF THE NEW OFFICE AND SALE OF KELHAM HALL

The Chief Executive presented a report which updated Members on progress with the sale of Kelham Hall and move to new council offices. The report updated the Committee as to the work undertaken by the Accommodation Task and Finish Group in their meetings to date. The Chief Executive confirmed that the Task and Finish Group had been advised at their earlier meeting that contracts had now been exchanged on the sale of Kelham Hall. In addition it was reported that the Task and Finish Group had re-affirmed the in principle decision taken by the Policy Committee on 5<sup>th</sup> December 2013 to relocate the Council to new offices to be built on the site adjacent to Castle Station.

The report also proposed the publication of the key reports that had been considered by the Policy Committee in relation to the sale of Kelham Hall and development of new offices, including those that had been exempt from publication up to this point, provided that those elements that remained commercially confidential were redacted. The publication of such reports alongside some general information about the proposed office move on the Council's website would improve the availability of information for the public.

AGREED (unanimously) that:

- (a) the discussions and work of the Accommodation Task & Finish Group to date be endorsed; and
- (b) proposals to publish all previous reports relating to the sale of Kelham Hall and development of new offices, other than redacted elements which are subject to commercial confidentiality, be approved.

Reason for Decision

To determine the next steps in developing new office proposals and to ensure that previous information and decisions are published wherever possible.

Councillor D.J. Lloyd arrived part way through this item but did not take part in discussions or voting.

42. UNLOCKING HOUSING AND EMPLOYMENT GROWTH - LAND SOUTH OF NEWARK

The Chief Executive presented a report which detailed proposals to unlock housing and employment growth on land south of Newark and recommended deployment of £2.5 million of Growth Point grant funding as a contribution towards the delivery of the southern link road.

Outline planning permission was granted for the development of land south of Newark in 2011. However it was reported that land south of Newark could only be developed if a series of viability challenges were overcome. The failure to progress the scheme led to further considerations in 2013 which resulted in a submission of the scheme as part

of the D2N2 Local Enterprise Partnership Growth Deal. This Growth Deal included provision for a contribution of £7 million towards the cost of the southern relief road. However, this contribution assumed that a local contribution of £2.5 million was also secured. The original estimated cost of building the southern relief road was in the region of £22 million. However, flood assessments and further work with the Environment Agency had determined the specification required more bridging and a much greater civil engineering cost.

It was considered that without some additional support the development south of Newark would not proceed in the short term. It was therefore proposed that £2.5 million from the Growth Point allocation was approved as a contribution to the southern relief road. This would help to ensure that a further £7 million was raised through the D2N2 LEP Growth Deal and would enable the developers to let a contract for construction of the road early in 2015. Catesby Property Group had been working with the Council, the Homes and Communities Agency and the D2N2 LEP to try and develop a means of unlocking the scheme. It now appeared that, with a package of assistance to kick start housing growth and support the development of the road, the scheme could be unlocked. Catesby Property Group had therefore submitted further detailed plans for consideration by the Council's Planning Committee.

Provision of a grant towards the cost of the southern relief road would be subject to an agreement developed jointly with the D2N2 Growth Deal funding which would place obligations on the Catesby Property Group around use of the funding and delivery of the road. Although the conditions of D2N2 funding were not yet clear, it was possible that the Council may be required to manage the deployment of the grant alongside its own funds. Subject to the decision of the Planning Committee, it was possible that the scheme on land south of Newark could be commenced in the first half of 2015 with house building starts and the first phase of the road.

AGREED (unanimously) that:

- (a) a contribution of £2.5 million towards the southern link road be approved from the Growth Point grant received from Central Government; and
- (b) if required, approval be given to the Council undertaking responsibility for the deployment of the D2N2 Growth Deal grant.

Reason for Decision

To facilitate the development of housing and employment growth on land south of Newark.

(Councillor D.J. Lloyd was in attendance for this item and the remainder of the meeting).

43. HOUSING GROWTH

The Business Manager – Strategic Housing presented a report which updated Members on progress being made to deliver the housing growth strategy with particular focus on the proposal for residential development on the Council owned

land at Bowbridge Road, Newark including the provision of an extra care/supported Council housing scheme in collaboration with Nottinghamshire County Council.

On 3<sup>rd</sup> July 2014 the Policy Committee approved the development of a housing growth strategy for the Council against the background of maintaining a viable Housing Revenue Account Business Plan. Given the context of the decision taken on 3<sup>rd</sup> July 2014 it was reported that a growth opportunity now existed for the residential development of the Bowbridge Road site, Newark in the ownership of the Council. This was the site of the new leisure centre being developed by the Council and the residue of the site was earmarked for housing development. In addition it was an allocated site for housing within the Council's Allocations and Development Management Development Plan Document. The report detailed the proposals for development set against the finances available and the wider growth opportunities.

AGREED (unanimously) that the proposals set out in paragraph 6.1 of the report be approved.

#### Reason for Decision

The housing growth strategy 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.

#### 44. DUKERIES LEISURE CENTRE

The Deputy Chief Executive presented a report which sought to approve terms for the acquisition of the Dukeries Leisure Centre from Nottinghamshire County Council. The Dukeries Leisure Centre was situated on land owned by the County Council. The proposal to create a council owned leisure company had highlighted the need to formalise the Council's interest in the land and building.

Following an approach to the County Council they have proposed that the freehold interest in the leisure centre site be transferred to Newark & Sherwood District Council for the sum of £1. The transfer would be subject to a right of pre-emption in favour of the County Council in the event that the property ceased to be used as a leisure centre or similar public recreational facility. This right of pre-emption would not affect any proposed granting of an interest in the leisure centre to the new teckal company as the property would still continue to be used as a leisure centre or similar public sector recreational facility.

In addition it was reported that users of the Dukeries Leisure Centre currently benefit from the use of the swimming facilities which are situated within the Dukeries Academy. As these are included within the area leased from the County Council to the Academy Transformation Trust it would be necessary to reach a separate agreement with the Trust for their continued use.

AGREED (unanimously) that:

- (a) the proposal by Nottinghamshire County Council to transfer the freehold of the Dukeries Leisure Centre to Newark & Sherwood District Council for the sum of £1 subject to a right of pre-emption

in favour of the County Council be approved;

- (b) the Deputy Chief Executive be given delegated authority to take all necessary steps to complete the proposed transfer subject to the approval of the Finance and Property Committee of Nottinghamshire County Council being obtained to the proposed terms; and
- (c) the Deputy Chief Executive be given delegated authority to approve suitable terms for the continued use of the swimming facilities at the Dukeries Academy.

Reason for Decision

To formalise the current arrangements in respect of the Dukeries Leisure Centre.

45. EDWINSTOWE SURFACE CAR PARKS

The Director – Community presented a report which informed Members of a request from Edwinstowe Parish Council for the taking over of responsibility for operating and maintaining car parks in their parish.

The Director - Communities had held constructive discussions which has led to a formal request from Edwinstowe Parish Council to take over the West Lane, East Lane and Mansfield Road car parks in the parish. There was no income from these car parks but there were costs to the Council in respect of repairs and maintenance. If all three car parks were transferred to Edwinstowe Parish Council a saving to the Council of £4810.22 could be achieved subject to no commuted sums being made available.

It was recommended that the car parks be leased to the Parish Council for a period of 25 years with a peppercorn rent being charged thereby ensuring that the District Council retains ownership of the land. As well as the standard terms, the Parish would be responsible for all repairs and maintenance and take full responsibility for the permit scheme that operated in the Mansfield Road car park. It was also recommended that the car parks remain in the car parks order so as to benefit from the enforcement powers available from this service. This option was allowed for in the Heads of Terms and respective lease agreements but a final decision would be made when the details of the devolution project with Newark Town Council were finally determined.

The Economic Development Committee, at their meeting held on 12<sup>th</sup> November 2014 recommended the proposals to the Policy and Finance Committee for approval.

AGREED (unanimously) that the request from Edwinstowe Parish Council for the transfer of the West Lane, East Lane and Mansfield Road car parks be approved and leases be drawn up for the three car parks for a period of 25 years, commencing on 1st January 2015, at a peppercorn rent.

### Reason for Decision

To acknowledge and respond to the formal request for the transfer of responsibility for the operation and maintenance of car parks from Edwinstowe Parish Council.

#### 46. POLICY AND FINANCE DRAFT REVENUE BUDGET 2015/16 - 2019/20

The Assistant Business Manager – Financial Services presented a report which informed Members of the progress to date on the budget for 2015/16 and future years. At their meeting on 18<sup>th</sup> September 2014 the Policy Committee considered the preliminary report on the 2015/16 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 had been reviewed by Policy Committee in September 2014, and were attached as appendices to the report.

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 Committee on 18<sup>th</sup> September 2014. A summary of the figures to date for the Policy and Finance Committee were given in Appendix C to the report. As had previously been reported to the Policy Committee within the budget process for 2015/16 the Council were looking to reduce overall spending by over £0.9m. First indications showed that whilst some of these savings may be met by the commissioning programme there was still a need to find savings within each Committee's budget. Major variances between the 2014/15 and 2015/16 budgets were set out in the report.

AGREED (unanimously) that:

- (a) the Committee undertakes a review of fees & charges (excepting services which are subject to commissioning and devolution), discretionary services in light of the Council's priorities and the minimum level for statutory services;
- (b) the current draft Committee budget be incorporated into the overall service budget considered further on the agenda; and
- (c) the Director - Resources, continues to formulate budget proposals for formal consideration at the Policy & Finance Committee meeting on 21<sup>st</sup> January 2015 for recommendation to Policy and Finance Committee on 25<sup>th</sup> February 2015.

### Reason for Decision

To ensure that the preliminary figures for the budget are considered by

Policy & Finance Committee and that final budget proposals for 2015/16 to 2019/20 are submitted to the Policy & Finance Committee on 21<sup>st</sup> January 2015 for final recommendation to Policy and Finance Committee on 25<sup>th</sup> February 2015.

47. COUNCIL'S DRAFT REVENUE BUDGET 2015/16-2019/20

The Director - Resources presented a report which informed Members of the progress to date on the budget for 2015/16 and future years.

The provisional local government finance settlement for 2015/16 was issued in December 2014 alongside the settlement for 2014/15. The draft settlement for the District Council now stood at £5.903m, excluding assumed non domestic business rate growth of £800,000. This compared to £7.504m in 2014/15. It was noted that this figure could change before the final settlement was announced sometime after the Chancellor's Autumn Statement which took place on 3<sup>rd</sup> December 2014.

The provisional grant figures used in the Medium Term Financial Plan showed a reduction against the previous year of approximately £1.2m in 2015/16, a further £1.1m in 2016/17 and a further £0.8m over the following two years of the medium term financial plan, amounting to a total reduction over five years of £3.9m. It was noted that this was only reduction in grant and did not allow for any other budgetary pressures such as inflation.

Due to the pressures identified and the level of funding cuts expected in 2015/16 and future years it was necessary to consider strategic savings that would lead to ongoing reductions in spending over a number of years. Most of the savings that could be found from efficiencies had already been taken from budgets.

The 2013/14 outturn position identified sustainable under-spends in service expenditure which would be built into future budgets. These amounted to approximately £300,000 per year and were built into the draft budget figures at Appendix A to the report.

Members noted that the budget gap was significant and should principally be addressed through strategic measures. A number of strategies have already been considered and approved. These were to deliver savings through collaboration with other authorities; through devolution to town and parish Councils; through alternative management arrangements, such as trusts and local authority companies; and through a more efficient asset base (primarily by relocating to more efficient offices). Other areas to be considered during the budget process included agile working, ceasing discretionary services and reducing statutory services to the minimum permitted.

Nottinghamshire County Council had recently issued a consultation document detailing their budget proposals for 2015/16 and future years. They had already achieved £35m savings in 2014/15 and a further £46m had been identified, however over the next 3 years the County Council were looking to save £77m. It was clear that their proposals would have an impact on the residents of Newark and Sherwood. It was considered that a number of their proposals would impact on this Council, for example in areas of Sports & Arts Development and extra care housing.

AGREED (unanimously) that:

- (a) the overall position on the 2015/16 budget be noted and Members should consider the strategy for achieving a balanced budget in 2016/17 onwards;
- (b) the Director - Resources make payments to town and parish councils in line with the policy agreed on 26th September 2013 to protect them against the net effect of adverse statutory changes in their Council Tax Base;
- (c) the Director - Resources, following consultation with the Leader and the Policy & Finance Committee, continues to formulate budget proposals for formal consideration at the Policy & Finance Committee Meeting on 26th February 2015; and
- (d) delegated authority be given to the Chief Executive after consultation with the Chair and Vice Chair of Policy & Finance Committee and Opposition Spokesperson to respond to the budget proposals from Nottinghamshire County Council.

Reason for Decision

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

48. CAPITAL PROGRAMME MONITORING TO 31 OCTOBER 2014

The Director – Resources presented a report which monitored the progress of the overall capital programme since the last progress report to the Committee on 18<sup>th</sup> September 2014. 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.

AGREED (unanimously) that:

- (a) the variations listed in Appendix B to the report are approved and the Programme shown in Appendix C be accepted as the latest approved Capital Programme; and
- (b) any new schemes approved during this meeting are added to the Capital Programme.

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.

49. IMPROVEMENTS TO THE CASTLE LINE TRAIN SERVICES

The Chief Executive presented a report which sought approval of a financial contribution towards planned improvements to passenger rail transport on the Castle Line between Lincoln – Newark – Nottingham. The Secretary of State for Transport announced in September a package of improvements to train services on the Castle Line. This followed extensive lobbying by local Council's along the route, including Newark & Sherwood District Council, local MPs and representatives of business, including Newark Business Club. In order for East Midlands Trains (EMT) to deliver these improvements over £2 billion of central and local government funding would be required.

These improvements would be of great benefit to Newark & Sherwood by increasing access to Nottingham and Lincoln for both Newark and the other communities on the Castle line. In order to assist EMT in the implementation of the improvements, the local councils along the route had been asked to make a financial contribution. After initial contributions of £10,000 a year for three years, the additional passenger numbers would allow the Department for Transport to incorporate the improvements into the base franchise requirements, which would mean that the services would be supported through normal funding.

AGREED (unanimously) that:

- (a) the report be noted; and
- (b) a contribution of £10,000 be included in the revenue budget, for 3 years be made to East Midlands Trains to assist in the implementation of improved train services on the Castle Line.

Reason for Decision

To provide assistance to East Midlands Trains in the implementation of improved train services

50. MINUTES FROM THE MEETING OF THE STRATEGIC HOUSING LIAISON PANEL HELD ON 17 SEPTEMBER 2014

The Committee considered the minutes from the meeting of the Strategic Housing Liaison Panel held on 17<sup>th</sup> September 2014.

AGREED (unanimously) that the minutes be noted.

Reason for Decision

To ensure Members of the Policy and Finance Committee remain up to date and aware of issues considered by the Strategic Housing Liaison Panel.

51. URGENCY ITEM- SALE OF KELHAM HALL

The Committee noted the decision to sell Kelham Hall to Kelham Hall Ltd at a purchase price of £4m.

AGREED (unanimously) that the decision be noted.

Reason for Decision

To secure the offer and ensure that contracts are exchanged for sale.

52. GENERAL FUND BUDGET PERFORMANCE REPORT 30 SEPTEMBER 2014

The Assistant Business Manager – Financial Services presented a report which compared the General Fund Policy and Finance Committee net expenditure for the period ending 30<sup>th</sup> September 2014 with the profiled budget for the period. The appendices to the report detailed performance against budget for the period to 30<sup>th</sup> September 2014 for those budgets within the remit of the Policy and Finance Committee.

The total for direct service net expenditure showed an under spend of £230,009 against the profiled budget for the period to 30<sup>th</sup> September 2014. The detailed performance figures were given in Appendix A to the report and the variations from the profiled budget to 30<sup>th</sup> September were detailed.

AGREED (unanimously) that:

- (a) the overall position of the Policy & Finance Committee net expenditure compared to budget at 30<sup>th</sup> September 2014 be noted; and
- (b) Officers continue to look for additional savings throughout the financial year.

Reason for Decision

To advise Members of the draft outturn monitored against service budgets for the period ending 30<sup>th</sup> September 2014.

53. OVERALL GENERAL FUND BUDGET PERFORMANCE REPORT TO 30 SEPTEMBER 2014

The Assistant Business Manager – Financial Services presented a report which compared the overall General Fund net expenditure for the period ending 30<sup>th</sup> September 2014 with the profiled budget for the period. The appendices to the report detailed performance against budget for the period to 30<sup>th</sup> September 2014 for all General Fund service budgets.

The total for direct service net expenditure showed an under spend of £1,421,451 against the profiled budget for the period to 30<sup>th</sup> September 2014. The detailed performance figures were given in Appendix A to the report and the variations from the profiled budget to 30<sup>th</sup> June 2014 were detailed.

AGREED (unanimously) that:

- (a) the overall position of the General Fund net service expenditure compared to budget at 30th September 2014 be noted; and
- (b) Officers continue to look for additional savings throughout the financial year.

Reason for Decision

To advise Members of the current net expenditure compared to service budgets for the period ending 30th September 2014.

54. URGENCY ITEM - WORKS TO WELLOW GREEN

The Committee noted the decision to carry out works to Wellow Green Homeless Hostel to bring the site up to a minimum acceptable standard with estimated costs of £150,000.

AGREED (unanimously) that the decision be noted.

Reason for Decision

To ensure that the work was tendered for without delay to enable a start to be made in readiness for the coming winter.

Meeting closed at 7.35pm.

Chairman

**LEISURE CENTRE MANAGEMENT COMMISSIONING**

**EXEMPTIONS**

Appendix D of this report contains information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the Authority or a Minister of the Crown and employees of, or office holders under, the Authority which is a category of exempt information under Schedule 12A of the Local Government Act 1972, Paragraph 4 which the Committee has the power to exclude the press and public if it so wishes. It also contains information (as set out in Paragraph 3 of the Schedule) relating to the financial or business affairs of any particular person (including the authority holding the information).

RECOMMENDED that under Section 100(A) of the Local Government Act 1972, the press and public be excluded from the meeting during any discussion of Appendix D of the report on the grounds that it involves the likely disclosure of exempt information as defined in Paragraphs 3 and 4 of Schedule 12A of the Act and that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. The core report, which covers all the key proposals and issues and Appendices A, B and C are not covered by this recommendation and it is proposed that they are considered in the open part of the report.

**PUBLIC INTEREST TEST**

It is the opinion of the authors that in applying the public interest test the exemptions above should be applied to Appendix D. Appendix D is the detailed business plan relating to the setting up of a not for profit, Teckal compliant company wholly owned by the Council to run its leisure services. This Appendix contains information whereby individual staff members could be identified, as could their future terms and conditions within the new company. In addition it contains issues relating to TUPE and pension strain and ongoing consultations involving the unions on these matters. Lastly it contains financial information relating to the new company which, if disclosed, could prejudice, or significantly weaken the Council's (and the new company's) position in a competitive leisure market revealing market sensitive information or information of potential usefulness to competitors.

**1.0 Purpose of Report**

- 1.1 The purpose of this report is to seek approval to move forward to the final stage and implementation of the arrangements for the establishment of a council owned company for the management of the Authority's leisure centres and the sports development service. This includes the three leisure centres currently operated by the Authority (Blidworth, Dukeries and the Grove) and the new leisure centre.
- 1.2 This report was presented for comment to the Leisure & Environment Committee on 13 January 2015, although at that stage the documents detailed in the appendices were working drafts and subject to significant revision. Since that date further work has been done to get the documents to a more advanced stage, at the same time taking on board the comments made by the Members of the Leisure & Environment Committee. Members of that Committee have been invited to attend this meeting of Policy & Finance to afford them the opportunity of commenting upon the proposals in their more advanced stage.

## **2.0 Background Information**

- 2.1 At its meeting on 3<sup>rd</sup> July 2014, the Policy Committee agreed that the Council should proceed with a transfer of its leisure services to a “not for profit” company, wholly owned by the Council. It was noted that, once detail had been developed further on all the issues relating to this proposal, a more detailed report would be brought back to the Leisure & Environment Committee for comment, and the Policy and Finance Committee for approval to move forward to the final stage and implementation of the arrangements for the establishment of the company.
- 2.2 A key and crucial driver for this approach is to achieve the predicted VAT and NNDR savings which would initially equate to approximately £250k in a full financial year. It is planned that the new company could be established and the leisure services transferred to it in order to commence achieving savings by 1 June 2015. To achieve this timeline, final approval on the way forward is required during this committee cycle.
- 2.3 It should be noted that whilst the new leisure company will be wholly owned by the Council, the company must meet the requirements relating to independence as set by HMRC in order to achieve the VAT savings identified and to meet the NNDR relief tests. At the same time the company must also remain ‘Teckal’ compliant in that the Council must be able to exercise a similar level of control over the company’s activities as it does over its ‘in-house’ functions and activities. For clarification ‘Teckal’ is a term derived from a European precedent that enables a public body to set up a company for which at least 80% of its activities are on behalf of that public body. This enables the Authority to set up the company and award it a contract to provide council services without undertaking the normal procurement process. Whilst there is clearly a tension between securing the requirement for control (Teckal compliance) on the one hand, and demonstrating sufficient independence (for HMRC’s requirement) on the other, there are precedents where other authorities have achieved leisure companies which meet these requirements.

## **3.0 Scope**

- 3.1 The original scope for the project included all leisure centre provision, namely; The Grove Leisure Centre, Dukeries Leisure Centre, Blidworth Leisure Centre, the new leisure centre and the relationship with Southwell Leisure Trust.
- 3.2 The current scope has now been revised and includes the Sports Development Service. It has become apparent within the project that: for the development of a sustainable and accessible leisure provision within the district; the input of sports development would be vital. It will allow a more aspirational set of outcomes to be set and there is logical and logistical connectivity between the provision of leisure and sports development.
- 3.3 A review of the Sports and Arts Development Business Unit has been undertaken by the Director – Customers, and a report was presented to the Leisure and Environment Committee on 18<sup>th</sup> November 2014.

#### **4.0 Key Documents**

4.1 The creation of the company is complex, involving a series of related and detailed structure documents that will ensure that the company delivers in the way the Council wishes it to. This section summarises each document and its purpose.

#### **4.2 Memorandum and Articles of Association**

This is essentially the governance document for the company and sets out its objects and powers. It clearly states that the company is: philanthropic; non-profit making; and is set up to provide leisure, sports and cultural services to the district. This document also clearly identifies the roles and responsibilities of the directors of the company. Further detail is included within section 5 of this report.

#### **4.3 Contract**

This document includes normal terms and conditions and a detailed service specification on what the company will be expected to deliver. This will include outcomes and financial targets.

#### **4.4 Lease**

The company will lease the buildings from the Authority. The Council will retain ownership of the buildings. The leasehold arrangements have been developed to achieve the most efficient VAT structure.

NB the main terms included within the Memorandum and Articles of Association; Contract and lease are detailed in Appendices A, B and C.

#### **4.5 Business Plan**

Each year the company will be required to produce an annual report detailing its progress of the previous year and to provide a business plan for the following year. Attached as Appendix D (exempt) is the draft business plan which contains detailed projections for the year ahead, and an overview business plan, as drafted to date, for the next 5 years. This document will need to be submitted to the Council by the board of directors for the new company and presented to the Leisure and Environment Committee for formal approval once the company has been established. It is anticipated that this will be to the Leisure and Environment Committee in May 2015. Thereafter the committee will approve the Business Plan on an annual basis.

4.6 It should be noted that all documents and recommendations have been formulated with the assistance of the Council's external experts, V4 Services Ltd. In addition meetings have been held with the Council's external auditors KPMG and their senior tax expert along with the Council's VAT advisor to validate and give assurance to the approach adopted with the creation of the new company.

4.7 It should be noted that the name Active4Life is a working name for the company and will be fully investigated prior to registration to ensure that no challenge from similarly named companies are likely to occur. The name has been selected as a working name because of its similarity to the current Active/Activo brand.

## **5.0 Governance and Board Structure**

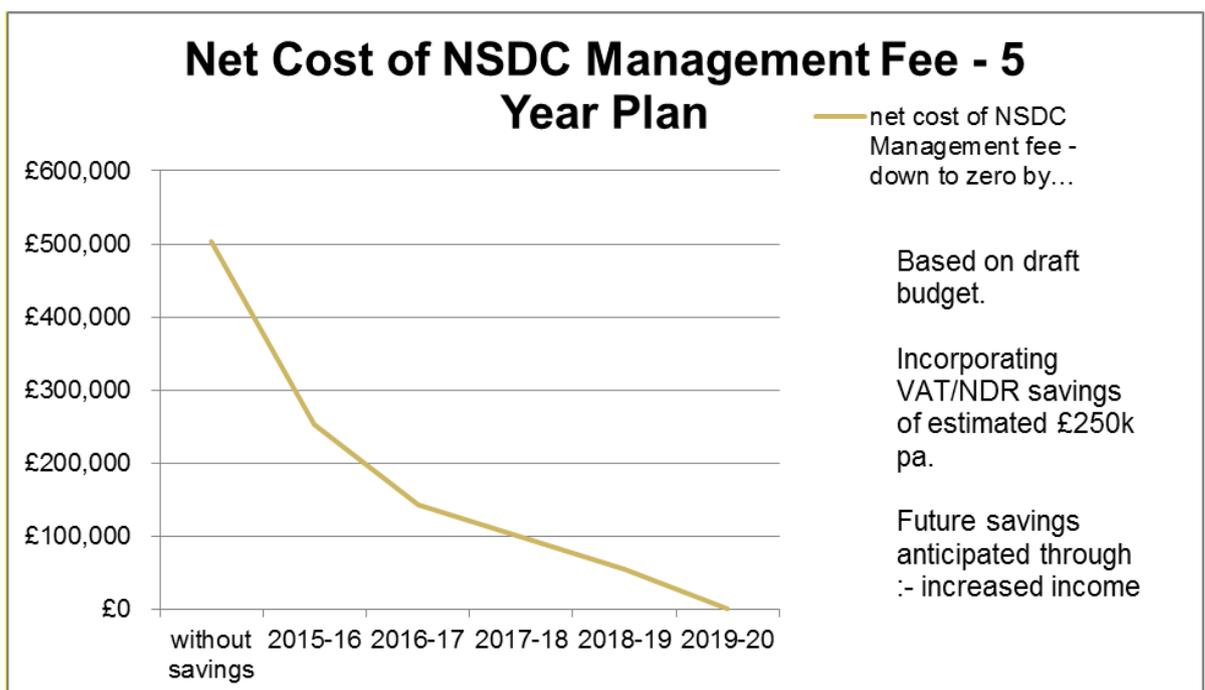
- 5.1 V4 Services Ltd have recommended that it would be prudent not to appoint any elected member to the board if to do so would preclude them from properly carrying out their responsibilities as part of any relevant council committees.
- 5.2 The Council has therefore reviewed the remits of the Policy & Finance and Leisure & Environment Committees to clarify the Council's strategic management, overview and scrutiny role in respect of its company and to reduce the number of members who would be conflicted from being appointed to the company's board.
- 5.3 Changes to the Constitution, approved by Full Council on 16<sup>th</sup> December 2014, will allow for the key Council relationship with the new leisure company to sit within the Leisure and Environment Committee. This will include the approval of the company's annual business plan and budgetary elements. Members of this committee would however be conflicted if they sat on the board of the new company. The changes approved by Full Council, will however allow, should they so wish, members of Policy & Finance Committee to be appointed to the board of the new company. It should be noted however that the Directors of the Board do not have to be drawn solely from members of the Policy & Finance Committee.
- 5.4 The board of the company will have accountability for delivering the business plan of the company and take part in the negotiations between the company and the Council. Day to day operational management will continue in the same format as currently, with the Managing Director of the company running the leisure services.
- 5.5 Control of the company by the Council will be achieved through a combination of the key documents (memorandum and articles, contract, lease and annual business plan). The annual business plan will cover key elements the Council wishes the company to consider and would be subject to approval by the Council through its Leisure and Environment Committee. Any proposals for key changes would be presented by the company to the Leisure and Environment Committee on an annual basis.
- 5.6 It is recommended that the initial contract between the Council and the company should be for a 15 year period, as this would assist in demonstrating a viable and independent company to HMRC. There would be break clauses at 5 yearly intervals, which link directly to the achievement of the financial objectives to be set for the company.
- 5.7 The approach to the officer client side support for the Council is being considered. In essence this is the Council's officer support involved in the monitoring, scrutiny and contract management of the company. This support would assist the Leisure and Environment Committee in the negotiation of the management fee and outcomes each year. It will also consider opportunities and issues arising throughout the year, future business planning and relationship management. It is recommended that the lead role in this officer support be performed by the Director – Customers. The Contract documentation specifies the role of the Council's Authorised Officer, which is essentially the person nominated to oversee the performance of the contract and to be the Council's lead representative to engage with the company's Managing Director. It is recommended that the Director – Customers take on the role of Authorised Officer as detailed in the contract.
- 5.8 Should the Policy and Finance Committee approve the recommendations in this report there will be a requirement to appoint an 'interim board' for the period between the

establishment of the new company and the 1<sup>st</sup> June 2015, (the date it is proposed the services be ‘transferred’ to it) to provide a mechanism by which the Council can ‘negotiate’ the first business plan with the company. Once the services are formally transferred to it, as of the 1<sup>st</sup> June, 2015, a ‘permanent’ board would be appointed for a 4 year period to ensure levels of continuity and experience gained is fully utilised and to fall in line with the period of the new administration following the elections in May 2015.

- 5.9 The interim board will enable the arrangements for the company to be put in place.
- 5.10 It is proposed that the board of the company will be made up of 3 members, 2 Council officers and the Managing Director of the new company. The Managing Director of the company will become a board member (without voting rights) once the appointment to this role is made by the Company. It is suggested that the Policy & Finance Committee recommend the appointment of three councillors and two officers to be appointed to the interim board of the new company to be considered by Full Council at its meeting on 10 February. Taking into account the relevant skills required for the officer appointments to the Board it is recommended that the Chief Executive and the Director – Resources be appointed to the Interim Board.

**6.0 Financial Projections**

- 6.1 There will be some additional ongoing operational costs including insurance, bank charges, and software licences (Selima and e-financials). These are estimated to be £32,000 and are included in the business plan and financial projections.
- 6.2 The equivalent annual estimated cost of the level of support for the leisure services to be provided by the new company is estimated to be £506,000 for the first year (pro rata from 1 June 2015). Aspirations to reduce the management fee for Leisure Centre provision to £0 by 2020 are reflected within the business plan. It should be noted that the current aspiration does not include reducing the Sports Development element to £0. However, there will be a savings element attributed to this.



- 6.3 It is recommended that overachievement of income or savings accrued by the new company will be incentivised on a 50:50 split basis between the Council and the new company. This will be subject to annual review/discussion with the Leisure and Environment Committee. The company, as a not for profit organisation, will only be permitted to use any additional funds achieved through over performance on providing services linked to its objects, aims and outcomes.
- 6.4 The **2015-16 budget figures** shown in the graph above are based fully on 'draft revenue budgets' and are set as if the service provision is unchanged (without savings). These figures are currently being reported to Policy and Finance Committee and Leisure and Environment Committee as part of the regular budget setting procedure.
- 6.5 Support Service Budgets have been reduced year on year from 2016-17 by an estimated percentage reduction. (Details of the percentages and reasons can be seen in the table contained in the business plan). This has been applied to reflect changes in the working practices and proposed new, more cost effective, office location of the Council as it evolves and develops. The percentage reductions can only be estimated at this point in time whilst the full impact of budget saving proposals and opportunities for the Council are considered.
- 6.6 The management fee to be paid to the new company for the leisure centres reduces to zero by 2019-20. This figure has been estimated as part of the 5 year revenue support plan and will become more refined and accurate as the business plan for the new company is developed.
- 6.7 The Sports Development budget is identified separately in the business plan because the zero subsidy only applies to the leisure centres at the present time. Further considerations will be made around support for Sports Development as the new company becomes fully operational and the business plan is developed further.

## **7.0 Management Structure and Staffing**

- 7.1 Current staff, where the 'majority' of their duties are going to be undertaken by the new company, will be eligible for TUPE transfer to the new company. This means that they will transfer to the new company on the same terms and conditions under which they are currently employed by the Council. The company will be required to address the management structure in their annual business plan to determine a fit for purpose management structure with appropriate skills and duties contained within the job descriptions. In this interim period the management structure of the Company will remain in the format of the current Business Unit. This will equally apply to the Sports Development Section which will have transferred into the Leisure Business Unit prior to the application of TUPE. The total TUPE transfer equates to 57.05 FTE (head count 162).
- 7.2 Consultation has been ongoing with staff throughout the process and will continue. At the point of transfer all staff will remain on their current terms and conditions and the new company will be required to detail proposed changes to the staffing structure within the annual business plan.

7.3 However, subject to the approval of the annual business plan, the company will as a separate legal entity, have the power to set its own staffing structure and review its terms and conditions. This fact assists in demonstrating to demonstrate its independence in relation to the HMRC's requirements. As indicated above, the business plan will be subject to approval of the Leisure and Environment Committee.

## **8.0 Pensions**

8.1 The Council enjoys full membership of the Local Government Pension Scheme (LGPS). The pension arrangements for the eligible employees transferring to the new company are covered by the TUPE regulations; the pension benefits that members have already built up will be protected by the TUPE regulations and whilst the new company will not have to offer the same terms and conditions for its new pension scheme, it does have to offer a "broadly comparable" in accordance with HM Treasury's New Fair Deal Guidance that was issued in October 2013.

8.2 Nottinghamshire County Council, the administering body of the Nottinghamshire County Council Pension Fund, have commissioned Barnett Waddingham (Public Sector Consultants) to provide pensions information in respect of employees transferring to the new company. The report considers the impact of the new company offering a closed or open scheme.

8.3 The report highlights that the required employers' contribution rate for a closed scheme is 14% compared to 12% for an open scheme.

8.4 A closed scheme means that only those existing employees who transfer to the new company will remain in the local government pension scheme. The new company will be required to operate and offer an alternative scheme for any new employees appointed to the company.

8.5 There are many variables, but over a five year term and with staff turnover at around 7%, the gross saving by operating a closed scheme might be in the region of £10k per annum. It should be noted that costs would be incurred to establish and administer a new scheme and this cost would reduce the estimated saving.

8.6 The low savings potential is attributable to many variables, but mainly the fact that in a closed scheme the actuary forecasts the need for the 2% premium because the TUPE transferring cohort will become more aged in profile - and not be replaced by new younger staff.

8.7 The premium of 2% applied to the employers contribution significantly negates the potential saving from having a closed scheme in which new staff would benefit from a company scheme with an employer's contribution of 8%

8.8 It is therefore recommended that an open scheme is adopted due to the minimal level of savings that may be achievable over a five year period. It should be noted however that it will be possible to review this position in the future.

## **9.0 Support Services**

- 9.1 Within the contract between the Council and the new company there is a requirement that for a period of two years the new company would use the Council's support services. This strategically fits with the Council's own review of its support and back office functions, and at the conclusion of those 2 years future arrangements could be reviewed by both parties.
- 9.2 Within the period that the Council would continue to provide support services, any requirements to ensure that independent advice is provided separately to the Council and to the new company would be observed in order to ensure probity of advice.
- 9.3 The new company will be required to provide any information reasonably requested by the council in full and in a format that is required by the council. A list of support services which would be provided by the council to the new company is contained within the contract documentation.

## **10.0 Relationship with Southwell Leisure Trust (SLT)**

- 10.1 Discussions with SLT are ongoing and include the need to formalise the current arrangements between the Council and the Trust. SLT has indicated its willingness to participate and are currently being consulted on the leisure outcomes which are likely to be required.
- 10.2 The new company will continue to work with SLT and a service level agreement will be considered and, if agreed upon, will be signed by all parties, (SLT, NSDC and New co) to reflect arrangements for support and delivery of outcomes. This will be subject to an annual review in line with the annual budget review for NSDC. Within the first year there are no planned changes to the level of support given to SLT.

## **11.0 Company Set-up**

- 11.1 A number of key set up activities have been identified by V4 and appropriate timelines are being constructed. Currently HMRC are taking around 12-16 weeks to consider formal registration documents including VAT exemption.
- 11.2 There will be some additional one off costs associated with the company set-up, primarily associated with software systems. In addition, activities around branding, name and web provision for the new company are being developed. It is anticipated that an underspend in this year's Leisure Centre budget could be utilised to cover these costs which are estimated not to exceed £30k.

## **12.0 Dukeries Leisure Centre**

- 12.1 There continues to be ongoing dialogue with the Dukeries Academy about their aspirations to set up a Community Interest Company. A conditions survey has been undertaken on the building to facilitate the Academy's ability to put together a business case proposition. As agreed at Policy Committee on 3<sup>rd</sup> July 2014, if and when any proposal has been received by the Council this will be put before the Policy and Finance Committee for decision.
- 12.2 Current progress towards the new leisure company does not preclude consideration of any

proposal by the Dukeries Academy and all legal documentation including contract and lease will contain suitable provision for the new leisure company to cease contracted operational management at the Dukeries and vacate the building, terminating the lease at the Dukeries site.

### **13.0 Equalities Implications**

13.1 Equalities impact on staff has been reviewed by the Human Resources Manager and all relevant equalities factors are provided for under the legal requirements of TUPE.

13.2 Attached to the report to Policy Committee on 3<sup>rd</sup> July 2014 was an Equalities Impact Assessment which determined that this proposal would have no major impact on equalities and would be likely to have a positive impact on the additional category of 'socio-economic'. The Equalities Impact Assessment is regularly reviewed and should the position change this will be brought to the attention of the relevant committee.

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

14.1 At the meeting of Policy Committee held on 3<sup>rd</sup> July 2014, Members considered the Council's strategic approach to the budget. This report set out the trend of reducing Government grant and the resultant impact on the Council's Medium Term Financial Plan. It identified that savings in excess of £3m are likely to be needed over the next three financial years

14.2 The report stressed the need to take a strategic approach to delivering this level of savings, and the following strategic aims were agreed:

- Deliver savings through collaboration with other authorities
- Deliver savings through devolution to town and parish councils
- Deliver savings through alternative management arrangements, such as trusts and local authority companies
- Deliver savings through a more efficient asset base (primarily by relocating to more efficient offices)

14.3 This report sets out the proposal to deliver significant savings through alternative management arrangements for leisure services. The potential savings identified in this report represent a significant element of the budget savings required over the next three years as well as maintaining and improving the services provided by the Council to the public.

### **15.0 RECOMMENDATIONS that the Policy & Finance Committee:-**

- (a) give delegated authority to the Director – Resources to undertake all necessary actions to ensure that the new leisure services Company is established;**
- (b) approve the proposed Interim and Permanent Board structure and timetable for the establishment of the Company as detailed in paragraph 5.8 of the report, and make recommendations to Full Council on 10 February for the appointment of 3 named Councillors and 2 officers (Chief Executive and Director – Resources) to the Interim Board;**

- (c) **approve the proposed contract between the Council and the Company for a 15 year period with 5 yearly break clauses;**
- (d) **approve the approach for dealing with the overachievement of targets by the Company as detailed in paragraph 6.3 of the report;**
- (e) **approve the operation of an open pension scheme for the Company;**
- (f) **agree with the requirement that the Company utilise the support services provided by the Council for a minimum period of two years, except where there is a clear conflict of interest;**
- (g) **give delegated authority to the Director – Customers to continue ongoing negotiations with Southwell Leisure Trust including the formalisation of a service level agreement;**
- (h) **note the set-up and ongoing costs for the new Company as outlined in paragraphs 6.1 and 11.2 of the report;**
- (i) **to note current progress on the formulation of the business plan;**
- (j) **approve the designation of the Director – Customers as the Council’s Authorised Officer within the contract between the Council and the Company; and**
- (k) **note the position relating to the potential for a Dukeries Community Interest Company to be formed and for a further report to be brought to Policy and Finance Committee if a formal proposal is received concerning this.**

#### **Reason for Recommendations**

**To ensure that the Leisure & Environment Committee has an opportunity to consider the proposals concerning the establishment of the new leisure company.**

#### **Background Papers**

V4 options appraisal report  
Draft Contract  
Draft Memorandum and Articles of the Company  
Draft Lease

For further information please contact Deborah Johnson on ext. 5800 or Phil Ward on ext. 5347.

David Dickinson  
Director - Resources

NEW LEISURE COMPANY — MAIN PROVISIONS WITHIN THE MEMORANDUM AND ARTICLES OF ASSOCIATION

1. The new company is proposed to be one that is limited by guarantee, with the Council as the sole shareholder.
2. The Council's liability is stated within the Memorandum to be limited to £1, which is the amount that as the sole Member, it undertakes to contribute to the assets of the company in the event of its being wound up.
3. The income and property of the company is to be applied solely towards the promotion of its objects, there is no provision for any dividend to be payable to the Council as the shareholder.
4. The main 'Objects' (purposes) of the company are to:
  - provide leisure, sports, and cultural facilities and services;
  - liaise and co-operate with all interested groups within the community to develop and deliver this service;
  - promote and enter into partnerships or arrangements of all kinds to improve or extend the facilities and services offered;
  - explore all avenues of funding and finance for such services;
  - improve health and well-being through a range of outcomes, including reduced obesity, reduced anti-social behaviour and narrowing the health inequality gap; and
  - increase jobs, strengthening the local economy, and enable children, young people and adults to learn and be ready for work.
5. The company's Powers are linked to it being able to achieve its 'Objects' stipulated above, and it is proposed that they include the following:
  - the ability to raise funds;
  - to buy, acquire, and sell property and equipment;
  - to borrow money and to charge the whole or any part of the property belonging to the company as security for repayment of the money borrowed or as security for a grant or the discharge of an obligation (see below that the Directors' power in this regard is to be subject to Council's prior written consent);
  - to co-operate with other organisations, charities, and voluntary bodies etc.;
  - to establish or support any charitable or not-for-profit trusts, associations or institutions formed for any aspect of the primary purpose;
  - to acquire, merge with or to enter into any partnership or joint venture arrangement with any charitable or not-for-profit trusts, associations or institutions formed for any aspect of the primary purpose or (provided that the directors shall consider this to be in furtherance of the objects and provided that appropriate safeguards are in place to ensure the not-for-profit character of the company's participation) any community interest company, wholly or mainly philanthropic or commercial body (see below that the Directors' powers in this regard are to be subject to Council's prior written consent)
  - to set aside income as a reserve against future expenditure but only in accordance with a written policy about reserves;

- to employ and remunerate such staff as are necessary for carrying out the work of the company; and
  - to provide indemnity insurance for the directors.
6. Board of Directors - It is proposed that the Board be a total of six, comprising three councillors, two Council officers and the managing director of the company. The managing director will be a non-voting director of the Board, in compliance with the Teckal requirements to demonstrate the Council's control of the company. The quorum of three, of which at least two must be councillors, will ensure that 'control' will not be able to be exercised by the officer directors on the Board. The Directors will be appointed by the Council as the sole shareholder. It is proposed that they will not be entitled to be remunerated for their appointment, although they will be entitled to out of pocket expenses e.g. mileage etc. The Council will retain the power to appoint and remove the Directors to the Board.
7. The Directors of the company will be responsible for the management of the company's business and they will be able to exercise all the Powers of the company, but it is proposed that they will only be able to exercise the Powers listed below with the prior consent of the Council:
- To enter into any contractual arrangements, financial commitment or borrowing (whether secured or otherwise) with a value exceeding [£20,000];
  - To change the location of the registered office of the company;
  - To participate in any partnership, joint venture or undertaking (whether incorporated or not) or form any subsidiary;
  - To make any change in the company's banking arrangements (other than consequent on any agreed change of signatories or authorisations);
  - To give any credit or make any loan (other than in the normal course in the normal course of trading or banking); or
  - To institute, settle or compromise any legal proceedings (including mediation or arbitration) brought by or against the company (other than debt recovery proceedings or other matters in the normal course of business).
8. There is also provision within the Memorandum of Association to enable the Council, by special resolution, to direct the directors to take, or refrain from taking, specified action.
9. In addition there is provision for the directors to be indemnified (by the company) against liabilities incurred by them in connection with carrying out their duties as directors of the company.
10. The Memorandum of Association includes the typical company procedures for meetings, decision making and resolutions by the board of directors and the Member (i.e. shareholder). The quorum for director's meetings is proposed to be three (of whom at least two must be councillors), the directors may appoint a chairman to chair their meetings, and where there are equal votes for and against a proposal, the director chairing the meeting will have a casting vote. A director will not be regarded as having an interest or a conflict of loyalties solely by reason of being an elected member or officer of the Council.

NEW LEISURE COMPANY - MAIN PROVISIONS WITHIN THE PROPOSED LEASE/LICENCES FOR THE COUNCIL'S LEISURE CENTRE PREMISES

<b>Parties:</b>	Council (landlord) and new leisure company (tenant)
<b>Premises:</b>	To include all of the Council's leisure centres to be managed by the company
<b>Rent:</b>	Peppercorn per year (if demanded)
<b>Term:</b>	15 years (lease includes 5 year breaks and a break clause for either party to determine the lease, or that part of it covering a particular premises, if the 'contract for leisure services' between them is terminated)
<b>Use</b>	<p>Company is only to use the premises for the permitted use i.e. for the primary purpose of a community leisure centre but including such ancillary fitness, social, recreational, health &amp; wellbeing and sport purposes and catering and retail facilities. There are the usual prohibitions to prevent the tenant from doing anything or allowing any activity which would constitute a nuisance etc.</p> <p>N.B. The Council will be entitled to use any of the premises for elections and/or civil emergency purposes upon notice and payment for such use.</p>
<b>1954 Act</b>	Business tenancy rights under the 1954 Act (sections 24 to 28) are specifically excluded.
<b>Repairs</b>	Responsibilities for repairs are split between the parties, with the Council as landlord broadly retaining responsibility for the structure, main plant and equipment and exterior of the buildings, including the maintenance of the hard surfaces in good condition, and cultivation of the grassed and landscaped areas. In the event that a premise is required to be closed for public use to enable the Council to effect repairs, the tenant is not entitled to any compensation for loss of income, business or goodwill occasioned by the closure. The company as the tenant is to be responsible for the day to day internal repairs, maintenance and decoration. It will also be responsible for keeping the premises clean, hygienic, tidy and free from rubbish etc.
<b>Alterations</b>	The company is not permitted to make any alterations or additions to the premises without the Council's consent.
<b>Assignment</b>	The company is prevented from assigning, underletting or parting with possession with any part of the premises.
<b>Access</b>	The Council, and all persons authorised by the Council, has a right to access the premises at reasonable times and upon reasonable notice (except in emergency) to view, inspect or carry out any work pursuant to the Council's repairing obligations etc.

- Services/Utilities** The company will be liable for all rates, taxes etc. on the premises – (need to consider the VAT position for Council and company before determine responsibility for direct payment of water, electricity, gas, telephone and other utilities/services consumed on the premises).
- Advertisements** The company is not, without the Council’s consent, permitted to display advertisements, bills or placards on the outside of the premises other than where they are of reasonable size and appearance at the entrance showing the company’s trading name and business etc.
- Insurance** The Council is to insure the buildings, and the company is to insure against public & occupiers liability, and also employer’s liability.
- Termination** There is provision for either party to serve notice to terminate if any of the premises become unfit for occupation and use for a period of 2 years.

NEW LEISURE COMPANY -- MAIN PROVISIONS WITHIN THE CONTRACT BETWEEN THE COUNCIL AND THE NEW LEISURE COMPANY

The contract sets out the agreement between the Council and the Company for the provision of the services, so it is important that it contains everything that the Council intends by way of control measures, whilst still allowing the Company the flexibility to deliver the services in the most effective way.

The draft contract is some 115 pages in length and includes the common contract clauses that one would anticipate such as: set off rights; confidentiality; data protection; health & safety; equalities; FOI Act; compliance with the Council's statutory duties; use of Council property; logo and signage indemnity & insurance; notices; dispute resolution etc. But more particularly the main terms are as follows:

1. **SERVICES:** The provision of cultural leisure services (including sports development leisure facilities) to the standards specified in the contract **and** to the reasonable satisfaction of the Council. A detailed specification of the services is included as a schedule (Schedule 3) to the contract. The Council and the Company may agree variations during the contract period, which may include the services being provided and/or closure of or any part of the premises/leisure centres. A reduction in the services to be provided will result in a reduced contract price, conversely an increase in the services could give rise to an increased contract price. There is specific mention within the contract of the fact that the Council is building a new leisure centre and that the contract will need to be varied to take account of the move from the existing Grove Leisure Centre to the new premises and the interim financial provisions that will be needed to take into account transitional costs related to this.

**The contract also provides that the Company will be provided with various central support services from the Council for a period of at least two years. Thereafter either party may terminate this arrangement by giving not less than 6 months written notice.**

2. **ASSIGNMENT:** The Company is prohibited from assigning, delegating or sub-contracting any of its obligations under the contract. However, the Council CAN assign the contract in whole or part to a statutory or public body or to a successor authority of the Council.

**N.B.** The Company may allow third parties to provide services from the premises, (other than the services it is contracted to provide itself to the Council), subject to certain conditions and the Council's ability – acting reasonably – to prevent this.

3. **CONTRACT PERIOD:** 15 years, with five year breaks. The Council will have the right to terminate any part or the whole of the contract at any time upon giving at least six months' notice to the Company. The draft contract contains provisions dealing with the rights of the Council and the Company upon termination in terms of repossession of premises, smooth handover and continued running of the services and recovery of any losses etc.
4. **CONTROLLED COMPANY:** The new company warrants that it is a controlled by the Council, within the meaning of the 1989 Act, and at least 80% of its activities are to be in carrying out the functions/tasks allocated to it by the Council.

## 5. PERFORMANCE OF THE SERVICES, CONTRACT STANDARDS, REVIEW & MONITORING:

These provisions are contained within Schedule 5 of the draft contract. There are 4 Parts to this Schedule, all covering different aspects of the area of performance etc. detailed as follows:

### **Part 1 – Performance of the Services**

The Company is required to provide the services in accordance with specified contract standards. This Part contains the mechanisms for the reporting by the Company to the Council of any inability to comply with the contract standards to a material degree and for the Council to decide on the action to be taken in such circumstances. There is also provision for the Council's Authorised Officer to have access to the Company's workplaces, personnel, technology and any other information to enable the Council to satisfy itself regarding the proper performance of the contract. The Company is required to maintain a procedure (that has been approved by the Council) for dealing with any complaints received about the services – with the Council able to access the records of complaints received and dealt with, as part of the monitoring process.

### **Part 2 – Company's personnel and other persons engaged in delivering the services**

The Company will be responsible for the recruitment and conditions of service of all of the staff engaged in the provision of the services and this Part requires the Company to ensure that they are sufficiently and appropriately trained, instructed and qualified with regard to the tasks they are employed to perform, for example lifeguards must be qualified to the Royal Life Saving Society's National Pool Lifeguarding Programme Standard. In addition, this Part requires the Company to ensure that its employees comply with certain specified Council policies and procedures, for instance – health & safety, equalities, safeguarding, criminal conviction and Disclosure and Barring Authority checks etc. The Company will be required to maintain up to date records of all persons in its employment and allow the Council full access to these records. The Council will have the power to require that any particular employee, sub-contractor or agent of the Company be NOT involved in the provision of the Services provided to the Council under the contract.

### **Part 3 – Monitoring and contract standards**

The Company is required to provide the Council with a copy of its audited accounts each year within a given period of the relevant accounting reference date. It is also required to provide the Council with the performance monitoring information as agreed and set out in the Specification (performance measures key indicators and targets included within the contract), on a monthly, quarterly and annual basis. There is provision for officers of the Council and the Company to meet monthly to consider compliance with the contract standards and to discuss financial and other performance monitoring information. The draft contract also includes provision for there to be formal quarterly and annual meetings at Member level – see reference to the relevant Council committee, detailed below. It is intended that the Council will collect information and knowledge relating to the Company's performance in the following ways:

- via monthly, quarterly and annual performance reports produced by the Company;
- attendance, and involvement in monthly, quarterly and annual performance review meetings;
- customer feedback from customer satisfaction surveys;
- evidence provided by the Company to Quest and IiP standards;
- benchmarking with other similar facilities/services in other local authorities;

- o mystery visits utilised by the Council;
- o ongoing observation by Council staff via announced/unannounced visits;
- o ongoing structured and unstructured dialogue with the Company; and
- o the discussion at the Partnership Forum.

The Council will carry out a formal Contract Review every financial year to evaluate performance and agree strengths and areas for improvement. This will inform the Council's consideration and approval of the Company's business plan and a Service Quality Improvement Plan for the subsequent financial year. Before the end of September each year the Council's Authorised Officer and the Company's Representative will meet to consider whether or not any variation, or closure of any of the premises is desirable and seek to agree the targets for the following year.

#### **Part 4 – Relevant Council Committee overview**

The draft contract envisages that the company will report to the relevant Council committee (Leisure and Environment) via the Managing Director and the Council's Authorised Officer attending the committee quarterly and producing quarterly performance reports. The Leisure and Environment Committee will have the role of setting the strategic direction for the Council's company, through consideration and approval of the annual business plan and also will review the efficient and effective business management of the contract, and to ensure that the contract is being delivered effectively and in accordance with its terms. It will also review: whether the Company is meeting its financial and operational targets and the agreed strategic and other outcomes; whether the available financial and other resources are sufficient to deliver the contract; the development and review of the Service Quality Improvement Plan; and any proposed variations to the services.

6. **DEFAULT** – Within Schedule 6, there are provisions to deal with the situation if the Company fails to perform the services to the required contract standards. Essentially the Company will have a period of time within which to comply with agreed remedial action, and if there is a failure to do so the Council has the right to arrange for any part of the services to be carried out by itself or a third party. The Council will have the right to terminate the contract immediately where the Company commits a material breach, or where it is substantially or persistently in breach of any of its obligations under the contract. Similarly the Company has the right to terminate the contract, upon four months' notice, if the Council is substantially and persistently in breach of its obligations under the contract.
7. **APPROVED BUSINESS PLAN:** This will be a comprehensive business plan, in a format as required by the Council, that includes both financial information and a narrative to ensure that the profiled contract sum is achieved (i.e. Council's requirement that the services should be delivered within a reducing contract sum payable by the Company to the Council), and includes a comprehensive system of and format for the performance management for the services required to be provided under the contract, all of which is capable of being audited by the Council's internal and external auditors.

- 8. FEES & CHARGES:** Schedule 7 sets out the process for the Council to agree the core fees and charges. The agreed fees and charges will be the maximum charges, in effect the Company may charge less than these, but not more. The Company will submit to the Council its proposed changes to fees and charges by 30 November each year. The Council must communicate to the Company whether it approves the proposed changes by 31 January, and any approved changes must be implemented by the Company by the following 1 April. If it proposes increases which are overall above CPI, the Company should also set out proposals for such increases to reduce the Contract sum.
- 9. CONTRACT SUM [AND SHARING SURPLUSES]:** An Annual sum is payable by the Council to the Company for the services to be provided by it under the contract. The Company will pay the Council an agreed annual sum in respect of the services to be provided to it by the Council under service level agreements (i.e. for central support services). Schedule 4 sets out in detail the relevant payment mechanisms in respect of these sums. In respect of the sum to be paid by the Council to the Company for the services provided, there will be a financial reconciliation in accordance with the assumptions in the Approved Financial/Business Plan and if there is an overall variance whereby the net income (after expenditure and costs are taken into account) exceeds the Business plan assumptions, the Council and the Company will meet to discuss whether some or all of such additional sum should be retained by the Company for provision of additional services or be repaid to the Council for the delivery of its corporate objectives. The decision relating to this is to be the Council's.

This Schedule also makes provision for how any operating surplus made by the Company is to be dealt with. Currently as drafted, it provides that the operating surplus be split equally and one half paid to the Council as an additional contract sum and the balance retained by the Company.

- 10. TRANSFER OF STAFF** - The contract contains provisions recognising the transfer of employees from the Council to the Company under the same terms and conditions as their current employment, as well as the pension arrangements for the transferring staff.
- 11. AUTHORISED OFFICERS:** The 'Authorised Officer' of the Council will act in the name of the Council for the purposes of issuing instructions to the Company. The Company's Managing Director will be the Company's contract representative.
- 12. COUNCIL MEMBERSHIP CARD:** The Company will honour and comply with the current Council's membership card and any discount and concessionary schemes unless and until the provision of any substitute schemes have been agreed with the Council
- 13. INTELLECTUAL PROPERTY RIGHTS:** The intellectual property in any data base created and any data base of information about persons will remain in the ownership of the Council, and the Council will grant a non-exclusive licence to the Company to use the data and any branding or other marketing material in connection with the Services during the Contract Period free of any charge as agreed.
- 14. HEALTH & SAFETY:** The Company is obliged to comply with all health and safety legislation and also to allow the Council access to inspect to ensure compliance. The Council may issue instructions for the Company to undertake works to secure compliance with H & S requirements, and it can instruct the Company to cease operations until compliance has been secured. The Company will indemnify the Council against any losses incurred as a result of any breach.

**POLICY & FINANCE COMMITTEE REVENUE BUDGET 2015/16 - 2019/20**

**1.0 Purpose of Report**

- 1.1 To inform the Committee of the budget and scales of fees & charges for those areas falling under the remit of the Policy & Finance Committee for 2015/16 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 18<sup>th</sup> September 2014.
- 2.2 The Policy & Finance Committee met 9<sup>th</sup> December to scrutinise the budget and continue to look for ways to achieve further savings in 2015/16 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 26<sup>th</sup> February 2015. 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 2015/16. Direct service expenditure including deferred and capital charges, and all central services recharges currently shows an overall decrease of £256,810 against 2014/15 budget, less the superannuation adjustment of £307,810. (See paragraph 3.5.1) When central recharges and capital are excluded this becomes a saving in the budget of £137,410 (2.7% on the comparable base budget). Members will note that this is a further reduction since the draft budget was presented to the Committee on 4<sup>th</sup> December 2014. This is as a result of increased recharges to third parties and an increase in the Housing Benefit Administration grant payable by CLG, although it should be noted that the amount of grant still shows a reduction on 2014/15.
- 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 18<sup>th</sup> September 2014. It also assumes a 1% increase in salary and wages costs overall in the 2014/15 initial budget and a further 1% increase for 2015/16. The 2014/15 and 2015/16 combined pay award has since been announced and it is not considered to be significantly different to the original estimates overall.
- 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 capital and central recharges) and significant budget savings cannot be achieved without affecting staffing levels.
- 3.5 Major variances between 2014/15 and 2015/16 are shown below:
  - 3.5.1 It should be noted that the County Council Superannuation fund has changed the method of payment for the back-funded element of pensions – previously this was charged as an additional percentage on top of the basic employers contribution for each employees, however the basic rate is now payable with an annual lump sum payable from below the line. For this committee the superannuation included in the initial budget for 2014/15 which will now be accounted for 'below the line amounts' to £307,810.
  - 3.5.2 Electoral registration is more expensive than the previous system where data was collected for a property rather than individual electors. In 2014/15 a Government grant was received to cover the additional costs, however it is not known if there will be funding in 2015/16.
  - 3.5.3 Management costs formerly shown entirely in HR and now split between HR and Legal.
  - 3.5.4 A management restructure (CMT & Business Managers) has resulted in net savings overall.
  - 3.5.5 The reduction in the costs of collection of Council Tax results from an increase in recharges of court costs.
  - 3.5.6 A review of the structure of the Council has resulted in savings in the total basic members' allowance.
  - 3.5.7 The current council accommodation at Kelham Hall, together with related budgets (the Lodge, Kelham Hall grounds and Kelham Hall events) is shown for the full 5 years of the medium term financial plan. As more information on the operational costs of new accommodation becomes available the medium term financial plan will be revised. The overall budget which will be presented to Policy & Finance Committee on 26<sup>th</sup> February will include a figure 'below the line' to reflect the anticipated savings from the sale of Kelham Hall and a move to new accommodation.

#### **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 26<sup>th</sup> February 2015 and Council on 10<sup>th</sup> March 2015.

#### **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 to the report be recommended to Policy & Finance Committee at its meeting on 25<sup>th</sup> February 2015 for inclusion in the overall council budget; and**
- (b) the scales of fees and charges as shown at Appendix B to the report be recommended to Policy & Finance Committee at its meeting on 25<sup>th</sup> February 2015 and Council on 10<sup>th</sup> March 2015.**

**Reason for Recommendations**

**To ensure that the final budget proposals for 2015/16 to 2019/20 and level of fees and charges for 2015/16 are recommended to Policy & Finance Committee on 25<sup>th</sup> February 2015.**

**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 COMMITTEE

APPENDIX A

CODE	DESCRIPTION	2014/15	2015/16		2016/17	2017/18	2018/19	2019/20
		INITIAL BUDGET	BASE BUDGET	MORE/ (LESS)	BASE BUDGET	BASE BUDGET	BASE BUDGET	BASE BUDGET
A10601	ELECTORAL REGISTRATION	200,390	257,510	57,120	260,230	262,210	264,150	265,950
A10803	INTERNAL AUDIT	(17,500)	0	17,500	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	PERSONNEL SECTION	0	0	0	0	0	0	0
A10815	POLICY & COMMISSIONING	246,720	230,540	(16,180)	233,490	236,040	238,540	240,830
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*	6,370	4,840	(1,530)	5,000	5,060	5,120	5,180
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	10	0
A10842	OTHER EMPLOYEE EXPENSES	0	0	0	0	0	0	0
A10845	INFORMATION GOVERNANCE	77,400	74,220	(3,180)	75,230	75,990	76,820	77,530
A10864	CORPORATE MANAGEMENT TEAM	0	0	0	0	0	0	0
A10891	FINANCE MANAGEMENT & ADMIN	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	64,580	53,350	(11,230)	53,980	54,630	55,200	55,760
A10898	ADMINISTRATION SERVICES	0	0	0	0	0	0	0
A10904	COUNCIL TAX	432,070	326,430	(105,640)	336,950	346,420	356,190	365,090
A10905	RENT ALLOWANCES	33,500	(28,000)	(61,500)	(28,000)	(28,000)	(28,000)	(28,000)
A10906	COUNCIL TAX BENEFITS	0	0	0	0	0	0	0
A10907	RENT REBATES	54,790	20,000	(34,790)	20,000	20,000	20,000	20,000
A10908	HOUSING BENEFIT ADMIN	386,890	312,010	(74,880)	324,040	333,870	343,880	352,920
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*	34,160	29,830	(4,330)	30,220	30,610	31,050	31,450
A11841	CORPORATE PROPERTY	0	0	0	0	0	0	0
A11901	MEMBERS EXPENSES	0	0	0	0	0	0	0
A11902	CIVIC EXPENSES	43,180	48,820	5,640	49,300	49,550	49,810	50,050
A11911	OTHER FINANCIAL TRANSACTIONS	1,120	(9,160)	(10,280)	850	860	870	880
A11912	MISCELLANEOUS LOANS	(1,280)	(950)	330	(840)	(730)	(600)	(450)
A12301	ELECTION EXPENSES	128,640	123,830	(4,810)	126,040	127,760	129,530	131,170
A12505	TRANSFERRED ASSETS	180	820	640	830	840	860	870
A12510	DEMOCRATIC REPRESENTATION	713,350	666,790	(46,560)	678,040	685,270	692,490	699,320
A12512	ETHICAL GOVERNANCE & STANDARDS	3,950	1,390	(2,560)	1,400	1,410	1,430	1,440
A12520	CORPORATE MANAGEMENT	926,510	889,200	(37,310)	924,370	930,390	939,200	951,070
A12530	NON DISTRIBUTED COSTS	2,350	810	(1,540)	820	830	850	860
A15028	COMBINED SERVICE COSTS	42,490	113,950	71,460	116,030	118,140	120,290	122,480
A15029	CORPORATE PRINTERS	99,610	64,500	(35,110)	64,510	65,770	67,060	68,360
A15030	KELHAM HALL EVENTS*	(46,180)	(4,250)	41,930	(3,470)	132,150	134,030	135,930
	TOTAL	3,433,290	3,176,480	(256,810)	3,269,020	3,449,070	3,498,780	3,548,690

\*Budgets relating to Kelham Hall are shown here for the full 5 years, however as more information is known about the relocation of the offices and sale of Kelham Hall the medium term budgets will be revised.



BUDGET SUMMARY  
POLICY & FINANCE COMMITTEE  
SUBJECTIVE SUMMARY

APPENDIX A

CODE	DESCRIPTION	2014/15	2015/16		2016/17	2017/18	2018/19	2019/20
		INITIAL BUDGET	BASE BUDGET	More (Less)	BASE BUDGET	BASE BUDGET	BASE BUDGET	BASE BUDGET
111	SALARIES AND WAGES	3,303,620	3,239,300	(64,320)	3,294,450	3,328,290	3,361,340	3,394,700
112	OTHER SALARIES/WAGES PAYMENTS	31,390	31,390	0	31,390	31,390	31,390	31,390
113	NATIONAL INSURANCE	252,970	239,730	(13,240)	243,950	246,510	249,010	251,480
114	SUPERANNUATION	699,370	399,740	(299,630)	405,310	409,460	413,560	417,710
115	OTHER EMPLOYERS CONTRIBUTIONS	22,840	22,840	0	23,190	23,540	23,900	24,270
	EMPLOYEE SUB TOTAL	4,310,190	3,933,000	(377,190)	3,998,290	4,039,190	4,079,200	4,119,550
211	REPAIRS AND MAINTENANCE	60,440	60,880	440	62,290	63,260	64,250	65,260
212	ENERGY COSTS	118,600	125,710	7,110	128,220	130,780	133,390	136,050
214	RATES	120,200	124,240	4,040	126,730	129,260	131,840	134,480
215	WATER SERVICES	10,680	7,660	(3,020)	7,810	7,960	8,120	8,280
216	FIXTURES AND FITTING	5,000	0	(5,000)	0	0	0	0
217	CLEANING AND DOMESTIC	3,560	3,630	70	3,670	3,710	3,750	3,790
219	CONTRIBUTION TO FUNDS	201,770	177,550	(24,220)	199,300	198,470	197,630	196,780
315	CAR ALLOWANCES	40,110	37,090	(3,020)	37,790	38,500	39,250	40,000
411	EQUIPMENT AND FURNITURE	9,290	12,450	3,160	12,650	12,850	13,060	13,270
412	MATERIALS	240	240	0	240	240	240	240
431	CLOTHING AND UNIFORMS	1,030	1,040	10	1,050	1,060	1,070	1,080
441	GENERAL OFFICE EXPENSES	108,280	86,170	(22,110)	86,880	87,940	89,020	90,110
451	CONTRACTUAL	229,200	379,300	150,100	384,030	390,610	397,310	404,140
452	OTHER SERVICES	271,060	272,810	1,750	277,940	277,560	280,210	285,900
461	COMMUNICATIONS AND COMPUTING	420,240	407,260	(12,980)	414,430	425,030	432,730	440,580
471	STAFF	17,570	15,610	(1,960)	15,670	15,730	15,790	15,850
472	MEMBERS	247,650	220,440	(27,210)	222,640	224,870	227,110	229,380
473	CHAIRMAN	10,140	10,180	40	10,180	10,180	10,180	10,180
482	SUBSCRIPTIONS	40,070	38,750	(1,320)	39,400	40,080	40,770	41,470
491	INSURANCE	101,090	96,120	(4,970)	96,330	98,170	100,070	102,330
493	OTHER	267,750	243,400	(24,350)	244,030	244,670	245,330	246,000
496	CAPITAL	500	500	0	500	500	500	500
611	HOUSING BENEFITS	26,939,440	27,919,440	980,000	27,919,440	27,919,440	27,919,440	27,919,440
711	ADMIN BUILDINGS	330,310	318,360	(11,950)	322,980	327,240	331,520	335,750
712	CENTRAL DEPARTMENT SUPPORT	2,339,370	2,302,660	(36,710)	2,345,750	2,373,540	2,401,610	2,422,530
713	CSS MONTHLY PERCENTAGE RECHGS	203,440	61,570	(141,870)	62,700	63,850	65,040	66,200
714	CENTRAL EXPENSES	444,660	420,690	(23,970)	427,460	429,870	435,270	443,520
715	DEPARTMENTAL ADMINISTRATION	232,860	240,370	7,510	243,000	244,870	246,770	248,530
811	LOANS POOL	1,030	1,040	10	1,040	1,040	1,040	1,040
817	DEBT MANAGEMENT EXPENSES	10	10	0	10	10	10	10
821	CAPITAL CHARGE	103,930	103,890	(40)	103,900	103,890	103,900	103,890
	RUNNING EXPENSES SUB-TOTAL	32,879,520	33,689,060	809,540	33,798,060	33,865,180	33,936,220	34,006,580
911	GOVERNMENT GRANTS	(27,253,570)	(28,234,490)	(980,920)	(28,234,490)	(28,234,490)	(28,234,490)	(28,234,490)
922	CONTRIBUTIONS FROM OTHER LAS	(165,360)	(165,660)	(300)	(165,370)	(165,370)	(165,370)	(165,370)
928	RECHARGE NON GF ACCOUNTS	(609,780)	(685,560)	(75,780)	(694,000)	(702,150)	(710,060)	(717,700)
931	SALES	(1,500)	(1,500)	0	(1,500)	(1,500)	(1,500)	(1,500)
932	FEES AND CHARGES	(352,640)	(364,500)	(11,860)	(364,500)	(364,500)	(364,500)	(364,500)
933	RENTS	(174,140)	(132,740)	41,400	(133,790)	0	0	0
939	OTHER RECEIPTS	(177,170)	(234,310)	(57,140)	(234,310)	(234,310)	(234,310)	(234,310)
951	RECHARGE GF REV ACCOUNTS	(5,022,260)	(4,626,820)	395,440	(4,699,370)	(4,752,980)	(4,806,410)	(4,859,570)
	INCOME SUB-TOTAL	(33,756,420)	(34,445,580)	(689,160)	(34,527,330)	(34,455,300)	(34,516,640)	(34,577,440)
	COMMITTEE TOTAL	3,433,290	3,176,480	(256,810)	3,269,020	3,449,070	3,498,780	3,548,690



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

<b>Council Tax</b>	<b>2014/2015 £</b>	<b>2015/16 £</b>
Summons	100.00	£100
Liability Order	With summons	With summons

<b>NNDR</b>	<b>2014/2015 £</b>	<b>2015/2016 £</b>
Summons	125.00	£125
Liability Order	With summons	With summons

**HOUSING REVENUE ACCOUNT BUDGET AND RENT SETTING 2015/16**

**1.0 Purpose of Report**

- 1.1 To show actual outturn of the Housing Revenue Account for the year 2013/14 (column 2 of Appendix A1).
- 1.2 To examine the proposed income and expenditure on the Housing Revenue Account for 2015/16 (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 2016/17 to 2019/20 (columns 5 to 8 of Appendix A1).
- 1.4 The report makes recommendations to adjust rent levels and service charges with effect from April 2015. These have been calculated in accordance with Government guidance which is in line with the rent setting policy agreed by Cabinet on 26<sup>th</sup> January 2012 except for the change from RPI + 0.5% to CPI + 1%. It is recommended that the rent setting policy should be amended to reflect the inflation rate change.
- 1.5 To determine the apportionment of these rent increases having regard to Section 162 of the Local Government and Housing Act 1989 which, amongst other things, requires that *“a Local Housing Authority shall have regard, in particular to the principle that the rents of houses of any class or description should bear broadly the same proportion to private sector rents as the rents of houses of any other class or description”*.
- 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 2015 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 2015 is restricted by external constraints, in that the correct notification of variation needs to be given to tenants.

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

Council determination of HRA budget and rent setting	10 <sup>th</sup> February 2015
Newark and Sherwood Homes update of rent systems	By end of February 2015
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 2015

Any slippage from these key dates would jeopardize the implementation of rent rises for 1 April 2015 and result in a subsequent loss of income to the Housing Revenue Account.

### **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 2015/16 budget process and medium term financial plan 2015/16 to 2019/20.
- 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 2015/16. 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 Council's existing policy on rent setting, which was approved in January 2012 and follows the Government's existing guidance on setting rents for social housing. Members will be aware that under the Government guidance, convergence of rents with other social housing landlords has ceased with effect from 2014/15 and proposes that rents will increase by CPI plus 1%, however there will be flexibility to increase the rent to the target (or formula) rent when re-letting a property after a void period.
- 3.4 The Council's self-financing Housing Revenue Account Business Plan (SFHRABP) was reviewed by Policy & Finance Committee on 3<sup>rd</sup> July 2014. This included recommendations that required officers 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
- 3.5 In his Autumn Statement, the Chancellor announced that *nationally* the current affordable housing programme will be extended for a further two years to 2020, increasing the funding available by an additional £957m and allowing for a total of 275,000 new homes over the five year period.

### **4.0 The Self-financing Housing Revenue Account Business Plan**

- 4.1 The reforms to housing finance became effective on 28<sup>th</sup> March 2011, when the Council took on new borrowing of £36,078,000 from the PWLB to buy itself out of the Housing Subsidy system. At that time the HRA had a total debt of £104,408,417 of which internal debt (borrowed from the General Fund) was £6,582,714 against a debt cap of

£112,475,000. The District Council, as all stock owning authorities, has to operate within the debt cap and in accordance with the treasury rules. There is no requirement by government for authorities to reduce debt levels, i.e. pay off the debt.

- 4.2 The current approved Business Plan is based on a financial model that ensures the Council continues to deliver the necessary capital investment in the housing stock, enables an effective housing management service and services the new debt. The current short term strategic priorities for the Business Plan are:
- a) Delivery of the Decent Homes Standard Plus (informed by the priorities for investment set through tenant consultation).
  - b) Maintaining the core housing management service in accordance with the nine local service standards.
  - c) A Capital works programme that will continue to include legislative, regulatory and health and safety requirements, energy efficiency measures and deliver environmental improvements (informed by the priorities for investment set through tenant consultation).
  - d) Focus on the principle of debt repayment over the short term (3-5 years).
  - e) Allowing future consideration in relation to growth (provision of additional housing).

Cabinet reviewed its position concerning the principle of debt repayment at its meeting on 17<sup>th</sup> January 2013, when the following resolution was made:

*'the current strategic priority of debt repayment be reconsidered to allow flexibility in the use of surplus HRA resources when these arise.'*

The Policy Committee has given further consideration to the Council's approach on housing growth and at its meeting on 3<sup>rd</sup> July 2014 approved the Council's Housing Growth Strategy.

- 4.3 The HRA has now been operating within a self-financing regime for a little under 2 years and the actual income and expenditure incurred during the year is scrutinised by Newark and Sherwood Homes and the District Council.
- 4.4 The base financial model, covering a 30 year period, has been rolled forward for 2015/16 to 2044/45 based on prudent assumptions, risk and sensitivities covering for example inflation and interest rates, rent setting, void rates and Right-to-Buy levels. Officers from Newark and Sherwood Homes and the District Council have made assumptions on the likely impact of welfare reform in the early years.
- 4.5 At this point in time the model shows that the HRA will be sustainable over the 30 year period to continue to deliver the necessary capital investment programme in the Council's housing stock, to deliver housing services, service the new debt and stimulate prudent housing growth.
- 4.6 The Housing Revenue Account budget for 2015/16 and medium term financial plan to 2019/20 is based on the revised business plan 30 year financial model.

## **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 through the Empty Homes scheme.

- 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 base line management fee for 2014/15 comprised the following:

- I. Service Fees – Core Housing Management Services - Tenancy sustainment and income recovery £1,782,890
- II. Service fees – Core Housing Management Services – Repairs and maintenance £3,903,620
- III. Service Fees – Core Housing Management Services – Core service support £1,886,230
- IV. Service Fees – Core Housing Management Services – Company £64,860

The total management fee payable for 2014/15 is £7,637,600

5.3 Newark and Sherwood Homes presented a report on their draft delivery plan for 2015/16 to the Strategic Housing Liaison Panel on 17<sup>th</sup> September 2014. The final version of the Delivery plan for 2015/16 was presented to the January meeting of the Homes & Communities Committee for approval. This contains details of 2014/15 performance to

September 2014 and indicates key areas for future improvements in performance and action plan for future years.

- 5.4 The payments will be set for a 3 rolling year period. In the first year of the Agreement (2014/15) a 'base line' Management Fee has been set. This is 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 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.
- 5.5 During the discussions concerning the efficiency targets the Company's officers indicated that whilst the Company continually strives to make efficiencies and is supportive of the need to specify efficiency levels, they have some concern about the setting of specific levels of efficiency for periods as far ahead as 2016/17 without being able to accurately predict the possible impact of this upon service delivery. They also consider it important to be clear about the outcomes required to enable the final management fee to be determined and the related efficiency required. In response to this concern it is suggested that provision be made within the Agreement to give the Council some flexibility to amend the efficiency targets if it considers it appropriate to do so following consideration by the Council and the Company of any unanticipated adverse impacts upon service delivery.
- 5.6 The Company submitted a request for additional payments to be included in the 2015/16 management fee in early October 2014 and these have been the subject of discussions between the Company and the Council over a number of weeks.
- 5.7 Officers from the District Council recommend that the management fee for 2015/16 should be £7,674,500 as shown in Appendix A1 lines 9 and 10.
- 5.8 At all times the Council retains a prudent balance in line with Audit Commission guidelines adjusted for known future expenditure identified in the HRA business plan. At the 31<sup>st</sup> March 2014 Newark and Sherwood Homes paid a surplus of £860,165 to the HRA increasing the overall HRA balance to £5,400,991. Of this sum, £781,270 was repaid to NSH to set up the reserves as referred to in 5.10 below. Under the new management agreement Newark and Sherwood Homes will now retain any surpluses or meet any losses from their own accounts.
- 5.9 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; 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.*

5.10 As part of the new management agreement it was agreed that Newark and Sherwood Homes will need to retain certain reserves to support cash flow and to protect against financial risk. The Company Growth/Development reserve sets aside financing for growth programmes, the Company is responsible for the use of this reserve with the future intention that any growth activities give consideration to the Council's strategic priorities.

5.11 Where replenishment of the reserves is required to maintain the agreed level, the contribution cost will be built into the Core Housing Management Services – Core service Support annual budget and therefore be included within the annual revenue fee. The reserves held by the Company will comprise:

- i. Minimum reserve
- ii. Bad debts reserve
- iii. Development and IT reserve
- iv. Staffing and pay reserve
- v. MRR/Depreciation
- vi. Growth/Development reserve

## **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 assumes 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 Members will be aware of the Government's consultation on the future rent setting policy for social housing. It proposes 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.

6.4 In 2014/15 Council agreed to increase the rents of all properties by CPI + 1%, but to move the rent to target rent where a property was re-let following a void period.

6.5 In line with Government guidance the rent levels in Appendix B have been calculated by applying an increase of CPI + 1%. It should be noted that as a result of moving some properties to target rent in 2014/15 it is possible for some property types to have 3 different rents. This is because rent convergence was not due to be achieved until 2015/16

which meant that target rent in 14/15 was still 1 year away from achieving full formula rent therefore for these properties, rent levels for 15/16 could be:

Existing rent 14/15 + CPI = 1%

Target rent 14/15 + CPI + 1%

Target rent 15/16 (= Formula rent 15/16)

The difference between the rent levels is not significant, and over time, all properties will reach formula rent.

- 6.6 Setting a lower rent increase than that calculated following current Government guidance on convergence would have a significant 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.
- 6.7 The Committee should note that the total rent rebate case load is 3,347 (62% 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 – 2,222 (41%) tenants are currently on 100% benefit, with 1,125 (21%) claimants receiving partial benefit. Of the total number of claimants 751 (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 £61,091
  - Committed payments £12,934
  - 178 households have been helped including 175 due to under occupation
  - Of these 175 properties, 54 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.

- 6.9 Members of the Strategic Housing Liaison Panel have considered the implications of an increase in rents by CPI +1% in line with Government guidance. An extract from the minutes of their meeting on 8<sup>th</sup> December 2014 states:

*There was a general consensus of support for this proposal from the Panel. The Chairman of the Newark and Sherwood Homes Board explained that the Board welcomed the policy to maximise rents to provide resources for growth, and to maintain and enhance services.*

*Members of the Panel considered the proposed rent increases. With regard to garage rents, the Director- Newark and Sherwood Homes explained that the demand for garages was reducing, with lower numbers of cars and people preferring to have parking outside their homes. Opportunities for growth on the sites could be considered, and garage rent charges would be considered in light of the issues raised.*

## **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 As previously reported through the County Council's budget reduction proposals Supporting People subsidy funding for eligible tenants ceased on 30<sup>th</sup> November 2014.
- 7.4 In response to the County Council's initial decision in 2012, as part of its budget cuts to the Supporting People Programme to terminate the Supporting People contracts, Newark and Sherwood Homes progressed a fundamental review of its management services to continue to provide housing based support services to tenants and to mitigate the impacts of the withdrawal of supporting people funding on the HRA Business Plan.
- 7.5 This was undertaken following comprehensive consultation with tenants (as required under section 105 of the Housing Act 1985) and other service users to ensure that the new model of support and tenancy assistance is both affordable and valued by tenants and other service users. The principles of the tiered, tailored service approach implemented on 1<sup>st</sup> April 2013 are:
- a) A mandatory, chargeable lifeline service of £1.50 per week for all tenants in designated supported housing accommodation in line with the conditions of the tenancy agreement
  - b) A discretionary intensive housing management service to aid those tenants who need higher levels of involvement to sustain their tenancy
  - c) A discretionary range of additional services available to tenants and private customers, each attracting a varying charge.

*(A full list of the current mandatory and discretionary support charges is shown at Appendix D.)*

- 7.6 As stated at 7.3 the County's funding for housing support services ceased for all currently eligible tenants on 30<sup>th</sup> November 2014, meaning that all tenants living in designated supported housing will be responsible for paying this charge. Newark & Sherwood Homes will continue to work with all effected tenants to minimise the financial impact of this, along with ensuring the continued viability of the HRA Business Plan.
- 7.7 In addition the following activity has been added to 2015/16 Delivery Plan for Newark & Sherwood Homes to ensure the support charge is equitable for all tenants in designated supported accommodation:

*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.*

7.8 It is proposed that the support charges shown in appendix D should remain at the 2014/15 approved levels.

### ***Vale View***

7.9 Vale View is a unique supported housing scheme consisting of:

- 32 Units of HRA supported housing accommodation.
- Support is provided to a further 23 units of accommodation owned by Nottingham Community Housing Association (NCHA), including 3 bungalows on site.
- 25 units designated to Nottinghamshire County Council for extra care provision through their contracted care provider.

7.10 The current housing support service charge for Vale View is £70.84 per week. This covers the provision of intensive, 24 hour, on-site support to enable vulnerable tenants to effectively sustain their tenancies and was previously funded for those eligible tenants through Supporting People subsidy.

7.11 Set against the withdrawal of Supporting People funding the Strategic Housing Liaison Panel (SHLP) has been looking at options to best meet tenants care and support needs and to manage the Vale View properties.

7.12 In considering the benefits and risks of the options presented to the SHLP the preferred option was 'to increase the number of extra care units' provided by the County Council at Vale View, followed by the option 'to continue provision in line with the current model'.

7.13 Panel Members were then made aware that further to discussions with the County Council it has been confirmed that they only require the current maximum level of 25 designated extra care units out of a total of 55 units, therefore impacting on the delivery of the preferred option.

7.14 As a result of this officers then explored the feasibility of continuing provision in line with the current model, set against the desire to ensure continued housing related support services for those tenants who are in need and considering the impact this option could have on the viability of the HRA BP both in the short and long term.

7.15 The outcome of the feasibility work has concluded that the present provision of housing related support can continue with the majority of cost being met through housing benefit , classified as 'intensive housing management', for those eligible tenants. The SHLP at its meeting on 8<sup>th</sup> December 2014 supported this proposal and relevant extracts of the report to the Panel can be found at Appendix D.

7.16 The introduction of the support charge of £69.16 plus the £1.50 mandatory charge for the lifeline system for those HRA properties at Vale View will result in a very small annual deficit (under £300) which can be met from the Housing Revenue Account.

### **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 2014 CPI + 1% i.e. 2.2%.

- 8.2 The following activity has been added to 2015/16 Delivery Plan for Newark & Sherwood Homes:

*Options for de-pooling of services charges included in the rental charge are developed to consider enhanced tenant service choice and HRABP viability.*

- 8.3 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 2014 CPI +1%, i.e. 2.2%.
- 8.4 Members will recall approving a proposal last year to implement an intensive housing management charge (eligible for housing benefit) at the Councils homeless hostels at Seven Hills, Newark and Wellow Green, Ollerton to support tenancy sustainment and move on. 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.
- 8.5 The Council appointed a Tenancy Support Worker in September 2014, who is currently designing the support package in consultation with residents and is working closely with housing benefit colleagues to develop a proposed service charge for implementation in spring 2015.
- 8.6 An amendment has also been required for new tenants at Wellow Green in respect of the heating/electricity service charge, which is no longer levied as a result of the capital works which have been undertaken.

## **9.0 Balances**

- 9.1 The Housing Revenue Account balances at 31 March 2014 were £5,400,991 (including the NSH efficiency gain of £860,165), which is £993 per property based on a stock of 5,438 at the same date. 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.
- 9.2 Newark and Sherwood Homes has also identified levels earmarked reserves for specific purposes:
- i. Minimum reserve
  - ii. Bad debts reserve
  - iii. Development and IT reserve
  - iv. Staffing and pay reserve
  - v. MRR/Depreciation
  - vi. Growth/Development reserve
- 9.3 Paragraph 5.9 details how other surpluses held by Newark and Sherwood Homes should be applied, i.e. that they should be used, following discussion with the Council, to further the Council's strategic housing objectives/aims.

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

- 10.1 The level of garage rents was raised in 2014/15, in line with the average rent increase, to £7.67 per week. (plus VAT if they are let to non-Council tenants).
- 10.2 The level of garage plot rents was raised in 2014/15, in line with the average rent increase, to £39.15 per annum with VAT payable for non-Council tenants.
- 10.3 The level of garage port rents was raised in 2014/15, in line with the average rent increase, to £3.42 per week with VAT payable for non-Council tenants.
- 10.4 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.
- 10.5 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.
- 10.6 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.

## **11.0 Financial Considerations**

- 11.1 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.
- 11.2 The current budget proposals are based on the 30 year self-financing Housing Revenue Account Business plan and in future years will depend on the programme selected by Members.
- 11.3 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***

- 11.4 The number of properties sold under 'Right To Buy' peaked at 27 in 2013/14 since the Government created more incentives for tenants to buy their properties. Sales in 2014/15 to December 2014 amount to 13. 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.
- 11.5 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).
- 11.6 In the first 18 months since signing up to the 1 for 1 replacement policy the District Council has sold 36 properties with:
- Total Right to Buy receipts £1,852
  - Transaction costs £47k
  - Allowable debt £550k
  - Local Authority Share £276k
  - Treasury Share £650k
  - Deductible Buy Back Allowance £NIL
  - 1-for-1 Receipts £329k
- 11.7 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.
- 11.8 1-for-1 receipts can be used for development costs of replacement homes at affordable rent which may be acquired or constructed and can be provided by a registered provider so long as the local authority has nomination rights. Development costs may include the cost of acquiring new land but not the value of land already owned by the authority.
- 11.9 Under the 1-for-1 replacement policy the receipts retained by Newark and Sherwood District Council currently amount to £328,786 the trigger was first hit in quarter 2 of 2013/14 therefore the amount of spend on new affordable housing is required to be £690,629 which needs to be spent by 30<sup>th</sup> December 2016 with a cumulative spend of £1,095,954 by 30<sup>th</sup> September 2017. Of these receipts £212,900 has been earmarked to fund 30% of the cost of new build at Coronation Street Balderton. 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***
- 11.11 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**

- 11.12 At the end of the financial year 2013/2014, the Housing Revenue Account added £177,795 to balances, giving a brought forward balance at 1 April 2014 of £5,400,991 (£4,540,826 when Newark and Sherwood Homes' efficiency gain is excluded). This budget proposes to maintain balances (excluding efficiency gain) at the existing level.
- 11.13 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 A 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). A policy for housing growth is discussed in section 12 below.

## **12.0 Housing Growth**

- 12.1 Crucial in determining the Council's position on housing growth is the HRA financial position based on the self-financing settlement as set out in Section 4.
- 12.2 At present the Council has immediate access to £8.35m of borrowing headroom to facilitate the delivery of housing growth for social housing, plus anticipated resources of £8.59m and commitments of £5.679m within the HRA Business Plan to 2018/19. The following table provides an updated overview of the resources available to support housing growth directly through the Council and Newark & Sherwood Homes.

<b>Funding Source</b>	<b>Committed</b>	<b>Available</b>	<b>Notes</b>
<b>Resources available:</b>			
Housing Revenue Account – Borrowing Headroom ( <i>PWLB rates</i> )		8,350,000	Headroom available
HRA Reserves ( <i>prudent level £2m</i> ) £4,540,827RA Reserves		2,540,800	HRA balance maintained at £2M
NSH Company Reserves ( <i>Board approved spend</i> ) Bilsthorpe		1,060,100	
*NSH Company Reserves ( <i>Board approval required for spend</i> ) HCA bid 2015-18		2,000,000	
HRA RTB Capital Receipts @ 1.4.14		954,600	
RTB Receipts QRT 1 & 2 2014/15		83,400	
HCA Bilsthorpe		498,750	
HCA AHP 15-18		384,000	
Affordable Housing - Non Right to Buy Capital Receipts		1,069,000	Earmarked for Affordable Housing.

<b>Total available</b>		<b>16,940,650</b>	
<b>Committed Schemes:</b>			
<b>Bilsthorpe</b>			
HCA	498,750		
NSH	1,060,100		
HRA	771,290	<b>-2,330,140</b>	£56,774 spent in 13/14
<b>Affordable Housing Programme 2015/18</b>			
HCA	384,000		
NSH	1,579,130		
HRA 1-4-1 (30% of Coronation street) Scheme cost £709,628	212,900		
HRA Other	887,100	<b>-3,063,130</b>	
<b>Buy Back Council Property</b>	36,500	<b>-36,500</b>	HRA RTB receipts
<b>Registered Provider Affordable Rural Housing Grant</b>	250,000	<b>-250,000</b>	
<b>Total committed</b>		<b>-5,679,770</b>	
<b>Available Funding for future projects</b>		<b>11,260,880</b>	

*Of the above available funds, £386,325 must be spent on 1-4-1 housing with £117,886 being identified from RTB Capital Receipts, (this is in addition to the 1-4-1 scheme on Coronation Street / Grove View Road, Balderton included in the HCA 2015-18 bid and needs to be spent within 3 years of the capital receipt).*

In addition to the above sum the Council has, at this point, collected £309,695 through Section 106 commuted sum payments designated for the delivery of additional affordable housing within the district.

Set against the finances available, and as already reported to the Committee at its meeting on 4<sup>th</sup> December 2014, the following housing growth opportunities have been identified and categorised into short, medium and long term schemes.

<b>Short/Medium/Long Term - Housing Growth Opportunities</b>	<b>Priority Area</b>	<b>Indicative Year</b>	<b>Finance Available</b>
<b>Short Term Deliverable Schemes</b>			
<i>In Development</i> – Home and Communities Agency (HCA) Care & Support Programme: Scarborough Road, Bilsthorpe - 25 HRA units	B/C/E	2014/15	Y

<b>Successful funding bid</b> under the HCA Affordable Homes Programme 2015-18 to develop 32 HRA units on 5 sites in Balderton, Newark & Edwinstowe.	A/B/C/E	2015/17	Y
Residential Development - Bowbridge Road, Newark <i>(Development Brief being drawn up, including the provision of supported, affordable housing in collaboration with the County Council)</i>	A/B/C/E	2015/18	Y
<b>Short to Medium Small Scale</b>			
Stock acquisition (including Section 106 new build units, Right to Buy buybacks and miscellaneous properties)	A/B/C/E	On going	Y = RTB Buy Backs & one offs.
Development opportunities on remaining garage sites/redundant land/infill sites <i>(The opportunity exists to bid for HCA grant funding within Affordable Homes Programme 2015-18 through 'Continuous Market Engagement' to deliver additional affordable housing units, a bid submission is currently being considered.)</i>	A/B/C/E	2015/18	To be identified
Development of Other facilities (e.g. shops/Community Centre conversions)	B/C/E	2015/18	To be identified
<b>*Medium to Long Strategic Site Opportunities</b>			
ADM DPD Allocated Site – HRA Land Boughton (120 units)	A/B/C/E	2020 -	To be identified
ADM DPD Allocated Site – Yorke Drive Policy Area (HRA and GF land 230 units)	A/B/C/D/E	2016 -	To be identified
ADM DPD Allocated Site – Quibells Lane, Newark (HRA & private land – 86 units )	D/A/E	2018-	To be identified
Master Plan – Hawtonville Estate Neighbourhood Study	B/C/D/E	2017 -	To be identified
Strategic Land Acquisition & Development <i>(An area of land with the potential for development at St Mary's Gardens, Hawtonville acquired in October 2014.)</i>	A/B/C/D/E	2016 -	To be identified

### 13.0 **Proposals**

- 13.1 The proposed budget for 2015/16 is attached at Appendix A1. The proposed rent levels are attached at Appendix B.
- 13.2 The proposed combined management and maintenance fee of £7,674,500 under the existing management agreement as stated in paragraph 5.2 should be noted.

13.3 As stated in paragraph 7.5 there has been a fundamental review of the current support service provision and the Council implemented charges on a tiered service approach as shown in Appendix D. It is recommended that these charges should remain at the 2014/15 level for 2015/16

13.4 As stated in paragraphs 8.1 and 8.3 it is proposed that all other services charges are increased by 2.2% in line with CPI + 1% from 1<sup>st</sup> April 2015.

13.5 That charges for garages, garage plots and garage ports are increased in line with the average rent increase with effect from 1<sup>st</sup> April 2015. The new weekly charges based on 1.2% CPI + 1% will be:

	£	
Garage Rents	7.84	(plus VAT if they are let to non-Council tenants)
Garage Ports	3.50	(plus VAT if they are let to non-Council tenants)
Garage Plots	40.00	per annum (plus VAT if they are let to non-Council tenants)

#### 14.0 **RECOMMENDATIONS** that:-

- (a) **the Rent Setting Policy shown in Appendix C be considered and revised to follow the new Government guidance on rent setting;**
- (b) **officers continue to progress a housing growth programme with each specific development proposal reported to the Policy & Finance Committee for approval subject to a robust financial appraisal and set against delivering the requirements of the Management Agreement with the Council's Housing Management Company, maintaining the necessary capital housing investment programme and considering any need for debt repayment; and**
- (c) **the following recommendations be made to Council at its meeting on 10<sup>th</sup> February 2015:**
  - i. **the Housing Revenue Account budget for 2015/2016 as set out in Appendix A to this report be recommended to Council on 10<sup>th</sup> February 2015;**
  - ii. **the Management and Maintenance Fee for 2015/2016 of £7,674,500 be noted;**
  - iii. **the weekly rents of all properties in the Housing Revenue Account be increased in accordance with the amount shown on the spreadsheet, as Appendix B to the report;**
  - iv. **that the support charges in Appendix D remain at the 2014/15 level;**
  - v. **that other services charges should be increased by 2.2 % with effect from April 2015;**
  - vi. **garage, garage plot and garage port rents are increased by 2.2% in line with CPI + 1% with effect from 1<sup>st</sup> April 2015; and**

- vii. **delegated authority be given to the Director – Resources following consultation with the Leader, Deputy Leader and Leader of the Opposition Party to approve the level of an intensive housing management charge to support tenancy sustainment and move on at the hostels at Wellow Green, Ollerton and Seven Hills, Newark.**

**Reason for Recommendations**

**To enable the HRA budget for 2015/2016 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 or Rob Main on Extension 5930.

David Dickinson  
Director - Resources

Karen White  
Director - Safety

## HOUSING REVENUE ACCOUNT - OUTTURN 2013/14 and BUDGET 2015/16 to 2019/20 - RENT INCREASE CPI + 1% ANNUALLY

LINE NO.	Col 1 SUMMARY	Col 2 2013-14 OUTTURN	Col 3 2014-15 BASE BUDGET	Col 4 2015-16 BASE BUDGET	Col 5 2016-17 BASE BUDGET	Col 6 2017-18 BASE BUDGET	Col 7 2018-19 BASE BUDGET	Col 8 2019-20 BASE BUDGET
		£	£	£	£	£	£	£
	<b>INCOME</b>							
1	Dwelling rents	20,539,822	20,165,770	20,507,260	20,958,420	21,419,510	21,890,740	22,372,340
2	Non dwelling rents	233,558	227,080	240,030	242,520	245,040	247,590	250,170
3	Charges for services	290,114	304,540	371,720	375,760	379,850	383,990	388,170
4	Contributions to expenditure	112,770	39,870	60,220	60,220	60,220	60,220	60,220
5	HRA Subsidy Grant	0	0	0	0	0	0	0
6	Other income	374,967	72,780	84,760	84,840	84,920	85,000	85,080
7	<b>Sub Total - Income</b>	<b>21,551,231</b>	<b>20,810,040</b>	<b>21,263,990</b>	<b>21,721,760</b>	<b>22,189,540</b>	<b>22,667,540</b>	<b>23,155,980</b>
	<b>EXPENDITURE</b>							
	Management & maintenance							
	Supervision & Management General:							
8	Management	3,737,074	587,570	576,890	586,060	593,390	600,620	608,890
9	Management Fee NaSH	3,733,980	3,733,980	3,784,460	3,784,460	3,784,460	3,784,460	3,784,460
10	Maintenance Fee NaSH	4,156,522	3,903,620	3,890,040	3,890,040	3,890,040	3,890,040	3,890,040
11	Rents, rates, taxes & other	0	0	0	0	0	0	0
12	Government subsidies payable	0						
13	Depreciation - dwellings	2,049,541	2,089,420	2,218,260	2,218,260	2,218,260	2,218,260	2,218,260
14	Depreciation - others	399,583	379,530	376,720	376,710	376,730	360,640	345,360
15	Impairments of assets - dwellings	(9,400,789)						
16	Impairments of assets - others	509,554						
17	Debt Management Expenses	32,496	33,310	32,350	32,030	33,810	36,560	38,840
18	<b>Sub Total - Expenditure</b>	<b>1,483,981</b>	<b>10,727,430</b>	<b>10,878,720</b>	<b>10,887,560</b>	<b>10,896,690</b>	<b>10,890,580</b>	<b>10,885,850</b>
19	<b>NET COST OF SERVICES</b>	<b>(20,067,250)</b>	<b>(10,082,610)</b>	<b>(10,385,270)</b>	<b>(10,834,200)</b>	<b>(11,292,850)</b>	<b>(11,776,960)</b>	<b>(12,270,130)</b>
20	Profit/Loss on sale of HRA fixed assets	3,708,317						
21	Interest Paid	4,699,246	4,258,130	4,381,230	4,317,520	4,341,230	4,275,130	4,075,670
22	Interest Receivable	(17,543)	(18,840)	(27,240)	(36,330)	(45,410)	(45,410)	(45,410)
23	Income from Feed In Tariffs	(539,492)	(525,000)	(525,000)	(525,000)	(525,000)	(525,000)	(525,000)
24	Feed in Tariff to NSH	538,196	525,000	525,000	525,000	525,000	525,000	525,000
25	Repayment of NSH efficiency gain 2012/13	2,961,000						
26	NSH efficiency gain 2013/14	(860,165)						
27	<b>NET OPERATING EXPENDITURE</b>	<b>(9,577,690)</b>	<b>(5,843,320)</b>	<b>(6,031,280)</b>	<b>(6,553,010)</b>	<b>(6,997,030)</b>	<b>(7,547,240)</b>	<b>(8,239,870)</b>
	<b>APPROPRIATIONS</b>							
28	Premiums on repaid debt	0						
29	Profit/Loss on sale of HRA fixed assets	(3,708,317)						
30	Employers Contribution NCC	189,682	263,850	260,000	260,000	260,000	260,000	260,000
31	Major Repairs Reserve Movement	3,970,520	3,563,630	5,771,280	6,293,010	6,737,030	7,287,240	7,979,870
32	Contribution to capital	56,774						
33	Impairments of assets - dwellings	9,400,789						
34	Depreciation	0						
35	Impairments of assets - others	(509,554)						
36	Repaid debt	0	2,015,840					
37	<b>HRA (SURPLUS)/DEFICIT FOR YEAR</b>	<b>(177,795)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
38	WORKING BALANCE B/F (excluding NSH efficiency gain)	(2,262,195)	(2,262,197)	(4,540,826)	(4,540,826)	(4,540,826)	(4,540,826)	(4,540,826)
39	WORKING BALANCE C/F (excluding NSH efficiency gain)	(4,540,826)	(2,262,197)	(4,540,826)	(4,540,826)	(4,540,826)	(4,540,826)	(4,540,826)

## Major Repairs Reserve

Brought Forward	1,603,419	1,424,786	1,050,466	2,983,626	5,627,306	8,769,026	12,714,866
Contributions in year	6,419,644	6,032,580	8,366,260	8,887,980	9,332,020	9,866,140	10,543,490
Used to fund major repairs	(6,598,277)	(6,406,900)	(6,433,100)	(6,244,300)	(6,190,300)	(5,920,300)	(5,923,800)
Projected balance carried forward	1,424,786	1,050,466	2,983,626	5,627,306	8,769,026	12,714,866	17,334,556
External Debt brought forward		93,175,010	93,159,167	93,141,910	93,123,111	93,102,631	93,080,317
Repaid -per latest treasury estimates		(15,843)	(17,257)	(18,799)	(20,480)	(22,314)	(24,315)
External Debt carried forward	93,175,010	93,159,167	93,141,910	93,123,111	93,102,631	93,080,317	93,056,002
Internal Borrowing	10,949,961	10,926,695	10,943,951	10,962,750	10,983,230	11,005,545	11,029,860
Total debt carried forward		104,085,860	104,085,860	104,085,860	104,085,860	104,085,860	104,085,860



**SUBJECTIVE SUMMARY**

**HOUSING REVENUE ACCOUNT**

APPENDIX A2

CODE	SERVICE	2014/15 BASE BUDGET	2015/16 BASE BUDGET	MORE (LESS)	2016/17 BASE BUDGET	2017/18 BASE BUDGET	2018/19 BASE BUDGET	2019/20 BASE BUDGET
		£	£	£	£	£	£	£
114	<b>EMPLOYEES</b>							
	SUPERANNUATION	263,850	260,000	(3,850)	260,000	260,000	260,000	260,000
	<b>EMPLOYEES SUB-TOTAL</b>	<b>263,850</b>	<b>260,000</b>	<b>(3,850)</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	3,903,620	3,890,040	(13,580)	3,890,040	3,890,040	3,890,040	3,890,040
214	RATES	0	0	0	0	0	0	0
	<b>SUPPLIES &amp; SERVICES</b>							
451	CONTRACTUAL	3,733,980	3,784,460	50,480	3,784,460	3,784,460	3,784,460	3,784,460
452	PROFESSIONAL SERVICES	23,470	18,470	(5,000)	18,790	19,120	19,450	19,790
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	206,290	203,370	(2,920)	207,970	211,720	215,550	220,570
492	TRANSFER TO MAJOR REPAIRS/GROWTH RESERVE	3,563,630	5,771,280	2,207,650	6,293,010	6,737,030	7,287,240	7,979,870
	<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	270,950	268,820	(2,130)	271,880	274,270	276,500	278,550
715	DEPARTMENTAL ADMINISTRATION	83,160	82,530	(630)	83,720	84,580	85,420	86,280
	<b>RUNNING EXPENSES SUB-TOTAL</b>	<b>12,313,800</b>	<b>14,547,670</b>	<b>2,233,870</b>	<b>15,078,570</b>	<b>15,529,920</b>	<b>16,087,360</b>	<b>16,788,260</b>
	<b>CAPITAL FINANCING</b>							
811	LOANS POOL	6,273,970	4,381,230	(1,892,740)	4,317,520	4,341,230	4,275,130	4,075,670
817	DEBT MANAGEMENT EXPENSES	33,310	32,350	(960)	32,030	33,810	36,560	38,840
821	CAPITAL CHARGES	2,468,950	2,594,980	126,030	2,594,970	2,594,990	2,578,900	2,563,620
	<b>CAPITAL FINANCING SUB-TOTAL</b>	<b>8,776,230</b>	<b>7,008,560</b>	<b>(1,767,670)</b>	<b>6,944,520</b>	<b>6,970,030</b>	<b>6,890,590</b>	<b>6,678,130</b>
	<b>INCOME</b>							
911	GOVERNMENT GRANTS			0				
922	OTHER LA CONTRIBUTIONS	0	0	0	0	0	0	0
928	RECHARGE TO NON GENERAL FUND A/C/S	(5,940)	(6,430)	(490)	(6,510)	(6,590)	(6,670)	(6,750)
932	FEED IN TARIFFS	(525,000)	(525,000)	0	(525,000)	(525,000)	(525,000)	(525,000)
932	FEES & CHARGES	(66,840)	(78,330)	(11,490)	(78,330)	(78,330)	(78,330)	(78,330)
933	RENTS	(20,697,390)	(21,119,010)	(421,620)	(21,576,700)	(22,044,400)	(22,522,320)	(23,010,680)
939	OTHER RECEIPTS	(39,870)	(60,220)	(20,350)	(60,220)	(60,220)	(60,220)	(60,220)
941	INTEREST	(18,840)	(27,240)	(8,400)	(36,330)	(45,410)	(45,410)	(45,410)
	<b>INCOME SUB-TOTAL</b>	<b>(21,353,880)</b>	<b>(21,816,230)</b>	<b>(462,350)</b>	<b>(22,283,090)</b>	<b>(22,759,950)</b>	<b>(23,237,950)</b>	<b>(23,726,390)</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	(5,223,197)	(5,400,991)		(4,540,826)	(4,540,826)	(4,540,826)	(4,540,826)
	Excluding NSH EFFICIENCY PAYMENT	(2,961,000)	(860,165)					
	WORKING BALANCE C/Fwd	(2,262,197)	(4,540,826)		(4,540,826)	(4,540,826)	(4,540,826)	(4,540,826)



## KEY TO ACCOMPANY RENT LISTINGS

The coding for the areas represents the following parishes and villages:

<b>A</b>	<b>Balderton East (Wolfit)</b>
<b>B</b>	<b>Balderton West</b>
<b>C</b>	<b>Barnby, Besthorpe, Holme, Winthorpe</b>
<b>D</b>	<b>Rainworth, Blidworth, Ollerton, Boughton, Bilsthorpe, Clipstone</b>
<b>E</b>	<b>Edwinstowe, Kirton, Walesby, Farndon</b>
<b>F</b>	<b>Upton, Halam, Oxton, Kirklington, Rolleston, Edingley, Epperstone, Fiskerton, Bleasby, Hoveringham, Thurgarton, Kelham, Maplebeck, Winkburn</b>
<b>G</b>	<b>Cromwell, Caunton, Norwell, Kneesall</b>
<b>H</b>	<b>Collingham, Coddington, North Muskham, South Muskham, Carlton-on-Trent, Sutton-on-Trent, Weston, East Stoke</b>
<b>I</b>	<b>Lowdham, Gunthorpe, Syerston, Kilvington, Elston</b>
<b>J</b>	<b>Southwell West, Farnsfield, Eakring, Wellow</b>
<b>K</b>	<b>Harby, Thorney, North Clifton, South Clifton, South Scarle</b>
<b>L</b>	<b>Southwell East, Laxton, Egmanton</b>
<b>M</b>	<b>Newark – Bishop Alexander</b>
<b>N</b>	<b>Newark – Gilstrap</b>
<b>O</b>	<b>Newark – Lovers Lane</b>
<b>P</b>	<b>Newark – Fosse</b>
<b>Q</b>	<b>Newark – Bowbridge</b>
<b>R</b>	<b>Newark – Byron</b>
<b>S</b>	<b>Newark – Clumber</b>
<b>T</b>	<b>Newark – St Mary's</b>
<b>U</b>	<b>Newark – Cardinal Hinsley</b>
<b>V</b>	<b>Newark – Grange</b>
<b>W</b>	<b>Newark – Gopher</b>
<b>X</b>	<b>Newark – Hilltop</b>
<b>Y</b>	<b>Newark – Ranson</b>
<b>Z</b>	<b>Newark – Harcourt</b>
<b>AA</b>	<b>Newark – Ossington</b>
<b>BB</b>	<b>Newark – Sconce</b>
<b>CC</b>	<b>Newark – Windsor</b>
<b>DD</b>	<b>Newark – Lilley &amp; Stone</b>



## NON SHELTERED PROPERTIES (48 weeks)

APPENDIX B1

BEDSITS	(a) Area	(b) 2014/15	(c) 2015/16	(d) £ increase	(e) % Incr	Target Rent for Relets in 14/15	Target Rent for Relets in 15/16
1 BED G/FLR	A	62.55	63.93	1.38	2.2%		65.95
	M	60.29	61.62	1.33	2.2%	62.45	63.29
	AA	62.30	63.67	1.37	2.2%		65.67
	DD	61.28	62.63	1.35	2.2%	63.55	64.48
1 BED F/FLR	AA	61.78	63.14	1.36	2.2%		65.08
	DD	60.75	62.09	1.34	2.2%		63.88
1 BED 2/FLR	AA	61.50	62.85	1.35	2.2%	63.81	64.76
	DD	60.48	61.82	1.34	2.2%		63.56

## FLATS

1 BED G/FLR	A	69.11	70.63	1.52	2.2%	69.39	73.64
	D	66.64	68.11	1.47	2.2%		70.66
	M	66.91	68.38	1.47	2.2%		70.97
	P	65.43	66.87	1.44	2.2%	68.03	69.19
	T	66.64	68.11	1.47	2.2%	69.39	70.66
	W	66.64	68.11	1.47	2.2%		70.66
	AA	68.86	70.37	1.51	2.2%		73.34
	DD	67.88	69.38	1.50	2.2%	70.77	72.17
2 BED G/FLR	A	76.27	77.95	1.68	2.2%		81.33
	D	73.81	75.43	1.62	2.2%	76.90	78.37
	E	75.03	76.68	1.65	2.2%		79.83
	I	81.16	82.95	1.79	2.2%		87.27
	J	81.16	82.95	1.79	2.2%		87.27
	L	81.16	82.95	1.79	2.2%		87.27
	O	74.05	75.68	1.63	2.2%		78.65
	T	73.81	75.43	1.62	2.2%	76.9	78.37
	U	73.81	75.43	1.62	2.2%		78.37
	V	73.81	75.43	1.62	2.2%	76.9	78.37
3 BED G/FLR	A	84.27	86.13	1.86	2.2%		89.02
	E	83.03	84.86	1.83	2.2%		87.53
1 BED F/FLR	D	66.17	67.62	1.45	2.2%	68.85	70.07
	AA	68.35	69.85	1.50	2.2%	71.29	72.73
	DD	67.42	68.90	1.48	2.2%		71.58
2 BED 1 /FLR	A	75.75	77.42	1.67	2.2%		80.72
	D	73.32	74.93	1.61	2.2%	76.34	77.76
	E	74.54	76.18	1.64	2.2%	77.71	79.24
	I	80.65	82.42	1.77	2.2%		86.68
	J	80.65	82.42	1.77	2.2%		86.68
	L	80.65	82.42	1.77	2.2%		86.68
	O	73.56	75.18	1.62	2.2%		78.07
	T	73.32	74.93	1.61	2.2%	76.34	77.76
	U	73.32	74.93	1.61	2.2%		77.76
	V	73.32	74.93	1.61	2.2%	76.34	77.76
	W	73.32	74.93	1.61	2.2%		77.76
	AA	75.52	77.18	1.66	2.2%		80.44
	DD	74.54	76.18	1.64	2.2%		79.24
	3 BED F/FLR	A	83.80	85.65	1.85	2.2%	
B		82.55	84.37	1.82	2.2%		88.43
D		81.33	83.12	1.79	2.2%		85.45
H		88.67	90.62	1.95	2.2%		94.36
J		88.67	90.62	1.95	2.2%		94.36
M		81.56	83.35	1.79	2.2%		85.73
T		81.33	83.12	1.79	2.2%	84.28	85.45
4 BED F/FLR	L	96.00	98.11	2.11	2.2%		102.05
1 BED 2/FLR	AA	68.13	69.63	1.50	2.2%		72.46
	DD	67.14	68.62	1.48	2.2%	69.94	71.27
2 BED 2/FLR	O	73.32	74.93	1.61	2.2%		77.76
	AA	75.28	76.94	1.66	2.2%		80.14
REFURBISHED 1 BED GF	M	76.67	78.36	1.69	2.2%		78.34
REFURBISHED 2 BED GF	P	81.20	82.98	1.78	2.2%		82.98

## MAISONETTES

2 BED 1&2/FLR	A	75.27	76.93	1.66	2.2%	78.82	80.72
	B	74.04	75.67	1.63	2.2%	77.46	79.24
	P	71.62	73.20	1.58	2.2%		76.28
	T	72.83	74.44	1.61	2.2%	76.09	77.76
	V	74.03	75.66	1.63	2.2%	76.70	77.76
	DD	74.04	75.67	1.63	2.2%		79.24

<b>MAISONNETTES</b>	(a) Area	(b) 2014/15	(c) 2015/16	(d) £ increase	(e) % Incr	Target Rent for Relets in 14/15	Target Rent for Relets in 15/16
3 BED 1&2/FLR	O	81.25	83.04	1.79	2.2%		85.73
	P	79.79	81.54	1.75	2.2%	82.76	83.97
	T	81.02	82.80	1.78	2.2%	84.13	85.45
	DD	82.23	84.03	1.80	2.2%	85.48	86.92
2 BED 3&4/FLR	DD	73.55	75.17	1.62	2.2%		78.65
	DD	81.74	83.54	1.80	2.2%	84.93	86.34
<b>BUNGALOW</b>							
2 BED SEMI DET	D	81.23	83.02	1.79	2.2%		87.13
	J	86.49	88.39	1.90	2.2%	90.6	96.05
3 BED SEMI DET	I	97.51	99.66	2.15	2.2%	101.88	107.13
2 BED DET	C	87.65	89.58	1.93	2.2%	91.79	99.01
	W	83.56	85.40	1.84	2.2%		90.1
3 BED DET	D	90.66	92.66	2.00	2.2%		96.76
<b>PREFABS</b>							
3 BED SEMI (Bung)	D	86.90	88.81	1.91	2.2%	90.55	92.28
3 BED DET (Bung)	D	88.27	90.21	1.94	2.2%		93.92
<b>HOUSES</b>							
1 BED SEMI DET	E	76.07	77.74	1.67	2.2%	79.86	81.95
2 BED SEMI DET	B	81.09	82.88	1.79	2.2%		87.13
	E	83.32	85.15	1.83	2.2%		90.1
	P	74.25	75.89	1.64	2.2%		78.81
	S	80.35	82.12	1.77	2.2%	84.18	86.22
	T	79.88	81.64	1.76	2.2%		85.64
	U	79.88	81.64	1.76	2.2%		85.64
	Y	81.09	82.88	1.79	2.2%		87.13
3 BED SEMI DET	A	90.83	92.83	2.00	2.2%	94.78	96.76
	B	89.60	91.57	1.97	2.2%	93.41	95.25
	C	95.40	97.50	2.10	2.2%		102.69
	D	87.14	89.06	1.92	2.2%	90.69	92.28
	E	92.04	94.07	2.03	2.2%	96.15	98.23
	F	97.51	99.66	2.15	2.2%		107.13
	G	93.50	95.56	2.06	2.2%		100
	H	92.04	94.07	2.03	2.2%	96.15	98.23
	I	95.40	97.50	2.10	2.2%	99.72	102.69
	J	94.48	96.56	2.08	2.2%	98.77	101.2
	K	92.04	94.07	2.03	2.2%		98.23
	L	94.48	96.56	2.08	2.2%		101.2
	M	88.35	90.30	1.95	2.2%		93.75
	N	88.35	90.30	1.95	2.2%		93.75
	O	89.12	91.08	1.96	2.2%		94.67
	P	82.73	84.55	1.82	2.2%		86.92
	R	88.35	90.30	1.95	2.2%	92.03	93.75
S	88.86	90.82	1.96	2.2%		94.36	
T	88.35	90.30	1.95	2.2%		93.75	
U	88.35	90.30	1.95	2.2%	92.03	93.75	
V	88.35	90.30	1.95	2.2%		93.75	
W	88.35	90.30	1.95	2.2%	92.03	93.75	
Y	89.60	91.57	1.97	2.2%		95.25	
CC	88.35	90.30	1.95	2.2%		93.75	
4 BED SEMI DET	A	98.58	100.75	2.17	2.2%		104.87
	D	94.92	97.01	2.09	2.2%	98.7	100.41
	E	99.81	102.01	2.20	2.2%		106.35
	H	99.81	102.01	2.20	2.2%		106.35
	I	102.95	105.21	2.26	2.2%		110.82
	J	102.06	104.30	2.24	2.2%		109.31
	K	99.81	102.01	2.20	2.2%		106.35
	M	96.16	98.28	2.12	2.2%		101.9
	P	90.54	92.53	1.99	2.2%		95.07
R	96.16	98.28	2.12	2.2%		101.9	
5 BED SEMI DET	D	101.74	103.98	2.24	2.2%	106.19	108.56
	R	102.82	105.08	2.26	2.2%		110.03

NON SHELTERED PROPERTIES

APPENDIX B3

	(a) Area	(b) 2014/15	(c) 2015/16	(d) £ increase	(e) % Incr	Target Rent for Relets in 14/15	Target Rent for Relets in 15/16
1 BED END TERR	AA	73.61	75.23	1.62	2.2%		78.99
2 BED END TERR	B	81.11	82.90	1.79	2.2%		87.13
	D	78.65	80.38	1.73	2.2%	82.26	84.16
	E	83.32	85.15	1.83	2.2%	87.37	90.1
	H	83.32	85.15	1.83	2.2%	87.37	90.1
	K	83.32	85.15	1.83	2.2%		90.1
	T	79.88	81.64	1.76	2.2%		85.64
	Y	81.11	82.90	1.79	2.2%		87.13
3 BED END TERR	A	90.81	92.81	2.00	2.2%		96.76
	B	89.57	91.54	1.97	2.2%		95.25
	C	95.34	97.44	2.10	2.2%		102.69
	D	87.14	89.06	1.92	2.2%	90.69	92.28
	E	92.01	94.03	2.02	2.2%	96.12	98.23
	H	92.01	94.03	2.02	2.2%		98.23
	J	94.42	96.49	2.07	2.2%		101.2
	K	92.01	94.03	2.02	2.2%		98.23
	M	88.34	90.29	1.95	2.2%		93.75
	N	88.34	90.29	1.95	2.2%		93.75
	O	89.10	91.07	1.97	2.2%		94.67
	P	82.71	84.53	1.82	2.2%	85.71	86.92
	R	88.34	90.29	1.95	2.2%	92.03	93.75
	T	88.34	90.29	1.95	2.2%	92.03	93.75
	U	88.34	90.29	1.95	2.2%	92.03	93.75
	V	88.34	90.29	1.95	2.2%		93.75
	W	88.34	90.29	1.95	2.2%	92.03	93.75
4 BED END TERR	D	94.86	96.95	2.09	2.2%	98.67	100.41
	P	90.46	92.45	1.99	2.2%		95.07
5 BED END TERR	P	97.25	99.39	2.14	2.2%		103.21
1 BED MID TERR	Y	72.87	74.47	1.60	2.2%		78.1
	AA	72.87	74.47	1.60	2.2%		78.1
2 BED MID TERR	B	80.34	82.11	1.77	2.2%		86.22
	D	77.89	79.60	1.71	2.2%		83.25
	E	82.71	84.53	1.82	2.2%		89.2
	H	82.71	84.53	1.82	2.2%		89.2
	K	82.71	84.53	1.82	2.2%		89.2
	R	79.12	80.86	1.74	2.2%		84.74
	T	79.12	80.86	1.74	2.2%		84.74
	Y	80.34	82.11	1.77	2.2%		86.22
	AA	80.34	82.11	1.77	2.2%		86.22
3 BED MID TERR	A	90.03	92.01	1.98	2.2%		95.84
	B	88.82	90.77	1.95	2.2%	92.57	94.36
	C	94.77	96.85	2.08	2.2%		101.8
	D	86.38	88.28	1.90	2.2%	89.83	91.4
	E	91.28	93.29	2.01	2.2%		97.34
	H	91.28	93.29	2.01	2.2%		97.34
	J	93.70	95.77	2.07	2.2%		100.3
	K	91.28	93.29	2.01	2.2%		97.34
	L	93.70	95.77	2.07	2.2%		100.3
	M	87.59	89.52	1.93	2.2%		92.87
	N	87.59	89.52	1.93	2.2%		92.87
	P	81.96	83.76	1.80	2.2%	84.91	86.04
	R	87.59	89.52	1.93	2.2%	91.18	92.87
	T	87.59	89.52	1.93	2.2%		92.87
	U	87.59	89.52	1.93	2.2%		92.87
	V	87.59	89.52	1.93	2.2%		92.87
	W	87.59	89.52	1.93	2.2%		92.87
	Y	88.82	90.77	1.95	2.2%		94.36
4 BED MID TERR	D	94.15	96.22	2.07	2.2%		99.52
	H	99.04	101.22	2.18	2.2%		105.46
	J	101.42	103.65	2.23	2.2%		108.42
	O	96.12	98.24	2.12	2.2%	100.08	101.9
	R	95.38	97.48	2.10	2.2%		101.02
	T	95.38	97.48	2.10	2.2%	99.24	101.02
	U	95.38	97.48	2.10	2.2%		101.02
	V	95.38	97.48	2.10	2.2%		101.02
	W	95.38	97.48	2.10	2.2%		101.02
	DD	95.38	97.48	2.10	2.2%		101.02
2 BED DET	S	82.86	84.68	1.82	2.2%	86.89	89.2
3 BED DET	D	89.63	91.61	1.98	2.2%		95.25
	E	94.53	96.61	2.08	2.2%		101.2
	H	94.53	96.61	2.08	2.2%		101.2
	M	90.84	92.84	2.00	2.2%		96.76
	P	85.22	87.10	1.88	2.2%		89.9
	W	90.86	92.86	2.00	2.2%		96.76
	Z	92.08	94.11	2.03	2.2%		98.23
5 BED DET	O	105.02	107.33	2.31	2.2%		113.75



**SHELTERED PROPERTIES (48 weeks)**

BEDSIT	(a) Area	(b) 2014/15	(c) 2015/16	(d) £ increase	(e) % Incr	Target Rent	Target Rent	
						for Relets in 14/15	for Relets in 15/16	
1 BED G/FLR	D	59.14	60.44	1.30	2.2%		62.98	
1 BED F/FLR	D	58.63	59.92	1.29	2.2%	61.15	62.39	
<b>FLATS</b>								
1 BED G/FLR	A	68.40	69.91	1.51	2.2%	71.76	73.64	
	B	67.19	68.67	1.48	2.2%	70.42	72.17	
	D	65.95	67.41	1.46	2.2%	69.04	70.66	
	E	67.19	68.67	1.48	2.2%		72.17	
	H	73.00	74.61	1.61	2.2%		79.58	
	I	73.00	74.61	1.61	2.2%		79.58	
	J	73.00	74.61	1.61	2.2%	76.81	79.58	
	L	73.00	74.61	1.61	2.2%	76.81	79.58	
	M	66.21	67.67	1.46	2.2%	69.32	70.97	
	N	66.21	67.67	1.46	2.2%	69.32	70.97	
	O	66.21	67.67	1.46	2.2%	69.32	70.97	
	P	64.74	66.16	1.42	2.2%	67.68	69.19	
	T	65.95	67.41	1.46	2.2%	69.04	70.66	
	V	65.95	67.41	1.46	2.2%	69.04	70.66	
	W	65.95	67.41	1.46	2.2%	69.04	70.66	
	Y	68.64	70.15	1.51	2.2%	72.04	73.93	
	DD	67.19	68.67	1.48	2.2%		72.17	
	2 BED G/FLR	A	75.21	76.86	1.65	2.2%		81.33
		B	74.02	75.65	1.63	2.2%		79.83
D		72.82	74.43	1.61	2.2%	76.4	78.37	
E		74.02	75.65	1.63	2.2%		79.83	
H		78.32	80.05	1.73	2.2%		87.27	
3 BED G/FLR	I	78.32	80.05	1.73	2.2%		87.27	
	J	78.32	80.05	1.73	2.2%		87.27	
	O	75.44	77.10	1.66	2.2%		83.61	
	B	82.49	84.31	1.82	2.2%		89.53	
	D	81.26	83.05	1.79	2.2%		86.04	
	E	82.49	84.31	1.82	2.2%		89.53	
	Y	83.95	85.80	1.85	2.2%		89.32	
	1 BED F/FLR	A	67.92	69.41	1.49	2.2%	71.23	73.04
		D	65.48	66.92	1.44	2.2%	68.5	70.07
		E	66.71	68.17	1.46	2.2%		71.58
H		72.65	74.25	1.60	2.2%		78.99	
I		72.65	74.25	1.60	2.2%		78.99	
J		72.65	74.25	1.60	2.2%		78.99	
L		72.65	74.25	1.60	2.2%	76.46	78.99	
M		65.74	67.19	1.45	2.2%	68.78	70.38	
N		65.74	67.19	1.45	2.2%		70.38	
P		64.25	65.66	1.41	2.2%		68.59	
2 BED F/FLR	U	65.48	66.92	1.44	2.2%	68.5	70.07	
	V	65.48	66.92	1.44	2.2%		70.07	
	Y	68.16	69.66	1.50	2.2%		73.34	
	DD	66.71	68.17	1.46	2.2%		71.58	
	A	74.73	76.38	1.65	2.2%		80.72	
	B	73.52	75.14	1.62	2.2%		79.24	
	D	72.30	73.89	1.59	2.2%	75.82	77.76	
	E	73.52	75.14	1.62	2.2%		79.24	
	H	78.03	79.74	1.71	2.2%	81.97	86.68	
	I	78.03	79.74	1.71	2.2%	81.97	86.68	
3 BED F/FLR	J	78.03	79.74	1.71	2.2%		86.68	
	L	78.03	79.74	1.71	2.2%		86.68	
	V	72.30	73.89	1.59	2.2%	75.82	77.76	
	W	72.30	73.89	1.59	2.2%		77.76	
	Y	74.95	76.60	1.65	2.2%		81.02	
1 BED S/FLR	E	81.87	83.67	1.80	2.2%		86.92	
	H	87.75	89.68	1.93	2.2%		94.36	
1 BED 3/FLR	U	65.19	66.63	1.44	2.2%		69.77	
	Y	68.70	70.21	1.51	2.2%	72.23	74.24	
1 BED 3/FLR	U	64.95	66.38	1.43	2.2%	67.93	69.49	
1 BED 4/FLR	U	64.70	66.13	1.43	2.2%		69.19	

**MAISONNETTES**

G/F Maisonnette	J	78.60	80.33	1.73	2.2%		87.27
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**APPENDIX B4**

HOUSES	(a) Area	(b) 2014/15	(c) 2015/16	(d) £ increase	(e) % Incr	Target Rent	Target Rent	
						for Relets in 14/15	for Relets in 15/16	
2 BED END TERR	AA	78.24	79.96	1.72	2.2%		86.97	
2 BED MID TERR	AA	77.32	79.02	1.70	2.2%	81.23	85.77	
<b>BUNGALOWS</b>								
1 BED END TERR	A	74.39	76.03	1.64	2.2%	78.25	82.25	
	B	72.95	74.56	1.61	2.2%		79.3	
	E	74.39	76.03	1.64	2.2%		82.25	
	J	76.89	78.59	1.70	2.2%		88.2	
	W	72.78	74.38	1.60	2.2%	76.6	78.99	
	Y	72.78	74.38	1.60	2.2%		78.99	
	DD	75.63	77.30	1.67	2.2%		85.23	
	2 BED END TERR	A	80.37	82.14	1.77	2.2%	84.36	90.25
		B	79.13	80.87	1.74	2.2%	83.09	87.27
		D	79.13	80.87	1.74	2.2%		87.27
E		80.37	82.14	1.77	2.2%		90.25	
F		83.53	85.37	1.84	2.2%		97.69	
H		81.01	82.79	1.78	2.2%		91.74	
I		83.53	85.37	1.84	2.2%		97.69	
J		82.90	84.73	1.83	2.2%		96.18	
P		78.97	80.71	1.74	2.2%		86.97	
W		78.97	80.71	1.74	2.2%		86.97	
3 BED END TERR	W	88.55	90.50	1.95	2.2%		92.25	
	Y	88.55	90.50	1.95	2.2%		92.25	
1 BED MID TERR	A	73.83	75.45	1.62	2.2%		81.08	
	B	72.04	73.62	1.58	2.2%	75.84	78.1	
2 BED MID TERR	E	73.83	75.45	1.62	2.2%		81.08	
	J	76.34	78.02	1.68	2.2%		87	
	W	71.80	73.39	1.59	2.2%	75.57	77.79	
	Y	71.80	73.39	1.59	2.2%		77.79	
	DD	71.80	73.39	1.59	2.2%		77.79	
	A	79.79	81.54	1.75	2.2%		89.05	
	B	78.51	80.24	1.73	2.2%	82.46	86.07	
	D	78.51	80.24	1.73	2.2%	82.46	86.07	
	E	79.79	81.54	1.75	2.2%		89.05	
	F	82.93	84.75	1.82	2.2%		96.49	
1 BED SEMI DET	H	80.43	82.20	1.77	2.2%	84.4	90.54	
	I	82.93	84.75	1.82	2.2%		96.49	
	J	82.31	84.12	1.81	2.2%		94.98	
	P	78.42	80.15	1.73	2.2%	82.36	85.77	
	A	74.47	76.10	1.63	2.2%	78.31	82.25	
	B	73.00	74.61	1.61	2.2%		79.3	
	D	73.00	74.61	1.61	2.2%	76.81	79.3	
	E	74.47	76.10	1.63	2.2%	78.33	82.25	
	F	77.63	79.33	1.70	2.2%		89.69	
	G	75.62	77.29	1.67	2.2%		84.94	
2 BED SEMI DET	H	75.10	76.75	1.65	2.2%	78.96	83.76	
	I	77.63	79.33	1.70	2.2%		89.69	
	J	77.02	78.72	1.70	2.2%	80.94	88.2	
	M	72.80	74.40	1.60	2.2%		78.99	
	R	72.80	74.40	1.60	2.2%		78.99	
	DD	72.80	74.40	1.60	2.2%		78.99	
	A	80.39	82.16	1.77	2.2%	84.38	90.25	
	B	79.13	80.87	1.74	2.2%	83.09	87.27	
	C	82.28	84.09	1.81	2.2%	86.31	94.71	
	D	79.13	80.87	1.74	2.2%	83.09	87.27	
3 BED SEMI DET	E	80.39	82.16	1.77	2.2%	84.38	90.25	
	F	83.54	85.38	1.84	2.2%		97.69	
	G	81.52	83.31	1.79	2.2%		92.9	
	H	81.01	82.79	1.78	2.2%		91.74	
	I	83.54	85.38	1.84	2.2%	87.59	97.69	
	J	82.90	84.73	1.83	2.2%	86.93	96.18	
	K	81.01	82.79	1.78	2.2%		91.74	
	L	82.90	84.73	1.83	2.2%	86.93	96.18	
	R	78.98	80.72	1.74	2.2%		86.97	
	B	88.82	90.77	1.95	2.2%		95.56	
2 BED DET	D	88.82	90.77	1.95	2.2%		95.56	
	H	92.51	94.54	2.03	2.2%		100	
	K	91.01	93.02	2.01	2.2%		100	
	A	81.77	83.57	1.80	2.2%		93.2	
C	82.48	84.29	1.81	2.2%		90.25		
D	80.97	82.76	1.79	2.2%		93.2		
E	81.77	83.57	1.80	2.2%		93.2		



**NEW BUILD (48 weeks)**

	(a)	(b)	(c)	(d)	(e)
				£	
<b>HOUSE</b>	<b>Area</b>	<b>2014/15</b>	<b>2015/16</b>	<b>increase</b>	<b>% Incr</b>
2 BED SEMI DET	D	100.00	102.20	2.20	2.2%
2 BED END TERR	D	95.13	97.22	2.09	2.2%
2 BED MID TERR	D	95.13	97.22	2.09	2.2%
3 BED DET	F	98.37	100.53	2.16	2.2%

**FLATS**

2 BED G/FLR	B	92.68	94.72	2.04	2.2%
2 BED F/FLR	B	92.68	94.72	2.04	2.2%

**BUNGALOWS**

2 BED DET	D	101.42	103.65	2.23	2.2%
	F	99.27	101.45	2.18	2.2%

**SHELTERED BUNGALOW**

2 BED DET	D	90.77	92.77	2.00	2.2%
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## APPENDIX B5

	(a)	(b)	(c)	(d)	(e)
				£	
<b>HOUSES</b>	<b>Area</b>	<b>2014/15</b>	<b>2015/16</b>	<b>increase</b>	<b>% Incr</b>
2 BED END TERR	B	88.19	90.13	1.94	2.2%
	L	99.74	101.93	2.19	2.2%
	V	90.80	92.80	2.00	2.2%
2 BED MID TERR	B	88.19	90.13	1.94	2.2%
	L	99.74	101.93	2.19	2.2%
	V	90.80	92.80	2.00	2.2%

**FLATS**

1 BED G/FLR	B	76.38	78.07	1.69	2.2%
	L	86.47	88.37	1.90	2.2%
	W	77.03	78.73	1.70	2.2%
1 BED F/FLR	B	76.38	78.07	1.69	2.2%
	L	86.47	88.37	1.90	2.2%
	W	77.03	78.73	1.70	2.2%

**BUNGALOWS**

2 BED SEMI DET	V	96.01	98.12	2.11	2.2%
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**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%.

### **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 Government guidance is followed. This plan is affordable, has the ability to service debt requirements, invest in the housing stock to maintain the income stream, and provide prudent investment for growth.
- 3.4 Scenario analysis has been undertaken to consider the impact of not following the Government's Rent Guidance which demonstrates that the performance of the plan is sensitive to changes in the rental yield and therefore stability and compliance with the Government's rent setting policy is essential to provide a long term viable business plan which can maintain the housing stock and service the debt requirements.
- 3.5 We can also establish that a one off rent increase below that required when following Government guidelines, particularly in the early years of self-financing has a compounded impact on the business plan because this loss of income cannot be recovered in future years as there are limits to rental increase.
- 3.6 Sensitivity testing of the business plan has shown that if rents do not increase in line with the Government's rent guidance the model soon becomes unsustainable with the capital programme lacking funding and properties falling below the decent homes standard.
- 3.7 Under self-financing it is prudent for members to set a longer term local rental policy based on the strategy to follow Government Guidance. It is recommended that this policy should be in place for a ten year period. In operating in this way the Council is providing financial stability and assurance for the Housing Revenue Account which supports the opportunities and risk management under self-financing to be maximised.

### **4.0 New Build Properties**

- 4.1 New Build rents are to be set at full formula rents from initial let unless otherwise required by any grant giving body.

## **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 from initial let.

## **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 from initial let.

## **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 formula rent.

7.3 This policy provides the strategic support to let void properties at target rent as appropriate in the future where there is a clear demonstrable benefit to the SFHRABP.

7.4 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.

Service Specification and Pricing

Appendix D

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.	Supported Housing Tenants with a phone line installed	£1.50 per week	Mandatory for tenants in supported housing properties in line with condition of tenancy agreement	Not applicable
	24 hours a day 365 days a year monitoring of lifeline.	Supported Housing Tenants who do not have a telephone line installed	£6.05 per week	Authority already in place through tenancy agreement for those currently receiving service Annual Charge on rent account	
	Provision of advice and or contact of next of kin or emergency service if required on receipt of call	General Needs Tenants with a telephone line installed receiving the service on a permanent basis	£1.50 per week	Mutually agreed variation to tenancy agreement	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 £125.50 £6.05 per week	Payment for Set up cost taken in advance Annual Charge on rent account	
		General Needs Tenants with a telephone line installed receiving the service on a flexible basis	Setup costs of £22.00 for each period the tenant accesses the service £1.35 per week	Mutually agreed contract with the tenant Can be subscribed to on an annual basis or for any period in denominations of one week (7 days) Payment for Set up cost taken in advance	
		General Needs Tenants who do not have a telephone line installed receiving the service on a flexible basis	Set up costs of £125.50 And setup costs of £22.00 for each period the tenant accesses the service £6.05 per week	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	£3.60 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 £125.50	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	£10.60 per week	Payment for Set up cost taken in advance	
			Setup costs of £22.00 for each period the tenant accesses the service	Payment taken in advance for any period of service provision up to 8 weeks	
			And £3.60 per week	Where service provided for more than 8 weeks then tenant will be invoiced monthly in advance	
		Private Customers who do not have a telephone line installed receiving the service on a flexible basis	Set up costs of £125.50	Customer can move from temporary to permanent service but would not be reimbursed one off or upfront costs.	
			And setup costs of £22.00 for each period the tenant accesses the service		
			And £10.60 per week		

Service Name	Service Descriptor	Customer Group	Charges	Mandatory/Agreement	Notice period
Additional Tenancy Assistance	<p>Activities to support the sustainment of a tenancy which may vary dependent upon the tenants requirements but will include:</p> <ol 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 on behalf of the tenant to sustain the tenancy</li> <li>v. Assist tenants to demonstrate behaviours which would enable them to successfully sustain their tenancy</li> </ol> <p>An average of 1, 15 minute visit and 2 telephone calls will be made each week.</p>	<p>Supported Housing or General Needs Tenants receiving the service on a permanent basis</p> <p>Supported Housing or General Needs Tenants receiving the service for a period of 3 months or more but not permanently</p>	<p><b>£4.50</b> per week</p> <p>This cost would be eligible for housing benefit</p> <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>Annual Charge on rent account</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>	<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>

Service Name	Service Descriptor	Customer Group	Charges	Mandatory/Agreement	Notice period
Welfare Calls	To receive this service tenants must also subscribe to the lifeline service.	Supported Housing or General Needs Tenants receiving the service on a permanent basis	In addition to lifeline costs £10.10 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)
	A daily 5 minute call made to the customer between the hours of 6am and 8pm within a mutually agreed time slot. Ensure the welfare of the customer, provide advice and or contact of next of kin or emergency service if required.	Supported Housing or General Needs Tenants receiving the service for flexible periods	In addition to lifeline costs £12.80 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	
	To receive this service tenants must also subscribe to the lifeline service.	Private Customers receiving the service on a permanent basis receiving service permanently	£15.00 per week	Mutually agreed contract with the customer Customer invoiced in advance	
		Private Customers receiving the service on flexible periods	£19.00 per week	Mutually agreed contract with the customer 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	

Service Name	Service Descriptor	Customer Group	Charges	Mandatory/Agreement	Notice period
Welfare Visits	<p>15 minute face to face visit made to the customer between 8am and 6pm, Monday to Friday.</p> <p>Ensure the welfare of the customer, provide advice and or contact next of kin or emergency services if required.</p>	<p>Supported Housing or General Needs Tenants receiving the service on a permanent basis</p> <p>Supported Housing or General Needs Tenants receiving the service for flexible periods</p> <p>Private Customers receiving the service on a permanent basis</p> <p>Private Customers receiving the service on for flexible periods</p>	<p>£55.00 per week</p> <p>£57.70 per week,</p> <p>£81.00 per week</p> <p>£85.00 per week</p>	<p>Mutually agreed variation to tenancy agreement</p> <p>Annual Charge on rent account</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</p> <p>Mutually agreed contract with the customer</p> <p>Customer invoiced in advance</p> <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>	<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>

Service Name	Service Descriptor	Customer Group	Charges	Mandatory/Agreement	Notice period
Sensor Monitoring	To receive this service tenants must also subscribe to the lifeline service.	Supported Housing or General Needs Tenants receiving the service on a permanent basis	£1.30 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
	The provision of sensors and 24 hour a day, 365 days a year monitoring of the sensor. The sensors available are: i. Smoke alarms ii. Carbon monoxide alarms iii. Flood alerts iv. Bed sensors v. Panic alarms vi. Fall detectors	Supported Housing or General Needs Tenants receiving the service for flexible periods  Private Customers receiving the service on a permanent basis	Upfront costs of £22.00 for the provision of the lifeline each time the tenant requests the service Plus £1.35 per sensor 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 but would not be reimbursed one off or upfront costs.	4 weeks notice required to exit service (if not subscribed on a weekly basis)
		Private Customers receiving the service on flexible periods	£2 per week  Upfront costs of £22.00 for the provision of the lifeline each time the tenant requests the service Plus £2 per week	Mutually agreed contract with the customer Customer invoiced in advance Mutually agreed contract with the customer 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.	

**STRATEGIC HOUSING LIAISON PANEL**  
**8<sup>th</sup> December 2014**

**AGENDA ITEM NO. 6**

**PROGRESS REPORT – VALE VIEW**

**EXTRACT:**

**3.0 Changes to the Charges to Newark and Sherwood District Council Properties**

3.1 *The cessation of Supporting People funding (impacting on 32 Council tenants where a current charge of £70.84 per week for the support services is applied) will result in a loss of income to the HRA of £2266.88 per week for the council properties only.*

- 3.2 In order to minimise the impact of the above the Company has had ongoing discussions with the Housing Benefit section and it has now been confirmed in principle that £69.16 per week will be met by Housing Benefit in relation to the services provided to tenants. This leaves a shortfall of 18p a week per property to the HRA, set against the current charge of £70.84, in addition to the mandatory charge of £1.50 per week for the lifeline system which is not housing benefit eligible.
- 3.3 To manage this loss of income moving forward the Company on behalf of the Council will seek formal confirmation from Housing Benefit that the £69.16 per week charge covering the intensive housing management service is eligible for housing benefit and then support tenants to make claims from the 1<sup>st</sup> December 2014. On completion of this task it will result in an income of £2213.12 per week to the HRA compared to the income received through Supporting People subsidy of £2,266.88, equating to a £5.76 per week shortfall. It is proposed that this shortfall, £276.48 per annum, is met by the HRA.
- 3.4 The Company will also notify tenants at Vale View of the requirement to meet the mandatory charge of £1.50 per week for the provision of the lifeline service to their property, as all Vale View properties are designated as supported accommodation. This will yield an income of £48 per week to the Council. Whilst this notice is given it is proposed the weekly cost of providing the service will be met by the HRA.
- 4.0 Nottingham Community Housing Association Properties**
- 4.1 The loss of supporting people income to the HRA related to the 23 units of accommodation owned by Nottingham Community Housing Association (NCHA) equates to £1629 per week. To avoid the loss of this service to NCHA tenants and resultant loss income to the HRA and withdrawal costs to the Company of ceasing the service; it is proposed that the Company enters into a contractual agreement with NCHA to provide intensive housing management services and the lifeline service to the 23 units of NCHA accommodation.
- 4.2 This will mean, if agreed for progression, that the NCHA tenants continue to receive services from Newark and Sherwood Homes. The Company would no longer provide services to NCHA properties at Vale View via its management agreement (subject to agreed variation) with the council and be paid a fee accordingly; it would provide the services under a separate contract directly with NCHA.
- 4.3 NCHA have indicated that they wish the Company to provide intensive housing management services to its tenants at Vale View and, subject to Board consideration and approval, a formal contractual commitment is being established to enable the Company to approach Housing Benefit to secure the cost of the provision of the Housing Benefit eligible parts of the 'intensive housing management' service from 1<sup>st</sup> December 2014.
- 4.4 The overall outcome of progression of this approach would be the continuation of much needed services to tenants and residents of NCHA and the avoidance of any reputational damage that could arise from a withdrawal of this service. This approach would also avoid the incurrance of any exit costs related to the service, building or staffing and removes the risk of demands being placed upon the service without an appropriate payment being received from the landlord (NCHA).
- 4.5 The panel may recall that NCHA had also indicated that they would be open to the Company either leasing its Vale View units or providing standard housing management and maintenance services under the terms of a management agreement. Discussions are progressing with regard to this matter but due to the pressing timescales presented as a result of the withdrawal of supporting people funding it has been necessary to separate the two elements and prioritise the continuation of the at risk services.



**NEWARK CASTLE GATEHOUSE TOWER PROJECT**

**1.0 Purpose of Report**

- 1.1 To advise Members of the project to carry out major improvements to the Gatehouse tower at Newark Castle.

**2.0 Background Information**

- 2.1 Newark Castle's Gatehouse is reputed to be one of the finest surviving early medieval gatehouses in the country. However following the slighting of the Castle after the end of the Civil War it is open to the elements and suffers from erosion and degradation due to the weather and the effects of pigeon roosting.
- 2.2 During the recent programme of fabric repairs to the Castle wooden scaffolding floors were installed in the Gatehouse and the position of these closely mirrored that of the original floors. This led to discussions about the possibility of permanent floors being reinstated which would allow for public access to rooms such as the Bishop's chapel and chambers. However for this to be feasible, and also to protect the newly restored Gatehouse from further erosion and damage, it is considered that adding a roof and weather and pigeon-proofing the structure would be the best long-term solution.
- 2.3 In order to progress the project consultants were appointed to carry out an initial feasibility study and this concluded that it would be possible to protect the gatehouse and make it suitable for interpretation displays. The total estimated cost for the works was £311,500, including £34,500 for floors, £74,000 for the roof, £29,000 for masonry works, £35,500 for windows and doors and £24,500 for electrical installations. Also included were £52,000 for professional fees and a £25,000 contingency allowance.
- 2.4 At its meeting on the 13<sup>th</sup> January the Leisure and Environment Committee considered a report on the Gatehouse project and gave it their unanimous support and resolved that a report be submitted to the Policy and Finance Committee seeking approval for a capital bid to submitted up to a maximum of £20,000 to support the project to stage 1 of the HLF bidding process.

**3.0 Items for Consideration**

- 3.1 Following further discussions amongst the project team and with HLF it has been agreed that a more ambitious project should be taken forward. This will include a new entrance into the gatehouse via the north-west tower which will allow for access to be controlled and an entrance charge to be made. The ground floor north-west tower room will become the visitor reception area and the project will be expanded to include appropriate interpretation features in the gatehouse.
- 3.2 The additional costs associated with the expanded project are estimated to be £80,000 for the new access via the north-west tower and £400,000 for interpretation and associated learning, training and audience development activities bringing the total project costs to

around £800,000. However the ability to charge for entry to the gatehouse delivers the potential for a significant income stream and preliminary calculations show that 30,000 visitors per year could generate a net income of up to £40,000pa.

- 3.3 I am pleased to be able to report that, following discussions and a site visit, officers from the Heritage Lottery Fund have confirmed their view that the more ambitious project has great potential and that they would be happy to receive an outline (Stage 1 bid). The next deadline for such a bid is 20<sup>th</sup> February 2015 and it is currently our intention to submit prior to this date. A Stage 1 decision would then be received in June or early July.
- 3.4 There will be a number of costs associated with progressing the Stage 1 application to Stage 2, including the need for additional survey and architectural work and the development of a Conservation Management Plan and Interpretation Plan these are currently estimated to be in the region of £60,000. Based on a HLF grant of 65% match funding of £21,000 is thus likely to be required. The Gilstrap Trust gave its support for the project at its December meeting and agreed to provide financial support towards the Stage 1 HLF application, subject to receipt of legal advice that the utilisation of trust funds for this purpose was within the charity's objectives. In order to show its commitment to the project the Council will also need to make a contribution and Committee is asked to give its support for the submission of a bid for District Council Capital Programme funding towards the Stage 1 costs.
- 3.5 Discussions have also taken place with English Heritage (EH) and whilst EH has expressed some concerns about the exact nature of some of the proposals (for example the type and appearance of the roof and position of the floors) the local officer has indicated that EH would be prepared to provide a letter of support stating that a scheme of roofs and flooring would be feasible and something they could recommend was given Scheduled Monument Consent by the Department for Culture, Media and Sport.

#### **4.0 Comments of Director - Resources**

- 4.1 The costs of the proposal are set out in the report. The full cost of the stage 1 bid is £60,000 and, if this stage of the project is approved, this cost needs to be included in the capital programme, offset by third party contributions from the HLF, the Gilstrap Charity and any other contributions.
- 4.2 Should the HLF stage 1 bid be successful, Committee will need to consider a detailed proposal for a scheme which is likely to have a gross cost of approximately £800,000 as detailed in the report. As an indication of the potential cost to the Council, HLF lottery funding is likely to cover 65% of project costs, leaving £290,000 to fund and third party funding would be sought to cover part of the cost of this.
- 4.3 The detailed capital bid will need to include a full assessment of revenue implications, including income potentially generated by the scheme. This would then need to be included in the Council's budget following the completion of the scheme.

**5.0 RECOMMENDATIONS that:**

- (a) the Committee approves a Capital Programme scheme for a total cost of £60,000 with a District Council contribution estimated at £20,000 for a Stage 1 Heritage Lottery Fund application for the Newark Castle Gatehouse Tower project; and**
- (b) if the Stage 1 bid is successful, a further report be brought to the Policy and Finance Committee to seek approval for the scheme.**

**Reason for Recommendations**

**To enable a Stage 1 Heritage Lottery Fund application to be submitted for the Newark Castle and Gatehouse Tower project.**

**Background Papers**

None.

For further information please contact Phil Beard on extension 5714.

Andy Statham  
Director - Communities



NEWARK AND SHERWOOD DISTRICT COUNCIL

Minutes of the meeting of the **Strategic Housing Liaison Panel** held in G21, Kelham Hall on Monday 8 December 2014 at 5.00pm.

**PRESENT:** Council Panel Members: R.V. Blaney (Chairman),  
Councillors: R.B. Laughton, D.J. Lloyd, and Mrs T. Gurney

Company Panel Members:  
Board Members: Lynn Clayton, Christine Rose, Mike Frettsome  
Ben Wells

**Officers**

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

46. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor A.A. Truswell.

47. DECLARATIONS OF INTERESTS BY MEMBERS AND OFFICERS

There were no declarations of interest by Members or officers.

48. MINUTES OF THE MEETING HELD ON WEDNESDAY 17 SEPTEMBER 2014

The Panel considered and agreed the minutes of the meeting held on Wednesday 17 September 2014 as a correct record.

49. RENT SETTING

The Panel considered a report detailing proposals for rent setting for the period 2015/16 and future years, set against the implications for the Housing Revenue Account (HRA) Business Plan (HRABP). Comments would be forwarded to the Policy and Finance Committee in January 2015, and the Homes and Communities Committee would also be invited to that meeting, to consider rent setting.

The Assistant Business Manager-Financial Services explained that the Council's Rent Setting Policy, set in January 2012, determined that the Council would follow Government Guidance on convergence of rents as assumed in the self-financing settlement. It was likely that the Council would not reach convergence on all properties until 2020/21, due to the low rent levels and limits on rent increases.

The proposed average rent increase was 2.2%, representing CPI 1.2% +1%. This would provide an estimated income of £20.5m, allowing for 2% voids and 2% arrears, and assuming 20 Right-to-buy sales per year. There was a general consensus of support for this proposal from the Panel and it was noted that the proposals would be considered at the Group meetings, prior to consideration by the Policy and Finance Committee in January 2015. The Chairman of the Newark and Sherwood Homes' Board explained that the Board welcomed the Council's policy to maximise rents to provide resources for growth, and to maintain and enhance services.

Members of the Panel considered the proposed rent increases. With regard to garage rents, the Director- Newark and Sherwood Homes explained that the demand for garages was reducing, with lower numbers of cars and people preferring to have parking outside their homes. Opportunities for growth on the sites could be considered, and garage rent charges would be considered in light of the issues raised.

AGREED (unanimously) that the report be noted and comments from the Panel be submitted to the Policy and Finance Committee.

#### 50. HOUSING GROWTH

The Business Manager- Strategic Housing, presented a report detailing progress made to deliver the Housing Growth Strategy, including new build developments in Bilsthorpe, Balderton, Newark and Edwinstowe and other growth opportunities. The Panel considered details of the HRABP financial position, including levels of borrowing, reserves and committed schemes. The Panel had previously considered the Housing Growth Strategy, including various methods of management of schemes, and the discussion had formed the priority areas for the Strategy.

The Business Manager- Strategic Housing, made a correction to the report circulated with the agenda, amending the available funding for future projects to £11,260,880.

Members heard that the development of Bilsthorpe was progressing within the timescales. It was also noted that alongside the development of the new Leisure Centre at Bowbridge road, an opportunity to provide supported older persons' accommodation and younger persons' accommodation on the site had arisen. The area was allocated for housing within the LDF and officers were examining a number of possibilities for the development. The Panel agreed that this was a very positive opportunity and suggested that a further press release regarding the proposed development should be issued. Officers confirmed that discussions regarding the cost for provision of extra care elements within the development had been scheduled with County Council.

AGREED (unanimously) that progress be noted.

51. PROGRESS REPORT- VALE VIEW

The Director- Newark and Sherwood Homes, presented a progress report regarding the flats at Vale View in Newark. Negotiations with Nottinghamshire County Council had confirmed that they only required a maximum of 25 designated extra care units, and thus the favoured option 3 (as set out in the previous report to the Panel) was no longer viable.

Option 1, to continue provision in line with the current model had therefore been given further detailed consideration. The loss of the Supporting People Funding to Newark and Sherwood District Council in respect of services provided to properties at Vale View resulted in a loss to the HRA of £2,266.88p per week. Discussions with the Housing Benefit section had taken place, and confirmation received that tenants would be eligible for £69.16 per week in respect of the support service they received, resulting in an income of £2,213. 12per week and it was proposed that the shortfall of £276.48 per annum be met from the HRA. Tenants would also be notified of the requirement to meet the £1.50p per week charge for the provision of lifeline services. It was noted that there might be cases where a tenant was only entitled to receive partial rather than full housing benefit, and thus the supporting people charge would only be partly covered by housing benefits. The exact nature of the extra care provision to be provided by NCC for the occupants of the 25 units was yet to be determined.

It was further proposed to enter into an agreement with Nottinghamshire Community Housing Association (NCHA) to provide intensive housing management services and lifeline services to the 23 units owned by NCHA at Vale View, to ensure a continuation of services to these vulnerable tenants, and avoid a withdrawal of the service. NCHA had indicated they were happy for Newark and Sherwood Homes to continue to provide the services, and housing benefits had been approached to secure the cost of the housing benefit eligible parts of the intensive housing management service. Discussions regarding the potential of Newark and Sherwood Homes leasing the properties from NCHA were on-going.

AGREED That the report be noted.

52. DATE OF NEXT MEETING

Monday 9 March 2015 at 5.00pm.

The meeting closed at 5:35pm

Chairman

