

**SUMMONS TO COUNCIL**

date **Monday, 04 July 2016**  
**commencing at 10:30**

venue **County Hall, West Bridgford,  
Nottingham**

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



Chief Executive

- |           |  |         |
|-----------|--|---------|
| <b>1</b>  | Minutes of the last meeting held on 12 May 2016  | 5 - 22  |
| <br>      |  |         |
| <b>2</b>  | Apologies for Absence  |         |
| <br>      |  |         |
| <b>3</b>  | Declarations of Interests by Members and Officers:- (see note below)<br>(a) Disclosable Pecuniary Interests<br>(b) Private Interests (pecuniary and non-pecuniary) |         |
| <b>4</b>  | Chairman's Business<br>a) Presentation of Awards/Certificates (if any)   |         |
| <br>      |  |         |
| <b>5</b>  | Constituency Issues (see note 4)   |         |
| <br>      |  |         |
| <b>6a</b> | Presentation of Petitions (if any) (see note 5 below)  |         |
| <br>      |  |         |
| <b>6b</b> | Response to Petition Presented to the Chairman of the County Council   | 23 - 26 |
| <br>      |  |         |
| <b>7</b>  | Clarification of Committee Meeting Minutes published since the last meeting  | 27 - 28 |

|           |   |         |
|-----------|---|---------|
| <b>8</b>  | Recognition of Officers of Groups and Committee Appointment           | 29 - 32 |
| <b>9</b>  | Management Accounts 2015-16   | 33 - 64 |
| <b>10</b> | Members Allowances Scheme - The Independent Remuneration Panel        | 65 - 68 |
| <b>11</b> | Questions   |         |
|           | a) Questions to Nottinghamshire and City of Nottingham Fire Authority |         |
|           | b) Questions to Committee Chairmen                                    |         |
| <b>12</b> | NOTICE OF MOTION  |         |

"This Council:-

a) Is concerned about the flash flooding events that occurred in parts of the County last month, especially in the Beeston and Chilwell area around the new tram tracks;

b) Recognises the inconvenience and distress such flooding can cause to people whose homes and businesses are affected;

c) Agrees to thoroughly investigate these incidents and establish whether this authority, and/or other organisations such as Nottingham Express Transit and Severn Trent Water, can do more to prevent such flooding from occurring;

d) Instructs officers to report the outcomes of this investigation to Council at the earliest opportunity."

**Councillor Richard Jackson**

**Councillor Bruce Laughton**

|           |                                |
|-----------|--------------------------------|
| <b>13</b> | ADJOURNMENT DEBATE<br>(if any) |
|-----------|--------------------------------|

Notes:-

**(A) For Councillors**

(1) Members will be informed of the date of their Group meeting for Council by their Group Researcher.

(2) The Chairman has agreed that the Council will adjourn for lunch at their discretion.

(3) (a) Persons making a declaration of interest should have regard to the Code of Conduct and the Procedure Rules for Meetings of the Full Council. Those declaring must indicate whether their interest is a disclosable pecuniary interest or a private interest and the reasons for the declaration.

(b) Any member or officer who declares a disclosable pecuniary interest in an item must withdraw from the meeting during discussion and voting upon it, unless a dispensation has been granted. Members or officers requiring clarification on whether to make a declaration of interest are invited to contact the Monitoring Officer or Democratic Services prior to the meeting.

(c) Declarations of interest will be recorded and included in the minutes of this meeting and it is therefore important that clear details are given by members and others in turn, to enable Democratic Services to record accurate information.

(4) At any Full Council meeting except the annual meeting, a special meeting and the budget meeting, Members are given an opportunity to speak for up to three minutes on any issues which specifically relates to their division and is relevant to the services provided by the County Council. These speeches must relate specifically to the area the Member represents and should not be of a general nature. They are constituency speeches and therefore must relate to constituency issues only. This is an opportunity simply to air these issues in a Council meeting. It will not give rise to a debate on the issues or a question or answer session. There is a maximum time limit of 30 minutes for this item.

(5) Members are reminded that petitions can be presented from their seat with a 1 minute time limit set on introducing the petition.



Meeting COUNTY COUNCIL

Date Thursday, 12<sup>th</sup> May 2016 (10.30 am – 2.34 pm)

**Membership**

Persons absent are marked with 'A'

**COUNCILLORS**

Sybil Fielding (Chairman)  
Yvonne Woodhead (Vice-Chairman)

|   |                      |   |                    |
|---|----------------------|---|--------------------|
|   | Reg Adair            |   | John Knight        |
|   | Pauline Allan        | A | Darren Langton     |
|   | Roy Allan            |   | Bruce Laughton     |
|   | John Allin           |   | Keith Longdon      |
|   | Chris Barnfather     |   | Rachel Madden      |
|   | Alan Bell            |   | David Martin       |
|   | Joyce Bosnjak        |   | Diana Meale        |
|   | Nicki Brooks         |   | John Ogle          |
|   | Andrew Brown         |   | Philip Owen        |
|   | Richard Butler       |   | Michael Payne      |
|   | Steve Calvert        |   | John Peck JP       |
| A | Ian Campbell         |   | Sheila Place       |
|   | Steve Carr           |   | Liz Plant          |
|   | Steve Carroll        |   | Mike Pringle       |
|   | John Clarke          |   | Darrell Pulk       |
|   | John Cottee          |   | Alan Rhodes        |
|   | Jim Creamer          |   | Ken Rigby          |
|   | Mrs Kay Cutts MBE    |   | Tony Roberts MBE   |
|   | Maureen Dobson       |   | Mrs Sue Saddington |
|   | Dr John Doddy        |   | Andy Sissons       |
|   | Boyd Elliott         |   | Pam Skelding       |
|   | Kate Foale           | A | Martin Suthers OBE |
|   | Stephen Garner       |   | Parry Tsimbiridis  |
|   | Glynn Gilfoyle       |   | Keith Walker       |
|   | Kevin Greaves        |   | Stuart Wallace     |
|   | Alice Grice          |   | Muriel Weisz       |
|   | John Handley         |   | Gordon Wheeler     |
|   | Colleen Harwood      |   | John Wilkinson     |
|   | Stan Heptinstall MBE |   | Jacky Williams     |
|   | Tom Hollis           |   | John Wilmott       |
|   | Richard Jackson      |   | Liz Yates          |
|   | Roger Jackson        |   | Jason Zadrozny     |
|   | David Kirkham        |   |                    |

## **HONORARY ALDERMEN**

Martin Brandon-Bravo OBE  
Terence H Butler  
John Carter

## **OFFICERS IN ATTENDANCE**

|                         |   |
|-------------------------|---|
| Anthony May             | (Chief Executive)                               |
| Jayne Francis–Ward      | (Resources)                                     |
| Paul McKay              | (Adult Social Care, Health & Public Protection) |
| Colin Pettigrew         | (Children, Families and Cultural Services)      |
| Tim Gregory             | (Place)   |
| Sara Allmond            | (Resources)                                     |
| Carl Bilbey             | (Resources)                                     |
| Martin Done             | (Resources)                                     |
| Catherine Munro         | (Resources)                                     |
| Anna O'Daly-Kardasinska | (Resources)                                     |
| Nigel Stevenson         | (Resources)                                     |
| Michelle Welsh          | (Resources)                                     |

## **OPENING PRAYER**

Upon the Council convening, prayers were led by the Chairman's Chaplain.

## **MINUTE SILENCE**

A minute silence was held in memory of former County Councillor Ken O'Toole

## **OUTGOING CHAIRMAN'S ADDRESS TO THE COUNCIL**

Sybil Fielding, outgoing Chairman of the County Council, made a short address, during which she referred to the highlights of her year in office, including the two royal visits, the official openings of the Worksop Bus Station, the Big House and a number of libraries and schools, and the many engagements attended including the school council visits and the presentation of the Ushakov medals to veterans of the arctic convoys. The Chairman's Charity was The Royal British Legion and over £5,000 had been raised for the charity during her time in office.

## **1. ELECTION OF CHAIRMAN**

It was moved by Councillor John Peck JP and seconded by Councillor Keith Walker and:-

### **RESOLVED: 2016/019**

That Councillor Yvonne Woodhead be elected Chairman of Nottinghamshire County Council, until the Annual Meeting 2017.

Arising from the above resolution, Councillor Woodhead made the prescribed Declaration of Acceptance of Office, was invested with the Chairman's Chain of Office and assumed the chair. Thereafter, Councillor Yvonne Woodhead's portrait was unveiled by the Chief Executive.

### **INCOMING CHAIRMAN'S ADDRESS TO THE COUNCIL**

Councillor Yvonne Woodhead addressed the Council, thanking members for the opportunity to perform the civic role for the County Council. She indicated that her chosen charity was Portland College.

### **RETIRING CHAIRMAN VOTE OF THANKS**

At the invitation of the newly elected Chairman, Councillor Darrell Pulk paid tribute to Sybil Fielding's contribution to Nottinghamshire Civic life, and moved a motion thanking her for her work as Chairman.

The motion was seconded by Councillor Mrs Kay Cutts MBE who articulated Member's appreciation and congratulations for her year of office.

Councillors Alan Rhodes and Ken Rigby also spoke in thanks of the work undertaken by Councillor Sybil Fielding as Chairman of the County Council for the municipal year 2016/17.

### **RESOLVED:-2016/020**

That the County Council's thanks for Councillor Fielding's work as its Chairman during 2015-16 be recorded.

### **PAST CHAIRMAN'S BADGE OF OFFICE**

Further to the above resolution, the Chairman of the County Council presented to Councillor Fielding her Past Chairman's Badge of Office and acknowledged her work during the year.

Councillor John Cottee left during consideration of this item to attend other County Council Business.

## **2. ELECTION OF VICE-CHAIRMAN**

The appointment of Councillor Michael Pringle as Vice-Chairman was moved by Councillor John Wilkinson and seconded by Councillor Reg Adair

### **RESOLVED:-2016/021**

That Councillor Michael Pringle be appointed Vice-Chairman of the Nottinghamshire County Council until the Annual Meeting 2017.

Arising from the above Resolution, Councillor Pringle made the prescribed Declaration of Acceptance of Office, was invested with the Vice-Chairman's chain and took his new place alongside the Chairman.

### **3. MINUTES**

#### **RESOLVED: 2016/022**

That the Minutes of the last meeting of the County Council held on 24<sup>th</sup> March 2016 be agreed as a true record and signed by the Chairman.

### **4. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Ian Campbell (other), Darren Langton (medical/illness) and Martin Suthers OBE (medical/illness)

An apology for absence was also received from Councillor John Cottee (other County Council business) who would be returning to the meeting later.

### **5. DECLARATIONS OF INTEREST**

There were no declarations of interest.

### **6. CHAIRMAN'S BUSINESS**

#### **FORMER COUNTY COUNCILLOR KEN O'TOOLE**

The Chairman, Councillor Mrs Kay Cutts MBE, Councillor Joyce Bosnjak and Councillor Parry Tsimbiridis all spoke in memory of former County Councillor Ken O'Toole.

### **7a. PRESENTATION OF PETITIONS**

The following petitions were presented to the Chairman as indicated below:-

- (1) Councillor Ken Rigby regarding a possible proposal to alter the junction of Eastwood Road and Maws Lane, Kimberley
- (2) Councillor Roger Jackson regarding traffic calming in Farnsfield.
- (3) Councillor Tony Roberts MBE regarding parking issues on Lincoln Street, Newark
- (4) Councillor Boyd Elliott requesting the installation of traffic lights at the junction of Mansfield Lane and Whinbush Lane, Calverton

#### **RESOLVED: 2016/023**



That the petitions be referred to the appropriate Committees for consideration in accordance with the Procedure Rules, with a report being brought back to Council in due course.

#### **7b. RESPONSES TO PETITIONS PRESENTED TO THE CHAIRMAN OF THE COUNTY COUNCIL**

**RESOLVED: 2016/024**

That the contents and actions taken as set out in the report be noted.

#### **8. CLARIFICATION OF MINUTES**

The report provided Members with the opportunity to raise any matters of clarification in the Minutes of Committee meetings published since the last meeting.

#### **9. RECOGNITION OF MEMBERS AND OFFICERS OF GROUPS**

Councillor Steve Carroll introduced the report and moved a motion in terms of resolution 2016/025 below.

The motion was seconded by Councillor Nicki Brooks.

**RESOLVED: 2016/025**

- 1) That the membership of the political groups be noted.
- 2) That, in accordance with the Procedure Rules, the Officers of the Groups be noted.

#### **10. APPOINTMENT OF COMMITTEES AND OUTSIDE BODIES**

Councillor Steve Carroll introduced the report and moved a motion in terms of resolution 2016/026 below.

The motion was seconded by Councillor Nicki Brooks.

**RESOLVED: 2016/026**

- (a) That the establishment of the Committees and Sub-Committees of Council be confirmed with their existing terms of reference and with the membership as set out in Appendix A of the report.
- (b) That a Mental Health Guardianship Panel continues to be established with 5 members (2 Labour Group, 2 Conservative Group, 1 Liberal Democrat Group), to make decisions on renewal and discharge of guardianship under the Mental Health Act 1983.

- (c) That the membership of the Nottinghamshire Local Pensions Board be confirmed as one County Councillor, one City Councillor, two other employer representatives, one Trade Union representative and three other pension scheme member representatives.
- (d) That the continued participation in the Joint Committees be confirmed and with the membership as set out in Appendix A of the report, where listed.
- (e) That the other representatives on the following committees / sub-committees be appointed as follows:-
  - (1) Children and Young People's Committee: One representative of the Church of England Diocese, one representative of the Roman Catholic Diocese, and two Parent Governors
  - (2) Health and Wellbeing Board: Seven District / Boroughs Councillors, six NHS Clinical Commissioning Group representatives, one Healthwatch, one NHS England, the Police and Crime Commissioner, three officers – Corporate Director, Adult Social Care, Health and Public Protection, Corporate Director, Children, Families and Cultural Services, Director of Public Health
  - (3) Health Scrutiny Committee: 1 co-opted Councillor with voting rights from each of the following authorities – Ashfield District Council, Bassetlaw District Council, Mansfield District Council and Newark and Sherwood District Council.
  - (4) Pensions Investment Sub-Committee: Three City Councillors, two Nottinghamshire District / Borough Council representatives, two Trade Union Representatives, one Scheduled Body representative
  - (5) Pensions Sub-Committee: Three City Councillors, two Nottinghamshire District / Borough Council representatives, two Trade Union representatives, one Scheduled Body representative plus two pensioner representatives.
  - (6) Economic Development Committee: Two representatives of the Business Community.
- (f) That the Leader of the Council be an ex-officio member of all committees and sub-committees except the Appeals Sub-Committee, Conduct Committee, Health Scrutiny Committee, Mental Health Guardianship Panel; Planning and Licensing Committee, Senior Staffing Sub-Committee and Joint Committees; with the right to speak but not to vote.
- (g) That the Council following appointments of Chairman and Vice-Chairman until the Annual Meeting of the Council in May 2017 be approved, it being noted that the appointment of a Chairman and Vice-Chairman of the Mental Health Guardianship

Panel, Senior Staffing Sub-Committee or Conduct Committee will be a matter for that Sub-Committee:-

| <b>Committee</b>                              | <b>Chairman</b>   | <b>Vice-Chairman</b>     |
|---|-------------------|--------------------------|
| Adult Social Care and Health                  | Muriel Weisz      | Alan Bell                |
| Appeals Sub-Committee                         | Sheila Place      | Nicki Brooks             |
| Audit   | Keith Walker      | Sheila Place             |
| Children and Young People                     | John Peck JP      | Liz Plant and Kate Foale |
| Community Safety                              | Glynn Gilfoyle    | Alice Grice              |
| Corporate Parenting Sub-Committee             | Liz Plant         | Not applicable           |
| Culture                                       | John Knight       | Pauline Allan            |
| Economic Development                          | Diana Meale       | Roy Allan                |
| Environment and Sustainability                | Jim Creamer       | Pamela Skelding          |
| Finance and Property                          | David Kirkham     | Darren Langton           |
| Grant Aid Sub Committee                       | Joyce Bosnjak     | Martin Suthers OBE       |
| Health and Wellbeing Board                    | Joyce Bosnjak     | Appointed by the Board   |
| Health Scrutiny Committee                     | Colleen Harwood   | John Allin               |
| Joint Cttee on Strategic Planning & Transport | City Councillor   | Jim Creamer              |
| Joint Health Scrutiny (with City)             | Parry Tsimbiridis | City Councillor          |
| Nottinghamshire Pension Fund                  | Reg Adair         | Mike Pringle             |
| Pensions Investment Sub-Committee             | Reg Adair         | Mike Pringle             |
| Pensions Sub-Committee                        | Reg Adair         | Mike Pringle             |
| Personnel                                     | Sheila Place      | Nicki Brooks             |
| Planning & Licensing                          | John Wilkinson    | Sue Saddington           |
| Policy  | Alan Rhodes       | Joyce Bosnjak            |
| Public Health Committee                       | Joyce Bosnjak     | Glynn Gilfoyle           |
| Transport and Highways                        | Kevin Greaves     | Steve Calvert            |

- (h) That the Leader of the Council continues to be the representative appointed to the City of Nottingham and Nottinghamshire Economic Prosperity Committee and the Chairman of the Economic Development Committee continues to be appointed to act as substitute.
- (i) That the current appointments to the Nottinghamshire Police and Crime Panel including the existing co-options from the Council's Conservative Group and Liberal Democrat Group be continued to maintain political balance across the area of the Panel.
- (j) That the 12 places on the Nottinghamshire and City of Nottingham Fire Authority be allocated between the groups as follows:-
- Labour Group 6
  - Conservative Group 4
  - Liberal Democrat Group 1
  - Ashfield Independents Group 1

- (k) That the Chairman of the Transport and Highways Committee continues to be the representative appointed to the Bus Lane Adjudication Service Joint Committee and the Parking Adjudication Joint Committee.
- (l) That the appointment of members of the political groups to committees, sub-committees and joint committees be undertaken by the Team Manager, Democratic Services on behalf of the Chief Executive (the Proper Officer) in order to give effect to the wishes of the political groups in accordance with the provisions of the Local Government and Housing Act 1989, the Local Government Act 2000 the relevant Statutory Regulations and the Council's Standing Orders.
- (m) That the Team Manager, Democratic Services be authorised to act on behalf of the Chief Executive (Proper Officer) to appoint people as co-optees to membership of committees when required.
- (n) That the following renewed appointments to Outside Bodies be approved:-
  - East Midlands Councils – The Leader
  - East Midlands Councils Executive Board – The Leader
  - East Midlands Councils Improvement and Transformation Board – The Leader
  - East Midlands Councils Strategic Migration Board – Councillor Mrs Kay Cutts
  - Groundwork Greater Nottingham – Councillor Jim Creamer
  - Rural Services Network – The Leader

## **11. NEW JOINT HEALTH OVERVIEW AND SCRUTINY COMMITTEE**

Councillor Colleen Harwood introduced the report and moved a motion in terms of resolution 2016/027 below.

The motion was seconded by Councillor Kate Foale.

### **RESOLVED: 2016/027**

- 1) That the formation of a Joint Health Scrutiny Committee comprising Nottinghamshire Barnsley, Derbyshire, Doncaster, Rotherham, Sheffield and Wakefield to examine substantial changes of service by the Commissioners Working Together Programme be agreed, with the terms of reference set out in the appendix of the report.
- 2) That the County Council's representative on the new Joint Committee be the Chair of the Health Scrutiny Committee.

## **12. QUESTIONS**

### **(a) QUESTIONS TO NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM FIRE AUTHORITY**

No questions were received

## **(b) QUESTIONS TO COMMITTEE CHAIRMEN**

Five questions had been received as follows:-

- 1) from Councillor Andy Sissons concerning the registration process for recycling centres (Councillor Jim Creamer replied)
- 2) from Councillor Andy Sissons regarding allocation of parking permits (Councillor Kevin Greaves replied)
- 3) from Councillor John Wilmott about decision making (Councillor Alan Rhodes replied)
- 4) from Councillor John Wilmott concerning allocation of funds from sale of land at Top Wighay Farm (Councillor Alan Rhodes replied)
- 5) from Councillor Bruce Laughton regarding temporary speed reduction on the A614 (Councillor Kevin Greaves replied)

The full responses to these questions are set out in Appendix A to these Minutes.

Council adjourned from 12.35pm to 1.22pm.

Having previously submitted his apologies, Councillor Cottee returned to the meeting.

## **13. NOTICE OF MOTIONS**

### **Motion One**

Following a statement, Councillor John Peck JP withdrew the motion.

### **Motion Two**

A motion as set out below was moved by Councillor Richard Butler and seconded by Councillor Roger Jackson:-

“This Council:-

- a) Recognises legitimate complaints from residents that the new registration process for access to Nottinghamshire Household Waste Recycling Centres is intrusive and wrong, because it collects too much personal information;
- b) Is concerned about the practical application and likely effectiveness and value of the HWRC access policy, including:-
  - whether the use of hand held devices to check vehicle registration numbers will be effective;

- whether the use of hand held devices could cause inconvenience to the public, especially at the busiest sites;
  - whether the recycling centre access scheme is sufficiently flexible to meet the needs of particular customers;
  - whether the changes needed to provide more flexibility would make the scheme impossible to police in an effective way;
- c) In the light of these complaints and concerns, instructs the Labour administration to reconsider the HWRC registration policy and bring a new proposal to Full Council.”

An amendment to the motion as set out below was moved by Councillor Stan Heptinstall and seconded by Councillor Steve Carr:-

“This Council:-

- a) Recognises legitimate complaints from residents that the new registration process for access to Nottinghamshire Household Waste Recycling Centres is intrusive and wrong, because it collects too much personal information;
- b) Is concerned about the practical application and likely effectiveness and value of the HWRC access policy, including:-
  - whether the use of hand held devices to check vehicle registration numbers will be effective;
  - whether the use of hand held devices could cause inconvenience to the public, especially at the busiest sites;
  - whether the recycling centre access scheme is sufficiently flexible to meet the needs of particular customers;
  - whether the changes needed to provide more flexibility would make the scheme impossible to police in an effective way;
- c) Recognises that the scheme has arisen as a consequence of the lack of an arrangement with Nottingham City Council to deal with city waste that is deposited at County facilities.**
- d)** In the light of these complaints and concerns, instructs the Labour administration to reconsider the HWRC registration policy and bring a new proposal to Full Council.”
- e) Write to the Secretary of State and local MPs to ask for a directive that all councils should work together to identify the most cost effective and energy efficient means of waste disposal and recycling.”**

Council adjourned from 1.52pm to 2.26pm to allow members to consider the amendment.

The amendment was accepted by the mover of the motion with a minor amendment to paragraph c after Nottingham City Council, include “and other authorities”.

An amendment to the motion as set out below was moved by Councillor Richard Jackson and seconded by Councillor Bruce Laughton:-

“This Council:-

- a) Recognises legitimate complaints from residents that the new registration process for access to Nottinghamshire Household Waste Recycling Centres is intrusive and wrong, because it collects too much personal information;
- b) Is concerned about the practical application and likely effectiveness and value of the HWRC access policy, including:-
  - whether the use of hand held devices to check vehicle registration numbers will be effective;
  - whether the use of hand held devices could cause inconvenience to the public, especially at the busiest sites;
  - whether the recycling centre access scheme is sufficiently flexible to meet the needs of particular customers;
  - whether the changes needed to provide more flexibility would make the scheme impossible to police in an effective way;
- c) Recognises that the scheme has arisen as a consequence of the lack of an arrangement with Nottingham City Council and other authorities to deal with **city** waste that is deposited at County facilities.
- d) In the light of these complaints and concerns, ~~instructs~~ the Labour administration **agrees to discuss to reconsider** the HWRC registration policy ~~and bring a new proposal to Full Council with the Environmental spokesperson of the major groups.~~
- e) Write to the Secretary of State and local MPs to ask for a directive that all councils should work together to identify the most cost effective and energy efficient means of waste disposal and recycling.”

The amendment was accepted by the mover of the motion.

The motion as amended was put to the meeting and after a show of hands the Chairman declared that it was carried and it was:-

**RESOLVED: 2016/028**

This Council:-

- a) Recognises legitimate complaints from residents that the new registration process for access to Nottinghamshire Household Waste Recycling Centres is intrusive and wrong, because it collects too much personal information;
- b) Is concerned about the practical application and likely effectiveness and value of the HWRC access policy, including:-
  - whether the use of hand held devices to check vehicle registration numbers will be effective;
  - whether the use of hand held devices could cause inconvenience to the public, especially at the busiest sites;
  - whether the recycling centre access scheme is sufficiently flexible to meet the needs of particular customers;
  - whether the changes needed to provide more flexibility would make the scheme impossible to police in an effective way;
- c) Recognises that the scheme has arisen as a consequence of the lack of an arrangement with Nottingham City Council and other authorities to deal with waste that is deposited at County facilities.
- d) In the light of these complaints and concerns, the Labour administration agrees to discuss the HWRC registration policy with the Environmental spokesperson of the major groups.”
- e) Write to the Secretary of State and local MPs to ask for a directive that all councils should work together to identify the most cost effective and energy efficient means of waste disposal and recycling.

#### **14. ADJOURNMENT DEBATE**

None

The Chairman declared the meeting closed at 2.34 pm.

**CHAIRMAN**



## **APPENDIX A**

### **COUNTY COUNCIL MEETING HELD ON 12<sup>TH</sup> MAY 2016 QUESTIONS TO COMMITTEE CHAIRMAN**

#### **Question to the Chairman of the Environment and Sustainability Committee, from Councillor Andy Sissons**

I have received several calls with questions and comments about the registration process to be able to use re-cycling centres, particularly with regard to the personal information needed to register.

Could Councillor Creamer explain the necessity to include a check on the credit rating of residents who simply desire to recycle their waste in a responsible manner?

#### **Response from Councillor Jim Creamer, Chairman of the Environment and Sustainability Committee**

The Council required a mechanism to check the identity and residence of individuals registering to use the Household Waste Recycling Centre network in Nottinghamshire.

The most efficient cost effective system was found to be an identity check provided by a credit reference agency and the personal information collected is the minimum required to enable those checks to be undertaken.

The address validation check is not a credit check and will in no way affect an individual's credit rating. This check merely verifies that the person registering for the scheme lives at that address and would only be visible on an individual's file by them and not by any other company or organisation.

This check is done simply to validate that they are a Nottinghamshire resident and this data will not be used for any other purpose.

#### **Question to the Chairman of the Transport and Highways Committee, from Councillor Andy Sissons**

Councillor Greaves, we are all aware of the problems around parking, too many cars, too few spaces, however, my question is about permit holder parking and is prompted by complaints received from some residents in my division but probably mirrored across the county. On several occasions residents who have a permit have had to park on other streets, some incurring penalties, as there were insufficient spaces for the number of permit holders.

Can Councillor Greaves explain if the number of permits issued is directly related to the available spaces on any particular street or if we simply use this as a source of revenue?

### **Response from Councillor Kevin Greaves, Chairman of the Transport and Highways Committee**

Resident's permits are allocated according to Nottinghamshire County Council policy on the basis of one permit for every resident who owns a vehicle and one visitors permit.

This policy has been in place for many years and has proved successful at providing residents within a restricted zone a service that significantly improves their ability to park near their house.

There are a small number of residents-only streets with an occasional excess of parking demand over supply, but this demand is generated by the residents. Removing the scheme would only exacerbate any problem by allowing parking for all vehicles.

The charge has been £25 since 2010 and this covers the administrative cost of the service with no surplus.

### **Question to the Chairman of Policy Committee, from Councillor John Wilmott**

Can the Chairman of the Policy Committee explain to me why a democratically reached decision made by the Children and Young Peoples Committee, can be changed by another committee after the event, when it had been passed by an officer in charge who had the authority to do so, at the Children and Young People's meeting?

### **Response from Councillor Alan Rhodes, Chairman of Policy Committee**

For clarity's sake my answer will relate to the recent decision by the Policy Committee which approved a Policy regarding attendance at Conferences by elected members. As the report which was considered by Policy Committee clearly stated it has, for as long as I or anyone else can remember, been custom and practice within this Council to send lead members to national conferences. The reasons are obvious and the hint is in the words "Lead Members".

Who else would you send to a national conference but the member who has been tasked with leading on the issue the conference is about. It is not rocket science and I am certain that the public would expect that in these hard times we not only limit our attendances at Conferences, which we do, but that we ensure the most appropriate member attends and by anyone's definition that must surely be the Lead member. In this particular instance the lead member role is enshrined in statute and our constitution makes clear that the Chairman of the Children's and Young People's Committee is the lead member for children's services as required by the Children Act 2004.

Colleagues, a standard report was taken to a Children and Young People's Committee entirely in accordance with the custom and practice of this Authority that I have already referred to. Political mischief making resulted in an amendment being moved which

should, and the Monitoring Officer has confirmed this, have been ruled as invalid. It wasn't. A mistake was made on the part of the Legal Officer.

The report that was approved at Policy Committee sets out a clear and unequivocal policy in relation to attendances at conferences. It is no longer just custom and practice which dictates attendance but agreed policy and rightly it was agreed that this Policy will apply to the forthcoming conference which was the subject of the report to the Children and Young People's Committee.

I hope that this is the end of this matter. As the Leader of this Council it is a cause of concern to me that I am answering questions of this nature instead of questions of real importance about matters which genuinely affect the lives and the wellbeing of residents of Hucknall and others within this County.

Colleagues let's move on.

#### **Question to the Chairman of Policy Committee, from Councillor John Wilmott**

Would the Chairman of Policy Committee agree with me that much of the estimated 7 million pound capital receipt that will be obtained from the sale of the land at Top Wighay Farm should be allocated to the people of Hucknall and Linby and Papplewick, to build a new NHS Walk in Centre, to include Social Services, to combat the tremendous strain that will be put on the residents of the area for health service provision?

And does the Chairman of the Policy Committee agree with me that some of the capital receipt should be put aside for a toilet facility in the Hucknall Library? For the long suffering residents of Hucknall, Linby, and Papplewick, for when they shop in Hucknall Town Centre, especially as we are spending 12million pounds on the Inner Relief Road and the pedestrianisation of the High Street which will hopefully mean many more people will come and shop in the town centre.

And may I remind The Chairman that Ashfield District Council say they are not responsible for toilet provision in the Town which was said by your Chairman of Culture at their meeting.

#### **Response from Councillor Alan Rhodes, Chairman of Policy Committee**

First of all, I need to remind the County Council meeting that the County Council policy is to use the capital receipts to pay off the outstanding debt and as such is not available for new investment. In other words capital receipts from the sale of land and property is not hypothecated for services specifically.

Secondly as Members are no doubt already aware in the case of new developments there is extra demand on services and infrastructure. This is taken into account as a part of the planning process, during which every effort is made by public sector bodies including NHS England to secure developer contributions in order to deal with these demands and provide infrastructure required.

Can I assure Councillor Willmott that no effort will be spared in ensuring that developer contributions are in place as a part of the planning process.

May I also remind Members that in recent years very significant investment has already been made available by this Council in Hucknall and the surrounding areas and this has included multi-million pound schemes such as the by-pass, town centre, inner relief road and library. We will continue to press for more funding to make the area a great place to live.

I would like to add that the responsibility for public conveniences in Hucknall lies with Ashfield District Council.

And perhaps Councillor John Willmott should have considered this before putting his hand as Deputy Leader for Ashfield District Council to close every public convenience in Ashfield including Hucknall.

**Question to the Chairman of the Transport and Highways Committee, from Councillor Bruce Laughton**

Would the Chairman of the Transport & Highways Committee explain why a speed reduction from 50mph to 30mph has been imposed on the A614 between Rose Cottage and the Lockwell Hill roundabout for the past three weeks when, with better planning, it should only have been required for a week?

**Response from Councillor Kevin Greaves, Chairman of the Transport and Highways Committee**

The works on the A614 are part of the surface dressing programme being carried out at sites throughout the County to extend the life of the carriageways by sealing their surfaces and restoring skid resistance.

In order to ensure that the operation is efficient and the risks to delaying the works are minimised, it is essential to make sure that preparatory works are complete ahead of the main operation.

The removal of cats eyes therefore precedes the surface dressing operation by a few days and in the case of the A614 was carried out overnight on a date when lowest traffic impact was expected. The surface dress was programmed to take place on a single working day, this being a Wednesday.

Saturday is the preferred night to remove studs on such a route using a road closure as any works over run extends into a Sunday morning which is more acceptable than any other time of the week.

As the Saturday prior to the programmed dressing works fell on a bank holiday weekend the works were carried out 7 days earlier so as to not close the road that weekend. Accelerating the stud removal by one week did extend the period that the lower speed limit was required but allowed Nottinghamshire to make best use of the contractor's availability during May which is traditionally the ideal time to surface dress.

The surface dressing itself was undertaken in a single day of closure - which for a site of nearly six and half kilometres of wide road - is an excellent achievement.

Following the dressing, there has to be a period of bedding in before the road markings and cats eyes can be replaced to ensure that the markings are not being laid on loose materials.

The post-dressing period is typically about a week, and due to the extent of markings, this is taking place over five consecutive nights following which the speed limits will be restored to their normal levels.

I am sure that we all appreciate the need to consider the safety of both the road workers and road users and that whilst the road was in a temporary condition the speed limit should be reduced.



**REPORT OF CHAIRMAN OF THE FINANCE AND PROPERTY  
COMMITTEE****RESPONSE TO PETITION PRESENTED TO THE CHAIRMAN OF THE  
COUNTY COUNCIL****Purpose of the Report**

1. The purpose of this report is to inform Council of decisions made by the Finance and Property Committee concerning issues raised in a petition presented to the Chairman of the County Council on 25<sup>th</sup> February 2016.

**Information and Advice**

2. A petition of 186 signatures was presented to the County Council meeting of 25<sup>th</sup> February 2016 by Councillor John Ogle. The petitioners requested that a larger school hall be provided at East Markham School. They feel that the education of the children attending the school is suffering and consider that they need a new hall due to:
  - a) older children cannot participate in sport during poor weather.
  - b) minimum school hall size as recommended by Department of Education is between 130 and 160m<sup>2</sup> with additional storage of 40 – 60m<sup>2</sup> – current hall at the school is 62m<sup>2</sup>.
  - c) school performances have to be held in the Village Hall taking up valuable teaching time getting children to and from the hall and adding to the expense for the school.
  - d) planning of extra curricula activity is restricted due to the weather.
  - e) activities such as gymnastics have to be held away from school adding transportation costs for the school.
3. A letter has also been received from Robert Jenrick, MP for Newark, supporting the petition and urging the County Council to invest in the school to secure the future of this important facility for the local community. Whilst Mr Jenrick recognises the financial pressures faced by the Council he feels it is important to support rural primary schools and recognises the increased importance of such facilities in rural communities where alternatives are limited and often are some distance away.
4. The Governors state that in 2009 the school was assured by the County Council that they would have a hall built in 2011/12 and that on this basis they purchased additional land adjacent to the existing school to enable it to be constructed. The County Council is not aware of any request being made by the school that land be purchased and it is

understood that the school progressed this as a private purchase without reference to the County Council. A feasibility was undertaken for the construction of a new Hall in early 2013 but it was made clear to the school at that time that funding had not been secured and that the project was far from being approved.

5. The petition also refers to the Priority Schools Building Programme (PSBP) published in 2011. This was a government programme for the replacement of 'whole' schools in poor condition. East Markham School was not eligible for consideration in this initial, or subsequent rounds of the PSBP and at no time have the school been advised that their school would or could be the subject of a bid.
6. The Governors state that after further contact with local Councillors and their MP that a review was undertaken of the schools capital programme and that as a result East Markham School Hall was deemed unfit for purpose. In October 2012 they state that they were informed that a policy paper was due to go to committee and as a result, those schools without a hall would be prioritised according to the new policy. The school felt therefore that a new hall for the school was imminent.
7. The School's Capital Programme is constantly monitored to ensure the County Council's future and anticipated capital commitments both provide sufficient school places and remains within budget. Prior to this report, there have not been any other policy reports relating to the provision of school halls
8. There is no statutory requirement that a school must have a hall. There is guidance from the Department for Education for the construction of new schools which the County Council follows when constructing new schools and if an existing school is to be significantly expanded. The guidance suggests the minimum size for a hall for a small primary should be 140m<sup>2</sup>, increasing to around 180m<sup>2</sup> for those with 210 pupils. Larger primaries are recommended to have an additional studio hall.
9. East Markham School has a published admission number of 15 per year which translates to an expected roll of 105 pupils. It has a room designated as a hall measuring 62m<sup>2</sup>. There are approximately 100 primary phase schools across Nottinghamshire which have halls less than the 140m<sup>2</sup> recommended by the guidance. Eight primary phase schools are judged to have no designated hall space.
10. The County Council receives a capital grant from central government to address the need for additional school places and has a statutory duty to provide sufficient school places at schools to meet demand. Whilst the County Council continually strives to construct cost effective solutions to meet its statutory duty, the available funding does not extend to addressing other school accommodation issues including school halls. Schools across the County have understood this financial challenge and have worked with the Council to provide additional classroom accommodation without any enhancement to their ancillary accommodation.
11. The National Curriculum requires that pupils develop a broad range of physical skills through a range of activities. It is not prescriptive how or where these activities should take place. It should be recognised that the most recent Ofsted inspection of East Markham School in February 2014 judges the school to be Good.



12. In addition the Council has embarked on an extensive five year capital programme involving some £90m of spend utilising funding that had been identified to support the cancelled Building Schools for the Future programme. This Schools Capital Refurbishment Programme (SCRCP) undertakes essential works, on a prioritised basis, to all of the Council's maintained schools in order to maintain them in a condition that is suitable for their continued use. This clearly represents a significant financial commitment from the County Council at a time of financial contraction. The remit of the programme, approved by Full Council, is not to address issues of sufficiency and suitability such as the provision of Halls. East Markham School has benefited from recently completed SCRCP works, addressing condition issues to the value of over £110,000.

## **Conclusion**

13. Ideally, the County Council would wish to be in a position to be able to extend the hall at East Markham School, and at all other schools across the authority where no hall exists or where the current provision does not meet current guidance. At present, however, the current and forecasted financial situations make this an impossibility.

## **Other Options Considered**

14. The establishment of any new Capital Initiative runs the risk of the County Council failing to meet its statutory duty to provide sufficient school places, due to limited funding.

## **Statutory and Policy Implications**

15. 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 services), the public sector equality duty, safeguarding of children and adults at risk, 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**

16. The implications for the service users are set out above in paragraph 2 above.

## **RECOMMENDATION/S**

It is RECOMMENDED that the contents of the report and the actions approved be noted.

**David Kirkham**  
**Chairman of Finance and Property Committee**

**For any enquiries about this report please contact: Lynn Cave ext. 72086 or Sara Williams ext. 72359**

## **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.

Letter from Robert Jenrick MP

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

Ward(s): Tuxford

Member(s): Councillor John Ogle

## **REPORT OF THE CHIEF EXECUTIVE**

### **Clarification of Minutes of Committee Meetings published since the last meeting on 12<sup>th</sup> May 2016**

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

1. To provide Members the opportunity to raise any matters of clarification on the minutes of Committee meetings published since the last meeting of Full Council on 12<sup>th</sup> May 2016.

#### **Information and Advice**

2. The following minutes of Committees have been published since the last meeting of Full Council on 12<sup>th</sup> May 2016 and are accessible via the Council website:-  
<http://www.nottinghamshire.gov.uk/dms/Meetings.aspx>

| <b>Committee meeting</b>                            | <b>Minutes of meeting</b>  |
|---|--|
| Adult Social Care and Health Committee              | 18 <sup>th</sup> April, 16 <sup>th</sup> May, 13 <sup>th</sup> June* |
| Appeals Sub-Committee                               | 21 <sup>st</sup> April   |
| Audit Committee                                     | 16 <sup>th</sup> March   |
| Children & Young People's Committee                 | 25 <sup>th</sup> April, 23 <sup>rd</sup> May                         |
| Community Safety Committee                          | 26 <sup>th</sup> April   |
| Corporate Parenting Sub-Committee                   | 7 <sup>th</sup> March  |
| Culture Committee                                   | None   |
| Economic Development Committee                      | 22 <sup>nd</sup> March, 7 <sup>th</sup> June*                        |
| Environment and Sustainability Committee            | 28 <sup>th</sup> April   |
| Finance and Property Committee                      | 25 <sup>th</sup> April, 23 <sup>rd</sup> May                         |
| Grant Aid Sub-Committee                             | 26 <sup>th</sup> January   |
| Health Scrutiny Committee                           | 9 <sup>th</sup> May*   |
| Health & Well Being Board                           | 4 <sup>th</sup> May  |
| Joint City/County Health Scrutiny Committee         | 10 <sup>th</sup> May   |
| Joint Committee on Strategic Planning and Transport | None   |
| Nottinghamshire Local Pensions Board                | None   |
| Nottinghamshire Pensions Fund Committee             | 15 <sup>th</sup> March   |
| Nottinghamshire Police & Crime Panel                | 18 <sup>th</sup> April   |
| Pensions Investment Sub-Committee                   | 3 <sup>rd</sup> March  |
| Pensions Sub-Committee                              | None   |
| Personnel Committee                                 | 10 <sup>th</sup> March   |
| Planning & Licensing Committee                      | 26 <sup>th</sup> April, 24 <sup>th</sup> May                         |
| Policy Committee                                    | 20 <sup>th</sup> April, 18 <sup>th</sup> May                         |

| <b>Committee meeting</b>  | <b>Minutes of meeting</b>                    |
|---|--|
| Public Health Committee   | 17 <sup>th</sup> March                       |
| The City of Nottingham and Nottinghamshire<br>Economic Prosperity Committee | 18 <sup>th</sup> March, 20 <sup>th</sup> May |
| Transport and Highways Committee  | 21 <sup>st</sup> April, 19 <sup>th</sup> May |

\* Minutes expected to be published before 4<sup>th</sup> July 2016, but not yet approved by the relevant Committee.

**Anthony May**  
**Chief Executive**

**REPORT OF THE CHIEF EXECUTIVE****RECOGNITION OF OFFICERS OF GROUPS AND COMMITTEE  
APPOINTMENT****Purpose of the Report**

1. To report the details of the revised officers of the Nottinghamshire County Council Conservative Group and to make an appointment to the position of Vice-Chairman of the Grant Aid Sub-Committee, until the Annual Meeting of the Council in May 2017.

**Information and Advice**

2. It is a requirement for Members to note the composition of the political Groups of the Council in accordance with the Committees and Political Groups Regulations made under the Local Government and Housing Act 1989.
3. There are currently five political Groups on the Council, which are:-
  - the Nottinghamshire County Council Labour Group
  - the Nottinghamshire County Council Conservative Group
  - the Liberal Democrats Group
  - the Ashfield Independents Group
  - the Independent Group
  - Councillor Ian Campbell, Councillor Maureen Dobson and Councillor John Wilmott (Hucknall First Community Forum) are not members of any political Group on the Council.
4. The memberships of the Groups are shown in the Appendix to this report.
5. As a result of the sad death of Councillor Martin Suthers OBE DL Councillor Reg Adair will take up the role of Deputy Leader of the Nottinghamshire County Council Conservative Group and members are requested to note this appointment.
6. Additionally, Councillor Martin Suthers OBE DL held the position of Vice-Chairman of the Grant Aid Sub-Committee and it is proposed that Councillor Reg Adair is appointed to this position.

**Reason for Recommendations**

7. It is necessary for Council to note the political Groups on the Council and their Officers.

8. The appointment of Chairmen and Vice-Chairmen of Committees of the Council is reserved to Full Council.

## **Statutory and Policy Implications**

9. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, 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) That, in accordance with the Procedure Rules, the Officers of the Groups be noted.
- 2) That Councillor Reg Adair be appointed as Vice-Chairman of the Grant Aid Sub-Committee until the Annual Meeting of the Council in May 2017.

**Anthony May**  
**Chief Executive**

**For any enquiries about this report please contact:** Sara Allmond  
Tel: 0115 9773794 Email: [sara.allmond@nottsc.gov.uk](mailto:sara.allmond@nottsc.gov.uk)

### **Constitutional Comments (SLB 16/06/2016)**

10. Full Council is the appropriate body to consider the content of this report.

### **Financial Comments (SES 17/06/2016)**

11. There are no specific financial implications arising directly from this 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

**MEMBERS AND OFFICERS OF GROUPS**

**(A) Nottinghamshire County Council Labour Group**

**32 Members**

|                 |                   |
|-----------------|-------------------|
| Pauline Allan   | David Kirkham     |
| Roy Allan       | John Knight       |
| John Allin      | Darren Langton    |
| Alan Bell       | Diana Meale       |
| Joyce Bosnjak   | Michael Payne     |
| Nicki Brooks    | John Peck JP      |
| Steve Calvert   | Sheila Place      |
| Steve Carroll   | Liz Plant         |
| John Clarke     | Mike Pringle      |
| Jim Creamer     | Darrell Pulk      |
| Sybil Fielding  | Alan Rhodes       |
| Kate Foale      | Pamela Skelding   |
| Glynn Gilfoyle  | Parry Tsimbiridis |
| Kevin Greaves   | Muriel Weisz      |
| Alice Grice     | John Wilkinson    |
| Colleen Harwood | Yvonne Woodhead   |

**Officers**

|                          |                          |
|--------------------------|--------------------------|
| <b>Leader:</b>           | Councillor Alan Rhodes   |
| <b>Deputy Leader:</b>    | Councillor Joyce Bosnjak |
| <b>Business Manager:</b> | Councillor Steve Carroll |

**(B) Nottinghamshire County Council Conservative Group**

**20 Members**

|                   |                    |
|-------------------|--------------------|
| Reg Adair         | Roger Jackson      |
| Chris Barnfather  | Bruce Laughton     |
| Andrew Brown      | John Ogle          |
| Richard Butler    | Philip Owen        |
| John Cottee       | Tony Roberts MBE   |
| Mrs Kay Cutts MBE | Mrs Sue Saddington |
| Dr John Doddy     | Keith Walker       |
| Boyd Elliott      | Stuart Wallace     |
| John Handley      | Gordon Wheeler     |
| Richard Jackson   | Liz Yates          |

**Officers**

|                          |                              |
|--------------------------|------------------------------|
| <b>Leader:</b>           | Councillor Mrs Kay Cutts MBE |
| <b>Deputy Leader:</b>    | Councillor Reg Adair         |
| <b>Business Manager:</b> | Councillor Chris Barnfather  |

### **(C) Liberal Democrats Group**

#### **5 Members**

Steve Carr  
Stan Heptinstall MBE  
Keith Longdon

Ken Rigby  
Jacky Williams

#### **Officers**

|                          |                                 |
|--------------------------|---------------------------------|
| <b>Leader:</b>           | Councillor Ken Rigby            |
| <b>Deputy Leader:</b>    | Councillor Stan Heptinstall MBE |
| <b>Business Manager:</b> | Councillor Steve Carr           |

### **(D) Ashfield Independents Group**

#### **4 Members**

Tom Hollis  
Rachel Madden

David Martin  
Jason Zadrozny

#### **Officers**

|                          |                          |
|--------------------------|--------------------------|
| <b>Leader:</b>           | Councillor Tom Hollis    |
| <b>Deputy Leader:</b>    | Councillor David Martin  |
| <b>Business Manager:</b> | Councillor Rachel Madden |

### **(E) Independent Group**

#### **2 Members**

Stephen Garner (Mansfield Independent Forum)  
Andy Sissons (Mansfield Independent Forum)

#### **Officers**

|                |                           |
|----------------|---------------------------|
| <b>Leader:</b> | Councillor Stephen Garner |
|----------------|---------------------------|

### **(F) Non-aligned Members**

Councillor Ian Campbell  
Councillor Maureen Dobson  
Councillor John Wilmott (Hucknall First Community Forum)

N.B. Following the recent death of Councillor Martin Suthers OBE DL, the Council currently has one vacancy.



**REPORT OF THE CHAIRMAN OF FINANCE & PROPERTY COMMITTEE****MANAGEMENT ACCOUNTS 2015/16****Purpose of the Report**

- 1.1 To inform Council of the year end position for the 2015/16 Management Accounts.
- 1.2 To request that Council approves the transfer from General Fund Balances of £3.0m.
- 1.3 To inform Council of the position on other reserves of the Authority.
- 1.4 To inform Council of the year end position for the 2015/16 capital programme and its financing.
- 1.5 To request approval for variations to the capital programme.
- 1.6 To inform Council that capital expenditure and borrowing in 2015/16 were managed within the Council's prudential indicators.
- 1.7 To inform Council of Treasury Management activities during 2015/16.

**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 Committee providing an update of progress, thus ensuring decision makers had access to financial information on a timely basis. Draft Management Accounts were reported at Finance and Property Committee on 20 June 2016, this report is the final out-turn for 2015/16, and is in line with the forecasting position.

**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 underspend 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 Table 1 shows the summary revenue position of the County Council. Further detail, including the position on reserves is provided in the appendices to this report.

**Table 1 – Summary Financial Position**

| <b>Committee</b>                             | <b>Final Budget<br/>£ 000's</b> | <b>Draft Out-turn<br/>£ 000's</b> | <b>Draft Variance<br/>£ 000's</b> |
|--|---------------------------------|-----------------------------------|-----------------------------------|
| 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)                             |
| <b>Net Committee (under)/overspend</b>       | <b>513,371</b>                  | <b>501,843</b>                    | <b>(11,528)</b>                   |
| Central items                                | (12,016)                        | (15,559)                          | (3,543)                           |
| Contribution to Schools Expenditure          | 382                             | 382                               | -                                 |
| Contribution to/(from) Traders               | 198                             | 421                               | 223                               |
| <b>Forecast prior to use of reserves</b>     | <b>501,935</b>                  | <b>487,087</b>                    | <b>(14,848)</b>                   |
| 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                             |
| <b>Net County Council Budget Requirement</b> | <b>487,227</b>                  | <b>487,227</b>                    | <b>-</b>                          |

#### 4. Committee and Corporate 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 the early delivery of £1.5m savings and efficiencies on Supported Living services, £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 (£1.5m 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 supplier) 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 the number of Blue Badge applications received. Despite this, income received through the Blue Badge Scheme is insufficient to cover the costs of administering it.

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 £0.2m as a result largely of vacancy savings.

#### **4.8 Finance and Property (£0.8m 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 £0.3m 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 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.

#### **4.12 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.

### **5 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.

#### **5.1 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. A full list of individual schemes is shown in Appendix C.

#### **5.2 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.

### 5.3 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 asset 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.

### 5.4 Pension Deficit Contribution (£0.3m underspend)

Across the Authority there was an overprovision of £0.3m in allocating the employers pension 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.

### 5.5 Government Grants (£2.6m underspend)

Several non-ringfenced 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 26 February 2015 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 Schools Reserve

The Schools Reserve has decreased by £3.5m, which brings the balance at the end of 2015/16 to £34.4m, analysed in Table 2 below.

**Table 2 – Schools Statutory Reserve**

| <b>School Balances</b>                 | <b>2014/15<br/>£000</b> | <b>Movement<br/>in year</b> | <b>2015/16<br/>£000</b> |
|--|-------------------------|-----------------------------|-------------------------|
| Balances held by schools               | 24,328                  | (333)                       | 23,995                  |
| Non-Individual Schools Budget Balances | 14,565                  | (3,283)                     | 11,282                  |
| School Loan Scheme                     | (994)                   | 97                          | (897)                   |
| <b>Schools Statutory Reserve</b>       | <b>37,899</b>           | <b>(3,519)</b>              | <b>34,380</b>           |



The movement in school balances by sector is shown in Table 3.

**Table 3 – School Balances by Sector**

| <b>Sector</b>    | <b>01/04/2015<br/>£'000</b> | <b>Movement<br/>£'000</b> | <b>31/03/2016<br/>£'000</b> |
|------------------|-----------------------------|---------------------------|-----------------------------|
| Learning Centres | 338                         | (338)                     | -                           |
| Primary          | 19,779                      | 744                       | 20,523                      |
| Secondary        | 1,892                       | (175)                     | 1,717                       |
| Special          | 2,319                       | (564)                     | 1,755                       |
| <b>Total</b>     | <b>24,328</b>               | <b>(333)</b>              | <b>23,995</b>               |

The number of primary and secondary schools with budget deficits has decreased due to the successful resolution of deficit recovery plans. The total amount owed by schools in deficit is £0.386m and recovery plans have been put in place to address these deficits. Schools that have surpluses above a level regarded acceptable for contingency purposes (5% for secondary schools and 8% for all other schools) are also monitored and challenged.

### 7.3 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.

### 7.4 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:-

- Capital Projects Reserve**

The Capital Projects Reserve was built up to support 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.

- PFI Reserves**

£31.3m of reserves are held for PFI schemes and this equates to 25.7% 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 4 – PFI set aside as at 31/03/2016**

| <b>PFI Scheme</b>  | <b>£'000</b>  |
|--------------------|---------------|
| East Leake Schools | 3,213         |
| Bassetlaw Schools  | 304           |
| Waste              | 27,773        |
| <b>Total</b>       | <b>31,290</b> |

- **Pay Review Reserve**

A balance of £0.7m remains for any future pay claims that relate to schools.

- **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 Corporate Earmarked Reserve.

- **Trading Activities**

The principal purpose of the Trading Activities Reserve is to accumulate funds for asset replacement, and after contributions to, and uses of the reserve during 2015/16, there was £3.6m in this reserve at the year end.

- **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 £80.243m. Table 5 shows the final 2015/16 Capital Programme broken down by Committee.

**Table 5 – 2015/16 Capital Expenditure**

| Committee                    | Original Budget<br>£'000 | Revised Budget<br>£'000 | Total Outturn<br>£'000 | Variance<br>£'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                    | -                       | -                      | -                 |
| <b>Total</b>                 | <b>112,039</b>           | <b>99,531</b>           | <b>80,243</b>          | <b>(19,288)</b>   |

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

- 8.2 The major areas of investment in 2015/16 are listed in Table 6 below.

**Table 6 – Major investment areas 2015/16**

| Committee                 | Scheme                                  | 2015/16 Capital Expenditure<br>£'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                                |
|                           | Ways Of Working Programme               | 1,824                                |
| Policy                    | Various IT Capital Projects             | 3,536                                |
| Finance & Property        | Superfast Broadband                     | 3,739                                |
| Economic Development      |   |                                      |

## Capital Programme Variations

- 8.3 The changes in the gross Capital Programme for 2015/16, since its approval at Council (26/02/15) are summarised in Table 7 below.

**Table 7 2015/16 Capital Programme**

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

### Maximising the use of grants in 2015/16

- 8.4 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

- 8.5 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.

8.6 Despite slippage on the main school capital programmes it is still expected that the programmes will be delivered as agreed and within approved budgets. In addition, the Department for Education has recognised that demographic pressures continue to put a strain on school places. As such, a 2018/19 school places capital allocation of £20.467m has been confirmed. It is proposed that the Schools Capital Programmes is varied as follows:-

**Table 8 – Proposed Profile of Schools Capital Programmes**

|  | 2016/17<br>£'000 | 2017/18<br>£'000 | 2018/19<br>£'000 | 2019/20<br>£'000 |
|--|------------------|------------------|------------------|------------------|
| School Places Programme                | 24,000           | 10,585           | 20,467           | 2,000            |
| School Capital Refurbishment Programme | 14,600           | 9,694            | 3,000            | 3,000            |

8.7 Within the approved Children and Young People's Committee capital programme was a £0.425m capital grant from the Department for Education which was available to fund the feasibility and design costs associated with a new wing at Clayfields House. Following the completion of these works, the Authority has been successful in leveraging in a further £7.460m capital grant to construct the new wing which will provide new children's residential, educational and vocational provision. It is proposed that the capital programme is varied to reflect this capital grant.

## Capital Financing

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

**Table 9 - 2015/16 Capital Financing**

|                        | <b>Original<br/>Budget<br/>£'000</b> | <b>Revised<br/>Budget<br/>£'000</b> | <b>Total<br/>Outturn<br/>£'000</b> | <b>Variance<br/>£'000</b> |
|------------------------|--------------------------------------|-------------------------------------|------------------------------------|---------------------------|
| <b>Funding Source:</b> |                                      |                                     |                                    |                           |
| 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)                     |
| <b>Gross Capital</b>   | <b>112,039</b>                       | <b>99,531</b>                       | <b>80,243</b>                      | <b>(19,288)</b>           |

- 8.9 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.
- 8.10 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.
- 8.11 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 Treasury Management Activities

- 9.1 All treasury management activities during 2015/16 were carried out within approved limits and adhered to approved policies and practices. Appendix E provides a full report on these activities.

## 10 Statement of Accounts

- 10.1 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**

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 2015/16 year end revenue position.
- 2.) To approve the level of General Fund Balances set out in section 7.1 and Appendix A.
- 3.) To note the movements in reserves as detailed in section 7 and Appendix B.
- 4.) To note the Capital Programme and its financing.
- 5.) To approve variations to the capital programme.
- 6.) To note that the Council's Prudential Indicators were not breached in 2015/16 as detailed in Appendix D.
- 7.) To note the Treasury Management outturn report in Appendix E.

**Nigel Stevenson**

**Service Director – Finance, Procurement and Improvement**

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

Glen Bicknell - Senior Finance Business Partner

Simon Cunnington – Senior Accountant, Pensions & Treasury Management

### **Constitutional Comments (KK 21/06/2016)**

The proposals in this report are within the remit of Full Council.

### **Financial Comments (GB 02/06/2016)**

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

|   | 2015/16<br>Final<br>Budget<br>£'000 | 2015/16<br>Draft<br>Out-turn<br>£'000 | Variance<br>£'000 |
|---|-------------------------------------|---------------------------------------|-------------------|
| <b>Committee</b>  |                                     |                                       |                   |
| 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)             |
| <b>Net Committee Total</b>  | <b>513,371</b>                      | <b>501,843</b>                        | <b>(11,528)</b>   |
| Schools Budget (after Dedicated Schools Grant)                        | 382                                 | 382                                   | -                 |
| <b>Net Schools total</b>  | <b>382</b>                          | <b>382</b>                            | <b>-</b>          |
| Trading Services  | 198                                 | 421                                   | 223               |
| <b>Central Items Managed through Finance &amp; Property Committee</b> |                                     |                                       |                   |
| 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               |
| <b>Central Items</b>  | <b>(12,016)</b>                     | <b>(15,559)</b>                       | <b>(3,543)</b>    |
| <b>Expenditure before Use of Reserves</b>                             | <b>501,935</b>                      | <b>487,087</b>                        | <b>(14,848)</b>   |

## 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   |

|   |                |              |              |
|---|----------------|--------------|--------------|
| <b>Net transfer to /(from) Corporate Reserves</b> | <b>(5,694)</b> | <b>3,318</b> | <b>9,012</b> |
|---|----------------|--------------|--------------|

### 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    |

|  |                |              |              |
|--|----------------|--------------|--------------|
| <b>Net transfer to /(from) Departmental Reserves</b> | <b>(2,976)</b> | <b>(164)</b> | <b>2,812</b> |
|--|----------------|--------------|--------------|

|  |                |                |              |
|--|----------------|----------------|--------------|
| <b>Transfer to/(from) General Fund</b> | <b>(6,038)</b> | <b>(3,014)</b> | <b>3,024</b> |
|--|----------------|----------------|--------------|

|                         |                |                |          |
|-------------------------|----------------|----------------|----------|
| <b>Funding Required</b> | <b>487,227</b> | <b>487,227</b> | <b>-</b> |
|-------------------------|----------------|----------------|----------|

### Funding

|                                      |         |         |   |
|--------------------------------------|---------|---------|---|
| Council Tax/Surplus on Collection    | 296,204 | 296,204 | - |
| Revenue Support Grant/Business Rates | 191,023 | 191,023 | - |

|                      |                |                |          |
|----------------------|----------------|----------------|----------|
| <b>Total Funding</b> | <b>487,227</b> | <b>487,227</b> | <b>-</b> |
|----------------------|----------------|----------------|----------|



## SUMMARY OF REVENUE RESERVES

|  | Brought Forward<br>01/04/2015<br>£'000 | Use (-) in<br>2015/16<br>£'000 | Contribution<br>(+) 2015/16<br>£'000 | Transfers<br>2015/16<br>£'000 | Carry Forward<br>31/03/2016<br>£'000 |
|--|--|--------------------------------|--------------------------------------|-------------------------------|--------------------------------------|
| <b>General Fund Balances</b>             | <b>27,031</b>                          | <b>(3,014)</b>                 | <b>-</b>                             | <b>-</b>                      | <b>24,017</b>                        |
| <b>Schools Reserves</b>                  | <b>37,899</b>                          | <b>(3,616)</b>                 | <b>97</b>                            | <b>-</b>                      | <b>34,380</b>                        |
| <b>Insurance Reserves</b>                | <b>10,276</b>                          | <b>-</b>                       | <b>1,608</b>                         | <b>-</b>                      | <b>11,884</b>                        |
| <b>Other Earmarked Reserves</b>          |  |                                |                                      |                               |                                      |
| <b>Corporate Reserves</b>                |  |                                |                                      |                               |                                      |
| 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                                  |
| Surplus Pension Contributions Reserve    | -                                      | -                              | 302                                  | -                             | 302                                  |
| Corporate Redundancy Reserve             | 9,053                                  | -                              | -                                    | (4,000)                       | 5,053                                |
| Strategic Development Fund               | 9,955                                  | (2,303)                        | -                                    | -                             | 7,652                                |
| <b>Departmental Reserves</b>             |  |                                |                                      |                               |                                      |
| 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                               |
| <b>Subtotal Other Earmarked Reserves</b> | <b>121,101</b>                         | <b>(19,093)</b>                | <b>19,708</b>                        | <b>-</b>                      | <b>121,716</b>                       |
| <b>Total Usable Revenue Reserves</b>     | <b>196,307</b>                         | <b>(25,723)</b>                | <b>21,413</b>                        | <b>-</b>                      | <b>191,997</b>                       |



## ALLOCATIONS FROM CONTINGENCY

|  | 2015-16 |                |
|--|---------|----------------|
|  | £000    | £000           |
| Opening Contingency Budget                         |         | 5,100          |
| <b>Add on departmental transfers:</b>              |         |                |
| ASCH Ctte- Base Budget                             | 2,000   |                |
| Finance Ctte - Base Budget                         | 350     |                |
| Policy Ctte - Base Budget                          | 100     | 2,450          |
| <b>Revised contingency Total</b>                   |         | <b>7,550</b>   |
| <b>Approved contingency requests</b>               |         |                |
| 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) |                |
| <b>Total Approved contingency requests</b>         |         | <b>(6,816)</b> |
| <b>Reported under/ (over) spend on contingency</b> |         | <b>734</b>     |



## **REPORT OF THE SERVICE DIRECTOR – FINANCE, PROCUREMENT & IMPROVEMENT**

### **MONITORING OF 2015/16 PRUDENTIAL INDICATORS**

To provide an update the County Council's current position in terms of capital expenditure, external debt, financing costs as a percentage of net revenue stream and the capital financing requirement relative to the Prudential Code indicators identified in the 2015/16 budget report.

#### **Background**

The Prudential Code for Capital Finance in Local Authorities was developed by CIPFA as a professional code of practice to support local authorities in determining their programmes for capital investment. Local authorities are required by regulation to have regard to the Prudential Code under Part 1 of the Local Government Act 2003. Individual local authorities are responsible for deciding the level of their affordable borrowing, having regard to the Prudential Code. The Executive Summary of the Code states that "The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice."

In particular, the Prudential Code requires the Council to be aware of the impact of financing capital expenditure on its overall revenue expenditure position. The costs of financing additional capital expenditure are the interest payable to external lenders and the amounts set aside to reduce the level of borrowing. In deciding whether or not borrowing is affordable, prudent and sustainable, the most important consideration is whether, over the term of the borrowing, these costs can be met from the revenue budget without unacceptable consequences.

#### **Prudential Indicators**

##### **Monitoring Requirements**

Under the Prudential Code, an authority is required to establish indicators that are sufficiently robust and credible for it to be able to use them to form a judgement as to whether its proposed capital investment is affordable, prudent and sustainable. The Prudential Code requires that the prudential indicators are monitored regularly throughout the year and that the actual values of some of them are reported at year end.

This report is concerned only with prudential indicators relating to capital investment indicators.

##### **Overview of Prudential Indicators**

The following prudential indicators, whose actual values must be reported at year end, relate to affordability and prudence.

**Estimate of capital expenditure**

In any year, the level of capital expenditure is likely to deviate from the estimate in the budget report as a result of new additions to the Capital Programme, cancellations of schemes, and slippage, acceleration and changing specifications of projects. The Capital Programme is monitored on a monthly basis and variations to the Capital Programme are reported to Finance and Property Committee on a regular basis.

**Estimate of the capital financing requirement (CFR)**

The capital financing requirement is a measure of the Authority's underlying need to borrow for capital purposes. This relates to capital expenditure which has not yet been financed by capital receipts, capital grants or contributions from revenue income. This is not the same as external debt since the Authority manages its position in terms of borrowings and investments in accordance with its integrated treasury management strategy and practices. For example, rather than borrowing from an external body, the Authority may judge it prudent to make use of cash that it has already invested for long-term purposes, such as reserves, for 'internal borrowing'. This means that there is no immediate link between the need to borrow to pay for capital spending and the level of external borrowing.

In order to ensure that, over the medium term, net borrowing will only be for a capital purpose, the local authority should ensure that net debt does not, except in the short term, exceed the total of the capital financing requirement for the current and next two financial years. This is a key indicator of prudence.

**External debt**

External debt includes gross borrowing and other long-term liabilities.

**Operational boundary for external debt**

The operational boundary is the estimated maximum level of external debt in the most likely (i.e. prudent, but not worst-case) scenario. The operational boundary is a key management tool for in-year monitoring. It will probably not be significant if the external debt temporarily breaches the operational boundary on occasions due to variations in cash flow. However, a sustained or regular trend above the operational boundary would be significant and would require investigation and possible action (e.g. to ensure that borrowing, other than temporary borrowing, is not undertaken for purposes other than funding approved capital expenditure).

**Authorised limit for external debt**

The authorised limit is the intended absolute limit for external debt and exceeds the operational boundary by an amount that provides sufficient headroom for events such as unusual cash movements. If it appears that the authorised limit might be breached, the Service Director – Finance and Procurement has a duty to report this to the County Council for appropriate action to be taken.

**Financing costs as a percentage of net revenue stream**

The Prudential Code requires the Council to be aware of the impact of financing capital expenditure on its overall revenue expenditure position. The relevant indicator is the financing costs of capital expenditure expressed as a percentage of the net revenue stream, where:

- the costs of financing capital expenditure are interest payable to external lenders less interest earned on investments plus amounts set aside to reduce the level of borrowing; and

- the net revenue stream is the amount of the revenue budget to be met from government grants and local taxpayers.

### Prudential Indicators: Monitoring against 2015/16 Budget

The following table shows monitoring against those indicators that were approved for 2015/16 in the Budget Report to Council February 2015.

| Indicator   | Comments   |        |    |  |        |  |          |  |          |              |                 |
|---|--|--------|----|--|--------|--|----------|--|----------|--------------|-----------------|
| <b>Estimated capital expenditure</b><br>(excluding Schools Devolved Formula Capital and schools' capital expenditure funded from their own revenue budget)<br><br>2015/16 Budget: £112.039m<br>2015/16 Actual: £80.243m | Current capital programme is £31.796m less than anticipated, as explained in the table: <table border="1"> <thead> <tr> <th>Reason</th><th>£m</th></tr> </thead> <tbody> <tr> <td>Slippage from 2014/15 to 2015/16</td><td>14.706</td></tr> <tr> <td>Re-phasing/slippage approved in-year</td><td>(27.214)</td></tr> <tr> <td>Other net variations</td><td>(19.288)</td></tr> <tr> <td><b>TOTAL</b></td><td><b>(31.796)</b></td></tr> </tbody> </table>  | Reason | £m | Slippage from 2014/15 to 2015/16   | 14.706 | Re-phasing/slippage approved in-year   | (27.214) | Other net variations   | (19.288) | <b>TOTAL</b> | <b>(31.796)</b> |
| Reason  | £m   |        |    |  |        |  |          |  |          |              |                 |
| Slippage from 2014/15 to 2015/16  | 14.706   |        |    |  |        |  |          |  |          |              |                 |
| Re-phasing/slippage approved in-year  | (27.214)   |        |    |  |        |  |          |  |          |              |                 |
| Other net variations  | (19.288)   |        |    |  |        |  |          |  |          |              |                 |
| <b>TOTAL</b>  | <b>(31.796)</b>  |        |    |  |        |  |          |  |          |              |                 |
| <b>Estimated capital financing requirement</b><br>(taking into account PFI Finance Lease Liabilities)<br><br>2014/15 Budget: £754m<br>2014/15 Actual: £715m   | The actual level of the capital financing requirement was £39m less than the indicator, as explained in the table: <table border="1"> <thead> <tr> <th>Reason</th><th>£m</th></tr> </thead> <tbody> <tr> <td>Borrowing below budgeted level in 2014/15 (primarily due to slippage of expenditure funded by borrowing)</td><td>(8)</td></tr> <tr> <td>MRP repayments and voluntary contributions in 2013/14 (from capital receipts, revenue and reserves) higher than forecast</td><td>(1)</td></tr> <tr> <td>Borrowing below budgeted level in 2014/15 (primarily due to slippage of expenditure funded by borrowing)</td><td>(30)</td></tr> <tr> <td><b>TOTAL</b></td><td><b>(39)</b></td></tr> </tbody> </table> | Reason | £m | Borrowing below budgeted level in 2014/15 (primarily due to slippage of expenditure funded by borrowing) | (8)    | MRP repayments and voluntary contributions in 2013/14 (from capital receipts, revenue and reserves) higher than forecast | (1)      | Borrowing below budgeted level in 2014/15 (primarily due to slippage of expenditure funded by borrowing) | (30)     | <b>TOTAL</b> | <b>(39)</b>     |
| Reason  | £m   |        |    |  |        |  |          |  |          |              |                 |
| Borrowing below budgeted level in 2014/15 (primarily due to slippage of expenditure funded by borrowing)  | (8)  |        |    |  |        |  |          |  |          |              |                 |
| MRP repayments and voluntary contributions in 2013/14 (from capital receipts, revenue and reserves) higher than forecast  | (1)  |        |    |  |        |  |          |  |          |              |                 |
| Borrowing below budgeted level in 2014/15 (primarily due to slippage of expenditure funded by borrowing)  | (30)   |        |    |  |        |  |          |  |          |              |                 |
| <b>TOTAL</b>  | <b>(39)</b>  |        |    |  |        |  |          |  |          |              |                 |

| Indicator   | Comments   |
|---|--|
| <p><b>External debt</b><br/>(incl. PFI Finance Lease Liabilities)</p> <p>Authorised limit for borrowing: £485m<br/>Authorised limit for other long-term liabilities: £127m<br/>Authorised limit for external debt: £612m</p> <p>Operational boundary for borrowing: £460m<br/>Operational boundary for other long-term liabilities: £127m<br/>Operational boundary for external debt: £587m</p> <p>Actual borrowing: £447m<br/>Actual other long-term liabilities: £127m<br/>Total actual debt at 31/03/16: £574m</p> | <p>The actual level of external debt was below both the authorised limit of £612m and the operational boundary of £587m throughout 2015/16.</p>  |
| <p><b>Financing costs as a percentage of net revenue stream</b><br/>(incl. impact of PFI Finance Lease Liabilities)</p> <p>2015/16 Budget: 11.4%<br/>2015/16 Actual: 11.7%</p>  | <p>The total of actual financing costs as a percentage of net revenue stream was above the budgeted figure as a result of higher than expected interest costs in 2015/16. Also, the net revenue stream was lower than forecast mainly because capital grants and contributions were below estimates.</p> |

### Summary

The Prudential Code indicators will continue to be monitored and reported against budgeted figures.



## REPORT OF THE SERVICE DIRECTOR – FINANCE, PROCUREMENT AND IMPROVEMENT

### TREASURY MANAGEMENT OUTTURN REPORT 2015/16

#### 1. Purpose

To provide a review of the Council's treasury management activities for the year to 31 March 2016.

#### Information and Advice

#### 2. Background

- 2.1 Treasury management is defined as “the management of the council's investments and cashflows; its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.
- 2.2 The Council's Treasury Management Strategy is approved annually by Full Council and there is also a mid-year report which goes to Full Council. Responsibility for the implementation, scrutiny and monitoring of treasury management policies and practices is delegated to the *Treasury Management Group*, comprising the Service Director (Finance, Procurement and Improvement), the Group Manager (Financial Strategy & Compliance), the Senior Accountant (Pensions & Treasury Management) and the Senior Accountant (Financial Strategy and Accounting).
- 2.3 In 2015/16, borrowing and investment activities have been in accordance with the approved limits as set out in the Council's Treasury Management Policy and Strategy. The main points from this report are:
  - All treasury management activities were effected by authorised officers within the limits agreed by the Council.
  - All investments were made to counterparties on the Council's approved lending list.
  - The Council's net borrowing position increased by £29m in 2015/16.
  - Over the course of the financial year the Council earned 0.63% on its cash investments, compared with the average 7-day London Interbank BID (LIBID) rate for 2015/16 which was 0.36%.
  - Reports have been submitted to Council and the Finance and Property committee as required.

#### 3. Outturn Treasury Position

- 3.1 The Council's treasury management strategy and associated policies and practices for 2015/16 were approved in February 2015 by Full Council. The Service Director (Finance, Procurement & Improvement) complied with the strategy throughout the financial year. The Council's treasury portfolio position at 31 March 2016 is shown in Table 1 below.

| Table 1. Treasury Position as at<br>31 March 2016 |       | £m    | £m           | Average<br>Interest<br>Rate |
|---|-------|-------|--------------|-----------------------------|
| <b>EXTERNAL BORROWING</b>                         |       |       |              |                             |
| <b>Long-term</b>                                  |       |       |              |                             |
| Fixed Rate  | PWLB  | 332.1 |              | 4.88%                       |
|   | LOBOs | 100.0 |              | 3.85%                       |
|   | Other | 5.0   | 437.1        | 2.08%                       |
| <b>Short-term</b>                                 |       |       |              |                             |
| Fixed Rate  | Other | 0.0   | 0.0          |                             |
| <b>Total</b>                                      |       |       | <b>437.1</b> | 4.61%                       |
| <b>Other Long-Term Liabilities</b>                |       |       | <b>125.7</b> |                             |
| <b>Total Gross Debt</b>                           |       |       | <b>562.8</b> |                             |
| Less: Investments                                 |       |       | 102.2        | 0.59%                       |
| <b>Total Net Debt</b>                             |       |       | <b>460.7</b> |                             |

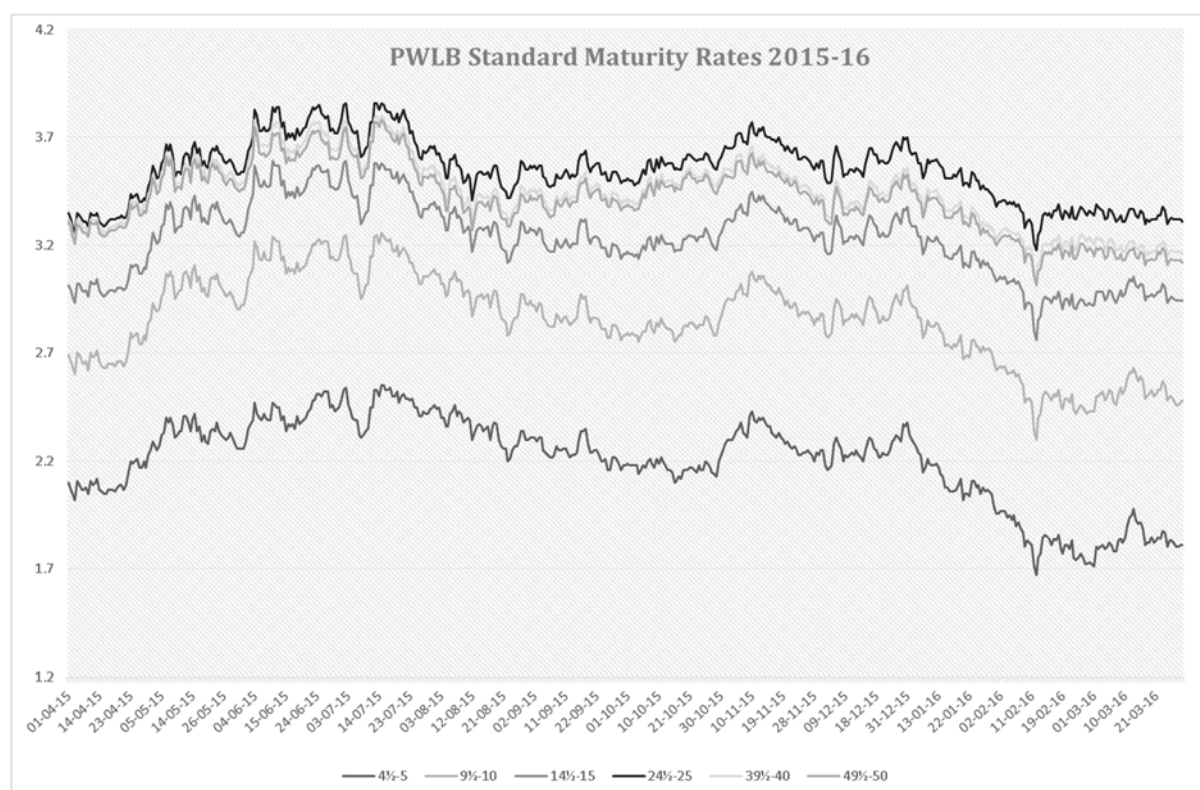
Notes: PWLB = Public Works Loans Board

LOBOs = Lenders' Option, Borrowers' Option loans

Other = market loans taken directly from banks or via brokers

#### 4. Economic Background

- 4.1 The performance of the UK economy moderately improved during 2015, with growth of 2.3%. However, such growth can be explained almost exclusively by more hours worked, and not productivity increases. In fact, productivity is still about 20% below the level of pre-crisis expectations, and this weakness serves as a structural drag on the UK's economic performance overall.
- 4.2 Short-term interest rates remained stable throughout the year, anchored by the persistence of the official Bank Rate at 0.5%. These lower costs fed into lending rates in the wider UK economy, prompting an increase in consumer credit growth, which together with low inflation helped support household spending, which in turn helped underpin wider economic growth.
- 4.3 During 2015/16 longer-term gilt rates rose partly in response to market optimism in the wake of the General Election (for which a hung Parliament had been forecast), but then fell to below their initial levels by March 2016 as the structural weaknesses in the economy began once again to make themselves felt.
- 4.4 This movement in gilts was reflected in PWLB standard maturity rates over 2015/16 as shown in the chart below.



## 5. Treasury Management Activities 2015/16

- 5.1 The Council actively manages its cash flows through borrowing and lending activities on the wholesale money markets. The Council has an approved list of counterparties for investment and aims to achieve the optimum return on investments commensurate with the proper levels of security and liquidity. Temporary borrowing may be utilized to cover short-term cash shortfalls, but no such borrowing was undertaken during 2015/16. All borrowing was sourced from the PWLB.
- 5.2 The Council's temporary (for periods less than 365 days) borrowing and lending activity over the year is summarised in Table 2 below. In addition, there is a total of £4.5m invested for periods of up to 5 years as part of the Council's commitment to the Local Authority Mortgage Scheme.

| <b>Table 2<br/>Temporary Borrowing and Lending</b> | <b>Borrowing<br/>£m</b> | <b>Lending<br/>£m</b> | <b>Net<br/>Position<br/>£m</b> |
|--|-------------------------|-----------------------|--------------------------------|
| Outstanding 31 March 2015                          | 0.0                     | (65.7)                | (65.7)                         |
| Raised/ (lent) during period                       | 0.0                     | (821.5)               | (821.5)                        |
| Repayments during period                           | 0.0                     | 789.5                 | 789.5                          |
| Outstanding 31 March 2016                          | 0.0                     | (97.7)                | (97.7)                         |

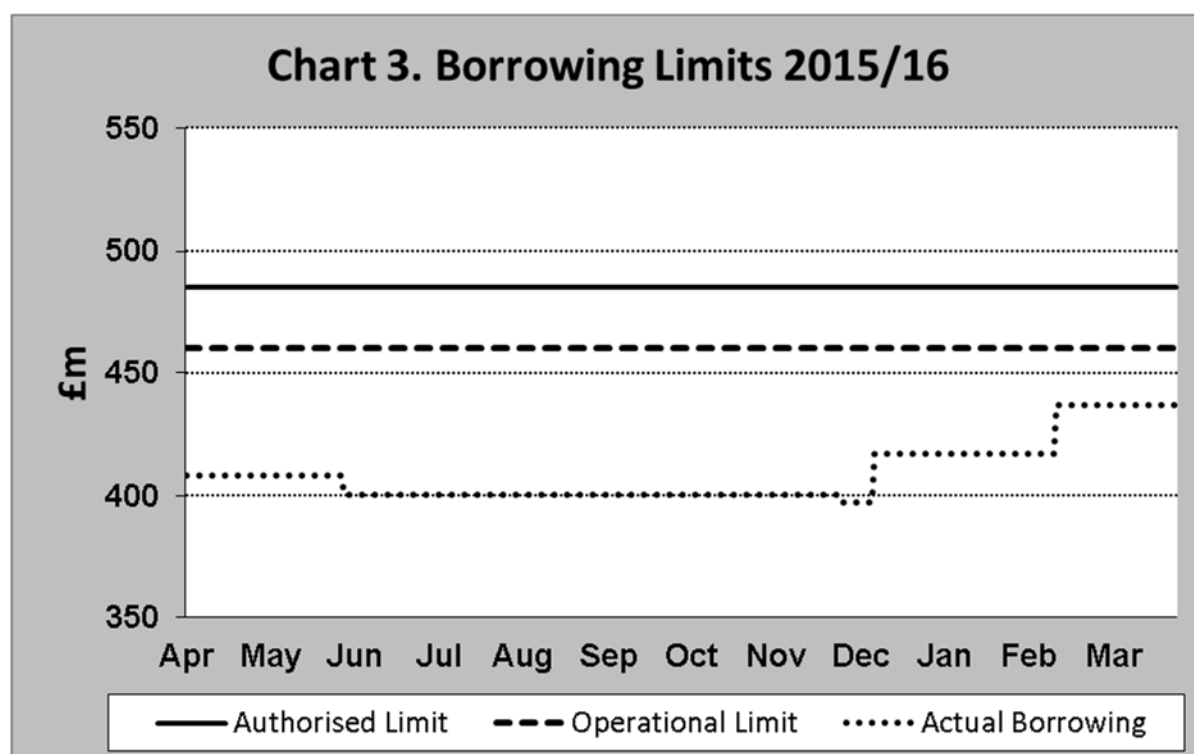
- 5.3 The Council's average investment level over 2015/16 was £97.6m. This was an increase of 16% on the previous year (when the average balance was £84.4m), due to slippage in the capital programme.

- 5.4 The Council achieved investment returns of 0.63% for the year against the benchmark (7-day LIBID) which averaged 0.36%. Investment rates available in the market remain at historic lows as a result of central bank policies.
- 5.5 Table 3 shows the returns achieved by type of deposit. The table shows that the use of fixed term investments does allow a higher return to be achieved but this must always be weighed against the key concerns of security and liquidity. Cash tied up for longer periods is more exposed to credit risk but this is managed through a robust policy for approved counterparties.

| <b>Table 3<br/>Returns on Investments</b> | <b>Average<br/>Balance<br/>£m</b> | <b>Interest<br/>Earned<br/>£k</b> | <b>Average<br/>Return<br/>%</b> |
|---|-----------------------------------|-----------------------------------|---------------------------------|
| Fixed Term Investments (under 364 days)   | 36.0                              | 226.5                             | 0.63%                           |
| Fixed Term Investments (over 364 days)    | 4.5                               | 116.4                             | 2.59%                           |
| Call Accounts / Money Market Funds        | 57.1                              | 270.4                             | 0.47%                           |
| <b>Total</b>                              | <b>97.6</b>                       | <b>613.3</b>                      | <b>0.63%</b>                    |

## 6. Long Term Borrowing

- 6.1 The Treasury Management Strategy for 2015/16 presented to Council in February 2015 outlined the Council's long term borrowing strategy for the year. Long-term borrowing is sourced from either the market (including other local authorities) or from the PWLB.
- 6.2 The Council's treasury management strategy for 2015/16 assumed £78m of new long-term borrowing. Due to slippage, actual new long-term borrowing was only £40m, taken at an average rate of 3.09%, and at an average loan length of just over 38 years.
- 6.3 Total external borrowing stood at £437.1m on the 31 March 2016 which is within the operational boundary of £460m agreed by the Council. Chart 3 below shows that the level of external debt throughout the year was below the key treasury indicators of the authorised limit and the operational boundary, demonstrating that borrowing was within plan during the year. Further details on these treasury prudential indicators are provided in Appendix D.

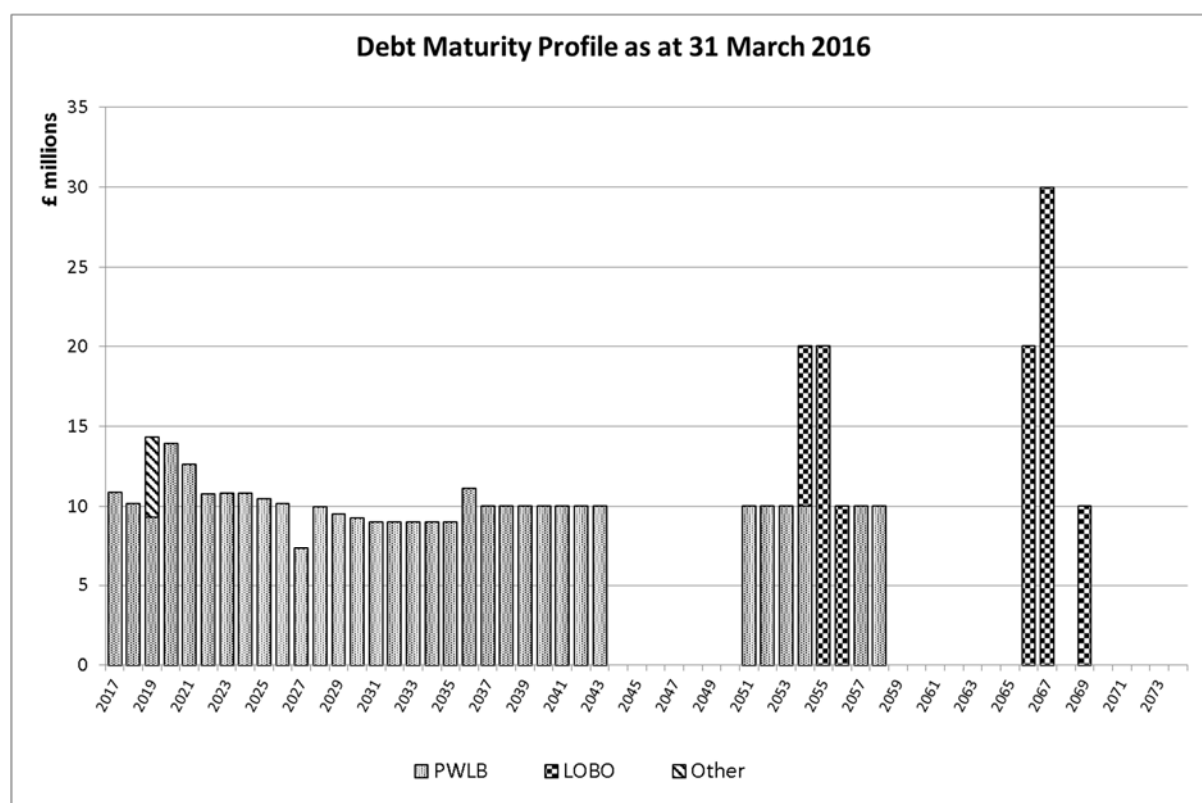


- 6.4 Table 4 shows the movement in long-term borrowing during 2015/16. The loan portfolio still includes 10 LOBOs (£10m each), whereby the lender can opt, at specified dates, to increase the interest rate payable and the borrower can either accept the increased rate or repay the loan in full. Future call options on these loans constitute a level of interest rate risk for the Council and these will be monitored carefully to ensure the Council is not adversely affected.

**Table 4 Movements in Long-term Borrowing 2015/16**

| Lender       | B/fwd<br>31/03/15<br>£m | Advances<br>2015/16<br>£m | Normal<br>Repayments<br>2015/16<br>£m | Premature<br>Repayments<br>2015/16<br>£m | C/fwd<br>31/03/16<br>£m |
|--------------|-------------------------|---------------------------|---------------------------------------|--|-------------------------|
| PWLB         | 303.1                   | 40.0                      | 11.0                                  | 0.0                                      | 332.1                   |
| LOBO         | 100.0                   | 0.0                       | 0.0                                   | 0.0                                      | 100.0                   |
| Other        | 5.0                     | 0.0                       | 0.0                                   | 0.0                                      | 5.0                     |
| <b>Total</b> | <b>408.1</b>            | <b>40.0</b>               | <b>11.0</b>                           | <b>0.0</b>                               | <b>437.1</b>            |

- 6.5 The chart below shows that the debt maturity profile is fairly evenly spread until 2043, thereby minimizing refinancing risk. In this chart it is assumed that LOBO loans will run to maturity, and not be called at an earlier date. The average rate on external debt was 4.71% compared to 4.90% in the previous year, reflecting changes both in the rates available to the Council and in the Council's maturity profile.



6.6 The Council always has the option of rescheduling its existing PWLB debt should market conditions indicate opportunities for savings. This is achieved by redeeming fixed rate debt and raising new debt at a lower rate of interest, although current PWLB redemption rates invariably result in a prohibitive premium being charged. No financially attractive opportunities for debt rescheduling arose over the reporting period.

## 7. Prudential Indicators for Treasury Management

7.1 Table 6 below shows how the treasury management indicators compare with the outturn position. The objective of these indicators is to manage treasury management risks effectively. No indicators were breached during the year.

| <b>Table 6<br/>TREASURY MANAGEMENT INDICATORS<br/>2015/16</b>        | <b>Approved<br/>limits</b>   | <b>Outturn</b> |
|--|------------------------------|----------------|
| <b>Authorised Limit for external debt</b>                            | £485m                        | £437m          |
| <b>Operational Boundary for external debt</b>                        | £460m                        | £437m          |
| <b>Upper limit for Rate Exposure – Fixed</b>                         | 100%                         | 100%           |
| <b>Upper limit for Rate Exposure - Variable</b>                      | 75%                          | 0%             |
| <b>Upper limit for principal sums invested for<br/>over 364 days</b> | Higher of<br>£20m and<br>15% | £4.5m          |

| <b>Maturity structure of fixed rate borrowing</b>   | <b>Approved Lower limit</b> | <b>Approved Upper limit</b> | <b>Outturn</b> |
|---|-----------------------------|-----------------------------|----------------|
| under 12 months   | 0%                          | 25%                         | 4.0%           |
| 12 months and within 24 months  | 0%                          | 25%                         | 2.3%           |
| 24 months and within 5 years  | 0%                          | 75%                         | 9.2%           |
| 5 years and within 10 years   | 0%                          | 100%                        | 12.0%          |
| 10 years and above  | 0%                          | 100%                        | 72.6%          |
| Adoption of CIPFA's Treasury Management in the Public Services Code of Practice and Cross Sectoral Guidance Notes |                             |                             | Adopted        |





**REPORT OF THE CHIEF EXECUTIVE****MEMBERS ALLOWANCES SCHEME: THE INDEPENDENT REMUNERATION  
PANEL****Purpose of the Report**

1. To agree arrangements for the re-establishment of an Independent Remuneration Panel to review the Members Allowances Scheme in accordance with statutory requirements.

**Information and Advice**

2. It is a legal requirement for the County Council to have regard to a report from an Independent Remuneration Panel (IRP) before making or revising its Members Allowances Scheme. The Council's current Scheme was agreed by the County Council in May 2012 when the committee system was implemented.
3. The members of the IRP were selected in 2009 following a selection process undertaken by Councillors and Officers. The term of appointment for the IRP has now expired and consideration needs to be given to the selection process for a new Panel.
4. There will not be any changes to the allowances approved for IRP members in 2009 due to financial pressures.
5. To ensure the selection process is open to public scrutiny it is proposed to use a combination of advertising and asking stakeholders to put forward candidates, as in 2009. It is proposed that the Panel again consists of three members, one of whom would be the Chairman, with appointments being made for four years.
6. A panel of three County Councillors nominated by the Group Business Managers will be convened to undertake the selection process, in conjunction with the Monitoring Officer. Final appointments will be confirmed by Full Council.
7. The new Panel will need to be convened to carry out a review of the Members Allowances Scheme before the end of May 2017.
8. The Nottinghamshire IRP has previously met on a 'task and finish' basis. Some other authorities appoint their IRP's on a standing basis and call on them more regularly. It is proposed to continue with the 'task and finish' approach to keep costs to a minimum.

## **Other Options Considered**

9. It is a legal requirement for the Council to appoint an IRP and to review the Members' Allowances Scheme. Options for membership and frequency of panel meetings are set out in the report.

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

10. To ensure the appointment process gives the public confidence that the membership of the IRP is independent, and that costs are kept down by limiting the size of the Panel's membership and the frequency with which it is convened.

## **Statutory and Policy Implications**

11. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, 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 a selection process as described in paragraphs 5 and 6 of the report be undertaken in order for the County Council to appoint three members to the Independent Remuneration Panel for a term of four years;
- 2) That the IRP be convened on a task and finish basis; a review of the Members Allowances Scheme being completed before the end of May 2017.

**Anthony May**  
**Chief Executive**

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

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## **Constitutional Comments (SMG 17/6/16)**

12. The proposals set out in this report fall within the remit of Full Council.

## **Financial Comments (SES 21/06/16)**

13. There are no specific financial implications arising directly from this 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.

- The Local Authorities (Members' Allowances) (England) Regulations 2003 are published
- Report to County Council dated 17 May 2012 is published
- Report to Standards Committee dated 30 October 2007 is published

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

- All

