

## **Finance and Property Committee**

**Monday, 09 November 2015 at 10:30**

**County Hall, County Hall, West Bridgford, Nottingham, NG2 7QP**

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### **AGENDA**

- |     |  |         |
|-----|--|---------|
| 1   | Minutes of the last meeting held on 12 Oct 2015  | 5 - 8   |
| 2   | Apologies for Absence  |         |
| 3   | Declarations of Interests by Members and Officers:- (see note below)<br>(a) Disclosable Pecuniary Interests<br>(b) Private Interests (pecuniary and non-pecuniary) |         |
| 4   | Establishing a Joint Venture for Property Design and Operations  | 9 - 24  |
| 5   | Financial Monitoring Report Period 6 2015 - 16   | 25 - 40 |
| 6   | ICT Programmes and Performance Quarter 2 2015 - 16   | 41 - 52 |
| 7   | Hosted Event at Specialist Computer Centres Romania (SCC)  | 53 - 56 |
| 8   | Kings Mill Reservoir De-silting Project - Heritage Lottery Funding Bid   | 57 - 60 |
| 9   | Ashfield District Council Green Waste Incentive Scheme   | 61 - 66 |
| 10  | Property Transactions  |         |
| 10a | Disposal of Former Railway Land at Gedling Colliery  | 67 - 74 |

10b	Proposed Leases for Libraries, Archives, Information & Community Learning Services	75 - 82
10c	Unit 1, Hermitage Way, Mansfield - Lease to REAL Education	83 - 90
10d	Proposed Lease Renewal of The Undercroft, Huthwaite Library, Huthwaite	91 - 98
10e	Identify a Protocol - Caretakers Properties When They Become Vacant	99 - 104
11	Work Programme	105 - 108

## 12 EXCLUSION OF THE PUBLIC

The Committee will be invited to resolve:-

“That the public be excluded for the remainder of the meeting on the grounds that the discussions are likely to involve disclosure of exempt information described in paragraph 3 of the Local Government (Access to Information) (Variation) Order 2006 and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.”

### Note

If this is agreed, the public will have to leave the meeting during consideration of the following items.

## 13 EXEMPT INFORMATION ITEMS

### 13ai Establishing a Joint Venture for Property Design and Operations EXEMPT Appx C

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

### 13aii Establishing a Joint Venture for Property Design and Operations EXEMPT Appx D

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

- 13bi Ashfield District Council Green Waste Incentive Scheme EXEMPT Appx 1
- Information relating to the financial or business affairs of any particular person (including the authority holding that information);
- 13bii Ashfield District Council Green Waste Incentive Scheme EXEMPT Appx 2
- Information relating to the financial or business affairs of any particular person (including the authority holding that information);
- 13c Disposal of Former Railway Land at Gedling Colliery EXEMPT Appx
- Information relating to the financial or business affairs of any particular person (including the authority holding that information);
- 13d Unit 1, Hermitage Way, Mansfield - Lease to REAL Education EXEMPT Appx
- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

## **Notes**

- (1) Councillors are advised to contact their Research Officer for details of any Group Meetings which are planned for this meeting.
- (2) Members of the public wishing to inspect "Background Papers" referred to in the reports on the agenda or Schedule 12A of the Local Government Act should contact:-

Customer Services Centre 0300 500 80 80

- (3) Persons making a declaration of interest should have regard to the Code of Conduct and the Council's Procedure Rules. Those declaring must indicate the nature of their interest and the reasons for the declaration.

Councillors or Officers requiring clarification on whether to make a declaration of interest are invited to contact Paul Davies (Tel. 0115 977 3299) or a colleague in Democratic Services prior to the meeting.

- (4) Councillors are reminded that Committee and Sub-Committee papers, with the exception of those which contain Exempt or Confidential Information, may be recycled.
- (5) This agenda and its associated reports are available to view online via an online calendar - <http://www.nottinghamshire.gov.uk/dms/Meetings.aspx>



Meeting	FINANCE AND PROPERTY COMMITTEE
Date	12 October 2015 (commencing at 10.30am)

**Membership**

Persons absent are marked with an 'A'

**COUNCILLORS**

Councillor David Kirkham (Chair)  
Councillor Darren Langton (Vice-Chair)

Reg Adair	Diana Meale
Chris Barnfather	Liz Plant
A Richard Butler	Darrell Pulk
Kay Cutts MBE	Mike Pringle
Stephen Garner	Ken Rigby

A      Ex-Officio: Alan Rhodes

**OFFICERS IN ATTENDANCE**

Pete Barker, Democratic Services  
Jayne Francis-Ward, Corporate Director, Resources  
Jas Hundal, Service Director, Environment & Resources  
Andrew Stevens, Group Manager, Property  
Nigel Stevenson, Service Director, Finance, Improvement and Procurement

**MINUTES OF THE LAST MEETING**

The minutes of the last meeting held on 14 September 2015, having been circulated to all Members, were taken as read and were confirmed and were signed by the Chair.

**APOLOGIES FOR ABSENCE**

Councillor Barnfather replaced Councillor Butler for this meeting only.

## **FINANCIAL MONITORING REPORT: PERIOD 5 2015 -16**

Committee asked whether someone could attend a future meeting to explain the need to employ expensive agency social workers.

### **RESOLVED: 2015/111**

- 1) That the revenue budget expenditure to date and year end forecasts be noted
- 2) That the contingency request be approved
- 3) That the Capital Programme expenditure to date and year end forecasts be noted and the variances to the Capital Programme be approved
- 4) That the Council's Balance Sheet transactions be noted

## **COUNCILLORS' DIVISIONAL FUND MONITORING REPORT**

### **RESOLVED: 2015/112**

That the monitoring report on the Councillors' Divisional Fund be noted, and the outcome of the audits be reported in the next quarterly report.

## **PROPERTY TRANSACTIONS**

## **NOTTINGHAMSHIRE COUNTY COUNCIL FARMS AND SMALLHOLDINGS PORTFOLIO**

### **RESOLVED: 2015/113**

That the Strategy outlined in the report be approved.

## **OPERATIONAL DECISIONS TAKEN OUTSIDE THE FINANCE AND PROPERTY COMMITTEE CYCLE JUN - AUG 2015**

### **RESOLVED: 2015/114**

That the information set out in the report be noted.

## **DISPOSAL OF LAND AT WOBURN LANE, PLEASLEY HILL, MANSFIELD**

### **RESOLVED: 2015/115**

That a contract for the sale of land at Woburn Lane, Pleasley Hill, Mansfield be approved as detailed in the exempt appendix.

## **WORK PROGRAMME**

### **RESOLVED: 2015/116**

That the Committee's work programme be noted.

## **EXCLUSION OF THE PUBLIC**

### **RESOLVED: 2015/117**

That the public be excluded from the remainder of the meeting on the grounds that discussions are likely to involve the disclosure of exempt information described in paragraph 3 of the Local Government (Access to Information) (Variation) Order 2006 and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

## **EXEMPT INFORMATION ITEMS**

### **NOTTINGHAMSHIRE COUNTY COUNCIL FARMS AND SMALLHOLDINGS PORTFOLIO**

### **RESOLVED: 2015/118**

That the information set out in the exempt appendix be noted.

### **OPERATIONAL DECISIONS TAKEN OUTSIDE THE FINANCE AND PROPERTY COMMITTEE CYCLE JUN - AUG 2015**

### **RESOLVED: 2015/119**

That the information set out in the exempt appendix be noted.

### **DISPOSAL OF LAND AT WOBURN LANE, PLEASLEY HILL, MANSFIELD**

### **RESOLVED: 2015/120**

That the information set out in the exempt appendix be noted.

The meeting closed at 10.54 am.





**9 November 2015****Agenda Item: 4****REPORT OF CORPORATE DIRECTOR FOR PLACE****ESTABLISHING A JOINT VENTURE FOR PROPERTY DESIGN AND  
OPERATIONS****Purpose of the Report**

1. This report presents the final business case to proceed with establishing a Joint Venture company with Scape Group Ltd (currently Scape Systems Build Limited) for Property Design and Operations.

**Information and advice**

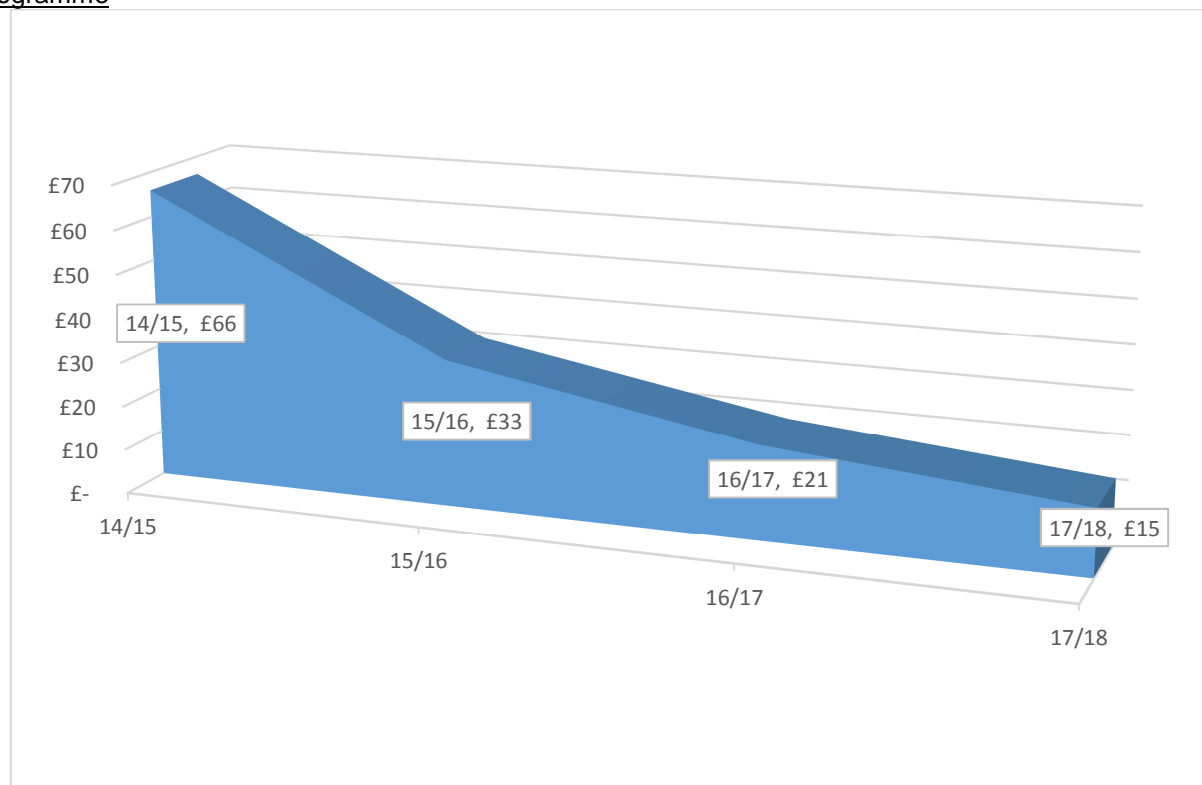
2. This report contains exempt appendices, which are not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended) (Information relating to any individual and the business affairs of a particular person (including the authority holding that information)). Disclosure of this information would prejudice the parties' commercial interests.

**The Current Position**

3. In late 2014 the Property Group put forward outline business cases for two options that were approved by the County Council as part of its Medium Term Financial Strategy (MTFS) earlier this year. The options which have already been explored are leaving the service as it is, outsourcing to the private sector and developing a Joint Venture with a partner whose ethos aligns with that of the County Council.
4. It was identified at the point that the option for change was put forward last year that maintaining the current model for service delivery would not be sustainable beyond the start of the financial year 2016/17 as there will not be a sufficient volume of work. This would result in a reduction of posts and therefore an erosion of skill base as a result. Consequently any remaining work would need to be serviced by external contractors at a cost premium to the Council.
5. Outsourcing services through open competition could reasonably be expected to take 12 – 18 months to procure and will be a costly exercise. There is no certainty that acceptable bids would be received or that staff would be retained given the declining turnover. This taken together with the projected reduction in the size of works over the same period means that staff reductions would have to be made before the revised arrangements are in place, which would result in considerable costs to the Council. In addition outsourcing is not a collaborative partnership model and most importantly it will diminish the County Council's control and influence leading to possibly higher costs for the Council. Accordingly, this option is the least preferred.

6. The third option involves the establishment of a Joint Venture for Property Design and Operations with another publically owned organisation that is able to complement in-house skilled resources.
7. In September 2015 this Committee unanimously agreed to proceed with producing a final business case for developing a Joint Venture with Scape Group Ltd.
8. Members are already aware that Property Design and Operations is facing a sizeable decrease in the value of its capital programme as a result of changes in government funding.

Figure 1: Forecast Property Capital programme value (£ millions) – Figures taken from **approved** capital programme



9. The underlying assumptions on the programme are summarised below:
  - a. Although there is 'exclusivity' agreed with the Joint Venture, the County Council is not guaranteeing turnover as it will depend on future funding decisions made by NCC
  - b. The programme figures for 2016/2017 and 2017/2018 mirror the approved capital programme of the Council, except for those items listed below:
    - i. The Basic Need programme is fixed for year 1 only. However, the projected figures beyond 2016/2017 in this respect reflect prudent estimates of likely provision requirements in the coming years
    - ii. Similarly the SCRP for 2017/2018 and beyond is yet to be approved and the figures shown reflect the likely need
    - iii. There are no figures in the capital programme for School Access Initiative or Libraries Modernisation project for year 3. It has been assumed that these will roll forward at the same level as year 2,

- iv. The Energy Programme is a NCC funded programme. For 2016/2017 and 2017/2018 half the funding has been approved. For 2018/2019 the funding is yet to be considered by the Council.
  - c. All projects included are within scope to be delivered by the JV and associated costs are factored in to the Financial Performance schedule
10. On a related subject the Committee should note that the elements of the programme projections beyond 2016/17 include assumed increases which are set out in Exempt Appendix C as no decision in this regard has yet been made by the Council.
  11. For the service to reduce at an equivalent rate to its source of income would see a reduction of up to 50% in the current establishment over the medium to long-term. It would mean that key skills are lost and the Council would be increasingly reliant on specialist external expertise at a cost premium. There would also be the cost of making redundancies which could amount to up to £1 million.
  12. To avoid this situation NCC is seeking to develop a Joint Venture arrangement with a partner to provide Property Design and Operations services back to the Council. It is believed that a commercial partner would drive more cost effective procurement supply chain management as well as developing income opportunities from other areas. For example from Academies and schools, other public sector bodies such as health, fire and police, other local authorities and from the private sector, to replace the reduction in work from NCC.

### **The Proposed Partner**

13. Scape is a 100% publicly owned and managed collaborative organisation working in the built environment. It is owned by the four Local Authorities of D2N2 and two other councils. It seeks to continuously improve and innovate in the delivery of projects and services in the public sector. It also provides strategic procurement, transformational and design services. Its corporate structure is known to the Council (as one of its shareholders).
14. The principal reasons to pursue an arrangement with Scape are as follows;
  - Scape is a publicly owned organisation whose values align with NCC.
  - NCC and Scape have an existing long-term working relationship that has successfully delivered projects over the last 10 years.
  - NCC has services that align with Scape's service offer which creates a mutually beneficial business model.
  - Pooling of knowledge and experience to consolidate and enhance both NCC and Scape's current offering.
  - NCC is a shareholder in Scape holding company, along with 5 other local authorities.

### **The New Arrangement**

15. The proposal is to develop a Joint Venture between NCC and Scape. The Joint Venture would be a 'Teckal Company' which means it is controlled by local authority(s) and can trade outside by up to just under 20% of its turnover and this has

been introduced into law by the Public Contracts Regulations 2015. Being 'Teckal compliant' also means that a procurement exercise is not required for the establishment and operation of the Joint Venture to deliver services for NCC and back to Scape Group Limited. External legal advice has been sought to ensure that the proposals satisfy the Teckal test and they are structured to minimise the risk related to procurement law requirements.

16. The jointly owned Teckal Company would be resourced, financed and supported jointly by the partners as an 'in-house' department, common to both partners.
17. Scape will hold the majority of shares (80:20) in the Joint Venture and it forms part of the commercial offer. The Board of the Joint Venture will have representatives of both shareholders as both need to demonstrate control for the purposes of the 'Teckal' test. Further, the Shareholders' Agreement will include a series of Reserved Matters being those items that require unanimity and thereby offering the Council a veto on the JV undertaking certain activities.
18. If the JV is able to generate efficiency savings (or surplus) from the work it does for NCC or Scape or generates a return (equivalent to profit) from work undertaken for third parties, such sums will be shared 50:50. The projections in respect of this are included in Exempt Appendix C.
19. Strategic commissioning and contract management would rest with the Authority as a client.
20. There will be a commercial and exclusive Service Contract between the Authority and the Joint Venture for the provision of building design and operations. However, this excludes schools devolved budgets such as minor day to day works. The exclusivity covers programmes and projects (Capital and Revenue) delivered through the Council's property group and departmental property budgets which are currently procured through framework agreements, as well as via in-house services such as the property operations team. This exclusivity is required to ensure that the Joint Venture has income in the same way that the service does now. This exclusivity is essentially assurance of extending the current arrangements with the in-house units. However, the Council cannot and will not guarantee work from third parties (including any future Alternative Service Delivery Models that may be created). Commercial risks in this regard will be a matter for the Joint Venture.
21. The terms of the Service Contract, will be agreed through commercial negotiations as part of the due diligence before the Joint Venture goes live. Outline Heads of Terms have been developed which include provisions setting out the processes to be followed by the parties including how new projects will be instructed; how KPIs may be revised; payment, certification, invoicing and the preparation, negotiation, approval and signing of construction contracts. The heads of terms outline exclusivity and how it may be suspended or lost (such as a lack of agreement on a brief or costs for a new project or poor performance). Further, details on the governance and operational regime (written warnings; improvement plans; fee adjustments; loss of exclusivity; termination) are included within the service contract. An outline high level project plan is attached at Appendix A and details the main areas of focus.
22. It is intended that the newly formed company would commence operating from 1<sup>st</sup> April 2016. The Authority would enter into a contract for an initial 5 years with the option to extend this to a further 5 years subject to satisfactory performance.
23. The Authority will consider the performance of the Joint Venture against the service contract on a regular basis with [Page 10 of 108](#) annual review. The review allows for service

change and to ensure performance is as required. The Services Contract will contain rights to terminate for poor performance as detailed above.

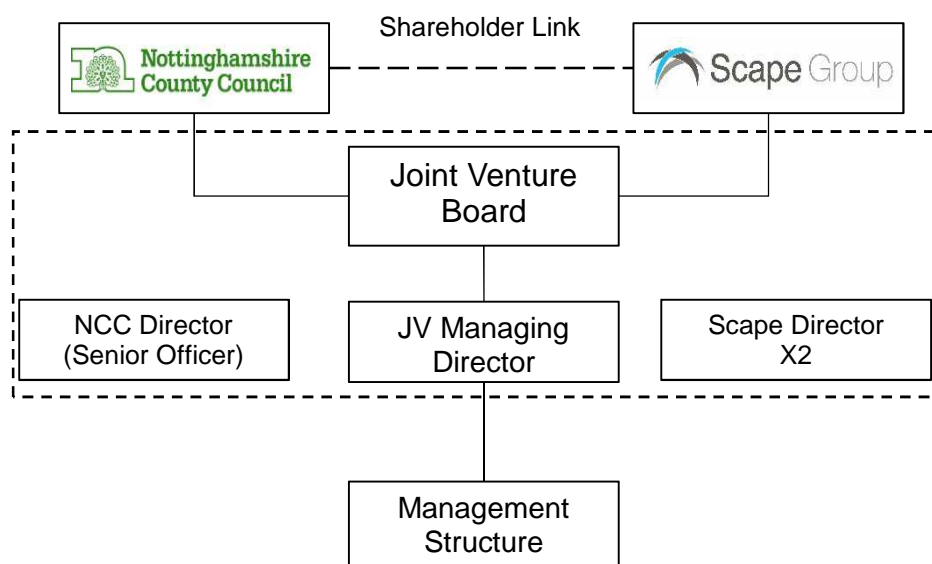
24. A fully detailed business plan will be prepared as part of the development of the shareholders agreement that will detail how the Joint Venture will set out its high level objectives as described in the Business Case (Exempt Appendix D). This business plan will be prepared in consultation with NCC as part of the shareholders agreement.
25. The principle of this arrangement is that the Authority would set out what it requires the Joint Venture Company to deliver through a Service Contract and what resources it can afford to provide. Projects delivered through the Contract would include ad hoc design advice, feasibility studies and full design, delivery and supervision of individual capital and revenue schemes for new build, alterations and extensions/ refurbishments to existing premises. It would also include the management and delivery of reactive repair works and general consultancy advice/ guidance, including the use and integration of sustainable energy technologies.
26. Staff currently employed by the Authority in Property Design and Build services would transfer to the new company under TUPE provisions, i.e. on their existing terms and conditions. An 'Admitted Body' pension fund is to be created for the new company based on actuarial valuation.

## **Consultation**

27. There has been extensive dialogue and consultation with staff and trade unions from the beginning when the Outline Business Case options for the Property Joint Venture were developed and taken to the Committee for approval. Consultation has continued throughout the process leading to the formation of the outline business case and there is a consultation forum of staff and trade unions which has been managed proactively. There is an acknowledgement from staff that the formation of the Property Joint Venture with Scape is the preferred option. In the next stages there will be further consultations with staff and trade unions for which a project implementation plan will be developed in conjunction with HR.

## Governance

28. Effective governance is an essential component in creating the Joint Venture and to ensure that the requirements of the Teckal Exemption are satisfied, i.e. the need for the County Council to exert control and influence over the company. There is also a requirement to achieve a balance between the Council's strategic control and influence and enabling the Directors of the company to have operational responsibility for delivering the strategic objectives of the Council. It is anticipated that the company will have a structure and relationship to the Council as set out in the chart below:



29. Once the Joint Venture is established it would be governed by its board of Directors (four directors in total, one of which will be appointed from NCC) who will meet quarterly to review performance and make any strategic decisions required for the Joint Venture to develop and grow. The board representative from NCC will be a senior officer.
30. Elected Members will receive regular reports via the Finance and Property Committee in relation to contract performance of the new company.

## Project Staging and Timescales

31. **Mobilisation Stage – November 2015** - Mobilisation will enable the detailed design of the JVC to be developed, including key documents and strategies, together with support services for the Joint Venture. The output will include:
- Draft Heads of Terms
  - Draft Shareholder Agreement and Identification of Reserved Matters
  - Draft Transfer Agreement
  - Fully Detailed Business Plan
  - Due Diligence Activity
  - Service Contracts between the JVC and NCC for the delivery and management

of all services provided to NCC (and service contract between JVC and Scape) and their service users, including detailed service specifications and KPIs

32. **Service Specification Stage – December/ January 2016** - Service Specification stage will be concerned with preparing staff for the transition and finalising the service specifications that will underpin the relationship between the Joint Venture and the Council. The outcome of this stage will be a set of service specifications that are agreed by the JVC and the Council. This stage will include certain key outcomes that need to be in place:
- Incorporation of the company
  - Establishment of bank accounts
  - Registration with HMRC as employers and for VAT and corporation tax
  - New accommodation for the Joint Venture – paid for by the JV
  - Recruitment of the Managing Director for the new JV
  - TUPE consultation documents & Pension Transfer agreement
  - Gateway Review
33. **Transition Stage – February/March 2016** - The final stage is focused on the transition to the new organisation. The Service Contract will be finalised, management and service structures will be formally put in place, ready to go live and will include:
- Memoranda and Articles of Association for the company and all statutory registers.
  - Risk Register
  - Preparation for transfer to new company

### **Transfer of Assets**

34. There are a number of assets that have been identified that would need to be transferred to the Joint Venture at the point it becomes operational. These are primarily assets that are used by the operations team and range from vehicles, to safety equipment and hand tools. This work is ongoing.
35. Fair market value of these items will need to be determined for the Joint Venture to reimburse the Council for their market value or (subject to negotiation) NCC will retain ownership and lease the assets to the JV to ensure the transfer of these assets are compliant with state aid rules.
36. A database of assets has been created so that the assets associated with each post can be identified and the process of determining market values for these assets is underway.
37. The vehicles have a trade value of around £205,000 and the hand tools have an approximate value of £10,000, giving a potential total value of assets of circa £215,000 to transfer into the Joint Venture on 1<sup>st</sup> April 2016. The commercial



arrangements around the transfer of assets will be agreed separately with the JV closer to the vesting date.

## **Pensions**

38. The total value of the pension liabilities for the cohort of staff transferring to the Joint Venture on 1<sup>st</sup> April 2016 is estimated at £7.072 million. The deficit on historic pension liabilities is £677k and this will fall on NCC. An actuarial valuation of these figures will also be undertaken closer to the transfer date. It should be noted that this historical deficit will have stayed with the Council even if the Joint Venture was not pursued. In other words the overall existing deficit on the pension fund for the County Council remains unchanged.

## **Key Risks**

39. The main risks are identified and outlined in Appendix B, along with the mitigation measures. In principle these are:
- a. The JV fails to be developed
  - b. The JV is unable to meet performance requirements
  - c. Changes in policy prevent a steady flow of work from NCC to the JV, causing early service delivery failure
  - d. Ensuring the JV delivery Value For Money
  - e. The JV fails to win sufficient external income.
  - f. The JV fails to deliver projected supply chain cost reductions.

## **Summary of the Benefits**

40. The primary benefit from the establishment of these new arrangements would be the long term sustainability of a quality design and build operations service. The ability to be able to operate in a more agile and flexible way, including in the commercial market, would secure future income and external earnings for the Joint Venture.
41. One of the key benefits is the anticipated savings that will be achieved on major projects of work. The efficient management of the supply chain, it is anticipated, will drive down expected out turn costs which on large capital projects even small percentage reductions in costs equates to significant savings (see Exempt Appendix C). This will benefit both the JV and NCC.
42. A highly skilled and experienced workforce would retain their jobs and enhance the current offer of the Scape Group allowing them to extend their services into new markets.
43. Scape as a holding company is entirely owned by 6 local authorities; 4 of which are D2N2 Councils.
44. Scape is a very successful company that has achieved outstanding results in recent years. Uniquely through framework contracts and their status as a contracting authority, it has control/influence over 10% construction works in the public sector.
45. A Scape Joint Venture has the potential to grow in the region and create a modern service delivery model that will attract buy-in from other parts of the public sector



both regionally and nationally, such as District Councils, police, fire services and schools

46. There is robust governance through the influence the County Council has on the Scape holding company as a shareholder, the Authority would be in a position to shape business strategy and VFM outcomes. It will however need to ensure it distinguishes its roles as 1) shareholder in Scape; 2) Shareholder in the JV; 3) client to the JV and 4) provider in the JV.
47. Scape's offer is a uniquely new product in the market place which would be developed to provide better services and value for money services to its clients. The Design and Operational elements of the Property Group already operate on a formal commissioning and delivery model. The main changes will be the ability of the Joint Venture to bring commercial resources to play in the generation of new business opportunities.
48. A Scape Joint Venture could potentially become a 'new' player in the market/region; with a new brand and greater buy-in from other public sector bodies. Scape recognise this and are prepared to invest in new management, systems and marketing to establish a successful brand.
49. It is a local solution which retains Nottinghamshire money within the local economy.
50. Scape have influence over the supply chain through framework contracts in the public sector, which accounts for nearly 10% of the national market share of the public sector.

## **Conclusion**

51. It is recommended that the Council proceeds with establishing a Joint Venture with Scape as it provides the most sustainable option of meeting the financial challenges facing these services whilst retaining a high level of service.
52. This would result in the transfer of circa 75 Design & Operational staff into the joint venture, in response to a significant decline in capital and revenue budgets over the next 3 years.
53. The development of the JV will provide the opportunity to generate additional income and forecast surpluses within the 3 year timeframe.

## **Reason for a decision being sought**

54. A decision is being sought to enable the project to move into the next phase and for resources to be committed by both partners. This will include the appointment of senior posts and mobilisation of resources in order to achieve a start date of 1<sup>st</sup> April 2016.
55. A go-live date of 1<sup>st</sup> April 2016 has been identified as when the Joint Venture would become operational and this date has been selected for the following reasons:

- It is the start of the 16/17 financial year

- Although there is a healthy capital programme for 16/17 it is felt by both partners that for the Joint Venture to be successful in the following years then there will need to be a period of stabilisation for the Joint Venture where it establishes its operations, identifies efficiencies and starts looking to external opportunities for growth.

### **Key strategic considerations**

56. This Joint Venture opportunity provides Nottinghamshire County Council with the platform that it needs to maintain its existing skill base, and to potentially enhance it, at a time when other local authorities are having to divest themselves of in-house property design and operational services.

57. The main issues a JV will resolve are:

- A reducing demand for Design & Operational services
- Ability to generate external income
- Preserve a highly skilled workforce
- Provide efficiencies in the delivery of schemes through better management of the supply chain
- Availability of greater commercial resources
- Reduction of risk to the Council
- A local Public Sector solution

58. This report is seeking a decision from the Committee to proceed with the establishment of a Joint Venture that is aligned to the Council's strategic objectives.

### **Reason/s for Recommendation/s**

59. The following recommendations have been made as they represent the best solution for the Council to retain access to skills and experience in the face of declining turnover.

### **Statutory and Policy Implications**

60. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (Public Health only), the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

### **Human Resources Implications**

61. The transfer of staff currently engaged on the delivery of construction related professional design and delivery services will fall within the scope of TUPE legislation. Approximately 75 staff would transfer to the new company in line with legislative requirements. The recognised Trade unions and the affected staff have been advised of the forthcoming transfer and will be invited to attend the formal consultation events.

## **RECOMMENDATION/S**

62. It is recommended that the Committee:

- (i) Approves the establishment of a joint venture company, that is Teckal compliant, for the delivery of Property and Design Services, with Scape Group Ltd (currently Scape Systems Build Limited) as outlined in the report and Exempt Appendix C;
- (ii) Notes the governance arrangements as set out in paragraph 29 of this report;
- (iii) Note the draft contractual arrangements with Scape Group Ltd (currently Scape Systems Build Limited) for the Business Plan, the Shareholders Agreement and the Transfer Agreement and the Service Contract as outlined in the report and Exempt Appendix C ;
- (iv) Delegates to the Chief Executive (or his nominee), the responsibility for developing and finalising the contractual terms of the Shareholders Agreement, the Transfer Agreement, the Service Contract and the Business Plan, in consultation with the Section 151 Officer and Group Manager - Legal, Democratic and Complaints;
- (v) Delegates approval to the Chief Executive (or his nominee) to enter into any and all necessary legal documentation to give effect to the approved recommendations of this report, in consultation with the Chairman of the Committee, Group Spokespersons, S151 Officer and Group Manager - Legal, Democratic and Complaints.

**Tim Gregory**  
**Corporate Director**  
**Place**

**For any enquiries about this report please contact:**

**Jas Hundal, Service Director, Transport, Property & Environment**  
**Andrew Stevens, Group Manager, Property 0115 977 2085**  
**James Lewis, Project Manager, Programmes & Projects Team 0115 977 3516**

### **Constitutional Comments (SSR 29.10.2015)**

63. The recommendations set out in this report fall within the scope of decisions which may be approved by the Finance and Property Committee.

### **HR Comments (AN 30.09.2015)**

64. Subject to member's approval of the business case to enter into a Joint Venture with Scape, formal consultation with the recognised trade unions and affected employees will be initiated. To date early engagement for the purpose of sharing information has been undertaken on a regular basis to demonstrate transparency and to identify all available options. If the Joint Venture progresses, the transfer of staff currently engaged on the

delivery of construction related professional design and delivery services will fall within the scope of TUPE legislation. Approximately 75 staff would transfer to the new company in line with legislative requirements. The recognised Trade unions and the affected staff have been advised of the forthcoming transfer and will be invited to attend the formal consultation events.

### **Financial Comments (TMR 22/10/2015)**

65. Scape have produced an indicative financial plan (Exempt Appendix D). Currently the impact of external income has not been factored in. The plan indicates that Scape feels the JV would be sustainable. The figures have not been subject to due diligence by the Council so this view cannot be corroborated at this stage. A significant proportion of the income relates to amounts assumed as capital which have not been approved within the capital programme.
66. There are a number of costs, benefits and risks to both the JV and the Council as a result of this proposal which are estimated and outlined in the financial implications section and elsewhere in the report. The detailed financial implications cannot be identified until the details of the creation of the Joint Venture Company and its operational arrangements have been determined.
67. Detailed profit and loss, balance sheet and cash flow forecasts for the company have not yet been prepared. The preparation of these documents will be the focus of further work during which due diligence to assess the reasonableness of the estimated revenues and operating costs of the company will be undertaken.

### **Background Papers and Published Documents**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

### **Electoral Division(s) and Member(s) Affected**

All

File ref.: /SB/SB/09997  
SP: 2922  
Properties affected: 09997 – Policy

Nov 15

Dec 15

Jan 16

Feb 16

Mar 16

Apr 16

## Ongoing Due Diligence Activity

Business Planning  
Impact on Retained Org  
Retained Client Function  
Risk & Audit

NCC Gate 0 Review

### MOBILISATION

Establish Governance  
Mobilise Resources  
Confirm Project Structure  
& Reporting Lines  
Draft Heads of Terms

Name of JV agreed and  
branding/design signed off

### SERVICE SPECIFICATION

Define NCC Requirements & Draft Service Contract  
Confirm assets & Draft Transfer Agreement  
Confirm shareholding and draft shareholders agreement  
Identify support service requirements and develop contracts  
Confirm position on VAT and other Tax advice

Service contract, transfer  
agreement and shareholders  
agreement signed

### BUSINESS PLANNING

JV name and company branding  
Detailed business planning for Joint Venture  
Impact planning for NCC  
Marketing plan for JV  
Domain names for digital presence

### BUSINESS IMPLEMENTATION

Company formed  
Bank accounts set up  
Domain names bought  
Web design & branding

### RECRUITMENT TO SENIOR POSTS

Prepare Job Descriptions for MD & Senior Posts  
Advertise Position  
Undertake Interviews (NCC & Scape)  
Make Offer  
Candidate Notice Period (up to 3 months)

MD for JV post

### TRANSITION

Memorandum & Articles of Association  
Transfer to alternative accommodation  
Procurement of equipment & software  
Preparation for TUPE  
Prepare for go-live

### KEY DATES

09.11.15 - Decision to Proceed  
15.12.15 – Name agreed  
04.01.16 – MD Recruited  
18.01.16 – Gateway Review  
01.02.16 – Service Contract etc signed  
02.02.16 – Company Formed  
15.02.16 – TUPE Consultation  
01.04.16 – Go-Live

Appendix A

Go-Live

Ongoing Communication with Staff and Trade Unions



## APPENDIX B – Summary Risks to NCC

Risk	Risk to	Impact	Mitigation
<b>The Joint Venture fails to be developed</b>	NCC and its staff	Staff are made redundant	Work in partnership with Scape to ensure the successful transfer of staff currently involved with the delivery of services
<b>The Joint Venture is unable to meet the specified performance requirements</b>	The JV and Scape	Poor performance	Regular performance management reviews to ensure that remedial action can be taken in a timely manner
<b>Changes in policy prevent a steady flow of work from NCC to the JV, causing early service delivery failure</b>	The JV and Scape	Lack of work flowing through	Regular reviews of the business plan will ensure early warnings are acted upon
<b>The Joint Venture fails to deliver Value For Money</b>	NCC	Poor value for money	Retaining in-house Quantity Surveyor support will ensure value for money
<b>The Joint Venture fails to win sufficient external income</b>	JV	Low growth and reliance on NCC income	Early development of a market presence and engagement with potential client base





9 November 2015

Agenda Item: 5

## **REPORT OF THE SERVICE DIRECTOR – FINANCE AND PROCUREMENT**

### **FINANCIAL MONITORING REPORT: PERIOD 6 2015/2016**

#### **Purpose of the Report**

1. To provide a summary of the revenue position of the County Council for the year to date with year-end forecasts.
2. To provide a summary of Capital Programme expenditure to date and year-end forecasts.
3. To inform Members of the Council's Balance Sheet transactions.

#### **Information and Advice**

##### **Background**

4. The Council approved the 2015/16 budget at its meeting on 26 February 2015. As with previous financial years, progress updates will be closely monitored and reported to both management and Committee on a monthly basis.

##### **Summary Revenue Position**

5. Table 1 below summarises the revenue budgets and forecast outturn for each Committee. A minor underspend position is currently predicted. In light of the Council's continuing financial challenges, the key message to effectively manage budgets and wherever possible deliver in-year savings is being reinforced.

**Table 1 – Revenue Expenditure and Forecasts as at Period 6**

Forecast Variance as at Period 5 £'000	Committee	Annual Budget £'000	Actual to Period 6 £'000	Year-End Forecast £'000	Latest Forecast Variance £'000
3,349	Children & Young People	136,435	73,270	138,772	2,337
(2,974)	Adult Social Care & Health	207,832	83,726	204,303	(3,529)
434	Transport & Highways	58,581	35,068	58,991	410
(252)	Environment & Sustainability	31,262	14,127	30,858	(404)
235	Community Safety	2,983	419	3,225	242
(44)	Culture	13,268	7,389	13,226	(42)
(284)	Policy	25,347	14,043	24,876	(471)
(760)	Finance & Property	34,593	20,603	33,908	(685)
(167)	Personnel	3,218	1,177	2,691	(527)
3	Economic Development	1,533	251	1,535	2
(546)	Public Health *	5,217	2,998	4,422	(795)
(1,006)	<b>Net Committee (under)/overspend</b>	<b>520,269</b>	<b>253,071</b>	<b>516,807</b>	<b>(3,462)</b>
-	Central items	(5,826)	(41,028)	(5,028)	798
-	Schools Expenditure	(263)	(263)	(263)	-
18	Contribution to/(from) Traders	(520)	2,987	(490)	30
(988)	<b>Forecast prior to use of reserves</b>	<b>513,660</b>	<b>214,767</b>	<b>511,026</b>	<b>(2,634)</b>
-	Transfer to / (from) Corporate Reserves	(6,363)	-	(6,241)	122
2,267	Transfer to / (from) Departmental Reserves	(14,033)	(39)	(11,557)	2,476
-	Transfer to / (from) General Fund	(6,038)	-	(6,038)	-
1,279	<b>Net County Council Budget Requirement</b>	<b>487,226</b>	<b>214,728</b>	<b>487,190</b>	<b>(36)</b>

\* The actual net expenditure for Public Health is skewed depending upon the timing of the receipt of grant.

## Committee and Central Items

6. The main variations that have been identified are explained in the following sections.

### Children & Young People (forecast £2.3m overspend)

7. The underlying overspend is £2.0m (after planned use of grant reserves and excluding redundancy costs). This is a decrease of £0.8m compared with period 5 mainly due to the Strategic Development Fund and contingency allocations totalling £0.5m to cover the costs of the Social Work Practice Pilot and the Historic Abuse Team, together with a decrease in the number of residential placements, Independent Fostering Agency placements and semi-independent living placements expected between now and the end of the financial year. There is a range of mitigating actions being developed and pursued which has included a letter from the Acting Corporate Director to restrict all non-essential spend and to adhere to vacancy control procedures as part of budget control measures. All agency posts require the explicit approval of the Service Director Children's Social Care. The budget review has now been completed for high spending services within the department, the results of which will be reported in due course.

8. The Children's Social Care Division is reporting a forecast net overspend of £2.4m (£2.2m after the planned use of grant reserves), the major contributing variances being:
- £1.6m overspend on staffing due to the continued use of agency staff to cover vacancies in social work and safeguarding teams;
  - £0.1m overspend on Provider Services (Looked After Children placements) due to the difficulty in moving children to lower cost in-house placements. There is also a continuing overspend in the Fostering Service due to the growth of Fostering Futures carers;
  - £0.1m overspend on transport, as demand continues to exceed the budget;
  - £0.3m overspend on the rest of Children's Disability Services (CDS) mainly due to flexible and targeted short breaks and associated childcare;
  - £0.2m overspend on the social work practice pilot which includes a forecast extension to the original timescale of 6 months to 31 March 2016. This is a reduction of £0.2m following the successful bid for £0.2m from the Strategic Development Fund;
  - £0.1m net underspend on all other budgets mainly due to vacancies within the Family Assessment and Family Resource Service;
  - £0.1m was showing as an overspend in period 5 for the additional cost of agency backfill for the historic abuse team. This has now been funded from the contingency allocation.
9. The Education Standards and Inclusion Division is reporting a forecast overspend of £0.5m, mainly due to an overspend on Special Educational Needs and Disability Policy and Provision. There is a continued demand for home to school transport in excess of the budget.
10. The Youth, Families and Culture Division is forecasting an underspend of £0.7m (£1.0m underspend after the planned use of grant reserves) mainly due to an underspend on Early Years and Early Intervention relating to contract savings and pension refunds.
11. The Capital and Central Charges area is forecasting a £0.3m overspend due to insurance charges in excess of the budget allocated for this purpose which is the additional cost of premiums for historic abuse cases.
12. There is also a minor underspend of £0.1m in Business Support.

#### **Adult Social Care & Health (forecast £3.5m underspend)**

13. The underlying forecast position is an underspend of £1.6m (after the planned use of reserves and excluding redundancy costs).
14. The Strategic, Commissioning, Access and Safeguarding Division is currently reporting a net underspend of £0.4m (£0.2m underspend after the use of reserves). The main variances are:
- Client Contribution income is forecasting a shortfall of £1.4m. This is due to a general decline in personal budget income;
  - Supporting People are now forecasting a £1.3m underspend due to a reduction on the LD Contract spend;

- There remains an underspend of £0.2m on software costs within the Framework Team and the Market Development Team;
  - Business Support are showing a temporary underspend of £0.1m on insurance recharges;
  - Use of reserves in the division is £0.2m less than budget due to delays in appointing project staffing within Framework and Commissioning.
15. The North Nottinghamshire Division is currently forecasting a net underspend of £1.2m (£0.9m underspend after the use of reserves) against the budget. This is comprised of the following:
- Residential Services are now forecasting an underspend of £0.9m. This is primarily due to an underspend on staffing in the Care and Support Centres. It is still envisaged the refurbishment of James Hince Court could be met from within the service budget rather than from the use of reserves;
  - Day Services and Employment are forecasting an underspend of £1.1m. This is comprised of a £1.4m underspend on staffing within Day Services and Supported Employment offsetting a £0.3m overspend on Transport Services;
  - Bassetlaw Community Care are forecasting an overspend of £0.8m due to overspends in Younger Adults
16. The Mid and South Nottinghamshire Divisions are currently forecasting a net combined overspend of £0.1m (£1.3m overspend after the use of reserves) This is likely to increase as there is a backlog of assessments waiting to be done. Across Mid, South and North Nottinghamshire (including the £0.8m overspend from Bassetlaw) the major variances on care package costs are:
- Older Adults across the County are currently reporting an underspend of £1.9m; this is a reduction in commitment of £1.0m since last month;
  - Younger Adults across the County are reporting an overspend of £3.9m which is an increase of £0.7m since last month. £1.2m of the overspend relates to the additional costs of Transforming Care and £0.3m relates to the shortfall on ILF in year;
  - Expenditure under the remit of Service Directors and the Principal Social Worker are reporting an underspend of £1.2m due mainly to delays in recruitment.
17. Throughout the County, the service continues to experience difficulties recruiting to vacancies. This is having an impact on the number of assessments and reviews waiting to be done.
18. The Transformation Division is currently forecasting an underspend of £2.0m against the budget. This is due to a reduction in commitment of £1.7m since Period 5 and is due to the announcement that the County Council will not be required to repay the funding provided by the Government for Part 2 of the Care Act.

## **Finance & Property (forecast £0.7m underspend)**

19. This forecast underspend is due to:

- £0.4m underspend in Property due to a staffing rationalisation and savings on county office building maintenance in advance of saving requirements in 2016/17, together with additional Estates income;
- £0.2m underspend on county offices and facilities management due to reduced business rates payable on county offices;
- £0.1m underspend within Finance and Procurement relating to staff vacancies in advance of saving requirements in 2016/17.

## **Personnel (forecast £0.5m underspend)**

20. This forecast net underspend is due to vacancy savings across the Health and Safety Group and the Workforce Planning and Organisational Development Group, together with savings on running costs and additional income generation.

## **Public Health (forecast £0.8m underspend)**

21. This forecast underspend is due mainly to contract savings against the Sexual Health and Domestic Violence and Abuse Programmes, together with lower than anticipated employee costs against the Public Health Directorate budget.

22. The overall County Council forecast assumes that this net underspend will be transferred to the Public Health reserve.

## **Central Items (forecast £0.9m overspend)**

23. Central Items primarily consists of interest on cash balances and borrowing, together with various grants, contingency and capital charges.

24. Interest payments fluctuate depending on expectations of future rates and anticipated slippage on the capital programme. Current Treasury Management forecasts suggest a net overspend on interest of £1.2m.

25. At the time of setting the 2015/16 budget, several funding allocations had not been announced and therefore assumptions about certain grants were made, based on the best information available at the time. Throughout the year confirmations are received, and current forecasts suggest a net increase of £0.3m will be received in 2014/15.

26. The Council's original budget included a contingency of £5.1m to cover redundancy costs, slippage of savings and unforeseen events. Following base budget adjustments (£2.5m) being removed from Departmental budgets and contingency requests (£4.5m) approved at previous Finance and Property Committees, the remaining contingency balance stands at £3.1m. Table 1 assumes that the full contingency allocation will be used before year end as new requests are likely to emerge.

## **Transfer to / (from) reserves**

27. A review of reserves has been undertaken to identify surplus departmental reserves that may be released to support the budget. The outcome of this review resulted in £3.6m of departmental reserves being transferred to corporate reserves as part of the overall budget strategy.

## **Progress with savings (forecast shortfall £2.2m in 2015/16)**

28. Given the continued financial challenge that the Council is facing, savings schemes were approved as part of the 2015/16 budget process.
29. Savings options experiencing slippage or non-deliverability issues have been reported to Finance and Committee previously. In addition, issues associated with the achievement of savings relating to Provider Services (LAC Placements) and SEND Home to School Transport / Independent Travel Training are being reviewed. The outcome of the reviews will be reported to the Corporate Leadership Team and subsequently to Finance and Property Committee.
30. The recent review of Redefining Your Council (considered by Policy Committee in July 2015) noted that transformation is inherently risky to deliver and that the task of achieving significant budget savings becomes increasingly difficult over time, as change is overlaid upon change. Considerable lessons have been learned from savings projects which have been approved and delivered to date. Whilst programme and project management arrangements have been effective, a stronger approach to the identification and management of the assumptions which underpin projects is being put in place to ensure that they are evidenced and challenged prior to full implementation.

## Capital Programme

31. Table 2 summarises changes in the gross Capital Programme for 2015/16 since approval of the original programme in the Budget Report (Council 26/02/15):

**Table 2 – Revised Capital Programme for 2015/16**

	2015/16	
	£'000	£'000
Approved per Council (Budget Report 2015/16)		112,039
Variations funded from County Council Allocations : Net slippage from 2014/15 and financing adjustments	3,486	
		3,486
Variations funded from other sources : Net slippage from 2014/15 and financing adjustments	8,920	
		8,920
<b>Revised Gross Capital Programme</b>		<b>124,445</b>

32. Table 3 shows actual capital expenditure to date against the forecast outturn at Period 6.

**Table 3 – Capital Expenditure and Forecasts as at Period 6**

Committee	Revised Capital Programme £'000	Actual Expenditure to Period 5 £'000	Forecast Outturn £'000	Expected Variance £'000
Children & Young People	50,240	11,702	44,098	(6,142)
Adult Social Care & Health	5,713	1,381	4,930	(783)
Transport & Highways	39,207	17,893	36,816	(2,391)
Environment & Sustainability	2,416	901	2,516	100
Community Safety	-	-	-	-
Culture	1,532	675	1,284	(248)
Policy	1,410	1,123	2,033	623
Finance & Property	15,337	4,465	14,859	(478)
Personnel	298	19	298	-
Economic Development	7,554	2,339	7,554	-
Contingency	738	-	738	-
<b>Total</b>	<b>124,445</b>	<b>40,498</b>	<b>115,126</b>	<b>(9,319)</b>

33. In the Children and Young People's Committee, there is a total forecast underspend of £6.1m. This is as a result of slippage against the School Places programme (£4.6m) and savings identified against the School Capital Refurbishment programme (£1.4m).



34. In the Adult, Social Care and Health Committee, there is a total forecast underspend of £0.8m. This is as a result of lower forecast expenditure against the Supported Living programme as initial objectives of the programme have been met with lower than expected capital spend.

**It is proposed that the Adult Social Care and Health capital programme is varied to reflect the underspend identified against the Supported Living capital programme.**

35. In the Transport and Highways Committee, a forecast underspend of £2.3m has been identified. This is mainly as a result of a forecast underspend against the Rolls Royce Development project (£1.5m), the Hucknall Town Centre Improvement Scheme (£1.4m) and the Flood Alleviation programme (£0.6m).

36. The Rolls Royce Development project has been re-profiled as the project continues to be developed. Capital expenditure forecast of £1.5m has been moved into the next financial year.

**It is proposed that the Transport and Highways Committee capital programme is varied to reflect the re-profiled Rolls Royce Development project.**

37. Following the conclusion of work to resolve planning issues, the capital expenditure profile associated with the Hucknall Town Centre Improvement Scheme has been agreed with the principal contractor. The project is now due on site from early 2016 resulting in £1.4m forecast capital expenditure moving into the next financial year.

**It is proposed that the Transport and Highways Committee capital programme is varied to reflect the re-profiled Hucknall Town Centre Improvement Scheme.**

38. The Flood Alleviation and Drainage programme has been re-profiled as a number of key schemes have been programmed to be delivered in the next financial year following completion of feasibility studies.

**It is proposed that the Transport and Highways Committee capital programme is varied to reflect the re-profiled Flood Alleviation and Drainage programme.**

39. The slippage identified in the Transport and Highways Committee capital programme above is offset by a £1.0m over-programming against the Road Maintenance and Renewal and Integrated Transport Measures programmes. Work is on-going to drive this forecast overspend down and to manage within the approved budget.

40. Also in the Transport and Highways capital programme, a £0.2m bid was made to the Corporate Asset Management Group for capital resources to undertake further carriageway works as part of the Roads Maintenance and Renewals programme.

**It is proposed that the Transport and Highways capital programme is varied by £0.2m to reflect further works on the Roads Maintenance and Renewals programme, funded from capital allocation.**



41. In the Policy Committee capital programme there is a forecast overspend of £0.6m. This is as a result of the final Ways of Working payments to the contractor falling into the current year. The Ways of Working programme overall is still forecasting to underspend by £0.5m.

**It is proposed that the Policy Committee capital programme is varied to reflect the additional Ways of Working costs expected to be incurred in 2015/16**

### **Financing the Approved Capital Programme**

42. Table 4 summarises the financing of the overall approved Capital Programme for 2015/16.

**Table 4 – Financing of the Approved Capital Programme for 2015/16**

<b>Committee</b>	<b>Capital Allocations £'000</b>	<b>Grants &amp; Contributions £'000</b>	<b>Revenue £'000</b>	<b>Reserves £'000</b>	<b>Gross Programme £'000</b>
Children & Young People	17,536	26,486	817	5,401	50,240
Adult Social Care & Health	4,833	800	45	35	5,713
Transport & Highways	14,549	23,469	47	1,142	39,207
Environment & Sustainability	1,187	729	500	-	2,416
Community Safety	-	-	-	-	-
Culture	1,232	70	-	230	1,532
Policy	1,406	-	-	4	1,410
Finance & Property	13,348	50	-	1,939	15,337
Personnel	-	118	-	180	298
Economic Development	4,109	3,445	-	-	7,554
Contingency	738	-	-	-	738
<b>Total</b>	<b>58,938</b>	<b>55,167</b>	<b>1,409</b>	<b>8,931</b>	<b>124,445</b>

43. It is anticipated that borrowing in 2015/16 will decrease by £5.0m from the forecast in the Budget Report 2015/16 (Council 26/02/2015). This decrease is primarily a consequence of:

- £8.9m of net slippage from 2014/15 to 2015/16 and financing adjustments funded by capital allocations.
- Variations to the 2015/16 capital programme funded from capital allocations totalling £5.4m as approved to the October 2015 Finance and Property Committee.
- Net slippage in 2015/16 of £8.5m of capital expenditure funded by capital allocation identified as part of the departmental capital monitoring exercise.

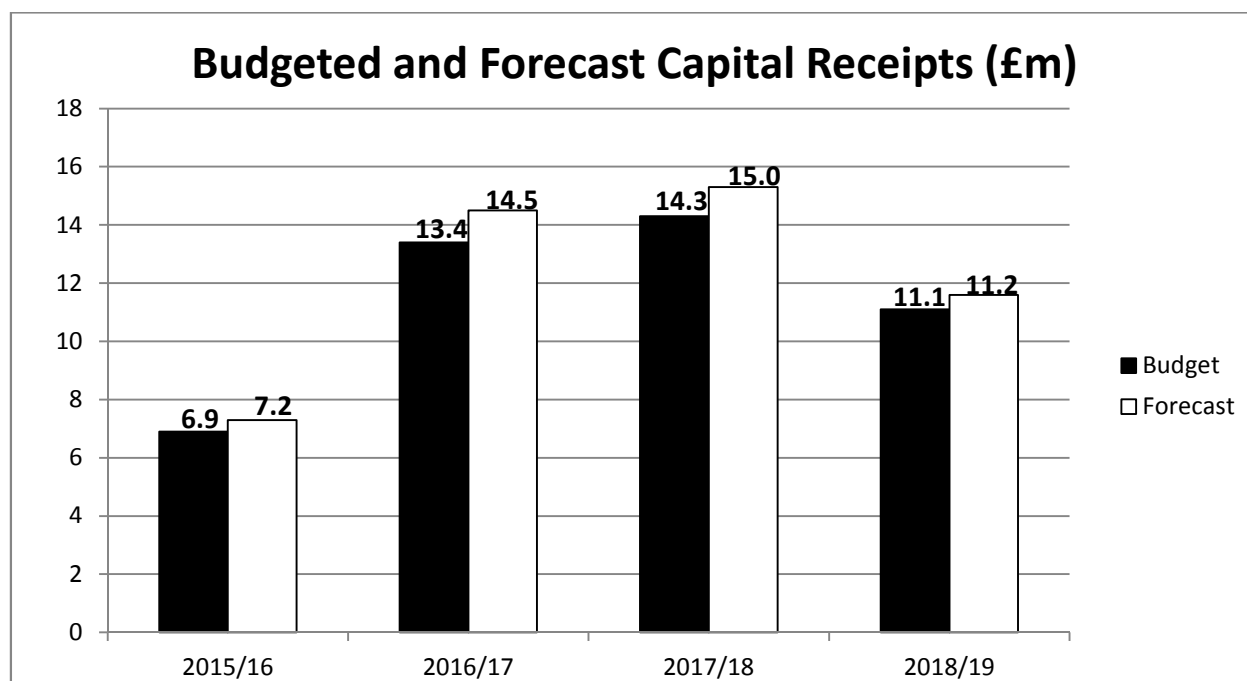
### **Prudential Indicator Monitoring**

44. Performance against the Council's Prudential Indicators is regularly monitored to ensure that external debt remains within both the operational boundary and the authorised limit.

### **Capital Receipts Monitoring**

45. Anticipated capital receipts are regularly reviewed. Forecasts are currently based on estimated sales values of identified properties and prudently assume a slippage factor based upon a review of risk associated with each property.

46. The chart below shows the budgeted and forecast capital receipts for the four years to 2018/19.



47. The dark bars in the chart show the budgeted capital receipts included in the Budget Report 2015/16 (Council 26/02/2015). These capital receipts budgets prudently incorporated slippage, giving a degree of “protection” from the risk of non-delivery.

48. The capital receipt forecast for 2015/16 is £7.2m. To date in 2015/16, capital receipts totalling £5.1m have been received.

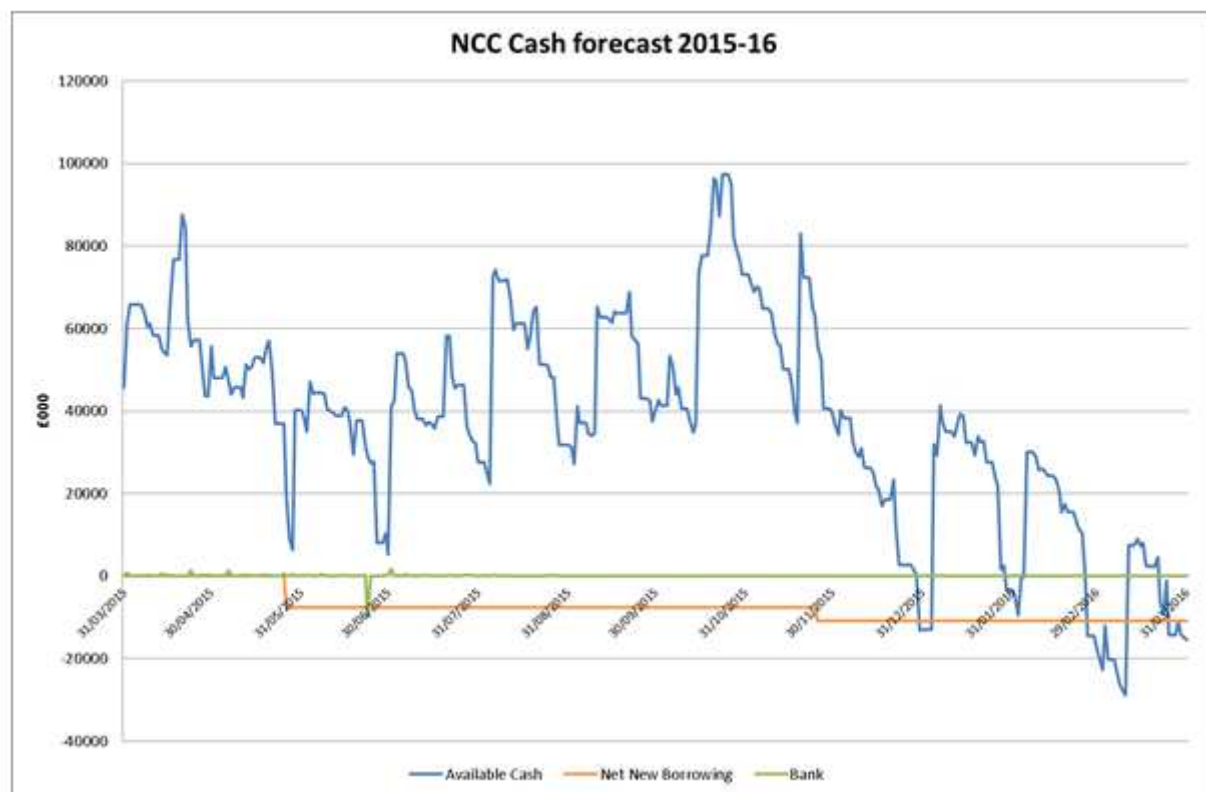
49. The number and size of large anticipated receipts increase the risk that income from property sales will be below the revised forecasts over the next three years. Although the forecasts incorporate an element of slippage, a delay in receiving just two or three large receipts could result in sales being lower than the forecast.

50. Current Council policy (Budget Report 2015/16) is to set capital receipts against the principal of previous years’ borrowing. This reduces the amount of Minimum Revenue Provision (MRP) to be set aside each year. It is important to regularly monitor capital receipt forecasts and their effect on the overall revenue impact of the Capital Programme.

## Treasury Management

51. Cash flow is monitored by the Senior Accountant (Pensions & Treasury Management) with the overall position reviewed quarterly by the Treasury Management Group. The following chart shows the actual cash flow position to date and forecasts for the remainder of the year. Cash inflows are typically higher at the start of the year due to the front loading receipt of Central Government grants, and the payment profile of precepts. However, cash outflows, in particular capital expenditure, tend to increase later in the year.

52. The forecast below shows a need to borrow before the end of the financial year, possibly as soon as Dec-Jan. Based on the most recent capital monitoring and reserves forecasts it is estimated that approximately £47m will be required, although no forecast borrowing has been included in the chart.

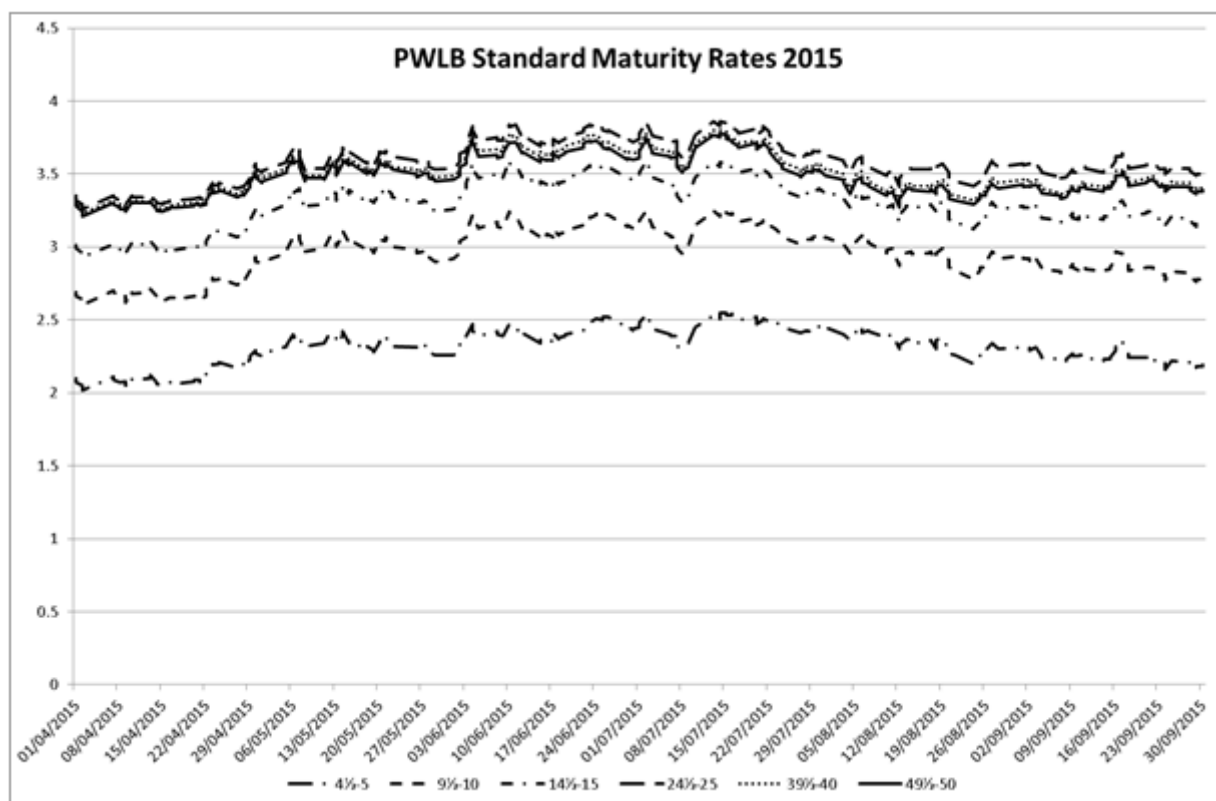


53. The chart above gives the following information:

<b>Available cash</b>	Surplus cash (invested in call accounts or money market funds) or a shortfall of cash indicating a need to borrow.
<b>Net new borrowing</b>	New loans taken during the year net of principal repayments on existing borrowing.
<b>Available cash</b>	That element of surplus cash held in the Council's Barclays Bank account.

54. Daily cash management aims for a closing nil balance across the Council's pooled bank accounts with any surplus cash invested in accordance with the approved Treasury Management Policy. The net new borrowing will include new loans from PWLB, the market or other local authority, as well as repayments on existing borrowing. To date for 2015/16 there has been no new borrowing.

55. PWLB rates are monitored closely in order to feed into decisions on new borrowing. Longer term rates are currently slightly higher than they were at the beginning of the year although they have dropped off recently. Shorter term rates have drifted up by around 0.2%. The Council is able to take advantage of the PWLB "certainty rate" which is 0.2% below the standard rates. The chart below shows the movement in standard PWLB maturity rates during 2015/16.

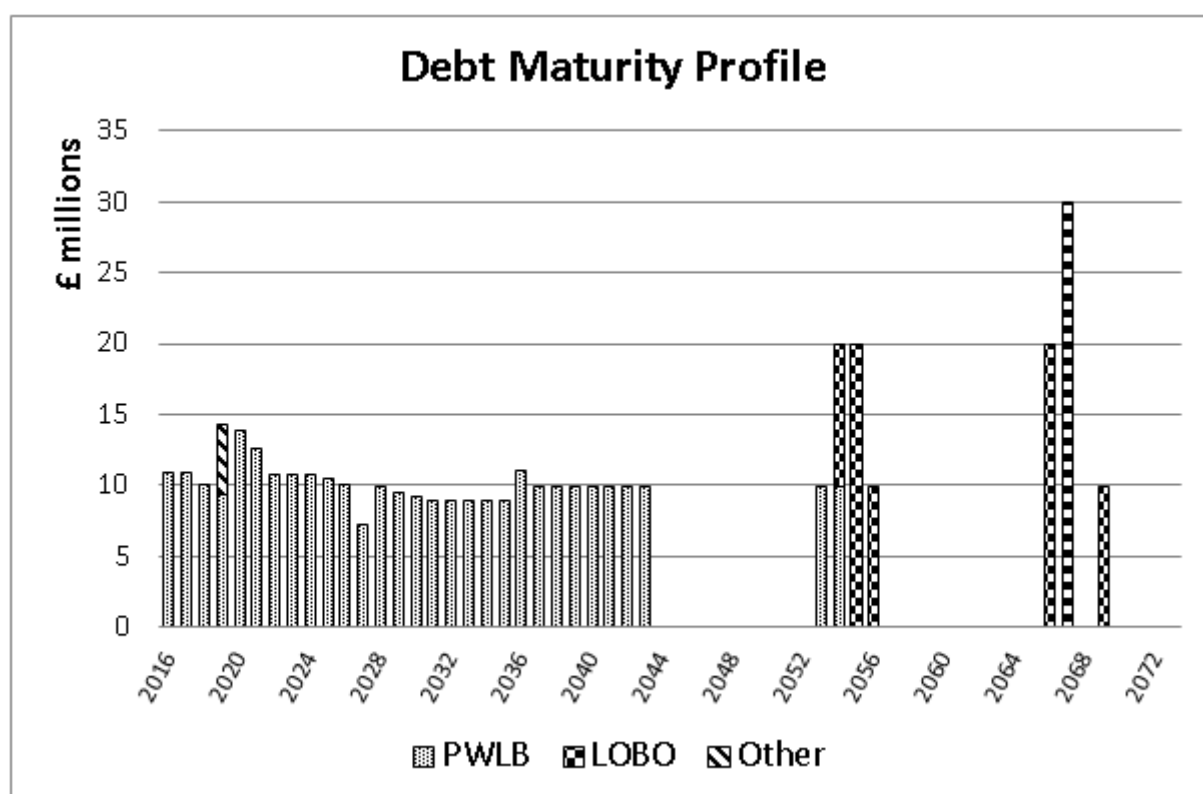


56. The Treasury Management Strategy for 2015/16 identified a need for additional borrowing of £78m to fund the capital programme, replenish internal balances and to replace maturing debt. This has since been adjusted to £47m in light of the most recent forecasts for capital expenditure and use of reserves, and will be refined further in the Mid-year report to Council.

Borrowing decisions will take account of a number of factors including:

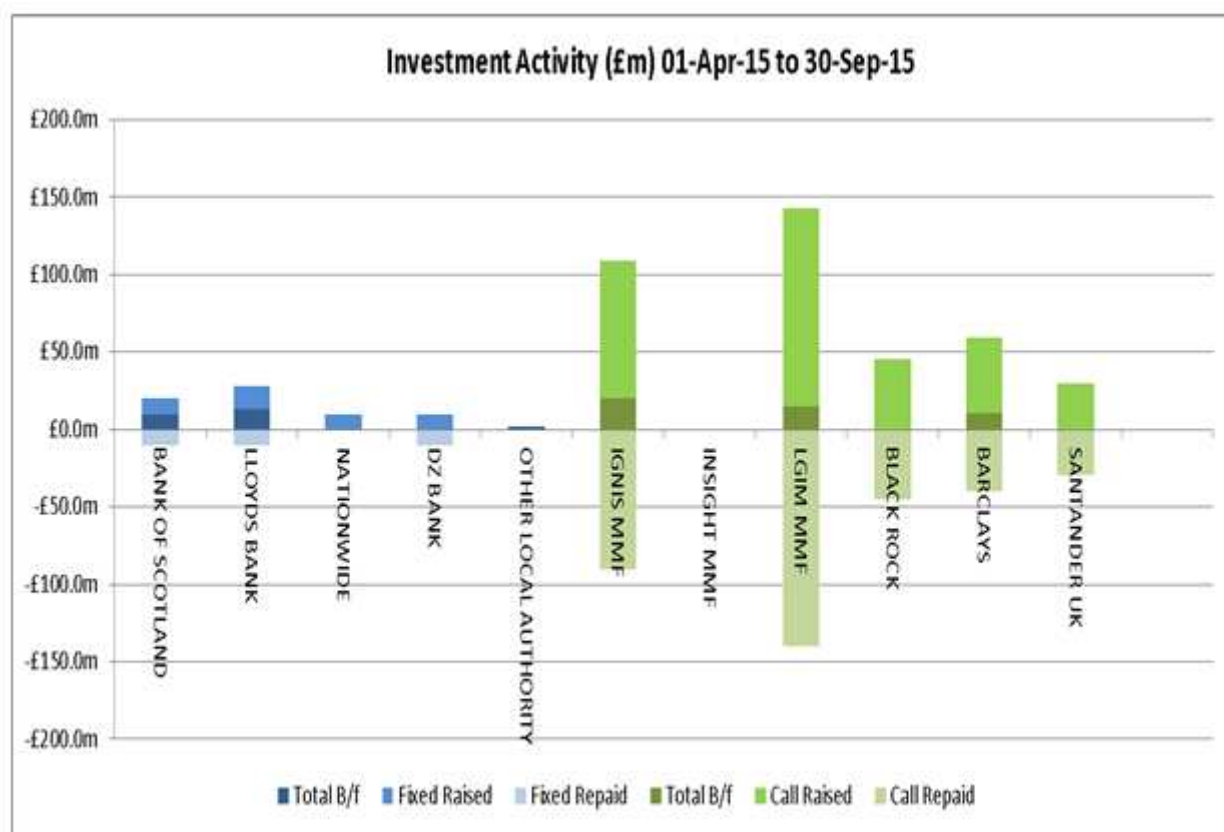
- expected movements in interest rates
- current maturity profile
- the impact on revenue budgets and the medium term financial strategy
- the treasury management prudential indicators

57. As the cashflow forecast above indicates, additional borrowing is likely to be undertaken later in the calendar year, once cash balances start to fall. The maturity profile of the Council's debt portfolio is shown in the chart below. The PWLB loans are reasonably well distributed and have a maximum duration of 38 years. Longer-term borrowing (maturities up to 55 years) was obtained from the market some years ago in the form of 'Lender's Options, Borrower's Options' loans (LOBOs). These loans are treated as fixed rate loans (on the basis that, if the lender increases the rate at an option point, the Council will repay the loan) and were all taken at rates lower than the prevailing PWLB rate at the time. The 'other' loan denotes more recent borrowing from the money markets where the main objective was to minimise interest costs. Refinancing of these loans has been factored into the Treasury Management Strategy.



58. The investment activity for 2015/16 to the end of September 2015 is summarised in the chart and table below. Outstanding investment balances totalled £70.2m at the start of the year and £79.75m at the end of the period. This is in line with the forecast cash flow profile for the year.

	Total B/ £ 000's	Total Raised £ 000's	Total Repaid £ 000's	Outstanding £ 000's
Bank of Scotland	10,000	10,000	(10,000)	10,000
Lloyds Bank	13,000	15,000	(10,000)	18,000
Nationwide	-	10,000	-	10,000
DZ Bank	-	10,000	(10,000)	-
Other Local Authority	1,500	-	-	1,500
IGNIS MMF	20,000	88,600	(90,800)	17,800
Insight MMF	-	-	-	-
LGIM MMF	14,550	128,150	(140,250)	2,450
Black Rock	500	44,950	(45,450)	-
Barclays	10,650	49,100	(39,750)	20,000
Santander UK	-	29,500	(29,500)	-
<b>Total</b>	<b>70,200</b>	<b>385,300</b>	<b>(375,750)</b>	<b>79,750</b>



## Procurement Performance

59. The Procurement Section continues to review the Council's performance on a regular basis. An update on Strategic Performance Information and ongoing developments will be provided for this report to Committee on a quarterly basis with the next update to be included in the Period 7 report.

## Debt Recovery and Accounts Payable Performance

60. The debt recovery and accounts payable performance information will continue to be reviewed at an operational level on a fortnightly basis. The strategic performance information will be compiled for this report to Committee on a quarterly basis with the next update to be included in the Period 7 report.

## Statutory and Policy Implications

61. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (Public Health only), the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

## **RECOMMENDATIONS**

- 1) To note the revenue budget expenditure to date and year end forecasts
- 2) To note the Capital Programme expenditure to date and year end forecasts and approve variances to the Capital Programme
- 3) To note the Council's Balance Sheet transactions

**Nigel Stevenson Service Director – Finance, Procurement and Improvement Division**

### **For any enquiries about this report please contact:**

Glen Bicknell - Senior Finance Business Partner, Senior Accountant

Simon Cunningham - Senior Accountant, Pensions and Treasury Management

### **Constitutional Comments (HD 28/10/15)**

82. Committee has the authority to determine recommendations within the report.

### **Financial Comments (GB 22/10/2015)**

83. The financial implications are stated within the report itself.

### **Background Papers and Published Documents**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- 'None'

### **Electoral Division(s) and Member(s) Affected**

'All'





**9 November 2015****Agenda Item: 6****REPORT OF THE SERVICE DIRECTOR, ICT****ICT PROGRAMMES AND PERFORMANCE QUARTER 2 2015-16****Purpose of the Report**

1. To provide the Finance and Property Committee with the 2<sup>nd</sup> quarter progress update on key projects and performance measures for ICT Services and to outline the major planned activities over the next 6 month period.

**Information and Advice****Programmes Update**

2. The ICT Strategy 2014-17 identifies the five ICT strategic themes that will support business transformation across the County Council and these are shaping much of the activity and priorities within ICT Services, covered in the progress and planning sections of the report (paragraphs 3 and 4). The five key themes are:
  - **Workforce mobilisation:** using technology to transform the productivity, efficiency and mobility of the workforce
  - **Customer channel shift:** using technology to support the delivery of effective web based self-serve functions for public service users
  - **Business performance reporting:** using technology to improve how business data is extracted from multiple systems, interrogated and reported through to users
  - **Partnership working:** using technology to support the greater integration of public facing services, including the effective sharing of data, systems and ICT solutions
  - **Reliability and compliance:** maintaining a current and fit for purpose ICT estate that supports improved business continuity and is compliant with Public Services Network (PSN) standards
3. Significant progress has been made in most of the priority ICT projects over the last quarter. A summary of progress is as follows:

- i. The emCloud project is delivering the new broadband network and internet services for 402 corporate and school sites. Based on an innovative design this new network will deliver annual cash savings of £800k from 2016-17. During the period progress has been made to implement the core network to plan and progress has been made to install new broadband circuits into sites. Virgin Media Business are behind their schedule for having all sites connected by the go-live date of 1<sup>st</sup> October 2015, and so the existing network contract with Capita has been extended for those delayed sites.
- ii. The workforce mobilisation project has progressed really well with a further 400 Windows tablet devices delivered to front-line social care staff in the period. Over 1,400 staff have now had this mobile solution, commencing January 2015. Data is now being collected and collated to monitor and support the delivery of project outcomes. The automation of more assessment processes has supported Occupational Therapy staff to use this technology for more of their day to day activities.
- iii. A proof of concept project for appointment scheduling has been undertaken with Mansfield and Ashfield Occupational Therapists which supports the automation of these activities. An analysis of the outcomes is under way.
- iv. The preparatory design for Windows 8.1 smartphones has been completed and a pilot to deploy the first 40 devices has begun.
- v. Further preparatory work has been completed ahead of the extended deployment of the Microsoft Lync telephony services. This has included the upgrade to the Lync 2013 version for all 1,900 current users. The Lync solution runs over the broadband ICT network (rather than requiring separate telephony lines) and provides telephony, presence, instant messaging and conferencing services.
- vi. As part of the Digital First Programme the new County Council website went live in September. The new site operates effectively across pc, tablet and smartphone devices. A new schools' portal was also delivered and provides schools with news updates, access to correspondence and access to bought back services. This is a replacement to the *wired* site.
- vii. Significant work has gone into identifying and specifying the ICT requirements for the alternate service delivery models (ASDMs) approved for Highways and LAIL (Libraries, Archives, Information and Community Learning.). The business requirements for both initiatives have been documented and signed-off.
- viii. The County Council has achieved the annual PSN accreditation from the Cabinet Office (Public Services Network access that supports our secure broadband connectivity to other public sector organisations).

4. Over the next 6 months the major focus of activity will include the following:

- i. The emCloud project will be completed with all corporate and subscribing school sites having new broadband connections and being migrated onto the new network. The current Capita supported broadband network will be decommissioned.

- ii. The first phase of the workforce mobilisation programme will be completed, with some 1,600 Windows tablets having been deployed to front-line staff. Phase 2 of the mobilisation programme will be scoped to include both the deployment of further mobile devices and the delivery of further benefits from the devices already delivered. The scheduling pilots within ASCH will be completed and business cases will be developed for further rollout. The use of alternate 3G/4G SIM cards will be reviewed for areas with poor Vodafone coverage.
- iii. The pilot of the smartphone deployment to 40 users will be completed and, subject to a successful outcome, some 1,000 BlackBerry devices will be replaced by Windows Lumia smartphones, with the BlackBerry service being decommissioned.
- iv. With the re-population of County Hall H-block floor 2 the Ways of Working Programme will be complete and will be closed down.
- v. As part of the Digital First Programme the revised web based customer journeys for concessionary bus travel, waste permits, streetlights and potholes will be made live. Web chat software (real-time internet chat) will be piloted with the Customer Services Centre for their use with the public.
- vi. Microsoft Lync telephony (see 3. v.) will be deployed to more users. There are currently 1,900 users on the West Bridgford campus that have Lync for their telephony. This project will plan for and deliver a more resilient and scalable Lync solution, extend the telephony to more sites (commencing with Lawn View House) and incorporate video conferencing.
- vii. The ICT requirements will be identified in response to the Corporate Performance Reporting Project. This project aims to improve how information is extracted, displayed, reported and used from the wide range of ICT systems that are in use. This will result in a more uniform and consistent approach in order to enhance decision making. The project seeks to replace the current plethora of reporting solutions and approaches with a more holistic way forward and will be appointing an external partner to help shape this.
- viii. Implementation of the *AchieveService* customer relationship management solution for use by the Customer Service Centre. This is used for managing enquiries from service users and members of the public and for maintaining customer records, replacing the current *Lagan* system.
- ix. ICT Services will document and obtain sign-off for the service designs to deliver the business requirements for the Highways and LAIL ASDM initiatives and develop the services for the planned go-live dates of April 2016.
- x. A proof of concept will be scoped and started with social care and health services teams to use technology to automate and integrate some of their work activities.
- xi. A plan will be scoped for the initial transition from the current on premise data centre provision (at County Hall) to off-premise (cloud) based services.

## **Performance Update**

5. To provide a balanced assessment of performance ICT Services measures four groups of indicators that cover business activities, customers, staff and finance. Performance for the second 3 months of 2015-16 is attached as an Appendix.

## **Business Activity Indicator**

6. The business activity indicators measure some of the key day to day operational performance areas, with the two most significant being systems availability and incident resolution. The focus is to ensure that business critical systems are operational during business hours and that any incidents are resolved speedily and within service level agreement (SLA). Systems availability continues to remain at high levels with 99.9% achieved in the quarter. The target has also been raised for the fifth year running, to 99.7%.
7. Incident resolution has continued to improve over the last couple of years with 90.1% resolved within SLA during this quarter. The performance is almost at our target level and represents a big improvement by the Service Desk and support teams. Major changes have been made to how the service is organised and provided, and how supplier teams are managed which is now delivering benefits.
8. During July there was a power issue during the weekend generator testing that lost internet access, but this was restored prior to business hours on the Monday morning. In August, a software issue on one of the firewalls blocked network access for tablet devices, with services restored mid-morning. In September, a hardware failure on part of the storage server infrastructure denied access to some users to some of their systems.
9. The business activity indicators also show two project performance indicators that are used by CIPFA (Chartered Institute of Public Finance and Accountancy). The project delivery index is used to measure conformance to good project management standards e.g. adoption of PRINCE 2 methodology, business case produced, delivery to timelines, business benefits achieved etc. Performance against this indicator remains good and has improved since we reorganised the service last year and incorporated dedicated programme and project management resources into our structure. The second indicator is related to delivery of milestones, and measures the overall percentage of milestones delivered by the planned timelines. Progress has remained steady during the period, see paragraph 3, with 77% achieved in the quarter. In this period there has been some project slippage by suppliers (impact on Lync telephony project, emCloud site connectivity), delays associated with new technology solutions (Windows Smartphones and *OneSpace* partner access) and slippage due to customer re-scoping (Digital First web forms).

## **Customer Indicator**

10. The access channel into ICT Services is the Service Desk which receives and handles the incidents, service requests and enquiries. The efficiency and effectiveness of this function is crucial for the user perception of the whole range of services provided. Daily customer satisfaction feedback is collected from corporate and school users of the Service Desk and is being measured against a target score of 4.5 (score 1-poor, 5-excellent). The feedback from users remains very positive and the Service Desk delivered good performance this quarter in resolving issues, minimising call time and answering calls quickly.

## **Staff Indicator**

11. The average number of sick days per staff member within ICT Services is at levels within the County Council target of 7 days. Training activity for ICT Services staff is crucial to ensuring that the relevant and required skills are available and we are on plan for this year's development activity.

## **Financial Indicator**

12. Revenue and capital spending is currently in line with budget plans for the year. The profile of capital spend is being re-examined as we look to move away from owning and managing our own data centre and making use of off-premise (cloud) arrangements instead. We will look to sweat the assets that are located within the County Hall data centre as we acquire new platforms elsewhere.
13. ICT Services also continues to provide very favourable cost comparisons with other public sector bodies with each of the financial indicators within the best and lowest cost quartile of the current 2014 annual CIPFA benchmarking.

## **Reason for Recommendation**

14. To raise awareness of progress on the key ICT programmes and performance indicators for 2015-16.

## **Statutory and Policy Implications**

15. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

## **RECOMMENDATION**

To note the progress against the key programme and performance measures for ICT Services and the priorities for the next 6 month period.

**Ivor Nicholson**  
**Service Director - ICT**

**For any enquiries about this report please contact: Ivor Nicholson on 0115 9774006**

## **Constitutional Comments:**

This report is for noting only so no constitutional comments are required.

**Financial Comments: (SES 21/10/15)**

Financial performance is outlined in paragraphs 12 and 13. ICT Services continues to monitor against key performance indicators to improve value for money.

**Background Papers**








None





**Electoral Division(s) and Member(s) Affected**







All

## ICT Services Overall Performance: Quarter 2 2015-16









## Key symbols table:





Status	Indicators	Trend	Base this on change from same period last year
	Below target by more than 10%		Improving trend
	Below target by up to 10%		Deteriorating trend
	On or above target		No change
	No reported data or no target		













Business Activity Indicator	Performance 2015-16					Comments
	Q1 Actual	Q2 Actual	Target	Status	Trend	
Average availability to users of NCC's business critical services during business hours	99.84%	99.90%	99.7%			<p>There are 41 services identified as Business Critical to the County Council e.g. e-mail, internet, Framework, BMS, Capita ONE etc.</p> <p>Contributory factors to this high level of availability are the investment in the ICT infrastructure (such as the network, servers, cabling and data centres), a proactive approach to infrastructure alerts and monitoring (taking pre-emptive action where necessary), plus the rapid response of technical teams should issues occur.</p> <p>The target has been increased in 2015-16 from 99.6% to 99.7%.</p>
% Incidents resolved within agreed service levels	91.6%	90.1%	92%			<p>This indicator assesses the performance of the ICT function in restoring service and responding to incidents within our Service Level Agreement (SLA). The changes made to the ICT operating model and staffing structure support a more focused approach to managing incidents and this is having a positive impact with improving performance. In this quarter there were 8,082 incidents reported (8,579 last quarter).</p>

Business Activity Indicator	Performance 2015-16					Comments
	Q1 Actual	Q2 Actual	Target	Status	Trend	
% of ICT changes successfully completed	99.6%	98.7%	98%			The ICT change management process aims to ensure that upgrades and new services are implemented without any negative impact on service provision and ensure that all changes to business critical services have been comprehensively planned, tested and authorised before being carried out. In this quarter there were 312 changes (283 last quarter).
Compliance to CIPFA project delivery index	8.7	7.8	8.0			This indicator measures the effectiveness of ICT project management and delivery by assessing approved projects completed in the quarter against a set of 9 defined criteria established by CIPFA and based around PRINCE 2. In the period there were 8 projects that were closed but, due to the nature of them, not all had measurable cashable/non-cashable benefits.
% of project milestones delivered	78%	77%	85%			Each project and priority activity incorporates a series of milestones (both for ICT Services and the business) that are the basis for assessing progress. These can be updated by Project Boards to reflect revisions to scope, priorities etc. Progress has been made against all priorities as outlined in paragraph 3. In this period there has been some slippage by suppliers (impact on Lync project, emCloud site connectivity), delays associated with new technology solutions (Windows Smartphones, corporate fax solution, OneSpace partner access) and slippage due to customer re-scoping (Digital First web forms and customer journeys).



Customer Indicator	Performance 2015-16					Comments
	Q1 Actual	Q2 Actual	Target	Status	Trend	
Customer satisfaction score: Corporate/school users	4.7/4.5	4.7/4.6	4.5			The access channel into ICT Services is the Service Desk which receives and handles the incidents, service requests and enquiries. The efficiency and effectiveness of this function is crucial for the user perception of the whole range of services provided. ICT Services collects information regarding customer's satisfaction (score 1-poor, 5-excellent) of the ICT incident management process for both corporate and school users (weekly sample sizes are approximately 30 corporate users and 20 school users).
Service Desk 1 <sup>st</sup> call resolution	62%	61%	60%			First call resolution measures the effectiveness of the Service Desk at first point of call. The 60% is an enhanced target and is a balance of being able to manage the call volumes through the desk and maintaining a high % success rate within the allocated call period (5 minutes).
Average Service Desk call duration	3.7mins	4.2mins	5mins			In order to manage call volumes and achieve a lower call abandonment rate, a target of 5 minutes (ICT industry practice) is allocated to each call to the first line Service Desk.
% dropped calls on Service Desk	6.4%	9.3%	12%			This measures the proportion of calls unanswered by the Service Desk (including calls that are terminated by the user having heard recorded incident updates). Moving to a new ICT network has resulted in some call peaks at certain times, consequently the % of dropped calls has risen.

Staff Indicator	Performance 2015-16					Comments
	Q1 Actual	Q2 Actual	Target	Status	Trend	
Average Number of sick days per staff member	1.55	3.21	3.5			This level of staff sickness is currently within the profile of the annual county council target of 7 days per member of staff. There were 2 members of staff absent on long term sickness during the period.
Average number of professional training days per member of staff	0.90	1.81	1.5			The annual target is 3 days per member of staff and we are on plan at quarter 2. We now undertake significant levels of computer based training activities, rather than traditional classroom courses, covering more activity in less time.

Financial Indicator	Performance 2015-16				Comments
	Actual	Target	Status	Trend	
Expenditure against revenue	58%	58%			Planned budget reductions of £250k have been delivered for 2015-16 (£3.5 million in the last 5 years). Forecast spending for 2015-16 is in line with budget plans.
Expenditure against capital	49%	50%			Capital spending is currently in line with spending plans. The Infrastructure Replacement Programme for 2015-16 is being re-scoped to plan for our future migration away from the County Hall data centre to <i>off-premise</i> provision. This may impact on the phasing of spending plans for 2015-16.
Cost of ICT support per user	£187	£203			Our current cost of £187 per user puts the county council in the lowest cost quartile of CIPFA 2014 benchmarking. The target of £203 is based on remaining within the top quartile.
Cost of ICT support per workstation	£178	£235			Our current cost of £178 per workstation puts the county council in the lowest cost quartile of CIPFA 2014 benchmarking. The target of £235 is based on remaining within the top quartile.
Acquisition cost of desktop PC	£383	£448			This includes the cost of procurement and installation as well as the cost of the device and software. We currently perform at the lowest cost quartile of CIPFA 2014 benchmarking.
Acquisition cost of laptop	£597	£640			This includes the cost of procurement and installation as well as the cost of the device and software. We currently perform at the lowest cost quartile of CIPFA 2014 benchmarking.



**9 November 2015****Agenda Item: 7****REPORT OF THE CORPORATE DIRECTOR, RESOURCES****HOSTED EVENT AT SPECIALIST COMPUTER CENTRES ROMANIA (SCC)****Purpose of the Report**

1. To inform members of the invitation to the Service Director (ICT) and Group Manager Operational Delivery in ICT Services for a hosted visit to SCC Romania.
2. To note that the hosted event is fully funded by SCC with no cost to the County Council.

**Information and Advice****Background**

3. SCC holds a range of ICT support contracts with the County Council and has been a long term supplier of strategic advice, guidance and support.
4. SCC provides the day to day support contract for all of the server, storage and back-up hardware that we use and has staff located both in our data centre and off-site to do this. SCC has also supported the delivery of recent ICT projects including the introduction of Microsoft Exchange e-mail and SharePoint, which is the OneSpace site used by staff for online project and team documents and for collaboration.
5. The ICT Services management team have regular technology events with SCC as one of our strategic suppliers, hosted at their headquarters in Birmingham or here at County Hall. Through working with the SCC service desk ICT Services has made substantial changes and improvements to its own operations.
6. The County Council has recently awarded SCC with the contract for our second and resilient data centre service. SCC operates from a number of data centre sites and is a provider of hosted "cloud" services to the public and private sectors. A key part of our ICT strategy is to vacate the current County Council data centre here at County Hall and move to a "cloud" services model.
7. Much of the specialist SCC technical design and support service is now delivered from Romania, where there is an abundance of highly skilled ICT resources. The Service Director (ICT) and Group Manager Operational Delivery have been invited by SCC to a 2 day hosted event in Romania during November 2015 to see how they organise and provide their support services and deliver secure "cloud" services. This would provide an excellent professional

development opportunity and valuable information in supporting the County Council's own direction of travel over the next couple of years.

## **Financial Implications**

8. The two day hosted event will be fully funded by SCC including flights, accommodation, transport and meals.

## **Statutory and Policy Implications**

9. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

## **RECOMMENDATION**

That the committee notes the attendance at the 2 day hosted event in Romania, which is fully funded by SCC.

**Jayne Francis Ward**  
**Corporate Director - Resources**

**For any enquiries about this report please contact: Ivor Nicholson on 0115 9774006**

### **Constitutional Comments:**

This report is for noting only so no constitutional comments are required.

### **Financial Comments: (SES 22/10/15)**

The financial implications are set out in the report.

### **Background Papers**

None

### **Electoral Division(s) and Member(s) Affected**

All







**9 November 2015****Agenda Item: 8****REPORT OF THE CORPORATE DIRECTOR, RESOURCES****KINGS MILL RESERVOIR DE-SILTING PROJECT - HERITAGE LOTTERY  
FUNDING BID****Purpose of the Report**

1. To seek approval for match funding provision as part of a Heritage Lottery Bid by Ashfield District Council for the de-silting of Kings Mill Reservoir.

**Information and Advice****Background**

2. Kings Mill Reservoir is a valuable natural asset offering opportunities across a range of community based activities. The site is a designated Nature Reserve and is one of nine Eutrophic waters bodies highlighted in Nottinghamshire County Council's Biodiversity Action Plan. The site is the only one in the east of the county within an accessible catchment for Ashfield and Mansfield and surrounding rural areas.
3. The site also accommodates The Mill Adventure Base, a purpose built urban adventure centre, part of the County Council's Outdoor and Environmental service offering a range of adventure activities for people of all ages and abilities.
4. The reservoir currently receives one third of its annual capacity from surface water runoff which causes significant silting problems with associated implications for its usage and for the natural environment. Since 1984 the silt deposits have reduced the navigable water area by 25-30%. With further increases in urbanisation a recent hydrology report has plotted a reduction in navigable water of 55 -65 % by 2031, meaning direct access for water sports activities will be severely limited.
5. In order to address the problems, Ashfield District Council is preparing a Heritage Lottery bid to fund a sustainable de-silting remediation system offering a long term solution for the reservoir. The resultant project would alleviate the silt problem and provide benefits for recreation, respite, biodiversity, heritage and education.
6. The total project costs and the associated bid are projected to be £1.45million. Ashfield District Council have committed to contribute £300,000 and to secure the required 30% match funding, it is proposed that the County Council contributes £135,000 of capital funding.

## **Financial Implications**

7. The cost of the proposal is £135,000 and would be funded as an adjustment to the County Council's capital programme.

## **Statutory and Policy Implications**

8. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

## **RECOMMENDATION**

It is recommended that the committee approves the match funding as detailed in the report.

**Jayne Francis Ward**  
**Corporate Director - Resources**

**For any enquiries about this report please contact: Bob Godley on 0115 9773360**

## **Constitutional Comments [CEH 29.10.15]**

The recommendation falls within the remit of the Finance and Property Committee.

## **Financial Comments [NS 27.10.15]**

The financial implications are set out in the report.

## **Background Papers**

None

## **Electoral Division(s) and Member(s) Affected**

All





**REPORT OF THE SERVICE DIRECTOR FOR TRANSPORT, PROPERTY AND  
ENVIRONMENT****ASHFIELD DISTRICT COUNCIL GREEN WASTE INCENTIVE SCHEME****Purpose of the Report**

To approve the use of monies from the PFI Waste Contract reserve to support the introduction of a district wide green waste collection service in Ashfield as an invest to save initiative and approve the completion of a Service Level Agreement with Ashfield District Council if required by, and to the satisfaction of, the Group Manager for Legal Services to support the delivery of the initiative.

**Information and Advice**Background

1. The County Council has a PFI contract target of recycling and composting 52% of household waste by 2020, which aligns with the EU Framework Directive target of 50% by 2020. The Council's current recycling rate stands at around 43% and has plateaued in recent years highlighting the need for schemes that will significantly increase the recycling rate.
2. Environment and Sustainability Committee recently approved the Nottinghamshire County Council waste reduction, re-use, recycling and composting plan 2015/16, which has a key action of providing incentives to the Waste Collection Authorities for introducing new or improved kerbside green waste collection schemes in order to reduce the amount of residual waste collected, improve performance and save on waste disposal costs.
3. In 2014/15, kerbside collections across the County contributed over 33,000 tonnes of green waste, which equates to 9% of the current County Council recycling rate of 43%. This combined with garden waste collected at the County's recycling centres represents 16% of the recycling rate. Currently all districts (excluding Bassetlaw) run at least partial kerbside garden waste collections. These services are charged for with residents paying an annual fee for the collections.
4. In order to reduce residual waste and encourage recycling a number of other local authorities have implemented schemes where they have replaced their large 240 litre residual bins with smaller versions alongside new or improved recycling services. In several cases this has resulted in an increase in recycling

rates (Newport, Rochford, Dorset) along with significant reductions in residual waste tonnages, delivering associated financial savings.

5. In 2014/15 the County Council spent approximately £18.6 million on the disposal of residual waste, and with disposal of residual waste costing over twice as much per tonne as the disposal of dry recycling and garden waste the need to reduce the amount of residual waste and increase the recycling / composting tonnage is emphasised.
6. Following the launch of the County Council budget proposal for the introduction of smaller residual bins in 2014, Ashfield District Council approached the Council to look at the possibility of working together to see if there was any feasible way to link the previously approved incentives for green waste collections with the implementation of smaller residual bins to help improve recycling performance. In 2014/15 recycling and composting performance for Ashfield was 33%.
7. Officers from both authorities have worked together to develop proposals and several assumptions regarding the take up of the garden waste scheme and reductions and diversions of residual waste have been tested in order to develop a basic financial model. These assumptions were based on experience in other local authorities, and where smaller residual bins and/or garden waste schemes have been implemented.

#### The proposal

8. Senior officers have now agreed in principle a proposal for Nottinghamshire County Council to fund the purchase of new smaller 180 litre residual bins for Ashfield District Council, with the old 240 litre residual bins being repurposed for the collection of green waste. Ashfield District Council will then offer residents a free garden waste collection scheme for 2 years. The operational costs incurred by Ashfield will be funded by the County Council for this period, prior to the reintroduction of charges by Ashfield District Council to enable the scheme to be self-financing from year three. The County Council's liability for costs would cease at the end of year two.
9. The cost of the new 180 litre residual bins, any costs incurred in repurposing the existing bins for the collection of green waste, plus set up and year 1 and 2 revenue costs would be offset by savings in residual waste disposal, leaving the County Council meeting a modelled cost of £1.4million for year one (£1m capital and £0.4m of net revenue cost after disposal savings), and a further £0.2m (net revenue cost) in year two.
10. Revenue would be generated by Ashfield District Council through the reintroduction of the garden waste collection charge in year 3 to cover the operational cost of providing the service. Moving from a free service to a chargeable one, rather than introducing charges from day one, will help take up and retention. Modelling has taken a conservative view that 50% of residents would be retained on the scheme from year 3 onwards.
11. The County Council would take the full benefit of any savings through the shift of residual waste to other waste streams and all associated waste disposal savings, for the life of the service. The scheme is modelled to generate a surplus by the

end of year three, pay back the set up capital cost by year five, and to save the County Council a total of £6.2m in waste disposal costs (and generating a net saving of £3.4 million) over 10 years.

12. Recycling performance in Ashfield would also be improved by 14% during the free collection period and 11% once charges were reintroduced. This equates to 1.8% and 1.4% at the County level.
13. There are clearly various assumptions made in the model which carry risks, for example residual waste diversion not reaching the expected levels and possibly reducing the overall saving, however the professional view is that the savings within the current model remain conservative.
14. The leaders, executive members and chief executives from both the County Council and Ashfield District Council have been briefed and are supportive of the proposed scheme. Service Level Arrangements for the scheme, (exempt appendix 1) have been drafted and agreed by officers at the County Council and Ashfield District Council.
15. A more detailed financial model outlining the background to the headline figures noted above is included at exempt appendix 2.

## **Other Options Considered**

16. There is an EU target in place requiring the UK to recycle and compost 50% of its waste by 2020, although this target has not yet been passed down to County/Unitary or District/Borough Council level, and there are currently no confirmed plans to do so.
17. Without statutory targets, and in the current austerity conditions prevailing in local government, Ashfield District Council and the other Waste Collection Authorities in Nottinghamshire, are unable to fund the implementation of improved recycling and composting services without incentive payments from the County Council.
18. The County Council could choose not to work with the Waste Collection Authorities to improve performance however there are clear environmental, performance and financial reasons why it should.

## **Reasons for Recommendations**

19. Funding the capital and revenue costs for Ashfield District Council to deliver a free green waste collection to Ashfield residents for two years provides a solid basis for the introduction of sustainable charged for green waste collection services from year three, and delivers a significant saving to the County Council over a ten year period by reducing disposal costs. It will also increase recycling and composting performance towards the EU and PFI Contract targets.
20. The model proposed would be transferrable to Bassetlaw District Council and other district Councils in the County in due course, although for the borough authorities that utilise the Eastcote Energy from Waste plant for waste disposal the payback periods would be extended considerably and may not be sufficiently attractive to the County Council due to the favourable gate fees enjoyed at the Eastcote facility.

## **Statutory and Policy Implications**

21. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

## **Financial Implications**

22. The costs of establishing the scheme and operating the scheme in years one and two, both revenue and capital, can be funded from the PFI reserve. The resultant savings over the term of the contract will reduce the requirement for future funding from the reserve and so enable this funding to be released to be invested in this initiative. As noted above the 10 year saving for the County Council is predicted to be £3.4million, with a payback period of 5 years.
23. The PFI reserve is a Corporate Reserve and so falls under the remit of Finance and Property Committee.

## **Legal Implications**

24. The recommendations fall within the remit of the Finance and Property Committee by virtue of their terms of reference.
25. The Group Manager for Legal Services may require a Service Level Agreement to support the delivery of the initiative as included at Exempt Appendix 1.

## **Implications for Service Users**

26. The introduction of district wide green waste collections in Ashfield will allow residents more choice in how they dispose of their waste, and hopefully ease pressure on the County Councils recycling centre network. The reintroduction of charges for the service in year three will not impact adversely, as a chargeable service is the current offering provided by the District Council, and mirrors the provision made by all other Districts and Boroughs in the County with the exception of Bassetlaw, where no green waste collection service is currently available.
27. Reductions in the size of the residual bins will drive changes in the recycling habits of residents, and will optimise the use of the existing kerbside collection services provided by Ashfield District Council (alternate weekly dry recycling, monthly glass, and now alternate weekly green waste) in order to improve overall recycling and composting performance and minimise residual waste production.
28. Ashfield will assess the requirements of larger families who are unable to cope with the reduced residual capacity, and will make alternative arrangements, similarly for residents who have significant quantities of non-infectious medical wastes (i.e. those who do not need a separate collection) additional capacity will be provided as required.



29. Ashfield District Council working with the County Council and Veolia will undertake focussed marketing and promotional campaigns to ensure residents are best able to utilise the services provided, and understand the benefits of increasing recycling to the local area.

## **Recommendation**

30. That Committee:

- I. Approve the use of monies from the PFI Waste Contract reserve to support the introduction of a district wide green waste collection service in Ashfield as an invest to save initiative.
- II. Approve the completion of a Service Level Agreement with Ashfield District Council if required by, and to the satisfaction of, the Group Manager for Legal Services to support the delivery of the initiative.

**Jas Hundal**

**Service Director, Transport, Property and Environment**

**For any enquiries about this report please contact:**

**Mick Allen, Group Manager, Waste and Energy Management**

## **Constitutional Comments (CEH 27.10.15)**

The recommendations fall within the remit of the Finance and Property Committee by virtue of their terms of reference.

## **Financial Comments (TMR 22/10/2015)**

The financial implications are set out in the report and exempt appendix 2.

## **Background Papers**

None.

## **Electoral Divisions**

All



9 November 2015

Agenda Item: 10a

## **REPORT OF SERVICE DIRECTOR TRANSPORT, PROPERTY & ENVIRONMENT**

### **DISPOSAL OF FORMER RAILWAY LAND AT GEDLING COLLIERY**

#### **Purpose of the Report**

1. To seek approval to the disposal of 1.89 Hectares of land at Gedling Colliery in connection with the Regeneration Scheme for the Colliery site.

#### **Information and Advice**

2. Some information relating to this report is not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972. Having regard to the circumstances, on balance the public interest in disclosing the information does not outweigh the reason for exemption because divulging the information would significantly damage the Council's commercial position. The exempt information is set out in the exempt appendix.
3. The Regeneration Scheme is being delivered in a partnership between the Homes and Communities Agency (HCA), Gedling Borough Council and Nottinghamshire County Council. It will include the construction of the Gedling Access Road, and will complement Gedling Country Park, which stands to the north of the development on the site of a former pit spoil heap.
4. The County Council will construct the Gedling Access Route which will bypass Gedling Village and link the A612 and Mapperley Plains. The new road will open up the development land at the former Colliery site, which the HCA have procured as part of the overall Gedling Master Plan.
5. Housing and regeneration specialist, Keepmoat, has been appointed by the HCA to provide up to 1,050 homes, a new local centre and contributions to the Gedling Access Road as part of plans for the new urban development at the former Colliery site.
6. A 1.89 Hectare strip of the Authority's land runs through the residential development site, and it is intended that this be transferred to Keepmoat on the terms contained in the exempt appendix.
7. In accordance with Financial Regulations, in order to ensure compliance with the Council's obligations under s123 of the local Government Act 1972 to ensure "best consideration", the proposed terms for the sale have been reviewed by the Council's

Group Manager (Legal Services) and the “Section 151 Officer” (Service Director, Finance and Procurement).

### **Other Options Considered**

8. Retention of the property. This has been considered but no on-going use requirement exists. The property is therefore surplus to the operational needs of the Council and represents an opportunity for disposal.

### **Reason/s for Recommendation/s**

9. To secure the disposal of a surplus property and assist in facilitating the Regeneration Scheme.

### **Statutory and Policy Implications**

10. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (Public Health only), the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

### **RECOMMENDATION/S**

- 1) That approval is given to the disposal of 1.89 Hectares of land at Gedling Colliery in connection with the Regeneration Scheme for the Colliery site on terms as set out in the exempt appendix.

**Jas Hundal**

**Service Director – Transport, Property & Environment**

**For any enquiries about this report please contact: Tim Slater 0115 977 2076**

### **Constitutional Comments (CEH 22.09.15)**

11. The decision falls within the remit of the Finance and Property Committee by virtue of its terms of reference.

### **Financial Comments (GB 14.10.2015)**

12. The financial implications are set out in the exempt appendix to the report.

### **Background Papers and Published Documents**

13. None.

### **Electoral Division(s) and Member(s) Affected**

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14. Ward(s): Carlton East

Member(s): Councillor Nicki Brooks, Councillor John Clarke

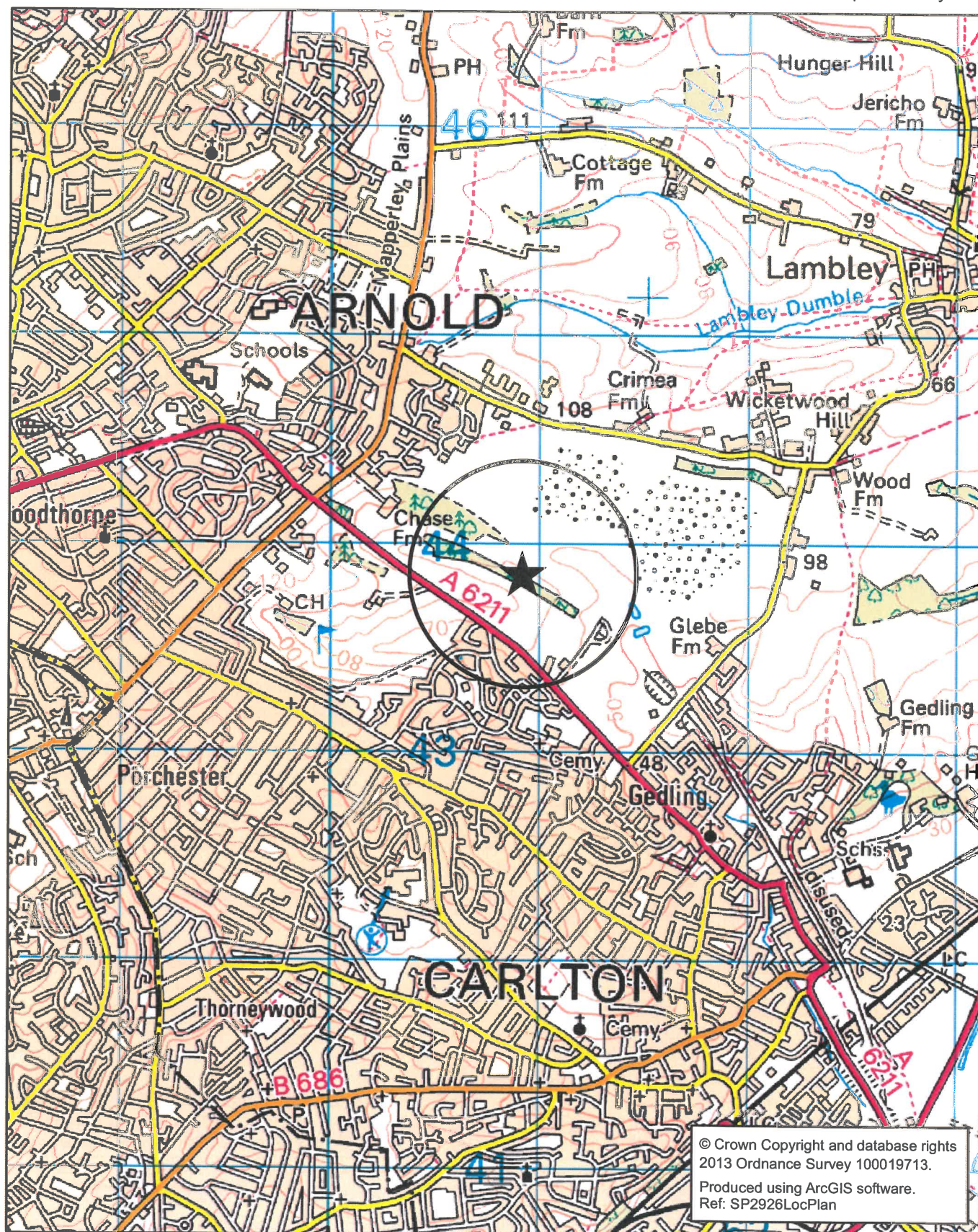
File ref.: /TS/SB/62233

SP: 2926

Properties affected: 62233 - Former Gedling Railway Line



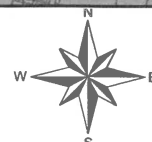














09 November 2015

Agenda Item: 10b

## **REPORT OF SERVICE DIRECTOR TRANSPORT, PROPERTY & ENVIRONMENT**

### **PROPOSED LEASES FOR LIBRARIES, ARCHIVES, INFORMATION & COMMUNITY LEARNING SERVICES**

#### **Purpose of the Report**

1. To seek approval to the granting of leases for various Libraries, Arts, Archives, Information and Community Learning properties on terms outlined within the report.

#### **Information and Advice**

2. The business case for establishing an arm's length operating model for Libraries, Arts, Archives, Information and Community Learning services was agreed at Full Council on 27 February 2014 (outline Business case B13) (Resolution Number 2014/012). This is part of the Libraries, Archives, Information and Learning's response to the budget reductions and it falls within the *Strategy for Nottinghamshire Libraries*.
3. A report which outlined the full business case for the development of an operating model was further presented and approved at Culture Committee on 3 June 2014.
4. The business case aims to enable a sustainable network of libraries and enable the County Council to fulfil its statutory and legal duties in relation to public libraries and archives. The Libraries and Archives Service provides a comprehensive service from 68 properties.
5. It was agreed at Culture Committee on 13 January 2015 (Resolution Number 2015/004) that the legal form for the new arm's length operating organisation for Libraries, Arts, Archives, Information and Community Learning Services be a Community Benefit Society.
6. In order to facilitate the delivery of services through an arm's length management organisation it is necessary for the County Council to grant leases to the organisation.
7. It is proposed that these would be on standard lease terms for all Properties the main terms are outlined below: -

**Lessor**                      Nottinghamshire County Council

**Lessee**                      Culture Learning and Libraries (Midlands)

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<b>Term</b>	5 years – lease to be contracted out of S24-28 of the Landlord and Tenant Act 1954 and the lease shall run concurrently with the Contract.
<b>Property</b>	Various – see schedule below
<b>Rent</b>	£1 per annum (if demanded)
<b>Demise</b>	The properties are outlined approximately on the plans (for lease only), the extent of the areas to be transferred will be subject to further agreement between the parties.
<b>Use</b>	The Lessee shall use the demised area only for the services of Culture, Learning and Libraries and other supporting uses including the provision of community based functions providing these are ancillary to the main use. Any other use as per the contract shall also be permitted.
<b>Business Rates</b>	The Lessee shall pay their own business rates, if the area occupied by the Lessee is not separately assessed for the purposes of rating; the Lessee shall pay to the Lessor business rates which will be calculated on the basis of floor area.
<b>Utilities</b>	The Lessor would be responsible for utilities.
<b>Shared use</b>	<p>Where the demised area forms part of a larger building the Lessor and Lessee shall have rights to access rooms within the building used by them. The Lessor and Lessee shall also have rights of access to the common areas within the building.</p> <p>Where there are shared areas the Lessee shall pay a contribution towards running costs based on the floor area occupied.</p>
<b>Equipment</b>	The Lessee shall be responsible for providing all the necessary furniture, equipment and stock required for the use of the demised area as per the contract.
<b>Repairs and maintenance</b>	The Lessee will keep the whole of the demised premises (except the roof, main walls and main beams) in good and substantial repair, order and condition and decoration to the satisfaction of the Lessor. The repairing responsibilities for the Lessor should align with the County Council's corporate repairs and maintenance strategy. The Lessor shall use their best endeavours to undertake planned maintenance in accordance with the planned maintenance schedule and in accordance with the responsibilities set out in the SLA. For the avoidance of doubt, all repairs and maintenance works that may be undertaken by the Lessor will be prioritised against other needs for the remainder of the corporate property portfolio in accordance with the principles outlined in the strategy (for lease

only). The repairs and maintenance strategy will take precedence over any planned maintenance schedule.

The Lessee shall not keep the premises in any worse state of repair, condition and decoration than as evidenced in the Schedule of Condition and/or most recent condition survey (to be provided). At the expiry of the lease (howsoever determined) where floor coverings are worn or stained the Lessee shall replace these or shall clean where coverings are not worn, in any case such works are to be advised by the Lessor at lease expiry.

The Lessee shall also be responsible for keeping the area in a clean and tidy condition and shall not cause any damage to the demised area or building in any way.

For the leasehold properties the Lessee shall reimburse the Lessor for any service charge that may be payable. However, if the service charge includes planned major expenditure the costs of this shall be met by the Lessee as determined by the SLA.

#### **Alterations**

The Lessee shall not undertake any structural alterations to the premises. Any non-structural alterations are to be notified to the Lessor for consideration and any approval given in respect to alterations will be subject to the necessary permissions. Any permission given for such alterations may be conditional upon the Lessee returning the demised premises to their original arrangements and facilities at its own expense upon vacation of the demised premises at the end of the period of occupation.

#### **Signage**

The Lessee shall also comply with conditions relating to signage as set out within the contract

#### **Alienation**

The Lessee shall not be permitted to assign or sub-let their rights conveyed in the Lease to any other party. The Lessee shall be permitted to hire part of the premises subject to prior written consent of the Lessor (such consent not to be unreasonably withheld). Where the property is not Freehold, consent of the superior landlord shall also be required. The Lessee shall be permitted to surrender this lease for nil cost if the service is to be run by a local organisation and/or a community group.

#### **Fees**

Where any of the above actions (under alienation) have been actioned by the Lessor any costs shall be met by the Lessor. If any of the above actions have been triggered by the Lessee all costs shall be met by the Lessee. Should there be any future consents required the Lessee however should pay all costs associated with obtaining such consent.

Each party shall bear their own costs in connection with the preparation of this lease.

#### **Insurance**

The Lessor is to insure the main building. The Lessee will

reimburse the Lessor by way of additional rent during the said term on demand an amount equal to any premium paid by the Lessor for the purpose of fire insurance and other risks that the Lessor deem necessary on the building, such insurance to include the provision for costs of demolition, supervision and loss of rent.

**Statutes**

The Lessee shall obtain any necessary planning permissions under The Town & Country Planning Acts and obtaining and complying with any necessary statutory or bye-law approvals affecting the services of Culture, Learning and Libraries.

**Health & Safety**

The Lessee will be responsible for ensuring that they comply with all relevant Health & Safety legislation together with ensuring compliance with that set out in the SLA and any other advised by the Lessor.

The Lessee shall also provide to the Lessor all relevant Health and Safety performance data, monitoring data and any other information as requested by the Lessor.

**Reinstatement**

Following the determination of the lease, the Lessee shall, at its own expense, reinstate and make good the demised area to the satisfaction of the Lessor. The Lessee shall also remove all of their possessions as requested by the Lessor. The Lessee shall hand back the property to the Lessor with vacant possession and shall also return to the Lessor the items of furniture as referred to in the contract.

**Alternative premises**

The Lessor shall be permitted to require the Lessee to relocate to suitable alternative accommodation in line with provisions set out within the contract. In the event that this option is exercised this lease shall be terminated in accordance with the Notice provisions and conditions set out in the contract.

**Forfeiture:**

The Lessor will be permitted to forfeit the Lease if the Lessee ceases to be the provider of the services or if the premises cease to be used for such use as outlined within the contract.

**Other**

There are to be no political rallies from the premises.

Where the Lessor holds the property on a leasehold basis, consent of the superior Landlord may be required, the Lessor shall apply for consent.

For the leasehold properties, in order to mirror the County Council's lease, the above terms may be subject to minor amendments which shall be agreed between the parties.

Such other terms as deemed necessary in order to be in-line with the contract and as agreed through the SLA.



8. It should be noted that there are some properties within the attached schedule that are potential Community Partnership Libraries (CPL's). As it is unlikely that these would become a CPL before 1 April 2016 these properties would also be granted a lease on the terms attached within the report. This arrangement would be until such time as they become a CPL in the future. Any properties that do become a CPL would be subject to a separate report.

### **Other Options Considered**

9. None – the granting of leases is essential in order to enable the delivery of the business case and new operating model ensuring that the new organisation has a formal occupancy permitting the right to occupy the various properties.

### **Reason/s for Recommendation/s**

10. The granting of leases is to ensure the new organisation have a legal right to occupy the various properties.
11. To support the new operating model for delivery of services as approved at Full Council on 24 February 2014.

### **Statutory and Policy Implications**

12. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (Public Health only), the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

### **RECOMMENDATION/S**

- 1) That approval be given to the granting of leases for various properties in the schedule attached and on terms detailed in the report.

**Jas Hundal**

**Service Director – Transport, Property & Environment**

**For any enquiries about this report please contact: Luke Smith 0115 9772082**

### **Constitutional Comments (SOM 13.10.2015)**

13. The recommendation falls within the remit of the Finance and Property Committee under its terms of reference.

### **Financial Comments (TR 9.10.15)**

14. The financial implications are set out in the body of the report.

## Background Papers and Published Documents

15. Report to Finance and Property Committee 19 May 2014 - Repairs & Maintenance.

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

## Electoral Division(s) and Member(s) Affected

16. Ward(s): Other

Member(s): n/a Outside Nottinghamshire

File ref.: /LS/SB/

SP: 2903

Properties affected: 09998 - Various NCC Properties/non-property item  
20151020 ls/eas

## Schedule of Freehold Properties

Property	UPRN
Arnold Library	03145
Balderton Library	03015
Beeston Library	03035
Bingham Library	03065
Bircotes Library	03000
Calverton Library	03058
Carlton Library	03059
Cotgrave Library	03066
Dukeries	01698
Eastbourne Centre	01724
Eastwood Library	03038
Eastwood Resource Centre	03322
Edwinstowe Library	03020
Forest Town Library & Children's Centre	03010
Hucknall Library	03028
Keyworth Library	03069
Kimberley Library	03039
Kirkby In Ashfield Library	03031
Mansfield Woodhouse Library	03012
Mapperley Library	03061
Notts Archives	03179
Ollerton Library	03024
Radcliffe On Trent	03070
Ravenshead Library	03063
Ruddington Library	03071
Southwell Library - Bramley Centre	03197
Stapleford Library	03135
Sutton In Ashfield Library	03034
2 Trent Court, Boughton	07737



West Bridgford Library	03073
Worksop Library	03364

<b>Potential CPL properties</b>	
Balmoral Library, Worksop	03006
Bilsthorpe Library	03016
Blidworth Library	03017
Burton Joyce Library	03057
Carlton Hill Library	03060
Carlton In Lindrick Library	03001
Clipstone Library	03018
Edgewood Library	01241
Gedling Library	03062
Huthwaite Library	03029
Ladybrook Library	03011
Langold Library	03002
Misterton Library	03003
Selston Library	03032
Skegby & Stanton Hill Library	03033
Toton Library	03042
Warsop Library	03013
Woodthorpe Library	03056

### **Schedule of Leasehold Properties**

<b>Property</b>	<b>UPRN</b>
Collingham Library	03385
East Leake Library	03067
Glaisdale Parkway - Library HQ	03167
Glaisdale Parkway - Records Centre	03167
Mansfield Library	03009
Newark Library	03155
Ollerton Records Office, Ollerton House	00761
Old Mansfield Library	03125
Retford Library	03004
Tuxford Library	03005

<b>Potential CPL Properties</b>	
Annesley Woodhouse Library	03117
Farnsfield Library	03129
Gotham Library	03068
Inham Nook Library	03036
Jacksdale Library	03030
Lowdham Library	03021
Rainworth Library & Health Centre	03163
Sutton Bonington Library	03072
Sutton On Trent Library	03026



**9 November 2015****Agenda Item: 10c****REPORT OF SERVICE DIRECTOR TRANSPORT, PROPERTY &  
ENVIRONMENT****UNIT 1, HERMITAGE WAY, MANSFIELD – LEASE TO REAL EDUCATION****Purpose of the Report**

1. To seek approval to the granting of a lease to REAL Education for use of Unit 1, Hermitage Way, Mansfield.

**Information and Advice**

2. Some information relating to this report is not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972. Having regard to the circumstances, on balance the public interest in disclosing the information does not outweigh the reason for exemption because divulging the information would significantly damage the Council's commercial position. The exempt information is set out in the exempt appendix.
3. Unit 1, Hermitage Way, Mansfield, is held by the County Council under a 99 year lease with effect from 1972 from Mansfield District Council and comprises a two storey industrial unit built in 1993, providing 7,059 sq ft of factory floor space and 2,788 of office space (11,395 sq ft). Unit 1 was previously occupied along with Unit 2 as part of a larger factory by a manufacturing company of electrical components between June 2000 and November 2014. The unit has been vacant since their departure.
4. The County Council has now been approached by REAL Education, who are a not for profit charity, founded in 2008 with the primary aim of providing services for children and young people who have been identified as either excluded or at risk of exclusion from mainstream education. As demonstrated by their acronym REAL "Rethinking Engagement and Approaches to Learning", they work with Schools, Colleges, Academies and Local Authorities to identify and engage with children and young people to provide individually tailored solutions, ensuring they receive their educational entitlement, with the intention of avoiding costly "out of County" educational or social care placements.
5. REAL Education are now developing a number of dedicated vocational learning centres and in this regard have chosen to utilise the factory space within Unit 1 Hermitage Way, as a Motor Mechanics Centre, to supplement their only other dedicated Motor Mechanics centre situated on the Nottinghamshire/Derbyshire border at Awsworth, which is already oversubscribed for the 2015/16 academic year. Unit 1, Hermitage Way, will consequently not only address this shortage of places, but also expand the offer into the centre of Nottinghamshire, opening up the provision to those

who previously would have been unable to attend due to the distance required to transport the young people.

6. Meanwhile, REAL Education intend to use the significant amount of office space within the unit to develop a Community Learning Hub, which will provide opportunities to engage in learning, achieving, developing life skills and grant access to a diverse range of interests and leisure opportunities after school, at weekends and during holiday periods.
7. Subject to the receipt of appropriate financial references, the following terms have been provisionally agreed:

<b>Tenant:</b>	REAL Education Limited, Castledine House, Ilkeston, Derbyshire, DE7 8DY.
<b>Premises:</b>	Unit 1, Hermitage Way, Mansfield
<b>Rent:</b>	See Exempt Appendix.
<b>Security Bond:</b>	See Exempt Appendix.
<b>Duration:</b>	Five years
<b>Terms:</b>	The Lease will require that the Tenant is responsible for putting and keeping both the interior and the exterior of the Premises in repair.
<b>Insurance:</b>	The County Council will make the necessary arrangements to insure the Premises but the premium will be recharged to the Tenant. The Tenant shall be responsible for public liability, contents and any other insurance required.
<b>Use:</b>	Motor Mechanics Centre and Community Learning Hub. The Tenant will be responsible for making enquiries with the Development Control section of Mansfield District Council to ensure that the proposed use is acceptable in planning terms (use classes order).
<b>Alienation:</b>	Assignment and subletting of part or whole to be strictly prohibited.
<b>Alterations:</b>	All alterations to be submitted to the County Council for prior approval (not to be reasonably withheld), provided that all such alterations shall be removed and the unit reinstated back to the original factory layout at lease expiry (however so determined).
<b>Costs:</b>	Each party will be responsible for their own costs in respect of this matter.
<b>Pre-Conditions:</b>	The County Council shall undertake gas and electric inspections and provide certificates to the Tenant.

## **Other Options Considered**

8. This unit has been vacant since November 2014 and due to its size and in particular, high office element, is not an attractive proposition to the market generally. The County Council could decide to withdraw from lease negotiations and continue to market but in the meantime, the unit continues to cost the County Council approximately £17,600 pa in empty business rates liability.

## **Reason/s for Recommendation/s**

9. The granting of a lease on the terms proposed provides the County Council with an income stream and absolves any financial liabilities associated with a vacant unit, such as empty business rates and utility standing charges.
10. The proposal offers scope for social benefit in terms of education and training and social inclusion.

## **Statutory and Policy Implications**

11. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (Public Health only), the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

## **RECOMMENDATION/S**

- 1) That approval is given to the granting of a lease to REAL Education for use Unit 1, Hermitage Way, Mansfield, on the basis as outlined in this report and exempt appendix.

**Jas Hundal**

**Service Director – Transport, Property & Environment**

**For any enquiries about this report please contact:**

## **Constitutional Comments (SOM 13.10.3015)**

12. The recommendation falls within the remit of the Finance and Property Committee under its terms of reference.

## **Financial Comments (TR 9.10.15)**

13. The financial implications are set out in the exempt appendix to the report.

## **Background Papers and Published Documents**

14. None.

## **Electoral Division(s) and Member(s) Affected**

15. Ward(s): Mansfield South

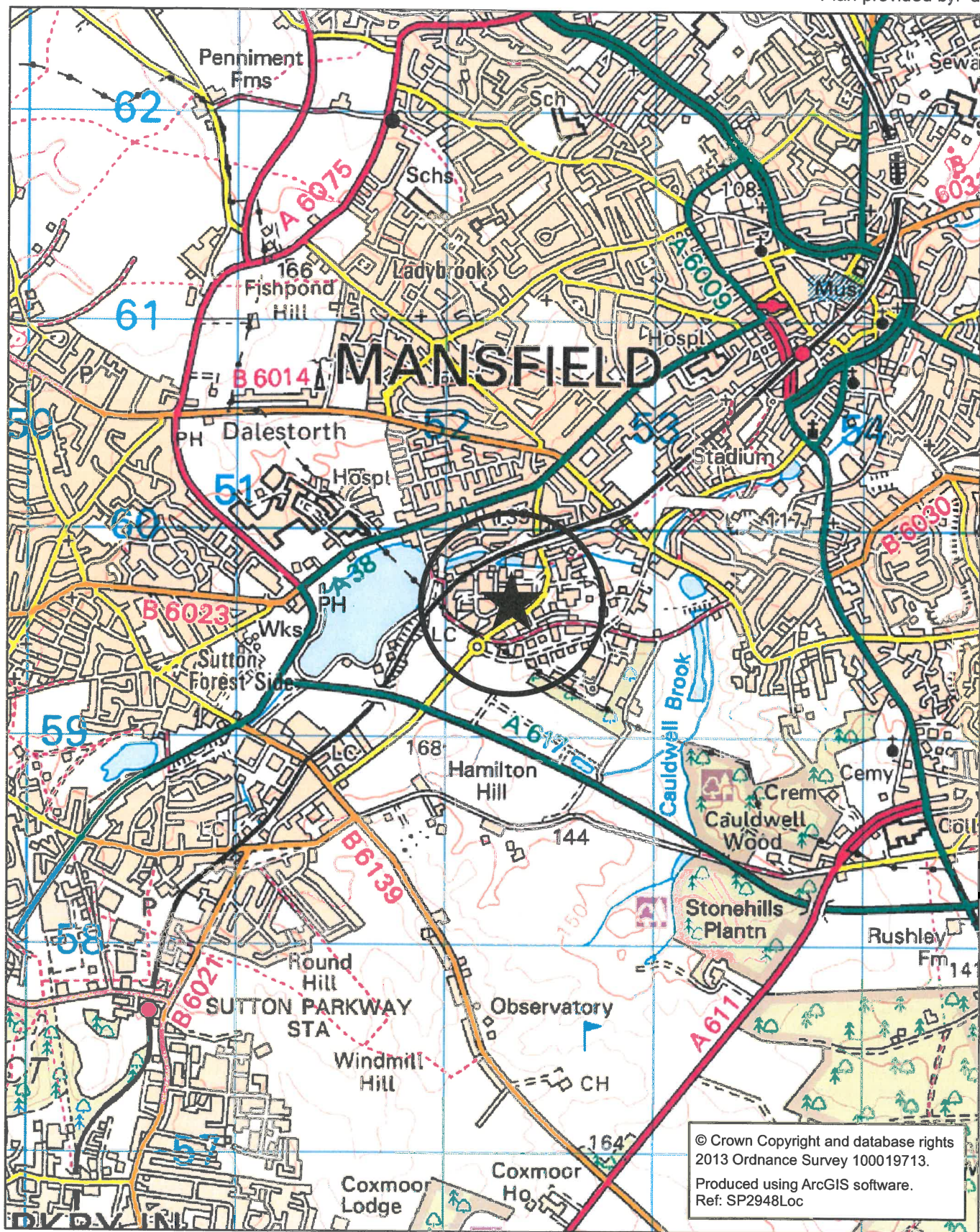
Member(s): Councillor Andy Sissons, Councillor Stephen Garner

File ref.: /BH/SB/

SP: 2948

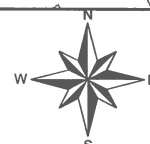
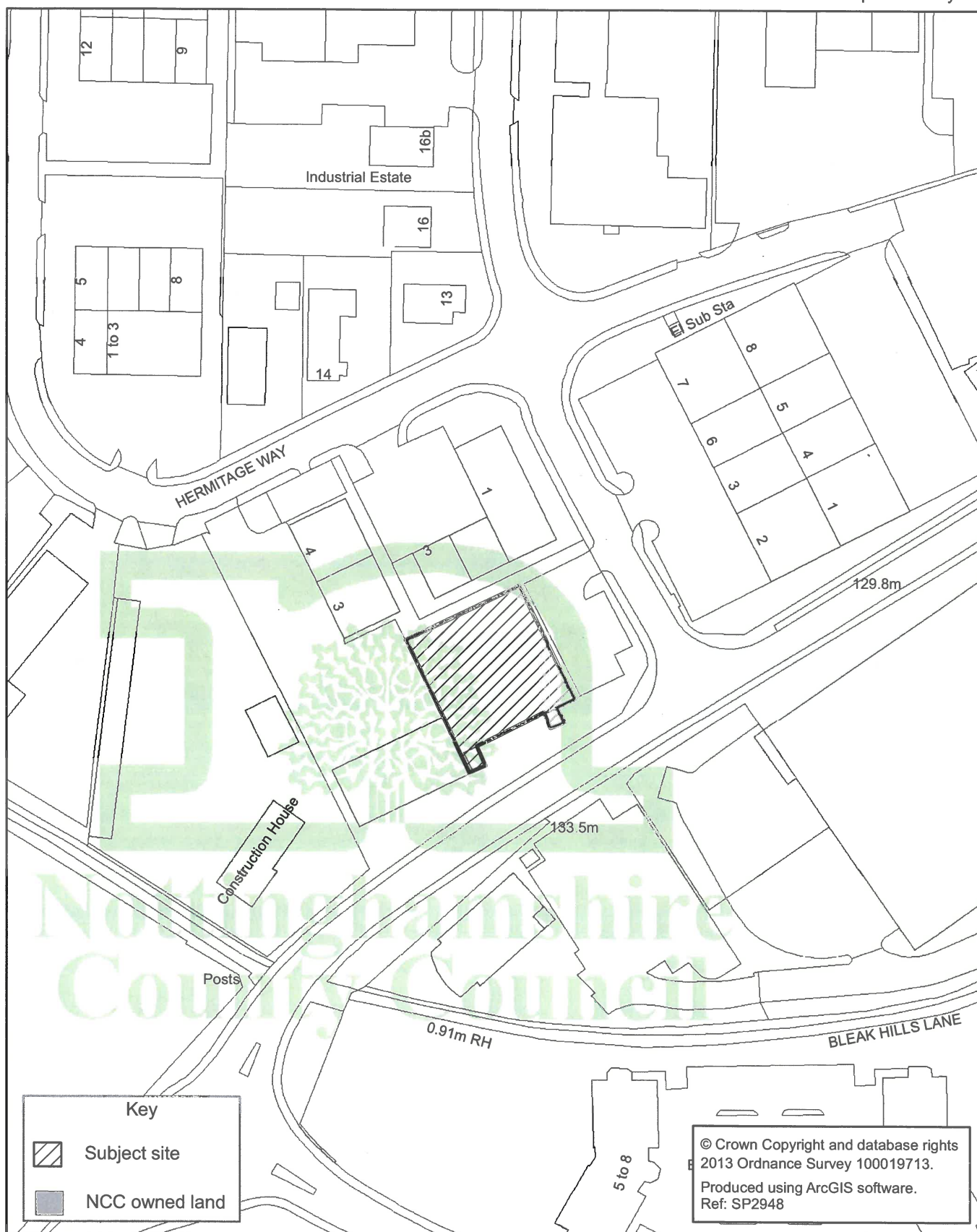
Properties affected: 07614 - Units 1 & 2 Mansfield Advance Factory 2













**09 November 2015****Agenda Item: 10d****REPORT OF SERVICE DIRECTOR TRANSPORT, PROPERTY &  
ENVIRONMENT****PROPOSED LEASE RENEWAL OF THE UNDERCROFT, HUTHWAITE  
LIBRARY, HUTHWAITE****Purpose of the Report**

1. To seek approval to the renewal of the lease of The Undercroft, Huthwaite Library on terms outlined within report.

**Information and Advice**

2. The County Council granted a lease of an area beneath the library known as "The Undercroft" which is approximately 800 sq ft. The lease was for a term of 2 years with effect from 3 December 2012 and granted to the Huthwaite Tenants and Residents Association for use as a Youth Club and for holding community meetings.
3. As the lease of The Undercroft has expired, following consultation with colleagues within Libraries and Youth Services, terms have provisionally been agreed to renew the lease on terms set out below: -

Under the terms of the existing lease the service charge payable is £1,200 per annum this a contribution towards running costs but excludes rent.

<b>Property</b>	Huthwaite Library
<b>Lessor</b>	Nottinghamshire County Council
<b>Lessee</b>	Huthwaite Tenants and Residents Association
<b>Term</b>	3 years to be contracted out of S24-28 of the Landlord and Tenant Act 1954
<b>Service charge</b>	£1,450 per annum, this is inclusive of utilities, business rates and building insurance (doesn't include an amount for rent).
<b>Commencement date</b>	To be agreed
<b>Demise</b>	Area beneath the library known as The Undercroft which is approximately 800 sq ft

<b>Use</b>	The Lessee shall use the demised area only as a Youth Club or for Community Purposes during hours agreed with the Library Manager; any community meetings or events must also be subject to prior agreement with the Library Manager. In addition, the Lessee will not do or permit any act or thing, which may be or become a nuisance, inconvenience to the Lessor, its users or any neighbouring property. The Lessee shall be fully responsible for all users and visitors to the premises. The operation of the premises by the Lessee shall be in consultation and subject to agreement with the library manager.
<b>Repairs and maintenance</b>	<p>The Lessee shall put and keep the interior of the premises in good repair and decoration and shall be responsible for any pipework, electrical cables exclusively serving the property. The Lessee will also be responsible for keeping the area in a clean and tidy condition and shall not cause any damage to the library or premises in any way. The Lessor shall be responsible for the maintenance and repair of the main structure and fabric of the building.</p> <p>Any maintenance and repair works which the Lessee is responsible for may only be undertaken through use of appointed County Council contractors, the appointment of which shall be arranged through the library manager. The Lessee shall then reimburse the Lessor (through the library manager) the full cost incurred in undertaking these works. Such works will need prior approval by the library manager.</p>
<b>Insurance</b>	The Lessee shall indemnify the Lessor from and against all actions claims and demands which may be brought or made arising out of the use of the demised area. The Lessee shall procure their own contents insurance and any other insurance deemed necessary though the use of the premises. The Lessor shall insure the main structure and fabric of the building.
<b>Signage</b>	The Lessee shall not display or permit to be Displayed any posters, notices or advertisements of any kind without the prior written consent of the County Council.
<b>Alterations</b>	The Lessee shall not be permitted to undertake any structural alterations, works or additions to the premises.
<b>Alienation</b>	The Lessee shall not be permitted to assign, share or sub-let their rights conveyed in the Lease to any other party and shall not be permitted to hire the premises in any way.
<b>Statutes</b>	The Lessee shall obtain any necessary planning permissions under The Town & Country Planning Acts and obtaining and complying with any necessary statutory or bye-law approvals affecting the proposed use.

**Health & Safety** The Lessee will comply with all relevant Health & Safety legislation together with that set out by the Lessor.

**Costs** Each party to bear their own costs.

**Other** All other terms as per the existing lease and as deemed appropriate by the Head of Legal Services.

4. The provision of a regular open access youth club in the town centre of Huthwaite, (which is operated by volunteers of the Huthwaite Tenants and Residents Association) provides a much needed facility for the promotion or improvement of social well-being of the area's teenagers, through;
  - i. Providing a place of safety in the town centre
  - ii. Facilitating fun activities and social educational interventions
  - iii. Enabling appropriate local adults to act as positive role models through their volunteering
  - iv. Contributing to a reduction in a perception of nuisance behaviour, which may be caused by young people congregating in public areas'
5. The lease is to be granted at a peppercorn rent. It is considered that this letting promotes or improves environmental and social well-being aims which allows the County Council to consider a grant of a lease at a rent below market value.
6. The proposed terms for the lease have been reviewed by the Council's Group Manager (Legal Services) and the "Section 151 Officer" (Service Director, Finance and Procurement).

### **Other Options Considered**

7. Not renewing the lease – This is not considered an option as the area would remain vacant and would be difficult to re-let.
8. Charging a market rent for the property – This was considered however it is not an option as the tenant would not be able to meet this financial commitment and as a result the service would have to be closed which is not in the interests of the local community. Due to the nature of the premises they would also be difficult to re-let and therefore if left vacant is likely to attract vandalism and anti-social behaviour with additional costs of approximately £7,000 per annum being incurred for security and management.

### **Reason/s for Recommendation/s**

9. The granting of a lease and presence of the tenant provides a Youth Club service for the area and as outlined above would support the existing service being provided by the County Council's Youth Services.

### **Statutory and Policy Implications**

10. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (Public Health only), the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

## **RECOMMENDATION/S**

1) That approval be given to the renewal of the lease on terms detailed in the report.

**Jas Hundal**

**Service Director – Transport, Property & Environment**

**For any enquiries about this report please contact: Luke Smith 0115 9772082**

## **Constitutional Comments (SOM 13.10.2015)**

11. The recommendation falls within the remit of the Finance and Property Committee under its terms of reference.

## **Financial Comments (TR 9.10.15)**

12. The financial implications are set out in paragraph 3 of the report.

## **Background Papers and Published Documents**

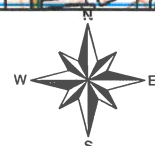
13. None.

## **Electoral Division(s) and Member(s) Affected**

14. Ward(s): Sutton in Ashfield West  
Member(s): Councillor Tom Hollis

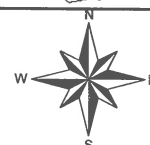
File ref.: /LS/SB/  
SP: 2939  
Properties affected: 03029 - Huthwaite Library  
20151028 ls













9 November 2015

Agenda Item: 10e

## **REPORT OF SERVICE DIRECTOR TRANSPORT, PROPERTY & ENVIRONMENT**

### **IDENTIFY A PROTOCOL: CARETAKERS PROPERTIES WHEN THEY BECOME VACANT**

#### **Purpose of the Report**

1. To seek approval to the protocol of the future use of vacant caretaker's properties.

#### **Information and Advice**

2. Some County Council schools benefit from a caretaker's property on the school site which is (usually) occupied by the Site Manager/Caretaker employed at the school. However, in some cases, either the Site Manager chooses not to reside in the property or the School decide not to advertise the role with tied accommodation, which leaves the County Council with a vacant property. This can lead to the property:
  - a) Being empty for long periods of time
  - b) Being vandalised
  - c) Becoming a health and safety hazard.
  - d) Becoming a liability in terms of costs, as no rental income is being received but expenditure is being incurred.

The purpose of this report is to clarify the process of dealing with the empty property.

3. The following criteria are recommended:-

#### **STAGE 1 – Decision on Whether Property Is Surplus to Requirements**

- 3.1 If the property is within the curtilage of the school site and cannot be separated, then the school will be encouraged to retain the property for its use.
- 3.2 If the property is outside of the main curtilage of the site or can be separated without creating any safeguarding risks, then the Council need to employ good estate management practice as follows:
  - 3.2.1 If the school Site Manager no longer requires the property then the school Governing Body will be required to declare the property surplus to requirements.

## STAGE 2 – School Business Case for Alternative Use

- 3.2.2 If the school wish to retain the building for their own purposes, then the school will be asked to submit a business case detailing how the property will be utilised. A date by which the business case needs to be submitted will be confirmed to the school immediately on it becoming vacant, around 6 weeks. During this 6 week period, the Property Department will be fully responsible for all property related matters in connection with the building, i.e., all utility bills/Council Tax, drainage etc. If after 6 weeks, the business case has not been submitted, it will be assumed the school does not wish to pursue the alternative use and a letter will be sent to the school confirming this.
- 3.2.3 If the business case is submitted this will be referred to Children, Families and Cultural Services (CFCS) who will confirm whether the property is required in order to satisfy a statutory obligation. Group Manager Property will also be copied into the business case and will comment on the suitability of the proposed use. Any costs relating to the premises will be the responsibility of the Property Department whilst the business case is being considered.
- 3.2.4 If CFCS and Group Manager Property agree to this proposal then the property will be leased to the school governing body on a full repairing lease for a specified period (usually 10 years). The school will immediately become responsible for the property; any associated costs and will be responsible for seeking planning permission to change the use of the property.
- 3.2.5 If the business case is not supported by the Group Manager Property other options will be explored and Property will continue to be responsible for all costs relating to the building.

## STAGE 3 – Property Decision

- 3.2.6 Group Manager Property to make a decision on the future use.
4. A flow chart to encompass all the options is attached in Appendix 1.
5. The Property Department will retain the right to make the ultimate decision for the future of the property, having proper regard to this protocol.

### Other Options Considered

6. Continue with the present ad hoc arrangements which does not represent good estate management practice and which can result in inconsistencies of approach.

### Reason/s for Recommendation/s

7. To formalise the future protocol of dealing with vacant school caretakers' properties

and minimise any financial burden on the County Council.

## **Statutory and Policy Implications**

8. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (Public Health only), the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

## **RECOMMENDATION/S**

- 1) That approval is given to the protocol for the future treatment of vacant caretakers' properties.

**Jas Hundal**

**Service Director – Transport, Property & Environment**

**For any enquiries about this report please contact: Helen Smith 0115 977 3655**

## **Constitutional Comments (SOM 13.10.2015)**

9. The recommendation falls within the remit of the Finance and Property Committee under its terms of reference.

## **Financial Comments (TR 22.10.2015)**

10. The financial implications are set out in the report.

## **Background Papers and Published Documents**

11. Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

## **Electoral Division(s) and Member(s) Affected**

12. Ward(s): Other  
Member(s): n/a Outside Nottinghamshire

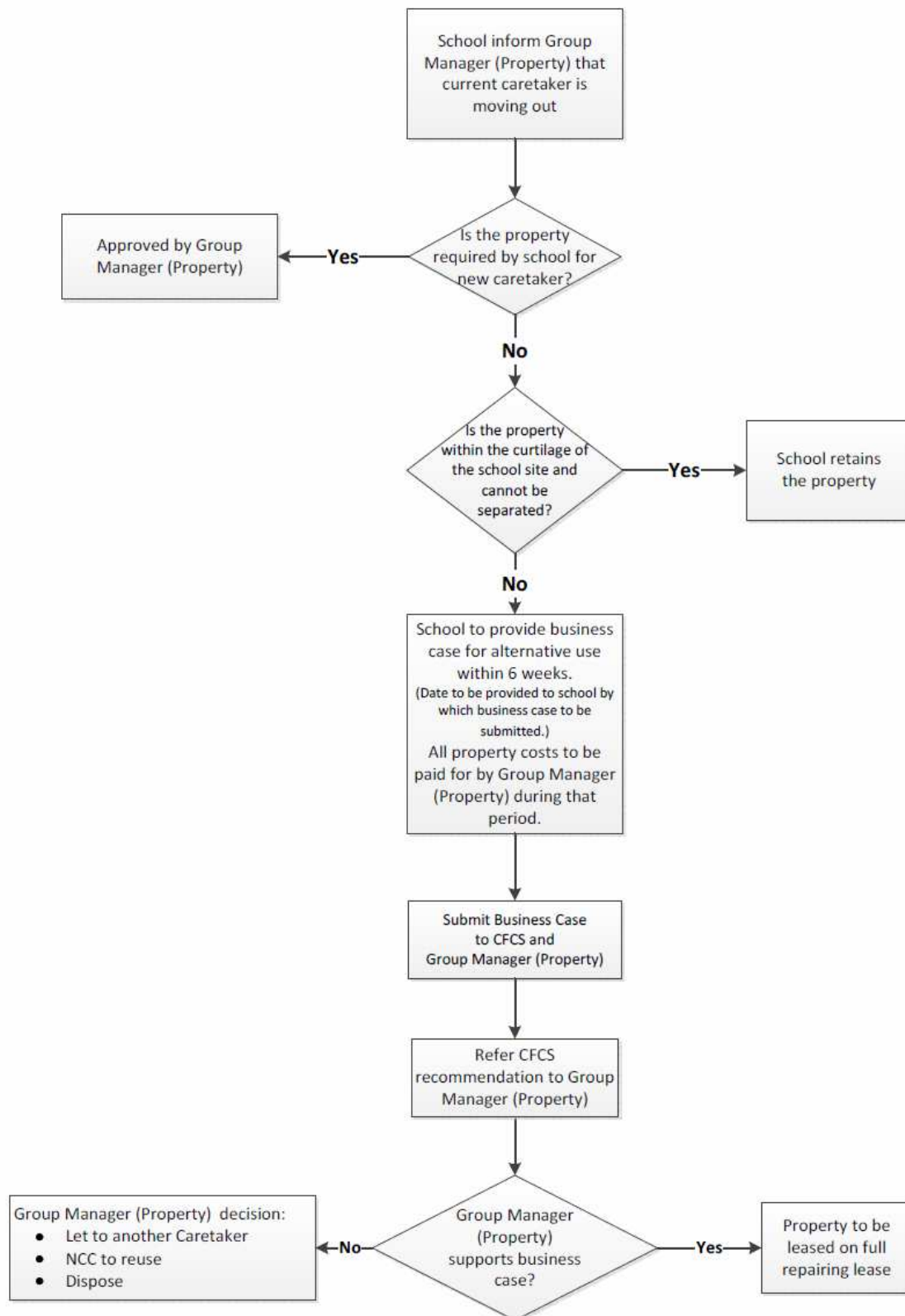
File ref.: /HS/SB/

SP: 2944

Properties affected: 09998 - Various NCC Properties/non-property item



# Vacant Caretakers' Properties Protocol







**9 November 2015****Agenda Item: 11****REPORT OF CORPORATE DIRECTOR, RESOURCES****WORK PROGRAMME****Purpose of the Report**

1. To consider the Committee's work programme for 2015.

**Information and Advice**

2. The County Council requires each committee to maintain a work programme. The work programme will assist the management of the committee's agenda, the scheduling of the committee's business and forward planning. The work programme will be updated and reviewed at each pre-agenda meeting and committee meeting. Any member of the committee is able to suggest items for possible inclusion.
3. The attached work programme has been drafted in consultation with the Chair and Vice-Chair, and includes items which can be anticipated at the present time. Other items will be added to the programme as they are identified.
4. As part of the transparency introduced by the revised committee arrangements from 2012, committees are expected to review day to day operational decisions made by officers using their delegated powers. It is anticipated that the committee will wish to commission periodic reports on such decisions. The committee is therefore requested to identify activities on which it would like to receive reports for inclusion in the work programme.

**Other Options Considered**

5. None.

**Reason/s for Recommendation/s**

6. To assist the committee in preparing its work programme.

## **Statutory and Policy Implications**

7. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (Public Health only), the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required

## **RECOMMENDATION/S**

- 1) That the committee's work programme be noted, and consideration be given to any changes which the committee wishes to make.

**Jayne Francis-Ward**  
**Corporate Director, Resources**

**For any enquiries about this report please contact: Pete Barker, x 74416**

## **Constitutional Comments (HD)**

8. The Committee has authority to consider the matters set out in this report by virtue of its terms of reference.

## **Financial Comments (NS)**

9. There are no direct financial implications arising from the contents of this report. Any future reports to Committee on operational activities and officer working groups, will contain relevant financial information and comments.

## **Background Papers**

None.

## **Electoral Division(s) and Member(s) Affected**

All

## **FINANCE & PROPERTY COMMITTEE - WORK PROGRAMME**

<b><u>Report Title</u></b>	<b><u>Brief summary of agenda item</u></b>	<b><u>For Decision or Information ?</u></b>	<b><u>Lead Officer</u></b>	<b><u>Report Author</u></b>
<b>7 December 2015</b>				
Monthly Budget & Capital Monitoring Report 2014/15	Budget Capital Monitoring, Capital Receipts, Capital Variations	Decision	Nigel Stevenson	Glen Bicknell
Training Needs Analysis	To be completed by Members of Committee.	Decision	Nigel Stevenson	Simon Cunnington
Property Transactions	Various	Decision	Jas Hundal	Various
<b>25 January 2016</b>				
Monthly Budget & Capital Monitoring Report 2014/15	Budget Capital Monitoring, Capital Receipts, Capital Variations	Decision	Nigel Stevenson	Glen Bicknell
Operational Decisions	Quarterly report on operational property decisions	Info	Jas Hundal	Andrew Stevens
Property Transactions	Various	Decision	Jas Hundal	Various
<b>8 February 2016</b>				
Draft County Council Budget	Recommendation of draft County Council budget 2016/17 to County Council	Decision	Nigel Stevenson	Glen Bicknell
<b>22 February 2016</b>				
Monthly Budget & Capital Monitoring Report 2014/15	Budget Capital Monitoring, Capital Receipts, Capital Variations	Decision	Nigel Stevenson	Glen Bicknell
ICT Programmes and Performance Quarter 3	Progress Report	Info	Ivor Nicholson	Ivor Nicholson
Property Transactions	Various	Decision	Jas Hundal	Various
<b>21 March 2016</b>				
Monthly Budget & Capital Monitoring Report 2014/15	Budget Capital Monitoring, Capital Receipts, Capital Variations	Decision	Nigel Stevenson	Glen Bicknell
Councillors Divisional Fund	Quarterly report on Councillors Divisional Fund	Info	Jayne Francis-Ward	Paul Davies
Property Transactions	Various	Decision	Jas Hundal	Various

<b><u>Report Title</u></b>	<b><u>Brief summary of agenda item</u></b>	<b><u>For Decision or Information ?</u></b>	<b><u>Lead Officer</u></b>	<b><u>Report Author</u></b>
<b>25 April 2016</b>				
Monthly Budget & Capital Monitoring Report 2014/15	Budget Capital Monitoring, Capital Receipts, Capital Variations	Decision	Nigel Stevenson	Glen Bicknell
Operational Decisions	Quarterly report on operational property decisions	Info	Jas Hundal	Andrew Stevens
Property Transactions	Various	Decision	Jas Hundal	Various
<b>23 May 2016</b>				
Monthly Budget & Capital Monitoring Report 2014/15	Budget Capital Monitoring, Capital Receipts, Capital Variations	Decision	Nigel Stevenson	Glen Bicknell
ICT Programmes and Performance Quarter 4	Progress Report	Info	Ivor Nicholson	Ivor Nicholson
Property Transactions	Various	Decision	Jas Hundal	Various
<b>20 June 2016</b>				
Monthly Budget & Capital Monitoring Report 2014/15	Budget Capital Monitoring, Capital Receipts, Capital Variations	Decision	Nigel Stevenson	Glen Bicknell
Property Transactions	Various	Decision	Jas Hundal	Various
<b>18 July 2016</b>				
Monthly Budget & Capital Monitoring Report 2014/15	Budget Capital Monitoring, Capital Receipts, Capital Variations	Decision	Nigel Stevenson	Glen Bicknell
Property Transactions	Various	Decision	Jas Hundal	Various