Nottinghamshire County Council

Finance and Property Committee

Monday, 20 June 2016 at 14:00

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

AGENDA

9 Work Programme 89 - 92

10 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.

EXEMPT INFORMATION ITEMS

11 Exempt appendices to reports:

11a Supported Living Accommodation - Kingsbridge Way, Bramcote EXEMPT

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

11b Former Rufford Colliery Tip - Proposed Disposal of Coal Fines (Coal Deposits) EXEMPT

- 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 Peter Barker (Tel. 0115 977 4416) 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

Nottinghamshire County Council

minutes

Meeting	FINANCE AND PROPERTY COMMITTEE
Date	23 May 2016 (commencing at 2pm)

Membership
Persons absent are marked with an 'A'

COUNCILLORS

Councillor David Kirkham (Chair)

Reg Adair	Stephen Garner
Pauline Allan	Liz Plant
Roy Allan	Mike Pringle
Richard Butler	Darrell Pulk

A Ex-Officio: Alan Rhodes

OFFICERS IN ATTENDANCE

Pete Barker	Democratic Services
Ian Brearley	Senior Estates Officer, Property
Jayne Francis-Ward	Corporate Director, Resources
Jas Hundal	Service Director, Transport, Property & Environment
Ivor Nicholson	Service Director, ICT
Andrew Stevens	Group Manager, Property
Nigel Stevenson	Service Director, Finance & Procurement

VICE AND VICE CHAIR

RESOLVED: 2016/055

That the appointment by the County Council on 12 May 2016 of Councillor David Kirkham as Chair of the Committee and Councillor Darren Langton as Vice-Chair be noted.

MINUTES OF THE LAST MEETING

The minutes of the last meeting held on 25 April 2016, having been circulated to all Members, were taken as read and were confirmed and were signed by the Chair.

APOLOGIES

Apologies were received from Councillor Cutts (other County Council business)

MEMBERSHIP

Councillor Pauline Allan replaced Councillor Meale and Councillor Roy Allan replaced Councillor Langton, both for this meeting only.

DECLARATIONS OF INTEREST

Councillor Rigby declared a private non-pecuniary interest in item 8c on the Disposal of 365 Sq m of Land at Coronation Rd, Ilkeston, to Network Rail, as the site is in his electoral division, which did not preclude him from speaking or voting on that item.

LOCAL AUTHORITY MORTGAGE SCHEME – PROGRESS REPORT

RESOLVED: 2016/056

1. That the success of the Local Authority Mortgage Scheme (LAMS) in Nottinghamshire, in particular the successful partnership arrangements with district councils, be noted.

2. That it be noted the LAMS involving the Mansfield Building Society is to close.

3. That it be noted the existing LAMS involving Lloyds will close on 31 July 2016 and involvement with all future LAMS is suspended.

ICT PROGRAMMES AND PERFORMANCE QUARTER 4 2015-16

RESOLVED: 2016/057

That the progress against the key programme and performance measures for ICT Services and the priorities for the next 6 month period be noted.

COUNCILLORS' DIVISIONAL FUND MONITORING REPORT

RESOLVED: 2016/058

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

PROPERTY JOINT VENTURE – PROGRESS AND IMPLEMENTATION

RESOLVED: 2016/059

1) That the contents of the report be noted.

2) That the appointment of Derek Higton (Service Director Youth, Families & Cultural Services) and Jon Hawketts (Group Manager Quality & Improvement) as Directors of Arc be approved.

3) That the appointment of the Corporate Director (Place) or his/her nominee as the County Council's Shareholder Representative to Arc be approved.

PROPOSED DISPOSAL OF THE CLASP BLOCK, DATA CENTRE AND RIVERSIDE BLOCK, COUNTY HALL

RESOLVED: 2016/060

1. That the preparation of a Development Brief and the procurement approach to be adopted, be approved.

2. That the use of the site of the CLASP building for additional car parking for the County Hall campus be approved, until further options have been considered.

DISPOSAL OF 365 SQ M LAND AT CORONATION ROAD ILKESTON TO NETWORK RAIL

RESOLVED: 2016/061

That the terms for the Disposal, as detailed in the report, be approved.

ST AUGUSTINE'S PRIMARY SCHOOL – LICENCE TO BASSETLAW DISTRICT COUNCIL FOR PLAY PARK

RESOLVED: 2016/062

That approval be given to enter into a licence for approx. 2,810 sq m land at St Augustine's Primary School for the provision of a play area including a Multi-Use Games Area and equipment on the terms outlined in the exempt appendix.

EXCHANGE OF LAND OFF SOUTHWELL ROAD WEST, RAINWORTH, MANSFIELD

RESOLVED: 2016/063

That the contract for the exchange of land off Southwell Road West, Rainworth, Mansfield be approved on the terms detailed in the exempt appendix.

UPDATE REGARDING EASTWOOD EXTRA CARE SCHEME AND LYNNCROFT PRIMARY REDEVELOPMENT

A plan showing the location of the development would be circulated to all members of the Committee following the meeting.

RESOLVED: 2016/064

That Adult Social Care and Health and Finance and Property Committees note decisions taken by the Chief Executive under the urgency procedures to:

i) end the Council's involvement with the current proposed Eastwood Extra Care scheme

ii) approve Adult Social Care & Health (ASCH) officers to undertake scoping work to identify options for the creation of an alternative Eastwood Extra Care scheme on a smaller plot within the Walker Street site and report back to Committee in 2016;

iii) allocate part of the land currently within the Extra Care scheme to enable the Education Funding Agency (EFA) to construct a new school to replace the Lynncroft Primary School; and

iv) when the school project is complete, include the existing school land and buildings in the site area to be sold for development.

WORK PROGRAMME

Committee requested that a report on the progress of the Property JV company be brought to a future meeting of the Committee.

RESOLVED: 2016/065

That the Committee's work programme be noted.

EXCLUSION OF THE PUBLIC

RESOLVED: 2016/066

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

PROPOSED DISPOSAL OF THE CLASP BLOCK, DATA CENTRE AND RIVERSIDE BLOCK, COUNTY HALL

RESOLVED: 2016/067

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

ST AUGUSTINE'S PRIMARY SCHOOL – LICENCE TO BASSETLAW DISTRICT COUNCIL FOR PLAY PARK

RESOLVED: 2016/068

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

EXCHANGE OF LAND OFF SOUTHWELL RD WEST, RAINWORTH, MANSFIELD

RESOLVED: 2016/069

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

The meeting closed at 2.58pm.

CHAIR

Nottinghamshire County Council

Report to Finance & Property Committee
20 June 2016

Agenda Item: 4

REPORT OF THE SERVICE DIRECTOR – FINANCE, PROCUREMENT & IMPROVEMENT

DRAFT MANAGEMENT ACCOUNTS 2015/16

Purpose of the Report

1.1 To inform the Committee of the year end position for the 2015/16 draft Management Accounts.

1.2 To request that the Committee recommends the transfer from General Fund Balances of £3.0m, for approval by County Council.

1.3 To inform the Committee of the position on other reserves of the Authority.

1.4 To inform the Committee of the final position on 2015/16 contingency requests.

1.5 To inform the Committee on the year end position for the 2015/16 Capital Programme and it's financing.

1.6 To request approval of variations to the Capital Programme.

Information and Advice

2. Background

2.1 The financial position of the County Council has been monitored throughout the financial year, with monthly reports to Corporate Leadership Team and this Committee providing an update of progress, thus ensuring decision makers had access to financial information on a timely basis. At the Finance and Property Committee meeting of the 25 April 2016, Members were informed of the forecast as at period 11. This report is the draft out-turn for 2015/16. The final figures will be confirmed at the County Council meeting on the 4 July 2016.

3. Summary Financial Position

3.1 Through continued prudent financial management, Committee budgets have achieved a net underspend of £11.5m or 2.3% of net Committee budgets. This compares to a period 11 forecast of £9.4m.

3.2 The level of General Fund balances, subject to approval by County Council, will reduce by £3.0m to £24.0m. This results in a closing balance that is £3.0m higher than originally planned. This was forecast at the time of setting the 2016/17 budget and has been factored into the Council's Medium Term Financial Strategy.

3.3 The detailed figures are summarised in the appendices to this report. Table 1 shows the summary revenue position of the County Council.

Table 1 – Summary Financial Position

Committee	Final Budget £ 000's	Draft Out-turn £ 000's	Draft Variance £ 000's
Children & Young People	138,618	139,857	1,239
Adult Social Care & Health	201,627	193,776	(7,851)
Transport & Highways	59,642	59,407	(235)
Environment & Sustainability	30,439	30,251	(188)
Community Safety	2,996	3,079	83
Culture	13,555	12,870	(685)
Policy	24,737	23,275	(1,462)
Finance & Property	33,495	32,735	(760)
Personnel	3,285	2,548	(737)
Economic Development	1,424	1,249	(175)
Public Health	3,553	2,796	(757)
Net Committee (under)/overspend	**513,371**	**501,843**	**(11,528)**
Central items	(12,016)	(15,559)	(3,543)
Contribution to Schools Expenditure	382	382	-
Contribution to/(from) Traders	198	421	223
Forecast prior to use of reserves	**501,935**	**487,087**	**(14,848)**
Transfer to / (from) Corporate Reserves	(5,694)	3,318	9,012
Transfer to / (from) Departmental Reserves	(2,976)	(164)	2,812
Transfer to / (from) General Fund	(6,038)	(3,014)	3,024
Net County Council Budget Requirement	**487,227**	**487,227**	**-**

4. Committee & Central Items

The overall net underspend within the Committees is £11.5m and the principal reasons for the variations are detailed below.

4.1 Children & Young People (£1.2m overspend, 0.9% of Committee budget)

The Children's Social Care Division has overspent by £1.9m. This net position includes overspends of £1.4m on the continued use of agency staff to cover vacancies in social work and safeguarding teams, £0.3m on Looked After Children placements, £0.2m on Unaccompanied Asylum Seeking Children and a £0.2m overspend on school transport. These variances have been offset by a £0.2m underspend on the Children's Disability Service (CDS) due to additional income and vacancies.

The Department has introduced a number of mitigating actions including the Social Work Support Officer (SWSO) Pilot, a Social Worker Development Directory detailing all the available training for the social work workforce and a rolling recruitment programme. In addition, it is recognised that a longer term recruitment and retention strategy is required and, as part of this, £1.8m has been allocated to cover the additional cost of agency staff and the payment of a market factor supplement to qualified social workers, within the hard to recruit to teams. It is anticipated that these and other measures will reduce the reliance on agency staff and their costs in future years.

The final outturn for Education Standards and Inclusion Division is a net overspend of £0.8m. Within this, there is an overspend of £1.2m on Special Educational and Disability Policy and Provision for SEN home to school transport where demand has exceeded the

budget. This has been partly offset by a £0.4m underspend on the Support to Schools Service due to vacancies and an underspend on mainstream home to school transport.

A net underspend of £1.1m was delivered in the Youth, Families and Culture Division. This was due to a £0.7m underspend on Early Years and Early Intervention relating to contract savings, pension refunds and backdated NNDR refunds. A £0.4m underspend across the Family Service budgets arose primarily from savings within employee costs and activities and support budgets.

The Capital and Central Charges area had 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.

There is also an underspend of £0.6m in Business Support which relates to savings associated with the part year effect of fixed term contracts and holding vacancies in anticipation of future years' savings.

4.2 Adult Social Care and Health (£7.9m underspend, 3.9% of Committee budget)

The Strategic Commissioning, Access and Safeguarding Division has underspent by £0.7m which is mainly due to a £1.5m underspend on the Learning Disability Contract within Supporting People, £0.2m on various contracts within Strategic Commissioning and an underspend of £0.3m on the business support and framework teams. This has been partially offset by a shortfall of £1.3m on client contributions.

A net underspend of £1.9m was achieved in the North and Direct Services budgets. This is mainly due to a £1.6m underspend on Day Services and Employment Services, primarily on staffing, a £0.2m underspend on Care and Support Centres and a £0.3m underspend on the Short Breaks units, primarily on staffing. This was partially offset by a £0.2m overspend on Bassetlaw Care Packages due to overspends on Younger Adults.

The Mid and South Nottinghamshire Divisions have underspent by £1.9m which is mainly due to an underspend of £3.2m on Older Adults Care Packages, partially offset by an overspend of £1.3m on Younger Adults Care Packages.

As reported previously, the ASCH Transformation budget was underspent by £3.4m on the Care Act mainly due to delays in recruiting staff and a backlog of assessments.

4.3 Transport & Highways (£0.2m underspend, 0.4% of Committee budget)

The net underspend above is made up of a £0.5m underspend in Transport Division offset by a £0.3m overspend in Highways Division.

Within the Transport Division, Concessionary Fares underspent by £0.2m mainly due to a delay in commencing the operation of Tram Lines, a downturn in passenger trips and savings from fleet running contracts that had previously been let externally. There was a saving in Local Bus Services of £0.2m due to reduced expenditure on concessionary payments for elderly and disabled travellers, together with increased income from travel on local bus services run by Fleet Operations. Other transport costs were £0.1m underspent.

The majority of the Highways overspend relates to Carriageway/Footway Patching, trees and hedges and verges maintenance.

4.4 Environment and Sustainability (£0.2m underspend, 0.6% of Committee budget)

There was a £0.4m underspend as a result of rate and utility rebates and additional trade waste income. This was partially offset by an overspend of £0.2m against Non-PFI Contract Costs due to the funding of the Ashfield Bins Project.

4.5 Community Safety (£0.1m overspend, 2.8% of Committee budget)

The Committee overspend is due to small variances across both Coroners and Trading Standards.

4.6 Culture (£0.7m underspend, 5.0% of Committee budget)

A £0.3m underspend in Country Parks was due to a continued increase in income and a £0.4m underspend across Libraries and Arts was due to vacancy savings in readiness for 2016/17 targets and increased teaching and grant income.

4.7 Policy (£1.4m underspend, 5.9% of Committee budget)

The underspend of £0.4m within the Customer Services Centre budget relates to a reduction in both staffing and overall running costs. Some savings were achieved through reduced telephony costs (from a change in suppliers) and the replacement of the Lagan CRM system with a Cloud based and more cost effective solution, Firmstep. Costs have been renegotiated and reduced and will contribute to future savings targets required in 2016/17. There was also an increase in income gained from a small increase in Blue Badge applications.

The Programmes and Projects Team underspent by £0.4m as a result of the detailed review of the Programmes and Project Teams expenditure, commitments and scheduled workloads at the half year stage of the financial year.

The Ways of Working Programme underspend of £0.3m was due mainly to reduced ICT costs relating to staff moves following the remodelling of floor 2 of County Hall.

The Legal Services Division underspent by £0.2m due to continuing improvements in electronic and digital working and an ongoing efficiency programme to reduce operating costs where possible.

The Business Support Centre underspent by £0.1m as a result largely of vacancy savings.

4.8 Finance and Property (£0.7m underspend, 2.3% of Committee budget)

County Offices and Facilities Management Division underspent by £0.3m due mainly to reduced business rates payable on County Offices premises.

A net underspend of £0.2m was achieved in Property due to staffing rationalisation to enable early achievement of savings to align with 2016/17 targets, together with reduced costs on industrial properties.

The Finance and Procurement Division and Business Support Division delivered further underspends of £0.2m due to staff vacancies.

4.9 Personnel (£0.7m underspend, 22.4% of Committee budget)

The underspend is due mainly to staff vacancies and a reduction in running costs, together with a reduction in training fees due to lower than expected in-year training requests.

4.10 Economic Development (£0.2m underspend, 12.3% of Committee budget)

The underspend of £0.2m has occurred due to slippage in the Broadband and Youth Employment projects matched by a lower than expected draw down from reserves in 2015/16.

4.11 Public Health (£0.8m underspend, transferred in full to the Public Health Reserve)

Expenditure in this area is met in full by a government grant, with underspends transferred to an earmarked reserve for use in subsequent years. The major underspends arose on a number of contracts, namely £1.3m on Smoking and Tobacco, £0.5m on the Health Check Programme, £0.5m on Public Health Directorate staffing costs, £0.6m on Sexual Health, and £0.2m on Domestic Violence and Abuse together with an underspend on the Realignment Fund of £0.3m. This has been offset partially by a reduction of £2.6m in the level of grant during the 2015/16 financial year.

5 Carry Forwards

In previous years the Council has considered requests to allow planned savings to be carried forward into the following financial year to support Committee priorities. This approach has been suspended since 2014/15 due to the financial pressures that the authority faces in forthcoming years.

6 Central Items (£3.5m underspend, 15.0% of budget)

Central Items primarily consists of interest on cash balances and payments on borrowing, contingency, capital charges and various grants. Key variances are outlined below.

6.1 Interest (£0.8m overspend)

Interest payments depend upon Treasury Management decisions taken, expectations of future rates and anticipated slippage on the capital programme. Variances against each of these factors in 2015/16 has resulted in an overspend of £0.8m.

6.2 Contingency (£0.8m underspend)

The total 2015/16 contingency budget was originally set at £5.1m to cover both redundancy and general contingency requirements. Following a base budget review a further £2.5m was added to the contingency budget during 2015/16. The balance of contingency relates to schemes approved in year through the budget monitoring report and by the Section 151 Officer.

6.3 Statutory Provision for Debt Redemption (£0.6m underspend)

The budget included an estimate of the Minimum Revenue Provision (MRP) that was based on the assumption that the mix of assets types on which capital expenditure would be incurred would be similar to that of previous years and certain capital receipts would be received within the financial year. In 2015/16, capital receipts were applied against assets with shorter lives. As a result, MRP was £0.6m less than budget.

6.4 Pension Deficit Contribution (£0.3m underspend)

Across the Authority there was an overprovision of £0.3m in allocating the employers pensions contribution to match the 13.2% rate and fixed contribution of £13.0m set by the actuary. This has therefore been charged centrally and the balance transferred into a reserve to provide for any future shortfalls.

6.5 Government Grants (£0.9m underspend)

Several non-ring fenced grants sit centrally, but values are not normally confirmed until after the budget is set in the February of each year, which results in year end variances to budget. Overall these grants have resulted in a minor £0.2m overspend.

As previously reported the Council's membership of the Nottinghamshire Business Rates Pool results in a proportion of local growth being retained by the Council. For 2014/15, this was £1.0m, received in the 2015/16 financial year. For 2015/16, NCC's share of the pooled surplus was £1.8m which will be held in an earmarked reserve and used to fund future priorities.

7 Movements on Balances and Reserves (for detail please refer to Appendix B)

7.1 General Fund Balances

The Council meeting on 25 February 2016 approved the use of £6.0m of General Fund Balances. Given the underspend that has been achieved, it is recommended that £3.0m is drawn down. Subject to Council approval, the closing balance of the Council's General Fund will reduce from £27.0m to £24.0m.

7.2 Other Earmarked Reserves

At the end of 2015/16 other 'earmarked' reserves totalled £121.7m, an increase of £0.6m since 31 March 2015. This consists of the following:

- **PFI Reserves**

£31.3m of reserves are held for PFI schemes and this equates to 26.1% of other earmarked reserves. The arrangements for calculating PFI grant result in more grant being received in the early years of a PFI scheme than is needed to meet the payments to providers of the service. These surpluses need to be kept in an earmarked reserve to cover the corresponding deficits in later years. The amounts set aside at the end of 2015/16 are shown in the table below.

Table 2 – PFI set aside as at 31/03/2016

PFI Scheme	£'000
East Leake Schools	3,213
Bassetlaw Schools	304
Waste	27,773
Total	**31,290**

- **Insurance Reserve**

The Authority operates a self-insurance scheme and covers risks up to an agreed amount. External insurers cover risks in excess of this figure. The Insurance Reserve is set aside to cover possible insurance claims losses that are not yet known. The closing balance of this reserve is £11.9m.

- **Capital Projects Reserve**

  The Capital Projects Reserve supports the Medium Term Financial Strategy as well as current and future capital commitments. In 2015/16 there was a net contribution to the reserve of £0.9m. As at 31 March 2016, the balance on the Capital Projects Reserve is £12.1m.

- **Strategic Development Fund (including Ways of Working)**

  The establishment of a Strategic Development Fund (SDF) was approved in the 2014/15 Budget Report (Council, 27/02/2014), funded in part by the remaining balance of the Improvement Programme reserve and by other balances that were identified as surplus to their original requirement. The residual Ways of Working (WoW) Reserve has been identified separately although this programme is clearly linked to the Council's Transformation agenda. As reported in Section 4.7 above, underspends were achieved in both of these areas resulting in a reduced requirement for funding from the reserve. As a result, £0.1m was drawn down from the Improvement Programme Reserve and £2.2m from the Strategic Development Fund Reserve. The closing balance for the SDF reserve is now £5.3m and the WoW balance is £2.4m. It is proposed that these two reserves are brought together to fund on-going transformational costs.

- **Redundancy Reserve**

  The Redundancy Reserve was created in 2009/10 and, since then, a proportion of year end underspends, combined with the release of the former Corporate Pay Review Reserve have increased the reserve value resulting in an opening balance of £9.1m. The 2015/16 budget included draw down of £4.0m. With the underspend achieved and the significant budget pressures from 2016/17 onwards the proposed £4.0m has not been drawn down and has instead been transferred to the Earmarked for Services Reserve.

- **Earmarked for Services Reserves**

  All departments have reserves for identified purposes. In addition, Financial Reporting Standards require grant income to be carried on the Balance Sheet as a reserve balance. This includes Public Health and Section 256 grants. During the year, these departmental balances decreased by a net £4.5m to £49.6m.

8 Capital Expenditure

8.1 Capital Expenditure in 2015/16 totalled £80.244m. Table 3 shows the final 2015/16 Capital Programme broken down by Committee.

Table 3 – 2015/16 Capital Expenditure

Committee	Original Budget £'000	Revised Budget £'000	Total Outturn £'000	Variance £'000
Children & Young People	40,400	35,644	26,476	(9,168)
Adult Social Care & Health	6,920	4,317	1,789	(2,528)
Transport & Highways	38,786	36,320	34,202	(2,118)
Environment & Sustainability	1,913	2,516	2,237	(279)
Community Safety	-	-	-	-
Culture	1,051	1,532	965	(567)
Policy	1,221	1,976	1,988	12
Finance & Property	12,801	10,237	7,709	(2,528)
Personnel	95	298	36	(262)
Economic Development	7,052	6,691	4,841	(1,850)
Contingency	1,800	-	-	-
Total	**112,039**	**99,531**	**80,243**	**(19,288)**

Note: These figures exclude any expenditure incurred directly by schools.

The major areas of investment in 2015/16 are listed in Table 4 below.

Table 4 – Major investment areas 2015/16

Committee	Scheme	2015/16 Capital Expenditure £'000
Children and Young People	School Refurbishment Programme	14,384
	School Places Programme	8,125
	Edwinstowe Respite Centre	1,484
Transport & Highways	Road Maintenance & Renewals	13,781
	Integrated Transport Measures	4,682
	A453 Widening Scheme	5,000
	Street Lighting	3,083
	Hucknall Town Centre Improvement Scheme	2,385
	Worksop Bus Station	1,903
Policy	Ways Of Working Programme	1,824
Finance & Property	Various IT Capital Projects	3,536
Economic Development	Superfast Broadband	3,739

Capital Programme Variations

8.2 The changes in the gross Capital Programme for 2015/16, since its approval at Council (26/02/15) are summarised in Table 5 below.

Table 5 2015/16 Capital Programme

	£'000
Approved per Council (Budget Report 2015/16)	112,039
Variations funded from County Council Allocations : Net slippage from 2014/15 and financing adjustments	(6,539)
Variations funded from other sources : Net slippage from 2014/15 and financing adjustments	(5,969)
Revised Gross Capital Programme	**99,531**

To comply with financial regulations, every item of capital expenditure incurred by the Council has to be approved, irrespective of how it is funded. The following variation to the Capital Programme requires approval by Finance and Property Committee as it is in excess of £0.250m:-

It is proposed that the 2015/16 Capital Programme for Transport & Highways Committee is varied to reflect that £0.261m external funding was secured to part fund costs associated with the Integrated Transport Measures programme.

A number of other minor variations to the capital programme have been approved by the Service Director – Finance, Procurement and Improvement. These variations are set out in Appendix D.

8.3 Maximising the use of grants in 2015/16

Sometimes when there is slippage on a scheme funded by grant, rather than slipping the grant funding for use in the next year, it is possible to use the grant to finance the expenditure on a different scheme in the current year. This does not affect the total expenditure on individual schemes, nor their phasing, but delays the use of prudential borrowing and the consequent impact on the revenue budget of having to set aside a minimum revenue provision (MRP).

Grant funding unapplied totalling £2.6m has been used to fund capital expenditure on the Early Years and Edwinstowe Respite Centre projects in 2015/16 that would otherwise have been funded from borrowing.

Slippage/re-phasing of Capital Schemes

8.4 In addition to the slippage and re-phasing of schemes incorporated into the Budget Report 2015/16 there has been £19.3m of further net slippage/re-phasing on a number of schemes, of which £23.2m relates to schemes funded by capital allocations (borrowing). The main areas of this further slippage/re-phasing are:-

Slippage

- Schools Capital Refurbishment Programme (£5.6m)
- School Places Programme (£3.1m)
- Living at Home (£1.9m)

The main reasons for slippage on the Schools Capital Programme are:-

- Contributions to condition works at Academies have not been made as the works have not completed.
- Deliberate stalling of works to schools that were the subject of bids to the Priority School Building Programme 2; the works were re-instated if bids were unsuccessful
- Schools are increasingly at capacity with no decant space resulting in works being re-scheduled to minimise disruption.
- Maintenance of a strong position on standardised specifications and design solutions to generate funds to support the poor 2017/18 Basic Need settlement.

Despite slippage on the main schools capital programmes it is still expected that the programmes will be delivered as agreed and within approved budgets.

Capital Financing

8.5 The following Table outlines how the 2015/16 capital expenditure has been financed.

Table 6 - 2015/16 Capital Financing

	Original Budget £'000	Revised Budget £'000	Total Outturn £'000	Variance £'000
Funding Source:				
Prudential Borrowing	55,452	48,913	25,703	(23,210)
Capital Grants	51,829	48,262	52,843	4,581
Revenue / Reserves	4,758	2,356	1,697	(659)
Gross Capital	**112,039**	**99,531**	**80,243**	**(19,288)**

8.6 Capital receipts for 2015/16 totalled £7.7m, which is £0.8m more than anticipated in the 2015/16 budget report. These capital receipts have been set against the principal of borrowing in previous years. Analysis has determined that this application of funding sources is optimum in terms of reducing the impact of the Capital Programme on the revenue account.

8.7 Total borrowing for the year is £25.7m, which is £23.2m less than the revised borrowing for 2015/16 of £48.9m. This is primarily as a result of the slippage/re-phasing of capital expenditure to be funded from prudential borrowing. The corresponding funding (capital allocations) will be carried forward and incorporated into the Capital Programme for 2016/17.

8.8 The Capital Programme for 2016/17 will be monitored to ensure that borrowing for 2016/17 is managed within the prudential limits for the year. Funding by borrowing in 2016/17 is now projected to be £78.2m. Although this is £23.5m more than the budgeted borrowing figure in the Budget Report 2016/17, any new capital expenditure slippage in 2016/17 will offset this and the Council's overall level of indebtedness is not expected to exceed previous forecasts. The size of the revised Capital Programme for 2016/17 is £112.3m.

9 Statement of Accounts

The pre-audited Statement of Accounts will be certified by the S151 Officer before 30th June to meet the statutory requirements, and be published on the Council's website. The external audit will take place over the summer months and therefore figures will be provisional, pending the completion of the audit.

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.

RECOMMENDATIONS

11.1 To note the provisional 2015/16 year end revenue position.

11.2 To recommend the level of County Fund Balances for approval by County Council as set out in section 7.1 and Appendix B.

11.3 To note the movements in reserves as detailed in section 7 and Appendix B.

11.4 To note the final position on contingency requests as detailed in Appendix C.

11.5 To approve the capital variations outlined in section 8.4.

11.6 To note the capital programme and it's financing.

Nigel Stevenson
Service Director – Finance, Procurement and Improvement

For any enquiries about this report please contact:
Glen Bicknell - Senior Accountant, Financial Strategy & Accounting

Constitutional Comments (HD 08/06/2016)
Committee has the authority to determine the recommendations within the report

Financial Comments (GB 13/05/2016)
The financial implications are set out in the report.

Background Papers
None

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

MANAGEMENT ACCOUNTS SUMMARY 2015/16

Committee	2015/16 Final Budget £'000	2015/16 Draft Out-turn £'000	Variance £'000
Children & Young People	138,618	139,857	1,239
Adult Social Care & Health	201,627	193,776	(7,851)
Transport & Highways	59,642	59,407	(235)
Environment & Sustainability	30,439	30,251	(188)
Community Safety	2,996	3,079	83
Culture	13,555	12,870	(685)
Policy	24,737	23,275	(1,462)
Finance & Property	33,495	32,735	(760)
Personnel	3,285	2,548	(737)
Economic Development	1,424	1,249	(175)
Public Health	3,553	2,796	(757)
Net Committee Total	**513,371**	**501,843**	**(11,528)**
Schools Budget (after Dedicated Schools Grant)	382	382	-
Schools' Statutory Reserve	-	-	-
Net Schools total	**382**	**382**	**-**
Trading Services	198	421	223
Central Items Managed through Finance & Property Committee			
Capital Charges included in Committees	(41,769)	(41,769)	-
Statutory Provision for Debt Redemption	19,800	19,208	(592)
Interest	18,122	18,885	763
Contingency	734	(71)	(805)
Flood Defence Levies	270	270	-
Pension Enhancements	2,205	2,158	(47)
Write Offs	-	(34)	(34)
New Homes Bonus	(3,786)	(3,291)	495
Education Services Grant	(6,955)	(7,137)	(182)
Local Services Support Grant	-	(245)	(245)
Other Government Grants	(637)	(527)	110
Pensions (Surplus) / Deficit Contribution	-	(303)	(303)
Additional business Rate Growth due to pooling	-	(2,924)	(2,924)
Single Status Costs	-	7	7
Miscellaneous	-	214	214
Central Items	**(12,016)**	**(15,559)**	**(3,543)**
Expenditure before Use of Reserves	**501,935**	**487,087**	**(14,848)**

Reserves and Balances

Transfer to /(from) Corporate Reserves			
Carry Forwards from 2014/15	(18)	(18)	-
PFI Reserves:			
East Leake PFI	275	185	(90)
Bassetlaw PFI	439	1	(438)
Waste PFI	(674)	103	777
Improvement Programme	(3,015)	(2,302)	713
Pay Review	-	(6)	(6)
Earmarked Underspendings	(60)	-	60
Capital adjustment with Trading Activities	617	628	11
Corporate Redundancy	(4,059)	-	4,059
Additional business Rate Growth due to pooling	-	2,924	2,924
Traders redundancy / pensions backfill	801	1,500	699
Pensions (Surplus) / Deficit Contribution	-	303	303
Net transfer to /(from) Corporate Reserves	**(5,694)**	**3,318**	**9,012**
Transfer to /(from) Departmental Reserves			
Children & Young People	157	218	61
Adult Social Care & Health	991	2,251	1,260
Transport & Highways	396	396	-
Environment & Sustainability	5	416	411
Community Safety	(93)	(45)	48
Culture	(425)	(361)	64
Policy	322	321	(1)
Finance & Property	(439)	(439)	-
Personnel	-	-	-
Economic Development	(306)	(176)	130
Public Health	(3,553)	(2,796)	757
Traders Reserves	(31)	51	82
Net transfer to /(from) Departmental Reserves	**(2,976)**	**(164)**	**2,812**
Transfer to/(from) General Fund	**(6,038)**	**(3,014)**	**3,024**
Funding Required	**487,227**	**487,227**	**-**
Funding			
Council Tax/Surplus on Collection	296,204	296,204	-
Revenue Support Grant/Business Rates	191,023	191,023	-
Total Funding	**487,227**	**487,227**	**-**

SUMMARY OF REVENUE RESERVES

	Brought Forward 01/04/2015 £'000	Use (-) in 2015/16 £'000	Contribution (+) 2015/16 £'000	Transfers 2015/16 £'000	Carry Forward 31/03/2016 £'000
General Fund Balances	**27,031**	**(3,015)**	**-**	**-**	**24,016**
Schools Reserves	**37,899**	**(3,519)**	**-**	**-**	**34,380**
Insurance Reserves	**10,276**	**-**	**1,608**	**-**	**11,884**
Other Earmarked Reserves					
Corporate Reserves					
2014/15 Carry Forwards	240	(18)	-	(222)	-
2015/16 Carry Forwards	-	-	-	-	-
Earmarked Reserves	833	-	-	8,832	9,665
Capital Projects	11,208	(1,370)	2,250	-	12,088
NDR Pool Reserve	2,388	(1)	2,925	-	5,312
East Leake PFI	3,152	(124)	185	-	3,213
Bassetlaw Schools PFI	333	(29)	-	-	304
Waste PFI	29,056	(387)	104	(1,000)	27,773
Corporate Pay Review	717	(7)	-	-	710
Improvement Programme (Ways of Working)	-	-	302	-	302
Corporate Redundancy Reserve	9,053	-	-	(4,000)	5,053
Strategic Development Fund	9,955	(2,303)	-	-	7,652
Surplus Pension Contributions Reserve					
Departmental Reserves					
Trading Activities	3,260	(2,371)	2,938	(196)	3,631
Earmarked for Services Reserves	19,629	(3,107)	1,417	(3,414)	14,525
Revenue Grants	15,929	(6,548)	5,283	-	14,664
Section 256 Grants	15,348	(2,828)	4,304	-	16,824
Subtotal Other Earmarked Reserves	**121,101**	**(19,093)**	**19,708**	**-**	**121,716**
Total Usable Revenue Reserves	**196,307**	**(25,627)**	**21,316**	**-**	**191,996**

EARMARKED FOR SERVICES RESERVES DETAIL

	Brought Forward 01/04/2015 £'000	Use (-) in 2015/16 £'000	Contribution (+) 2015/16 £'000	Transfers 2015/16 £'000	Carry Forward 31/03/2016 £'000
Adult Social Care and Health & Public Protection					
Trading Activities	-	-	-	-	-
Earmarked for Services Reserves	13,170	(81)	-	(2,587)	10,502
Revenue Grants	1,058	(45)	1,672	-	2,685
Section 256 Grants	13,270	(2,261)	2,840	-	13,849
Children, Families & Cultural Services					
Trading Activities	595	(54)	103	-	644
Earmarked for Services Reserves	235	-	-	(110)	125
Revenue Grants	4,476	(974)	992	-	4,494
Section 256 Grants	550	-	-	-	550
Place					
Trading Activities	2,630	(2,317)	2,746	(218)	2,841
Earmarked for Services Reserves	4,693	(1,643)	1,149	(720)	3,479
Revenue Grants	914	(806)	1,359	-	1,467
Section 256 Grants	-	-	-	-	-
Resources					
Trading Activities	35	-	89	22	146
Earmarked for Services Reserves	1,531	(1,383)	268	3	419
Revenue Grants	6	-	-	-	6
Section 256 Grants	-	-	-	-	-
Public Health					
Trading Activities	-	-	-	-	-
Earmarked for Services Reserves	-	-	-	-	-
Revenue Grants	9,475	(4,723)	1,260	-	6,012
Section 256 Grants	1,528	(567)	1,464	-	2,425
Total Earmarked For Services Reserves	**54,166**	**(14,854)**	**13,942**	**(3,610)**	**49,644**

ALLOCATIONS FROM CONTINGENCY

	2015-16	
	£000	£000
Opening Contingency Budget		5,100
Add on departmental transfers:		
ASCH Ctte- Base Budget	2,000	
Finance Ctte - Base Budget	350	
Policy Ctte - Base Budget	100	2,450
Revised contingency Total		**7,550**
Approved contingency requests		
LEP match funding	(63)	
Property Consultants	(97)	
Performance Mgt Savings W/Off	(25)	
Apprentice Training Scheme	(100)	
Leadership Development Training	(250)	
Historical Abuse claims	(338)	
Children's Disability Service W/Off	(800)	
Independent Travel Transport	(200)	
SEND Transport	(200)	
Provider Services	(2,100)	
Tram Compensation	(963)	
Tree Diseases	(250)	
Business Support Slippage	(1,430)	
Total Approved contingency requests		**(6,816)**
Reported under/ (over) spend on contingency		**734**

MINOR VARIATIONS TO THE CAPITAL PROGRAMME

Committee	Project/ Programme	Value (£000)	Funded by:
Children & Young People	Edwinstowe Respite Centre	25	Revenue
Children & Young People	Early Years	10	Revenue
Children & Young People	School Places - Coppice Farm Primary	21	Section 106
Children & Young People	School Places - Kirkby Woodhouse Primary	68	Section 106
Children & Young People	School Places - Brookhil /Leys Primary	45	Section 106
Children & Young People	School Places - King Edward Primary	37	Section 106
Children & Young People	School Places - Lambley Primary	92	Section 106
Children & Young People	School Capital Refurbishment Programme	107	Revenue
Children & Young People	SCAPE Kitchen Project	40	Revenue
Adult Social Care & Health	Changing Places	24	Reserves
Adult Social Care & Health	ASCH Strategy	162	Revenue
Transport & Highways	Flood Alleviation	10	External Funding
Transport & Highways	Road Maintenance & Renewals	165	External Funding
Environment & Sustainability	Waste Management	104	Revenue
Culture	National Water Sports Centre	31	Reserves
Policy	Ways of Working	24	Revenue
Policy	Worksop Turbine Centre	100	Revenue

Nottinghamshire County Council

Report to Finance and Property Committee

20 June 2016

Agenda Item: 5

REPORT OF THE SERVICE DIRECTOR – FINANCE, PROCUREMENT AND IMPROVEMENT

FINANCIAL MONITORING REPORT: PERIOD 1 2016/2017

Purpose of the Report

1. To provide a summary of the Committee revenue budgets for 2016/17.
2. To request approval for contingency schemes submitted to date.
3. To inform Members of the Council's Balance Sheet transactions.
4. To provide Members with information on a consultation on proposed changes to the governance arrangements relating to the function of central government lending to local authorities.
5. To provide Members with an update from the Procurement Team.
6. To provide Members with an update from the Accounts Payable and Accounts Receivable teams.

Information and Advice

Background

7. The Council approved the 2016/17 budget at its meeting on 25 February 2016. As with previous financial years, progress updates will be closely monitored and reported to management and Committee each month.

Summary Revenue Position

8. The table below summarises the revenue budgets for each Committee for the forthcoming financial year. To date no variances have been reported.

Table 1 – Summary Revenue Position

Committee	Annual Budget £'000	Actual to Period 1 £'000	Year-End Forecast £'000	Latest Forecast Variance £'000
Children & Young People	134,486	5,890	134,486	-
Adult Social Care & Health	219,794	1,591	219,794	-
Transport & Highways	57,541	2,445	57,541	-
Environment & Sustainability	31,115	(2,548)	31,115	-
Community Safety	2,928	(356)	2,928	-
Culture	12,657	1,058	12,657	-
Policy	23,482	(8)	23,482	-
Finance & Property	30,921	3,343	30,921	-
Personnel	2,612	(195)	2,612	-
Economic Development	987	101	987	-
Public Health*	4,032	(11,210)	4,032	-
Net Committee (under)/overspend	**520,555**	**111**	**520,555**	**-**
Central items	(18,733)	(6,388)	(18,733)	-
Schools Expenditure	86	86	86	-
Contribution to/(from) Traders	-	-	-	-
Forecast prior to use of reserves	**501,908**	**(6,191)**	**501,908**	**-**
Transfer to / (from) Corporate Reserves	(15,134)	-	(15,134)	-
Transfer to / (from) Departmental Reserves	(4,137)	-	(4,137)	-
Transfer to / (from) General Fund	(3,741)	-	(3,741)	-
Net County Council Budget Requirement	**478,896**	**(6,191)**	**478,896**	**-**

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

Requests for contingency

9. The Council's budget includes a contingency budget of £5.5m to cover redundancy costs, slippage of savings and unforeseen events.

10. There is already a call on the 2016/17 contingency budget from requests that have been previously approved by this committee. These are as follows :-

- Leadership Development Training – Personnel Committee £0.2m
- Healthwatch – Policy Committee £0.1m
- Social Work Support Officer – Children & Young People Committee £0.3m
- Historic Abuse Team – Children & Young People Committee up to £0.8m

11. In addition, a bid of £62,500 has been submitted by the Economic Development Committee to meet Nottinghamshire's share of D2N2 Local Enterprise Partnership match funding. Each of the four upper tier Local Authorities contribute the same amount to lever in £250,000 from central government in 'core funds'.

12. A request for contingency has been submitted by the Transport and Highways Committee to provide £500,000 funding to support works required to maintain trees along roadsides and the consequences of tree diseases if required.

13. Transport and Highways Committee have also submitted a contingency request of £40,000. As the Highways Joint Venture starts on 1 July 2016, a budget adjustment is required to cover the 1% pay rise, in the first quarter, for those Highways staff that have not yet transferred.

14. A request for contingency has been submitted by Policy Committee to invest £50,000 to continue to fund the work carried out by three sexual abuse support groups.

Progress with savings and risks to the forecast

15. Council on 25 February 2016 approved savings proposals of £17.6m for delivery over the four year period 2016-20. These proposals are in addition to those approved previously by County Council. Officers will continue to monitor the deliverability of individual schemes and targets as part of the budget monitoring process and reflect achievability in the forecast outturn.

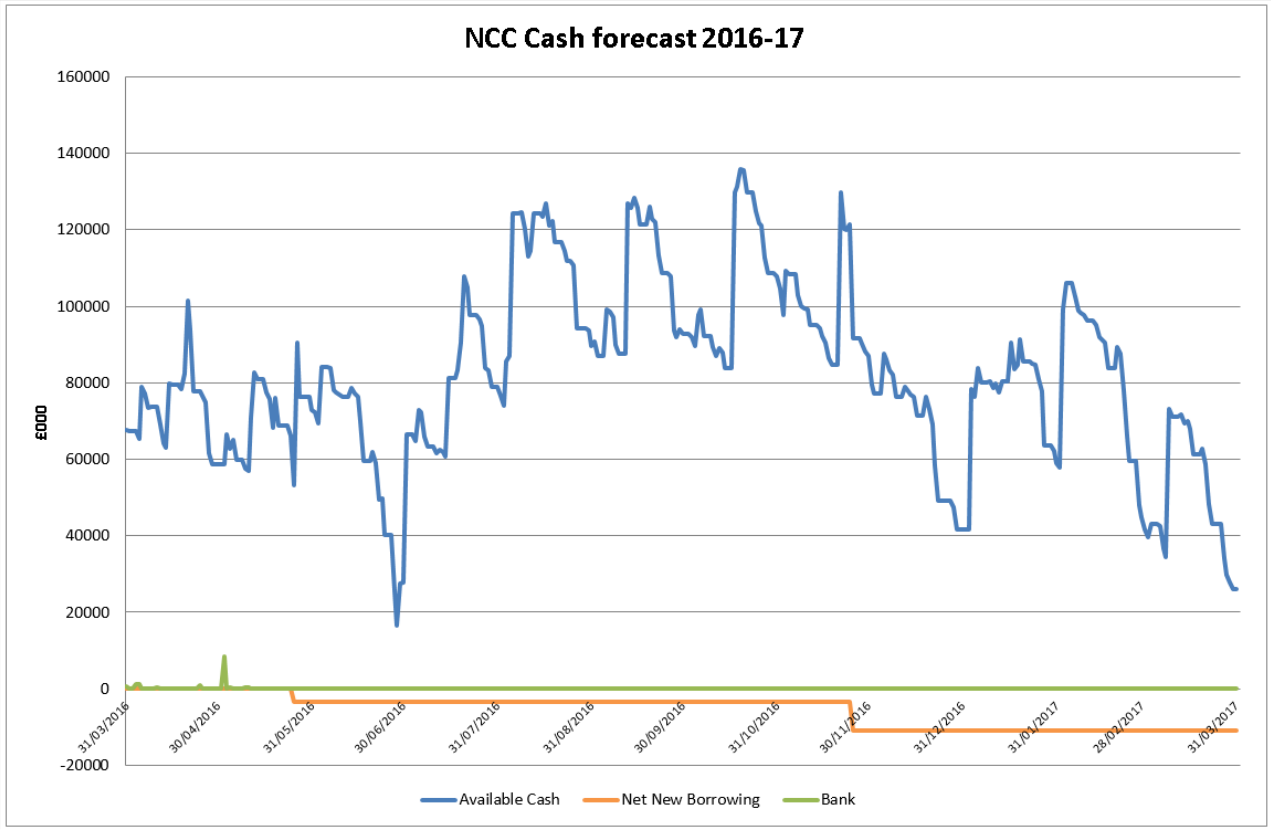
16. Issues associated with the achievement of savings relating to SEND Home to School Transport and Independent Travel Training are being reviewed. The outcome of the reviews will be reported to the Corporate Leadership Team and subsequently to Finance and Property Committee.

Balance Sheet
General Fund Balance

17. Members will be asked to approve the 2015/16 closing General Fund Balance of £24.0m at Council on 4 July 2016. The 2016/17 budget approves utilisation of £3.7m of balances which will result in a closing balance of £20.3m at the end of the current financial year. This is 4.2% of the budget requirement.

Treasury Management

18. 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. Cash flow is monitored by the Senior Accountant (Pensions & Treasury Management) with the overall position reviewed quarterly by the Treasury Management Group. The Cash forecast chart below shows the actual cash flow position to date and forecasts for the 2016/17. 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.

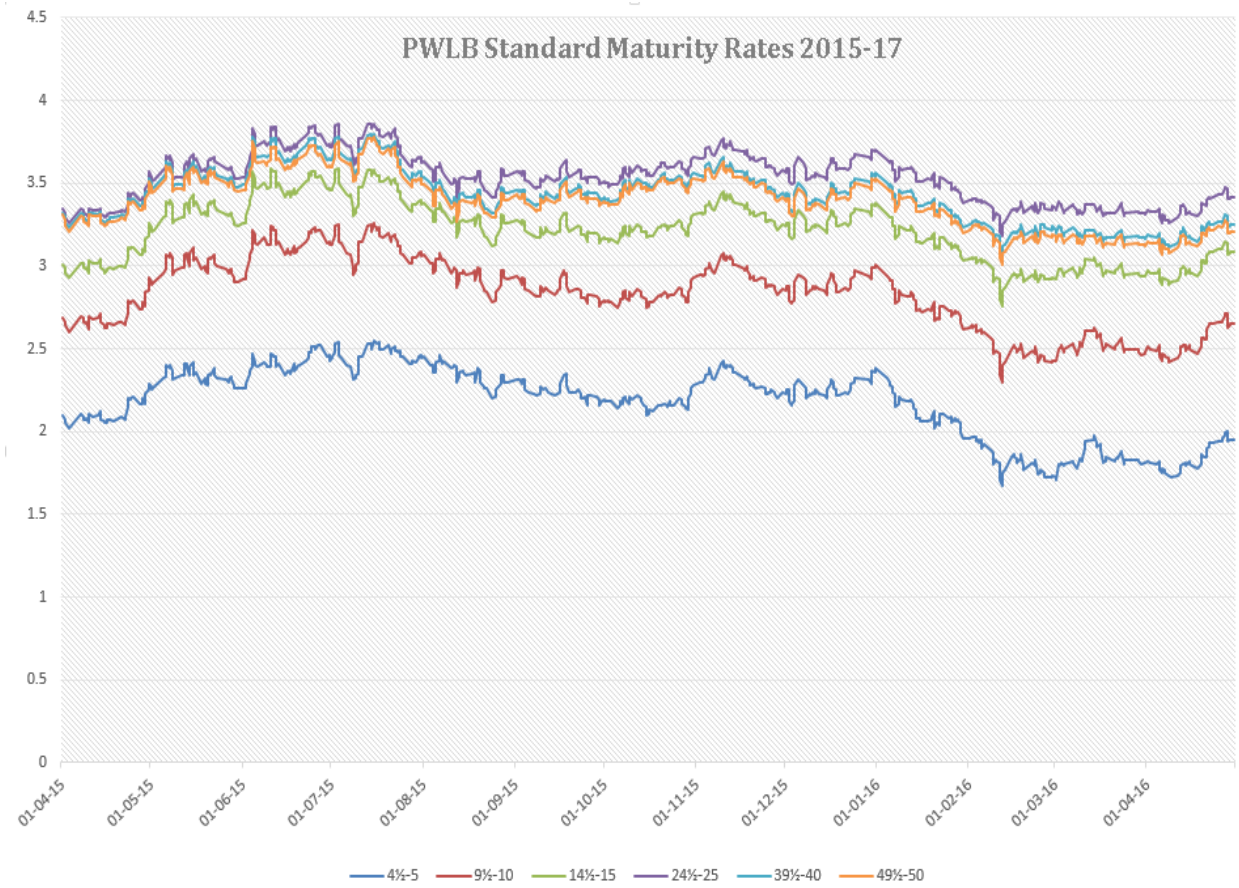


19. The chart above gives the following information:

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

20. The Treasury Management Strategy for 2016/17 identified a need for additional borrowing of £52m to fund the capital programme, replenish internal balances and to replace maturing debt. However, given slippage in the 2015/16 capital programme and a less severe than forecast use of reserves, the forecast borrowing requirement for 2016/17 is currently £4m. This figure continues to be monitored, it could decrease further with continuing slippage, or on the other hand it could increase if, for instance, any of the Council's LOBO loans were suddenly to be called. Furthermore, if PWLB rates appear attractive it may still be in the Council's financial interest to borrow more than this minimum amount.

21. PWLB rates are monitored closely in order to feed into decisions on new borrowing. Longer term rates remain fairly low. 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 and the first period of 2016/17.

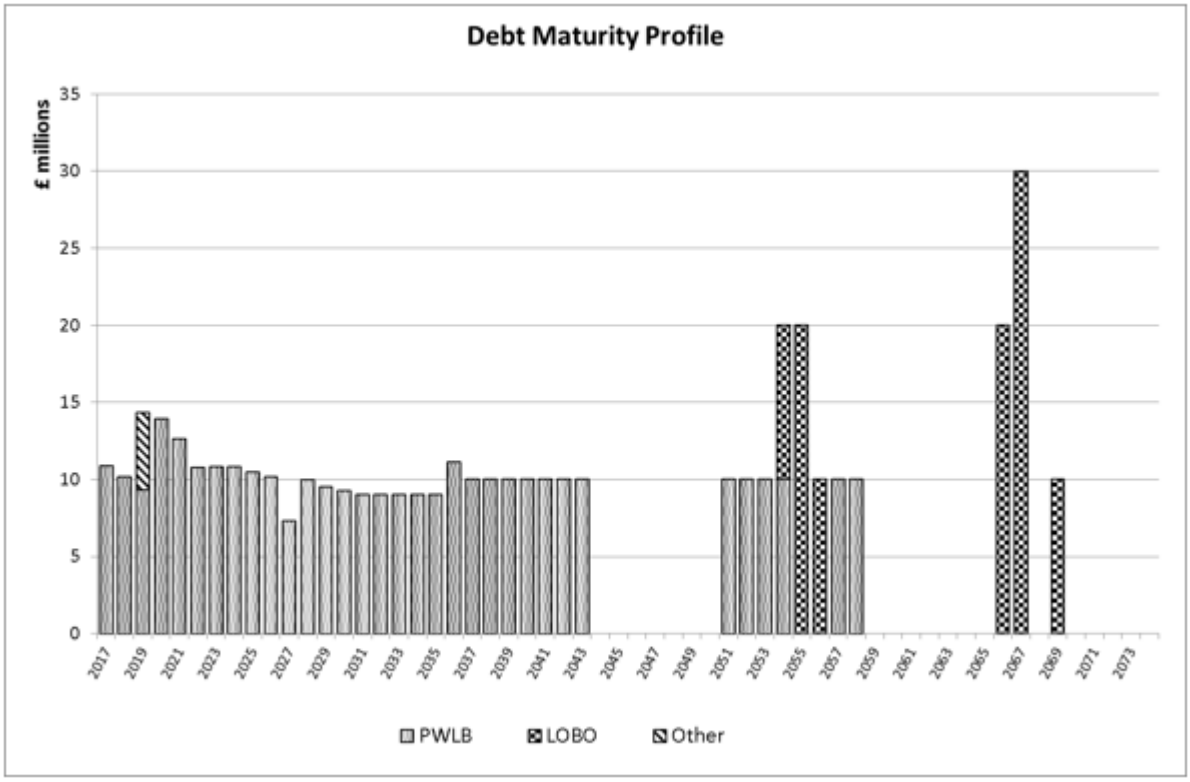


22. Borrowing decisions will take account of a number of factors including:
    - expected movements in interest rates
    - current maturity profile
    - the impact on revenue budgets and the medium term financial strategy
    - the treasury management prudential indicators.

23. 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 42 years. When deciding on the lengths of future loans the Council will factor in any gaps in its maturity profile, with a view to minimising interest rate risk, but will consider this alongside other financial factors.

24. Longer-term borrowing (maturities up to 53 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. They are shown in the chart below at their furthest maturity points, but could actually mature at various points before then, constituting a risk that the Council will have to then borrow at the prevailing interest rate.

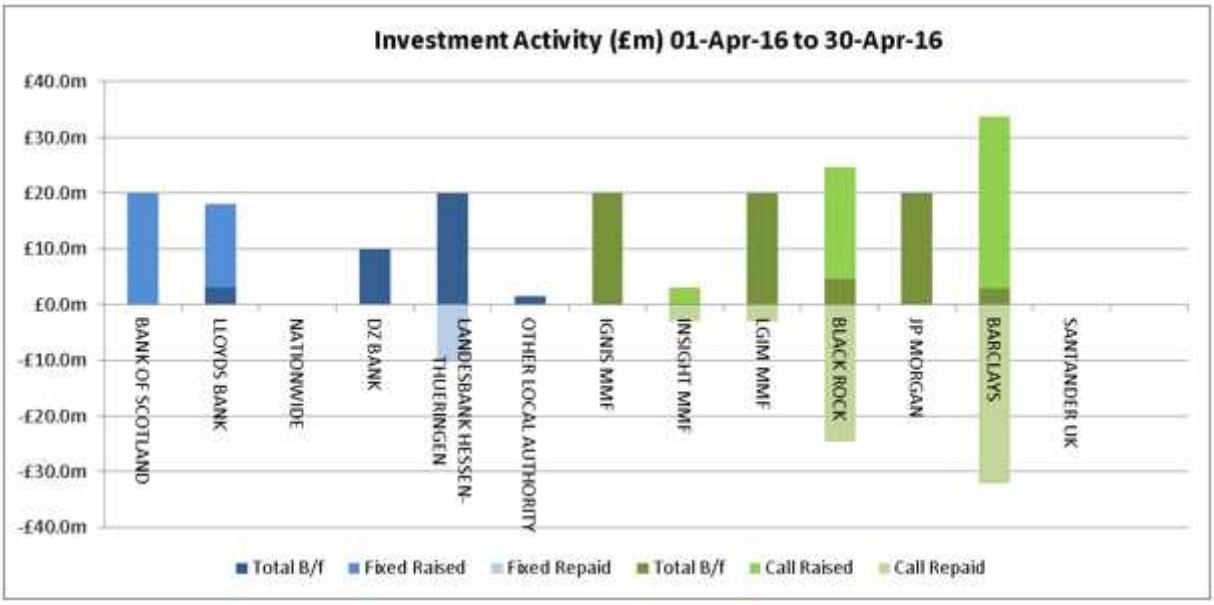
25. The 'other' loan denotes more recent borrowing from the money markets where the main objective was to minimise interest costs. Refinancing of these loans has been factored into the Treasury Management Strategy.



26. The investment activity for 2016/17 to the end of April 2016 is summarised in the chart and table below. Outstanding investment balances totalled £102m at the start of the year and £118m at the end of the period. This is slightly higher than balances at the same time last year, and reflects the reduction in the need to borrow (mentioned above).

27. The Council's lending list has been reviewed for 2016/17, and additional banks meeting the Council's lending criteria have been added. All counterparty ratings are regularly monitored and lending restrictions placed accordingly.

	Total B/F £ 000's	Raised £ 000's	Repaid £ 000's	Outstanding £ 000's
Bank of Scotland	-	20,000	-	20,000
Lloyds Bank	3,000	15,000	-	18,000
Nationwide	-	-	-	-
DZ Bank	10,000	-	-	10,000
Landesbank Hessen-Thueringen	20,000	-	(10,000)	10,000
Other Local Authority	1,500	-	-	1,500
IGNIS MMF	20,000	-	-	20,000
Insight MMF	-	3,050	(3,050)	-
LGIM MMF	20,000	-	(3,100)	16,900
Black Rock	4,700	20,000	(24,700)	-
JP Morgan	20,000	-	-	20,000
Barclays	2,950	30,800	(32,100)	1,650
Santander UK	-	-	-	-
Total	**102,150**	**88,850**	**(72,950)**	**118,050**



28. The County Council, as with most Local Authorities, borrows the majority of its requirements from the PWLB. The Government have recently issued a consultation on proposals to abolish the PWLB, using the powers in the Public Bodies Act 2011, and to transfer its functions to the Commissioners of the Treasury. It is proposed that the Service Director – Finance, Procurement & Improvement, in consultation with the Chair of F&P Committee, respond to the PWLB consultation on behalf of the Council. The consultation explicitly states:-

    "The proposals only affect the governance arrangements and do not change any of the policy or operational aspects of lending to local authorities. As a governance change, central government will continue to lend to local authorities as now in accordance with the prudential regime and the policy on rates and repayment terms will remain the responsibility of the Treasury."

    Based on the above it is not anticipated that the proposals will result in any changes to the way NCC operates its Treasury Management functions.

Debt Recovery Performance

29. The overall debt at the end of 2015/16 increased from Period 11 by over £7.3m to £27.4m. This represents a slightly lower overall debt increase and total compared to year end 2014/15. The value of invoices raised during period 12 was £25m. The over six month debt has decreased by £1.0m on Period 11.

Invoices Raised

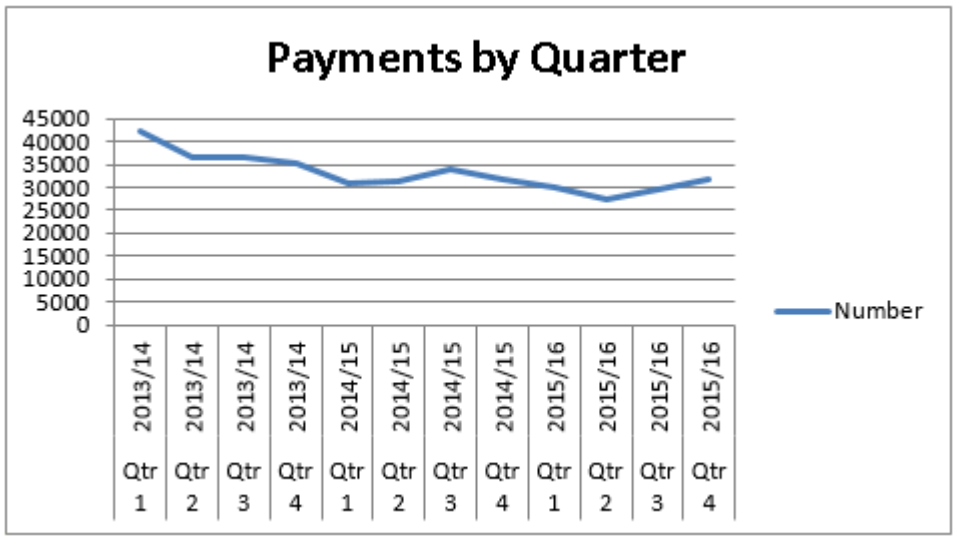
	Quarter 4	Year to date
Number	40,016	183,085
Value	£58,926,666	£193,660,394

Debt Position

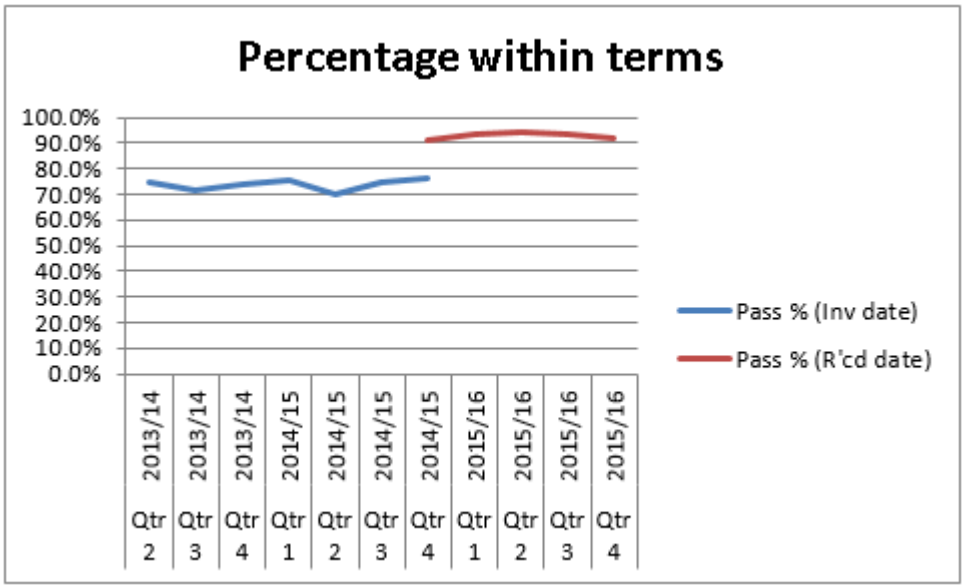
	Statutory	Non-Statutory	Total
Total	£9,027,501	£18,410,947	£27,438,448
Over 6 months	£4,242,927	£825,155	£5,068,082
% over 6 months	47%	4.5%	18.5%

Accounts Payable (AP) Performance

30. The chart below shows that the number of invoices processed by Accounts Payable has fallen gradually over the last two years. Much of the recent fall is due to the introduction of the Managed Service Provider (MSP) for agency staff. Further reduction can be expected with the loss of Highways and Property invoice processing. The AP team will continue to process invoices on behalf of Inspire.



31. The percentage within terms figure for the quarter ended 31 March 2016 was 93.33% of 28,221 invoices paid. The chart now shows some consistent performance over 90% during 2015/16. Reporting of payment within terms (annually) and interest liability for late payments is now a requirement under procurement Policy Note 03/16 (Regulation 113).

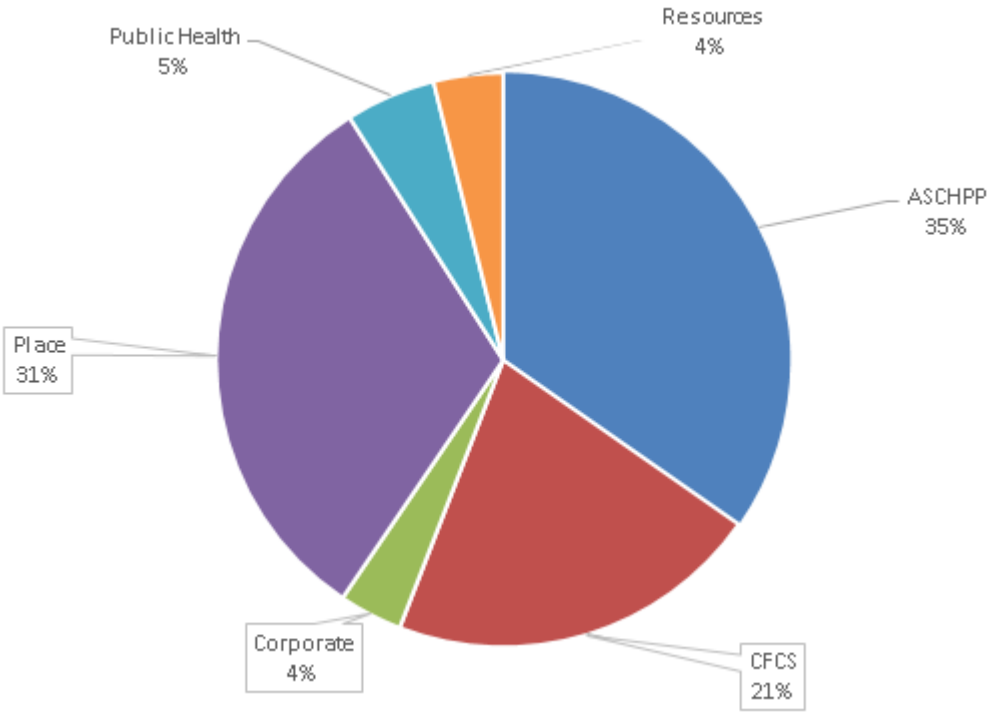


32. The debt recovery and accounts payable performance information will continue to be reviewed at an operational level on a fortnightly basis. The strategic performance information will be compiled for this report to Committee on a quarterly basis.

Procurement Performance

33. As an organisation, NCC has spent £648m in financial year 2015/16 with external suppliers which is an increase of £13m from the previous financial year. The top 6% (410) of suppliers account for 80% (£518m) of the total supplier spend. The remaining 94% (6,635 suppliers) have a total expenditure of £130m with an average spend of £19,000.

34. The chart below shows how the total amount spent, in period, is divided across portfolios, just over 60% of all expenditure going through Care (ASCHPP, CFCS & PH) and almost 40% through Place, Resources and Corporate.



35. The Council's preferred ordering route is through the Business Management System (BMS). The team have been working with stakeholders to improve the way that we procure to ensure compliance. Orders that are processed through BMS are classified as Compliant Purchase Orders (Compliant). Non Purchase Orders (or Non-Compliant) are those purchases that are made outside of any system.

Retrospective Orders are non-compliant in that they have been raised following the delivery of the goods/services. Interface Orders are those that are out of scope and are paid through another system e.g. Framework. Purchase Orders are beneficial to the organisation as they provide visibility of what we spend. Currently:

- Compliant ordering (PO) has increased by 8% in the last 12 months from 30% to 38% of the total spent
- Non-compliant (non PO) ordering has decreased by 17% in the last 12 months from 38% to 21% of the total
- Interface orders has increased by 10% in the last 12 months from 31% to 41% of the total spent

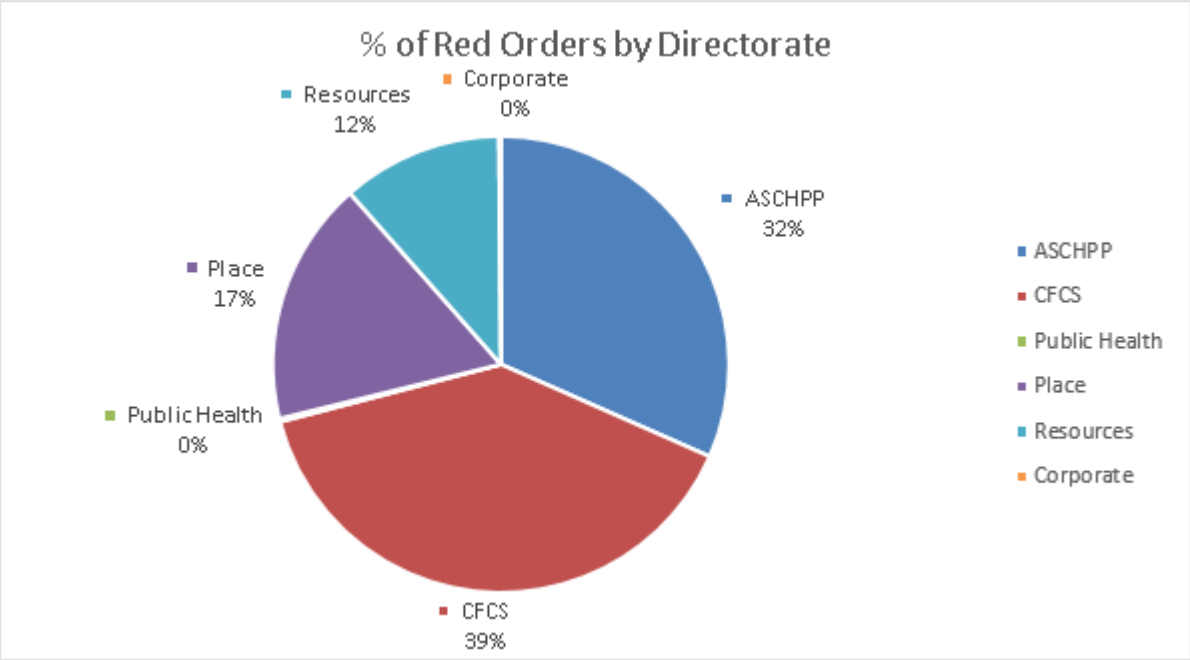
36. The table below shows the number of retrospective orders on a monthly basis by department.

Department	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
ASCHPP	466	361	388	415	350	296	347	281	243	226	246	225
CFCS	687	536	538	601	481	486	500	495	412	408	450	562
Corporate	3	9		2		2	3			4	1	
Place	504	444	512	503	414	395	537	470	414	370	465	623
Resources	104	115	107	116	81	108	90	105	91	60	146	126
Public Health	2	1		5	1	1	6	3	3	1	2	3
Total	**1,766**	**1,466**	**1,545**	**1,642**	**1,327**	**1,288**	**1,483**	**1,354**	**1,163**	**1,069**	**1,310**	**1,539**
Quarterly Total			**4,777**			**4,257**			**4,000**			**3,918**

37. The table below shows the percentage of retrospective spend as a percentage of total spend by Department for the 2015/16 financial year.

Department	Total Spend (£m)	Retrospective Spend (£m)	Percentage
ASCHPP	225.0	19.5	8.7%
Children, Families and Cultural Services	137.5	28.5	20.7%
Corporate	23.2	1.7	7.3%
Place	204.7	44.2	21.6%
Public Health	32.9	0	0.0%
Resources	25.3	2.6	10.3%
Total	**648.7**	**96.5**	**14.9%**

38. Purchase orders themselves are split into Green and Red orders. Green orders are those which are raised with the Procurement Centre's pre-arranged agreements or contracted suppliers. Red orders are those that do not have approved suppliers or contracts set up on BMS, and require additional work. The chart below identifies the percentage of Red Route orders by Directorate in the 2015/16 financial year.



39. A full list of ongoing developments within the Procurement Team is included in Appendix A.

Statutory and Policy Implications

40. 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 individual Committee revenue budgets for 2016/17.

2) To approve the contingency requests received to date.

3) To note the Council's Balance Sheet transactions.

4) To approve the delegation to the Service Director – Finance, Procurement & Improvement, in consultation with the Chair of F&P Committee, of authority to respond to the PWLB consultation on behalf of NCC.

5) To note the performance of the Procurement Team.

6) To note the performance of the Accounts Payable and Accounts Receivable teams.

Nigel Stevenson Service Director – Finance, Procurement and Improvement

For any enquiries about this report please contact:
Keith Palframan, Group Manager, Financial Strategy and Compliance
Simon Cunnington - Senior Accountant, Pensions and Treasury Management

Constitutional Comments (HD 08/06/2016)

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

Financial Comments (GB 26/05/2016)

42. The financial implications are stated within the report.

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’

Appendix A

Ongoing developments:

Action	Target Outcomes	Current status
Implement our new procurement structure to align with the needs of the business and delivery of the strategy	Efficient and effective team that works alongside the commissioners, providing a consistent approach in the delivery of the business needs	The new structure became effective 01.04.2016
Engagement with regional colleagues across local authority and health to develop a collaborative working approach	Identification of opportunities for collaboration to reduce costs of procurement and release savings through aggregation of spend	We are currently collaborating with colleagues across the region and health in a number of areas.
Support the Integration agenda	Support Adult Social Care Commissioners with setting up alliance arrangements for integrating health and social care	The Mid Notts Better Together Alliance Agreement has been signed by all parties in Health & Social Care. We are now in the transition phase of the agreement and starting to look at service redesign.
Regional Contracts Database	Creation of a single regional contracts database that allows for public access and monitoring of markets, and to meet the requirements of the transparency code	Details of current Council contracts are recorded on the contract database and can be viewed via the Council's Procurement Portal.
Develop a procurement customer satisfaction survey	Gain a better understanding of our customers' requirements and concerns so that we can improve the services that we delivery	Two separate surveys have been developed, one to capture feedback after a tendering process and one general survey for high level management satisfaction.
P2P Project	Specialist P2P requisitioning hubs implemented throughout the authority to provide a consistent approach to the end to end P2P process.	P2P tasks at ASC & CFCS satellite units are being migrated to the P2P Hubs at Sir John Robinson Way and Lawn View.

Nottinghamshire County Council

Report to Finance & Property Committee

20 June 2016

Agenda Item: 6

JOINT REPORT OF THE SERVICE DIRECTOR - FINANCE, PROCUREMENT & IMPROVEMENT AND THE SERVICE DIRECTOR - ENVIRONMENT, TRANSPORT & PROPERTY

BUSINESS RATES: DELIVERING MORE FREQUENT REVALUATIONS

Purpose of the Report

1. The purpose of this report is to inform the Committee of the Government's discussion paper which explores possible options to make the business rates system more responsive and which invites comments and suggestions on the challenges of delivering more frequent revaluations under the current valuation system and alternative options.

Information and Advice

2. As part of the review of business rates administration the Government and stakeholders discussed the merits and challenges of delivering more frequent revaluations under the current valuation system. That discussion confirmed that whilst more frequent revaluations cannot deliver greater bill stability, they can improve the responsiveness to changes in the market. This message was reiterated by stakeholders as part of the Treasury's business rates review. In the 2016 Budget, therefore, the Government announced that it will aim to introduce more frequent (at least 3 yearly) revaluations of properties in England for business rates purposes.

3. On 24 March the government published the Business Rates: delivering more frequent revaluations discussion paper. The paper aims to enable stakeholders to consider the trade-offs of delivering more frequent revaluations against the merits and limitations of the current system, together with alternate approaches including self-assessment and a formula approach. No option is said to be preferred by Government at this stage and details of other approaches are welcomed. Submissions are requested by Friday 8 July 2016.

The Current System

4. Business rates are charged on all non-domestic properties (e.g. shops, offices and factories) that do not qualify for an exemption and are normally payable by occupiers of premises, rather than owners. Where properties are empty, however, the property owner may be liable for business rates.

5. Business rates are calculated according to a property's 'rateable value' which is set by the Valuation Office Agency (VOA) for each non-domestic property in England. Rateable value is an amount equal to the annual rent for which it is estimated a property might be let at a set date.

6. A business rates bill is worked out by:

   - multiplying the rateable value of a property (set by the VOA) by the business rates multiplier (set by the Government) and then,
   - applying any reliefs that the ratepayer is eligible for, which can include transitional relief.

7. The valuation date (known as the Antecedent Valuation Date) is currently set at two years before the revaluation comes into effect. This is to allow the VOA time to collect rental evidence, prepare valuations and consult with ratepayers. It includes six months for ratepayers to check their rateable value and prepare for changes to their rates bills. This approach ensures rateable values are based on evidence and ratepayers are given advance warning of changes to rates bills.

8. Revaluations normally take place once every five years. The purpose of a revaluation is to align rateable values with current rental values set by the market. As a result, revaluations reflect relative changes in the rental value of property between different sectors and locations, so that the total business rates bill is shared fairly across ratepayers. A revaluation does not raise any extra revenue. Its aim is to redistribute the amount businesses pay based on changes in the rental market i.e. rises and falls in the rental value of the property. To maintain the revenue raised through business rates at roughly the same amount when rateable values change at a revaluation, the Government adjusts the business rates multiplier (the tax rate) either up or down.

9. The most recent revaluation came into effect on 1 April 2010 and is based on rateable values set at 1 April 2008. In 2012, the Government postponed the revaluation due in 2015 until 1 April 2017 in order to provide greater stability for businesses during a period of economic difficulty. The next revaluation is currently underway and will come into effect in April 2017.

The Challenges of Delivering More Frequent Revaluations under the Current System

10. <u>Evidence collection</u>
    Under the current system revaluations take place every 5 years. The Valuation Office Agency (VOA) has a 2 year period to collect the vast amounts of data required to undertake valuations. In order to deliver more frequent revaluations the data collection process would need to be continuous resulting in significantly higher delivery costs. The Government would, therefore, need to reform this process.

11. <u>Skills base</u>
    The VOA currently rotates the chartered surveyors it employs from other work such as appeals handling to revaluation activity at key points in the revaluation cycle. More frequent revaluations would mean that this would no longer be possible and recruiting more chartered surveyors, which is already challenging, would be necessary. It would also add to the VOA's pay bill.

12. Ratings Lists
Under the current system the VOA must begin work on a rating list 2 years before it comes into force. More frequent revaluations would mean that there would still be significant work in process from one list whilst the next list becomes current, and the subsequent list is being prepared. As well as being more complex and costly to administer, this would also create more complexity for ratepayers and LAs as they would need to manage appeals, bills or reliefs across multiple rating lists to a much greater extent than they do now. To deliver more frequent revaluations, therefore, the Government would need to reform the way it manages multiple rating lists.

13. Appeals
Rateable values are subject to change following each revaluation. These changes can be appealed against. The current 5 yearly revaluation cycle results in 900,000 appeals. This figure would be expected to increase if revaluations became more frequent requiring more resources from VOA and the Valuation Tribunal to resolve them. A reformed appeals system, Check, Challenge & Appeal, will be introduced in April 2017 promoting early engagement by all parties at all stages so that cases are resolved as soon as possible. This is expected to reduce the number of cases which reach the appeal stage and the time it takes to deal with those appeals. The Government is also working with LAs to examine how the risk of appeals can be better managed in the rates retention scheme. These changes alone are not expected to fully address the challenges of appeal volumes.

A Self-Assessment Alternative

14. In previous consultations the Government has considered various options to deliver more frequent revaluations. None has received widespread support. The Government believes, however, that a self-assessment model should be explored further.

15. HMRC currently uses the self-assessment model most notably in income tax. Individuals are also required to self-assess property values for inheritance tax and capital gains tax purposes. Some of the key features of a self-assessment system for business rates could be:

- A property's rating assessment being undertaken by the ratepayer (or his/her representative) and not by the VOA. This would give ratepayers greater control in ensuring their valuations were up to date so that they pay the right amount of business rates. It could also significantly reduce the number of appeals as customers would be producing their own valuations and so would only need to appeal if there was an issue with the valuation following VOA compliance activity.
- A modern, digital, secure account for ratepayers to submit self-assessed rating information. The VOA would provide help and assistance to ratepayers, particularly small businesses, in the form of accessible guidance and support. It is recognised, however, that many ratepayers might use an agent to provide their self-assessed valuation, much like many businesses use an accountant to fulfil their compliance and administrative responsibilities for other taxes.
- A risk based compliance system, backed up with new powers and penalties, to ensure non-compliance was identified and addressed. The level of any penalty would depend on the nature and size of the inaccuracy, plus the ratepayer's willingness and co-operation in putting it right.

16. Information required to self-assess
Business rates are currently calculated according to a property's rateable value, i.e. how much the property would be let by. For the vast majority of properties the rateable value is based on actual rents being paid by occupiers of similar properties in the locality. This is why collecting evidence is a key part of the current system. Some rental information currently collected by the VOA is commercially sensitive and some businesses, landlords, pension funds and the surveying profession have argued against the publication of rental information during previous engagement on business rates. Conversely other stakeholders have argued that the publication of non-domestic rental information would make the business rates system fairer, more transparent and easier to understand. Under a self-assessment system the Government would, therefore, have to consider whether to publish rental information to support valuations done by ratepayers.

17. Maintaining revenues
As with the current system, under self-assessment the Government would be able to adjust the multiplier to ensure a stable level of income for local authorities.

18. VOA duty to maintain the rating list
The VOA currently has a statutory duty to maintain the rating list ensuring errors or inaccuracies in rateable values are corrected. Under a self-assessed system this would be replaced with a duty on the VOA to undertake compliance work.

19. Publishing a list of rateable values
The VOA currently publishes a list of rateable values for business rates purposes. It would be possible under a self-assessed system to continue publishing a list of rateable values based on the values self-assessed by ratepayers. Businesses, however, may consider their self-assessed valuations to be their own private assessment of the value of their property and not for publication. Nevertheless a list of rateable values would still need to be made available to LAs to enable them to levy the correct amount of business rates.

A Formula Alternative

20. Much of the complexity of the current business rates system is said to be linked to the requirement that property valuations are estimates of what a property might be let for at a set date. As an alternative, a formula could be constructed that centred on the measurement of, for example, shops, offices and factories and the categorisation of the space. A separate approach might be needed for large or specialist properties where any formula could be unwieldy. A formula for common classes of property, however, such as shops and offices could be feasible. The formula could not be too sophisticated otherwise it would become unwieldy for ratepayers to use as well as for the Government to maintain and legislate. The introduction of a formula based system would simplify the valuation process and therefore, potentially, allow for more frequent revaluations. It could also make it simpler for many ratepayers to self-assess. The trade-off would be a move away from a system based directly on market values and the specific aspects of the property, although a loose link to a rental market value could be retained in the formula itself.

21. In a system like this, the Government would:

- define the formula
- provide guidance on how the features contained within the formula should be measured or categorised.

- set different values based on location and property characteristics that would be applied to each formula. They would also set different values per square metre of property for different local authorities or regions.
- conduct compliance activity

Ratepayers would collect and input the data required by the formula online to calculate their business rates assessment and charge.

22. A formula based approach would deliver a simpler system for ratepayers and also provide local government with a more secure source of business rates income. As such, it would allow for more frequent revaluations. For a formula system to be deliverable, however, businesses would have to accept assessments that do not reflect the individual characteristics of their property or its location in the same way as the current system. In such a system subsequent revaluations may have less impact on rate bills and less meaning for ratepayers. It may also mean that smaller scale and marginal improvements to properties do not increase bills and, therefore, do not generate any growth in business rates for local authorities.

Suggested Responses to the Discussion Points

23. A review of the non- domestic rating system is welcome in order to facilitate more accurate rating assessments and avoidance of appeals. Greater transparency on market evidence would assist all parties in reaching an agreed position on rateable value. In terms of the proposals for consideration, the concept of a formula based approach, although relatively simple to implement, would depart from linking rateable value to a market based value. This concept is broadly understood by ratepayers and it is suggested that the response reaffirms the desire to continue with this link.

24. The implications of revaluation on small businesses will also need to be considered alongside the Government's announcement (Budget 2016) on changes to small business rate relief, which will result in a further 600,000 businesses being exempted from paying any business rates at all, whilst a further 250,000 will see their rates reduced.

25. The County Council currently owns 406 properties, the majority of which (267) are schools. With regard to the introduction of a self-assessment regime and the possible increased administrative costs to the County Council, it needs to be borne in mind that under the current system there is already an administrative burden for the Council in completing the reassessments. It is difficult to predict by how much this would increase with a full self-assessment without having more details of the exact information and process required. In the case of appeals then the County Council currently engages agents on a no win, no fee basis and there is no reason to believe that this would change.

26. The discussion points contained in the Paper on which the Government has indicated it would welcome views, together with the suggested responses, are grouped under each of the three alternatives and set out in the attached **Appendix**.

Statutory and Policy Implications

27. 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:

1) the report be noted.

2) Members support the suggested responses to the discussion points as set out in the Appendix.

Nigel Stevenson
Service Director – Finance, Procurement & Improvement
Jas Hundal
Service Director – Environment, Transport & Policy

For any enquiries about this report please contact:

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Financial Comments (NDR 10/05/16)

There are no financial implications arising directly from the report.

Background Papers

None

Electoral Division(s) and Member(s) Affected

All

Appendix

Business Rates: delivering more frequent revaluations
Suggested Responses to the Discussion Points

The challenges of delivering more frequent revaluations under the current system

- **particular stages of the valuation process where reforms would be needed to deliver more frequent valuations:** *Better transparency on market evidence that is being collected, more general publication of proposed valuation adjustments that will be applied on particular classes of property*

- **the effect of more frequent revaluations on appeals:** *More frequent revaluations should more closely align rateable values to more up to date market evidence. This should mean that appeals become less necessary*

- **the increased risk of appeals and how could this be avoided or managed accessing the skills to deliver more frequent revaluations:** *Availability of access to market evidence is extremely important if rating revaluations are to operate effectively and to reduce the need for appeals. However, there would be a need amongst rate payers for market evidence to be adjusted to reflect current rating valuation methodology*

- **how the delivery of rating valuations could be reformed to support more frequent revaluations***: One option that could be considered is the pre- agreement between specialists and representatives of the rate payers of trend in rental values to provide broad value bands for particular classes of property*

- **collection and analysis of information to support more frequent revaluations, including the role of ratepayers:** *This has been covered elsewhere in the consultation comments*

A self-assessment alternative

- **the potential compliance regime under self-assessment:** *This has some merit as the process for income taxation is widely understood and removes the routine submission of appeals following revaluation. The self-assessment compliance framework will presumably be resourced by the VOA / government, placing a further demand on skilled valuers that may be difficult to meet in the short-medium term. Protocols around compliance for self-assessment should be designed and developed with input from the small business community to ensure that the compliance framework is proportionate and that it does not place unnecessary burden on small businesses*

- **the publishing of rental information by the VOA to assist ratepayers when they self-assess:** *Comments above apply. Greater information would be beneficial however it would need to be understood that rent passing doesn't immediately equate to rateable value. It is worth highlighting that not all properties have a rental value e.g. schools and owner – occupied property. Clarity around the penalty system for inaccurate self-assessments will also be critical, particularly for smaller businesses, and the level of penalty should be linked to the availability of evidence from the VOA to support self-assessment.*

- **the publication of rateable values of all properties under a self-assessment system:** Again, additional access to information would be useful and would help to identify anomalies in assessment.

- **the role for ratepayers:** *This would require ratepayers to have a far greater awareness of the rating process and means of valuation, leading to potential improved engagement in the process. Self- Assessment be viewed as an extra burden especially for SME's which would need to be balanced by the positives of having a more up to date assessment reflecting more accurately property market conditions*

- **specific issues relating to smaller businesses or other ratepayers for whom self-assessment could be particularly challenging:** *It is envisaged that most will seek the appointment of rating specialists in this field. This may create a supply /demand issue until the market can react. Those who are unable to or unwilling to appoint a specialist may need additional support through a help line facility if they are not be prejudiced by the self- assessment process*

A formula alternative

- **the associated move away from a link to market values:** *There is a general understanding within the business community of rental value, which hypothetical continues to provide a link to the property market. A formula proposal depending on its make-up could over time lead to confusion, disengagement and lack of appreciation the tax is related to the property occupied. However, it potentially represents a simpler and more cost- effective means of assessment*

- **the classes of property that would be suitable for a formula approach:** *Probably more suitable to those classes of property that are very homogenous, warehousing, industrial units and those where market evidence is limited or non-existent e.g. schools*

- **the factors that would need to be included in the formula beyond class of the property, size of the property and location:** *local economic data; age; construction; specific features; actual useable space compared to overall space*

- **the balance of efficiency, simplicity and certainty that a formula approach would provide against any desire to retain valuations that take greater account of the individual characteristics of properties:** *It is recognised that a formula system may well be simpler and cheaper to implement however, it could represent a real risk of being fundamentally flawed unless successfully trialled which may bring the whole system into disrepute and cause a down –turn in tax collection.*

- **the implications for businesses of different sizes:** *A formula based approach should minimise the need to engage the services of specialists which in itself will create a greater balance of opportunity between those who can pay for specialist advice and those who cannot. In general terms, a formula alternative might prove less wieldy for smaller businesses but there may also need to be a very complex structure of formulas to accommodate the ever-increasing range and type of new and growing businesses. This in itself might lead to confusion and a considerable percentage of valuations being appealed.*

Nottinghamshire County Council

Report to Finance & Property Committee

20 June 2016

Agenda Item: 7

REPORT OF THE SERVICE DIRECTOR - FINANCE, PROCUREMENT & IMPROVEMENT

BUSINESS RATES RETENTION

Purpose of the Report

1. The purpose of this report is to inform the Committee on progress with the Government's proposals on 100% Business Rates Retention.

Information and Advice

2. In October 2015, the Government announced that, by the end of this Parliament, local authorities will be able to keep 100% of the business rates they raise locally. In order to ensure that the reforms are fiscally neutral, the main local government grants will be phased out and additional responsibilities will be devolved to local authorities.

3. Achieving these reforms will require a radical overhaul of the local government finance system. To implement this, government wants to work closely and in full collaboration with the sector, in particular the Local Government Association (LGA), as well as other representatives of local government, local councils and interested bodies.

4. The Business Rates Retention Steering Group is a forum through which local government representatives and other interested bodies will provide information and expert advice to support the LGA and Department of Communities and Local Government (DCLG) in advising Ministers on the implementation of the reforms, with whom the final decision on the design and operation of the scheme will rest.

5. The process will be overseen by this Steering Group which will consider and provide information and advice on the mechanisms needed to set up and run the 100% rates retention system, and the timing and implementation of the reforms. The Steering Group will also oversee the work of three technical working groups that will look specifically at key aspects of the reforms. These will be:
    - The design of the retention system
    - Needs and distribution
    - New service responsibilities.

6. The Steering Group will be co-chaired by Sarah Pickup, Deputy Chief Executive of the LGA and Stuart Hoggan, Deputy Director for Local Government Finance Reform and Settlement, DCLG.

7. Anthony May, the Council's Chief Executive, represents the County Council Network (CCN) on the service responsibilities technical working group and Nigel Stevenson, the Council's Section 151 Officer, is a substitute on a number of the technical groups on behalf of the Society of County Treasurers (SCT). Regular meetings are held between all CCN & SCT officers who are on the groups to ensure coordination and crossover areas are covered and debated in the correct forum.

8. Phasing of the proposals is still unknown: all that has been promised is that 100% of business rates will be retained locally by the end of the parliament. A period of engagement with local government has commenced, and there will be a consultation paper in summer 2016 followed (possibly) by primary legislation. With such a timetable it is possible that the transition to 100% retention could start in 2018/19.

9. The DCLG have already indicated that for those local authorities pursuing devolution deals earlier delegation of responsibilities and retention of business rates could be discussed and potentially trailed prior to full implementation across the country.

100% Business Rates Retention System

10. In delivering 100% rates retention, there will be a need to look again at the critical issues and decisions taken in setting up the 50% rates retention system. It may be that the answers that were appropriate when local government retained 50% of the business rates and still received significant sums of Revenue Support Grant (RSG), are no longer the same.

11. Moreover, the move to 100% rates retention provides an opportunity to look again at the existing design parameters in the light of the experience of the operation of the scheme in the three years since 2013-14.

12. Currently, all principal tiers of local government (county councils, district councils, metropolitan district councils and London Boroughs), stand-alone Fire and Rescue Authorities and the Greater London Authority (GLA) are funded, in part, by retained business rates income. In designing the 100% rates retention scheme, there will be a need to consider whether other tiers of local government – e.g. combined authorities – should be funded directly from retained business rates income.

13. Determining the assigned business rates shares due to authorities under the 100% rates retention system will be critical to the reward that authorities earn from growth in business rates, the incentive they have to grow their economies (and with them, their business rates bases) and the risk to which they will be exposed if business rates fall.

14. It will also be a key component of the needs and redistribution system, and will determine how much of a council's funding is independent of changes to local tax bases; and whether and to what extent that funding grows over time.

15. Consequently there will be a need to consider which authorities should receive an assigned share of business rates; the considerations to be taken into account in determining assigned shares; and how business rates could be shared between authorities.

16. Business rates income is variable in nature. Local business rates vary over time because of changes in the occupation of property and because of the construction of new business properties, renovations and demolitions. But, they are also affected by changes to the rateable value of property following appeals by ratepayers against the rating assessments made by the Valuation Office Agency (VOA). Such appeals can take several years to be resolved and can result not only in reductions to a council's tax base, but also in the council having to refund the ratepayer for payments in earlier years.

17. This suggests that in designing the 100% rates retention system there may be the need to consider whether there are ways of ensuring that councils are not unduly exposed to volatility in business rates income. In essence, this will mean either:

    a) Reducing or eliminating the extent to which the risk of volatility falls on individual councils (which in turn will eliminate or reduce councils' need to hold provisions); or
    b) Finding ways to better estimate the provisions that individual councils need to make and ensuring that the 100% scheme provides them with the funds they need, over and above the resource they need for service delivery.

18. Other matters that also need to be considered include;

    a) The effect of revaluations upon economic growth;
    b) Proposals on how the yield from those properties that are on the Central List (e.g. telecoms networks) should be distributed to local councils;
    c) The implications of Enterprise Zones (EZ), where growth is retained within the EZ, is reflected in the system;
    d) Should the pooling of risk be better achieved at regional, sub-regional or combined authority level; and,
    e) The accounting requirements on the measurement of income, provision for appeals etc.

Devolution of Responsibilities

19. The functions and responsibilities devolved to local government as part of the reforms will set the shape and form of local government for the future. This reform presents an opportunity to enhance authorities' role in promoting growth and service provision. The aim should be to produce a package of devolved responsibilities that fit well with the local government system in England.

20. Key to the discussion about which services should be devolved is the question for the quantum of resources available once other pre-existing commitments have been taken into account. At the time of the Local Government Settlement the quantum was envisaged at £13bn.

21. Several responsibilities and funding streams have already been put forward as candidates for transfer to local government, to be funded from retained business rates. These include the administration of housing benefit for pensioners (c. £150m), responsibility for funding for attendance allowances (£5.5bn) and responsibility for funding public health (c. £3.1bn).

22. In addition, a number of local authorities have expressed an interest in the devolution of skills, employment and wider transport funding, to give local government the flexibility to respond to local needs and drive local growth. This funding is currently provided through a number of channels, including by the Department for Business, Innovation and Skills, Department for Transport, Department for Work and Pensions and Department for Education.

23. The Government has also announced that it intends 100% retention of business rates to be cost neutral. Therefore analysis will need to be undertaken to identify the cost of any new functions and the future pressures they could create for local government, alongside existing pressures within the system.

24. Some local authorities have also asked to go further and faster. In order to do this the Government is considering whether certain responsibilities should be devolved in some areas but not others, for example by using an opt-in approach or by targeting some devolution of certain responsibilities at particular classes of authority and how this would operate within a national system of 100% rates retention.

25. This would give the new system greater flexibility to accommodate individual circumstances and complement the deals processes already underway. However flexibility would come at the expense of simplicity and transparency, and is only likely to be technically feasible in some cases. Any proposal for bespoke devolution will therefore require a strong supporting case.

26. A number of criteria will guide decisions on whether to devolve particular new responsibilities to local government. A proposed set of criteria suggested is listed below, grouped into four high-level themes;

    - Devolution of a responsibility should build on the strengths of local government
    - Devolution of a responsibility should support the drive for economic growth
    - Devolution of a responsibility should support improved outcomes for service users
    - or local people

    Devolution of responsibilities should be made with consideration for the medium-term financial impact on local government.

Local Tax Flexibilities

27. A key part of the reforms to make local authorities more self-sufficient and better able to drive local growth is the devolving of tax-setting powers. Authorities will therefore be able to tailor their own tax regime to fit the local economic environment. The new powers that the government is providing are:
    - the ability to reduce the business rates tax rate (the multiplier); and

- the ability for combined authority mayors to levy a supplement on business rates bills to fund new infrastructure projects, provided they have the support of the business community through the Local Enterprise Partnership.

28. Under the old local rates system authorities had the ability to set a local tax rate. Since the introduction of the business rates system in 1990 a uniform business rate – also known as the multiplier - has applied across the country. It is known as the multiplier as a bill is calculated by multiplying the property's rateable value by the "multiplier". The multiplier for 2016-17 is 48.4p and, therefore, a property with a £15,000 rateable value would pay a bill, subject to reliefs, of £7,260. Increases in the multiplier are capped by inflation (a higher multiplier which includes a supplement to pay for Small Business Rate Relief is paid by higher value properties).

29. To allow authorities to reduce the multiplier a number of policy decisions need to be taken. The LGA and the Government would like local authorities and other interested parties to help identify and resolve the issues raised by allowing local authorities to set a local multiplier.

30. These main issues comprise:
    - This reform has been envisaged as a power to reduce the multiplier across the board. However, the power could allow authorities to apply the reduction selectively, such as for specific areas or sectors. This targeted approach would though begin to overlap with the local discount powers.
    - While the decision to reduce the multiplier would obviously be one for the relevant authority in single tier areas, there is a question about who should be able to take the decision in two tier areas. So the District, County or a combination of both could be the decision taker. There are similar issues to be considered in respect of London and combined authority areas. The position of fire authorities will also need to be taken in to account. Appropriate financial arrangements will also need to be put in place in respect of the costs.
    - Any decision to reduce the multiplier could simply be one for the relevant authority or authorities. However, other interested parties, in particular business, could be involved in the decision making process, such as through Local Enterprise Partnerships or a period of consultation could be required.
    - An authority may reduce the multiplier in order to encourage business in to the area. That could potentially have an impact on neighbouring authorities. That could be regarded as healthy competition or instead something for which safeguards should be introduced.
    - If an authority reduces the multiplier there is a question of whether that should be considered permanent; reversible on an annual basis; or fixed for a period of time. However, if reductions were not permanent, where an authority did reduce the multiplier there is a question about how the multiplier could subsequently be increased to catch-up with the "normal" inflation linked multiplier.

31. In addition, the Business Rate Supplement Act 2009 provides a discretionary power for county councils, unitary district councils and, in London, the Greater London Authority to levy a supplement on business rates (an Infrastructure Levy), subject to a national upper limit of 2p per pound. Levying authorities can retain the proceeds to fund additional projects

to promote the economic development of their local area. Authorities cannot levy a Business Rate Supplement on properties with a rateable value below £50,000. All levies are subject to a ballot. The power has only been used once to date, in London, to fund the Crossrail project.

32. This new power will provide combined authority mayors with the ability to levy a 2p in the pound supplement to fund new infrastructure projects, provided they have the approval of the Local Enterprise Partnership. With this there are a number of issues that still need to be resolved;
    - Whether the new power should be extended wider than just combined authority mayors.
    - The meaning of infrastructure will therefore need to be defined (e.g. should it be a widened to fund economic development projects similar to the approach with Business Rates Supplements).
    - The levy could be restricted to one per area for one specific infrastructure project or, alternatively, the powers could allow for a single levy for multiple infrastructure projects.
    - As with the multiplier reduction, the levy could be across the board, place based or with exclusions or variable rates.
    - The levy will need to be in place long enough to support the funding of the infrastructure project. However, a limit on the duration could be agreed at the introduction of the levy, perhaps with a process for it being renewed.
    - The Government announced that it believes that any levy should have the support of local businesses through the Local Enterprise Partnership but is this consultation or approval.
    - Similarly with Business Rates Supplements should there be a minimum rateable value threshold to protect small businesses and how are these decisions taken.

Fair Funding Review (Funding Needs)

33. As part of the Final Local Government Finance Settlement for 2016-17, the Government announced that, as part of the transition to 100% business rates retention, there would be a 'Fair Funding Review' of authorities' funding needs.

34. Work done during last fundamental review of needs in 2000 and analysis of councils' responses to the consultation on the provisional settlement, there is obviously a number of issues that should be addressed with the Fair Funding Review, namely:
    - What do we mean by 'need'?
    - What should the approach be for doing needs assessment for different services?
    - At what geographical level should we do a needs assessment?
    - How should 'resets' of the needs assessment be done?
    - How, and what, incentives should be built in to an assessment of councils' need?

35. As these questions will inevitably cover a broad range of policy issues, one of the first tasks for the technical working group on the Fair Funding Review will be to unpack the range of issues that sit under the questions above.

36. It is anticipated that this review to work to a longer timescale than some of the other work on 100% business rates retention. This is because, unlike other aspects of the work on 100% business rates retention, the outcome of the review will not necessarily require primary legislation. In addition, the process of collecting data (if it is required) and doing the detailed statistical analysis to produce needs formulae will inevitably take considerable time.

Monitoring Progress

37. As indicated earlier, a period of engagement with local government has commenced through the work of the steering and technical working groups. At present it is envisaged there will be a consultation paper in summer 2016 followed (possibly) by primary legislation. These working groups began to meet through May 2016.

38. The terms of reference and exploration of areas for discussion has begun for these groups. Over the coming months data gathering and further exploration of ideas will be discussed in time for the expected consultation in the summer.

39. The County Council has good representation on the working groups and officers will continue to feedback on progress. A report will be presented to a future meeting of Policy Committee after the consultation documents are published later in the year.

Other Options considered

40. This report is for information only.

Reason/s for Recommendation/s

41. This report is for information only.

Statutory and Policy Implications

42. 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

1) That the information set out in this report be noted.

Nigel Stevenson
Service Director – Finance, Procurement & Improvement

For any enquiries about this report please contact:

Nigel Stevenson
Service Director – Finance, Procurement & Improvement
T: 0115 9773033
E: nigel.stevenson@nottscc.gov.uk

Constitutional Comments (KK 21/8/16)

This report is for noting only

Financial Comments (NS 13/05/16)

There are no financial implications arising directly from the report.

Background Papers

Electoral Division(s) and Member(s) Affected
N/A

Nottinghamshire County Council

Report to Finance & Property Committee

20 June 2016

Agenda Item: 8a

REPORT OF SERVICE DIRECTOR ENVIRONMENT, TRANSPORT & PROPERTY

SUPPORTED LIVING ACCOMMODATION - KINGSBRIDGE WAY, BRAMCOTE

Purpose of the Report

1. To seek approval to negotiations being concluded for the sale of Kingsbridge Way to Progress Housing Group;

2. The transfer is subject to the completion of an agreement between the Council and Progress Housing Group via the Approved Housing Provider List for the development of Kingsbridge Way for Supported Living accommodation with nomination rights for the Council.

3. To seek approval for Corporate Director (Resources), in consultation with the Corporate Director (Adults Social Care, Health and Public Protection) to finalise the arrangements for the sale following negotiations and conclude the relevant legal documentation to give effect to the sale and the Approved Housing Provider List agreement.

Information and Advice

4. This report contains an exempt appendix, which is 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)). The exempt appendix provides details of the terms agreed. Disclosure of this information would prejudice the parties' commercial interests.

5. Kingsbridge Way was a Council owned and run short breaks unit for users with a learning disability. As part of the savings programme a decision was taken to close the service with effect from September 2015.There is therefore an opportunity to consider using the site for an alternative use or to sell the site on the open market.

6. The open market value has been ascertained by independent consultants as set out in the exempt paragraph which assumes that the existing buildings are demolished and up to seven housing plots are developed. The alternative to selling on the open market is to develop the existing buildings to provide a new supported housing scheme.

7. A new Supported Living development would help to meet the Council's obligation under the Care Act and Adult Social Care Strategy by helping service users who are currently in institutional setting such as residential or hospital care to move into independent living with their own tenancies in the community. Enabling adults with care and support needs to access Supported Living accommodation promotes their independence and enables savings and efficiencies by the care support provider.

8. A notice seeking Expressions of Interest from the existing Approved Housing Provider list has resulted in an offer from Progress Housing Group to purchase the property. In accordance with the Approved Housing Provider List, the Council and Progress Housing Group will need to enter into an agreement for this building to be turned into Supported Living accommodation. This agreement sets out the Council's nomination rights and voids responsibility for the supported living units and also covers things like housing tenancies and housing benefit/rent.

9. Due to the proposed Local Housing Allowance (LHA) cap due to be introduced in relation to tenancies taken up from April 2017, there are benefits for this supported living scheme to be up and running with service users in occupation before the end of March 2017. After this date the benefits cap effect on rents will make the project uneconomic for the provider. Despite the tight timetable to deliver these supported living units Progress Housing Group are confident that this development can be delivered by the required deadline.

10. As well as paying the market value for the property, Progress Housing Group will meet all the costs of planning permission and building/development costs to change and remodel the existing building into supported living units for 11 service users.

11. The transfer potentially represents a sale at less than best value, as defined by s123 Local Government Act 1972. Although the agreed sale value matches the independent consultant's valuation by Innes England, commissioned by Corporate Property, there is the potential that in a competitive bidding situation this valuation could be exceeded. Likewise it could be that no bidder is found who is willing to pay this amount. Paragraph 20.3.6.1 of the Council's Financial Regulations provide that, where only one party is interested or is to be invited to submit a signed contract, the Service Director, Transport, Property and Environment, in consultation with the Chairman of Finance and Property Committee shall take a decision after discussing the circumstances with the Group Manager for Legal Services and the Section 151 Officer.

12. The circumstances which permit the Authority to depart from the requirement to achieve best value are contained in the General Consent Order [The Local Government Act 1972: General Disposal Consent (England 2003)]. The Order lays down no specific process, but simply requires that the following matters are considered:-

    i. The local authority considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of the following objects in respect of the whole or any part of its area, or of all or any persons resident or present in its area;

        1. The promotion or improvement of economic well-being;
        2. The promotion or improvement of social well-being; and

3. The promotion or improvement of environmental well-being

ii. The difference between the unrestricted value of the land to be disposed of and the consideration for the disposal does not exceed £2,000,000 (two million pounds).

13. This proposal satisfies both Paragraphs 7.a.i and 7.a.ii.

Other Options Considered

14. Other options considered include selling the site on the open market. This option would fail to deliver the service benefits associated with Supported Living accommodation. The sale to the housing provider is likely to proceed quicker than selling the property on the open market thereby saving the Council £1,200 per month costs for security and alarms for the vacant property as well as the fees related to the sale.

Reason/s for Recommendation/s

15. To make best use of surplus land by both delivering a capital receipt whilst also meeting pressing service need and discharges the Council's duty to promote people's independence by commissioning Supported Living accommodation.

Statutory and Policy Implications

16. 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.

Crime and Disorder Implications

17. There are no implications in relation to crime and disorder.

Financial Implications

18. The sale is proposed to proceed at the full market value as determined by an independent valuation. The developer is looking for no contribution from the County Council.

Human Resources Implications

19. The sale will not require input from the Council's personnel beyond business as usual activities.

Human Rights Implications

20. The redevelopment of Kingsbridge Way as supported living accommodation will enable 11 people with disabilities to have a home of their own with tenancy rights.

This is in the spirit of the Human Rights Act provisions for respect for privacy and family life as living in a care home does not confer the option to choose who enters the space where a person is living.

Safeguarding of Children and Vulnerable Adults Implications

21. The Council has an existing relationship with Progress Housing Group who has other supported living schemes throughout the County. The supported living accommodation allows vulnerable adults with care and support needs to live independently who would be potentially more vulnerable in general needs housing accommodation.

Implications for Service Users

22. This sale will provide opportunities for service users to have their own tenancies within the proposed development and to live independently in supported living accommodation. It will provide a local service for people living in that area where there is a low level of provision of supported living accommodation.

Implications for Sustainability and the Environment

23. The reuse of the existing buildings at Kingsbridge way for supported living accommodation represents a far better option for the environment than demolishing and clearing the site for a new-build scheme which is the likely alternative, due to the loss of the embedded energy in the existing buildings and the demand on the environment of creating new buildings.

Ways of Working Implications

24. There are no implications in relation to ways of working.

RECOMMENDATION/S

1) That approval is given to negotiations being concluded for the sale of Kingsbridge Way to Progress Housing Group as set out in the exempt appendix.

2) The transfer is subject to the completion of an agreement between the Council and Progress Housing Group via the Approved Housing Provider List for the development of Kingsbridge Way for Supported Living accommodation with nomination rights for the Council.

3) That approval is given to the Corporate Director (Resources), in consultation with the Corporate Director (Adults Social Care, Health and Public Protection) to finalise the arrangements for the sale following negotiations and conclude the relevant legal documentation to give effect to the sale and the Approved Housing Provider List agreement.

Jas Hundal
Service Director – Environment, Transport & Property

For any enquiries about this report please contact: Gerry McKeown 0115 977 3617

Constitutional Comments (CEH 25.05.16)

25. The recommendations fall within the remit of the Finance and Property Committee under its terms of reference. When disposing of its land the Council is required to obtain the best price reasonably obtainable on the open market.

Financial Comments (GB 3.6.16)

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

Background Papers and Published Documents

27. None.

Electoral Division(s) and Member(s) Affected

28. Ward(s): Chilwell and Toton
    Member(s): Councillor John Doddy, Councillor Richard Jackson

File ref.: /GM/SB/06256
SP: 2808
Properties affected: 06256 - Kingsbridge Way Short Break Service
20160524

Nottinghamshire County Council

SP2808 - Location Plan

Plan provided by: dlc

Jas Hundal
Service Director
Transport, Property & Environment
Environment & Resources Department

Scale 1:25,000

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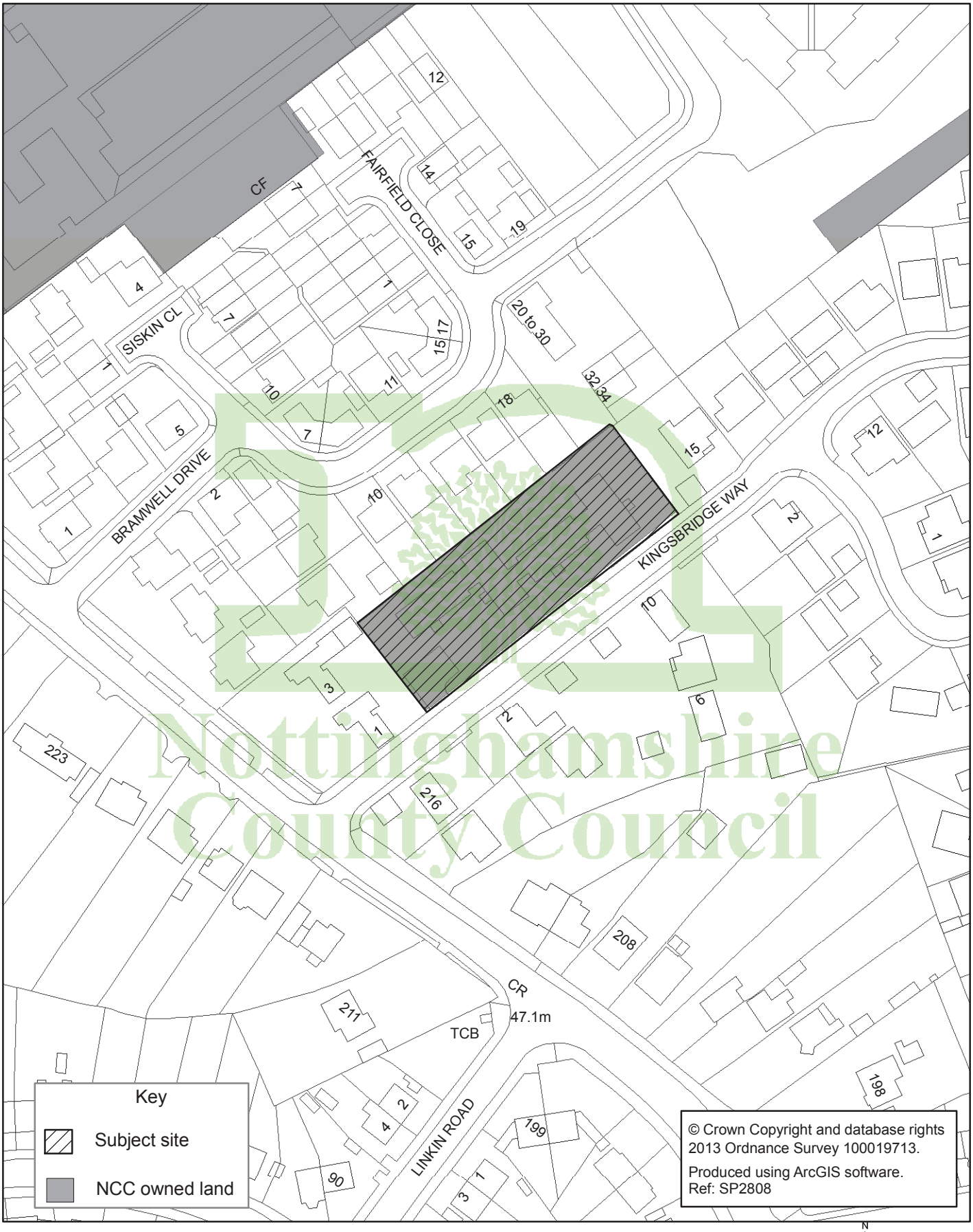
N W E S

Nottinghamshire County Council

Supported Living Accommodation - Kingsbridge Way, Bramcote

Plan provided by: dlc



Jas Hundal
Service Director
Transport, Property & Environment
Environment & Resources Department

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Nottinghamshire County Council

Report to Finance & Property Committee

20 June 2016

Agenda Item: 8b

REPORT OF SERVICE DIRECTOR ENVIRONMENT, TRANSPORT & PROPERTY

FORMER RUFFORD COLLIERY TIP – PROPOSED DISPOSAL OF COAL FINES (COAL DEPOSITS)

Purpose of the Report

1. To seek approval for the disposal of waste coal fines (deposits) from the site of the restored former Tip at Rufford Colliery on terms outlined in the exempt appendix.

2. That Committee support the principle of using part of any the proceeds from the disposal of waste coal fines (deposits) to fund the future management of the site be approved, subject to a future Report on the detail of this proposal.

3. That Committee support the principle of using part of any proceeds from the disposal of waste coal fines (deposits) to fund pre-development fees and works to explore additional opportunities within the County Council property portfolio for the improvement of former colliery spoil heaps, subject to a future report to Capital Asset Management Group (CAMG) as to such pre-development costs.

Information and Advice

4. 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.

5. In the 1990s, and following on from the decline of the Nottinghamshire Coalfield, the County Council acquired a number of former colliery tips and spoil heaps from the National Coal Board and their successors, the Coal Corporation and the Coal Authority. The objective of these purchases was to facilitate the restoration of the former coal tips by the County Council. The initiative enabled the County Council to leverage grant funding for the restoration of the former colliery tips. Very simplistically, the proposals incorporated drainage initiatives and the re-profiling and "capping" of the tipped materials. This, in turn, created opportunities for improving public access to, and/or agriculture/forestry on, the sites.

6. Whilst these initial restorations could be judged a success against the remediation objectives of the time, improved restoration techniques mean that there is now an

opportunity to improve on the restoration of a number of these sites to an enhanced level. Such further remediation will allow issues such as wildlife conservation and tip stability to be dealt in a much more robust and effective manner than was previously technically possible or realistic. In addition, a number of these Tips contain deposits in the form of waste coal slurry from the former extractive industries. It is now commercially possible to recover these former waste coal products and to sell them in to the power generation network. This opportunity means that, in addition to improving the quality and standards of remediation, to allow improved public access and wildlife enhancements, there is also an opportunity for the County Council to generate economic benefit from the recovery of these waste coal materials. This is a limited window of opportunity, however, as methods of energy generation switch way from fossil fuels. Such opportunities are unlikely to exist beyond about 2025. Any recovered coal fines are blended with (imported) coal to produce coal of suitable calorific value to be used in the nation's remaining coal fired power stations.

7. There may be several suitable locations across the County where such opportunities to improve the environmental quality of the previous tip restorations are likely to exist, but the first of these is at the former Rufford Colliery tip, situated between Clipstone and Rainworth, and to the west of Sherwood Pines. This is one of the first former colliery Tips which the Council acquired and which was restored to (mostly) lower grade grazing land, but with significant opportunity for further improved restoration to allow the re-creation of valuable, and rare, natural heathland habitat. The site is bisected by a watercourse, Rainworth Water, which has been in culvert since the days of mining on the site. This project offers the opportunity to re-profile the land to allow the removal of the culvert and the opening up of the Rainworth Water watercourse. This is a significant environmental improvement opportunity, in addition to the potential for habitat improvement.

8. The County Council owned site sits immediately adjacent to the former Rufford Colliery itself, which is owned by a company called Harworth Estates Limited. Harworth have secured planning consent to carry out a similar project to recover waste coal slurry and to remediate the site in a manner which broadly reflects the aspirations for the adjoining County Council land. That scheme is due for completion around 2018.

9. It is proposed to enter in to a contract with Harworth Estates Limited whereby they (Harworth) purchase the recoverable coal fines from the County Council and to remediate the site in accordance with a planning consent for the coal recovery/remediation which Harworth Estates will pursue at its own cost. As such, it will (subject to planning) be possible to "dovetail" the remediation of the Council land as a second phase to follow on from the completion of Harworth's own adjoining project. It is estimated that the coal recovery from the Council site could be completed by 2020, with remediation following on immediately thereafter. By working in partnership with Harworth Estates, it will be possible to see a consistent approach to remediation across the two adjoining sites. The County Council has undertaken a detailed Site Investigation to satisfy itself as to the volumes of coal fines capable of recovery and the amount of materials needing to be moved to secure the environmental improvement.

10. It is proposed to enter in to a contract to sell the commercially recoverable waste coal fines (deposits) to Harworth Estates, including the obligations for Harworth to seek planning consent for the project and subsequent site remediation. Access needs to be taken across the adjoining Harworth Estates land in order to provide an economically viable route for the removal of waste coal recoverable from the site. The terms for the

proposed disposal of coal deposits, and associated matters, are detailed in the exempt appendix.

11. The site is subject to a restrictive covenant in favour of the Coal Authority. No materials are to be removed from site without the specific approval of the Coal Authority. It is likely that the Coal Authority will levy a payment or royalty to secure its cooperation. The proposed transaction will require Harworth Estates to meet the cost of any payments to the Coal Authority.

12. The proposed structure for this transaction, and the procurement methodology adopted have been thoroughly reviewed by the Council's external legal advisers (Sharpe Pritchard) and are considered to be robust and appropriate, reflecting the special circumstances which pertain regarding Harworth Estate's project on its adjoining site. In addition, the proposal has been reviewed by specialist minerals surveyors (Wardell Armstrong) on behalf of the Council, and the proposed transaction is considered by them to represent best value to the Council in accordance with the requirements of s123 Local Government Act 1972.

13. Timescales: if the proposal is approved, it is likely that (subject to contract), a planning application will be lodged by Harworth Estates in late 2016, with the project on site during the period 2017-2022 (including remediation).

14. Committee is requested to support the principle of using some of the receipt from the sale of the coal deposits to support the long term proactive management of the site, including improved public access. The details of this remain under evaluation and would be the subject of a future report as the opportunity crystalizes.

15. Rufford Colliery Tip represents the first opportunity of this kind. This is dependent on detailed analysis of environmental opportunities, planning considerations and prevailing economic conditions. A preliminary scoping exercise is currently underway to assess this potential. Committee is asked to support the principle of using some of the proceeds from the Rufford Colliery proposal to allow evaluation of all remaining opportunities. It is anticipated that a detailed report will be prepared for consideration by the Capital Assets Management Group (CAMG).

Other Options Considered

16. Do nothing: the opportunity to secure significant environmental improvements will be lost.

17. Delay to a later date: this is not really practical. The "window of opportunity" to sell coal fines in to the power stations is limited by changes in how energy will be generated in the future. Without the opportunity for a market for coal fines, the opportunity will be lost.

18. Sell the site rather than dispose of the coal deposited on it: this is feasible, but would require a different procurement model and the opportunities to pursue improved habitat and public access to the land would be significantly diminished. Not recommended.

19. Undertake the coal recovery and site remediation at the cost of the County Council (as a County sponsored project) rather than "partnering" with Harworth Estates. This would potentially deliver a higher capital receipt, but would expose the County Council to the

significant pre-development costs of the project and to the potential fluctuations in market coal prices and the consequent cost risk on site remediation. The County Council does not presently have the technical expertise and capability to deliver such a scheme. The financial risks associated are considered to be too great. Not recommended.

Reason/s for Recommendation/s

20. There is an opportunity to cost effectively deliver enhanced environmental improvements to the site at no cost to the Council. Addresses potential improvements to open up watercourses, improve habitat and bio-diversity and address potential future engineering issues such as site stability.

21. Income generation opportunity

Statutory and Policy Implications

22. 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) To seek approval for the disposal of coal waste fines from the site of the restored former Rufford Colliery on terms detailed in the exempt appendix.

2) That support is given to the principle of using part of any of the proceeds from the disposal of waste coal fines to fund the future management of the site, subject to a future report on detailed proposals.

3) That support is given to the principle of using part of the proceeds from the sale of coal fines being used to enable detailed pre-development appraisals of other similar sites across the County, subject to a detailed financial proposition to CAMG.

Jas Hundal
Service Director, Environment, Transport & Property

For any enquiries about this report please contact: Ian Brearley on Tel: 0115 9774840

Constitutional Comments (CEH 24.05.16)

23. The recommendations fall within the remit of the Finance and Property Committee under their terms of reference.

Financial Comments (GB 3.6.16)

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

Background Papers and Published Documents

25. None.

Electoral Division(s) and Member(s) Affected

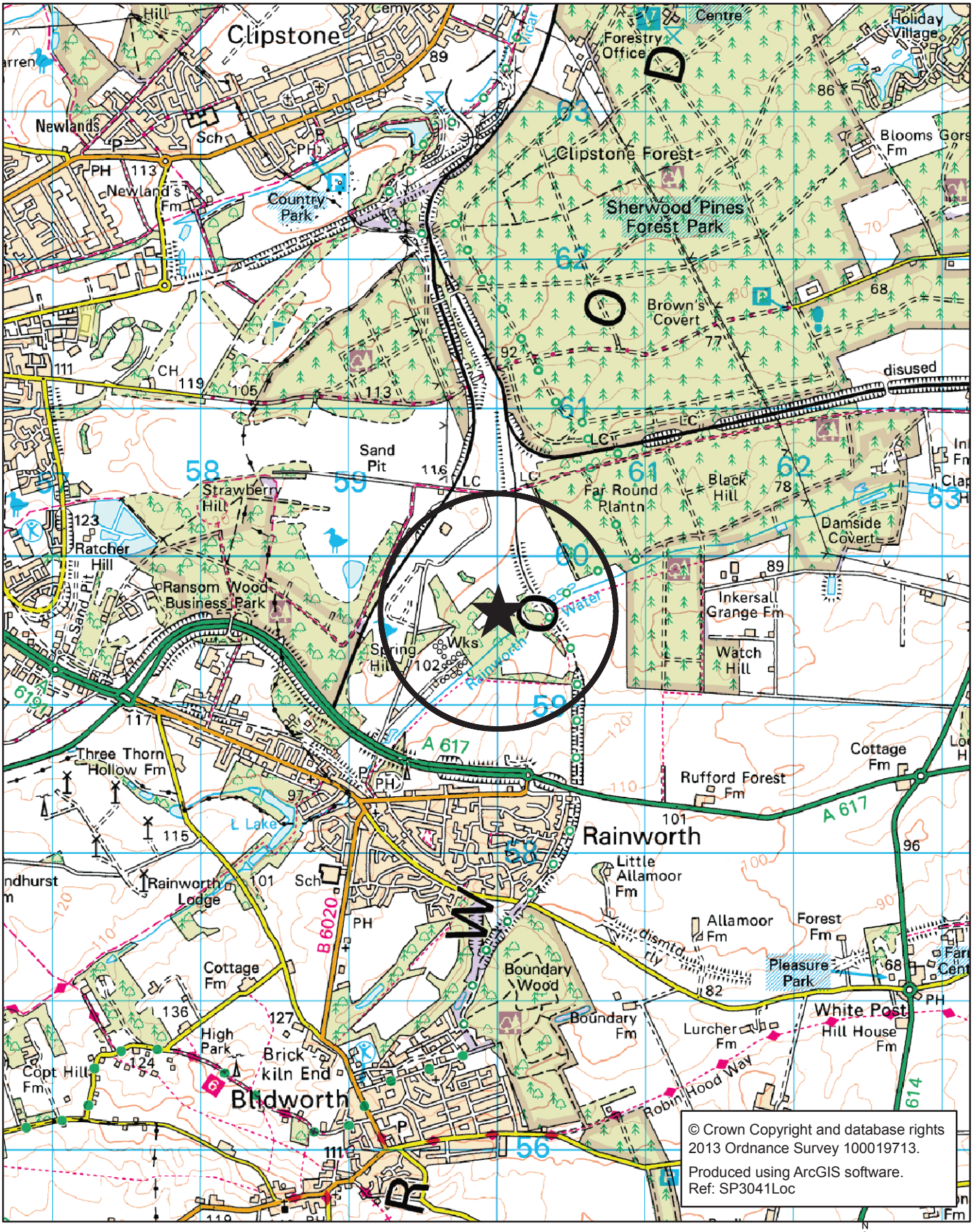
26. Ward(s): Blidworth
    Member(s): Councillor Yvonne Woodhead

File ref.: /IB/SB/
SP: 3041
Properties affected: 62008 - Former Rufford Colliery Tip

Nottinghamshire County Council

SP3041 - Location Plan

Plan provided by: dlc



Jas Hundal
Service Director
Transport, Property & Environment
Environment & Resources Department

Scale 1:35,000

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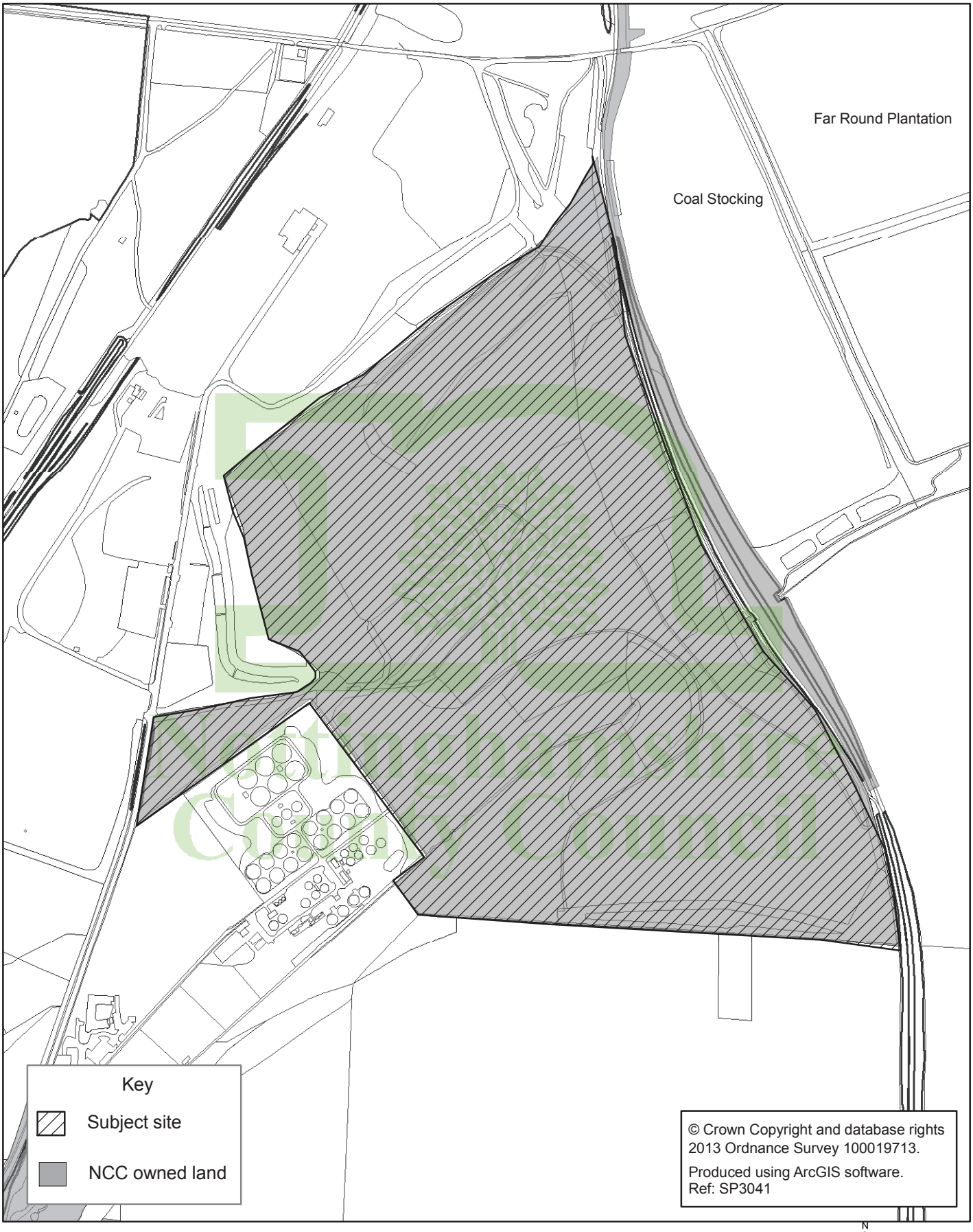
Nottinghamshire County Council

Former Rufford Colliery Tip - Proposed Disposal of Coal Fines

Plan provided by: dlc



Jas Hundal
Service Director
Transport, Property & Environment
Environment & Resources Department

Scale 1:7,500

Metres

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Nottinghamshire County Council

Report to Finance & Property Committee

20 June 2016

Agenda Item: 8c

REPORT OF SERVICE DIRECTOR ENVIRONMENT, TRANSPORT & PROPERTY

LATEST ESTIMATED COST: SCHOOLS PLACES PROGRAMME 2016

Purpose of the Report

1. The purpose of this report is to seek approval of the latest estimated cost for the above programme.

Information and Advice

2. Following the report submitted to Finance & Property Committee in April 2016 this is a further report covering Radcliffe-on-Trent Infant & Nursery School, St. Augustine's School (Worksop) and Robert Mellors Primary School (Gedling).

3. Another report covering the remainder of the projects in the Basic Need 16 programme including Radcliffe-on-Trent Junior School, Ordsall Primary School (Retford) and Farmilo Primary School (Pleasley) will be presented to Committee in due course.

Project details

4. There is a statutory provision placed on the County Council to annually identify and provide for any increases in required school places (previously known as Basic Need), throughout the County.

5. The strategy teams within Children, Families and Cultural Services (CFCS) complete an annual review through an area by area analysis and projection to evaluate which schools would best fulfil the requirements for the increase in intake numbers to accommodate any forecasted increase in pupil numbers.

6. As a result of this annual review a number of schools have been identified that meet the requirements set by the Department for Education (DfE) and would therefore be best suited to fulfil the schools' places increase through a mixture of space remodelling, classroom extensions and/or new classroom provision.

7. Feasibility studies have been carried out at the identified schools by Property, to identify the most cost effective provision, whilst ensuring that the proposals are compliant with current legislation, the latest Central Government guidance and good practice. The output is a specific construction proposal for each school.

8. These proposals if converted into actual projects would in the main be required

for the commencement of the new school year in September 2016. The exception to this being King Edward Primary which will be phased to meet requirements from September 2016 through until early 2017.

9. The identified schools by area are:

Rushcliffe
01527 Radcliffe -on-Trent Infants School, Radcliffe on Trent, NG12 2FU

Worksop
01066 St Augustine's Primary School, Worksop, S81 0DW

Gedling
01438 Robert Mellors Primary School, Arnold, NG5 7EX

10. It should be noted that in previous reports Committee approved a work programme that consisted of 12 projects with an overall value of £11.9m.

11. The programme of works comprising the individual construction projects will be managed using best practice project management methodology (Prince 2) including project reviews with key stakeholders and sign-off at key milestones in accordance with the Gateway Review standards. The overall delivery will be monitored and managed by the Schools' Capital Programme Executive Group that will ratify all decisions on Scope, Cost and Timescale.

12. The construction elements for the proposed schemes will be built using a number of delivery platforms and will be, wherever possible, based on a modular solution whereby the classroom block is prepared within a factory and then erected on site. This is to reduce both cost and the on-site element of the works in an effort to minimise disruption to the individual school and follows on from the successful use of this method of procurement and construction for the previous three programmes.

13. A number of the projects are also subject to planning application approval and approval via Children and Young People's committee for "Schools requiring expansion by 25% or more pupil places."

14. It is anticipated that three delivery solutions will be utilised, and that building works will start on site from July 2016 and be completed with the previously noted exceptions by September 2016:

- For those schools requiring internal modification only, then the Property Operations team within the newly formed property Joint Venture will carry out the necessary works.
- For the more complex projects whereby the works required involve a modular solution along with additions to and/or alterations to existing buildings or are within a complex site environment then a mixture of Joint Venture property operations and the EMPA (East Midlands Properly Alliance) framework contractors will be used (Robert Woodheads, G.F. Tomlinson and Ashe Partnerships).

15. The latest estimated cost of the building works are set out below and the fees shown are for all professions involved in the project.

16. The professions involved in this project are:-

- Architect
- Mechanical Engineer
- Electrical Engineer
- Quantity Surveyor
- Structural Engineer
- CDM Advisor
- Project Manager

Capital budget implications

17. This project is being funded as follows:

	£
Capital Allocation	2,840,000
Total	2,840,000

18. The business case has been submitted to the Corporate Asset Management Group and has been approved for submission. These projects were included within the budget proposals presented to full Council in February 2015.

19. The latest estimated costs are as follows:
Please note that Professional fees include all feasibility costs including site surveys and associated statutory fees, as well as Property Departmental fees.

	Latest Estimated Cost (Outturn Prices) £
Building Works	2,508,750.00
Professional fees	257,250.00
Furniture and Equipment	74,000.00
Total	2,840,000.00

Individual project detail:	£
Rushcliffe	
Radcliffe on Trent Infant School	£1,250,000
Worksop	
St Augustine's Primary School	£1,020,000
Gedling	
Robert Mellors Primary School	£570,000

Anticipated cash flow

	2016/17 £	2017/18 £	Total £
Building Works	2,508,750	0	2,508,750
Professional Fees	252,250	5000	257,250
Furniture & Equipment	74,000	0	74,000
Totals	2,835,000	5000	2,840,000

Revenue budget implications

20. Any additional premises and human resources costs arising from these proposals will be met from the individual school's budget.

Other Options Considered

21. Whilst surrounding schools were considered, the projects listed represent the optimum solutions to the need for school places in each particular area.

22. Committee should note that a review of the School's Places requirement for 2017 and onwards is currently underway under the auspices of the Children & Young People's Committee. Once this has been approved it will be brought to this Committee to secure funding approval. This is expected in the early part of 2017.

Reason/s for Recommendation/s

23. Local authorities have a statutory duty to ensure sufficient school places are available for every child in the local area that needs one.

Statutory and Policy Implications

24. 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.

Implications for Service Users

25. The upgraded buildings and facilities will provide the extra requirements for the pupil numbers to be increased.

Financial Implications

26. These are set out in the report.

Equalities Implications

27. In accordance with County Council policy the design of the buildings will incorporate access and facilities for people with disabilities.

Crime and Disorder Implications

28. The proposed sites are within existing school security boundaries and as such are relatively straightforward to secure. As a result, risk of crime from theft or vandalism will be minimised. Additional measures which will be considered to further minimise risk of crime will include the provision of overnight security systems during the construction period.

29. Consultation with local residents and other interested parties will be undertaken as part of the planning process and this should effectively negate risk of disruption through protest or the like.

Implications for Sustainability and the Environment

30. Environmental and Sustainability requirements will be incorporated into the detailed design process for each of the individual buildings.

RECOMMENDATION/S

1) That the latest estimated cost report for the building works programme as set out in the report be approved.

Jas Hundal
Service Director – Environment, Transport & Property

For any enquiries about this report please contact: Martin Williams on Tel: 0115 9774377

Constitutional Comments (CEH 25.05.16)

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

Financial Comments (GB 3.6.16)

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

Background Papers and Published Documents

33. None.

Electoral Division(s) and Member(s) Affected

34. Ward(s): Pleasley Hill and Broomhill, Worksop East, Mansfield West, Arnold North, Retford East, Radcliffe on Trent

    Member(s): Councillor Mrs Kay Cutts, Councillor Pauline Allan, Councillor Michael Payne, Councillor Darren Langton, Councillor Diana Meale, Councillor Pamela Skelding, Councillor Glynn Gilfoyle

File ref.: /SL/SL/
SP: 3066
Properties affected: 01096 - Farmilo First School, 01067 - St Augustines Junior School, 01066 - St Augustines School, 01139 - Farmilo Primary, 01438 - Robert Mellors Primary and Nursery, 01045 - Ordsall Primary, 01527 - Radcliffe-on-Trent Infant/Nursery School

Nottinghamshire County Council

Report to Finance and Property Committee

20 June 2016

Agenda Item: 9

REPORT OF CORPORATE DIRECTOR, RESOURCES

WORK PROGRAMME

Purpose of the Report

1. To consider the Committee's work programme for 2016.

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

Report Title	Brief summary of agenda item	For Decision or Information ?	Lead Officer	Report Author
18 July 2016				
Better Care Fund	Quarter 4 Reconciliation	Info	Joanna Cooper	Joanna Cooper
Monthly Budget & Capital Monitoring Report 2016/17	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
19 September 2016				
Monthly Budget & Capital Monitoring Report 2016/17	Budget Capital Monitoring, Capital Receipts, Capital Variations	Decision	Nigel Stevenson	Glen Bicknell
Efficiency Plan Following Local Government Settlement	Details of plan.	Decision	Nigel Stevenson	Keith Palframan
ICT Programmes and Performance Quarter 1	Progress Report	Info	Ivor Nicholson	Ivor Nicholson
Property Transactions	Various	Decision	Jas Hundal	Various
17 October 2016				
Monthly Budget & Capital Monitoring Report 2016/17	Budget Capital Monitoring, Capital Receipts, Capital Variations	Decision	Nigel Stevenson	Glen Bicknell
Recreational Land at Former Wilford Lane Complex	Proposals for development of land	Decision	Jas Hundal	Jas Hundal
Property Transactions	Various	Decision	Jas Hundal	Various

Report Title	Brief summary of agenda item	For Decision or Information ?	Lead Officer	Report Author
Future Meetings: 21 November 19 December 16 January 8 February (Budget Meeting) 20 February 20 March 24 April 19 June 17 July				