

**To: Leader and Members of the Executive Board  
(Councillors Humphreys, Chambers, Davey, Farrell, Gosling, Hayfield, Phillips, Simpson, Smith and D Wright)**

**For the information of other Members of the Council**

**For general enquiries please contact David Harris, Democratic Services Manager, on 01827 719222 or via e-mail - [davidharris@northwarks.gov.uk](mailto:davidharris@northwarks.gov.uk).**

**For enquiries about specific reports please contact the officer named in the reports.**

**The agenda and reports are available in large print and electronic accessible formats if requested.**

## **EXECUTIVE BOARD AGENDA**

**12 FEBRUARY 2018**

The Executive Board will meet in the Committee Room at the Council House, South Street, Atherstone, Warwickshire on Monday 12 February 2018 at 6.30pm

### **AGENDA**

- 1 Evacuation Procedure**
- 2 Apologies for Absence / Members away on official Council business.**
- 3 Disclosable Pecuniary and Non-Pecuniary Interests**

- 4 **Minutes of the meeting of the Board held on 20 November 2017** – copies herewith to be agreed as a correct record and signed by the Chairman.

5 **Public Participation**

Up to twenty minutes will be set aside for members of the public to put questions to elected Members. Questions should be submitted by 9.30am 2 working days prior to the meeting. Participants are restricted to five minutes each. If you wish to put a question to the meeting please contact David Harris on 01827 719222 or email [democraticservices@northwarks.gov.uk](mailto:democraticservices@northwarks.gov.uk) .

## **ITEMS FOR DISCUSSION AND DECISION (WHITE PAPERS)**

- 6 **Corporate Plan 2018/19** – Report of the Chief Executive.

**Summary**

The Corporate Plan is updated on an annual basis. The purpose of this report is to recommend that the Council adopts the Corporate Plan and to agree the 2018-19 Service Plan for the Assistant Chief Executive & Solicitor to the Council.

The Contact Officer for this report is Jerry Hutchinson (719200).

- 7 **The Proposed 3 Year Capital Programme 2018/19 – 2020/21** – Report of the Management Team.

**Summary**

This report puts forward proposals for the Three Year Capital Programme and outlines the availability of capital resources and the options to meet any shortfalls.

The Contact Officer for this report is Daniel Hogan (719337)

- 8 **General Fund Revenue Estimates 2018/19** – Report of the Deputy Chief Executive.

**Summary**

This report covers the revised budget for 2017/18 and an estimate of expenditure for 2018/19, together with forward commitments for 2019/20, 2020/21 and 2021/22.

The Contact Officer for this report is Nigel Lane (719371).

- 9 **General Fund Revenue Estimates 2018/19 and Setting the Council Tax 2018/19** - Report of the Deputy Chief Executive.

**Summary**

This report sets out the proposed General Fund Revenue Estimate for 2018/19 and the options available when setting the 2018/19 Council Tax for the Borough in the context of the Authority's Revenue Support Grant settlement, and the effect on General Fund balances.

The Contact Officer for this report is Sue Garner (719374).

- 10 **Report of Members' Independent Remuneration Panel** - Report of the Assistant Director (Finance and Human Resources)

**Summary**

This report shows the key recommendations of the Independent Remuneration Panel following a review of the current Members' Allowances Scheme.

The Contact Officer for this report is Sue Garner (719374).

- 11 **Update of Contract Standing Orders** - Report of the Assistant Director (Corporate Services)

**Summary**

This report seeks Member approval for the proposed update to the Council's Contract Standing Order which form part of the Constitution of the Council.

The Contact Officer for this report is Linda Bird (719327).

- 12 **Progress Report on Achievement of Corporate Plan and Performance Indicator Targets – April 2017 to December 2017** – Report of the Chief Executive and the Deputy Chief Executive

**Summary**

This report informs Members of the progress with the achievement of the Corporate Plan and Performance Indicator targets relevant to the Executive Board for April to December 2017.

The Contact Officer for this report is Robert Beggs (719238).

- 13 **Minutes of the meetings of the Safer Communities Sub-Committee held on 5 December 2017 and 18 January 2018**, copies, herewith, to be received and noted.

14 **Minutes of the meeting of the Special Sub-Group held on 18 December 2017**, copy herewith, to be received and noted.

15 **Constitution** - Report of the Chief Executive and Solicitor to the Council.

**Summary**

This report presents a revised version of the Constitution reflecting the changes made since last reported to the Council.

The Contact Officer for this report is Steve Maxey (719438).

16 **Local Authority Trading Company** - Report of the Deputy Chief Executive

**Summary**

This report contains a report from consultants on options and issues relating to the establishment of a Local Authority Trading Company and asks the Board whether they wish to proceed further/

The Contact Officer for this report is Chris Brewer (719259).

17 **Strategic Review of Leisure and Community Development Services** - Report of the Assistant Director (Leisure and Community Development)

**Summary**

This report updates the Board on the work undertaken by external consultants in respect of the commission to undertake a Strategic Review of Leisure and Community Development Services and to prepare associated supporting draft strategies. It additionally seeks direction from Members with regard to the manner in which the Borough Council should progress various recommendations made by the consultants, most particularly in respect of the draft Leisure Facilities Strategy.

The Contact Officer for this report is Simon Powell (719352).

18 **Pay Policy Statement 2018/19** - Report of the Assistant Director (Finance and Human Resources)

**Summary**

There is a requirement under Section 38 of the Localism Act 2011 for Councils to have and to publish a Pay Policy Statement, agreed by full Council, which will be subject to review at least annually. This report details the purpose for and the areas to be covered in the Pay Policy Statement.

The Contact Officer for this report is Sue Garner (719374).

19 **Exclusion of the Public and Press**

**Recommendation:**

**That under Section 110A(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business, on the grounds that it involves the likely disclosure of exempt information as defined by Schedule 12A to the Act.**

**EXEMPT INFORMATION  
(GOLD PAPERS)**

20 **Senior Management Structure** – Report of the Chief Executive

The Contact Officer for this report is Jerry Hutchinson (719200).

JERRY HUTCHINSON  
Chief Executive

## NORTH WARWICKSHIRE BOROUGH COUNCIL

### MINUTES OF THE EXECUTIVE BOARD

20 November 2017

Present: Councillor Humphreys in the Chair

Councillors Chambers, Davey, Farrell, Gosling, Hayfield, Phillips, Simpson, Smith and D Wright

#### 45 **Declarations of Personal or Prejudicial Interest.**

None were declared at the meeting.

#### 46 **Minutes of the meetings of the Board held on 18 September and 18 October 2017.**

The minutes of the meetings of the Board held on 18 September and 18 October 2017, copies having been circulated, were approved as a correct record and signed by the Chairman.

#### 47 **2016/17 Annual Audit Letter**

The Deputy Chief Executive submitted the 2016/17 Annual Audit Letter received from the Council's external auditors, Ernst & Young LLP.

##### **Recommended:**

**That the report presented as Appendix A be noted.**

#### 48 **Key Corporate Issues**

The Chief Executive drew Members' attention to the key Corporate issues facing the Council in the mid-term future. He sought to assist Members in addressing these issues during the finalisation of the 2018/19 Corporate Plan and Budget and thereafter.

##### **Recommended:**

**That the issues raised in the report of the Chief Executive be taken into consideration by Members when preparing the Corporate Plan and Budget for 2018/19 and beyond.**

49 **Budgetary Control Report 2017/18 – Period Ended 31 October 2017**

The Assistant Director (Finance and Human Resources) reported on the revenue expenditure and income for the period from 1 April 2017 to 31 October 2017. The 2017/18 budget and the actual position for the period, compared with the estimate at that date, were given, together with an estimate of the out-turn position for services reporting to the Board.

**Resolved:**

**That the report be noted.**

50 **Calendar of Meetings 2018/19**

The Chief Executive submitted a draft calendar of meetings for 2018/19 for approval.

**Recommended:**

**That the draft calendar of meetings for 2018/19 as submitted at Appendix A to the Chief Executive's report be approved.**

51 **2018 Parliamentary Boundary Review**

The Chief Executive invited the Board to consider the Council's response to the Boundary Commission's latest report published on 17 October 2017 in respect of the 2018 Parliamentary Boundary Review for North Warwickshire.

**Recommended:**

- a **That the Council confirms its support for the latest proposals published on 17 October 2017 for the North Warwickshire Constituency as set out in the report of the Chief Executive; and**
- b **That the Chief Executive be authorised to write to the Boundary Commission accordingly.**

52 **Progress Report on Achievement of Corporate Plan and Performance Indicator Targets April – September 2017**

The Chief Executive and Deputy Chief Executive informed Members of the progress with the achievement of the Corporate Plan and Performance Indicator targets relevant to the Executive Board for April to September 2017.

**Resolved:**

**That the report be noted.**

**53 Standards Committee Arrangements**

The Chief Executive and the Monitoring Officer reported on proposed amendments to the Council's arrangements for considering complaints under the Member Code of Conduct.

**Recommended:**

**That the revised arrangements detailed in the report of the Chief Executive and the Monitoring Officer for the investigation of complaints be adopted.**

**54 Exclusion of the Public and Press**

**Resolved:**

**That under Section 100A(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Schedule 12A to the Act.**

**55 Procurement of a Replacement Revenues and Benefits System**

The Board was invited to consider the proposed procurement of a replacement Revenues and Benefits System. The matter had been considered and agreed by the Resources Board at its meeting on 13 November 2017.

**Recommended:**

- a That the decision to procure the CIVICA Revenues and Benefits System for the reasons outlined in the report of the Assistant Chief Executive (Community Services) be approved; and**
- b That provision be made to use earmarked reserves held to progress the business case that will deliver a revenue saving of £50,000 per annum from April 2019 onwards which will be a contribution towards the Councils overall savings strategy.**

David Humphreys  
Chairman

## Agenda Item No 6

### Executive Board

12 February 2018

### Report of the Chief Executive

### Corporate Plan 2018-19

#### 1 Summary

- 1.1 The Corporate Plan is updated on an annual basis. The purpose of this report is to recommend that the Council adopts the Corporate Plan Targets and to agree the 2018–19 Service Plan for the Assistant Chief Executive & Solicitor to the Council.

#### **Recommendation to the Council**

- a That the Corporate Plan Targets, as set out in Appendix A to the report, be agreed, subject to any further amendments which may be needed as a result of the adoption of the 2018-19 budget;**
- b That the Chief Executive be given delegated authority to finalise the format of the Plan; and**
- c That the Service Plan for the Assistant Chief Executive & Solicitor to the Council, as set out in Appendix B to the report, be agreed.**

#### 2 Report

- 2.1 Corporate Plan Targets and Divisional Service Plans are normally agreed in the January/February cycle of meetings and adopted by Full Council in February at the same time as the Budget.

- ... 2.2 Appendix A sets out the proposed Corporate Targets for 2018/19. The Safer Communities Sub-Committee considered its Corporate Plan targets at its meeting on 18 January 2018. Two suggested amendments are highlighted in italics and bold in the attached Appendix A. Members are requested to recommend to the Council that Appendix A is agreed, subject to any further amendments which may be needed as a result of the adoption of the 2018-19 budget.

2.3 A report will be presented to the Boards/Sub-Committees after the end of the financial year to show the year end out-turn on the 2017-18 Key Actions. Proposals for 2018-19 will form part of the 2018-19 Corporate Plan which covers the Council's top level priorities.

2.4 It is also important, however, that Members are aware of and agree the significant amount of work carried out within the Divisions to provide services to local people. This information appears in a single document for each Division, the Divisional Service Plan, which is the key management tool for ensuring that services deliver their annual work programme.

... 2.5 The Service Plan for the Assistant Chief Executive & Solicitor to the Council comprises Appendix B to this report, as most of the programme relates to work carried out for this Board.

2.6 Where there are any budget implications for another Board/Sub-Committee arising out of work programmes, those implications have been drawn to the attention of the relevant Board/Sub-Committee in the Budget report going to this cycle of meetings. Similarly, any budgetary implications for this Board from Divisional Plans being reported to other Boards are dealt with in the Budget Report also on this agenda.

2.7 Once the Corporate Plan Targets and Divisional Service Plans have been agreed, they will be subject to the following reporting procedures for monitoring performance:-

- Monthly reports are considered by Management Team;
- A traffic light warning indicator is used:-
  - Red – target not likely to be achieved.
  - Amber – target currently behind schedule and requires remedial action in order to be achieved.
  - Green – target currently on schedule to be achieved;
- Progress reports to each Board/Sub-Committee meeting.

### **3 Report Implications**

#### **3.1 Finance and Value for Implications**

3.1.1 Where possible, Targets and indicators for 2018-19 will be achieved from within existing Board/Sub-Committee resources. Details of any additional funding are included in the right hand column of the table in Appendix A and in the Budget report and will be in appropriate cases, the subject of reports to the Board.

### 3.2 Risk Management Implications

3.2.1 The main risk is ensuring that the Council prioritises its resources to enable it to deliver its priorities. The performance monitoring arrangements set out above provide the mechanism to ensure that remedial action can be taken to review progress and ensure that priority outcomes are delivered.

### 3.3 Other Report Implications

3.3.1 Any further implications resulting from the proposals in Appendix A will be the subject of further reports to the Board.

### 3.4 Links to Council's Priorities

3.8.1 These are set out in the Appendices.

The Contact Officer for this report is Jerry Hutchinson (719200).

#### **Background Papers**

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

<b>Background Paper No</b>	<b>Author</b>	<b>Nature of Background Paper</b>	<b>Date</b>

## CORPORATE PLAN 2018 – 2019

North Warwickshire Borough Council's Vision is:-

'Protecting the rurality of North Warwickshire, supporting its communities and promoting the wellbeing of residents and business.'

The Corporate Plan sets out the Council's six priorities for achieving that Vision, in consultation and partnership with local communities and business, the County, Town and Parish Councils and other agencies.

It also sets out the key actions that we aim to take during 2018-19, to deliver on those priorities.



David Humphreys  
Leader



Jerry Hutchinson  
Chief Executive

## OUR VISION

Protecting the rurality of North Warwickshire, supporting its communities and promoting the wellbeing of residents and business.

## OUR 6 PRIORITIES

- RESPONSIBLE FINANCIAL & RESOURCE MANAGEMENT Making the best use of our resources (including keeping both Council Tax and debt as low as possible) to provide high-quality services to our communities.
- CREATING SAFER COMMUNITIES Working with our communities and partners to enable our residents to both be and feel safer, whether at home or in and around the Borough.
- PROTECTING OUR COUNTRYSIDE & HERITAGE Protecting and improving our countryside and heritage in times of significant growth challenges and opportunities.
- IMPROVING LEISURE & WELLBEING OPPORTUNITIES Providing opportunities to enable local people to enjoy their leisure and recreation and to improve their health and wellbeing.
- PROMOTING SUSTAINABLE & VIBRANT COMMUNITIES Working with local residents including our tenants and partners to help our communities to be sustainable and vibrant, both in terms of facilities and lifestyle.
- SUPPORTING EMPLOYMENT & BUSINESS Supporting employment and business to grow the local economy in terms of access to work, skills improvement and wider business development opportunities.

## PRIORITIES AND KEY ACTIONS

<p><b>PRIORITY 1</b></p> <p><b>RESPONSIBLE FINANCIAL &amp; RESOURCE MANAGEMENT</b></p>	<p>Making the best use of our resources (including keeping both Council Tax and debt as low as possible) to provide high-quality services to our communities.</p>
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Target	Board/Lead Officer	Additional Training/ Financial Implications
<p>To achieve the savings required by the Budget Strategy including the commitment to keep Council Tax as low as possible and to update the Strategy to reflect future developments by September 2018.</p>	<p>Executive Board/Special Sub/DCE/ AD (F&amp;HR)</p>	<p>To be met within existing budgets.</p>
<p>To update the Medium Term Financial Strategy in September 2018 and February 2019, to take account of external funding changes relating to Business Rates.</p>	<p>Executive Board/DCE/AD (F&amp;HR)</p>	<p>To be met within existing budgets.</p>
<p>To report on the Council's debt and reserves and the Council's capital funding gap by February 2019.</p>	<p>Executive Board/DCE/AD (F&amp;HR)/AD (S)</p>	<p>To be met within existing budgets.</p>

<b>Target</b>	<b>Board/Lead Officer</b>	<b>Additional Training/ Financial Implications</b>
To update the ICT Strategy for 2019 – 2023 and to continue to contribute to the effective provision of services through implementing the actions and projects which help deliver the ICT Strategy and to report on progress to the Resources Board by March 2019.	Resources Board/AD (CS)	To be met within existing budgets.
<p>To undertake work in line with the Human Resources Strategy, including:-</p> <ul style="list-style-type: none"> <li>▪ Monitoring/managing sickness absence.</li> <li>▪ Ensuring compliance with employment legislation.</li> <li>▪ Health and Safety</li> <li>▪ Staff Development</li> </ul>	Special Sub/Management Team/AD (F&HR)	To be met within existing budgets.
To ensure that the Council is making best use of its staff and other resources when taking forward its priorities and to report on this issue when new initiatives, including budget savings, are considered.	Special Sub/Management Team	To be reported at the time initiatives are taken forward.





<p><b>PRIORITY 2</b></p> <p><b>CREATING SAFER COMMUNITIES</b></p>	<p>Working with our communities and partners to enable our residents to both be and feel safer, whether at home or in and around the Borough.</p>
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<b>Target</b>	<b>Board/Lead Officer</b>	<b>Additional Training/ Financial Implications</b>
<p>To ensure that the Council is prepared for emergencies and has suitable emergency and business continuity plans, as required by the Civil Contingencies Act, and to review both the emergency and business continuity plans annually in March.</p>	<p>Executive Board/CE/AD (CS)</p>	<p>To be met within existing budgets.</p>
<p>To continue to work with Warwickshire County Council, the Environment Agency and local communities to mitigate the effects of, and protect against, the impacts of localised flooding and to update as part of the quarterly performance reports.</p>	<p>Executive Board/AD (S)/ACE&amp;StC</p>	<p>Investigations to be carried out within existing budgets.</p>

Target	Board/Lead Officer	Additional Training/ Financial Implications
<p>To consider the findings of the 2018-19 North Warwickshire Community Safety Partnership Strategic Assessment and, to work with the community including the Police, Town and Parish Councils and young people to improve public perception and public confidence by contributing towards the achievement of the partnership plan actions and targets for the 2018/2019 strategic priorities relating to Violence against the person, sexual offences, Anti-Social Behaviour, Crime in rural areas and road safety.</p> <p>The specific priorities may change, pending the finalisation of the Strategic Assessment 2018/19. The draft priorities may be available in February for consideration by the North Warwickshire Community Safety Partnership.</p>	Safer Communities Sub-Committee/CE/AD (L&CD)	The Council makes additional contributions to supplement the Community Safety Grant received from the Police and Crime Commissioner.
<p><b><i>To work in partnership to improve referrals and engagement with treatment services for drug and alcohol abuse and support the local Police Safer Neighbourhood Teams in tackling drug related offences.</i></b></p>	Safer Communities Sub-Committee/CE/AD(L&CD)	Treatment services are commissioned by Warwickshire County Council. External funding is often required to undertake appropriate action
<p>To continue working with partners to resolve Safer Neighbourhood issues, including, where necessary, taking action to address anti-social and nuisance behaviour.</p>	Safer Communities Sub-Committee/CE/AD (L&CD)	External funding is often required to undertake appropriate actions.

<b>Target</b>	<b>Board/Lead Officer</b>	<b>Additional Training/ Financial Implications</b>
To address the audit recommendations from the Telecare Service Authority by September 2018.	Resources Board/AD (H)	Any financial implications will be identified as part of the review.
To extend the Borough Care Service into the Nuneaton and Bedworth area by May 2018.	Resources Board/AD (H)	Any financial implications will be identified as part of the review.
During 2018, consider the implications of modernising the lifeline equipment used and anticipate the move to digital compliant equipment.	Resources Board/AD (H)	Any financial implications will be identified as part of the review.
<p>To carry out the Council's obligations as a member of the Warwickshire Safeguarding Children Board, including those relating to the Child Protection Policy and, where appropriate, to co-ordinate all related activity alongside the need to safeguard adults and other vulnerable people in the community and to report on progress by March 2019.</p> <p>The training programme will be rolled out in 2018 to senior management and front-line operatives in Housing Direct Works and Streetscape.</p>	Community & Environment Board/AD (L&CD)	Internal trainers will continue to deliver the WSCB Child Protection course to all colleagues throughout the authority. This course will include CSE training.

<b>Target</b>	<b>Board/Lead Officer</b>	<b>Additional Training/ Financial Implications</b>
To carry out the Council's obligations as a member of the Warwickshire Safeguarding Adults Board. This will include delivering a comprehensive training programme for staff during 2018, to support the Council's policy and procedures.	Community & Environment Board/AD (H)	Internal trainers will deliver relevant training.
To report on current CCTV camera usage and possible options for future deployment by December 2018.	Safer Communities Sub-Committee/CE	Any financial decisions will be reported as part of the decision-making process.

<p><b>PRIORITY 3</b></p> <p><b>PROTECTING OUR COUNTRYSIDE &amp; HERITAGE</b></p>	<p>Protecting and improving our countryside and heritage in times of significant growth challenges and opportunities.</p>
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<b>Target</b>	<b>Board/Lead Officer</b>	<b>Additional Training/ Financial Implications</b>
<p>To continue to:-</p> <p>(a) Manage development so as to deliver the priorities on the Council's Corporate Plan and in the Sustainable Community Strategy;</p> <p>(b) Use the Design Champions to ensure the best achievable designs are implemented and developed so as to reflect setting and local character;</p> <p>(c) To seek to secure the protection of the best of the Borough's built and rural heritage; and</p> <p>(d) To continue to work with North Warwickshire Heritage Forum to protect, promote and develop the heritage and tourism of North Warwickshire.</p> <p>To report on Growth pressures on the Borough, how to protect the Green Belt as far as possible and sustain the rurality of the Borough by February 2019 and at least annually thereafter.</p>	<p>Planning &amp; Development Board/ Design Champions/ACE&amp;StC</p>	<p>To be met within existing budgets.</p>

Target	Board/Lead Officer	Additional Training/ Financial Implications
<p>(a) Whilst continuing to oppose the route of HS2 Phase 2b in principle, to press for maximum mitigation and benefits for the Borough, required as a consequence of the HS2 proposal, in partnership with other affected Councils and community action groups; and</p> <p>(b) To continue to oppose the principle of Opencast Mining and Mineral Extraction.</p>	Executive Board/ACE&StC	Should any additional funding be required, this will be subject to further report.
<p>(a) To maintain a very high standard of street cleanliness (95%) throughout the Borough and to continue to raise awareness (both of the public and other agencies) of the problems of litter, fly-posting and dog fouling.</p> <p>(b) Tackle fly-tipping in line with the Council's Action Plan through joint-working and cross-border co-operation with all relevant stakeholders and through increased promotion, monitoring, investigation and enforcement.</p>	<p>Community &amp; Environment Board/AD (S)/ AD (H)</p> <p>Safer Communities Sub-Committee/AD (S)</p>	<p>Any requirement for additional funding will be reported.</p> <p>Progress against the fly-tipping action plan will be regularly reported to the Safer Communities Sub-Committee.</p>

Target	Board/Lead Officer	Additional Training/ Financial Implications
To work in partnership with the Highways Authority, Highways England and other partners to improve both the appearance and safety of the Borough's main roads. <b>To work with partners so as to reduce the number of fatalities and injuries on roads in North Warwickshire</b> (see also Safer Communities priorities).	Community & Environment Board/AD (S)/ Safer Communities Sub-Committee/CE	Any financial implications will be reported as part of the decision-making process.
To progress the Local Plan through Inquiry towards adoption by October 2018.	Executive Board/Planning & Development Board/LDF Sub-Committee/ACE&StC	To be met within existing budgets.
To continue to take action to reduce the Council's carbon footprint and carbon emission in the Borough, in accordance with the Climate Change Strategy and Action Plan, and to report annually in March on progress. This will include acting on any Government led initiatives for domestic properties.	Community & Environment Board/ACE&StC	To be met within existing budgets.

<p><b>PRIORITY 4</b></p> <p><b>IMPROVING LEISURE &amp; WELLBEING OPPORTUNITIES</b></p>	<p>Providing opportunities to enable local people to enjoy their leisure and recreation and to improve their health and wellbeing.</p>
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<b>Target</b>	<b>Board/Lead Officer</b>	<b>Additional Training/ Financial Implications</b>
<p>In accordance with the priorities established by relevant Boards, commence implementation of the approved outcomes of the Strategic Leisure Review process and report on progress by March 2019.</p>	<p>Community &amp; Environment Board/AD (L&amp;CD)</p>	<p>Any financial implications will be included in the reports.</p>
<p>Subsequent to completion of the process of external review, commence implementation of the new North Warwickshire Green Space and Playing Pitch Strategies in accordance with their associated Action and Funding Plans and report on progress by March 2019.</p>	<p>Community &amp; Environment Board/AD (L&amp;CD)</p>	<p>The resource implications will be detailed in the supporting Action and Funding Plans.</p>

<b>Target</b>	<b>Board/Lead Officer</b>	<b>Additional Training/ Financial Implications</b>
To continue to work in partnership with other agencies to tackle health inequalities and specifically to co-ordinate the sustainable implementation of the new corporate Health and Wellbeing Action Plan (2017 to 2020), including its focus on priorities that are compatible with those of the approved Health, Well-being and Leisure Strategy, the Community Partnership and the Warwickshire North Health and Well-being Partnership.	Community & Environment Board/AD (L&CD)	External funding is sought, and often required, to undertake appropriate actions.
In conjunction with WCC and other partners, to ensure the success of the Women's 2018 International Cycle Race and its impact upon the community of North Warwickshire. Encourage and support the future staging of similar events within the Borough.	Community & Environment Board/ ACE&StC/AD (S)/AD (L&CD)	This is subject to additional funding being approved.

<p><b>PRIORITY 5</b></p> <p><b>PROMOTING SUSTAINABLE &amp; VIBRANT COMMUNITIES</b></p>	<p>Working with local residents including our tenants and partners to help our communities to be sustainable and vibrant, both in terms of facilities and lifestyle.</p>
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<b>Target</b>	<b>Board/Lead Officer</b>	<b>Additional Training/ Financial Implications</b>
<p>In order to promote and support community life, the Borough Council:-</p> <p>(a) Will work in conjunction with partners through the North Warwickshire Community Partnership in order to advance the priorities and objectives of the North Warwickshire Sustainable Community Strategy including, in respect of the commitment to improve access to opportunities, services and facilities for local residents and will report annually in March on progress.</p> <p>(b) Ensure the active engagement of partners, stakeholders and the community within the Action Plans that support the approved and targeted approach to Community Development work and report on progress by March 2019.</p>	<p>Community &amp; Environment Board/CE/ACE (CS)/AD (L&amp;CD)</p>	<p>To be met within existing budgets, unless new initiatives come along which will be the subject of separate reports.</p>

<b>Target</b>	<b>Board/Lead Officer</b>	<b>Additional Training/ Financial Implications</b>
To continue to review the refuse and recycling service with particular emphasis on options around recycling to ensure the sustainability & cost-effectiveness of the service while building sufficient capacity to accommodate future housing growth.	Community & Environment Board/AD (S)	Any financial implications will be reported as part of the decision-making process.  The Refuse & Recycling Task & Finish Group will oversee work in this area.
To explore ways in which the waste management service can operate more efficiently and cost-effectively through a more strategic and co-ordinated approach across the sub-region.	Community & Environment Board/AD (S)	Any financial implications will be reported as part of the decision-making process. The Community & Environment Board will receive regular reports and be asked to consider options for progress in this area.
To work in partnership with the County Council and other agencies to agree and implement CPE and introduce a comprehensive new off-street parking strategy to ensure that the service is sustainable and continues to meet local demand.	Resources Board/AD(S)	Any financial implications will be reported as part of the decision making process.

<b>Target</b>	<b>Board/Lead Officer</b>	<b>Additional Training/ Financial Implications</b>
The forward work plan for the service will be set out by the HEART Board at its meeting in February 2018. During 2018, the service will seek to increase take-up for the service, monitor outcomes for customers and to procure a new framework for contractors to deliver adaptation works.	Resources Board/AD (H)	Any financial implications will be reported as part of the decision-making process.
To report on changes to Homelessness Legislation and take action to implement new requirements, starting with a report to Resources Board following publication of the statutory consultation.	Resources Board/AD (H)	Any financial implications will be reported as part of the decision making process.
During 2018/2019, we will put procedures and systems in place to deliver the new homelessness legislation. This will include promoting the joint, prevention trailblazer initiative – PHIL (Preventing Homelessness Improving Lives) as part of our housing options offer.	Resources Board/AD (H)	Any financial implications will be reported as part of the decision making process.
We will deliver a new Homelessness Strategy by April 2018 and progress the action plan during 2018 – 2019.	Resources Board/AD (H)	Any financial implications will be reported as part of the decision making process.

<b>Target</b>	<b>Board/Lead Officer</b>	<b>Additional Training/ Financial Implications</b>
During 2018, we will deliver a new shared service for the private sector housing duties and will review the service after 12 months and report to the Resources Board on performance.	Resources Board/AD (H)	Any financial implications will be reported as part of the decision-making process.
To report in March 2019 on the work of the local Financial Inclusion Partnership including, for 2018/19, to advise on actions and initiatives undertaken to mitigate local impact of the Welfare Reform programme and other economic changes in order to maximise the collection of monies due to the Council and best support customers to find solutions to help themselves.	Community & Environment Board/ACE (CS)	Any financial implications will be reported as part of the decision making process.
To report by September 2018 on progress on the delivery of the Customer Access Strategy, including the use of Community Hubs, the BOB bus, increased take-up of online services and the success of driving channel shift.	Resources Board/ACE (CS)/ACE&StC/ AD (CS)	Any financial implications will be reported as part of the decision-making process.

<b>Target</b>	<b>Board/Lead Officer</b>	<b>Additional Training/ Financial Implications</b>
In partnership with Job Centre Plus, implement the ongoing roll-out of Universal Credit and input into the Universal Support/Delivery local agenda, to support residents impacted by providing support and advice.	Community & Environment Board/ ACE (CS)	Any funding implications will be the subject of discussion with DWP and staffing capacity and roles will be reviewed in light of the impact of the additional works undertaken.
To work with public, voluntary and business partners to deliver ongoing food-related projects if a business case can be agreed to continue to support individuals and community organisations supported from our award-winning innovative food hub project. Quarterly reports on progress will be made to the North Warwickshire Community Partnership and an annual report will be made to the Community & Environment Board in March 2019.	Community & Environment Board/ACE (CS)	To be met through existing budgets and external funding applications.
To ensure we communicate effectively to help inform residents, businesses and all sections of our communities of the Council's services and priorities and to make clear the opportunities for them to be involved in decision making via consultation. To take into account the LGA Communications Health-Check and the commitments in the Council's Customer Access Strategy in all aspects of work in this area and to report on progress by May 2018.	Executive Board/CE/AD (CS)/ACE&StC/ ACE (CS)	To be met within existing budgets.

<p><b>PRIORITY 6</b></p> <p><b>SUPPORTING EMPLOYMENT &amp; BUSINESS</b></p>	<p>Supporting employment and business to grow the local economy in terms of access to work, skills improvement and wider business development opportunities.</p>
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<b>Target</b>	<b>Board/Lead Officer</b>	<b>Additional Training/ Financial Implications</b>
<p>To continue to work with partner organisations in the Coventry, Warwickshire and Hinckley Joint Committee and to consider further options for joint work in the light of Central Government proposals for greater devolution, if this proves beneficial to the local economy.</p>	<p>Executive Board/CE/ACE&amp;StC</p>	<p>To be identified as part of the negotiating process.</p>

<b>Target</b>	<b>Board/Lead Officer</b>	<b>Additional Training/ Financial Implications</b>
<p>To:-</p> <p>(a) Work with the County Council, Job CentrePlus and other partners to provide and promote apprenticeships/ training opportunities; and</p> <p>(b) Administer funding provided by developers and through other funding sources to maximise opportunities for employment of local people including employment engagement activity, development of work clubs and bespoke training.</p> <p>To work with the County Council, Town/Parish Councils and other partners to maximise section 106/CIL contributions for infrastructure, biodiversity offsetting and community improvements.</p>	<p>Planning &amp; Development Board/ACE&amp;StC</p>	<p>Use of Section 106 funding and any financial implications identified in the report on employing apprentices.</p>
<p>In partnership with the Local Action Group and Hinckley &amp; Bosworth Borough Council, to continue to ensure the successful delivery of the LEADER programme (2015 to 2020) in accordance with the priorities identified in the approved Local Development Strategy and Business Plan and to report on progress by March 2019.</p>	<p>Community &amp; Environment Board/AD (L&amp;CD)</p>	<p>LEADER is a predominantly externally funded programme.</p>

<b>Target</b>	<b>Board/Lead Officer</b>	<b>Additional Training/ Financial Implications</b>
Look at ways to improve transport links, including cycle links, footpath links, public transport and HGV parking to local employment and report on progress by March 2019.	Planning & Development Board/ACE&StC	Section 106 funding.
To develop a North Warwickshire Transport Strategy, together with Warwickshire County Council, by March 2019.	Executive Board/ACE&StC	Section 106 funding, external funding and as to be identified by the Strategy.
To work to improve broadband access for the people and businesses of North Warwickshire through the work of the Council and specifically the Coventry, Solihull and Warwickshire BDUK Project and report on progress by December 2018.	Resources Board/AD (CS)	BDUK funding and approved Council matched funding.

## FORWARD WORK PLAN 2018/19 – DEMOCRATIC SERVICES

Action	The Community Plan Objective Corporate Objective Divisional Objective or Policy the task contributes to	Lead Officer	Start Date	End Date	Priority	Measurement of Success	Resource/ Training Implications
Service Boards/Committees and Sub-Committees as required	Democratic/ Community Engagement	D Harris	May 2018	April 2019	High	All agendas published within the statutory timetable and draft minutes available within 2 working days of the meeting.	Staff time
Prepare for Borough and Parish elections to be held in May 2019	Democratic	D Harris	October 2018	July 2019	High	All activities concluded in accordance with timetable of events.	Staff time. Costs to be met by NWBC and Parish Councils
Neighbourhood Panning Referendums during 2018/19	Democratic	D Harris	May 2018	April 2019	High	All activities concluded in accordance with timetable of events	Staff time. Budget provision exists for NPR.

<b>Action</b>	<b>The Community Plan Objective Corporate Objective Divisional Objective or Policy the task contributes to</b>	<b>Lead Officer</b>	<b>Start Date</b>	<b>End Date</b>	<b>Priority</b>	<b>Measurement of Success</b>	<b>Resource/ Training Implications</b>
Individual Electoral Registration including the annual canvass and rolling registration	Democratic	D Harris	Ongoing	Ongoing	High	Carried out in accordance with agreed plan	Staff time
Carry out Absent Vote refresh for personal identifiers – signatures/dates of birth	Democratic	D Harris	Jan 2019	Jan 2019	High	All Absent Voters written to for information	Staff time
Formulate Member Induction Programme for implementation after May 2019 elections	Democratic	J Hutchinson/ S Maxey/ D Harris	November 2018	May 2019	High	Carried out in accordance with agreed plan	Staff Time
Consider arranging a local democracy event involving Members/Officers and schools in North Warwickshire	Democratic	D Harris	June 2018	Oct 2018	High	Carried out in accordance with agreed plan	Staff time
Arrange annual meeting between Borough and Town/Parish Councils.	Democratic/ Community Engagement	D Harris	October 2018	January 2019	Medium	Meeting held	Staff time
Assist with production of the Corporate Plan	Corporate	D Harris	Nov 2018	Feb 2019	High	Publication of Plan	Staff time

<b>Action</b>	<b>The Community Plan Objective Corporate Objective Divisional Objective or Policy the task contributes to</b>	<b>Lead Officer</b>	<b>Start Date</b>	<b>End Date</b>	<b>Priority</b>	<b>Measurement of Success</b>	<b>Resource/ Training Implications</b>
To reassess all Display Screen Equipment Self-assessments, risk assessments and fire safety audits.	Health and Safety	D Harris	January 2019	February 2019	Medium	Assessments completed	Dependent on the outcome of assessments.
Continue to review processes and procedures within the Section in order to ensure compliance with all appropriate corporate policies and protocols including Health and Safety, Equalities and data quality requirements	Health and Safety High Quality Service Provision	D Harris	May 2018	April 2019	High	Processes and procedures that continue to comply with all internal policy requirements	Staff Time

## Policy Support Service Plan 2018-2019

Action	The Community Plan Objective Corporate Objective Divisional Objective or Policy the task contributes to	Lead Officer	Start Date	End Date	Priority	Measurement of Success	Resource/Training Implications
<b>Equality</b>							
1. To assist in the Council meeting its duties as set out within the Equality Act including the setting and publishing of equality objectives.	Healthier Communities Tackling Poverty Promoting Sustainable & Vibrant Communities	Assistant Chief Executive and Solicitor to the Council	April 18	March 19	High	Updated Equality Objectives which shows the Council meeting its aims and statutory responsibilities.	Training for staff on the Equality Act
2. To monitor and ensure that equality impact analysis is undertaken and that the identified actions are implemented within service plans.	Healthier Communities Tackling Poverty Promoting Sustainable & Vibrant Communities	Assistant Chief Executive and Solicitor to the Council	April 18	March 19	High	Equality Impact Analysis is carried out to demonstrate that we have used information, data and consultation results to inform our decisions, policies and service development	Training for staff on awareness and impact/needs assessment.
<b>Emergency Planning and Business Continuity</b>							
3. To maintain and revise the Major Emergency/ and Business Continuity Plans and ensure they are tested annually.	Healthier Communities  Creating Safer Communities	Chief Executive	April 18	March 19	High	Plan updated at least every 6 months Updated Corporate Business Continuity Plan	County Council/NWBC provision training on emergency planning and business continuity best practice.

## Policy Support Service Plan 2018-2019

Action	The Community Plan Objective Corporate Objective Divisional Objective or Policy the task contributes to	Lead Officer	Start Date	End Date	Priority	Measurement of Success	Resource/Training Implications
4. To monitor and assist departments reviewing their service continuity plans annually.	Healthier Communities  Creating Safer Communities	Chief Executive	April 18	March 19	High	Updated Service Level Business Continuity Plans	Corporate training on business continuity best practice. CSWR support
5. To identify any support required from a work programme with the CSWR Emergency Planning Unit.	Healthier Communities  Creating Safer Communities	Chief Executive	April 18	March 19	High	Meeting the requirements of the Civil Contingencies Act.	County Council/NWBC provision
6. To support the Warwickshire Local Resilience Forum in delivering the 2018/19 Business Plan.	Healthier Communities  Creating Safer Communities	Chief Executive	April 18	March 19	High	Meeting the requirements of the Civil Contingencies Act. The identification of risks and threats and control measures to either mitigate the effect of the risks or to ensure an effective emergency response.	County Council/NWBC provision Cabinet Office funds

## Policy Support Service Plan 2018-2019

Action	The Community Plan Objective Corporate Objective Divisional Objective or Policy the task contributes to	Lead Officer	Start Date	End Date	Priority	Measurement of Success	Resource/Training Implications
7. To assist in the development of measures to minimise the impact of flooding on local communities including mitigation schemes and provision of property protection measures.	Healthier Communities  Creating Safer Communities	Chief Executive	April 18	March 19	High	Meeting the requirements of the Civil Contingencies Act. The identification of risks and threats and control measures to either mitigate the effect of the risks or to ensure an effective emergency response.	County Council/NWBC provision
<b>Performance Management</b>							
8. To collate the quarterly performance reports to Management Team and Boards	Responsible Financial & Resource Management	Assistant Chief Executive and Solicitor to the Council	April 18	March 19	High	Quarterly reports prepared	
9. To collate and submit the quarterly returns for the LG Inform and benchmarking group.	Responsible Financial & Resource Management	Assistant Chief Executive and Solicitor to the Council	April 18	March 19	High	Returns completed	

## Policy Support Service Plan 2018-2019

Action	The Community Plan Objective Corporate Objective Divisional Objective or Policy the task contributes to	Lead Officer	Start Date	End Date	Priority	Measurement of Success	Resource/Training Implications
<b>Crime &amp; Disorder</b>							
10. To monitor and co-ordinate the implementation of the actions of the North Warwickshire Community Safety Partnership Plan 2018 – 2019.	Healthier Communities  Creating Safer Communities	Chief Executive	April 18	March 19	High	Reduction targets and actions being achieved. Perceptions of crime and disorder improved.	Police and Crime Commissioner community safety grants Local funding provision.
11. To work in partnership to improve referrals and engagement with treatment services for drug and alcohol abuse and support the local Police Safer Neighbourhood Teams in tackling drug related offences.	Healthier Communities  Creating Safer					Reducing drug related offences and increasing referrals to the treatment services.	Improve partnership working arrangements.
12. To support the Safer Neighbourhoods Teams and to ensure that the Council' contributes effectively to this.	Healthier Communities  Creating Safer Communities	Chief Executive	April 18	March 19	High	Addressing local community priorities Perceptions of crime and disorder improved	Revised partnership working arrangements

## Policy Support Service Plan 2018-2019

Action	The Community Plan Objective Corporate Objective Divisional Objective or Policy the task contributes to	Lead Officer	Start Date	End Date	Priority	Measurement of Success	Resource/Training Implications
13. To contribute towards the sustainable provision of locally based support services for victims of domestic abuse taking into account the Countywide commissioning of support services	Healthier Communities  Creating Safer Communities	Chief Executive	April 18	March 19	High	Sustained provision of locally based support services for 18/19 Increase in victims making contact with support services.	Need for contribution from the Corporate Policy budget. Local provision subject to a review taking into account the commissioning of the county wide service provision
14. To support the work of the Safer Communities Sub Committee in achieving its objectives for the priority of creating safer communities.	Healthier Communities  Creating Safer Communities	Chief Executive	April 18	March 19	High	Reduction targets and actions being achieved. Perceptions of crime and disorder improved.	Need for contribution from the Corporate Policy budget.
15. To support the Priority Families programme and the work of the Early Help Locality Panel.	Healthier Communities  Creating Safer Communities	Chief Executive	April 18	March 19	High	Outcomes achieved relating to criteria for programme including improved quality of life for problematic families.	

## Policy Support Service Plan 2018-2019

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Action	The Community Plan Objective Corporate Objective Divisional Objective or Policy the task contributes to	Lead Officer	Start Date	End Date	Priority	Measurement of Success	Resource/Training Implications
<b>Compliments and Complaints</b>							
16. To manage the Council's Compliments and Complaints Procedure to ensure that it is effectively implemented and report quarterly to Management Team on the complaints and compliments received including monitoring trends for service improvements.	Responsible Financial & Resource Management	Assistant Chief Executive and Solicitor to the Council	April 18	March 19	High	Reports prepared and service improvements implemented	

## Policy Support Service Plan 2018-2019

Action	The Community Plan Objective Corporate Objective Divisional Objective or Policy the task contributes to	Lead Officer	Start Date	End Date	Priority	Measurement of Success	Resource/Training Implications
<b>Consultation</b>							
17. To assist in the implementation of the Council's Consultation Action Plan.	Tackling Poverty  Promoting Sustainable & Vibrant Communities	Assistant Chief Executive and Solicitor to the Council	April 18	March 19	High	Actions completed Revised approach to communication and consultation implemented.	Consultation budget
<b>Community Planning/Sustainability</b>							
18. To develop and carry out the preparations for Partnership task and finish group events and partnership days.	Developing Healthier Communities Raising aspirations, education attainment and skills Tackling Poverty and all six Council priorities	Assistant Chief Executive and Solicitor to the Council	April 18	March 19	High	Partnership Task and Finish group events held.	Community Strategy budget
19. To support the function and co-ordination of the North Warwickshire Community Partnership and its associated structures.	Developing Healthier Communities Raising aspirations, education attainment and skills Tackling Poverty and all six Council priorities	Chief Executive	April 18	March 19	High	Local strategic partnership responsibilities being met. Improvements in the agreed priorities being achieved.	Community Strategy budget
20. To maintain and develop the North Warwickshire Community Partnership website.	Developing Healthier Communities Raising aspirations, education attainment and skills Tackling Poverty and all six Council priorities	Assistant Chief Executive and Solicitor to the Council	April 18	March 18	Med	Feedback from users	

## Policy Support Service Plan 2018-2019

Action	The Community Plan Objective Corporate Objective Divisional Objective or Policy the task contributes to	Lead Officer	Start Date	End Date	Priority	Measurement of Success	Resource/Training Implications
21. To support the implementation of the Sustainable Community Strategy 2009 – 2026 and the associated scs funding if agreed.	Developing Healthier Communities Raising aspirations, education attainment and skills Tackling Poverty and all six Council priorities.	Assistant Chief Executive and Solicitor to the Council	April 18	March 19	High	Sustainable Community Strategy 2009 – 2026 in place Progress with improvement of priorities being demonstrated	Community Strategy budget Use of reserve allocation in 2018/19.
22. To support the implementation of the Talent Match Programme for NEETS in North Warwickshire	Raising aspirations, education attainment and skills Promoting Sustainable & Vibrant Communities	Assistant Chief Executive and Solicitor to the Council	April 18	March 19	High	Target number of NEETS with successful outcomes	External funding
23. To support the Council's contribution towards achieving increased opportunities for employment and training for local residents	Promoting Sustainable & Vibrant Communities Supporting Employment & Business	Assistant Chief Executive and Solicitor to the Council	April 18	March 19	High	Increase in job and training opportunities	External funding opportunities e.g ESIF
24. Support the implementation of a Climate Change strategy and action plan.	Developing Healthier Communities and all six priorities	Assistant Chief Executive and Solicitor to the Council	April 18	March 19	High	Strategy and action plan approved	

## Policy Support Service Plan 2018-2019

Action	The Community Plan Objective Corporate Objective Divisional Objective or Policy the task contributes to	Lead Officer	Start Date	End Date	Priority	Measurement of Success	Resource/Training Implications
<b>Information Governance</b>							
25. To monitor the responses to requests for information to ensure requests are dealt with by 20 working days and to ensure the Council meets its requirements under the Freedom of Information Act and the Environmental Information Regulations and the Data Protection Act and report quarterly to Management Team.	Responsible Financial & Resource Management	Assistant Chief Executive and Solicitor to the Council	April 18	March 19	High	Percentage of information requests dealt with within 20 working days No reported breaches of personal data to the Information Commissioner	There could be further training requirements to refresh awareness of the regulations.
26. To assist and coordinate the Council's action plan for on going compliance with the GDPR requirements.	Responsible Financial & Resource Management	Assistant Chief Executive and Solicitor to the Council	April 18	March 19	High	Risks of Data Security breaches are minimised Compliance with the regulation and associated legal frameworks	There could be training requirements to refresh awareness of the GDPR and Data Protection Bill requirements.

**Agenda Item No 7**

**Executive Board**

**12 February 2018**

**Report of the Management Team**

**The Proposed 3 Year Capital Programme 2018/19 to 2020/21**

**1 Summary**

- 1.1 This report puts forward proposals for the Three Year Capital Programme and outlines the availability of capital resources and the options to meet any shortfalls.

**Recommendation to the Board**

- a That the Board adopts the Revised Capital Programme for 2017/18 as set out in Appendix A;**
- b That the Board adopts the 3 Year Capital Programme for the period 2018/19 to 2020/21 as set out in Appendix B; and**

**Recommendation to Council**

- c That the prudential indicators set out in Appendix F are approved, subject to any changes that may be required as a result of decisions taken during this evening's meeting.**

**2 Background**

- 2.1 The Council is permitted to borrow to fund capital expenditure, but no longer receives government support for any new borrowing. The Council has the ability to undertake unsupported borrowing and have forecast the use of this in order to fund the purchase of vehicles from the vehicle renewal programme.
- 2.2 Since 1 April 2012 the Authority is no longer part of a national housing subsidy system and has moved to a self financing system. The new arrangements enable the Council to fund housing capital spending from the revenue generated through the Housing 30 Year Business Plan.
- 2.3 Other sources of finance are required to enable the Council to fund the Capital Programme and we will continue to be dependent on the use of capital receipts from the sale of Council Houses and land, together with external sources, such as specific grant funding.

### 3 **2017/18 Revised Capital Programme**

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- 3.1 In relation to capital expenditure, Appendix A shows the originally approved programme for 2017/18 alongside the in year movements. The revised position is £2,885,470 less than the approved programme.
- 3.2 The revised budget for HRA Housing has reduced due to slippage in planned expenditure on New Build Schemes, at St Helena, Polesworth and Church Walk, Mancetter. Some expenditure on kitchens and bathrooms and the flats at Alder and Heather Court has also been pushed back into 2018/19.
- 3.3 Projected underspends of £180,000 on the electrics programme have been re-allocated to the multi trade contract and to the disabled facilities adaptations programme.
- 3.4 On the General Fund Housing schemes, shops and flats at High Street, Coleshill are in need of refurbishment. Some essential work on windows installation and guttering totalling £11,432 has already been incurred in 2017/18, with the provision to be covered from the anticipated underspend within the Decent Homes Grants and Works scheme.
- 3.5 Uncommitted spend on the Disabled Discrimination Adaptations scheme of £270,450 has been pushed back into 2018/19, whilst work is in progress to revise the Council's Asset Management Plan in order to identify areas of greatest need and those schemes which will deliver the best improvements to Council property.
- 3.6 An increase in the budget of £38,800 was approved by the Executive Board, consequent upon the progression of the play area scheme at Bretts Hall Recreation Ground. This will be funded by a contribution of £18,300 from the existing Disabled Discrimination Act budget, with the remaining funding for the project sourced from external partners.
- 3.7 The planned revamping of the pool lighting at Atherstone Leisure Centre has been delayed. The Refurbishment of Council Owned Buildings budget has been reduced. £15,000 has been moved into 2018/19 for this.
- 3.8 The Payment Management System Upgrade is to be undertaken in two parts, with the majority of the call security facilities element to be implemented in 2018/19. £15,000 has been moved in relation to this.
- 3.9 Equipment at the Polesworth Leisure Centre Fitness Suite has been replaced at a cost of £46,000. This will be part funded from the Leisure Equipment Replacement Fund (£36,000) and the existing budget for the Easyline replacement (£10,000).

- 3.10 Changes in the timing of vehicle replacements have reduced costs by £175,790.
- 3.11 The final actual expenditure out-turn for 2017/18 could still differ to the revised position shown. It is difficult to predict when some work will be completed and some schemes, like the Decent Homes Grants for Private Sector Housing are reliant on the timing of client claims for works over which the Council has no control. In line with normal practice, the Executive Board may be asked to approve the carry over of some of these budgets into 2018/19, once the final spend for 2017/18 is established.

#### **4 Formulating the Capital Programme**

- 4.1 The Council needs to control its capital programme carefully, firstly to ensure that available resources are targeted effectively towards meeting corporate targets and secondly, to take into account the effect that capital expenditure has on revenue budgets.
- 4.2 The capital programme, by its nature, is long term and therefore the initial programme drawn up is for a ten year period to 2027/28. However, as both expenditure and funding is difficult to predict so far in advance, a more detailed three-year programme has also been developed.

#### **5 10-Year Capital Resource Forecast - 2018/19 to 2027/28**

- 5.1 The resources for 2018/19 to 2027/28 have been estimated using the following assumptions:
- Capital receipts will be received from Right to Buy sales (30 properties per annum), with some receipts used to fund General Fund (GF) programmes. The Council has entered into an agreement with the government which allows the retention of a greater proportion of these receipts. The additional receipts retained must be used for the construction of new affordable properties within 3 years of receipt;
  - Future year estimates of the Disabled Facility Grant have been removed on the basis that funding will go to the Heart project;
  - A general revenue contribution will be used for General Fund projects, as well as revenue contributions for specific projects such as the pool sinking fund contributions;
  - The use of revenue contributions to fund the majority of HRA expenditure;
  - Borrowing will be used for the purchase of General Fund vehicles, amounting to £5,620,000 over the 10 year programme.

- 5.2 The expected resources for the period 2018/19 to 2027/28 are shown in the table below:

	<b>HRA £'000</b>	<b>Gen Fund £'000</b>	<b>Total £'000</b>
Resources b/f	(6,594)	(3,673)	<b>(10,267)</b>
Use of earmarked reserves	-	(813)	<b>(813)</b>
Revenue Contributions to capital schemes	(34,102)	(1,190)	<b>(35,292)</b>
Borrowing/Leasing	-	(5,620)	<b>(5,620)</b>
Capital receipts	(14,761)	(1,390)	<b>(16,151)</b>
Grant or other income	(254)	-	<b>(254)</b>
<b>Total</b>	<b>(55,711)</b>	<b>(12,686)</b>	<b>(68,397)</b>

- 5.3 This gives a total of £68.397 million available resources over the ten-year period to 2027/28. However, it must be emphasised that figures for 2019/20 onwards are indicative only, and firmer figures will only be available a few months ahead of the relevant year.

## 6 Ten Year Capital Expenditure Forecast – 2018/19 to 2027/28

- 6.1 An initial forecast of all potential capital projects has been collated covering the next 10 years, including both HRA and GF schemes. This followed an analysis of the general fund building maintenance requirements and a detailed breakdown of the key components needed to maintain the Decent Homes Standard within the Council's housing stock in the future.
- 6.2 A draft 10 year capital programme commencing in 2018/19 has been compiled based on the approved schemes from 2017/18. The opportunity has been taken to assess any new schemes and review schemes previously classed as non-essential, to assess whether this classification is still valid. The review also gave the opportunity to reconsider the timing of existing schemes.
- 6.3 A full stock condition survey will be completed in early 2018 and the results of this will be used to drive a review of the key areas of focus for the remainder of the 10 year programme.
- 6.4 There is a continuation of the scheme to increase new build homes in the HRA. This is required under the Section 11 agreement that the Council has entered into with the Government to retain some of the capital receipts relating to the sale of council houses. This expenditure will be focused on specific schemes in Mancetter and Polesworth from 2018/19 to 2020/21.
- ... 6.5 The draft programme is summarised below and the details are shown in Appendix B:

<b>Initial Forecast 2018/19 to 2027/28</b>	<b>£000</b>
HRA	49,751
General Fund	10,581
<b>TOTAL</b>	<b>60,332</b>

6.6 As shown in the previous section, the total estimated resources for the ten-year period are £68.397 million compared with the expenditure bids of £60.332 million. This leaves a surplus of £8.065 million. This expenditure reflects the total bids put forward for consideration that have been identified to ensure the continuity of current services.

6.7 Included within the expenditure on the General Fund is work to the roof at Atherstone Leisure Complex and expenditure at Innage Park, The Pavilions and Maya Restaurant (previously the Bear & Ragged Staff). Before either of these schemes commence, a detailed report will be taken to Board for approval.

## 7 Unallocated Schemes

7.1 The level of schemes put forward for inclusion in the capital programme far outweighed the General Fund resources available. As a consequence projects which have been assessed as non-essential have not been included in the proposed programme. Details of these schemes are outlined in Appendix C.

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7.2 £770k of works have been identified at the various industrial units that the Council owns. As part of the Asset Management Plan process, a financial and operational review will be carried out. Until this analysis is carried out, commitment to expenditure would not be advisable, but should the review show that the Council should retain the assets, investment will need to be made.

7.3 £1m of refurbishment or replacement has been identified for the Memorial Hall in Atherstone, for which there is currently no specific funding available. £1.576m of external and internal works at Arley Sports Centre have been identified in the unapproved Capital Programme.

## 8 Three-Year Capital Spend and Resources to 2020/21

8.1 As well as the long term programme, it is prudent to ensure that the Council can afford the capital schemes required in the medium term. As such, schemes included in the next 3 years have been assessed in more detail.

- 8.2 The table below highlights that there is an overall surplus generated over the 3 year period for both the General Fund and the HRA.

<b>Potential 3 year programme</b>	<b>HRA £'000</b>	<b>Gen Fund £'000</b>	<b>Total £'000</b>
Resources b/f	(6,594)	(3,673)	<b>(10,267)</b>
Total 3 year resources	(14,079)	(2,470)	<b>(16,549)</b>
Total 3 year expenditure	15,219	3,948	<b>19,167</b>
<b>Total</b>	<b>(5,454)</b>	<b>(2,195)</b>	<b>(7,649)</b>

- 8.3 It is prudent to have a capital programme with surplus balances. The incoming resources include Right to Buy within the resources total, both of which have a degree of risk associated with them. In addition, resources are not received consistently, and the surplus will be needed to fund 2021/22 onwards.

## 9 Prudential Indicators for Capital Investment

- 9.1 The introduction of the Local Government Act 2003 resulted in a change in the capital finance system for Local Authorities, and established a prudential framework for capital investment. Under this system, Councils are free to determine the affordability of their capital investment proposals and of any borrowing required to finance those proposals.
- 9.2 A prudential code was developed in 2011, which required the Council to consider the affordability of its proposals, their prudence and sustainability, value for money, asset management planning, practicality and service objectives. The prudential code was updated in December 2017.
- 9.3 In addition to the information already provided within this report, the Council is required to set and review regularly a range of indicators that have been developed as part of the Code, which will be used to support capital investment decision-making. As risk and uncertainty form a key part of capital investment planning, the Code requires three year integrated capital and revenue spending plans to determine the indicators. These need to be set as part of the overall budget-setting process.
- 9.4 The Code requires six sets of indicators be set. Two sets of these indicators have already been detailed within the Treasury Management Strategy statement, MRP Policy statement and Annual Investment Strategy for 2018/19, which was reported to Resources Board on 29 January 2018. These are:
- External Debt Indicators (the Authorised Limit for Borrowing and the Operational Boundary); and
  - Treasury Management Indicators.

Each of the remaining sets of indicators is covered in the paragraphs below.

- 9.5 **Capital Expenditure Indicators** – the Council is required to make a reasonable estimate of the capital expenditure it plans to incur in each of the next three years, and report actual expenditure incurred at year-end. Using the proposals contained within this report, these are set out below, together with the actual position for 2016/17 and the revised position for 2017/18.

	<b>Actual 2016/17 £'000</b>	<b>Revised 2017/18 £'000</b>	<b>Original 2018/19 £'000</b>	<b>Forecast 2019/20 £'000</b>	<b>Forecast 2020/21 £'000</b>
<b>HRA</b>	3,212	4,250	4,646	3,358	3,254
<b>HRA - New Build</b>	4,097	3,204	1,869	1,030	1,061
<b>General Fund</b>	962	664	924	1,604	1,421
<b>Total</b>	<b>8,271</b>	<b>8,118</b>	<b>7,439</b>	<b>5,992</b>	<b>5,736</b>

- 9.6 **Capital Financing Requirement Indicators** – these indicators measure the Council's underlying need to borrow to fund capital expenditure, which is the normal level of borrowing expected. The actual capital financing requirement as at 31 March 2017, the revised estimate for 2017/18 and estimates for the next three years are set out below. The method of calculation is set out as Appendix D.

...

	<b>Actual 2016/17 £'000</b>	<b>Revised 2017/18 £'000</b>	<b>Original 2018/19 £'000</b>	<b>Forecast 2019/20 £'000</b>	<b>Forecast 2020/21 £'000</b>
HRA	53,703	52,103	50,403	48,653	46,653
General Fund	14,488	14,343	14,019	13,754	14,189
<b>Total</b>	<b>68,191</b>	<b>66,446</b>	<b>64,422</b>	<b>62,407</b>	<b>60,842</b>

\* The Capital Financing Requirement for the HRA may need amending once the full impact of the Housing Bill is known.

- 9.7 **Capital Financing Cost Indicators** – an indicator of affordability is the estimated ratio of financing costs to net revenue stream in percentage terms. If the ratio is increasing rapidly over time, then a larger proportion of revenue resources are being taken up by financing costs, which could be used to fund direct service delivery. This indicator is calculated for both the General Fund and the Housing Revenue Account, and these are shown below. The calculation of both is shown in more detail in Appendix E.

...

	<b>Actual 2016/17</b>	<b>Revised 2017/18</b>	<b>Original 2018/19</b>	<b>Forecast 2019/20</b>	<b>Forecast 2020/21</b>
HRA	25.07%	26.14%	26.72%	27.33%	28.25%
General Fund	3.48%	4.05%	3.52%	3.96%	4.97%

9.7.1 HRA financing costs reflect the scheduled repayment of the debt taken out by the Council as part of the move to self financing. The increase in the General Fund amount from 2017/18 onwards reflects the additional financing costs required to replace the Authority's existing vehicles.

9.8 **Incremental Impact Indicators** – A further indication of affordability is the estimate of the incremental impact on Council Tax and Housing Rents, over and above the capital financing decisions that have previously been taken by the Council. These are shown in the tables below:

<b>General Fund</b>	<b>Original 2017/18 £</b>	<b>Forecast 2018/19 £</b>	<b>Forecast 2019/20 £</b>	<b>Forecast 2020/21 £</b>
Council Tax at Band D	3.27	1.14	1.97	6.96

<b>HRA</b>	<b>Original 2017/18 £</b>	<b>Forecast 2018/19 £</b>	<b>Forecast 2019/20 £</b>	<b>Forecast 2020/21 £</b>
Average Weekly Rent	0.13	0.17	0.08	0.11

... 9.9 A summary of all six sets of indicators is given as Appendix F, as these will need to be approved by the Council. However, these may need to be amended, depending on the decisions on the capital programme taken by this Board.

9.10 **Net debt and the capital financing requirement** – an indicator of prudence. In order to ensure that over the medium term debt will only be for a capital purpose, the Authority must ensure that external debt does not exceed the total capital financing requirement for the preceding year and the estimates for the next two financial years. Current external borrowing is £53.539 million, well below the Capital Financing Requirement projections shown in paragraph 9.6.

## 10 **Conclusion**

10.1 Some sources of funding are specific to particular types of expenditure. The proposed programme takes this into account, so Members need to be mindful of this should they wish to vary the proposed programme.

10.2 Only those schemes that either meet a statutory duty or which score highly against the Council priorities and risk assessment are included in the Capital Programme.

- 10.3 The proposed 3 Year Programme has a level of unallocated balances which is felt prudent as there are certain risks to some income streams and potentially unforeseen costs that may be unavoidable.

## 11 Report Implications

### 11.1 Finance and Value for Money Implications

- 11.1.1 The financial implications of this 3 Year Capital programme, in terms of the cost of funding, are given below.

<b>GENERAL FUND</b>	<b>2018/19 £</b>	<b>2019/20 £</b>	<b>2020/21 £</b>
Financing costs	142,485	160,033	266,475

Not all of the financing costs are additional, as some relate to the replacement of existing vehicles. The maintenance costs of the vehicles are included with the existing revenue allocations.

<b>HRA</b>	<b>2018/19 £</b>	<b>2019/20 £</b>	<b>2020/21 £</b>
Financing costs	3,063,170	2,854,730	2,779,640

The majority of the financing costs for the HRA are funded through revenue contributions to capital expenditure.

### 11.2 Environment and Sustainability Implications

- 11.2.1 Continuing to follow the capital strategy when setting a capital programme will ensure that the Council continues to achieve its priorities within the available capital resources.

### 11.3 Equality Implications

- 11.3.1 The proposals for the capital programme will need to be equality assessed for impact and needs and some of the schemes highlighted in the report will have positive impacts including the housing developments and improvements to Leisure facilities.

### 11.4 Safer Communities

- 11.4.1 The identified schemes would have positive implications for the development of safer communities, in that the provision of good quality leisure opportunities reduces the likelihood of criminal and/or anti-social behaviour.

## 11.5 Risk Management Implications

11.5.1 There are a number of risks associated with setting a capital programme, as assumptions are made on the type and level of available resources, as well as the required level of expenditure. To minimise the risks, decisions on these have been taken using past experience and knowledge, informed by current forecasts and trends. There is a degree of uncertainty regarding the land sales budgeted for in the next few years; however this risk is small given the limited inclusion of receipts. Risk will be managed through the production of regular budgetary control reports, assessing the impact of variances and reporting on the need to take any further action.

The Contact Officer for this report is Daniel Hogan (719337).

### Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date

Expenditure Proposals	Approved Budget	In year Virements	Moved to future year	Other Movements	Revised 2017/18
<b>HRA Assets</b>					
Staffing	130,270			18,200	148,470
Electrics	409,000	- 180,000			229,000
Kitchens and Bathrooms	913,500		- 263,500		650,000
Heating	407,320				407,320
Windows and Doors	257,500				257,500
Energy Saving Measures	362,350				362,350
Disabled Facilities Adaptations	180,250	30,000			210,250
Roofing	1,549,280				1,549,280
Alder & Heather Court Flats	1,131,220		- 1,051,220		80,000
Replacement of DLO Vehicles	99,000		- 99,000		-
Replacement of Housing Inspectors Vehicles	74,000		- 74,000		-
Replacement of Neighbourhood Warden Vehicles	96,000		- 96,000		-
Multi Trade Contract	206,000	150,000			356,000
New Build	4,102,800		- 898,650		3,204,150
<b>HRA TOTAL</b>	<b>9,918,490</b>	<b>-</b>	<b>- 2,482,370</b>	<b>18,200</b>	<b>7,454,320</b>
<b>General Fund Assets</b>					
Decent Homes Grants & Works (Private Sector)	77,500	- 11,440			66,060
High Street, Coleshill	-	11,440			11,440
Borough Care Lifelines	23,000				23,000
Computer Hardware & Software Purchase	30,000				30,000
ICT Infrastructure Development	21,730				21,730
Backing Up	1,110				1,110
Payment Management System	40,000		- 15,000		25,000
Atherstone Leisure Complex - Replacement Roof	15,000				15,000
Refurbishment of Council Owned Buildings	30,000		- 15,000		15,000
Disabled Discrimination Adaptations	308,750	- 18,300	- 270,450		20,000
Replacement of Refuse Vehicles	269,240		- 9,240		260,000
Replacement of Street Cleaning Vehicles	73,100		- 73,100		-
Replacement of Horticulture Vehicles	47,440		- 23,450		23,990
Replacement of Warden Call Scheme Vehicles	70,000		- 70,000		-
Leisure Equipment	20,000				20,000
Leisure Centre Fitness Suite Equipment Replacement	10,000			36,000	46,000
Improvements to Bretts Hall Recreation Ground, Ansley Common	30,000	18,300		20,500	68,800
Capital Salaries - Management	18,580			- 1,560	17,020
<b>GENERAL FUND</b>	<b>1,085,450</b>	<b>-</b>	<b>- 476,240</b>	<b>54,940</b>	<b>664,150</b>
<b>OVERALL TOTAL</b>	<b>11,003,940</b>	<b>-</b>	<b>- 2,958,610</b>	<b>73,140</b>	<b>8,118,470</b>

## Draft Capital Programme - HRA Housing

Name of the Scheme	Basic Details of the Scheme	Year 1	Year 2	Year 3	Year 4 – 10	Total
		2018/19	2019/20	2020/21	2021/22 to 2027/28	10 Year Programme
Electrics	A scheduled programme to replace consumer units and bring wiring in Council properties up to date.	477,410	491,730	506,480	3,997,250	5,472,870
Staffing	Housing officers who deliver the capital programme to Council properties	148,720	155,420	159,280	1,213,180	1,676,600
Kitchens and Bathrooms	Replacement programme to ensure these facilities meet the Decent Homes Standard.	979,610	737,590	759,720	5,995,990	8,472,910
Heating	To replace heating systems which are at the end of their component life time, can't be repaired or to provide for controllable systems to meet the Decent Homes Standard.	318,270	163,910	168,830	1,332,410	1,983,420
Windows and Doors	Programmes of window and door replacements to address older installations that are not energy efficient and those that are defective.	530,450	546,360	562,750	4,441,400	6,080,960
Energy Saving Measures	External Wall Insulation & Loft Insulation programmes to ensure properties meet the necessary levels for energy usage.	106,090	109,270	112,550	888,300	1,216,210
Adaptations	Undertake adaptations to properties to improve accessibility in accordance with recommendations from social care assessors.	185,660	191,230	196,970	1,554,600	2,128,460
Roofing	To replace roofs (flat or pitched) which do not meet the Decent Homes Standard and cannot be repaired to extend their use.	530,450	546,360	562,750	4,441,400	6,080,960
Alder & Heather Court Flats - Essential Works	A range of essential works are required to these properties, for example, the replacement of defective windows, the soil pipes which are at the end of their useful life, removal of asbestos materials from communal areas and to remediated defective roofing.	1,157,310	-	-	-	1,157,310
Replacement of DLO Vehicles	Replacement as per the vehicle replacement schedule.	-	17,500	-	292,220	309,720
Replacement of Housing Inspectors Vehicles	Replacement as per the vehicle replacement schedule.	-	78,510	-	97,000	175,510
Replacement of Neighbourhood Warden Vehicles	Replacement as per the vehicle replacement schedule.	-	101,840	-	128,000	229,840

## Draft Capital Programme - HRA Housing

Name of the Scheme	Basic Details of the Scheme	Year 1	Year 2	Year 3	Year 4 - 10	Total
		2018/19	2019/20	2020/21	2021/22 to 2027/28	10 Year Programme
Multi Trade Contract	To cover a range of capital works including remedial work following fire risk assessments and schemes for garages and sheltered scheme communal rooms as well as external works and structural works.	212,180	218,550	225,110	1,776,620	2,432,460
New Build - Unallocated	New Build funds to be allocated.	1,000,000	1,030,000	1,060,900	8,373,020	11,463,920
New Build - Polesworth	Purchase of New Homes at St Helena, Polesworth.	822,290	-	-	-	822,290
New Build - Church Walk, Mancetter	Redevelopment at Church Walk.	47,240	-	-	-	47,240
		<b>6,515,680</b>	<b>4,388,270</b>	<b>4,315,340</b>	<b>34,531,390</b>	<b>49,750,680</b>

## Draft Capital Programme - General Fund

Name of the Scheme	Basic Details of the Scheme	Year				Total
		Year 1 2018/19	Year 2 2019/20	Year 3 2020/21	Year 4 - 10 2021/22 to 2027/28	
CCTV Replacement	The scheduled replacement of the existing CCTV cameras.	136,700	-	-	-	136,700
Decent Homes Grants & Works (Private Sector)	Assistance with repairs and replacements targeted at vulnerable households on a means tested basis to prevent deterioration and associated health effects.	57,500	57,500	57,500	402,500	575,000
Borough Care Lifelines	Provide new lifelines and replace units that are beyond repair and/or are obsolete.	23,000	23,000	23,000	161,000	230,000
Computer hardware & software purchase & replacement	To continue to provide PC's that meet the requirements of the increasingly complex software that is used to deliver Council services and back office functions. This budget includes the renewal of the Microsoft Software licenses.	40,000	40,000	40,000	240,000	360,000
Replacement of scanner/plotter	Replacement of the existing separate scanner and plotter with a single solution.	-	10,000	-	10,000	20,000
ICT Infrastructure Development	To further develop the network and hardware structures to ensure that the Councils aspirations of home and mobile working and self service delivery are possible.	20,000	20,000	20,000	140,000	200,000
Network Infrastructure	Replacement of the existing network infrastructure.	-	40,000	-	40,000	80,000
Telephone System	Replacement of the existing telephone system.	-	-	20,000	20,000	40,000
Server Virtualisation	Replacement of the existing virtual server.	-	50,000	-	50,000	100,000
Operating System Upgrade	The operating programmes used by some systems are becoming old and in need of replacement.	5,000	-	-	-	5,000
Backing Up	Primarily used at two levels; the day to day use of the recovery of lost data or damaged systems that need to be rolled back to a previous state. The major use is in the event of fire or theft where the backups we hold would be used to restore systems	-	-	-	50,000	50,000
Payment Management System	Upgrade to Payment Management System to meet new encryption standards and introduce contactless payments.	25,000	-	-	30,000	55,000
Uninterruptable Power Supply	A large 'battery' which ensures power to all systems. This supply is unaffected by power cuts etc.	-	-	-	10,000	10,000
Atherstone Leisure Complex - Replacement Roof	The leisure complex has a single ply flat roof covering virtually all of the facility that has an estimated life span of around 10 years and will need replacing in 2018/19.	-	285,000	-	-	285,000
The Pavilions - Cladding/roof works	Replacement of the roof cladding.	-	105,000	-	-	105,000
Innage Park Phase 2 - Cladding/roof works	Replacement of the roof cladding.	-	195,000	-	-	195,000
Maya Restaurant (Bear and Ragged Staff)	To replace the roof covering the building.	-	120,000	-	-	120,000

## Draft Capital Programme - General Fund

Name of the Scheme	Basic Details of the Scheme	Year 1	Year 2	Year 3	Year 4 - 10	Total
		2018/19	2019/20	2020/21	2021/22 to 2027/28	10 Year Programme
Refurbishment of Council Owned Buildings	To carry out necessary improvements to all council owned property.	30,000	-	-	135,000	165,000
Disabled Discrimination Adaptations	To undertake work where appropriate to improve access to and around our facilities for disabled users of the service.	270,450	-	-	-	270,450
Electrical upgrade at Old Bank House	The electrical system at OBH is almost 30 years old and will be in need of updating to comply with current legislation	-	150,000	-	-	150,000
Replacement of Pool Vehicles	Replacement as per the vehicle replacement schedule.	-	-	-	53,000	53,000
Replacement of Refuse Vehicles	Replacement as per the vehicle replacement schedule.	-	-	771,000	2,988,000	3,759,000
Replacement of Gesspool Vehicles	Replacement as per the vehicle replacement schedule.	-	-	-	126,000	126,000
Replacement of Rodent Vontrol Vehicles	Replacement as per the vehicle replacement schedule.	-	-	-	44,000	44,000
Replacement of Street Cleaning Vehicles	Replacement as per the vehicle replacement schedule.	122,740	76,400	119,050	484,680	802,870
Replacement of Horticulture Vehicles	Replacement as per the vehicle replacement schedule.	6,180	55,500	122,010	453,050	636,740
Replacement of Leisure Services Vehicles	Replacement as per the vehicle replacement schedule.	-	15,260	-	18,770	34,030
Replacement of Warden Call Scheme Vehicles	Replacement as per the vehicle replacement schedule.	-	73,710	-	90,650	164,360
Easyline replacement at Atherstone Leisure Complex	Planned replacement of the Easyline equipment at Atherstone Leisure Complex. This replacement will take place once the fund has built up sufficient funding for the work to take place.	-	-	10,000	10,000	20,000

## Draft Capital Programme - General Fund

Name of the Scheme	Basic Details of the Scheme	Year 1	Year 2	Year 3	Year 4 - 10	Total
		2018/19	2019/20	2020/21	2021/22 to 2027/28	10 Year Programme
Leisure Equipment	To replace the equipment used in the execution of various activity programmes in each of the leisure centres that conforms to industry and market standards relating to customer needs and safety requirements. The proposed investment protects significant levels of income. Whilst fitness equipment has been replaced over the last few years, there is other sports equipment that is in need of renewal.	20,000	20,000	20,000	140,000	200,000
Leisure Centre Fitness Suite Equipment Replacement	Planned full replacement of the fitness centre equipment at the four leisure centres in the Borough. This replacement will take place once the fund has built up sufficient funding for the work to take place.	-	250,000	-	250,000	500,000
Play Area Replacement Programme (10)	Planned replacement of play facilities - Year 3 at Ansley Common, Ausfrey, Coleshill, Piccadilly; Year 4 at Polesworth, Corley Hurley, Wood End; Year 5 at Mancetter and Dordon (Kitwood Avenue).	-	-	200,000	550,000	750,000
Replacement Revenues and Benefits System	Replacement of the current Revenues and Benefits system to a common ICT Platform with Nuneaton and Bedworth Borough Council.	150,120	-	-	-	150,120
Capital Salaries - Management	General Fund staffing.	16,910	17,560	17,960	136,820	189,250
		923,600	1,603,930	1,420,520	6,633,470	10,581,520
		7,439,280	5,992,200	5,735,860	41,164,860	60,332,200

Name of the Scheme	Basic Details of the Scheme	Essential or Non Essential?	Year 1	Year 2	Year 3	Year 4 - 10	Total
			2018/19	2019/20	2020/21	2021/22 to 2027/28	10 Year Programme
Replacement Financial Management System (FMS)	The current financial system (TOTAL) will be more than 10 years old and it is Council practice to review and assess systems to ensure they still meet user needs.	Non Essential	-	-	70,000	-	70,000
Replacement Housing/Rents	The current system (IBS) will be more than 10 years old and it is Council practice to review and assess systems to ensure they still meet user needs.	Non Essential	-	-	100,000	-	100,000
Electronic Document and Record Management System (EDRMS) - Development and Corporate roll-out	To review and assess system to ensure it still meets user needs and replace if required.	Non Essential	-	-	70,000	-	70,000
Web Development (Internet, Intranet and Extranets)	To review and assess systems to ensure they still meet user needs and replace if required.	Non Essential	-	-	-	50,000	50,000
Replacement Leisure System	To review and assess system to ensure it still meets user needs and replace if required.	Non Essential	-	-	-	70,000	70,000
Replacement Planning System	To review and assess system to ensure it still meets user needs and replace if required.	Non Essential	-	-	-	50,000	50,000
Mobile CCTV Replacement	The introduction of mobile CCTV cameras in the Borough.	Non Essential	-	-	-	44,000	44,000
Atherstone Leisure Complex - Heating	Replacement of the heating and other M&E systems at the Leisure Complex (additional to the boiler system for which there is funding set aside).	Non Essential	-	200,000	-	-	200,000
Arley Sports Centre - Full replacement	If a review shows a need to retain the sports service in Arley, there would be a need to rebuild the facility. This would include a requirement to improve the storage facilities within the building.	Non Essential	1,576,000	-	-	-	1,576,000
Memorial Hall - Refurbishment and Structural Works	If a review shows a need to retain the Memorial Hall, there would be a need to carry out internal refurbishment and structural works to the facility, including the leaking roof.	Non Essential	1,000,000	-	-	-	1,000,000
Maya Restaurant - resurface car park	The car park at the facility is looking shabby and there is an increased risk of injury or accident as the condition of the car park surface diminishes.	Non Essential	-	-	50,000	-	50,000
Carlyon Road - resurface car park	The streetscape in the area of the industrial units will start to look shabby and there is an increased risk of injury or accident as the condition of the car park surface diminishes.	Non Essential	-	-	250,000	-	250,000
Innage Park Phase 1 - resurface forecourt	The streetscape in the area of the industrial units will start to look shabby and there is an increased risk of injury or accident as the condition of the forecourt surface diminishes.	Non Essential	-	-	80,000	-	80,000
Innage Park Phase 2 - resurface forecourt	The streetscape in the area of the industrial units will start to look shabby and there is an increased risk of injury or accident as the condition of the forecourt surface diminishes.	Non Essential	-	40,000	-	-	40,000
Innage Park Phase 2 - full replacement of roof	The roof will erode to the point that there is water ingress which will have a detrimental effect on the tenants occupancy in the units and may result in either unbudgeted repairs or put rental income at risk.	Non Essential	-	-	400,000	-	400,000
Polesworth Sports Centre - Roofing and Cladding	If a review shows a need to retain Polesworth Sports Centre, over time the cladding may fall into disrepair and cause structural damage to those parts of the building that are the responsibility of the Borough Council.	Non Essential	50,000	-	-	-	50,000

Name of the Scheme	Basic Details of the Scheme	Essential or Non Essential?	Year 1	Year 2	Year 3	Year 4 - 10	Total	
			2018/19	2019/20	2020/21	2021/22 to 2027/28	10 Year Programme	
Car Parking Meters	To provide car parking meters at all of the councils car parks, to assist in parking enforcement but then providing the potential to introduce parking fees if required. The programme will start at Altherstone and Water Orton where there are train stations to regulate the correct use of car parking spaces. This will then be rolled out to Polesworth and Coleshill.	Non Essential	-	175,000	-	-	-	175,000
The Depot - Refurbishment	This is a basic refurbishment of the office areas.	Non Essential	-	325,000	-	-	-	325,000
The Depot - Replace asbestos cladding and roofing	Although the asbestos has been identified and is manageable on a day to day basis, it may soon reach the point where it erodes or becomes damaged and replacement will be expensive.	Non Essential	-	250,000	-	-	-	250,000
The Depot - Car Park	The streetscape in the area of the depot will start to look shabby and there is an increased risk of injury or accident as the condition of the car park surface diminishes.	Non Essential	-	100,000	-	-	-	100,000
Structural Maintenance Programme of Car Parks and Unadopted Roads	A detailed analysis of the councils car parks and unadopted roads has been carried out and has identified that the thickness of many of the surfaces is below the required levels.	Non Essential	-	1,500,000	-	-	-	1,500,000
Sports Pavilion - Grendon - Hard standing area replacement and internal refurbishment	If a review shows a need to retain Grendon Sports Pavilion, there will be a need to carry out improvement at the sports pavilion, particularly to meet accessibility standards.	Non Essential	-	-	25,000	-	-	25,000
Internal refurbishment of Piccadilly Sports Pavilion and replacement of hard standing areas	If a review shows a need to retain Piccadilly Sports Pavilion, there will be a need to carry out improvement works at the sports pavilion, particularly to improve energy efficiency, the extent and nature of which will be determined once future management options for the site have been agreed.	Non Essential	-	-	-	35,000	-	35,000
Improvements to Anasley Hall Sports Ground to include refurbishment of Pavilion	If a review shows a need to retain Anasley Hall Sports Ground, there will be a need to carry out improvement works at the sports pavilion, the extent and nature of which will be determined once future management options for the site have been agreed.	Non Essential	-	-	-	-	35,000	35,000
Improvements to Mancetter Brook Walk Rec Ground to include replacement of Sports Pavilion	If a review shows a need to retain Mancetter Brook Walk Rec Ground, there will be a need for a new pavilion / changing facilities. The current facility needs refurbishment, does not meet accessibility standards and is inappropriately located within the site.	Non Essential	350,000	-	-	-	-	350,000
Improvements to Arley Recreation Ground to include MUGA	Carry out improvements to the infrastructure at Old Arley Recreation Ground, including the car park and MUGA in accordance with the site management plan.	Non Essential	50,000	-	-	-	-	50,000
Improvements to Cole End Park, Coleshill	Implement the provisions of the outline Management Plan, in accordance with a priority identified in the Green Space Strategy.	Non Essential	30,000	-	-	-	-	30,000
<b>Total</b>			<b>3,056,000</b>	<b>2,590,000</b>	<b>1,045,000</b>	<b>284,000</b>		<b>6,975,000</b>

	HRA (£)	GF (£)	GF Prudential Borrowing (£)	Grand Total
Fixed Assets	137,999,647	24,155,662		162,155,309
Long Term Receivables	-	1,000,000		1,000,000
Revaluation Reserve	(4,985,896)	(4,189,767)		(9,175,663)
Capital Adjustment Account	(79,311,068)	(6,477,597)		(85,788,664)
<b>Actual CFR as at 31-3-17</b>	<b>53,702,684</b>	<b>14,488,298</b>	<b>-</b>	<b>68,190,982</b>
Repayment of HRA borrowing	(1,600,000)			(1,600,000)
Repay Principal - K'bury Link			(2,682)	(2,682)
Repay Principal - Vehicles			(750)	(750)
Repay Principal - Borough Care			(5,077)	(5,077)
Repay Principal - Lower House Farm			(9,117)	(9,117)
Repay Principal - Coleshill LC			(40,914)	(40,914)
Repay Principal - Recycling Containers			(1,939)	(1,939)
Repay Principal - Office Accommodation			(80,735)	(80,735)
Repay Principal - Play Areas			(17,906)	(17,906)
Repay Principal - Vehicles 14/15			(1,555)	(1,555)
Repay Principal - Vehicles 15/16			(146,391)	(146,391)
Repay Principal - Vehicles 17/18			(20,800)	(20,800)
New prudential borrowing - Vehicles			283,990	283,990
MRP		(101,060)		(101,060)
<b>Estimated CFR as at 31-3-18</b>	<b>52,102,684</b>	<b>14,387,238</b>	<b>(43,876)</b>	<b>66,446,046</b>
Repayment of HRA borrowing	(1,700,000)			(1,700,000)
Repay Principal - K'bury Link			(2,682)	(2,682)
Repay Principal - Vehicles			(750)	(750)
Repay Principal - Lower House Farm			(9,117)	(9,117)
Repay Principal - Coleshill LC			(40,914)	(40,914)
Repay Principal - Recycling Containers			(1,939)	(1,939)
Repay Principal - Office Accommodation			(80,735)	(80,735)
Repay Principal - Play Areas			(17,906)	(17,906)
Repay Principal - Vehicles 14/15			(1,555)	(1,555)
Repay Principal - Vehicles 15/16			(146,391)	(146,391)
Repay Principal - Vehicles 17/18			(41,600)	(41,600)
Repay Principal - Vehicles 18/19			(12,720)	(12,720)
New prudential borrowing - Vehicles			128,920	128,920
MRP		(97,010)		(97,010)
<b>Estimated CFR as at 31-3-19</b>	<b>50,402,684</b>	<b>14,290,228</b>	<b>(271,265)</b>	<b>64,421,647</b>
Repayment of HRA borrowing	(1,750,000)			(1,750,000)
Repay Principal - K'bury Link			(2,682)	(2,682)
Repay Principal - Vehicles			(750)	(750)
Repay Principal - Lower House Farm			(9,117)	(9,117)
Repay Principal - Coleshill LC			(40,914)	(40,914)
Repay Principal - Recycling Containers			(1,939)	(1,939)
Repay Principal - Office Accommodation			(80,735)	(80,735)
Repay Principal - Play Areas			(17,906)	(17,906)
Repay Principal - Vehicles 14/15			(1,555)	(1,555)
Repay Principal - Vehicles 15/16			(146,391)	(146,391)
Repay Principal - Vehicles 17/18			(41,600)	(41,600)
Repay Principal - Vehicles 18/19			(25,430)	(25,430)
Repay Principal - Vehicles 19/20			(23,880)	(23,880)
New prudential borrowing - Vehicles			220,870	220,870
MRP		(93,130)		(93,130)
<b>Estimated CFR as at 31-3-20</b>	<b>48,652,684</b>	<b>14,197,098</b>	<b>(443,294)</b>	<b>62,406,488</b>
Repayment of HRA borrowing	(2,000,000)			(2,000,000)
Repay Principal - K'bury Link			(2,682)	(2,682)
Repay Principal - Vehicles			(750)	(750)
Repay Principal - Lower House Farm			(9,117)	(9,117)
Repay Principal - Coleshill LC			(40,914)	(40,914)
Repay Principal - Recycling Containers			(1,939)	(1,939)
Repay Principal - Office Accommodation			(80,735)	(80,735)
Repay Principal - Play Areas			(17,906)	(17,906)
Repay Principal - Vehicles 14/15			(1,555)	(1,555)
Repay Principal - Vehicles 15/16			(144,383)	(144,383)
Repay Principal - Vehicles 17/18			(41,600)	(41,600)
Repay Principal - Vehicles 18/19			(25,430)	(25,430)
Repay Principal - Vehicles 19/20			(47,750)	(47,750)
Repay Principal - Vehicles 20/21			(72,290)	(72,290)
New prudential borrowing			1,012,060	1,012,060
MRP		(89,410)		(89,410)
<b>Estimated CFR as at 31-3-21</b>	<b>46,652,684</b>	<b>14,107,688</b>	<b>81,715</b>	<b>60,842,087</b>

Capital Financing Costs Indicator

Appendix E

	Actual 2016/17 £000	Revised 2017/18 £000	Original 2018/19 £000	Forecast 2019/20 £000	Forecast 2020/21 £000
<b>HRA</b>					
Interest and Investment Income	-29	-47	-57	-59	-81
External Interest Costs	1,611	1,593	1,569	1,539	1,504
Repayment of Borrowing	1,450	1,600	1,700	1,750	2,000
<b>Total</b>	<b>3,032</b>	<b>3,146</b>	<b>3,212</b>	<b>3,230</b>	<b>3,423</b>
Net Revenue Stream	12,094	12,034	12,019	11,818	12,117
<b>Ratio</b>	<b>25.07%</b>	<b>26.14%</b>	<b>26.72%</b>	<b>27.33%</b>	<b>28.25%</b>
<b>General Fund</b>					
External Interest Costs	10	10	10	10	10
Investment Income	-140	-124	-180	-180	-200
Repayment of Borrowing	307	328	356	393	487
MRP	110	101	97	93	89
<b>Total</b>	<b>287</b>	<b>315</b>	<b>283</b>	<b>316</b>	<b>386</b>
Council Tax	4,261	4,210	4,389	4,588	4,762
New Homes Bonus	972	959	902	920	870
RSG/NDR	3,008	2,604	2,738	2,480	2,130
Net Revenue Stream	8,241	7,773	8,029	7,988	7,762
<b>Ratio</b>	<b>3.48%</b>	<b>4.05%</b>	<b>3.52%</b>	<b>3.96%</b>	<b>4.97%</b>

## Summary Of Prudential Indicators

Appendix F

### 1) Capital Expenditure Indicators

	Actual 2016/17 £000	Revised 2017/18 £000	Original 2018/19 £000	Forecast 2019/20 £000	Forecast 2020/21 £000
Housing Revenue Account	3,212	4,250	4,646	3,358	3,254
Housing Revenue Account : New Build	4,097	3,204	1,869	1,030	1,061
General Fund	962	664	924	1,604	1,421
<b>Total</b>	<b>8,271</b>	<b>8,118</b>	<b>7,439</b>	<b>5,992</b>	<b>5,736</b>

### 2) Capital Financing Indicators

	Actual 2016/17 £000	Revised 2017/18 £000	Original 2018/19 £000	Forecast 2019/20 £000	Forecast 2020/21 £000
Housing Revenue Account	53,703	52,102	50,403	48,653	46,653
General Fund	14,488	14,344	14,019	13,754	14,189
<b>Total</b>	<b>68,191</b>	<b>66,446</b>	<b>64,422</b>	<b>62,407</b>	<b>60,842</b>

### 3) Capital Financing Cost Indicators

	Actual 2016/17	Revised 2017/18	Original 2018/19	Forecast 2019/20	Forecast 2020/21
Housing Revenue Account	25.07%	26.14%	26.72%	27.33%	28.25%
General Fund	3.48%	4.05%	3.52%	3.96%	4.97%

### 4) Incremental Impact Indicators

General Fund	Original 2017/18 £	Forecast 2018/19 £	Forecast 2019/20 £	Forecast 2020/21 £
Council Tax at Band D	3.27	1.14	1.97	6.96

Housing Revenue Account	Original 2017/18 £	Forecast 2018/19 £	Forecast 2019/20 £	Forecast 2020/21 £
Average Weekly Rent	0.13	0.17	0.08	0.11

## Treasury Indicators

Treasury Indicator	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Authorised Limit for External Debt	84,511	82,926	80,797	79,176
Operational Boundary	66,720	64,721	62,563	61,000
Upper Limit for Fixed Interest Rate Exposure	67,000	67,000	67,000	67,000
Upper Limit for Variable Rate Exposure	31,000	31,000	31,000	31,000
Upper Limit for Total Principal Sums Invested for over 364 days (per maturity date)	50%	50%	50%	50%

<b>Maturity Structure of New Fixed Rate Borrowing</b>	<b>Upper Limit</b>	<b>Lower Limit</b>
Under 12 months	100%	0%
12 Months and within 24 months	100%	0%
24 months and within 5 years	100%	0%
5 years and within 10 years	100%	0%
10 years and above	100%	0%

## Agenda Item No 8

### Executive Board

12 February 2018

Report of the  
Deputy Chief Executive

General Fund Revenue Estimates  
2018/19

#### 1 Summary

- 1.1 This report covers the revised budget for 2017/18 and an estimate of expenditure for 2018/19, together with forward commitments for 2019/20, 2020/21 and 2021/22.

#### **Recommendation to the Board**

- a To accept the revised budget for 2017/18; and**
- b To accept or otherwise vary the Estimates of Expenditure for 2018/19, as submitted, for their inclusion in the overall budget considered in a later agenda item.**

#### 2 Introduction

- 2.1 In consultation with other Assistant Directors, the Assistant Director (Finance and Human Resources) has prepared an estimate of net expenditure for 2018/19 and this, together with a revised budget for 2017/18, appears in Appendices A and B. To provide a more complete picture of the spending pattern of the service, the actual figures for 2016/17 are shown.

...

- 2.2 At its meeting in September, the Executive Board agreed the budget strategy for 2018-2022 which required savings of £1.6 million over a four year period. This required budget savings of £500,000 in 2018/19 with additional savings of £400,000, £350,000 and £350,000 in 2019/20, 2020/21 and 2021/22 respectively. Some limited growth was built into the strategy in specific areas.
- 2.3 Assistant Directors were asked to identify areas where savings could be made, either by a reduction in expenditure or through the generation of additional income. No savings have been identified for this Board.

2.4 A subjective analysis of the Board's requirement is shown below:

	<b>Approved Budget 2017/18 £</b>	<b>Revised Budget 2017/18 £</b>	<b>Original Budget 2018/19 £</b>
Employee Costs	247,070	263,530	276,270
Premises	2,600	3,280	2,890
Supplies and Services	144,750	191,200	109,870
Transport	1,550	1,560	1,560
Miscellaneous Expenditure	2,000	2,060	2,060
Earmarked Reserves	(123,620)	(106,670)	(99,660)
<b>Gross Expenditure</b>	<b>274,350</b>	<b>354,960</b>	<b>292,990</b>
Income	(6,300)	(122,980)	(6,470)
<b>Net Controllable Expenditure</b>	<b>268,050</b>	<b>231,980</b>	<b>286,520</b>
Departmental Support	140,960	163,560	159,480
Central Support	152,000	165,170	161,300
Capital Charges	8,330	8,330	8,330
<b>Net Expenditure</b>	<b>569,340</b>	<b>569,040</b>	<b>615,630</b>

2.5 The Council values all of its assets using a five year rolling programme, and this can affect the level of capital charges that are made to services and can therefore significantly affect the net service cost. Although few assets are used for the services within this Board, changes in net service expenditure that are as a result of increases or decreases in capital charges are shown below net operating expenditure in the following pages.

### 3 **Comments on the 2017/18 Revised Budget**

3.1 The revised budget for 2017/18 is estimated to be £569,040, a decrease of £300 on the approved provision. The main reasons for variations are set out below.

#### 3.2 **Corporate Communications (£41,060)**

3.2.1 The reduction is mainly due to the inclusion of earmarked reserves used to fund the redundancy payment for the Public Relations Officer post. Additionally there has also been a reduction of £6,390 for the delivery and printing of North talk, as there were only 2 editions this year instead of 3.

#### 3.3 **North Warwickshire Local Development Framework £4,490**

3.3.1 Joint working with other authorities led to some income in the year, as a proportion of costs were recharged. This allowed a lower use than anticipated of the earmarked reserve set aside for LDF work. Salaries have increased due to the additional pension costs charged to the service, which are matched by a reduction in the pension and compensation budget contained with Resources Board.

### **3.4 Departmental and Central Support   £35,770**

3.4.1 Departmental and Central Support charges have mainly increased as a result of the Benefits and Financial Inclusion Shared Services Manager returning from long term sick leave (half pay ended October 2017). Other increases are due to changes as a result of Customer Contact allocations and the increase in superannuation costs.

## **4 Comments on the 2018/19 Estimates**

4.1 The 2018/19 estimate has been prepared, taking into account the following assumptions:

- A 2% pay award from 1 April 2018;

4.2 The total estimated net expenditure for 2018/19 is £615,630; an increase of £46,290 on the 2017/18 approved budget and an increase of £46,590 on the revised 2017/18 budget. The main variation is set out below:-

### **4.3 Corporate Communications   £43,750**

4.3.1 The increase to Corporate Communications relates to budget provision for the new arrangements for Public Relations and the reinstatement of the third edition of north talk which has increased printing and delivery costs.

### **4.4 North Warwickshire Local Development Framework   £9,370**

4.4.1 The increase is due to a combination of the reversal of the one off recharge to other local authorities in 2017/18 and the use of the remaining balance in the earmarked reserve which does not cover the total spend in the year.

### **4.5 Departmental and Central Support   (£7,950)**

4.5.1 Departmental Support charges have decreased as a timing issue on legal fees within the Assistant Chief Executives Division is no longer affecting income received. Central Support charges decreased mainly due to reduction in the recharge from Information Services to Outreach and Access to Services.

## **5 Growth Items**

5.1 A provision for growth was not built into the Council's Budget Strategy, approved in September 2017 by the Executive Board. There are no growth items relating to the services covered by this board.

## **6 Income**

6.1 There are no fees and charges for services under the responsibility of this Board.

## 7 Risks to Services

- 7.1 The key risk to the budgetary position of the Council from services under the control of this Board is:

	Likelihood	Potential impact on Budget
The Emergency Planning budget may be insufficient to cover the costs of any major local emergency.	Low	High

## 8 Future Year Forecasts

- 8.1 In order to assist with medium-term financial planning, Members are provided with budget forecasts for the three years following 2018/19. The table below provides a subjective summary for those services reporting to this Board:

	Forecast Budget 2019/20 £	Forecast Budget 2020/21 £	Forecast Budget 2021/22 £
Employee Costs	265,620	272,520	279,580
Premises	2,910	2,510	2,520
Supplies and Services	83,920	84,060	84,660
Transport	1,600	1,630	1,680
Miscellaneous Expenditure	2,060	2,060	2,060
Earmarked Reserves	(11,960)	(13,030)	(14,060)
<b>Gross Expenditure</b>	<b>344,150</b>	<b>349,750</b>	<b>356,440</b>
Income	(6,630)	(6,770)	(6,930)
<b>Net Controllable Expenditure</b>	<b>337,520</b>	<b>342,980</b>	<b>349,510</b>
Departmental Support	164,480	167,840	171,560
Central Support	166,230	170,570	174,740
Capital Charges	8,330	8,330	8,330
<b>Net Expenditure</b>	<b>676,560</b>	<b>689,720</b>	<b>704,140</b>

- 8.2 The forecasts given above have used a number of assumptions, which include pay awards of 2% in 2019/20 to 2021/22, increases in contracts and general increases in supplies and services of 3% in 2019/20 and of 2% in 2021/22. In total, the amount recharged to services is expected to increase by 9.90% in 2019/20, 1.95% in 2020/21 and 2.09% in 2021/22. The earmarked reserve which had funded the Local Development Framework was used up in 2018/19, leading to an increase in the funding required for 2019/20.
- 8.3 These forecasts are built up using current corporate and service plans. Where additional resources have already been approved, these are also included. However, these forecasts will be amended to reflect any amendments to the estimates, including decisions taken on any further corporate or service targets.

## 9 Report Implications

**9.1 Finance and Value for Money Implications**

9.1.1 As detailed in the body of the report.

**9.2 Environment and Sustainability Implications**

9.2.1 Continuing the budget strategy will allow the Council to manage its expected shortfall in resources without disruption of essential services.

**9.3 Risk Management Implications**

9.3.1 There are a number of risks associated with setting a budget, as assumptions are made on levels of inflation and demand for services. To minimise the risks, decisions on these have been taken using past experience and knowledge, informed by current forecasts and trends. However, the risk will be managed through the production of regular budgetary control reports, assessing the impact of any variances and the need for any further action.

The Contact Officer for this report is Nigel Lane (719371).

**Background Papers**

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

<b>Background Paper No</b>	<b>Author</b>	<b>Nature of Background Paper</b>	<b>Date</b>

NORTH WARWICKSHIRE BOROUGH COUNCIL  
EXECUTIVE BOARD SUMMARY  
SUMMARY OF GENERAL FUND REVENUE ESTIMATES

Code	Description	Actual 2016/2017 £	Approved Budget 2017/2018 £	Revised Budget 2017/2018 £	Original Budget 2018/2019 £
2000	Housing Strategic Service Review	-	-	-	-
2001	Outreach and Access to Services	42,722	41,250	40,290	40,940
2002	Corporate Communications	53,377	52,830	11,770	55,520
2003	Community Strategy	38,496	36,980	38,440	39,210
2007	Emergency Planning	3,812	5,850	5,850	5,850
2009	North Warwickshire Local Development Framework	133,061	131,140	135,630	145,000
5050	Support to Parishes	-	-	-	-
	<b>Net Controllable Expenditure</b>	<b>271,468</b>	<b>268,050</b>	<b>231,980</b>	<b>286,520</b>
	<b>Departmental Support</b>	<b>139,404</b>	<b>140,960</b>	<b>163,560</b>	<b>159,480</b>
	<b>Central Support</b>	<b>135,839</b>	<b>152,000</b>	<b>165,170</b>	<b>161,300</b>
	<b>Capital Charges</b>	<b>4,517</b>	<b>8,330</b>	<b>8,330</b>	<b>8,330</b>
	<b>EXECUTIVE BOARD TOTAL</b>	<b>551,228</b>	<b>569,340</b>	<b>569,040</b>	<b>615,630</b>

**2000 - HOUSING STRATEGIC SERVICE REVIEW**

This budget shows the cost of officer time spent on strategic decision making for Housing.

DESCRIPTION	ACTUALS 2016/2017	APPROVED BUDGET 2017/2018	REVISED BUDGET 2017/2018	ORIGINAL BUDGET 2018/2019
Departmental Support	27,359	26,940	27,530	27,930
Central Support	3,282	5,500	5,590	5,660
<b>NET EXPENDITURE</b>	<b>30,641</b>	<b>32,440</b>	<b>33,120</b>	<b>33,590</b>

Contributes to corporate priority :

- Promoting sustainable and vibrant communities

**2001 - OUTREACH AND ACCESS TO SERVICES**

This budget covers the costs of creating and maintaining the Community Hubs, Food Banks and the Branching out Bus (BOB).

DESCRIPTION	2016/2017	APPROVED 2017/2018	REVISED 2017/2018	ORIGINAL 2018/2019
Employee Expenditure	30,948	32,680	32,710	34,030
Premises	2,691	2,600	2,480	2,490
Supplies and Services	29,906	24,450	25,320	11,380
Transport	1,649	1,550	1,560	1,560
Earmarked Reserves	620	(20,030)	(20,880)	(8,520)
<b>GROSS EXPENDITURE</b>	<b>65,814</b>	<b>41,250</b>	<b>41,190</b>	<b>40,940</b>
<b>GROSS INCOME</b>	<b>(23,092)</b>	<b>-</b>	<b>(900)</b>	<b>-</b>
<b>NET CONTROLLABLE EXPENDITURE</b>	<b>42,722</b>	<b>41,250</b>	<b>40,290</b>	<b>40,940</b>
Departmental Support	14,989	16,930	27,880	28,700
Central Support	49,988	51,780	66,060	60,800
Capital Charges	4,517	8,330	8,330	8,330
<b>NET EXPENDITURE</b>	<b>112,216</b>	<b>118,290</b>	<b>142,560</b>	<b>138,770</b>

Contributes to corporate priority :

- Promoting sustainable and vibrant communities
- Improving leisure and wellbeing opportunities

**2002 - CORPORATE COMMUNICATIONS**

North Talk is the Borough Council's newsletter produced three times a year and is distributed to all households in the Borough and to businesses, voluntary organisations and other partners.

DESCRIPTION	ACTUALS 2016/2017	APPROVED BUDGET 2017/2018	REVISED BUDGET 2017/2018	ORIGINAL BUDGET 2018/2019
Employee Expenditure	48,398	47,550	44,190	49,880
Supplies and Services	11,079	11,820	8,540	12,340
Earmarked Reserves	-	(450)	(34,870)	(450)
<b>GROSS EXPENDITURE</b>	<b>59,477</b>	<b>58,920</b>	<b>17,860</b>	<b>61,770</b>
<b>GROSS INCOME</b>	<b>(6,100)</b>	<b>(6,090)</b>	<b>(6,090)</b>	<b>(6,250)</b>
<b>NET CONTROLLABLE EXPENDITURE</b>	<b>53,377</b>	<b>52,830</b>	<b>11,770</b>	<b>55,520</b>
Departmental Support	3,530	3,580	3,790	3,770
Central Support	8,119	7,320	7,550	7,570
<b>NET EXPENDITURE</b>	<b>65,026</b>	<b>63,730</b>	<b>23,110</b>	<b>66,860</b>

Contributes to corporate priority :

- Promoting sustainable and vibrant communities

**2003 - COMMUNITY STRATEGY**

The Council is working in partnership to deliver improvements in the quality of life for local communities by the implementation of a Sustainable Community Strategy. This includes addressing priorities relating to health, anti poverty , raising aspirations and attainment. The budget is used to deliver projects and initiatives to support the priorities.

DESCRIPTION	ACTUALS 2016/2017	APPROVED BUDGET 2017/2018	REVISED BUDGET 2017/2018	ORIGINAL BUDGET 2018/2019
Employee Expenditure	37,017	35,490	36,950	37,720
Supplies and Services	17,503	8,990	38,580	33,430
Earmarked Reserves	8,976	(7,500)	(27,090)	(31,940)
<b>GROSS EXPENDITURE</b>	<b>63,496</b>	<b>36,980</b>	<b>48,440</b>	<b>39,210</b>
<b>GROSS INCOME</b>	<b>(25,000)</b>	<b>-</b>	<b>(10,000)</b>	<b>-</b>
<b>NET CONTROLLABLE EXPENDITURE</b>	<b>38,496</b>	<b>36,980</b>	<b>38,440</b>	<b>39,210</b>
Departmental Support	29,990	30,290	33,290	32,090
Central Support	41,421	54,920	53,260	54,440
<b>NET EXPENDITURE</b>	<b>109,907</b>	<b>122,190</b>	<b>124,990</b>	<b>125,740</b>

Contributes to corporate priorities :

- Creating safer communities
- Protecting our countryside and heritage
- Improving leisure and wellbeing opportunities
- Promoting sustainable and vibrant communities

**2007 - EMERGENCY PLANNING**

Emergency planning budget to cover the costs of fulfilling legal duties under the Civil Contingencies Act 2004

DESCRIPTION	ACTUALS 2016/2017	APPROVED BUDGET 2017/2018	REVISED BUDGET 2017/2018	ORIGINAL BUDGET 2018/2019
Employee Expenditure	-	-	-	-
Supplies and Services	1,752	5,850	7,730	5,850
Miscellaneous Expenditure	2,060	2,000	2,060	2,060
Earmarked Reserves	-	(2,000)	(3,940)	(2,060)
<b>NET CONTROLLABLE EXPENDITURE</b>	<b>3,812</b>	<b>5,850</b>	<b>5,850</b>	<b>5,850</b>
Departmental Support	27,572	27,310	29,000	28,820
Central Support	8,846	8,770	7,270	7,160
<b>NET EXPENDITURE</b>	<b>40,230</b>	<b>41,930</b>	<b>42,120</b>	<b>41,830</b>

Contributes to corporate priority :

- Protecting our countryside and heritage
- Creating safer communities

**2009 - NORTH WARWICKSHIRE LOCAL DEVELOPMENT FRAMEWORK**

Local tier of the Development Plan and other documents required as a statutory duty.

DESCRIPTION	ACTUALS 2016/2017	APPROVED BUDGET 2017/2018	REVISED BUDGET 2017/2018	ORIGINAL BUDGET 2018/2019
Employee Expenditure	133,089	131,350	149,680	154,640
Premises Related Expenditure	450	-	800	400
Supplies and Services	121,776	93,640	72,710	46,870
Earmarked Reserves	(122,225)	(93,640)	(61,570)	(56,690)
<b>GROSS EXPENDITURE</b>	<b>133,090</b>	<b>131,350</b>	<b>161,620</b>	<b>145,220</b>
<b>GROSS INCOME</b>	<b>(29)</b>	<b>(210)</b>	<b>(25,990)</b>	<b>(220)</b>
<b>NET CONTROLLABLE EXPENDITURE</b>	<b>133,061</b>	<b>131,140</b>	<b>135,630</b>	<b>145,000</b>
Departmental Support	35,400	35,360	41,480	37,590
Central Support	23,729	21,970	23,480	23,680
<b>NET EXPENDITURE</b>	<b>192,190</b>	<b>188,470</b>	<b>200,590</b>	<b>206,270</b>

Contributes to corporate priority :

- Protecting our countryside and heritage
- Promoting sustainable and vibrant communities

**5050 - SUPPORT TO PARISHES**

To assist Parish Councils on parish plans.

DESCRIPTION	ACTUALS 2016/2017	APPROVED BUDGET 2017/2018	REVISED BUDGET 2017/2018	ORIGINAL BUDGET 2018/2019
Supplies and Services	24,595	-	38,320	-
Earmarked Reserves	405	-	41,680	-
<b>GROSS EXPENDITURE</b>	<b>25,000</b>	<b>-</b>	<b>80,000</b>	<b>-</b>
GROSS INCOME	(25,000)	-	(80,000)	-
<b>NET CONTROLLABLE EXPENDITURE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Departmental Support	564	550	590	580
Central Support	454	1,740	1,960	1,990
<b>NET EXPENDITURE</b>	<b>1,018</b>	<b>2,290</b>	<b>2,550</b>	<b>2,570</b>

Contributes to corporate priorities :

- Protecting our countryside and heritage
- Promoting sustainable and vibrant communities

**Agenda Item No 9**

**Executive Board**

**12 February 2018**

**Report of the  
Deputy Chief Executive**

**General Fund Revenue Estimates  
2018/19 and Setting the Council  
Tax 2018/19**

**1 Summary**

- 1.1 This report sets out the proposed General Fund Revenue Estimate for 2018/19 and the options available when setting the 2018/19 Council Tax for the Borough in the context of the Authority's Revenue Support Grant settlement, and the effect on General Fund balances.

**Recommendation to the Council**

- a That the Executive Board approves the savings of £546,750 shown in Appendix I;**
- b That the Executive Board approves the revised estimate for the year 2017/18 and the revenue estimates for 2018/19;**
- c That the Executive Board approves the growth areas set out in paragraph 8.2;**
- d That the Executive Board notes the Council Tax base for 2018/19, as set out in Appendix G;**
- e That the Executive Board identifies the preferred Council Tax option for 2018/19;**
- f That the Executive Board notes the Deputy Chief Executive's comments on the minimum acceptable level of general reserves;**
- g That the manpower estimates for the year 2018/19 are approved; and**
- h That a Council Tax resolution be prepared for consideration by the Council, using the recommendations agreed by this Board.**

2

- 2.1 All Service Boards have now considered their individual budget requirements for 2018/19, and these are shown in Appendices A – E, along with the revised requirements for 2017/18.
- 2.2 Board requirements are summarised in the table below, together with other items, such as investment interest and contingencies.

	<b>2017/18 Approved Estimate £</b>	<b>2017/18 Revised Estimate £</b>	<b>2018/19 Original Estimate £</b>
<b>Board Summary</b>	<b>9,230,190</b>	<b>8,995,690</b>	<b>8,886,130</b>
Contingencies	59,450	31,470	122,610
Growth	-	-	16,560
Financing Adjustment	(826,900)	(836,480)	(799,240)
Investment Interest Income	(80,000)	(124,000)	(180,000)
Revenue Cont. to Capital Expend	119,000	119,000	119,000
<b>Service Summary</b>	<b>8,501,740</b>	<b>8,185,680</b>	<b>8,165,060</b>

- ... 2.3 Appendix F sets out the figures as presented to the Boards.

### 3 The Council's 2017/18 Estimated Out-turn

- 3.1 The Council's revised net expenditure requirement for 2017/18 amounts to £8,185,680 which is £316,060 less than the approved estimate. The major changes in expenditure are set out below.

- 3.2 Within the Leisure centres there have been decreases in employee costs following the Leisure Centre management restructure and vacancies, partially offset by additional new classes/courses. There have been reductions in utility costs and mechanical/electrical contracts and there has been an overall decrease in income.

£33,180

- 3.3 Rent Allowances and Housing Benefit Administration costs have increased due to a change in the subsidy expected.

£64,020

- 3.4 Additional income has been generated from the planning service.

(£337,000)

- 3.5 A higher level of investment income has been generated due to increases in interest rates.

(£44,000)

- 3.6 There has been an improvement in the letting of previously vacant units. This has generated additional rental income and reduced the levels of NDR and utility bills to be paid.

(£18,000)

#### 4 The Council's 2018/19 Expenditure Requirement

4.1 The Council's net expenditure requirement for 2018/19 amounts to £8,165,060, which is £336,680 less than the approved estimate for 2017/18 and £20,620 less than the revised estimate. The main variations between the 2018/19 original budget and the 2017/18 revised budget are set out below.

... 4.2 A list of savings can be found in Appendix I. Savings are included where appropriate within the other variance lines below.

4.3 Provision has been made for those posts that were vacant in 2017/18, a pay award of 2% and the payment of annual increments. This has been partially offset by increasing the vacancy factor in recognition that full establishment has been included, the reductions due to restructures and a reduction in some agency budgets.

£72,070

4.4 Income from the industrial estates has increased, due to the full year effect of the reduction in vacancies, and some rent reviews.

(£32,540)

4.5 A reduction in planning fee income relating to the removal of the large applications received in 2017/18, after allowing for the 20% increase in fees. This has been partially offset by a reduction relating to appeal costs.

£131,950

4.6 A one off supplementary budget in 2017/18 for potential legal costs relating to land ownership issues at Sheepy Road, Atherstone has been removed.

(£125,200)

4.7 There are additional pension payments required to the Warwickshire Pension Fund which will contribute towards the current deficit on the Fund.

£60,840

4.8 The second stage of the phased introduction of fees for the Borough Care will be implemented, giving additional income.

(£78,850)

4.9 Additional provision has been included within the contingency, to cover changes to credit card fees, give some provision for possible pay structure changes and an allowance for the use of agency staff in the planning service.

£91,140

4.10 The deletion of the payment of grant to parish councils.

(£59,000)

4.11 A higher level of investment income is expected to be generated, due to increases in interest rates.

(£56,000)

## 5 Summary of the Finance Settlement

- 5.1 A proposed finance settlement for the Council was issued in December 2015, which provided indicative figures for 2016/17 and the following 3 years. Authorities were given the opportunity to apply for the four year settlement, on the basis that this would give some certainty in resources over the medium term. The Council successfully applied for the four year settlement.
- 5.2 The Settlement Funding Assessment is made up of two elements: Revenue Support Grant and Business Rates. An authority's settlement funding assessment is added to their Council Tax and then reduced by a given percentage to keep within the national control total. From this total the council's business rates baseline and council tax income are deducted to arrive at the level of RSG. In future years, where an authority's entitlement to RSG is zero, increases to business rate tariffs are made in order to reduce the amount of income retained by an authority.
- 5.3 The government includes the Settlement Funding Assessment in calculating an authority's Core Spending Power. Our figures are shown below:

	2017/18 £'000	2018/19 £'000	2019/20 £'000
NDR Baseline Funding	1.794	1.849	1.889
Tariff Adjustment	-	-	(0.109)
RSG	0.461	0.191	-
<b>Sub-total - SFA</b>	<b>2.255</b>	<b>2.040</b>	<b>1.780</b>
Council Tax	4.210	4.402	4.602
Other Grants	1.003	0.941	0.981
<b>Total</b>	<b>7.468</b>	<b>7.383</b>	<b>7.363</b>

The Council's settlement funding assessment will have reduced by £878,000 (33%) from 2016/17 to 2019/20. Indicative figures are not yet available for 2020/21 onwards, so the 2019/20 level of SFA has been assumed for 2020/21 and 2021/22.

- 5.4 Core spending power is due to reduce by £415,000 or 5.3% over the same period, however, this assumes that Council Tax will be increased by 2.99% in both 2018/19 and 2019/20. If this does not happen, a further £0.3 million of funding will be lost, increasing the reduction to 8.7%.
- 5.5 The NDR/RSG shown above includes a number of areas which were previously identified separately, including Council Tax Support, Council Tax Freeze and Homelessness Prevention, hence these grants are being reduced in line with the overall percentage reduction.
- 5.6 Our business rate assessment for each year is highly fluid, as appeals and refunds can have a major impact at any point in the year. Given the expected improvement in rateable income in some areas, it has been assumed that once section 31 grant has been received, we will exceed our baseline funding

level in 2018/19 and 2019/20 by £700,000. This equates to £2.546 million in 2018/19.

- 5.7 Notification of New Homes Bonus of £902,240 has been received for 2018/19, and this has been used as a base for projecting grant income for the rest of the strategy period. The projection has also assumed that 300 properties per annum will be eligible for New Homes Bonus.
- 5.8 The government have continued with the planned reduction for the number of years that payment of bonus will be made from 5 years in 2017/18 to 4 years in 2018/19. There has been no change to the existing methodology. Authorities will therefore continue to receive bonus on growth above 0.4% in 2018/19.
- 5.9 The government has retained the option to make adjustments to the baseline in future years to reflect significant and unexpected growth, which would allow the baseline to be altered to ensure that national control totals are not exceeded. They also plan to revisit the issue of withholding payments for areas without a local plan in place and will consider withholding payments for homes that are built following an appeal.

## 6 Council Tax

- 6.1 As part of the budget setting process, the tax base for the Borough is updated each year to reflect new properties, demolitions and changes to the valuation bands of existing properties. Allowances are also made for properties which are exempt from Council Tax, or where the residents receive discounts. The tax base has been updated for 2018/19 and is attached as Appendix G.
- 6.2 As mentioned above, the review of potential new build in the Core Strategy has taken place. A growth rate of 1.5% in the tax base has therefore been used in projecting Council Tax income for 2018/19 onwards.
- 6.3 In general terms, an inflationary increase in Council Tax is built into the budget on an annual basis. The government's calculation of core spending power assumes an increase in Council Tax of 2.99% for District Councils, in both 2018/19 and 2019/20.
- 6.4 Decisions to freeze Council Tax have an on going and cumulative effect on the Council's financial position and the impact of the decisions to freeze Council Tax in each year since 2011/12 has been calculated to the end of the current strategy period. This is detailed in Appendix H and shows that by March 2022, the Council Tax lost would amount to £5.678 million. As grant funding has been reduced in line with the settlement funding assessment, the net funding foregone by the end of the strategy period will be in the region of £4.246 million. The annual income loss for 2018/19 onwards amounts to £598,000 per annum.
- 6.5 The budget strategy assumed a £5 increase in Council Tax in 2018/19, with further £5 increases in subsequent years. This has been amended to reflect

the revised permitted increases of 2.99% in 2018/19 and 2019/20, without the need for a referendum.

## 7 **Budget Savings**

- 7.1 In September, this Board agreed that savings of £1.6 million would need to be identified over 2018/19 and the following three years. Assistant Directors were tasked with reviewing their service areas, with the aim of producing proposals to meet this challenging target. A number of savings have been found as a result of restructures and reducing posts where possible, altering service procurement or amending how services are provided. These savings amounting to £546,750 are summarised in Appendix I, and have been incorporated into the 2018/19 estimates. The savings still required for the years 2019/20 to 2021/22 amount to £850,000.
- 7.2 If additional growth or a Council Tax increase between 0% - 2.99% is approved, this may require a further increase in the savings targets over those three years.
- 7.3 Even with these savings, the Council will still be drawing £519,080 from balances in 2021/22, indicating that further savings will be required beyond 2022/23.

## 8 **Growth Items**

- 8.1 Limited provision for growth was included within the Council's Budget Strategy, approved by this Board in September 2017, to cover additional insurance premiums and additional refuse and recycling costs.
- 8.2 As well as the additional cost pressures mentioned above, there are a number of other growth areas:
- 8.2.1 **Amenity Cleaning** – Community and Environment Board have supported an ongoing growth bid of £16,560 for the surplus 7.5 tonne refuse vehicle. This would be used on the amenity cleaning service, to aid the collection of fly tipping and emptying litter bins in lay-bys, instead of a ford transit. This is already included within the Board's figures.
- 8.2.2 **Planning Control** – additional budget provision of £20,000 has been included within the Planning and Development Board estimates in 2018/19, to cover the cost of an appeal against a planning decision.
- 8.2.3 **Bank Holiday Opening at Leisure Centres** – Community and Environment Board wish to trial bank holiday opening at Atherstone Leisure Complex, and are therefore requesting a one off growth bid of £16,500 for 2018/19. If approved this would need to be added to the 2018/19 budget.
- 8.2.4 **Data Protection** –the Council will need to ensure it complies with new regulations on Data Protection by May 2018, as non compliance could leave the Council facing substantial fines. This will require changes to some software systems to make them compliant, leading to one off costs of £30,000

in 2018/19 and ongoing maintenance costs of £5,000. These costs need to be added to the budget.

- 8.2.5 **Total Mobile Financial Ledger System** – We have been notified that from 1<sup>st</sup> April 2018 the maintenance and support contract on the system will increase from £16,200 to £32,455. The increase in cost needs to be added to the budget.

## 9 Performance Against the Budget Strategy

- 9.1 The budget strategy agreed at the September meeting envisaged the following use of balances and savings over the next four years.

	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Use of Balances	368	456	430	521
<b>Level of Balances 31 March</b>	<b>2,848</b>	<b>2,392</b>	<b>1,952</b>	<b>1,441</b>
Savings	500	400	350	350

- 9.2 Each Board has projected its expenditure requirements up to and including 2021/22, together with budget reductions, financing and other reductions. This has altered the use of balances and savings expected over the next few years and is shown below:

	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Use of Balances	2	364	517	519
<b>Level of Balances 31 March</b>	<b>3,538</b>	<b>3,174</b>	<b>2,657</b>	<b>2,138</b>
Savings		200	350	300

...

Additional detail is given in Appendix O.

- 9.3 This predicted use of balances is based on limited growth and a 2.99% increase in Council Tax for 2018/19 and 2019/20, with increases of £5 for 2019/20 and 2020/21. The anticipated General Fund balance at 1 April 2018 is £3,540,000, which is higher than expected in the Budget Strategy. This is due to the reduced use of balances in 2017/18. The level of balances at the end of each following year is higher than assumed in the strategy; however the use of balances in 2020/21 and 2021/22 still indicates the requirement for further savings after 2021/22.

## 10 Availability of Reserves

- 10.1 The Local Government Act 2003 requires the Deputy Chief Executive to make an annual statement on the adequacy of financial reserves. General reserves or balances are held to provide a general contingency for unavoidable or unforeseen expenditure, and also give stability for longer term planning. The level of general reserves held is based on an assessment of the financial risks attached to the budget, and this is covered in section 11 below.

- 10.2 In addition to its general financial reserves, the Council holds a number of earmarked reserves, for both revenue and capital purposes. It also holds some reserves on behalf of other organisations.
- 10.3 General Council policy is not to use earmarked reserves to fund ongoing service activity, but for specific one-off expenditure, so that the base budget position is not understated. So for example, external grant received in advance for specific projects will be held in an earmarked reserve until the activity takes place and the grant is spent. Some timing differences on particular activities are also dealt with through earmarked reserves, to remove unnecessary fluctuations in the base budget, whilst ensuring sufficient budget provision is available.
- 10.4 The Council also uses earmarked reserves to set aside funding for capital schemes and projects. A Major Repairs Reserve has been used to hold any unspent MRA received through the housing subsidy system. The Council also uses reserves to build up funding for the future replacement of assets and equipment, such as play areas and CCTV equipment.
- 10.5 Where earmarked reserves are used for revenue activities, the expenditure is included within the appropriate service budget, together with the contribution from the reserve to offset this. These movements are highlighted in the budget reports considered by Members.
- 10.6 The expected position on earmarked reserves at the end of 2017/18 relating to the General Fund is outlined below, with more detail on the larger reserves given in Appendix J.

<b>Earmarked Reserves</b>	<b>Expected Balance 31 March 2018 £000</b>
Capital	1,269
Revenue	3,665
<b>Total</b>	<b>4,934</b>

Some of the reserves set aside for capital are for specific equipment replacement and are not yet due to be spent.

## 11 Risks to the Council's Financial Position

- 11.1 As with all types of forecasting, there are certain inherent risks that may affect the financial position of the Council over the forthcoming periods. These risks require that the Council maintains a sufficient level of general reserves. The individual estimate reports to each Board have included a range of potential risks that could impact upon the budgetary position of services. In addition to these specific service risks, there are a number of risks that could impact more generally on the Council's financial position. The major risks to the Council's budget are highlighted below.
- 11.2 **Business Rates** - the Council has risks it cannot currently quantify, around the retention of business rates in place of revenue support grant and the

impact of appeals against valuations. We currently anticipate collecting more business rates than assumed in our baseline funding level. This means that we will retain a proportion of any additional rates collected.

- 11.3 Projections anticipate a benefit of £700,000 per annum in 2018/19 and 2019/20. A business rate reset is expected in 2020/21, which could remove the growth mentioned above. However in this event, the Volatility Reserve will be used to provide an additional £500,000 in both 2020/21 and 2021/22, and this has been included in the Strategy.
- 11.4 Any major changes to the Council's tax base through successful appeals, or removal of premises from the rating list over and above those allowed for, could impact on the additional rating income figures mentioned above. The expected increase in appeals from businesses reacting to the 2017 valuation results has not yet materialised, but this is being affected by changes to the appeal process.
- 11.5 A further consideration is the construction on HS2 within the Borough that is expected to start in the next year, so there is the potential for reductions in rateable income due to successful appeals for disruption and demolition of premises. The resources in this strategy could reduce before the safety net comes into effect. There are also future risks around the implementation of 75% local retention of business rates. The actual implementation date is not yet known, but is likely to affect the latter part of the strategy period.
- 11.6 **Fair Funding Review** – a national review is currently underway, which may adversely change the assumed spending need of the council, and therefore the level of government support that is received.
- 11.7 **New Homes Bonus scheme** – although a scheme for 2018/19 has been announced, there are still uncertainties around the potential scheme for 2019/20 onwards.
- 11.8 **Growth in the Borough** – if new homes and estates are delivered in line with expectations, there will be a significant impact on some Council services, for example, refuse and recycling and grounds maintenance. Provision for an extra refuse round has been built into the figures for 2021/22, but the actual timing of the additional resources required will need to be monitored and assessed.
- 11.9 **Other Risks** – Further deterioration in the economic position could increase demand for services such as benefits and homelessness, whilst reducing demand in income generating areas. Unexpected changes in the remuneration of the workforce could impact on the financial position, as could any significant loss of employees which required additional resources to complete statutory functions.
- 11.10 An overall risk assessment for 2018/19 has been completed to determine the minimum level of general reserves that the Deputy Chief Executive considers it is appropriate for the Authority to hold, and this is shown in Appendix K.

... This is based on the expected or 'most likely' position and the assumption that not all risks will occur within the next year.

11.11 As can be seen, the balance between future risks and the adequacy of general reserves held by the Council is a key part in establishing a medium-term financial strategy. The level of balances is expected to remain above £1.4 million over the next four years, although careful monitoring of this will still be necessary. Although it would be possible for the Council to use earmarked reserves to cover unforeseen events, if a particularly serious situation arose, this should be used as a last resort.

11.12 As already mentioned, there is the potential for the Council to benefit from any additional rates collected, but there is also the risk that if rating income falls, there will be a direct impact on the Council's finances. There is a lot of uncertainty around the collection of business rates and the impact of appeals and refunds.

11.13 However, if a general reserve of £1.4 million is held, it is felt that this amount, together with other provisions, reserves and balances held by the Council, is adequate to protect the Council's financial position for both the forthcoming year and in the medium-term.

11.14 Although not all risks are likely to occur in 2018/19, there is a real possibility that the position could be worse than that anticipated. It could also be better. Best and worst case scenarios are indicated in Appendix L, and show that in the event of the worst case scenario being realised in 2018/19, the Authority would have the opportunity to adjust its financial strategy, and manage any changes required. Budgets are monitored throughout the year, with the budgetary position reported to Boards on a regular basis, so the Authority is in a good position to identify risks as they occur.

## 12 Council Tax Options

12.1 The Authority has estimated the Council Tax surplus and notified all major precepting authorities of the amounts they will receive. It has been estimated that North Warwickshire Borough Council will receive a sum of £134,390 for 2018/19. This will reduce the Council's use of balances.

12.2 The Government have clearly assumed an increase in Council Tax, in calculating the Core Spending Power of the authority. Any decision not to increase council tax by 2.99% will lead to a direct loss of funding.

	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000
<b>Use of Balances</b>	2	364	517	519
Loss of 2.99% CT increase	127	133	135	137
Additional savings	-		(100)	(100)

<b>Revised Use of Balances</b>	<b>129</b>	<b>497</b>	<b>552</b>	<b>556</b>
<b>Potential Level of Balances</b>	<b>3,410</b>	<b>2,913</b>	<b>2,361</b>	<b>1,805</b>

- 12.3 The Council could cover the on going shortfall of that level of Council Tax income lost as a result of the freeze in 2018/19 from balances initially. However there would be a need to increase savings targets in later years, to ensure that the use of balances remains viable over the longer term. The alternative of a higher increase in Council Tax in 2019/20 is unlikely to be an option, given the current rules around tax increases and the need for local referendums.
- 12.4 The Authority used an increase of £5 when it was updating its financial strategy in September. This level of increase has been used in compiling the figures in this report, although the slightly higher permitted increase of 2.99% has been used for both 2018/19 and 2019/20.
- 12.5 The Council could choose to opt for a different Council Tax increase. In general terms, a 1% increase in Council Tax would generate around an additional £42,550, and would mean an additional £2.07 increase in Council Tax rates per annum.
- ... 12.6 A range of Council Tax increases is shown in Appendix M, together with the resulting impact on balances. These use the 2017/18 actual Band D amount of £207.30 as a base, and are shown below, together with the impact on the level of balances.

<b>Increase on Band D</b>	<b>Band D Council Tax Payable</b>	<b>Cash Increase In 2018/19</b>	<b>Impact on Balances - CT</b>
<b>%</b>	<b>£</b>	<b>£</b>	<b>£</b>
Base 2017/18	207.30	-	(127,446)
0.5	208.34	1.04	(106,068)
1.0	209.37	2.07	(84,896)
1.5	210.41	3.11	(63,518)
2.9	213.50	6.20	-

- 12.7 There is no impact on balances if a 2.99% increase is chosen, as this is what has been assumed in the figures within this report. If Members choose to freeze Council Tax at 2017/18 levels, or a lesser increase is chosen, there will be a reduction in balances as shown in the table above. If the Council opted to go for an increase of more than 2.99%, there would be an annual improvement of balances.
- 12.8 The Government wants to ensure that Council Tax payers are protected against authorities that impose excessive Council Tax rises. A referendum will be required for any District that proposes a Council Tax increase of 3% or above.

### 13 **Budget Consultation**

- 13.1 A meeting for Non-Domestic Rate Payers has been arranged for 29 January, and a verbal update will be given at the meeting.

#### **14 Council Tax Resolution**

- 14.1 A Council Tax resolution will be prepared for consideration at the Council Meeting, using the recommendations agreed by this Board.

#### **15 Manpower Estimate for the Year 2018/19**

- 15.1 Within the Authority's revenue and capital estimates, allowances have been made for the required manpower provision. Appendix N sets out the manpower estimates for 2018/19, compared with 2017/18.

#### **16 Delivering Value for Money Agenda**

- 16.1 All Councils will be looking for cash-backed efficiency savings in the coming year, to contribute to their financial savings targets. This will reduce the impact of cuts on the provision of services.

#### **17 Conclusion**

- 17.1 It is clear that whichever option in respect of Council Tax increases is adopted, it will still be necessary to make savings of at least £850,000, which will inevitably impact on service levels, and to draw on reserves to meet the Council's budgetary requirement. However, current forecasts indicate that reserves will remain above the minimal acceptable level of £1.4 million by the end of 2021/22, although this is subject to the uncertainties inherent in budgetary forecasting, and subject to the level of Council Tax increase agreed.

- 17.2 However, there are a number of factors that could affect these forecasts. The major factors are set out in section 11. In addition:

- The Council currently has no external borrowing. However, there is an underlying borrowing requirement, which may increase costs in the future.
- The Council, through sound budgetary control, has always spent within its budget. This year our anticipated net expenditure is £316,060 less than our approved budget, due to some 2018/19 savings found early and additional planning income.
- The ability to earn income from investments is uncertain at the moment. The Council is faced with the need to make further budgetary savings so that the Council can effectively manage its financial position. Undoubtedly this will continue in the future as new issues and initiatives emerge.
- The Council may not be able to deliver the necessary savings.

17.3 The options available to the Council to meet these future pressures are rather restricted: increases in Government funding or higher increases in Council Tax which can be mitigated by the identification of further savings than those included in the budget strategy. Rather than increases in government funding, local authorities have been made aware of further reductions. Also as service delivery pressures increase, the options for savings decrease.

**18 Report Implications**

**18.1 Financial Implications**

18.1.1 As detailed in the body of the report.

**18.2 Safer Communities Implications**

18.2.1 The Council provides services and takes part in initiatives that work to improve Crime and Disorder levels within the Borough, and provision is included within the budgets for this.

**18.3 Environment and Sustainability Implications**

18.3.1 The financial strategy is linked to the delivery of targets and actions identified in the Corporate Plan and service plans. Continuing the budget strategy will allow the Council to manage its expected shortfall in resources without disruption of these targets and without disrupting essential services. Progress against both performance and financial targets are reported regularly to Service Boards.

18.3.2 Parts of the corporate and service plans directly support the sustainability agenda, for example, recycling and the green space strategy.

**18.4 Equality Implications**

18.4.1 Equality Assessments should be undertaken when making financial decisions to determine what the adverse impact on individuals or communities will be

The Contact Officer for this report is Sue Garner (719374).

**Background Papers**

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date
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Financial Strategy 2018/22	NWBC	Report to Executive Board	18 Sept 2017
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NORTH WARWICKSHIRE BOROUGH COUNCIL  
 PLANNING AND DEVELOPMENT BOARD  
 SUMMARY OF GENERAL FUND REVENUE ESTIMATES

Code	Description	Actual 2016/2017 £	Approved Budget 2017/2018 £	Revised Budget 2017/2018 £	Original Budget 2018/2019 £
4009	Planning Control	30,218	(72,210)	(416,140)	(207,680)
4010	Building Control	2,064	20,000	20,000	20,000
4012	Conservation and Built Heritage	42,934	32,090	10,050	34,410
4014	Local Land Charges	(34,929)	(23,180)	(23,510)	(24,900)
4018	Street Naming and Numbering	(4,071)	920	920	710
	<b>Net Controllable Expenditure</b>	<b>36,216</b>	<b>(42,380)</b>	<b>(408,680)</b>	<b>(177,460)</b>
	<b>Departmental Support</b>	<b>76,730</b>	<b>105,500</b>	<b>158,700</b>	<b>102,570</b>
	<b>Central Support</b>	<b>168,573</b>	<b>173,370</b>	<b>171,900</b>	<b>173,310</b>
	<b>Capital Charges</b>	<b>2,780</b>	<b>16,390</b>	<b>16,390</b>	<b>16,390</b>
	<b>Planning and Development Board Total</b>	<b>284,299</b>	<b>252,880</b>	<b>(61,690)</b>	<b>114,810</b>

NORTH WARWICKSHIRE BOROUGH COUNCIL  
COMMUNITY AND ENVIRONMENT BOARD  
SUMMARY OF GENERAL FUND REVENUE ESTIMATES

Codes	Description	Actual 2016/2017 £	Approved Budget 2017/2018 £	Revised Budget 2017/2018 £	Original Budget 2018/2019 £
3072	Polesworth Sport Centre	84,632	65,550	73,360	72,080
3074	Arley Sports Centre	118,543	84,840	67,020	79,700
3075	Coleshill Leisure Centre	110,467	112,440	102,920	118,370
3077	Atherstone Leisure Complex	135,809	120,570	156,480	112,490
3082	Memorial Hall	96,845	95,520	112,320	106,480
4002	Public Health (Commercial Pollution Control)	197,222	200,630	210,470	218,370
4003	Public Health (Domestic Pollution Control)	58,527	47,280	81,830	54,140
5000	Domestic Refuse Collection	633,340	652,490	725,190	665,750
5001	Streetscene Grounds Maintenance	5,136	18,030	27,960	21,010
5002	Trade Refuse Collection	(42,465)	(37,760)	(41,210)	(43,690)
5003	Cesspool Emptying	(55,617)	(64,770)	(48,950)	(53,570)
5004	Recycling	708,411	714,210	652,220	724,530
5010	Amenity Cleaning	464,489	478,890	470,710	483,270
5013	Unadopted Roads	2,598	7,750	5,750	7,750
5014	Flooding And Land Drainage	285	-	190	-
5015	Street Furniture	1,038	1,310	1,430	1,310
5016	Atherstone Market	1,973	1,680	1,780	1,830
5019	Green Space Budget	395,374	397,810	398,690	405,530
5021	Public Health (Control of Disease) Act 1984 Burials	3,467	-	4,500	-
5023	Consultation	174	4,560	2,000	4,650
5025	Corporate Policy	49,132	40,410	41,400	41,940
5030	Rural Regeneration	33,141	27,750	28,520	29,500
5034	Landscape	8,640	8,800	8,800	8,980
5040	Marketing and Market Research	62,472	8,510	8,510	8,510
5044	Support to Voluntary Organisations	67,353	53,100	53,100	53,100
5055	Community Development Health Improvement	37,740	39,940	27,110	28,810
5056	Community Development Safer Communities	64,948	59,520	61,710	62,380
5064	QE - Artificial Grass Pitch	(7,162)	(7,120)	(7,170)	(9,400)
7700	Stronger & Safer Communities	-	-	-	-
7856	High Street Innovation Grants	-	-	-	-
	<b>Net Controllable Expenditure</b>	<b>3,236,512</b>	<b>3,131,940</b>	<b>3,226,640</b>	<b>3,203,820</b>
	<b>Departmental Support</b>	<b>562,251</b>	<b>632,560</b>	<b>648,290</b>	<b>642,970</b>
	<b>Central Support</b>	<b>514,040</b>	<b>517,360</b>	<b>541,970</b>	<b>558,110</b>
	<b>Capital</b>	<b>1,003,342</b>	<b>919,030</b>	<b>919,030</b>	<b>919,030</b>
	<b>Net Expenditure</b>	<b>5,316,145</b>	<b>5,200,890</b>	<b>5,335,930</b>	<b>5,323,930</b>

NORTH WARWICKSHIRE BOROUGH COUNCIL  
 LICENSING COMMITTEE SUMMARY  
 SUMMARY OF GENERAL FUND REVENUE ESTIMATES

Code	Description	Actual 2016/2017 £	Approved Budget 2017/2018 £	Revised Budget 2017/2018 £	Original Budget 2018/2019 £
4000	Licensing Authority	(38,907)	(44,970)	(40,420)	(40,150)
4001	Licences and Registration	(15,861)	(8,700)	(9,550)	(9,240)
4008	Hackney Carriages	(25,722)	(9,540)	(11,630)	(20,860)
4019	Gambling Act Authority	(9,338)	(9,900)	(9,370)	(9,370)
	<b>Net Controllable Expenditure</b>	<b>(89,828)</b>	<b>(73,110)</b>	<b>(70,970)</b>	<b>(79,620)</b>
	<b>Departmental Support</b>	<b>54,233</b>	<b>55,810</b>	<b>44,290</b>	<b>37,770</b>
	<b>Central Support</b>	<b>35,005</b>	<b>35,250</b>	<b>35,200</b>	<b>35,190</b>
	<b>Licensing Committee Total</b>	<b>(590)</b>	<b>17,950</b>	<b>8,520</b>	<b>(6,660)</b>

## APPENDIX D1

## NORTH WARWICKSHIRE BOROUGH COUNCIL

## RESOURCES BOARD (REMAINING)

## SUMMARY OF GENERAL FUND REVENUE ESTIMATES

Code	Description	Actual 2016/2017 £	Approved Budget 2017/2018 £	Revised Budget 2017/2018 £	Original Budget 2018/2019 £
3000	Cost of Democratic Services	353,805	377,250	360,400	377,280
3001	Election Expenses	6,243	5,220	5,220	5,220
3002	Registration of Electors	(3,659)	32,500	26,720	27,900
3003	Non Domestic Business Rates	(26,798)	(36,280)	(33,880)	(31,430)
3004	Council Tax Collection	73,248	61,890	51,600	59,940
3050	Finance Miscellaneous	23,377	151,000	125,200	-
3051	Compensation and Pension Increases	537,972	532,930	230,110	290,950
3052	Assisted Car Purchase	(275)	(260)	(560)	(620)
3054	Electricity at Work	6,932	18,360	16,090	18,360
3059	Finance Unused Land	43,942	2,730	13,560	830
3060	Corporate and Democratic Core	51,026	41,090	66,900	67,100
3061	Unallocated Central Support Services	480	105,440	46,870	122,570
3065	Coleshill Shops and Flats	(63,183)	(65,290)	(67,640)	(67,320)
3067	The Pavilions, Holly Lane	(97,541)	(97,640)	(107,480)	(126,260)
3068	Carlyon Road Industrial Estate	(147,836)	(156,400)	(160,550)	(173,630)
3069	Innage Park Industrial Estate	(4,340)	(2,980)	(7,400)	(7,820)
3070	Polesworth Workspace Units	(11,636)	(11,590)	(10,770)	(10,740)
3079	Maya Bar & Restaurant	1,350	-	-	-
3080	Football Stadium	63,840	62,670	62,680	62,780
3084	Homeless Persons	(174,076)	40,630	39,610	40,040
3089	Public Conveniences	14,455	15,170	14,700	15,460
3094	Customer Contact	19,970	(81,900)	(17,880)	5,560
3097	Rent Allowances	(112,977)	(65,690)	(62,600)	(53,010)
3098	Housing Benefit Administration and Rent Rebates	2,568	-	-	-
3099	Concessionary Fares	86,439	84,170	86,690	98,480
3101	Council Tax Support	65,605	44,930	49,570	47,630
3102	Car Parks	50,004	50,000	50,000	47,870
3111	Broadband Delivery UK	35,949	37,830	41,300	37,410
5005	Animal Control	1,789	1,690	1,690	1,690
5006	Abandoned Vehicles	11,475	4,240	12,580	(60)
5008	Private Sector Housing Assistance	1,335	(1,830)	(1,450)	330
5035	CCTV	340,112	205,470	225,630	146,780
5036	Community Support	-	-	-	-
7361	England's Rural Heart LEADER Partnership	(2,451)	(2,850)	(2,380)	(1,520)
	<b>Net Controllable Expenditure</b>	<b>1,066,020</b>	<b>1,271,310</b>	<b>974,380</b>	<b>921,670</b>
	<b>Recharged to Services</b>	<b>(269,530)</b>	<b>(269,020)</b>	<b>(213,190)</b>	<b>(221,310)</b>
	<b>Departmental Support</b>	<b>939,179</b>	<b>1,010,390</b>	<b>1,024,040</b>	<b>1,038,530</b>
	<b>Central Support</b>	<b>993,593</b>	<b>1,076,110</b>	<b>1,106,250</b>	<b>1,099,670</b>
	<b>Capital Charges</b>	<b>(196,785)</b>	<b>259,790</b>	<b>259,860</b>	<b>259,860</b>
	<b>Resources Board (Remaining) Total</b>	<b>2,532,477</b>	<b>3,348,580</b>	<b>3,151,340</b>	<b>3,098,420</b>

## NORTH WARWICKSHIRE BOROUGH COUNCIL

## RESOURCES BOARD (RECHARGED)

## SUMMARY OF GENERAL FUND REVENUE ESTIMATES

Code	Description	Actual 2016/2017 £	Approved Budget 2017/2018 £	Revised Budget 2017/2018 £	Original Budget 2018/2019 £
Various	Chief Executive	181,128			
Various	Deputy Chief Executive	4,180,351	188,700	194,830	192,410
Various	Assistant Chief Executive and Solicitor to the Council	1,307,445	4,324,810	4,573,390	4,283,240
Various	Assistant Chief Executive (Community Services)	1,328,336	1,358,620	1,357,260	1,359,040
3006-3039	Building Maintenance Fund	231,814	1,316,680	1,342,120	1,381,320
3040-3041	Council Offices	180,585	236,370	231,760	232,660
3043	Central Telephones	16,960	202,010	204,090	204,350
3045	Recruitment	27,820	23,000	16,600	16,940
3046	Printing and Stationery	70,832	22,140	25,390	25,390
7	Training	17,127	71,930	70,550	71,690
3048	Depot and Stores	64,550	90,220	30,000	90,220
3110	Postal Services	66,525	67,270	67,220	67,690
3226	Central Services	250,274	69,850	69,900	71,960
3290	Information Services	673,753	247,740	254,110	259,330
3291	Procurement	67,307	684,690	713,320	654,550
3292	Staff Welfare	28,093	67,980	70,710	71,450
3300	Transport Management Account	655,773	29,270	27,650	27,200
			693,880	744,170	702,880
	<b>Net Controllable Expenditure</b>	<b>9,348,673</b>	<b>9,695,160</b>	<b>9,993,070</b>	<b>9,712,320</b>
	<b>Recharged to Services</b>	<b>(11,048,273)</b>	<b>(11,578,160)</b>	<b>(11,926,020)</b>	<b>(11,623,830)</b>
	<b>Departmental Support</b>	<b>28,984</b>	<b>27,330</b>	<b>27,860</b>	<b>26,160</b>
	<b>Central Support</b>	<b>1,392,160</b>	<b>1,454,940</b>	<b>1,503,880</b>	<b>1,478,650</b>
	<b>Capital</b>	<b>380,258</b>	<b>406,700</b>	<b>407,180</b>	<b>406,700</b>
	<b>Resources Board (Recharged) Total</b>	<b>101,802</b>	<b>5,970</b>	<b>5,970</b>	<b>-</b>

Resources Board Summary

Description	Actual 2015/2016 £	Approved Budget 2016/2017 £	Revised Budget 2016/2017 £	Original Budget 2017/2018 £
Totals - Recharged Services	101,802	5,970	5,970	-
Totals - Services Remaining	2,532,477	3,348,580	3,151,340	3,098,420
Central Vacancy Factor	-	(175,820)	(22,000)	(210,000)
Increase in Insurance Premium Tax	-	1,400	-	-
<b>Resources Board Total</b>	<b>2,634,279</b>	<b>3,180,130</b>	<b>3,135,310</b>	<b>2,888,420</b>

NORTH WARWICKSHIRE BOROUGH COUNCIL  
EXECUTIVE BOARD SUMMARY  
SUMMARY OF GENERAL FUND REVENUE ESTIMATES

Code	Description	Actual 2016/2017 £	Approved Budget 2017/2018 £	Revised Budget 2017/2018 £	Original Budget 2018/2019 £
2000	Housing Strategic Service Review	650	-	-	-
2001	Outreach and Access to Services	42,722	41,250	40,290	40,940
2002	Corporate Communications	53,377	52,830	11,770	55,520
2003	Community Strategy	38,496	36,980	38,440	39,210
2007	Emergency Planning	4,514	5,850	5,850	5,850
2009	North Warwickshire Local Development Framework	133,061	131,140	135,630	145,000
5050	Support to Parishes	14	-	-	-
	<b>Net Controllable Expenditure</b>	<b>272,834</b>	<b>268,050</b>	<b>231,980</b>	<b>286,520</b>
	<b>Departmental Support</b>	<b>138,038</b>	<b>140,960</b>	<b>163,560</b>	<b>159,480</b>
	<b>Central Support</b>	<b>135,839</b>	<b>152,000</b>	<b>165,170</b>	<b>161,300</b>
	<b>Capital Charges</b>	<b>4,517</b>	<b>8,330</b>	<b>8,330</b>	<b>8,330</b>
	<b>EXECUTIVE BOARD TOTAL</b>	<b>551,228</b>	<b>569,340</b>	<b>569,040</b>	<b>615,630</b>

## SUMMARY OF REVENUE REQUIREMENTS

2017/2018 Gross Expenditure	2017/2018 Gross Income	2017/2018 Net Expenditure		2018/2019 Gross Expenditure	2018/2019 Gross Income	2018/2019 Net Expenditure
£	£	£		£	£	£
8,138,940	2,938,050	5,200,890	Community and Environment	8,253,630	2,929,700	5,323,930
889,580	636,700	252,880	Planning and Development	929,730	814,920	114,810
126,770	108,820	17,950	Licensing	109,720	116,380	(6,660)
19,133,490	15,953,360	3,180,130	Resources	18,512,500	15,624,080	2,888,420
575,640	6,300	569,340	Executive	622,100	6,470	615,630
11,980,230	11,980,230	-	Council Housing	12,075,620	12,075,620	-
9,450	-	59,450	Contingencies	122,610	-	122,610
-	-	-	Growth	16,560	-	16,560
-	80,000	(80,000)	Interest on balances	-	180,000	(180,000)
-	876,901	(876,901)	Financing adjustment	-	849,240	(849,240)
119,000	-	119,000	RCCO (Revenue Contribution to Capital Outlay)	119,000	-	119,000
59,000	-	59,000	Grant payments to Parish Councils (CTS)	-	-	-
<b>41,082,100</b>	<b>32,580,361</b>	<b>8,501,739</b>		<b>40,761,470</b>	<b>32,596,410</b>	<b>8,165,060</b>
-	589,740	(589,740)	Use of balances	-	2,160	(2,160)
<b>41,082,100</b>	<b>33,170,101</b>	<b>7,911,999</b>		<b>40,761,470</b>	<b>32,598,570</b>	<b>8,162,900</b>
950,151	-	950,151	Special items - Parish precepts	-	-	-
<b>42,032,251</b>	<b>33,170,101</b>	<b>8,862,150</b>		<b>40,761,470</b>	<b>32,598,570</b>	<b>8,162,900</b>
-	(460,790)	Revenue Support Grant				(191,470)
	(2,143,260)	Business Rates				(2,546,160)
	(21,020)	Transitional Grant				-
	(958,970)	New Homes Bonus				(902,240)
	(118,170)	Surplus / Deficit on Collection Fund				(134,390)
	<b>5,159,940</b>					<b>4,388,640</b>



IMPACT OF COUNCIL TAX FREEZES IN 2011/12, 2012/13, 2013/14, 2014/15, 2015/16, 2016/17 and 2017/18

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Total
Grant Income - 2011/12 CT freeze	-111,746	-96,437	-87,372	-74,965	-62,521	-51,017	-42,140	-37,589	-32,402	-32,402	-32,402	-660,991
Grant Income - 2012/13 CT freeze		-112,220										-112,220
Grant Income - 2013/14 CT freeze			-44,650	-38,310	-31,950	-26,071	-21,535	-19,209	-16,558	-16,558	-16,558	-231,401
Grant Income - 2014/15 CT freeze				-44,850	-37,405	-30,522	-25,212	-22,489	-19,385	-19,385	-19,385	-218,633
Grant Income - 2015/16 CT freeze					-44,850	-36,598	-30,230	-26,965	-23,244	-23,244	-23,244	-208,373
<b>Grant Income</b>	<b>-111,746</b>	<b>-208,657</b>	<b>-132,022</b>	<b>-158,125</b>	<b>-176,726</b>	<b>-144,208</b>	<b>-119,116</b>	<b>-106,252</b>	<b>-91,589</b>	<b>-91,589</b>	<b>-91,589</b>	<b>-1,431,618</b>
Loss of CT 2011/12	134,012	136,003	120,040	121,389	123,588	125,608	127,488	129,046	130,981	132,946	134,940	1,416,040
Loss of CT 2012/13		92,539	81,678	82,596	84,092	85,467	86,746	87,806	89,123	90,459	91,816	872,321
Loss of CT 2013/14			83,312	84,247	85,774	87,176	88,480	89,562	90,905	92,269	93,653	795,377
Loss of CT 2014/15				85,932	87,489	88,919	90,250	91,353	92,723	94,114	95,526	726,307
Loss of CT 2015/16					87,008	88,430	89,754	90,850	92,213	93,596	95,000	636,853
Loss of CT 2016/17						90,155	91,504	92,622	94,011	95,421	96,853	560,566
Loss of CT 2017/18							101,539	102,779	104,321	105,886	107,474	521,999
Loss of CT 2018/19								20,452	20,759	21,070	21,386	83,668
Loss of CT 2019/20									21,380	21,700	22,026	65,106
Loss of CT 2020/21										0	0	0
Loss of CT 2021/22											0	0
<b>CT Lost</b>	<b>134,012</b>	<b>228,542</b>	<b>285,030</b>	<b>374,164</b>	<b>467,952</b>	<b>565,755</b>	<b>675,760</b>	<b>704,469</b>	<b>736,416</b>	<b>747,462</b>	<b>758,674</b>	<b>5,678,237</b>
<b>Net Revenue Impact</b>	<b>22,266</b>	<b>19,885</b>	<b>153,008</b>	<b>216,039</b>	<b>291,226</b>	<b>421,546</b>	<b>556,644</b>	<b>598,218</b>	<b>644,827</b>	<b>655,873</b>	<b>667,085</b>	<b>4,246,619</b>

POTENTIAL IMPACT OF AN ADDITIONAL COUNCIL TAX FREEZE IN 2018/19

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Total
Grant Income - 2011/12 CT freeze	-111,746	-96,437	-87,372	-74,965	-62,521	-51,017	-42,140	-37,589	-32,402	-32,402	-32,402	-660,991
Grant Income - 2012/13 CT freeze		-112,220										-112,220
Grant Income - 2013/14 CT freeze			-44,650	-38,310	-31,950	-26,071	-21,535	-19,209	-16,558	-16,558	-16,558	-231,401
Grant Income - 2014/15 CT freeze				-44,850	-37,405	-30,522	-25,212	-22,489	-19,385	-19,385	-19,385	-218,633
Grant Income - 2015/16 CT freeze					-44,850	-36,598	-30,230	-26,965	-23,244	-23,244	-23,244	-208,373
<b>Grant Income</b>	<b>-111,746</b>	<b>-208,657</b>	<b>-132,022</b>	<b>-158,125</b>	<b>-176,726</b>	<b>-144,208</b>	<b>-119,116</b>	<b>-106,252</b>	<b>-91,589</b>	<b>-91,589</b>	<b>-91,589</b>	<b>-1,431,618</b>
Loss of CT 2011/12	134,012	136,003	120,040	121,389	123,588	125,608	127,488	129,046	130,981	132,946	134,940	1,416,040
Loss of CT 2012/13		92,539	81,678	82,596	84,092	85,467	86,746	87,806	89,123	90,459	91,816	872,321
Loss of CT 2013/14			83,312	84,247	85,774	87,176	88,480	89,562	90,905	92,269	93,653	795,377
Loss of CT 2014/15				85,932	87,489	88,919	90,250	91,353	92,723	94,114	95,526	726,307
Loss of CT 2015/16					87,008	88,430	89,754	90,850	92,213	93,596	95,000	636,853
Loss of CT 2016/17						90,155	91,504	92,622	94,011	95,421	96,853	560,566
Loss of CT 2017/18							101,539	102,779	104,321	105,886	107,474	521,999
Loss of CT 2018/19								147,863	150,081	152,332	154,617	604,893
Loss of CT 2019/20									25,246	25,625	26,009	76,881
Loss of CT 2020/21										0	0	0
Loss of CT 2021/22											0	0
<b>CT Lost</b>	<b>134,012</b>	<b>228,542</b>	<b>285,030</b>	<b>374,164</b>	<b>467,952</b>	<b>565,755</b>	<b>675,760</b>	<b>831,880</b>	<b>869,605</b>	<b>882,649</b>	<b>895,888</b>	<b>6,211,237</b>
<b>Net Revenue Impact</b>	<b>22,266</b>	<b>19,885</b>	<b>153,008</b>	<b>216,039</b>	<b>291,226</b>	<b>421,546</b>	<b>556,644</b>	<b>725,629</b>	<b>778,016</b>	<b>791,060</b>	<b>804,300</b>	<b>4,779,619</b>



## EARMARKED RESERVES

Purpose of Reserve	Balance March 2018 £000
<b>Revenue Reserves</b>	
<b>Business Rates</b> – a volatility reserve to cover fluctuations in the level of appeals and rating income	807
<b>External Grants Received</b> – Resources received towards specific projects, such as homelessness, welfare reform, neighbourhood plans, delivery of housing sites (local plan), community development and environmental sustainability, which will be spent in future years	1,067
<b>HRA Reimbursement to General Fund</b> – to compensate the General Fund for the loss of investment income	290
<b>Planned Work</b> - the Council has set priorities and initiatives where work is planned and may have been started, but has not yet been completed. Provision has been made from existing budgets to fund this work in future periods. This includes work on conservation, amenity cleaning, health and wellbeing and Broadband UK.	293
<b>Approved growth not yet spent</b> – to cover Corporate Communications, Borough Care and HS2.	79
<b>Invest to Save</b> – This reserve is to provide 'pump priming' for the initial costs that arise from new initiatives, which will ultimately reduce existing costs. Savings achieved will be used to repay the contribution from the Reserve, so that other services will have similar opportunities to implement new schemes.	79
<b>Other</b> – A number of other reserves are held to cover areas such as additional pension costs and Sickness fund	312
<b>Contingencies</b> – to cover possible costs arising from contaminated land issues, non recovery of VAT and provision for emergency planning issues.	239
<b>Local Development Framework</b> – planning fees over an agreed base position have been set aside for future expenditure on the Local Development Framework	51
<b>Maintenance of Assets</b> – To cover future maintenance requirements on some council owned assets	184
<b>Training</b> – These funds have been set aside to provide resources for one off training requirements in the future, for both staff and members.	99
<b>Human Resources</b> – This is held to cover specialist employment law advice that may be required from time to time.	20
<b>Consultation</b> – for consultation with residents of the Borough and service users. The requirement to consult varies from year to year and the reserve allows fluctuations between years to be managed, without affecting other revenue expenditure.	43
<b>Insurance</b> – to cover costs arising from changes to excess levels	53
<b>LAMS</b> – some of the interest received has been set aside to cover potential defaults	49
<b>Capital Reserves</b>	
<b>Equipment Replacement</b> – These funds are earmarked for the future replacement of leisure equipment, environmental health equipment, CCTV equipment, Play Area equipment, Refuse Freighters and the replacement of PC's.	678
<b>General Fund Capital</b> - Some funding has been set aside for capital spending.	591

## COUNCIL WIDE - RISK ANALYSIS

	Likelihood	Provision
Income Generation – decrease in fees and charges of 5% (5% = approx £155,550)	Medium	77,770
Reduction in planning income	Medium	50,000
Lower vacancies than expected (provision for vacancies = £210k)	Medium	105,000
Investment Income – loss of cash flow (£15m @ 0.5% = £50k)	Medium	37,500
Investment Income – fall in interest rates (£20m @ 0.25% = £50k)	Low	5,000
Further Public Inquiries (potential £100k)	High	100,000
Housing Benefit – reduction in reimbursement (approx £13.5m @ 5% = £675k)	Low	67,500
Possibility of overspending the agreed budget by 1% (Gross Expend = £28.7m)	Low	28,700
Contaminated Land	Low	5,000
Increasing cost of Refuse and Recycling	Medium	60,000
Housing Benefit – Local Authority error & overpayments (£500k)	Low	50,000
Increased cost of maintaining mechanical equipment	Low	20,000
Additional costs on fuel and utilities	Medium	20,000
NDR payments of vacant Industrial Units (£9k)	Medium	4,500
Additional New Homes Bonus not achieved	Medium	100,000
Impact of continuing / increasing NDR appeals	Medium	240,000
General Contingency		500,000
<b>Total</b>		<b>1,470,970</b>

## Likelihood of Risk

High	100%
Medium	50%
Low	0 – 10%

## ALTERNATIVE SCENARIOS – GENERAL BALANCES

## Best Case

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
<b>Estimated use of balances</b>	<b>2</b>	<b>364</b>	<b>517</b>	<b>519</b>
An increase in New Homes Bonus	-	(60)	(120)	(180)
Increased tax base (new homes)	-	(21)	(43)	(66)
Sustained improvement in planning income	(100)	(100)	(100)	(100)
Improvement in other service income	(50)	(50)	(50)	(50)
Additional surplus in the Collection Fund	-	(20)	(20)	(20)
1% increase in investment rates	(50)	(50)	(50)	(50)
Additional business rates	-	-	(200)	(200)
<b>Potential Use of/ (Cont to) Balances</b>	<b>(198)</b>	<b>63</b>	<b>(66)</b>	<b>(147)</b>
<b>Potential Balances at Year End</b>	<b>3,738</b>	<b>3,675</b>	<b>3,741</b>	<b>3,888</b>

## Worst Case

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
<b>Estimated use of balances</b>	<b>2</b>	<b>364</b>	<b>517</b>	<b>519</b>
Additional 1% on the pay award in 2018/19	90	90	90	90
Increase in planning appeals	100	100	100	100
Planning Income is not sustained	100	100	100	100
Additional recycling costs	50	50	50	50
Reduction in expected income	50	50	50	50
Reduction in New Homes Bonus scheme	-	100	200	300
<b>Potential Use of/ (Cont to) Balances</b>	<b>392</b>	<b>854</b>	<b>1,107</b>	<b>1,209</b>
<b>Potential Balances at Year End</b>	<b>3,148</b>	<b>2,294</b>	<b>1,187</b>	<b>(22)</b>

**COUNCIL TAX INCREASES**

	Original 2017/18	2018/19	2018/19	2018/19	2018/19	2018/19
Council Tax - Band D	207.30	207.30	208.34	209.37	210.41	213.50
Council Tax Increase		0%	0.5%	1.0%	1.5%	2.99%
Council Tax Base	20,307.71	20,555.86	20,555.86	20,555.86	20,555.86	20,555.86
<b>Net Expenditure</b>	<b>8,502</b>	<b>8,165</b>	<b>8,165</b>	<b>8,165</b>	<b>8,165</b>	<b>8,165</b>
External Funding	(3,563)	(3,640)	(3,640)	(3,640)	(3,640)	(3,640)
Collection Fund (Surplus)/Deficit	(118)	(134)	(134)	(134)	(134)	(134)
Council Tax	(4,210)	(4,262)	(4,283)	(4,304)	(4,325)	(4,389)
Government Protection	(21)	-	-	-	-	-
<b>Use of Balances</b>	<b>590</b>	<b>129</b>	<b>108</b>	<b>87</b>	<b>66</b>	<b>2</b>
Balances 1 April 2018		3,540	3,540	3,540	3,540	3,540
Use of Balances		(129)	(108)	(87)	(66)	(2)
Balances 1 April 2019		3,411	3,432	3,453	3,474	3,538
Use of Balances		(396)	(373)	(352)	(330)	(264)
Balances 1 April 2020		3,015	3,059	3,101	3,144	3,274
Use of Balances		(702)	(679)	(657)	(634)	(567)
Balances 1 April 2021		2,313	2,380	2,444	2,510	2,707
Use of Balances		(707)	(683)	(661)	(638)	(569)
Balances 1 April 2022		1,606	1,697	1,783	1,872	2,138

**MANPOWER BUDGET**

The Board estimates contain the effect of the following changes in employee numbers.

	<b>2017/18 Estimate (original) FTE</b>	<b>2018/19 Estimate FTE</b>
Monthly Paid	355	351
<b>Total</b>	<b>355</b>	<b>351</b>

## APPENDIX O

### REVISED MEDIUM TERM FINANCIAL FORECAST

	2017/18 Revised £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000
<b>Net Service Expenditure</b>	<b>9,077</b>	<b>9,075</b>	<b>9,536</b>	<b>9,875</b>	<b>10,321</b>
Growth	-	-	-	-	-
Investment Income	(124)	(180)	(180)	(200)	(220)
Financing Adjustment	(836)	(799)	(766)	(653)	(573)
e/m res - contribution from HRA	(50)	(50)	(50)	(50)	(50)
Revenue Contribution to Capital Spending	119	119	119	119	119
Savings – 19/20	-	-	(200)	(200)	(200)
Savings – 20/21	-	-	-	(350)	(350)
Savings – 21/22	-	-	-	-	(300)
<b>Net Expenditure</b>	<b>8,186</b>	<b>8,165</b>	<b>8,459</b>	<b>8,541</b>	<b>8,747</b>
Council Tax	(4,210)	(4,389)	(4,587)	(4,763)	(4,941)
New Homes Bonus	(959)	(902)	(920)	(870)	(890)
Transaction Grant	(21)	-	-	-	-
RSG	(461)	(192)	-	-	-
NDR – Baseline	(1,793)	(1,846)	(1,780)	(1,780)	(1,780)
NDR – Additional rates	(350)	(700)	(700)	(500)	(500)
Collection Fund Surplus	(118)	(134)	(108)	(111)	(117)
<b>Use of Balances</b>	<b>274</b>	<b>2</b>	<b>364</b>	<b>517</b>	<b>519</b>
<b>Balances at the Year End</b>	<b>3,540</b>	<b>3,538</b>	<b>3,174</b>	<b>2,657</b>	<b>2,138</b>

**Agenda Item No 10**

**Executive Board**

**12 February 2018**

**Report of the Assistant Director (Finance and Human Resources)**

**Report of Members' Independent Remuneration Panel**

1 Summary

1.1 This report shows the key recommendations of the Independent Remuneration Panel following a review of the current Members' Allowances Scheme.

**Recommendation to the Council**

- a That the Independent Remuneration Panel's report, as set out in Appendix A, be noted;**
- b That the following be approved;**
  - 1) That the Basic Allowance of £4,942, is increased by £35 to cover the costs of Registering with the Information Commissioner;**
  - 2) That the Special Responsibility Allowances for the roles listed in paragraph 8.1 remain unaltered;**
  - 3) That the SRA's for the Chairs of Scrutiny, Housing Sub and Area Forums are removed from the scheme;**
  - 4) That the Chairs of Special Sub Group and Licensing Committee, and the Vice Chair of Planning & Development be paid an SRA of £1,745, with effect from 1 April 2018;**
  - 5) That the SRA, and the qualifying criteria, paid to Members for serving on Appeals Panels is removed;**
  - 6) That the SRA for the Leader of a Minority Group is fixed at £1,745, payable only when the group has a minimum of 4 members;**
  - 7) That travel and subsistence allowances are maintained, with the addition of the allowances for travel by motorcycle and bicycle, and the passenger supplement, set out in paragraph 9.2;**
  - 8) That no changes are made to the current definition and scope of approved duties for which Members can claim travel allowances;**
  - 9) That no changes are made to current rates and conditions to the Travel Allowance scheme where Members travel by public or other means of transport;**
  - 10) That there are no changes to the scope or levels payable in the Dependent Carer's Allowance Scheme, other than that the child care maximum rate should be the living wage; and**
  - 11) That indexation, as set out in paragraph 11.1, is applied until March 2022.**

- 2.1 Consultation has taken place with the relevant Members and any comments received will be reported at the meeting.

### **3 Introduction**

- 3.1 The Panel was convened under the Local Authorities' (Members' Allowances) (England) Regulations 2003. These regulations require all authorities to set up and maintain an advisory panel to review and provide advice on Members' Allowances. All Councils are required to convene their panel and seek its advice before they make any changes or amendments and they must "pay regard" to the Panel's recommendations before setting a new or amended Members' Allowances Scheme.

### **4 Terms of Reference**

- 4.1 The Terms of Reference of the Panel were to make recommendations to the Council on:-

- i The amount of basic allowance that should be payable to its elected members and the expenses that it is deemed to include.
- ii The responsibilities or duties which should lead to the payment of a special responsibility allowance and the amount of such an allowance.
- iii The duties for which a travelling and subsistence allowance can be paid and the amount of this allowance.
- iv Whether the authority's allowances scheme should include an allowance in respect of the expenses of arranging for the care of children and dependents and if it does make such a recommendation, the amount of this allowance and the means by which it is determined.
- v Whether annual adjustments of allowance levels may be made by reference to an index, and if so, for how long such a measure should run.
- vi Any matters brought to the attention of the Panel in their consultation with Members and briefings from Officers.

### **5 The Process**

- 5.1 The Chair of the Panel carried out a preliminary visit to the Council offices to meet with a range of Members and to obtain an overview of changes to governance structures. This also allowed him to understand the challenges being faced by the Council. In addition, all Members were sent a questionnaire, to allow them the opportunity to make comments on the current scheme and changes in responsibilities.

- 5.2 The Panel were provided with an evidence pack in advance of their meeting on 27 November. During their meeting, they had the opportunity to talk to the Leader of the Council and another Member, obtain further clarification on any process issues and discuss the evidence obtained.

## 6 **Panel Recommendations**

- 6.1 The Panel looked at the competing issues faced by the Council, but were mindful of the tough economic climate which continues for both the Council and its residents. Each allowance was reviewed and all comments and suggestions were considered, with the conclusions of the Panel set out in their report, attached at Appendix A.

...

- 6.2 The Panel felt that it could not recommend increases in the main allowances payable. Instead the main changes proposed are to allow the anomalies which have arisen, to be addressed.

## 7 **Basic Allowance**

- 7.1 The Basic Allowance being paid is marginally below other authorities in the comparator group used. Whilst the Panel recommends that this should remain unchanged, they consider that indexation should be applied for 2018/19 and future years.

## 8 **Special Responsibility Allowances (SRA's)**

- 8.1 The Panel recommends the continuation of the one SRA per Member rule and that the following SRA's should remain unchanged:

- Leader of the Council
- Deputy Leader of Resources Board
- Deputy Leader of Community & Development Board
- Deputy Leader of Planning & Development Board
- Vice Chair of Resources Board
- Vice Chair of Community & Environment Board
- Chair of Safer Communities Sub-Committee
- Leader of the Main Opposition Group
- Deputy Leader of the Main Opposition Group

- 8.2 In order to address the current anomalies in approved SRA's and the current governance structure, a number of changes are recommended. The following posts have been removed from the Council's governance structure and the associated SRA's require deletion:

- Chair of Scrutiny Board,
- Chair of Housing Sub Committee
- Chair of Area Forums ( x 4).

- 8.3 Changes in governance arrangements have meant that some posts which have not been remunerated in the past, are now taking on additional

responsibilities. In addition to supporting the Chair, the Vice Chair of Planning and Development also chairs the Local Development Forum, whilst the remits of both Special Sub Group and the Licensing Committee have increased since the Panel carried out its previous review. The Panel are therefore recommending that an SRA of £1,745 is paid for each of these roles, with effect from 1 April 2018.

8.4 The existing allowance scheme includes an SRA for a minority opposition group leader, using a fixed element and an amount per group member. Although this SRA is not currently payable, the Panel recommends leaving the allowance in the scheme to cover this possibility in future elections. However it feels that for the SRA to be payable, there needs to be a minimum size of 4 to the minority group, which is around 10% of Council Members. As the group is unlikely to be significantly larger than this, it is recommending a fixed SRA of £1,745.

## 9 Travel and Subsistence Allowances

9.1 The mileage rate is set at the standard HMRC approved rate of 45p per mile and subsistence rates are based on the rates applicable to Officers.

9.2 The Panel recommends that the current Travel and Subsistence allowances including what constitutes approved duties are maintained, with the addition of the following mileage allowances to be inserted into the allowances scheme:

- Travel by motorcycle: 24p per mile
- Travel by bicycle: 20p per mile
- Passenger supplement rate: 5p per passenger (max of 4)

9.3 The Passenger Supplement allowance should only be claimed for carrying fellow Councillors to an approved duty who would also be eligible for claiming the mileage allowance if travelling in their own vehicle.

## 10 The Dependant' Carer' Allowance

10.1 Whilst rarely claimed, the Panel recommends no change to the scope and levels payable in the Dependent Carer's Allowance Scheme, other than that the child care maximum rate should be the linked to the national living wage of £7.83 per hour (April 2018).

## 11 Indexation

11.1 The Council previously took the decision not to index allowances, other than mileage allowances. The Panel considers that it would be appropriate to restore indexation to all allowances, to ensure that allowances do not lag significantly behind those paid by its peers. The Panel therefore recommends that Members Allowances are indexed as follows:

Allowance	Indexation
Basic Allowances / SRA's	annual percentage salary increase for

	local government staff for the relevant year
Travel Allowance Mileage Rates	HMRC approved mileage rates for motor vehicles, motor cycles and bicycles
Subsistence Allowances	same rates that apply to Officers
Dependants' Carers' (Childcare)	national living wage hourly rate
Dependants' Carers' (elderly or other dependant relative)	median hourly rate charged by a Home Care Assistant by Warwickshire County Council

11.2 The Panel recommends that the indices apply for the maximum length permitted by the 2003 regulations (four years), running from 1 April 2018 until 31 March 2022.

## 12 Publicity

12.1 Once a report is received from the Independent Remuneration Panel, regulations state that as soon as practicably possible, the results must be published and that copies of the report should be available for inspection by members of the public.

## 13 Further Consideration

13.1 Since the Panel carried out its review, some preparatory work on the new data protection regulations has identified that each Member will need to register with the Information Commissioner for data protection purposes. As there is a cost of £35 for this, it is suggested that the Basic Allowance is increased by the same amount.

## 14 Report Implications

### 14.1 Finance and Value for Money Implications

14.1.1 The current cost of the Members' Allowance Scheme (Basic Allowance and Special Responsibility Allowances) is shown below, together with the cost of the proposed allowances.

	<b>Current</b>	<b>Proposed</b>
Basic Allowances	172,970	172,970
SRA's	49,072	42,342
<b>Total</b>	<b>222,042</b>	<b>215,312</b>

This is based on each position of responsibility being filled by a different Member. In reality, a Member may hold more than one position of responsibility, but may only be paid one SRA. A summary of the proposed allowances is attached at Appendix B.

14.1.2 Adopting the proposed allowances will allow a saving of £6,730 towards the savings target included within the Medium Term Financial Strategy.

### 14.2 Legal, Data Protection and Human Rights Implications

14.2.1 The Panel was convened under the Local Authorities' (Members' Allowances) (England) Regulations 2003. The Panel must "pay regard" to the Panel's recommendations before setting a new or amended Members' Allowances Scheme. Although the Executive Board has the responsibility for Members' Allowances and any reports of the Independent Remuneration Panel, any decisions regarding levels of payment must be made by full Council.

### 14.3 Links to Council's Priorities

14.3.1 This review contributes to responsible financial and resources management

The Contact Officer for this report is Sue Garner (719374)

### Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date

**A Review  
Of  
Members' Allowances  
For  
North Warwickshire  
Borough Council**

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**A Report**

**By the**

**Independent  
Remuneration Panel**

**Dr Declan Hall (Chair)  
Adrian Young  
Marion Plant OBE**

**December 2017**

**A Review of Members' Allowances**  
**For**  
**North Warwickshire Borough Council**  
**By the**  
**Independent Remuneration Panel**  
**December 2017**

**The Regulatory Context**

1. This report is a synopsis of the deliberations and recommendations made by the Independent Remuneration Panel (the Panel) for North Warwickshire Borough Council to advise the Council on its Members' Allowances scheme. The Panel is established under *The Local Authorities' (Members' Allowances) (England) Regulations 2003 (SI 1021)* (the 2003 Regulations). These regulations, which arise out of the relevant provisions contained in the Local Government Act 2000, require all local authorities to establish and maintain an advisory Independent [Members] Remuneration Panel to review and provide advice on Members' allowances on a periodic basis. All Councils are required to convene their Panel and seek its advice before they make any changes or amendments to their members' allowances scheme. They must 'pay regard' to their Panel's recommendations before setting a new or amended Members' Allowances Scheme.
  
2. On this particular occasion, the Panel has been reconvened as the Council has recently revised its governance structures and the allowances scheme is no longer fit for purpose. The allowances scheme requires reviewing in light of these changes. It also provides an opportunity for the Panel to publicly scrutinise the Councils' allowances scheme and therefore enhance public accountability in the context whereby the Council retains ultimate decision making responsibility for the remuneration of its Members.

**Terms of Reference**

3. The Terms of Reference<sup>1</sup> of the Panel are to make recommendations to the Council on:-

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<sup>1</sup> Terms of reference based on those laid out in 2006 Statutory Guidance paragraph 62

- I. The amount of basic allowance that should be payable to its elected members and the expenses that it is deemed to include
- II. The responsibilities or duties which should lead to the payment of a special responsibility allowance and as to the amount of such an allowance
- III. The duties for which a travelling and subsistence allowance can be paid and as to the amount of this allowance
- IV. Whether the authority's allowances scheme should include an allowance in respect of the expenses of arranging for the care of children and dependants and if it does make such a recommendation, the amount of this allowance and the means by which it is determined
- V. Whether annual adjustments of allowance levels may be made by reference to an index, and, if so, for how long such a measure should run
- VI. Any matters brought to the attention of the Panel in their consultation with Members and briefings from Officers.

In arriving at their recommendations the Panel shall also take into account:

- a) The issues that the Panel is required to take into account as set out in the 2006 Statutory Guidance on Members' Allowances
- b) The recent changes in the Council's governance arrangements and roles of post holders
- c) The views of Members both written and oral
- d) Allowances paid in comparable councils, namely the four other Warwickshire and five adjacent District Councils

### **The Panel**

4. North Warwickshire Borough Council reconvened its Independent Remuneration Panel and the following Panel Members carried out its independent review; namely:

Declan Hal PhD (Chair) A former academic at the Institute of Local Government, The University of Birmingham, now an independent consultant specialising in Members' allowances and support.

Adrian Young: Branch Secretary of Federation of Small Business (Nuneaton & Bedworth – which includes North Warwickshire). Andrew is Task Force Manager at Ashby & Croft Manufacturing Ltd supplying Modular builds to public and private sectors and

has been involved in finances and housing since 1986 in many different roles.

Marion Plant (OBE)

Principal & Chief Executive of North Warwickshire & South Leicestershire College and is also the Chief Executive of the Midland Academies Trust. Marion is also a Board Member Coventry & Warwickshire and Leicester & Leicestershire Local Enterprise Partnerships (LEPs). Marion Plant joined the Department for Education as a non-executive board member in January 2015. Marion previously worked in the National Health Service as a health visitor and a midwife.

5. The Panel was supported by Sue Garner, Assistant Director (Finance & Human Resources) at North Warwickshire Borough Council and whose role was to take the organisational lead in facilitating the work of the Panel.

### **Process and Methodology**

6. A two-step approach was taken in carrying out this review. First, the Chair of the Panel visited the Council House in Atherstone on 13<sup>th</sup> November 2017 to meet with a range of Members to discuss issues of concern. It was during this visit that the Panel Chair also met with two Officers for a factual briefing to obtain an overview on the recent changes in Council structures and the challenges it faces.
7. In addition, all Members were invited to make written submissions to the Panel, with five responses received. Subsequently, the Panel was sent an information pack containing relevant papers for the review as well as feedback from the Panel Chair vis-à-vis the visit to the Council on 13<sup>th</sup> November 2017. The Panel then convened on 27<sup>th</sup> November 2017 at the Council House Atherstone to meet further with Members (including the Leader) and Officers to seek further clarification on issues arising to arrive at its final recommendations.
8. In arriving at its recommendations, the Panel took into account a wide range of information and evidence. The details of representations and evidence received and considered by the Panel are in the following appendices:
  - Appendix 1: Written evidence and data reviewed by the Panel
  - Appendix 2: Members who met with and Officers who briefed the Panel
  - Appendix 3: Benchmarking data – summary of allowances paid in the four other Warwickshire Councils and five adjacent Councils
  - Appendix 4: The levels of Basic Allowance and main SRAs if they had been indexed since previous review (May 2012)

## Key Messages – The case to increase the allowances

9. Although it was by no means the overwhelming view there was representation made to the Panel to increase allowances largely on the grounds that they did not attract a wider range of people to stand for Council, with some anecdotal evidence that the Basic Allowance in particular was so low as to be a barrier to serving on Council.
10. Indeed, there is certainly a *prima facie* case to be made in this respect. The Basic Allowance and SRAs have not changed since 2011. Also, since the previous review Members are no longer permitted to join the Local Government Pension Scheme (LGPS) which is in effect a pay cut for those Members that were previously in the scheme. This is all in a context where for Members the “waters are more choppy.” There are more pressures on all Members in that tough decisions have been made and will continue to be made as the financial constraints seem set to continue. Moreover, benchmarking shows that compared to the comparator group of councils the allowances paid in North Warwickshire Borough Council are starting to fall behind although in most cases the differences are not significant.

## Recognising the economic context

11. The Panel recognises that it continues to be an economically tough climate for both the Council and the residents of the Borough. In representations made to the Panel this view emerged as a key message. In particular it was stressed that as the Council continues to grapple with austerity it is unlikely to accept any recommended increase in spend on allowances at this moment. The Panel cannot ignore the current economic context or the realities faced by Members. There is little point in the Panel making recommendations that bear no relationship to economic constraints within which the Council has to operate; otherwise, the review would simply make aspirational recommendations for a future date rather than supporting Members in the present.

## Prime function of this review – addressing anomalies

12. Ideally, the purpose of any review is to make recommendations based on knowledge of the current governance structures, an analysis of the evidence and representations and the levels and scope of allowances paid in comparator councils - thus arriving at an evidenced-based judgement on the monetary worth of the roles under consideration. On the other hand, the logic of having an independent Panel is *inter alia* to ensure public accountability vis-à-vis allowances.<sup>2</sup> Bearing in mind the requirement to balance these two competing imperatives the Panel concluded that at this stage the main task is to address the most pressing anomalies. This has led the Panel to make recommendations for three new SRAs (see below) but this has been balanced by recommending the discontinuation of a number of SRAs which should result in a reduced budget provision for Members' Allowances.

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<sup>2</sup> See 2006 Statutory Guidance paragraph 4

## The Basic Allowance

13. Benchmarking<sup>3</sup> shows that the Basic Allowance paid in North Warwickshire Borough Council is now marginally below that paid in the comparator group:
- Mean Basic Allowance in benchmarking group: £5,030
  - Median Basic Allowance in benchmarking group: £5,151
  - North Warwickshire BC Basic Allowance: £4,942
14. While the difference is so marginal as not to be significant the Panel followed up on a view presented to it in that the Basic Allowance and SRAs should be recalibrated by setting them at the level they be if they had been indexed to the annual percentage in local government staff salaries since the previous review in 2012, which produces a Basic Allowance of £5,204<sup>4</sup>. However, the Panel has decided not to apply a retrospective indexation as
- No compelling reason was given to reverse the previous Panel recommendation and Council decision not to index allowances
  - The majority of representations received indicated that the Basic Allowance fulfilled the function it is designed to do and enabled most people to be a Member by providing a sufficient compensation to enable most people to be a Member without incurring undue financial cost
  - There was limited support from Members to apply a retrospective index
15. **The Panel recommends that the current Basic Allowance (£4,942) remains unaltered for 2018/19, subject to any indexation that may be applicable.**<sup>5</sup>
16. The Basic Allowance is currently deemed to cover incidental expenses not otherwise specifically reimbursed through the Members' Allowances scheme. In particular, the scheme specifies that the Basic Allowance is intended to cover a notional £142 per year to cover the cost of Council-related telephone calls. No evidence was received to revise this situation.
17. **The Panel does not recommend any changes to the expenses that the Basic Allowance is intended to cover.**

## Special Responsibility Allowances – discontinued

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<sup>3</sup> See Appendix three for further details. Figures related to 2017/18 as published although a number of published schemes may not include applicable indexation for 2017/18 as it is often not known until after schemes are published for each year.

<sup>4</sup> See Appendix four for further details and how £5,204 was arrived at, namely using what is known as the 'NJC' (National Joint Council for Local Government Services) index

<sup>5</sup> See below for recommendations on indexing of allowances

18. Changes in the governance arrangements and political make-up of the Council means a number of SRAs are now obsolete and should be removed from the SRA schedule so the scheme is in accordance with the current governance structures. **Thus it is recommended that following SRAs are discontinued as the structures no longer exist:**
- **Chairman of the Scrutiny Board: £4,983**
  - **Chairman of the Housing Sub-Committee: £1,745**
  - **Chairmen of the Area Forums (X4): £ 873**
19. Currently there is provision for the Portfolio Holder for Health, Well Being and Leisure to be paid an SRA of £1,745. The Portfolio Holder role as a stand-alone post has now run its course. In particular the Health, Well Being and Leisure remit sits under the Community and Environment Board and the Vice Chairman of this Board continues to be the Health, Well Being and Leisure spokesperson. **Consequently the Panel recommends that the SRA ((£1,745) for the Portfolio Holder for Health, Well Being and Leisure is discontinued.**
20. Similarly the SRA (£260) for Members of the Appeals Panels who put in more than the equivalent of two days per year is redundant. The work of the Appeals Panels (which mainly deal with staff appeals) is much reduced to the extent that this SRA is never paid. Sitting on Appeals Panels can be regarded as part of the regulatory role that all Members can expect to undertake to varying degrees. **The Panel recommends that the SRA for Members sitting on the Appeals Panels is discontinued.**

### Leader of the Council

21. The Leader's role has changed the most since the last review, a view generally echoed in the representation to the Panel. In particular the sub/regional agenda has placed greater demand on the Leader as it has all Leaders in the West Midlands. North Warwickshire Borough Council is now a full member of the Coventry and Warwickshire Local Enterprise Partnership (LEP) with the Leader being the Council's representative on the LEP Board. The Council is also a non-constituent member of the West Midlands Combined Authority (WMCA) which the Leader now attends. The Leader has also recently been appointed to the WMCA Land Commission.
22. Benchmarking shows that the Leader of North Warwickshire Borough Council, with an SRA of £10,987, is one of the lowest paid Leaders in the comparator group which has a mean Leader's SRA of £14,096 and median SRA of £13,359. To an extent it is logical that a Leader of a 4<sup>th</sup> Option Council is paid less than executive Leaders yet the Leader of North Warwickshire Borough Council chairs the Executive Board which is responsible for the development of the strategic policy framework and budget to send to Council for determination. However, the fact remains that the Leader has limited formal decision making powers. Moreover, it is clear that there is no appetite to substantially increase the Leader's SRA at this stage. It would also be more apt to do so when a more fundamental review is required in the future.

23. **The Panel recommends that the Leader's SRA (£10,987) remains unaltered for 2018/19 subject to any indexation that may be applicable.**

#### **Chairmen of the Boards**

##### **– Planning & Development, Resources and Community & Environment**

24. The Panel considered whether there was a case to pay a differential, i.e., slightly higher SRA, to the Deputy Leader, who also chairs the Resources Board. The Panel is not making any recommendation in this respect as there was insufficient evidence to indicate the post had sufficient extra significant responsibility.
25. The Panel received no compelling evidence to revise the current SRA (£4,983) paid to the Chairmen of the three principal Boards. **The Panel recommends that the SRA (£4,983) for the Chairmen of the Planning & Development, Resources and Community & Environment Boards remains unaltered for 2018/19 subject to any indexation that may be applicable.**

#### **Vice Chairmen of the Boards**

##### **– Planning & Development, Resources and Community & Environment**

26. Currently only the Vice Chairmen of the Resources and Community & Environment Boards receive an SRA (£1,745). Benchmarking shows that Vice Chairmen of Committees/Boards are not typically remunerated. As such, while the Vice Chairmen of the Resources and Community & Environment Boards have more or less taken on the old Portfolio Holder roles regarding their respective remit this is more an argument to maintain their SRAs rather than increase it. No compelling evidence was received to amend these SRAs. **The Panel recommends that the SRA (£1,745) for the Vice Chairmen of the Resources and Community & Environment Boards remains unaltered for 2018/19 subject to any indexation that may be applicable.**
27. However, a great deal of representation was received to remunerate the Vice Chairman of the Planning & Development Board. Historically this post has not been remunerated as the role was limited to standing in for and generally supporting the Chairman when required. However, the Vice Chairman of the Planning & Development Board has now acquired a further discrete role in that the post holder also chairs the Local Development Forum. This body reviews the Council's spatial strategies that feed into the Council's Local Development Plan and is effectively a rolling process. The Vice Chairman of the Planning and Development Board thus merits an SRA, at the same level as the Vice Chairmen of the Resources and Community & Environment Boards, namely £1,745.
28. **The Panel recommends that the Vice Chairman of the Planning & Development Board is paid an SRA from the start of the 2018/19 financial year set at of £1,745 subject to any indexation that may be applicable.**

## Members of the Planning & Development Board

29. Representation was received to remunerate the ordinary Members of the Planning & Development Board. It was argued that they had to attend more meetings as the Planning & Development Board meets more often (monthly) than any other Board or Sub-Committee, with the additional burden of accompanying site visits. While the reality is that most Planning & Development Board Members do regularly attend site visits, they are 'encouraged' to do so rather than it is 'expected', it is not a requirement. Similarly there isn't a formal training plan for Board Members on planning issues, so where training is arranged, it isn't mandatory. It is noted that Members elsewhere are not typically remunerated for sitting on planning committees. Benchmarking shows that out of the nine councils in the comparator group only Warwick remunerates Planning Members with an SRA of £250. The Panel maintains the view that all Members can expect to undertake a regulatory role and while the other regulatory duties, whether it is licensing, standards or appeals, may be much more irregular they have the potential to be more involved with longer meetings.
30. **The Panel does not recommend that the ordinary Members of the Planning & Development Board are paid an SRA.**

## Chairmen of the Safer Communities Sub-Committee and Special Sub-Group

31. Currently the Chairman of the Safer Communities Sub-Committee receives an SRA of £1,745. It is a Sub-Committee of the Executive Board with delegated responsibility for the statutory function of developing the Council's Crime and Disorder Strategy. No evidence was received to revise this SRA. **The Panel recommends that the SRA for the Chairman of the Safer Communities Sub-Committee (£1,745) remains unaltered for 2018/19, subject to any indexation that may be applicable.**
32. Since the previous review the Council has amended the remit of the Special Sub-Group of the Executive Board. It is scheduled to meet monthly although meetings are occasionally cancelled due to lack of business. This is due to the nature of its remit, which primarily relates to personnel e.g., senior staff appointments, staff structures, conditions of service, staff grievances, etc., and issues referred to it as and when required by the Executive Board such as additional work on joining the WMCA and other special projects. As such, the Chairman merits an SRA on a par with the SRA paid to the Chairman of the Safer Communities Sub-Committee (£1,745).
33. **The Panel recommends that the Chairman of the Special Sub-Group is paid an SRA from the start of the 2018/19 financial year, set at £1,745 subject to any indexation that may be applicable.**

## Chairman of the Licensing Committee

34. Historically the Chairman of the Licensing Committee has not received an SRA as much of the work of this committee has been conducted through the Licensing Sub-Committees that meet as and when to hear licensing appeals mainly related to liquor and taxi licensing, where the workload was shared across all the Members of the Licensing Committee.
35. There has been however two significant changes to the licensing regime since the last review. First, the Licensing Committee is still scheduled to meet once per year principally to settle upon the Council's licensing policy but this aspect has required a greater importance and scope in the post-Rotherham era requiring the occasional extra meeting of the Licensing Committee to develop appropriate policies in response to such external events. Second, it remains the case that the most of the work of the Licensing Committee is carried out through the Licensing Sub-Committees, which meet as required, on average about five or six times per year, including where taxi licenses have had to be revoked. The Licensing Committee Chairman is now called upon in the first instance to sit on and Chair a Licensing Sub-Committee and normally does so except where there is a conflict of interest. Moreover, benchmarking shows that this post is remunerated in every case in the comparator group with a mean/median SRA of £3,492/£3,556.
36. The Panel has decided that the Chairman of the Licensing Committee merits an SRA. However, on the basis that the full Licensing Committee is still scheduled to meet no more than once per year the Panel has chosen not to be guided by the benchmarking or the SRA paid to the Chairmen of the three principal Boards of North Warwickshire Borough Council. Instead, the SRA (£1,745) paid to the Vice Chairmen of the Boards/Sub-Committee/Sub-Group is more appropriate in this instance.
37. **The Panel recommends that the Chairman of the Licensing Committee is paid an SRA of £1,745 from the start of the 2018/19 financial year, subject to any indexation that may be applicable.**

#### **Vice Chairman of Licensing Committee**

38. The Panel considered the merits of recommending an SRA for the Vice Chairman of the Licensing Committee. However no evidence was presented to suggest that the role entailed significant enough responsibility to merit an SRA at this stage. Unlike the Vice Chairmen of the Boards, the Licensing Vice Chairman is not assigned discrete tasks or defined responsibilities except to generally support the Chairman and stand in when required. **The Panel is not recommending an SRA for the Vice Chairman of the Licensing Committee.**

#### **Leader and Deputy Leader of the Main Opposition Group**

39. Currently the Leader of the Main Opposition Group receives an SRA based on two elements, a standard element of £1,162 plus £233 per Group Member. This currently equates to £4,191 with a Main Opposition Group of 13

Members. The Deputy Leader of the Main Opposition Group receives an SRA set at £1,745.

40. It was pointed out to the Panel that potentially the Deputy Leader of the Main Opposition Group could receive more than their Group Leader. However, this would happen only if the Main Opposition Group had the legal minimum of Members to form a Group namely two. This potential anomaly is so unlikely as to be non-existent in practice – the Main Opposition Group has never been less than 10% of the Council membership since the establishment of the Borough in 1974.
41. No evidence was received to alter the basis or level of the SRAs paid to the Leader and Deputy Leader of the Main Opposition Group. **The Panel recommends that the SRA for Leader of the Main Opposition Group, £1,62 plus £233 per Group Member) and SRA for Deputy Leader of the Main Opposition Group (£1,745) remains unaltered for 2018/19, subject to any indexation that may be applicable.**

### **Leader of the Minority Opposition Group**

42. Currently the SRA (£1,162 standard element plus £233 per group member) for the Leader of the Minority Opposition Group is not payable as there is no longer a Minority Opposition Group on Council. The Panel considered recommending the discontinuation of this SRA but in the event that there is a sizeable Minority Opposition after the next election the Panel has decided to maintain the SRA, thus future proofing the scheme.
43. However, although it only takes two Members to form a group the Panel has decided that for this SRA to be payable then the Minority Opposition Group should be 'sizeable' and reach a critical mass, defined in this case at 10% of the Council, or four Members.<sup>6</sup> This is a common practice; for instance, in place in the allowances scheme of Tamworth and North West Leicestershire.
44. The Panel has further decided that as the Minority Opposition Group will in all likelihood not contain many more than four Members; then it should be a set SRA – on a par with the SRA (£1,745) for the Deputy Leader of the Main Opposition Group.
45. **The Panel recommends that the SRA for Leader of the Minority Opposition Group is maintained but set at £1,745 subject to the Group reaching four Members, which is 10% of the Council membership.**

### **Confirming the 'One SRA only' Rule**

46. The 2003 Members' Allowances Regulations do not limit the number of SRAs a Member may receive. Nevertheless, it is common for authorities to have a

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<sup>6</sup> Applying a qualifying threshold to the SRA for Leader of the Main Opposition Group is not applicable as the 2003 Regulations [5(2)(b)] require that at least one Opposition Member is paid an SRA which means even if Main Opposition Group was no more than two Members one of them would have to be paid an SRA.

'One SRA only' rule set out in their allowances scheme. In other words, regardless of the number of remunerated posts a Member may hold they can only receive one SRA. The prime reason for this rule is that it can create a lack of transparency in the allowances scheme. If a Member receives more than one SRA, the public are unable to ascertain their true level of remuneration by a reading of the Members' Allowances scheme. It can also lead to (and in some councils has led to) a situation whereby the highest remunerated Member is not necessarily the Leader, an anomalous situation which does not meet the 'feel fit and fair' test.

47. The 'One SRA only' rule has always been accepted by North Warwickshire Borough Council and no reasons were presented the Panel to alter this situation.
48. **The Panel recommends the continuation of the One SRA only rule.**

### **Travel and Subsistence Allowances**

49. The Panel received no representation that the current terms and conditions and rates payable for Travel and Subsistence Allowances required revising. The mileage allowance is set at the standard HMRC approved rate of 45p per mile and the Subsistence rates, which are rarely claimed, are based on the rates applicable to Officers. However, there is a minor omission in the schedule of travel allowances in that there is no provision for reimbursement of travel by motorcycle or bicycle, nor is there provision for a passenger supplement rate. Allowances for this mode and kind of travel when a Member is undertaking an approved duty is now commonplace and typically set at HMRC rates.
50. **The Panel recommends that the current Travel and Subsistence allowances including what constitutes approved duties are maintained with the addition of the following mileage allowances to be inserted into the allowances scheme:**
- Travel by motorcycle: 24p per mile
  - Travel by bicycle: 20p per mile
  - Passenger supplement rate: 5p per passenger (maximum of 4)
51. **The Passenger Supplement allowance should only be claimed for carrying fellow Councillors to an approved duty who would also be eligible for claiming the mileage allowance if travelling in their own vehicle.**

### **The Dependants' Carers' Allowance**

52. While the Dependants' Carers' Allowance (DCA) is rarely claimed there was universal support in the representation received to maintain this allowance as it helps to reduce a barrier to serving on Council for those with caring responsibilities. It is noted that the DCA is an allowance given statutory

recognition in the 2003 Regulations and as such is now almost universally adopted by English councils.

53. The Panel continues to support provision of the DCA at the current rates and definition of approved duties (which are defined by statute in any case) with one minor amendment. The rate claimable for the child care element is currently set at £6.70 per hour (capped at 15 hours per week). This is below the national living wage, which is currently £7.50 per hour, increasing to £7.83 per hour from April 2018. This anomaly should be rectified
54. **The Panel recommends no change to the scope and levels payable in the Dependants' Carers Allowance scheme, with one exception – the child care maximum rate should be set and linked to the national living wage of £7.83 per hour (April 2018).**

### Indexation

55. Currently, all but the mileage allowances are not indexed; in other words the Council cannot apply an annual cost of living index without reference to the Panel. As the main allowances have been effectively frozen since 2011 resulting in the Basic and Special Responsibility Allowances to lag behind their peers it is only appropriate that indexation is restored. To do otherwise would only create a larger lag that would have to be addressed in the future by a considerable increase in allowances. Indexation was also supported by the representation to the Panel. Moreover, it is now commonplace for councils to have relevant indices applied to their allowances. In settling on the appropriate index for the BA and SRAs the Panel has adopted what is known as the 'NJC' index. This is the annual percentage increase in local government staff salaries as agreed each year by the National Joint Council (NJC) for local government staff. For instance if staff salaries increase by 1% next year then the BA and SRAs would also be increased by the same amount.
56. One view presented to the Panel argued that the NJC index was not supported as it conflated Officer and Member remuneration and the Panel was asked to explore an alternative index. The reality of conflation occurring is more theoretical than real. By using the NJC index it ensures Members and Officers are treated equally in their annual cost of living increase. If another index was utilised, such as CPI currently 3%, it creates an inequity between the annual cost of living increase between staff and Members. The NJC index also bears a relationship to what the Council can afford as it is built into the Revenue Support Grant.
57. The Panel points out that if there is no provision in the allowances scheme to index allowances then the Council is not able to apply an annual cost of living increase without coming back to the Panel for advice. However, where a Council has adopted indices they are under no obligation to apply them each year. Councils retain the right choose whether or not to apply an index to their allowances even though the provision has been adopted.

58. **The Panel recommends that the North Warwickshire Borough Council Members Allowances are indexed as follows:**
- **Basic Allowance and SRAs:**
    - Indexed to the annual percentage salary increase for local government staff to be applied for the same year that applies to staff
  - **Travel Allowance – Mileage Rates:**
    - Indexed to HMRC approved mileage rates for motor vehicles, motor cycles and bicycles
  - **Subsistence Allowances:**
    - Indexed to the same rates that apply to Officers
  - **Dependants’ Carers’ Allowance – Maximum Rates:**
    - Childcare element:
      - indexed to the ‘national living wage’ hourly rate
    - Elderly or Other Dependant Relatives element:
      - indexed to median hourly rate charged for a Home Care Assistant by Warwickshire County Council
59. **The Panel also recommends that the indices apply for the maximum length permitted by the 2003 Regulations namely four years and to run from 1 April 2018 until 31 March 2022.**

#### **Implementation of Recommendations**

60. **The Panel recommends that all the recommendations contained in this report should be implemented from 1<sup>st</sup> April 2018.**

## **Appendix One**

### **Information considered for North Warwickshire Borough Council – Member Allowances Review 2017**

1. Panel Terms of Reference
2. North Warwickshire Borough Council Members' Allowances Scheme 2016/17
3. North Warwickshire Borough Council statutory publication of Members' allowances and expenses received, including sub-totals 2016/17
4. Independent Review of Allowances for North Warwickshire Borough Council, The 6<sup>th</sup> Report of the Independent Remuneration Panel, May 2012, including council minutes recording decision of council accepting recommendations
5. Diagram/flowchart showing North Warwickshire Borough Council committee structure
6. North Warwickshire Borough Council terms of reference for Committees, Sub-Committees, Panels, etc.
7. Schedule of Council meetings 2016/17 including membership of Boards, Committees, etc. and who chairs them
8. Number of meetings of Licensing Sub-Committees 2016/17 and May 2017 to date, including who chaired them
9. Reports to Council setting out main constitutional changes, North Warwickshire Borough Council namely
  - a) Democratic Structures Task and Finish Group – Report of the Assistant Chief Executive & Solicitor to the Council, Review of Democratic Arrangements, 23 October 2012
  - b) Executive Board – Report of the Assistant Chief Executive & Solicitor to the Council, Review of Democratic Arrangements, 26 November 2012
  - c) Executive Board – Report of the Assistant Chief Executive & Solicitor to the Council, Licensing Committee – Delegation Arrangements, 30 September 2013
  - d) Report of the Chief Executive, Council Constitution Priorities and Corporate Plan – Implications arising the 2015 Elections, 16 June 2015
  - e) Special Sub-Group – Report of the Assistant Chief Executive & Solicitor to the Council, Area Forums 15 December 2015
  - f) Executive Board – Report of the Assistant Chief Executive & Solicitor to the Council, Devolution/Constitutional changes (Scrutiny Board), 9 February 2016
  - g) Executive Board – Report of the Assistant Chief Executive & Solicitor to the Council, Review of Area Forum Working, 18 September 2017
10. Borough Council Articles of the Constitution
11. Member Role Profiles/Job Descriptions for Members and Post Holders including

- a) Leader of the Council
  - b) Deputy Leader and Board Chairman (Resources, Community & Environment, and Planning & Development Boards)
  - c) Ward Member
  - d) Portfolio Holder
  - e) Chair of a Service Task and Finish Group
  - f) Vice-Chairman of a Board
  - g) Opposition Group Leader
  - h) Opposition Group Deputy Leader
12. Replies to questionnaire sent out to all Members (X 5)
13. New Council Constitutions: Guidance on Regulation for Local Authority Allowances, Department for Communities and Local Government, 5<sup>th</sup> May 2006
14. Statutory Instrument 2003 No. 1021, The Local Authorities (Members' Allowances) (England) Regulations 2003
15. Benchmarking data - Members' Allowances Schemes from the four other Warwickshire District Councils and five adjacent Councils (2017/18) – see Appendix three for summary
16. Paper showing that the North Warwickshire District Council Basic Allowance and SRAs would be if Officer index had been applied since May 2012
17. Pay Offer: National Joint Council for Local Government Services: LGS Pay 2016-18

## **Appendix Two**

### **Members and Officers who met with the Panel**

#### **Members**

Cllr M. Bell:	Vice Chair of Community & Environment Board and Portfolio Holder for Health, Well Being & Leisure (Conservative)
Cllr P. Davey:	Chair of Safer Communities Sub-Group and Member of the Executive Board (Conservative)
Cllr A. Farrell:	Leader of Opposition (Labour) Group and Member of the Executive Board
Cllr Colin Hayfield:	Chair of Special Sub-Group and Member of the Executive Board (Conservative)
Cllr D. Humphreys:	Leader of the Council and Conservative Group and Chair of the Executive Board
Cllr A. Jenns:	Chair of Licensing Committee (Conservative)
Cllr D. Reilly:	Vice Chair of Planning & Development Board and Local Development Forum and Member of the Executive Board (Conservative)
Cllr R. Sweet:	Deputy Leader of Opposition (Labour) Group and Shadow Spokesperson - Planning
Cllr D. Wright:	Chair of Resources Board, Vice Chair of Executive Board and Deputy Leader of the Council (Conservative)

#### **Officers**

Sue Garner:	Assistant Director (Finance & Human Resources)
Steve Maxey:	Assistant Chief Executive and Solicitor to the Council

## Appendix Three: Benchmarking

BM1 NWBC Benchmarking Group - Other Warwickshire & Adjacent DCs: BA + Exec + Scrutiny SRAs (2017/18)									
Comparator Council	BA	Leader	Leader Total	Deputy Leader	Other Cabinet	Chairs Scrutiny	Vice Chairs Scrutiny	Chair Council	Deputy Chair Council
Hinckley & Bosworth	£4,000	£15,500	£19,500		£5,500	£3,500		£8,000	£3,000
Lichfield	£4,090	£12,270	£16,360	£7,362	£6,749	£2,454	£614	£2,800	£700
NW Leicestershire	£3,818	£15,271	£19,089	£9,552	£5,727	£4,963		£3,818	£477
Nuneaton & Bedworth	£4,935	£12,336	£17,271	£8,020	£7,051	£3,883			
Rugby	£6,492	£17,153	£23,645	NA	£5,356	£3,214		£2,679	
S. Derbyshire	£6,175	£18,518	£24,693	£10,178	committee system	£9,249	£2,312		
Stratford-on-Avon	£5,151	£10,605	£15,756	£5,304	£5,304	£5,304		£1,326	
Tamworth	£5,338	£13,359	£18,697	£10,019	£8,683	£6,011			
Warwick	£5,268	£11,853	£17,121	£5,927	£5,334	£2,963			
NWBC	£4,942	£10,987	£15,929	NA	committee system	NA			
Mean	£5,030	£14,096	£19,126	£8,052	£6,213	£4,616		£3,725	£1,392
Median	£5,151	£13,359	£18,697	£8,020	£5,614	£3,883		£2,800	£700
Highest	£6,492	£18,518	£24,693	£10,178	£8,683	£9,249		£8,000	£3,000
Lowest	£3,818	£10,605	£15,756	£5,304	£5,304	£2,454		£1,326	£477

<b>BM2 NWBC Benchmarking - Other Warwickshire &amp; Adjacent Regulatory SRAs (2017/18)</b>									
<b>Comparator Council</b>	<b>Chair Planning</b>	<b>Planning V/Chair</b>	<b>Members Planning</b>	<b>Chair Licensing</b>	<b>Licensing Vice Chair</b>	<b>Chrs Licensing &amp;/or Appeals Panels</b>	<b>Chair HR &amp;/or Employment</b>	<b>Chair Audit &amp;/or Governance</b>	<b>V/Chair Audit</b>
<b>Hinckley &amp; Bosworth</b>	£3,500			£3,500		£3,500	£2,500	£3,500	
<b>Lichfield</b>	£6,135	£1,543		£2,454	£614		£1,543	£1,543	
<b>NW Leicestershire</b>	£4,963			£4,963				£4,963	
<b>Nuneaton &amp; Bedworth</b>	£4,586			£4,586				£2,588	
<b>Rugby</b>	£3,750			£3,750		£536	£536	£3,097	£1,320
<b>S. Derbyshire</b>	£9,249	£2,312		£4,630				£4,630	
<b>Stratford-on-Avon*~</b>	£6,366			£2,652		£1,326		£2,652	
<b>Tamworth</b>	£6,011			£1,335		£45/£90 per meeting		£3,339	
<b>Warwick</b>	£4,149	£1,037	£250	£3,556			£1,185		
<b>NWBC</b>	<b>£4,983</b>			<b>NA</b>				<b>£4,983</b>	<b>£1,745</b>
<b>Mean</b>	<b>£5,412</b>	<b>£1,631</b>		<b>£3,492</b>		<b>£1,787</b>	<b>£1,441</b>	<b>£3,289</b>	
<b>Median</b>	<b>£4,963</b>	<b>£1,543</b>		<b>£3,556</b>		<b>£1,326</b>	<b>£1,364</b>	<b>£3,218</b>	
<b>Highest</b>	£9,249	£2,312		£4,963		£3,500	£2,500	£4,963	
<b>Lowest</b>	£3,500	£1,037		£1,335		£536	£536	£1,543	
*Stratford pays 2 Planning Chairs @ £3,183 apiece					~Stratford can Pay up 3 Licensing Appeals Chairs @ £1,326 each				

<b>BM3 NWBC Benchmarking Group: Other Warwickshire &amp; Adjacent DCs - Group &amp; Misc SRAs 2017/18</b>					
<b>Comparator Councils</b>	<b>Main Opposition Group Leader</b>	<b>Deputy Leader Main Opposition</b>	<b>Minor Opposition Group Leader</b>	<b>Chairs Area or Local Forums</b>	<b>Other SRAs &amp; Comments</b>
<b>Hinckley &amp; Bosworth</b>	£3,500		£3,500		
<b>Lichfield</b>	£2,800	£700			Chairs of Standards + Parish Forum £50 per meeting
<b>NW Leicestershire</b>	£3,818				
<b>Nuneaton &amp; Bedworth</b>	£2,588				Telephone Allowance £369
<b>Rugby</b>	£2,679		£2,679		Broadband Allowance
<b>S. Derbyshire</b>	£9,249	£2,312			Chairs X 3 of Policy Committees £9,249 and Vice Chairs of Policy Committees £2,312. Telephone Allowance £240
<b>Stratford-on-Avon</b>	£2,652		£1,313		12th BA payment withheld if training objectives not met, Co-optees On Audit & Standards £375
<b>Tamworth</b>	£6,011	£3,339	£1,335		If Main Opposition Group is less than 8 Members then Deputy Leaders SRA reduced to £2,004. 10% of BA withheld if 75% of meeting not attended
<b>Warwick</b>	£2,963		£1,185		Chairs Conservation Town Forum + Standards £1,185
<b>NWBC</b>	<b>£4,191</b>	<b>£1,745</b>	<b>£1,162 + £233 p/mbr</b>	<b>£873</b>	Chair Community & Environment Board £4,983, Chairs Housing + Safer Communities Subs, + Portfolio Holder Health, Well Being & Leisure + Vice Chair Community & Environment £1,745. Appeals Members £260
<b>Mean</b>	<b>£4,029</b>	<b>£2,117</b>	<b>£2,002</b>		
<b>Median</b>	<b>£2,963</b>	<b>£2,312</b>	<b>£1,335</b>		
<b>Highest</b>	£9,249	£3,339	£3,500		
<b>Lowest</b>	£2,588	£700	£1,185		

### Appendix Four: NWBC Allowances if indexed since 2012

<b>Indexation of Members Allowances</b>									
	<b>RPI</b>	<b>% Inc</b>	<b>Basic Allowance</b>	<b>Leader</b>	<b>Board Chairs</b>	<b>Vice Chairs / Portfolio Holders</b>	<b>Leader - Opposition</b>	<b>Leader - Opposition - per Member</b>	<b>Deputy Leader - Opposition</b>
May-12	241.8		4,942	10,987	4,983	1,745	1,162	233	1,745
May-13	249.2	3.06%	5,093	11,323	5,135	1,798	1,198	240	1,798
May-14	255.4	2.49%	5,220	11,605	5,263	1,843	1,227	246	1,843
May-15	258.1	1.06%	5,275	11,728	5,319	1,863	1,240	249	1,863
May-16	262.1	1.55%	5,357	11,909	5,401	1,891	1,260	253	1,891
May-17	271.7	3.66%	5,553	12,346	5,599	1,961	1,306	262	1,961
<b>National Joint Council Local Government Staff Annual Pay Awards since previous Review</b>									
May-12			4,942	10,987	4,983	1,745	1,162	233	1,745
Apr-13		1.00%	4,991	11,097	5,033	1,762	1,174	235	1,762
Jan-15		2.20%	5,101	11,341	5,144	1,801	1,199	241	1,801
Apr-16		1.00%	5,152	11,454	5,195	1,819	1,211	243	1,819
Apr-17		1.00%	5,204	11,569	5,247	1,837	1,224	245	1,837

## APPENDIX B

Set out below are details of the amounts of Basic and Special Responsibility Allowances proposed under the Scheme with effect from 1 April 2018.

<b>Allowance</b>	<b>Amount per annum £</b>
Basic	4,977
Leader of the Council and Chairman of Executive Board	10,987
Deputy Leader and Chairman of Resources Board	4,983
Deputy Leader and Chairman of Community & Development Board	4,983
Deputy Leader and Chairman of Planning & Development Board	4,983
Vice Chairman of Resources Board	1,745
Vice Chairman of Community & Environment Board	1,745
Vice Chairman of Planning & Development	1,745
Chairman of Safer Communities Sub-Committee	1,745
Chairman of Special Sub Group	1,745
Chairman of Licensing Sub Committee	1,745
Leader of the Main Opposition Group – standard element - per group member	1,162 233
Deputy Leader of the Main Opposition Group	1,745
Leader of the Minority Opposition Group <i>(Only payable if 4 or more members)</i>	1,745

## **Agenda Item No 11**

### **Executive Board**

**12 February 2018**

#### **Report of the Assistant Director (Corporate Services)**

#### **Update of Contract Standing Orders**

### **1 Summary**

- 1.1 This report seeks Member approval for the proposed update to the Council's Contract Standing Orders which form part of the Constitution of the Council.

#### **Recommendation to the Council**

**That the changes to Contract Standing Orders summarised in this report and included in the Draft Contract Standing Orders (Appendix 1) be approved.**

### **2 Consultation**

- 2.1 The Chairs, Vice-Chairs and Spokespersons of Executive Board, Resources Board, Community and Environment Board and Planning and Development Board have been sent a copy of this report. The Chair or their Boards have roles in the procurement process and as such are affected by the changes proposed to the 'opening ceremony'. Comments received will be incorporated into this report or reported verbally to the Board.
- 2.2 The process suggested, for an updated tender 'opening ceremony', is based on experience gained through trials undertaken on tenders that are the responsibility of Resources Board. We also asked a number of local Councils about their processes and based some of the changes on common practices.
- 2.3 Officers whose work would be affected by the changes have been consulted and support the suggestions made. We also asked EMT members and Procuring Officers to identify changes they think should be made to CSO's.

### **3 Background**

- 3.1 Contract Standing Orders are a set of rules which guide how the Council buys goods, services and works. Councils are legally obliged to have these rules and currently they must take account of European Union Treaty and Directives and National legislation that governs public sector procurement.
- 3.2 The last major update to Contract Standing Orders (CSO's) was completed and approved by Resources Board in September 2015. Since then minor updates have been made, the last one being in January 2016 when version 3.3 was published.

## 4 Amendments to Contract Standing Orders

4.1 Practical experience of using our Contract Standing Orders has highlighted a few areas where they can be made clearer or more robust. Some changes are needed where legislation has been amended or introduced and the monetary thresholds above which EU procedures apply need to be updated. All the proposed changes and additions are shown, in the draft document, in red and underlined for clarity (see Appendix 1). The main changes are summarised below:-

- Amendment to ensure staff seeking to engage Counsel or specialist legal advice do so in consultation with the ACE and Solicitor to the Council.
- EU Concessions Directive 2014 referred to has been taken into UK law as The Concession Contracts Regulations 2016.
- EU thresholds have increased to £181,302 for goods and services and £4,551,413 for works.
- A new Data Protection Act, which will replace the existing DPA 1998 and enact the EU General Data Protection Regulation (GDPR), will apply in the UK from 25 May 2018. The known Procurement implications of this have been incorporated into the Draft CSO's and any subsequent changes will be incorporated as minor revisions as they become known.
- Good practice suggestions made in the Small Business Procurement Charter and by the Federation of Small Businesses have been considered and incorporated into CSO where practical.
- Reviewed the references to legislation and accommodated them as needed, for example to account for the requirements of the Modern Slavery Act 2015.

4.2 The part of CSO's in most need of updating is the tender receipt and opening procedure to account for tenders and larger quotes being received electronically through the CSW-Jets portal. The portal is used by Coventry City Council, Solihull MBC, Warwickshire County and all the Warwickshire Districts and Boroughs.

4.3 The current receipt, opening and registration 'ceremony' as prescribed in CSO (Appendix 1 page 15) is detailed below:

11.3.1 Tender envelopes shall be numbered and marked with the time and date of receipt and kept unopened in the custody of the Assistant Chief Executive & Solicitor to the Council (SttC) until their scheduled opening.

11.3.2 Tenders not received in the manner and timescale specified by the Council will be rejected and the sender informed of the reason for rejection.

11.3.3 Procuring Officers must liaise with Democratic Services and the Procurement Team to arrange a date and time for opening any Tenders.

- 11.3.4 Tenders shall be opened at one time in the presence of either the Leader of the Council or one of the Deputy Leaders and the Assistant Chief Executive and Solicitor to the Council or his/her representative.
- 4.4 As can be seen this is a process developed for opening paper responses and was adequate for straight forward paper tenders that had to be received and stored securely, where a physical audit trail was needed and where there was the potential opportunity to see responses prior to the tender closing and then inform other suppliers and influence procurements.
- 4.5 The current process is paper based and requires the following people to be present:
- Leader or their Deputy,
  - the Assistant Chief Executive and Solicitor to the Council or his representative (a member of Democratic Services). Who is required to record a range of information in a book. (see CSO's 11.3.5).
  - For e-tendering the Procurement Manager or the AD (Corporate Services) is present and
  - the Procuring Officer may attend.
- 4.6 The process described does not fit with the CSW-Jets portal, which is used for electronic tenders. The portal provides a secure, fully auditable environment and keeps responses 'locked' and anonymous until the tender period has ended.
- 4.7 An additional factor that has resulted in the Council receiving more supplier responses is a change to procurement regulations which prevents authorities using a pre-qualification stage in procurements below EU thresholds. This has meant we have used open tender procedures and have been unable to do an initial selection and shortlist stage which has resulted in the receipt of over 40 valid returns for recent Housing Tenders. These take a considerable time to open, download and prepare for members to see and sign for.
- 4.8 Therefore, to summarise, the current receipt and opening process is out of date and does not fit the modern e-tendering system we use. It involves a significant amount of officer and member time without adding anything to the security or robustness of the opening process. It is out of step with the processes used by other Councils who we collaborate with and who's Contract Standing Order we trust where they are the lead authority.
- 4.9 The Procurement Manager has contacted a number of neighbouring Councils to find out about their 'opening ceremonies' and who is involved. Their comments are provided in Appendix 2 and shows that all have changed their procedures and no longer require audit, legal or member involvement at the time of opening.
- ...
- 4.10 The proposed new receipt and opening process is based on the one used by Nuneaton and Bedworth Borough Council (Appendix 2). We have aimed to simplify the process, without compromising security, accountability or transparency. It builds on experience gained through working with the Chair of Resources Board where he is not present for the initial accessing and

downloaded of tenders by Procurement staff. This enables Procurement to deal with technical aspects of downloading a number of documents and identify price information which for complex tenders may be hard to find or compare. All actions on the system are logged and are fully auditable

4.11 The proposed new process, as it would appear in Contract Standing Orders, is detailed below:

11.3.1 Tenders and quotes received via the e-tendering portal, which provides a secure and fully auditable environment, are held securely until the published closing date and time. After which;

a) Below Level D (£110,000) they may be opened by the Procurement Manager, AD (Corporate Services) or trained member of the Procurement Team.

b) Above Level D they will be opened by the Procurement Manager or AD (Corporate Services) and the Procuring Officer responsible for the tender.

11.3.2 A summary of the tender opening information as detailed below will be produced and made available to Democratic Services and the Chair of the relevant Board.

- Title of the Contract
- Date and time of opening.
- Name of those present.
- Number of responses and Name of each tenderer.
- Verification that required documents are present.
- Detail any anomaly or problem with a return

11.3.3 The Procurement Team will download the tender responses and make them available to the Procuring Officer for record/audit and evaluation.

## **5 Report Implications**

### **5.1 Finance and Value for Money Implications**

5.1.1 There are no financial implications arising from this report. Contract Standing Orders are developed to work with, and support, the Council's Financial Regulations.

5.1.2 One of the main aims of Contract Standing Orders is to ensure the Council purchases goods, services and works which are best value for money.

### **5.2 Legal, Data Protection and Human Rights Implications**

5.2.1 These Standing Orders have been updated to help ensure legal compliance in all procurement and contracting activity. Specific updates have been, and will be, made to CSO's and other procurement documentation and processes to help ensure compliance with GDPR.

5.2.2 Other legislation and related Council Policy has an impact on how procurement is carried out, on how suppliers are expected to work with us and the nature of the contracts that are ultimately signed. Senior Officers and others involved with procurements are expected to ensure relevant legislation is accommodated and Council Policy applied as necessary.

### **5.3 Environment, Sustainability and Health Implications**

5.3.1 The Council is aware of its duties under the Public Sector (Social Value) Act 2012 to consider how what is to be procured might improve the economic, social or environmental well-being of the Borough. Officers are encouraged to consider how their actions could improve the well-being of communities. Any procurement generated through the work of the North Warwickshire Community Partnership, which the Council takes the lead responsibility for, will comply with Contract Standing Orders. Other partners will comply with their procurement regulations as necessary.

### **5.4 Health, Wellbeing and Leisure Implications**

5.4.1 The Public Sector (Social Value) Act will help contribute towards improving the well-being of communities. Any initiatives supported by the Council, under this theme, which require procurement of goods and services will comply with Contract Standing Orders.

### **5.5 Human Resources Implications**

5.5.1 A numbers of Officers and some Members will be involved in procurements at various times. It is our aim to ensure their involvement is effective and that time and other resource is used efficiently. It is important that they understand their roles and levels of responsibility, these are summarised in Section 3 of the draft CSO's. The Procurement Team provides advice, guidance and support for those required to procure on behalf of the Council.

### **5.6 Risk Management Implications**

5.6.1 The Council is required to have rules for procuring goods and services. One of the main aims of the Council's CSO's is to help mitigate the risks that could arise through poor or illegal procurement practices.

## 5.7 Equalities Implications

- 5.7.1 Contract Standing Orders require the Council to apply relevant legislation to its procurement activities this includes the commitment to implementing the duties laid down under the Equality Act 2010 as they relate to procurement. We will use the best practice defined by the Equality and Human Rights Commission guidance on the specific duties relating to procurement.
- 5.7.2 The general equality duty applies to procurement and commissioning activity, regardless of the value, by public bodies such as the Council. However, the value of the contract may impact upon the relevance and proportionality of equality considerations.

## 5.8 Safer Communities Implications

- 5.8.1 The report and the proposed changes to the Contract Standing Orders include specific recognition of the Modern Slavery Act 2015. By following the guidance for this legislation the Council will make a significant contribution towards addressing the risk of harm posed to vulnerable individuals. The Council is working in partnership with the Police and other partners to help address serious and organised crime and the changes to the Contract Standing Orders will supplement our work on this agenda.

## 5.9 Links to Council's Priorities

- 5.9.1 Good procurement and commissioning practices, as defined in Contract Standing Orders, support the Council's priority of achieving a balanced budget. However, the outcomes of the various procurement exercises could support and contribute to any one of the Council's priorities.

The Contact Officer for this report is Linda Bird (719327).

### Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date
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# North Warwickshire Borough Council

## Contract Standing Orders



North Warwickshire  
Borough Council

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## 1 PURPOSE

- 1.1 The purpose of Contract Standing Orders is to provide clear rules for Officers and Members to use when purchasing and a structure within which purchasing decisions are made. They aim to ensure that the Council:
- Purchases legally, fairly and with regard to good practice to safeguard the Council's reputation.
  - Is protected from maladministration and vulnerability to Fraud, Bribery/Corruption in the letting of contracts.
  - Protects individuals from undue criticism or allegations of wrongdoing.
  - Purchases goods, services and works that are best value for money.
  - Uses procurement to support its objectives and priorities.
- 1.2 By law (Section 135 of the Local Government Act 1972) the Council must have Standing Orders which guide the letting of contracts and which cover securing competition and regulating the Tender process.
- 1.3 Any dispute or difference in the interpretation of Contract Standing Orders and the Council's Financial Regulations or any other relevant document shall be resolved by the Solicitor to the Council.
- 1.4 Advice on the application of these Orders is available from the Procurement Team and the Assistant Director (Corporate Services).

## 2 SCOPE

- 2.1 Contract Standing Orders apply to procurements and contracts entered into by, or on behalf of, the Council for:
- the provision of goods, services and works regardless of their value,
  - concession contracts, (these are subject to the [Concession Contacts Regulations 2016](#))
  - the disposal of land, property or other assets (including surplus goods),
  - involvement by the Council in partnerships and other joint working where the money, including external funding, passes through the Council's accounts.
- 2.2 Contract Standing Orders DO NOT apply to:
- Goods, services or works purchased through an existing, valid Corporate Contract or provided by another division within the Council.
  - The purchase or hire of property.
  - Permanent staffing.
  - Engagement of legal Counsel or expert witnesses, or instructions to Solicitors to act on the Council's behalf; [provided this is done with the prior approval of the ACE & Solicitor to the Council.](#)
  - Lending or borrowing of money.
  - Grants from the Council (except where they are to buy services).
  - Procurements where there is a valid and approved Exemption ([Section 6](#)).
- 2.3 The terms and phrases used in this document are explained in "[The Glossary](#)" provided as [Appendix 1](#). All figures in Contract Standing Orders are net of VAT.

- 2.4 Elements of this document provide advice on how to procure. Further help is available from the Procurement Team and on the Council's Intranet.

### 3 RESPONSIBILITIES AND CONDUCT

- 3.1 Members and Officers shall be mindful of and **must** comply with relevant Legislation<sup>1</sup> and Directives and with Codes of Conduct, Protocols and Financial Regulations as set out in the Council's Constitution when dealing with procurement and contractual matters.
- 3.2 To minimise the risk of fraud, bribery and corruption within procurement, tendering and contracts particular attention should be made to NWBC Counter Fraud Policy and the Anti-Bribery Policy.
- 3.3 Information disclosed, obtained or stored as part of a procurement exercise must be handled in accordance with the Council's Information Security Policy and with regard to the Local Government Transparency Code, other relevant legislation and Council Policy such as that on Data Protection and Freedom of Information.
- 3.4 Senior Officers are accountable for purchasing and compliance in the Sections or Divisions for which they are responsible.
- 3.5 The appropriate Senior Officer is responsible for identifying a Procuring Officer to lead any procurement and contract award process.
- 3.6 Council employees, those engaged to act on behalf of the Council and all contracts made by the Council must comply with these Contract Standing Orders, the Council's Financial Regulations and Standing Orders and the Council's Procurement and Commissioning Strategy.
- 3.7 Officers, Members, and those acting on the Council's behalf shall maintain the highest standards of honesty, integrity, impartiality, independence and objectivity.
- 3.8 Officers, Members, and those acting on the Council's behalf must take appropriate measures to avoid, or properly declare, possible conflicts of interest (economic, financial or personal interests) which might be seen to compromise their impartiality or independence in the context of a procurement procedure.
- 3.9 The Deputy Chief Executive may revise any figures referred to in these Contract Standing Orders and report such changes to Resources Board.
- 3.10 Officers must follow the appropriate Procurement Route which is determined by the value of the goods, service or works being purchased.
- 3.11 The Procurement Team should be consulted before a procurement starts and it will advise on, and assist Procuring Officers with, all aspects of the procurement process, practices and documentation.
- 3.12 Once a Contract has been established by the Council, for use by all services (a Corporate Contract); it must be used by all services to ensure compliance with the terms of the Contract and avoid breach of Contract.

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<sup>1</sup> Legislation including, but not limited to - Public Contracts Regulations 2015, Equality Act 2010, Bribery Act 2010, Public Sector (Social Value) Act 2012, Freedom of Information Act 2000, **Modern Slavery Act 2015** and Data Protection Act [1998 \(GDPR from 25<sup>th</sup> May 2018\)](#).

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3.13 The Senior Officer or Procuring Officer should notify the Assistant Director (Corporate Services) of all contracts entered into or contracts being arranged to enable procurement planning and to facilitate best value for money.

3.14 The Procurement Team will provide advice and guidance to suppliers on the Council's processes and systems (CSW-Jets) potential or small suppliers.

## 4 PRINCIPLES APPLYING TO ALL CONTRACTS/PROCUREMENTS

- 4.1 Every contract entered into on behalf of the Council must comply with these Standing Orders. However, National and/or European Union (EU) Legislation and Directives take precedence.
- 4.2 These Contract Standing Orders take precedence over any supplier agreements and terms and conditions.
- 4.3 Contracts will typically be awarded on a "most economically advantageous basis" using criteria which take into consideration cost and quality.
- 4.4 All purchases made or procurements carried out must be undertaken and approved by Officers with the appropriate delegated authority regardless of the value, procurement route or method of payment.
- 4.5 An Officer may only procure, raise an order or enter into a contract where there is approved funding e.g. provision in the Revenue Budget or as part of a scheme in the agreed Capital Programme.
- 4.6 Any contract award that involves the transfer of staff from the Council to a third party needs the approval of the Council.
- 4.7 Officers are expected to manage contracts to cost, quality, time and budget. In the event of variation to any one of these Officers will follow the relevant Contract Standing Orders to resolve or report the variation.
- 4.8 The length of a contract should be appropriate for the goods, services or works being purchased. A Contract should be for no longer than 4 years unless it is tied to the completion of a specific job or the supply of a fixed quantity of goods or the nature of the procurement demands it and a longer timeframe has been approved by a Senior Officer or a Board.
- 4.9 When using a Framework Contract or an existing contract let by another body the Procuring Officer must ensure they comply with the processes laid down for its use and be aware of the Contract terms and any award conditions or restrictions.

## 5 PROCUREMENT PLANNING

### 5.1 Future Contracts

- 5.1.1 The Council will determine, where possible, what contracts are due to be awarded or re-tendered in the course of its financial year and issue appropriate plans and notices, which may include:
- Prior Information Notices (PIN) where required under EU Regulations.
  - Advisory notices to current contractors.
  - A statement of intent or a Procurement Plan on the Council's website.

### 5.2 Need & Specification

- 5.2.1 Before starting any procurement activity or making a purchase it is essential that the Procuring Officer or Senior Officer (for procurements at Tender Level);-
- Is satisfied that the goods, service, or works are needed.
  - Has considered any alternative options for meeting the need.
  - Has established if there is an existing contract or corporate contract that must or should be used.
  - Sought advice from the Procurement Manager and for procurements at Tender levels obtained a procurement reference number.
- 5.2.2 A specification of what is needed must be decided on, regardless of the value of the procurement. This may range from a simple description and an estimated price to detailed specifications for high value, complex procurements.
- 5.2.3 Specification must not include requirements that are discriminatory or which may distort competition or contain non-commercial interests.
- 5.2.4 The Procuring Officer, and for Tender exercises the Senior Officer, must be satisfied that any specification is fit for purpose.

### 5.3 Estimating the Overall Value

- 5.3.1 An estimate of the total value of the procurement must be calculated at the outset to ensure the correct procurement route is selected and best value obtained. The [whole life cost](#) must be used to calculate the Overall Estimated Value which can be established by using one of the following: -
- the expected annual amount (purchase costs and on-going cost) multiplied by the number of years the contract is expected to operate,
  - the value of past annual expenditure multiplied by the number of years the contract is expected to operate,
  - the estimated cost of the good or service for a one off purchase,
  - or a value established through market testing e.g. indicative costs from potential suppliers.
- 5.3.2 The Council is aware of its duties under the Public Services (Social Value) Act 2012 to consider how what is to be procured might improve the economic, social or environmental well-being of the Borough. Procuring Officers and other Officers involved in procurement must therefore consider how their actions will improve the well-being of our communities.

### 5.4 Aggregation

- 5.4.1 The Council will make the best use of its purchasing power by aggregating its potential needs. It will consider all of its requirement and the likely total spend for similar goods and services across all Divisions when working out the Overall Estimated Value for a contract.

- 5.4.2 Officers **must not** deliberately split requirements to reduce the value of a contract in order to avoid certain procurement routes or to fall below EU procurement thresholds (see Table 1)<sup>2</sup>.

## 6. EXEMPTIONS TO CONTRACT STANDING ORDERS

- 6.1 The requirement for the Council to purchase using a competitive process can be waived in certain or exceptional circumstances and for specific types of contract. The decision to use an Exemption must take into account value for money, probity and fairness. **An Exemption cannot be used for procurements above EU thresholds or if its use would result in a breach of UK or EU legislation.**

### 6.2 Exemptions and Approval to use an Exemption

- 6.2.1 Where it is intended to use a Standing Order for Exemption to having to follow a competitive Procurement Route the appropriate Senior Officer, in consultation with the AD (Corporate Services) or the Procurement Manager, must:

- For all purchases at or below Level B (Quotes, see Table 1) – approve the reason for the exemption and the specific Standing Order(s) to be used and ensure this information is documented,
- and for contracts valued at, or above Level C (Tenders), seek approval from the Deputy Chief Executive (DCE), or the Solicitor to the Council or MT,
- and where the value of the contract exceeds or is likely to exceed Level D seek approval from the relevant Board or CE using emergency powers.

- 6.3 Exemptions include:-

- 6a Using Framework contracts or collaborative procurements made by a body, legally able to let public contracts, such as a Professional Buying Organisation. Provided that the Council is clearly identified as able to use the framework and tenders or quotations have been invited and contracts awarded in accordance with procedures which are equivalent to these Contract Standing Orders and which comply with any national or EU Public Contact Rules, regulations or legislation.
- 6b The purchase of works, goods or services required in an emergency or in exceptional circumstances or so urgently that competition would not be in the Council's best interests or possible.
- 6c Where the purchase of goods, services or works from a different firm would result in incompatibility with existing goods, services or assets or would result in disproportionate technical difficulties or financial disbenefit.
- 6d When there are justifiable technical, specialist or supply market reasons and the works, goods, materials or services can only be obtained from one firm, and no reasonably satisfactory alternative is available.
- 6e Best value for money can be achieved by the purchase of used or pre-owned vehicles, plant, equipment or materials.
- 6f The purchase or sale of property or articles at an auction sale.

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<sup>2</sup> See Table 1 for explanation of Tender Levels and respective values i.e. Levels 0, A, B, C, D and OJEU.

- 6g In exceptional circumstances; where the work to be done or the goods to be supplied constitute a valid extension to an existing contract and it is in the Council's best interest to negotiate with the existing contractor/supplier.
- 6h Where a Contract Award has been suspended under the 2009 amendment to the Procurement Regulations, the incumbent supplier can continue offering the supply or service until the dispute has been resolved.
- 6i When the contract or co-operation is between public bodies and provided that specific conditions around control, service provision and private sector involvement are met.

6.4 The Procuring Officer must document decisions made and retain relevant documentation if an Exemption is granted.

## 7. PROCUREMENT ROUTES

7.1 **This section does not apply if an Exemption has been agreed (see Section 6) or a Corporate Contract is to be used.**

7.2 Anyone procuring on the Council's behalf must ensure that opportunities to supply goods, services and works are advertised appropriately and that the conditions for competition are met.

### 7.3 Thresholds, Advertising and Competition

7.3.1 The Overall Estimated Value is used to determine the procurement method (quote or tender), the minimum number of firms to be invited, the requirements for advertising, and contract award /order process; these are summarised in Table 1.

Table 1- Levels and Procurement Route					
Level	Overall Estimated Value -	Method & Response	Number of Firms Invited	Advertising Method & Timescale	Order and Award Process
Level 0	Up to £1,500	Quotations – may be verbal <sup>1</sup>	At Least 2 Firms	Not Required	Confirmed & ordered using Council Purchase Order or Council P-Card.
Level A	£1,501 to £10,000	Quotations in writing.	At Least 2 Firms	Not Required	Confirmed & ordered using Council Purchase Order or Council P-Card.
Level B	£10,001 to £45,000	Quotations in writing.	At Least 3 Firms	Invitation to Quote on Council Website and relevant Procurement Portal for at least 5 working days.	Confirmed & ordered using Council Purchase Order.

<sup>1</sup> Details of verbal quote should be documented by the Procuring Officer (see 11.1.1)

<b>Level C</b>	£45,001 to £110,000	Tender Procedure-Responses in writing.	At Least 3 Firms	Invitation to Tender on Council Website and relevant Procurement Portal for at least 10 working days.	Confirmed by Award Letter & ordered against Contract and/or Council Purchase Order (PO)
<b>Level D</b>	£110,001 to OJEU Levels	Tender Procedure-Responses in writing	At Least 3 Firms	Council Website & relevant Procurement Portal for at least 14 working days.	Confirmed by Award Letter & ordered against Contract and using Council PO
<b>OJEU</b>	OJEU Levels and above	EU Tendering Procedure - Consult the Procurement Team before starting EU procurements. EU Thresholds from 1st January 2016:- Services and Supplies = <b>£181,302</b> , Works = <b>£4,551,413</b>			
Tenders should only be advertised in a publication (Local or Trade) if the Senior Officer believes it essential to achieve competition and it is best value for money.					

7.4 If sufficient Quotations have not been obtained after advert or the relevant Senior Officer feels that it is inappropriate in the interests of the efficient management of the service to advertise or seek the required number of quotations, then the reasons and proposed actions must be discussed with the Procurement Manager and a record of the decision kept.

7.5 Where the Tender value is at Level C and a sufficient number of suitable firms cannot be identified to Tender or have not Tendered approval must be sought from the DCE, CE or MT and at Level D approval from the appropriate Board, before proceeding with the Tender. The reasons and proposed actions must be discussed with the AD (CS) or the Procurement Manager and a record of the decision kept.

## 7.6 Advertising Requirements

7.6.1 Any Advert or Notice of a procurement opportunity and/or any Quote or Tender must set out details of the proposed procurement and clearly:

- Describe the required goods, services or works and the scope of the Contract.
- State what Firms will have to do to quote or to tender.
- Invite Firms to complete the document(s) needed to register their interest or detail their ability to supply what is required.
- State the submission process, contact details and the Closing Date for receipt of the response.
- Summarise the criteria the Council will be using to evaluate responses and award the contract.

## 8 QUOTATIONS AND TENDERING

### 8.1 Before Tendering or Obtaining Quotes

8.1.1 Before seeking Quotation or Tenders the Procuring Officer and/or Senior Officer must:

- Satisfy themselves that the Council does not already have a Contract in place for supplying the required goods, services or works.

- Decide if there is a case for an Exemption from the requirements for competition (Section 6).
- Decide if the potential works or services could be carried out or supplied by, or assistance is need from, another division of the Council.
  - (a) If the Supply-side Officer decides they want to submit a quotation or tender they will be included in the list of those to be invited.
  - (b) If the Supply-side Officer decides they wish to carry out the contract, free from competition, and provided that they can demonstrate that this constitutes best value for money, then the contract will be carried out by that Officer; unless the Solicitor to the Council, in consultation with the Deputy Chief Executive (DCE) determines otherwise.
    - i. At Level C or above this arrangement must be documented and approved by the Supplying and the Procuring Senior Officer.
- Consider which legislation, guidance and Council Policy would be applicable to the requirement and with which compliance should, or must, be sought from the supplier and ensure it is referenced in the specification and subsequent contract.
  - i. This includes compliance [with the Modern Slavery Act 2015](#) and an accompanying declaration confirming the tendering organisation's compliance with the principles of the Bribery Act 2010 and their willingness to respond to any reasonable due diligence enquiries made by or on behalf of NWBC.
- Be satisfied that a specification has been prepared.
- Prepare or approve an Estimated Overall Value for the whole life of the contract, including, if appropriate, any maintenance costs.
- Ensure there is adequate approved budget.
- For Tenders (Level C and above)
  - (a) Have decided the preferred Procurement Route and Form of Contract or supply arrangement.
  - (b) Agree a Procurement/Contract Reference with Procurement

## 8.2 Determining the Evaluation Process and Selection and Award Criteria

- 8.2.1 The Procuring Officer must decide on the process, any relevant or mandatory exclusion criteria, the selection criteria, the award criteria and the relative weightings that will be used to shortlist firms and evaluate tender responses and ultimately select a successful tenderer(s) and award a contract an Invitation to Quote (ITQ) or Invitation to Tender (ITT).
- 8.2.2 Whenever possible and for procurements at or above Level C (Tenders) the selection criteria, award criteria and weighting must be documented and agreed with the appropriate Senior Officer and published at the time of the Invitation to Tender.
- 8.2.3 Selection criteria must focus on the company's ability to deliver the requirement. [Criteria must be proportionate to the value of, and risk associated with, the procurement and should not disadvantage small firms able to meet the demand.](#)

- 8.2.4 Award criteria must be designed to secure an outcome which gives best value for money for the Council. The basic award criteria are:
- “Most Economically Advantageous” Tender (M.E.A.T) where considerations in addition to price and quality apply.
  - “lowest price” where a payment is to be made by the Council (Level 0 or A only).
  - “highest price” where a payment is to be made to the Council
- 8.2.5 If the award is to be made to the Most Economically Advantageous offer then the criteria that demonstrate this, and the relative weighting to be used, will be determined based on the specific needs, features and risks associated with the individual procurement exercise. The table below gives some example criteria and their suggested maximum weighting.

<b>Table 2 – Example Criteria and Suggested Maximum Weighting</b>		
<b>Criteria</b>	<b>Maximum Weighting</b>	<b>Notes</b>
<b>Cost</b>	Up to 80%	Costs will be assessed for total Contract life based upon the lowest price received.
<b>Quality</b>	Up to 80%	Quality will be subjectively assessed in terms of performance against specification by relevant and competent Officers
<b>Delivery</b>	Up to 20%	Delivery will be assessed in terms of warranties, guarantees, and penalties against delivery to the Council’s schedule.
<b>Social Considerations</b>	Up to 40%	<u>Relevant</u> Social Considerations can be included in the assessment. Consult Procurement before use.
<b>Environmental Impact</b>	Up to 10%	A subjective assessment of the possible environmental consequences of the goods and services tendered.
<b>Compliance</b>	Some may be Mandatory	Compliance in accordance with legislation and relevant Council Policy will be considered. If there are no fully compliant responses the Procuring Officer may judge relative compliance for none Mandatory criteria.

- 8.2.6 The differences between selection criteria and award criteria and the need to separate the two stages and not duplicate criteria can be complex. The Procurement Team should be consulted for advice.

### 8.3 Electronic Procurement

- 8.3.1 Any Level B or above Quotation or Tender will normally be run by electronic means. Documents will be made available and returned via the Council’s approved e-tendering solution or in exceptional circumstances by email.
- 8.3.2 Electronic documents will be kept securely and as specified by the Assistant Director (Corporate Services) and not opened until the deadline for receipt has passed.

- 8.3.3 The Council may participate in on-line Auctions or reverse auctions as part of a Procurement process. The Procuring Officer must ensure the specification and award criteria are appropriate and the Council's commitment to any Firm is dependent upon their satisfying relevant criteria and obligations under these Contract Standing Orders.
- 8.3.4 Procuring Officers may use on-line auctions for purchases valued at Level A or below provided they have sufficient quotes, are able to prove best value for money, can obtain a VAT invoice from the supplier and they have checked the terms and conditions of supply and return. A pre-established Council user identity must be used to make purchases and payment must be made using a Council purchase order or Council payment card.

## 9. EUROPEAN UNION TENDERING PROCEDURES

- 9.1 This Contract Standing Order applies to high value contracts expected to be at or over the EU thresholds (see Table 1)
- 9.2 The Procurement Team must be consulted well in advance of any planned EU level procurement to ensure compliance with the most up to date Public Contracts Regulations (2015), legislation and Directives and the timescales and procedures dictated.
- 9.3 Contracts to which the EU rules apply will be awarded in accordance with those rules and by means of currently approved procedures:-
- **Open Procedure** – A single stage process, usually used when only a small number of Tenderers are expected to respond.
  - **Restricted Procedure** – A two stage process involving qualification and tendering. Usually used when a large response is expected.

Procedures with some degree of negotiation (only to be used in specific circumstances):-

- **Competitive Procedure with Negotiation** - Usually used for complex tenders where neither of the above is suitable.
- **Competitive Dialogue Procedure** – For highly complex tenders where the other procedures are not suitable and a solution cannot be easily identified.
- **Innovative Partnerships Procedure** – For developing goods, works or service not currently available in the market.
- **Negotiated procedure without prior publication** – Where previous procedures have resulted in irregular or unacceptable tenders or in extreme urgency.

## 10 COUNCIL TENDERING PROCEDURES

- 10.1 **These Contract Standing Orders apply to Tenders with an Overall Estimated Value of Level C or above, but below EU thresholds (or if Public Contract Regulations do not apply).**
- 10.2 The Procuring Officer will ensure that:
- Any early market engagement or discussions, with suppliers or expert bodies prior to starting the procurement, have ceased.

- Authority to Tender has been obtained and that the appropriate Tender procedure has been selected.
- That relevant Evaluation and Tender documentation has been prepared in terms of the specification of requirements, selection / award criteria and with regard to compliance with relevant Council Policy.

10.3 The Council's Tendering Procedures are based on Legislation and EU Public Procurement Rules as they are regarded as good practice. Whenever possible an Open or Restricted Tender Procure should be used.

10.4 The Procuring Officer will produce an Advert, Notice or Tender briefing Firms of the Council's requirements (see Section 7.6).

### 10.5 Open Tendering Procedure

10.5.1 The Open Tendering Procedure operates as follows:

- (1) The Procuring Officer will advertise in accordance with Table 1 for Firms to submit an Expression of Interest or respond to an Invitation to Tender by a specified date.
- (2) The Procuring Officer can contact Firms and invite them to respond.
- (3) All Firms that express an interest will be invited to submit a response to an Invitation to Tender.

### 10.6 Restricted Tendering Procedure

10.6.1 The Restricted Tendering Procedure operates as follows:

- (1) The Procuring Officer will advertise in accordance with Table 1 for Suppliers to submit an Expression of Interest or to respond to an Invitation to Tender (ITT) by a specified date.
- (2) The Procuring Officer can contact Firms and invite them to respond.
- (3) All firms expressing an interest will be provided with an Invitation to Tender (ITT) document. ITT's may contain specific qualifying questions, as part of a two stage ITT, prepared by the Procuring Officer. The Procuring Officer shall also prepare the selection criteria, which must focus on the financial and technical ability of the organisation to fulfil the contract.
- (4) All ITT's will be reviewed and evaluated by at least two relevantly skilled staff, one of whom should be the Procuring Officer. A shortlist which recommends at least the required number of shortlisted Firms (Table 1) will be provided to the appropriate Senior Officer for their agreement.
- (5) At least the required minimum number of Firms will be taken on to a second stage of evaluation if a two Stage ITT has been specified, otherwise all ITT's will be evaluated.

10.6.2 The Council can use a properly established and maintained Pre-Qualification service, e.g. Construction-line. The use of such services should not dis-advantage other suppliers, and where appropriate a mini-competition should be sought to maintain M.E.A.T. Any resultant approved list should only be used for that procurement project. Approved lists should not be used in any other circumstances. Procurement will offer further clarification if needed.

## 10.7 Procedures with Some Negotiation

- 10.7.1 Public Contracts Regulations 2015/EU Directives provide four additional Procurement Procedures which allow for some degree of negotiation. These procedures should only be used in specific and sometimes exceptional circumstances and must only be used in consultation with the Procurement Team.

## 11 SUBMISSION, RECEIPT AND OPENING OF TENDERS AND QUOTATIONS

### 11.1 Submission and Receipt of Quotations.

- 11.1.1 Written quotations (Level A and B) must be kept by the appropriate Procuring Officer and details of verbal quotations (Level 0) should be documented; both should be made available, on request, to the appropriate Budget Holder, Senior Officer or Member of the Procurement Team.

### 11.2 Submission of Tenders

- 11.2.1 Every Invitation to Tender must tell the Tenderer how, when (date and time) and where to submit their response. Tenders must be returned to the Council in one of the following ways:
- (a) By submitting it electronically via a specified website or to an advised e-mail address.
  - (b) In exceptional and agreed circumstances in the sealed envelope provided, or specified, by the Council and which does not bear a name or any mark which would identify the sender.
- 11.2.2 The contract award criteria will be summarised in the Invitation to Tender. The Council does not bind itself to accept the lowest or any tender.
- 11.2.3 The Council's Terms and Conditions form part of the Tender documentation and the Firm will be informed how they will apply to the award of the Contract.

### 11.3 Receipt, Opening and Registration of Tenders

11.3.1 Tenders and quotes received via the e-tendering portal, which provides a secure and fully auditable environment, are held securely until the published closing date and time. After which;

a) Below Level D (£110,000) they may be opened by the Procurement Manager, AD (Corporate Services) or trained member of the Procurement Team.

b) Above Level D they will be opened by the Procurement Manager or AD (Corporate Services) and the Procuring Officer responsible for the tender.

11.3.2 A summary of the tender opening information as detailed below will be produced and made available to Democratic Services and the Chair of the relevant Board.

- Title of the Contract
- Date and time of opening.
- Name of those present.

- Number of responses and Name of each tenderer.
- Verification that required documents are present.
- Detail any anomaly or problem with a return

11.3.3 The Procurement Team will download the tender responses and make them available to the Procuring Officer for record/audit and evaluation.

REPLACES:

- ~~11.3.1 Tender envelopes shall be numbered and marked with the time and date of receipt and kept unopened in the custody of the Assistant Chief Executive & Solicitor to the Council (SttC) until their scheduled opening.~~
- ~~11.3.2 Tenders not received in the manner and timescale specified by the Council will be rejected and the sender informed of the reason for rejection.~~
- ~~11.3.3 Procuring Officers must liaise with Democratic Services and the Procurement Team to arrange a date and time for opening any Tenders.~~
- ~~11.3.4 Tenders shall be opened at one time in the presence of either the Leader of the Council or one of the Deputy Leaders and the Assistant Chief Executive & SttC or his/her representative.~~
- ~~11.3.5 The Assistant Chief Executive & SttC or his/her representative must, at the time the tenders are opened, record:~~
- ~~(1) the title of the contract or the description of works, goods or services.~~
  - ~~(2) the date of the opening of a tender;~~
  - ~~(3) record details of all persons present at the opening of tenders;~~
  - ~~(4) the name of each Firm submitting a tender;~~
  - ~~(5) the date and time of receipt of each tender if available;~~
  - ~~(6) the amount of each tender where appropriate;~~
  - ~~(7) the reason for any disqualification of any tender;~~
  - ~~(8) the name of Firms invited to tender but which did not submit a tender;~~
  - ~~(9) The Assistant Chief Executive & SttC or his/her representative shall ensure that the page(s) of the Tender document which contain the ultimate prices is signed and dated by the Councillor.~~

**11.4 Alterations to Tenders, Abnormal Tenders and Post Tender Negotiations**

- 11.4.1 No alteration of any Tender will be allowed after the date and time specified for the receipt of tenders, except:
- (1) Alterations - Where typographical or arithmetical errors or discrepancies are found. The Tenderer can be given an agreed period to confirm or correct the error or to withdraw the Tender.
  - (2) Abnormal Tenders - If the Procuring Officer believes a Tender to be abnormal given the requirements, the Overall Estimated Value or in comparison with other tenders. The Tenderer may be asked to explain and clarify its Tender or parts of it.

- (3) Post Tender Negotiation – This is permissible when a procurement route which allows some negotiation has been used. Otherwise, discussions with Tenderers after the submission of a Tender and before award with a view to obtaining adjustments in price, delivery or content must only take place in consultation with Legal Services and the Procurement Manager and in exceptional circumstances such as where the lowest tender received exceeds the approved budget. In circumstances such as this:-
- (a) An exception may be authorised by a member of MT or by a Board to which the power of making contracts has been delegated.
  - (b) The appropriate Senior Officer or the Procuring Officer may contact tenderers to discuss adjustments in rates, prices or terms but only on the basis of a change to quantities or scope. Negotiations must be documented.
  - (c) There must be no disclosure as to which Tender is currently the lower or the margin(s) involved.
  - (d) The tenderers taking part in this process are required to submit their revised prices or terms to the Council in the manner set out in paragraph 11.2 and revised offers will be opened in accordance with paragraph 11.3.
- (4) Qualified Tenders – When all tenderers are unable to meet the specification the Procuring Officer can discuss submissions with all Tenderers with a view to obtaining acceptably qualified tenders. This must only take place in consultation with Legal Services and the Procurement Manager.

11.4.2 Should these measures not deliver a Tender within the cost limits or where they result in a fundamental change to the specification or contract terms the procedure will be terminated and no contract awarded.

## 12. SELECTION AND CONTRACT AWARD

### 12.1 Accepting Quotations

12.1.1 The assessment of Quotations should be carried out by the appropriate Officer or Procuring Officer. Purchases and Contracts will be made via the Council's Purchase Order system using its Purchase Order Terms and Conditions.

12.1.2 Decisions on the acceptance of quotations will be taken as follows:-

<b>Table 3 – Quotations (£0 - £45,000)</b>	
<b>Circumstance</b>	<b>Acceptance by:-</b>
(a) Level 0 (£0 - £1,500) - Lowest or most economically advantageous quotation provided that it represents best value for money.	Officer & Order approved by the Appropriate Budget Holder or Authoriser.
(b) Level A (£1,501 -£10,000) and Level B (£10,001 - £45,000) - Lowest or most economically advantageous quotation provided that it represents best value for money.	Procuring Officer & Order approved by the Appropriate Budget Holder or Authoriser and at Level B agreed by the Senior Officer.

(c) A quotation other than the lowest or most economically advantageous received or in any other circumstances	Appropriate Senior Officer in consultation with the Deputy Chief Executive.
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**12.2 Evaluating and Accepting Tenders**

- 12.2.1 Where the Contract value is at Level (C) or above; the assessment of Tenders should be led by the Procuring Officer and must involve at least 1 other person with the appropriate skills and knowledge.
- 12.2.2 The Tenders must be evaluated and scored using the process, criteria and weighting set prior to Tender.
- 12.2.3 Before a Tender can be accepted the Procuring Officer must ensure that the Deputy Chief Executive has approved the financial standing of the Firm to which it is proposed to award the contract, in accordance with Financial Regulations.
- 12.2.4 Decisions on the acceptance of Tenders for works, goods or services will be taken as follows:

<b>Table 4 – Tenders (£45,001 &amp; over)</b>	
<b>Circumstance</b>	<b>Acceptance by</b>
(a) Lowest or most economically advantageous tender, provided that it represents best value for money and does not exceed the Overall Estimated Value or Approved Budget.	Level C - Procuring Officer and approved by the Budget Holder and/or Appropriate Senior Officer.  Level D (£110,001 and Above – Senior Officer and approved by the Chief Executive (CE) or DCE who will consult with the Leader of the Council or a Deputy Leader.  * The CE or DCE may refer any decision on acceptance of a Tender to a Board.
(b) A tender other than the lowest or most economically advantageous tender received, provided that it represents best value for money or in any other circumstances.	Appropriate Board  * A written report must be submitted to the appropriate Board detailing the decision and the supporting data (e.g. Evaluation Criteria and scoring).

**12.3 Tenderer Notification and Standstill Period**

- 12.3.1 Once the decision to award a contract is made each Tenderer must be notified in writing of the outcome of the tender process including details of the award criteria, their performance against the criteria and the name of the successful tenderer.
- 12.3.2 For Tenders over EU Thresholds there must be a “standstill” period between the notification and signing the contract and/or raising of an order. This is ten days but can be extended, if a challenge is lodged by a Tenderer, in which case the Procurement Manager will advise on the relevant standstill period and process.
- 12.3.3 For Tenders below EU Thresholds a “voluntary standstill” period is good practice and can help prevent future challenge. The Council uses a 10 day period between notification and contract signing.

## 12.4 Nominated or Named Sub-Contractors and Nominated Suppliers

12.4.1 This Contract Standing Order applies where a sub-contractor or a supplier is to be nominated to an existing main contractor or contract.

- (1) Where it is not reasonably practicable to obtain competitive tenders, the appropriate Senior Officer may nominate or agree the nomination of a Sub-Contractor or supplier.
- (2) Where competitive quotes or tenders are available, then dependent on the estimated value of the sub-contract or the estimated value of goods or materials to be supplied by a nominated supplier, tenders or quotations must be invited.
- (3) The terms of any invitation for nominated sub-contractors or suppliers must require that, if selected, the Firms would be willing to enter into:-
  - (a) A contract with the main contractor on terms which indemnify the main contractor against the main contractor's own obligations under the main contract in relation to the work and goods or materials included in the subcontract; and
  - (b) An agreement to indemnify the Council in such terms as may be prescribed.
- (4) The provisions of Contract Standing Orders relating to the submission of quotes or tenders; their opening and registration; late tenders; alterations to tenders; and tender acceptance apply to this Contract Standing Order.

## 13. CONTRACTS AND TERMS

13.1 Before entering into a contract with any Firm, the appropriate Senior Officer must:-

- (1) Be satisfied about the selection, capability, legitimacy and financial standing of the Firm.
- (2) Ensure that these Contract Standing Orders have been complied with and that the proposed contract represents best value for money.
- (3) Ensure the successful Firm has been made aware of and has confirmed compliance with the legislation, regulation and Council Policies applicable to the Contract.
- (4) Be satisfied that reasonable and proportionate due diligence enquiries have been carried out to ensure Bribery Act compliance.
- (5) Be satisfied that successful and unsuccessful tenderers have been informed of the decision and that any standstill period has been properly observed.

## 13.2 Orders and Contracts

13.2.1 Where the Contract Price of a procurement is valued at Level A or less, the works, goods or services to be supplied will be purchased using a Council Purchase Order or a procurement card payment and must be approved by the Budget Holder.

- 13.2.2 Where the Contract Price is at Level B the works, goods or services to be supplied will be purchased on the basis of a duly signed Contract and/or a Council Purchase Order approved by the appropriate Budget Holder and/or Senior Officer.
- 13.2.3 Unless the Solicitor to the Council decides otherwise, every contract must be in writing and every contract with a value of Level C or above must be in a form prepared or approved by the Solicitor to the Council.
- 13.2.4 Contracts at Level D and above must be under seal. The appropriate Senior Officer must liaise with the Solicitor to the Council and decide if it is appropriate to Seal a contract priced at below Level D if:
- The Council may wish to enforce the Contract more than 6 years after its end.
  - The price paid or received is a nominal one and does not reflect the true value of the goods or service.
- 13.2.5 The Council's Purchase Order Terms and Standard Contract Terms and Conditions are available on the Internet. If these are not used the Procuring Officer or Senior Officer must ensure that the contract used covers those sections and topics detailed in the Standard Contract and that it is approved by Legal Services before signing or sealing.
- 13.2.6 At the Senior Officers discretion and for all Tenders over Level D the Procuring Officer must consult with the Deputy Chief Executive to determine if the Contract is to include Parent Company Guarantees, Bonds or Liquidated Damages.

### 13.3 Using other Organisations Contracts

- 13.3.1 The Council may choose to use Contracts and Contract terms other than its own, if the Senior Officer determines the needs of the Council can be met. This can be efficient, reducing contracting activity, and may include the following types of Contracts:
- (1) ICE (Institute of Civil Engineers) and JCT (Joint Contracts Tribunal) Contracts and Agreements and NEC Contracts.
  - (2) Contracts established by organisations with the legal remit to award public contracts such as Professional Buying Organisations e.g. ESPO.
  - (3) Contracts tendered and awarded by Government or public sector organisation, which are open to Local Government or this Council, provided they have been let compliantly, legally and under their CSOs.
- 13.3.2 It is the responsibility of the Procuring Officer or Senior Officer to ensure that such Contract terms are appropriate and that the Solicitor to the Council has had the opportunity to review any Contract and decide if such a Contract is applicable and acceptable to the Council.
- 13.3.3 If necessary, it is the responsibility of the Senior Officer to negotiate modifications to the Contract to properly represent the requirements of the Council. Any substantive change must be agreed with the Solicitor to the Council.

### 13.4 Variances to Terms and Conditions

- 13.4.1 Any variations to the Council's Standard Contract Terms and Conditions submitted by Firms shall not be accepted without advice from the Solicitor to the Council.

- 13.4.2 Payment arrangements other than the Council's normal payment terms e.g. "payment on delivery" must be discussed with and agreed by the DCE.

### 13.5 Contract Disputes

- 13.5.1 The Council will, in its Contracts, identify a Dispute Resolution Process. The principles of such will be to establish mutually acceptable resolution of any dispute; to maintain good working relations and avoid lengthy and costly delays for all parties.

## 14 USING CONTRACTS

### 14.1 Placing Orders

- 14.1.1 Where there is a need and within approved budgets Officers may raise Orders, for approval, against Contracts which have been entered into by the Council.
- 14.1.2 To purchase goods, services or works Orders must be raised, at the time of committing expenditure, using the Council's Procurement System (TOTAL) and approved by the Budget Holder, unless;
- (1) Financial Regulations state that Orders do not need to be raised for a specific type of spend e.g. Utility payment, Rent.
  - (2) A Council approved payment card is used for a low value purchase.

### 14.2 Authorising Payment

- 14.2.1 In accordance with Financial Regulations, and within approved budgets and where relevant Contract Price, Authorised Officers or Budget Holders may authorise payments of invoices raised by a Supplier against a Council Order or Contract, on the following conditions:
- (1) That the Council has a duly authorised Goods Receipt Note to match against the order and invoice; or
  - (2) That the Procuring Officer has authorised payment against the satisfactory delivery of a service or schedule of services; or
  - (3) That it represents an agreed stage payment, provided that the Procuring Officer can determine and demonstrate that the stage has been reached; or
  - (4) That it is a retained payment, now due; or
  - (5) That a Senior Officer authorises payment.

### 14.3 Variations within Contracts

- 14.3.1 All Variations must be in the form of written instruction to the contractor. The validity and likely cost effect of each variation should be assessed before the issue of the instruction to proceed.
- 14.3.2 If the variation is valid and its cost can be contained within the Contract Price and Approved Budget the instruction may be approved by the Contract Officer or Procuring Officer at Level B and below and by the relevant Senior Office at Level C and above.

- 14.3.3 Any variation, which will result in the Approved Budget being exceeded by £5,000 or 10% of the contract sum (whichever is the greater) must be reported to the appropriate Board by the Senior Officer in accordance with Financial Regulations.
- 14.3.4 If the variation would cause the Contract Price to be exceeded, but is within the tolerance defined in Financial Regulations (£5,000 or 10% of the contract sum), the Senior Officer should liaise with the AD (Finance and HR) to establish how any overspend could be contained within Approved Budgets. If alternative funding cannot be found, the appropriate Board will need to submit a supplementary estimate request to Executive Board.
- 14.3.5 In cases when a variation is urgent and requires immediate action the instruction may be issued by the appropriate Senior Officer without prior written costing. If there is any expectation that the variation could result in the Contract Price being exceeded by £5,000 or 10% of the contract sum the appropriate Officer must consult the Chief Executive with regard to use of his emergency powers. Details of the cost of the variation or overspend and the reason(s) for it, must be reported to Board as soon as practicable in accordance with Financial Regulations.

#### 14.4 Adjustments and Extensions to Contracts

- 14.4.1 Where the timing of any Contract changes for reasons beyond the control of the Procuring or Contracting Officer, a Contract may be lengthened or adjusted with the approval of the appropriate Senior Officer. Such discretion is to recognise the efficiency in procurement in situations where issues pull forward or delay a particular programme of expenditure.
- 14.4.2 Where the scope of any Contract changes the Procuring Officer must carry out an assessment to determine if the change would have impacted on the Tender and its outcome. Such discretion is to recognise adjustments to account for minor changes to scope and efficiency in procurement where identical or equivalent goods or services are required, but these must not result in material changes.

#### 14.5 Emergency Orders

- 14.5.1 Where an emergency demands a response outside the practical timescales of these Contract Standing Orders, the Procuring Officer, in liaison with a Senior Officer, is authorised to set aside requirements for tendering and competition; working if at all possible within an existing Contract or with an existing Supplier. Action under this Contract Standing Order will be made compliant with Exemption to Contract Standing Order (Section 6) soon as possible.

### 15 DISPOSAL OF ASSETS

- 15.1 Assets including property, vehicles, equipment, furniture, stocks or stores which are no longer required or needed for re-use should be disposed of in accordance with the law, Financial Regulations and any Council Protocol for Disposal of Assets.
- 15.2 Low value items Level A or less may be disposed of by written bid/quotation, auction or by electronic auction. Where an electronic auction site is used the placement and sale must be through a Council, not a personal, account. The Assistant Director (Finance and HR) should be informed of disposals.

- 15.3 Where assets for disposal are valued at Level A and above (see Table 1) the relevant Senior Officer must give approval for the disposal; at Level C and above approval must also be given by the Deputy Chief Executive.
- 15.4 The method of disposal for assets valued at Level B or above should be by written tender or quotation following the processes laid out in sections 10 -13. The Assistant Director (Finance and HR) must be informed of these disposals to ensure the Council's Asset Register is maintained.
- 15.5 Tenders or Quotations received for the disposal of assets will be awarded on the basis of the "Highest" or most economically advantageous offer.

## **16 LAND TRANSACTIONS**

- 16.1 This Contract Standing Order applies where there is a land transaction. With the exception of Sections 1, 2, 3 and 4 none of the Council's other Contract Standing Orders apply to land transactions, unless otherwise stated in this section.

### **16.2 Approval of Major Disposals**

- 16.2.1 The method of each major disposal must be approved by the Solicitor to the Council or the Resources Board as appropriate. When determining such matters the Solicitor or Board shall:
- (1) specify the land to be disposed of;
  - (2) confirm that the land has been declared surplus to Council's requirements;
  - (3) advise upon the proposed method of disposal and set out the reasons for selecting that method;
  - (4) in matters where the Council must achieve best consideration, confirm that the proposed method of disposal which has been selected, is most likely to achieve this; and
  - (5) in matters where it is proposed that the disposal should be for less than best consideration, give reasons for and against seeking best consideration and, specify the relevant legal powers of the Council to accept less than best consideration.
- 16.2.2 The principal terms of major disposals (except where the approved method of disposal is by auction) must be approved by the Council on the recommendation of the Resources Board. When determining such matters, the Board shall ensure, after considering advice from the Council's Valuer, either that the consideration agreed represents best consideration, or following advice from the Solicitor to the Council that the Council has the relevant legal powers to accept less than best consideration.
- 16.2.3 In major disposals where the approved method of disposal is the inviting of formal tenders or informal offers, the disposal must be advertised on the Council's Website and in at least one local, national or specialist newspaper or publication, as determined by the Solicitor to the Council, after consultation with the Council's Valuer. Tenders shall be submitted in accordance with the Council's Tender Procedures.

### **16.3 Dealing with formal tenders and informal offers**

- 16.3.1 Tenders and offers shall be opened at one time in the presence of either the Leader of the Council or one of the Deputy Leaders and the Solicitor to the Council or his/her representative. The names of tenderers and/or offerors, and the amounts of tenders/offers shall be recorded in a register kept by the Assistant Chief Executive & Solicitor to the Council. Persons present at the opening of tenders/offers shall record their presence by signing the register against the specified details. Alterations/errors in tenders/offers and late or otherwise invalid tenders/offers shall be dealt with in consultation with the Solicitor to the Council.

#### 16.4 Disposals by Auction

- 16.4.1 In disposals where the approved method of disposal is by auction, the auction shall be conducted by the Council's Valuer, if he/she is a practising Auctioneer. Where this is not the case, at least two practising auctioneers must be invited to provide a written quotation as to commission and additional costs, and the lowest quote must be selected by the Solicitor to the Council.
- 16.4.2 A "reserve price" must be set by the Solicitor to the Council, in consultation with the Council's Valuer or selected auctioneer. The reserve price must be disclosed only to the auctioneer and the Council's legal officer attending the auction.

#### 16.5 Approval of Land Transactions other than major disposals

- 16.5.1 The principal terms of land transactions other than major disposals (except where the method of disposal is by way of auction) must be approved by the Solicitor to the Council or the Resources Board, as appropriate. When determining such matters, the Solicitor or Board shall consider the proposals in an agreed format confirming either that the consideration agreed represents best consideration, or following consultation with the Solicitor to the Council that the Council has the relevant powers to accept less than best consideration.

#### 16.6 Application of the Property Procedures

- 16.6.1 All land transactions must be conducted in accordance with the property procedures.

#### 16.7 Formalities

- 16.7.1 All contracts and other documentation entered into pursuant to all land transactions shall be in writing, and shall be signed or sealed, as appropriate.

#### 16.8 Accepting Tenders for the Disposal of Land, Property and other Marketable Assets.

- 16.8.1 Decisions on the acceptance of tenders for the disposal of land, property and other marketable assets will be taken as follows:-

<b>Table 5 – Disposal of Land, Property and Assets</b>	
<b>Circumstance</b>	<b>Acceptance by</b>
(a) The highest tender, provided that it is considered to be in the Council's interests, after taking professional	The Chief Executive, (or in his absence the Solicitor to the Council) after consultation with the Leader of the Council or one of the Deputy

advice.	Leaders
(b) A tender other than the highest received, provided that it is considered to be in the Council's interests; is in accordance with statutory requirements; and a written report has been submitted to the appropriate Board by the relevant Senior Officer.	Appropriate Board
Any other circumstances	Appropriate Board

**APPENDIX 1 - GLOSSARY**

Authorised Officer	An Officer of the Council with authority to raise a purchase order or purchase within an existing Contract and their delegated authority.
Authority to Tender	Means there is approved budget and a need has been established in an agreed Service or Strategy Plan or approval has been sought and given by Management Team (MT) or if required a Board.
Best consideration	Legal obligation upon the Council to achieve a consideration which is the best that can reasonably be obtained.
Bribery	Giving someone a financial or other advantage to encourage that person to perform their functions or activities improperly or to reward that person for having already done so.
Contract	Agreement between the Council and a Firm for the carrying out of work, or for the supply of goods or services. Such agreement may be made by Contract, Purchase Order, Procurement Card or other approved method.
Contractor	A firm with which the Council enters into a Contract.
Contract Officer	An Officer who has been given specific responsibility by a Senior Officer or Budget Holder to manage a Contract once established.
Contract Price	The price at which the successful Tenderer has agreed to provide the goods, works or services.
Corruption	Offences defined by the Bribery Act 2010 which makes offering or accepting a bribe a criminal offence.
Corporate Contract	A contract which has been set up as the means of purchasing specific goods, services or works by all Officers.
Council	Any of the following acting under delegated powers: A Board, Committee, Panel, Area Forum, Joint Committee or Senior Officer.
Deputy Leader	The Chairman of the Resources Board, of the Community and Environment Board or of the Planning and Development Board.
Firm	A sole trader, partnership or company or any duly incorporated trade, professional, commercial or voluntary body.
Land transaction	The acquisition or disposal of, or other dealing with land whether or not buildings, plant and equipment, fixtures and fittings, or other assets are included in that transaction.
Leader of the Council	The Chairman of the Council's Executive Board.
Major disposal	A land transaction (not under Right to Buy provisions) which consists of a disposal of the freehold where the consideration exceeds £52,000 or the grant of a lease where the rent exceeds £21,000 per annum or where the premium exceeds £52,000.

M.E.A.T	Most Economically Advantageous Tender. A combination of price and quality criteria against which tenders are evaluated.
Officer	An employee of the Council.
Order	Order placed by the Council usually to its own terms and conditions.
Overall Estimated Value.	The estimated total of all the cost associated with the goods, services or works being procured over the number of years the contract is expected to operate.
Partnership	A form of Contract between the Council and any Firm that includes some form of arrangement for sharing risk and/or reward in addition to the usual considerations for payment
Procuring Officer	An Officer who has been given responsibility by a Senior Officer or Budget Holder to run procurement exercises (Quote or Tender) and who may be required to establish and manage Contracts.
Professional Buying Organisation	An organisation which is legally able to procure and establishes contracts on behalf of the public sector.
Quotation	A formal verbal or written offer to supply or purchase goods or services or to carry out work where the Overall Estimated Value is expected to be low.
Senior Officer	The Chief Executive, the Deputy Chief Executive, an Assistant Chief Executive or an Assistant Director or equivalent post.
Social Considerations	The additional benefits to the community over and above the direct benefits of purchasing the goods or services.
Supplier	A Firm with whom the Council has entered into a Contract for the supply of goods and services.
Tender	An offer from a Firm to provide goods, services or works required at a specific cost or rate following a Tendering Process.
The property procedures	The procedures adopted by the Solicitor to the Council from time to time, in consultation with the Deputy Chief Executive.
Written or "in writing"	Includes paper and electronically transmitted documents in a format defined or approved by the Council.
Whole life cost	All the costs associate with buying a good, service or work and can include, planning, design, construction and acquisition, operations, maintenance and finance, purchase and disposal cost.

<b>Authority</b>	<b>Member present</b>	<b>Comments</b>
<i>Solihull</i>	<i>No</i>	<i>"We open them on their own now. The justification for not requiring a witness is that In-tend is a fully auditable system, so, if required, we could check who opened the tenders and when. Plus it has the added security of requiring the user to re enter their password at the opening ceremony (as long as 'formal' opening ceremony is chosen."</i>
<i>Warwickshire C C</i>	<i>No</i>	<i>"Members have never been involved in the Opening Ceremony process here in Warwickshire. However, since using In-Tend, we no longer require a Lawyer to be in attendance. This is the key change for us."</i>
<i>Coventry</i>	<i>No</i>	<i>"We changed our opening procedures when we implemented our first eTendering portal, the new process continued when we started using In-Tend. Prior to the eTendering systems, we would receive the tenders by post which we would collect and then take to Legal services to be opened and stamped. Now our officers run their own tender opening ceremonies on the portal"</i>
<i>Nuneaton</i>	<i>No</i>	<i>"Yes, our policy changed. We no longer require Members to attend any openings (but create an opening report to keep them updated on activity).  A summary of our tender opening rules are below:  12.2 All tenders with an estimated value greater than £B (£25k) but less than £C (£125k) received via the e-tendering portal may be opened by a member of the Procurement Team <u>or</u> the employee managing the contract.  12.3 All Quotations or Tenders valued at £C (£125k) or more received through the Council's authorised e-tendering solution which maintains a secure and fully auditable process, will be opened by a member of the Procurement Team <u>and</u> the employee responsible for managing the contract.  A summary of the tender opening information as detailed below shall be produced and retained with the contract documents:</i>

		<ul style="list-style-type: none"> <li>• <i>Title of the Contract</i></li> <li>• <i>Names of all tenderers</i></li> <li>• <i>The amount of each tender</i></li> <li>• <i>Date and time of opening</i></li> <li>• <i>Name of those present at opening</i></li> <li>• <i>Verification that all documents are present "</i></li> </ul>
<i>Warwick DC</i>	<i>No</i>	<i>Our tender opening process has become incredibly relaxed now we have intend. In fact we rarely invite even the contract manager to the opening ceremony.</i>

## Agenda Item No 12

### Executive Board

12 February 2018

#### Report of the Chief Executive and the Deputy Chief Executive

#### Progress Report on Achievement of Corporate Plan and Performance Indicator Targets April - December 2017

### 1 Summary

- 1.1 This report informs Members of the progress with the achievement of the Corporate Plan and Performance Indicator targets relevant to the Executive Board for April to December 2017.

#### **Recommendation to Council**

**That Members consider the performance achieved and highlight any areas for further investigation.**

### 2 Consultation

- 2.1 Consultation has taken place with the relevant Members and any comments received will be reported at the meeting.

### 3 Background

- 3.1 This report shows the third quarter position with the achievement of the Corporate Plan and Performance Indicator targets for 2017/18. This is the third report showing the progress achieved so far during 2017/18.

### 4 Progress achieved during 2017/18

- 4.1 Attached at Appendices A and B are reports outlining the progress achieved for all the Corporate Plan targets and the performance with the national and local performance indicators during April to December 2017/18 for the Executive Board.

- 4.2 Members will recall the use of a traffic light indicator for the monitoring of the performance achieved.

Red – target not achieved (shown as a red triangle)

Amber – target currently behind schedule and requires remedial action to be achieved (shown as an amber circle)

Green – target currently on schedule to be achieved (shown as a green star)

## 5 Performance Indicators

- 5.1 The current performance indicators have been reviewed by each division and Management Team for monitoring for the 2017/18 year.

## 6 Overall Performance

- 6.1 The Corporate Plan performance report shows that 100% of the Corporate Plan targets and 0% of the performance indicator targets are currently on schedule to be achieved. Six of the targets are on amber status. Most of the targets are relating to community safety indicators. The report shows that individual targets that have been classified as red, amber or green. Individual comments from the relevant division have been included where appropriate. The table below shows the following status in terms of the traffic light indicator status:

### Corporate Plan

Status	Number	Percentage
Green	12	100%
Amber	0	0%
Red	0	0%
Total	12	100%

### Performance Indicators

Status	Number	Percentage
Green	0	0%
Amber	6	75%
Red	2	25%
Total	8	100%

## 7 Summary

- 7.1 Members may wish to identify any areas that require further consideration where targets are not currently being achieved.

## 8 Report Implications

### 8.1 Safer Communities Implications

- 8.1.1 The community safety performance indicators are included in the report.

## 8.2 Legal and Human Rights Implications

8.2.1 The national indicators were specified by the Secretary of State for Communities and Local Government. They have now been ended and replaced by a single list of data returns to Central Government from April 2011.

## 8.3 Environment and Sustainability Implications

8.3.1 Improvements in the performance and quality of services will contribute to improving the quality of life within the community. There are a number of targets and indicators included which contribute towards the priorities of the sustainable community strategy including financial inclusion, core strategy, community safety and affordable housing.

## 8.4 Risk Management Implications

8.4.1 Effective performance monitoring will enable the Council to minimise associated risks with the failure to achieve targets and deliver services at the required performance level.

## 8.5 Equality Implications

8.5.1 There are a number of contributions towards equality related targets and indicators including, informing customers about opportunities to influence decision making, customer access, consultation, domestic abuse and financial inclusion highlighted in the report.

## 8.6 Links to Council's Priorities

8.6.1 There are a number of targets and performance indicators contributing towards the priorities of protecting our countryside and heritage, creating safer communities, responsible financial and resource management, supporting employment and businesses and promoting sustainable and vibrant communities.

The Contact Officer for this report is Robert Beggs (719238).

### Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date

NWCP Executive Board 17/18

	Action	Priority	Reporting Officer	Quarter 1	Quarter 2	Quarter 3 Update	Status	Direction
NWCP 004	To submit the revised Local Plan to the Planning Inspectorate in line with the Local Development Scheme	Protecting our Countryside & Heritage	Dorothy Barratt	Work is ongoing to consider the representations following the Regualtion 18 consultaiotn. An updated LDS will be brought to Board.	A report on all of the representations with a revised Local Plan has been presented to Board and will be considered at Full Council on 7th November.	The Submission Draft Local Plan was approved for consultation which started on 14 December 2017. A further report will be presented in March prior to submission to the Secretary of State.	★ Green	➡
NWCP 005	Whilst continuing to oppose a) the route of HS2 Phase 2b in principle, to press for maximum mitigation and benefits for the Borough, required as a consequence of the HS2 proposal, in partnership with other affected Councils and community action groups and; b) To continue to oppose the principle of Opencast Mining and Mineral Extraction	Protecting our Countryside & Heritage	Dorothy Barratt	a) The route of Phase 2b has now been formally announced. Work on the petitioning process will take place in 2018. b) No recent updates	a) The route of Phase 2b has now been formally announced. Work on the petitioning process will take place in 2018. b) No recent updates	a) The route of Phase 2b has now been formally announced. Work on the petitioning process will take place in 2018. b) No recent updates	★ Green	➡
NWCP 008	To ensure that the Council is prepared for emergencies and has suitable emergency and business continuity plans, as required by the Civil Contingencies Act, and to review both the emergency and business continuity plans annually in March	Creating Safer Communities	Robert Beggs	Preparations to carry out an emergency exercise are being discussed with the CSWR team. A WLRF event regarding resilience risks associated with pipeline fuel thefts is being arranged in July. Chief Executive attended a SCG for Operation Mantelinel in May following the terrorist attacks in Manchester and London.	Work to assess our current business continuity plans has been reported to Management Team including options for the loss of buildings. Within the WLRF preparations for a Recovery workshop leading to a major exercise in March 18 is underway. A table top exercise for the off site COMAH plan for Kingsbury Oil Terminal was carried out in September.	A recovery workshop has been held in December. The workshop will inform the preparations for a major exercise in June 18. .	★ Green	➡
NWCP 009	To achieve the savings required by the Budget Strategy including the commitment to keep Council Tax as low as possible and to update the Strategy to reflect future developments by September 2017	Responsible Financial & Resource Management	Sue Garner	Work on savings is in progress.	Work on savings is in progress.	Work on savings is progressing. An updated strategy was reported to Executive Board in September 2017.	★ Green	➡
NWCP 010	To continue to implement more efficient ways of working, including exploring opportunities for shared working that may arise, with a view to achieving savings and/or increasing capacity	Responsible Financial & Resource Management	Chris Brewer	Shared working with Nuneaton & Bedworth BC on Revenues & Benefits. Exploring a new payroll system with Coventry City Council.	Shared working with Nuneaton & Bedworth BC on Revenues & Benefits. Exploring a new payroll system with Coventry City Council.	Shared working with Nuneaton & Bedworth BC on Revenues & Benefits. Exploring a new payroll system with Coventry City Council.	★ Green	➡
NWCP 042	To report on the Council's debt and reserves and options for narrowing the Council's capital funding gap by February 2018	Responsible Financial & Resource Management	Sue Garner	An initial review of reserves has been undertaken, but further work will be undertaken later in the year.	An initial review of reserves has been undertaken. Work has started on updating capital requirements.	Updated information will be taken to Boards in January / February.	★ Green	➡
NWCP 076	To update the Medium Term Financial Strategy in September 2017 and February 2018, to take account of external funding changes relating to Business Rates	Responsible Financial & Resource Management	Sue Garner	Updated MTFS is due to be reported at the Sep meeting.	Updated MTFS was reported to the Sept meeting of Executive Board. Business rate income is being monitored.	Updated MTFS was reported to the Sept meeting of Executive Board. Changes to business rate income are being assessed and will be reported to Board in February.	★ Green	➡
NWCP 078	To continue to work with partner organisations in the Coventry, Warwickshire and Hinckley Joint Committee and to consider further options for joint work in the light of Central Government proposals for greater devolution, if this proves beneficial to the local economy	Supporting Employment & Business	Steve Maxey	The Council is a Non Constituent Member of the West Midlands Combined Authority and involved in a number of work streams. The Joint Committee for Coventry and Warwickshire continues its work, primarily on joint planning issues	The Council is a Non Constituent Member of the West Midlands Combined Authority and involved in a number of work streams. The Joint Committee for Coventry and Warwickshire continues its work, primarily on joint planning issues	The Council is a Non Constituent Member of the West Midlands Combined Authority and involved in a number of work streams. The Joint Committee for Coventry and Warwickshire continues its work, primarily on joint planning issues	★ Green	➡
NWCP 080	To continue to work with Warwickshire County Council, the Environment Agency and local communities to mitigate the effects of, and protect against, the impacts of localised flooding and to update as part of the quarterly performance reports	Creating Safer Communities	Richard Dobbs/Steve Maxey	Current flood risks are raised at the Warwickshire Strategic Flood Forum. This helps identify strategic priorities for remedial and mitigation measures. Work to move the Fillongley flood warning equipment has been carried out. Local Flood Groups currently meeting in Austrey and Fillongley.	Current flood risks are raised at the Warwickshire Strategic Flood Forum. This helps identify strategic priorities for remedial and mitigation measures. Work to move the Fillongley flood warning equipment has been carried out. Local Flood Groups currently meeting in Austrey and Fillongley.	Current flood risks are raised at the Warwickshire Strategic Flood Forum. This helps identify strategic priorities for remedial and mitigation measures. Work to move the Fillongley flood warning equipment has been carried out. Local Flood Groups currently meeting in Austrey and Fillongley.	★ Green	➡

	Action	Priority	Reporting Officer	Quarter 1	Quarter 2	Quarter 3 Update	Status	Direction
NWCP 092	To ensure we communicate effectively to help inform residents, businesses and all sections of our communities of the Council's services and priorities and made clear the opportunities for them to be involved in decision making via consultation. To take into account the LGA Communications Health-Check and the commitments in the Council's Customer Access Strategy in all aspects of work in this area and to report on progress by May 2018	Promoting Sustainable & Vibrant Communities	Linda Bird/Steve Maxey/Bob Trahern	This work is all in hand and will be reported at appropriate boards at intervals throughout the rest of the financial year	The Communications Review continues. A consultation strategy will be reported to Members in December as part of the work to replace Area Forums with more effective engagement and informing mechanisms	September's Executive and Resources Board approved reports on Communications Resourcing, Residents Satisfaction and Corporate Narrative as part of the work to implement the recommendations of the LGA's Communications Health Check. Arrangements are now in place for support from WCC on strategic communications. Work has started on reviewing and updating strategy relating to customer access and consultation. A report on Areas Forums was approved in September and work continues on replacing Area Forums with more effective engagement and informing	★ Green	➡
NWCP 110	To develop an action plan based on the Economic Review and Impact Assessment and report on progress by March 2018	Supporting Employment & Business	Steve Maxey	The Review has completed and will be reported to the Executive Board in September	The Review was reported to the Executive Board in September. Work is being carried forward in a number of ways, principally through the Local Plan	The Review was reported to the Executive Board in September. Work is being carried forward in a number of ways, principally through the Local Plan	★ Green	➡
NEW	To adopt an updated Customer Access Strategy (2018 to 2023) by March 2018	Promoting Sustainable & Vibrant Communities	Bob Trahern/Steve Maxey/Linda Bird	Work to update the existing Customer Access Strategy is planned to start in the Autumn with a view to adopting the revised strategy by March as planned.	Work to update the existing Customer Access Strategy is planned to start in the Autumn with a view to adopting the revised strategy by March as planned. This will be informed by the LGA Peer Review report that demonstrated very good results in respect of the Council's overall performance in terms of delivering customer responsive services and satisfaction that was received in	Work on this has started and will be reviewed as to whether it will become a Digital Inclusion Strategy to reflect the drive and need to access services digitally going forward. This will also include on measures to be taken on how to engage all customers in this process so no one is excluded.	★ Green	➡

NWPI Executive Board 17/18

Ref	Description	Section	Priority	Year End Target 2017/18	Outturn 2016/17	April - Dec Performance	Traffic Light	Direction of Travel	Comments
	<b>Council Performance Indicators</b>								
NWLPI 158	To respond to all complaints and requests for service within three working days	Env Health (C, L & HP)	Public Services and Council Tax	99	97	98	Amber		The flexible retirement of the EHM, the long term vacancy for a pollution control officer and the vacancy for the licensing officer are affecting performance. Longer term once the restructure is in place and vacant posts filled the situation should return to normal.
NWLPI 162	Percentage of Freedom of Information replies dealt with within 20 days	Policy Support	Public Services & Council Tax	100	96%	96%	Red		532 Freedom of Information requests received, 510 completed within 20 days, 20 over 20 days, 2 outstanding and overdue
New	The number of LG & Housing Ombudsman complaints determined as maladministration	Policy Support	Public Services & Council Tax	0	1	1	Red		There have been 6 complaints referred to the LG or Housing Ombudsman so far. One complaint has been determined as maladministration for communications about a Notice Seeking Possession. This complaint was also determined as no maladministration in serving a Notice Seeking Possession. Three complaints have not been investigated by the Ombudsman. One complaint is currently being investigated and one is on hold pending a response from the complainant.
	<b>State of the Borough Indicators</b>								
NWLPI 153	Number of residential burglaries in the Local Authority area	Policy Support	Crime and Disorder	244	266	180	Amber		The levels of residential dwelling burglaries have increased by 17 in the third quarter , 52 to 69. Increases in burglary residential overall are being seen with an average of 32 per month. Analysis shows the wards of Curdworth, Fillongley and Polesworth West as being hot spots in the last quarter. A number of prevention actions are being taken including packs for victims, promotion of rural watch and consideration of additional cctv.
NWLPI 154	Number of violent offences and sexual offences in the local authority area	Policy Support	Crime and Disorder	1249	1250	1061	Amber		Increases in recorded violence offences are continuing. This includes historic offences. The increases are across violence with injury and without injury. The increase in domestic abuse related offences seen in the last quarter has reduced in the third quarter.

Ref	Description	Section	Priority	Year End Target 2017/18	Outturn 2016/17	April - Dec Performance	Traffic Light	Direction of Travel	Comments
NWLPI 155	The number of vehicle crimes in the local authority area	Policy Support	Crime and Disorder	489	490	444	Amber 		Vehicle crimes have continued to increase in quarter 3 with theft from vehicles increasing by 22.5% overall and theft of vehicles by 17.2%. The increases in North Warwickshire are more gradual than seen in Warwickshire. Recent analysis has highlighted hot spots in the wards of Fillongley, Coleshill North, Hartshill and Coleshill South. Crime prevention messages regarding vehicle crimes are being promoted and specific locations are being followed up to improve their local security measures.
@NW:NI032	Violence Against the person with injury Offences related to Domestic Violence	Policy Support	Crime and Disorder	144	145	115	Amber 		The levels in quarter 3 have reduced by 27 compared to quarter 2. The reduction is pleasing although opposite to the increases seen overall in violence offences.
@NW:NI047	People killed or seriously injured in road traffic accidents	Policy Support	Crime and Disorder	51	62	39	Amber 		During April to October 39 KSI's have been recorded so far. The levels so far are showing an increase by approximately 25%. The Council's Road Safety action plan is helping to promote the concerns about road safety across the borough.

**NORTH WARWICKSHIRE BOROUGH COUNCIL**

**MINUTES OF THE SAFER COMMUNITIES  
SUB-COMMITTEE**

**5 December 2017**

Present: Councillors Davis, Humphreys, Ingram, Jarvis, Moss, M Stanley and Symonds.

Apologies for absence were received from Councillors Clews, Davey (substitute Councillor Humphreys), Payne, Reilly (substitute Councillor Ingram), E Stanley and A Wright (substitute Councillor Jarvis).

**12 Election of Chairman**

It was proposed by Councillor Humphreys, seconded by Councillor Moss and

**RESOLVED**

**That Councillor Davis be elected as Chairman of the Safer Communities Sub-Committee for this meeting.**

**13 Disclosable Pecuniary and Non-Pecuniary Interests**

None were declared at the meeting.

**14 Minutes of the Meeting of the Sub-Committee held on 18 July 2017**

The minutes of the meeting of the Sub-Committee held on 18 July 2017, copies having been previously circulated, were approved as a correct record and signed by the Chairman.

**15 Fly Tipping Progress Report including an update on the Fillongley Public Spaces Protection Order**

The Chief Executive presented a progress report on the action plan for tackling fly tipping across the Borough and informed the Sub-Committee about the implementation of the Public Spaces Protection Order in Fillongley.

**Resolved:**

**That the report of the Chief Executive be noted.**

**16 Progress Report on Achievement of Corporate Plan Targets April – September 2017**

The Chief Executive and the Deputy Chief Executive informed Members of the progress with the achievement of the Corporate Plan targets relevant to the Safer Communities Sub-Committee for April 2017 to September 2017.

**Resolved:**

- a That the report be noted; and**
- b That following the abolition of Area Forums the Council liaise with the Police in relation to suitable methods of receiving priorities and cascading information to members of the public.**

**17 North Warwickshire Community Safety Partnership Update**

The Chief Executive provided Members with an update on recent activities with the North Warwickshire Community Safety Partnership. Endorsement was also sought on a proposal to enhance the provision of mobile CCTV including the use of an ANPR Accessory.

**Resolved:**

- a That the proposal to enhance the provision of mobile CCTV, utilising the North Warwickshire Community Safety Partnership funding allocation, including the use of an ANPR Accessory as outlined in the report of the Chief Executive be endorsed; and**
- b That the Chief Executive be asked to liaise with other partners in order to ascertain best practice and gain further information in relation to new technology prior to the commitment of any further funding by the Council.**

**18 Coleshill Designated Public Places Order Review Update**

The Chief Executive updated Members with the results of the consultation carried out for the review of the Designated Public Places Order for Coleshill. Approval was also requested for the transfer to a Public Spaces Protection Order and consideration of the request for the order to be extended.

**Resolved:**

**That following a review of the Coleshill Designated Public Places Order, the proposed transfer to a Coleshill Public Spaces Protection Order be approved.**

Martin Davis  
Chairman

## NORTH WARWICKSHIRE BOROUGH COUNCIL

### MINUTES OF THE SAFER COMMUNITIES SUB-COMMITTEE

18 January 2018

Present: Councillor Davey in the Chair

Councillors Clews, Humphreys, Morson, Reilly E Stanley, M Stanley, Symonds and A Wright

Apologies for absence were received from Councillors Davis (substitute Councillor Humphreys) and Moss.

#### 19 **Public Spaces Protection Order in Fillongley**

The Assistant Chief Executive and Solicitor to the Council reported on a proposed variation to the Public Spaces Protection Order recently made in Fillongley. The Sub-Committee was asked to agree a suggested course of action.

##### **Resolved:**

**That consultation on a variation to the Public Spaces Protection Order in Fillongley, as set out in the report of the Assistant Chief Executive and Solicitor to the Council, be agreed.**

#### 20 **Corporate Plan 2018 - 19**

The Chief Executive submitted for approval the Corporate Plan Targets for which the Sub-Committee was responsible and Members were asked to agree the 2018-19 Safer Communities Service Plans for the Policy Support and Leisure and Community Development Divisions.

##### **Recommendation to Executive Board:**

- a That the Corporate Plan Targets and the Policy Support Service Plan be revised to read as follows**

**“To work in partnership with the Highways Authority, Highways England and other partners to improve both the appearance and safety of the Borough’s main roads. To work with partners so as to reduce the number of fatalities and injuries on roads in North Warwickshire (see also Safer Communities priorities)”**

**“The targets relating to the North Warwickshire Community Safety Partnership work reflect improving referrals and engagement with treatment services for drug and alcohol abuse and supporting the local Police Safer Neighbourhood Teams in tackling drug related offences.”**

- b That, subject to the amendments at a above, the remaining Corporate Plan Targets as set out in Appendix A to the report of the Chief Executive for which the Safer Communities Sub-Committee is responsible be agreed; and**
- c That, subject to the amendments at a above, the Service Plans as set out in Appendix B to the report be agreed.**

Patrick Davey  
Chairman

**NORTH WARWICKSHIRE BOROUGH COUNCIL**

**MINUTES OF THE SPECIAL SUB-GROUP 18 December 2017**

Present: Councillor Hayfield in the Chair

Councillors Jenns, Phillips, Singh and Sweet

Apologies for absence were received from Councillor Humphreys and Councillor Farrell (substitute Councillor Phillips).

**19 Disclosable Pecuniary and Non-Pecuniary Interests**

None were declared at the meeting.

**20 Exclusion of the Public and Press**

**Resolved:**

**That under Section 100A(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following items of business, on the grounds that they involve the likely disclosure of exempt information as defined by Schedule 12A to the Act.**

**21 Review of Private Sector Housing Team**

The Assistant Chief Executive and Solicitor to the Council and the Assistant Director (Housing) reported on proposed changes to the staffing structure within the Private Sector Housing Team. The Sub-Group was asked to approve the staffing implications.

**Resolved:**

**That the restructure detailed in the report of the Assistant Chief Executive and Solicitor to the Council and the Assistant Director (Housing) be approved.**

**22 Environmental Health**

The Assistant Chief Executive and Solicitor to the Council reported on proposed changes to the staffing structure within the Environmental Health section of his Division. The Sub-Group was asked to approve the staffing implications.

**Resolved:**

**That the restructure detailed in the report of the Assistant Chief Executive and Solicitor to the Council be approved.**

Colin Hayfield  
Chairman

## **Agenda Item No 15**

### **Executive Board**

**12 February 2018**

#### **Report of the Assistant Chief Executive and Solicitor to the Council**

#### **Constitution**

## **1 Summary**

- 1.1 This report presents a revised version of the Constitution reflecting the changes made since last reported to the Council

### **Recommendation to the Council**

- a That the current version of the Constitution be noted and therefore adopted;**
- b That a Task and Finish Group be established to consider any further changes Members may wish to propose; and**
- c Any subsequent proposals be reported to the Executive Board in due course.**

## **2 Report**

- 2.1 Members will be aware that a number of changes have been made to the constitution since it was last reported to the Council. The changes have become sufficiently extensive that a revised version should now be formally received.
- 2.2 It should be noted that the vast majority of changes to the Constitution have already been agreed by the Council and therefore it is not suggested that Members reconsider the current version. In addition, more minor amendments have been made to reflect changes for example in job titles and legislation.
- 2.3 This version of the constitution includes the revised Contract Standing Orders that will be considered elsewhere on this agenda. Any changes as part of the consideration of that item will be reflected in the constitution.

- 2.4 In addition, Members are being asked to consider changes to the Members' Allowance Scheme elsewhere on this agenda. The recommendations agreed by the Board will then be taken forward in a revised version of that Scheme which will replace the one currently at Part 6 of the constitution.
- 2.5 Given the constitution is a large, complex document it is suggested that a Task and Finish Group be established to consider whether any further changes are felt necessary, following which a further report would be brought to this Board.
- 2.6 For the same reason, the revised constitution is not copied in these papers. A copy has been placed in each group room and is available on the Council's website.

The Contact Officer for this report is Steve Maxey (719438).

## Agenda Item 16

### Executive Board

12 February 2018

#### Report of the Deputy Chief Executive

#### Local Authority Trading Company (LATC)

### 1 Summary

- 1.1 This report contains a report from consultants on options and issues relating to the establishment of a Local Authority Trading Company and asks the Board whether they wish to proceed further.

#### **Recommendation to the Council**

**Members indicate whether they wish to progress the creation of a LATC and produce a business case.**

### 2 Introduction

- 2.1 The June meeting of this Board considered a report on LATC and agreed to commission a report to identify the options and key issues involved.

... 2.1.1 This report has now been produced and is attached at Appendix A.

2.1.2 The report sets out:

- The legal powers for establishing a company, i.e. the general power of competence in the Localism Act 2011 and trading powers in the Local Government Act 2003.
- The reasons for setting up a company which may include both a profit and social return objective, e.g. stimulating local housing provision, providing a responsible landlord as an ethical alternative for local people and generating revenue.
- The key stages before setting up a company which includes:-
  - Setting clear objectives;
  - Appraising structural options (which this report does) as well as resolving tax and accounting issues;
  - Developing an outline business case; and
  - Developing a full business case.
- A number of key risks are highlighted together with mitigation.

- The report identifies three potential structures for a housing company, together with legal and tax features for each.
- The report then suggests what should happen next and gives examples from elsewhere in the sector.

2.1.3 The report recommends that the Council starts with a single company. Should the Council wish to expand into trading activity, it would create separate internal and external trading companies without a holding company. The report also highlights the importance not to run the company as a department. A balance between Council influence and excessive interference will need to be struck

2.1.4 North Warwickshire has a relatively small private housing rented sector. In accordance with Government requirements over recent years the Council has changed its Lettings Scheme to provide a 'safety net' to ensure that only households in housing need and with limited income are rehoused in social housing. Some households who need their own accommodation do not have the financial resources to purchase their own home. The Housing Division works closely with the Planning Section to develop new affordable homes but this does not meet all needs. If a commercial company was established the Council could act to supplement the current private housing rented sector to increase the supply of properties available for households who do not have other options available to them. The Council would provide accommodation at commercial rates, with an easily accessible, reliable repairs service and longer term tenancies to provide households with the stability which is not always available in the established private rented sector. With changes to welfare benefits and limits on housing benefit available to single people under the age of 35 the Council would also consider opportunities to provide shared accommodation.

2.1.5 If Members are minded to pursue the option of a LATC, the next step would be the production of a business case.

### **3 Report Implications**

#### **3.1 Finance and Value for Money Implications**

3.1.1 The business case would be produced in-house, thus there would be no financial implications at this stage.

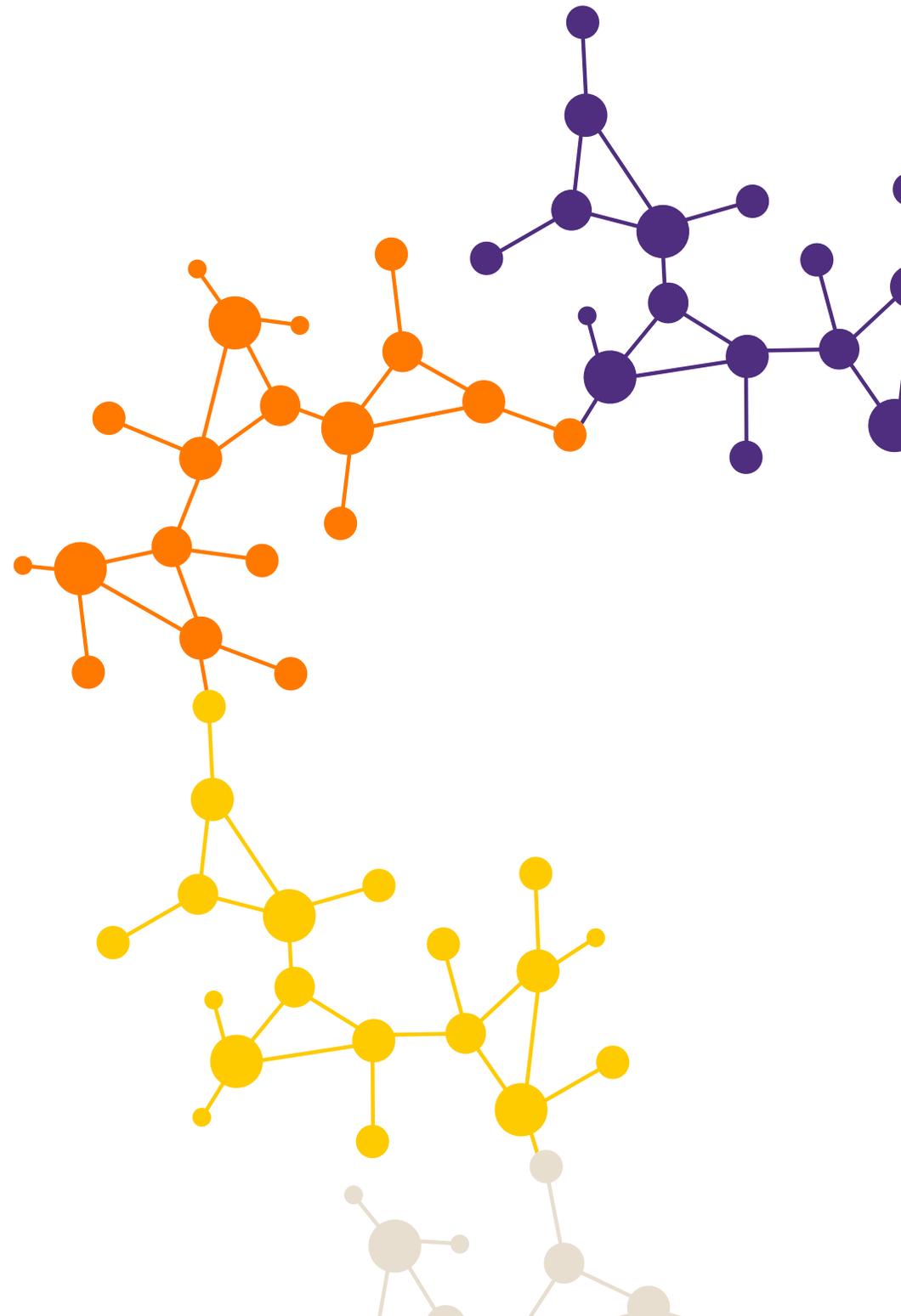
The Contact Officer for this report is Chris Brewer (719259).

# North Warwickshire Borough Council

## Options for a Local Authority Trading Company

December 2017

Final report





Grant Thornton

An instinct for growth™

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7 December 2017

FAO Chris Brewer

Deputy Chief Executive

Dear Chris

## Options for a local authority trading company

We have pleasure in enclosing a copy of our report in accordance with your instructions outlined in our engagement letter dated 7 July 2017. This document (the Report) has been prepared by Grant Thornton UK LLP (Grant Thornton) for the purpose of providing our advice to you in relation to your proposed company set up. We have subcontracted the services of Anthony Collins Solicitors for the legal advice contained in this report.

We agree that the North Warwickshire Borough Council (the Council) may disclose our Report to its professional advisers directly involved in the appraisal of the Project, and also to officers from the steering group solely in relation to the Project, or as required by law or regulation, the rules or order of a stock exchange, court or supervisory, regulatory, governmental or judicial authority without our prior written consent but in each case strictly on the basis that prior to disclosure you inform such parties that (i) disclosure by them is not permitted without our prior written consent, and (ii) we accept no duty of care nor assume responsibility to any person other than the Addressee.

The Report should not be used, reproduced or circulated for any other purpose, in whole or in part, without our prior written consent, such consent will only be given after full consideration of the circumstances at the time.

These requirements do not apply to any information, which is, or becomes, publicly available or is shown to have been made so available (otherwise than through a breach of a confidentiality obligation).

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council for our work, our Report and other communications, or for any opinions we have formed. We do not accept any responsibility for any loss or damages arising out of the use of the report by the addressee(s) for any purpose other than in connection with the Project.

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## Forms of report

For your convenience, this report may have been made available to you in electronic as well as hard copy format, multiple copies and versions of this report may therefore exist in different media and in the case of any discrepancy the final signed hard copy should be regarded as definitive.

## General

The report is issued on the understanding that the management of the Council have drawn our attention to all matters, financial or otherwise, of which they are aware which may have an impact on our report up to the date of signature of this report. Events and circumstances occurring after the date of our report will, in due course, render our report out of date and, accordingly, we will not accept a duty of care nor assume a responsibility for decisions and actions which are based upon such an out of date report. Additionally, we have no responsibility to update this report for events and circumstances occurring after this date.

Notwithstanding the scope of this engagement, responsibility for management decisions will remain solely with the Council and not Grant Thornton. The Council should perform a credible review of the recommendations and options in order to determine which to implement following our advice.

## Sources of information

Where our work is based primarily on information and explanations provided to us by the management team of the Council, our work will be carried out on the assumption that the information is reliable and, in all material respects, accurate and complete. We will not subject the information to checking or verification procedures except to the extent expressly stated.

## Contacts

If there are any matters upon which you require clarification or further information please contact myself or Vivien Holland (0121 232 5117; [vivien.holland@uk.gt.com](mailto:vivien.holland@uk.gt.com)).

Yours sincerely

Guy Clifton

Head of Local Government Advisory

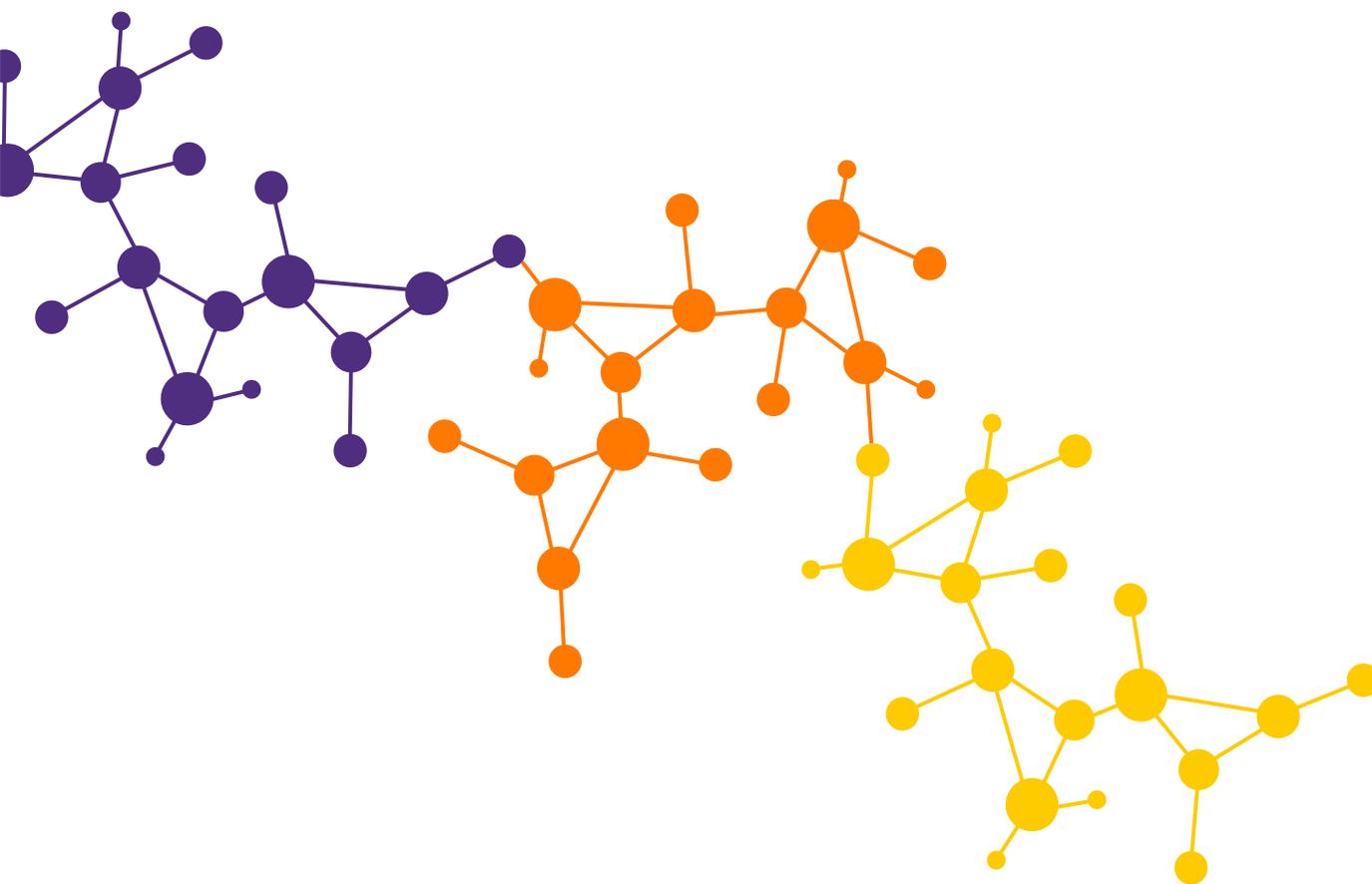
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# Introduction

North Warwickshire Borough Council (‘the Council’) retains its own housing stock and is considering setting up a Local Authority Trading Company (‘LATC’) as its preferred option for the delivery of its housing development company. This is initially intended to be for investment in properties for refurbishment and market rental which it hopes will boost the local market. It also intends to provide income to support the general fund.

In due course this company’s services may extend into other areas of potential income generation for the Council that it has identified, such as leisure and grounds maintenance.

## **Our scope of work and approach**

The Council has asked Grant Thornton to provide a report which sets out:

- The reasons for setting up a company for this purpose
- The key stages before setting up a company
- The key risks to consider
- The potential structural options available
- Examples of LATCs from other local government organisations. These examples consider both housing LATCs and those used for general service delivery.

We have drawn upon our significant experience of setting up local authority trading companies and have referred to our report ‘Spreading Their Wings: How to Create a Local Authority Trading Company’ which sets out good practice from the sector.

All of the legal matters in this report have been provided by Anthony Collins Solicitors to whom we have subcontracted. They take responsibility for this content.

The Council intends to use this report to inform its decision-making process regarding the proposed company.



# Reasons for setting up a local authority trading company

The current financial climate continues to place increasing pressure on the finances of councils. It has encouraged them to consider different ways to reduce costs and generate additional income.

Local authority trading companies (LATCs) are one way of responding to this challenge. These are established pursuant to the general power of competence (Localism Act 2011) plus trading powers (Local Government Act 2003). Increasing numbers of companies limited by shares have been set up in recent years as a result of this legislative change, enabling local authorities to receive dividends if profits are made by these companies.

They have become more prevalent in recent years because they offer local authorities an opportunity to effect change by:

- Generating income which would not be possible within the confines of the council
- Maximising the potential/returns of publicly funded assets
- Contribute to the supply of affordable housing
- Protecting staff welfare and protection of services
- Creating a commercial culture
- Using business success to attract further investment/regeneration as exemplified by the larger trading companies such as Norse.

There is usually both a profit and a social return objective in any of these ventures. Many councils have set up housing companies in recent years for the reasons that include stimulating the local housing provision, creating opportunities for local contractors, especially SMEs, providing a responsible landlord as an ethical alternative for local people, achieving a better return than simply disposing of a site and increasing revenue rather than capital receipts.

These companies usually have a mixture of affordable housing and market sales to allow for cross-subsidy.

Setting up a company can support the Council's general fund in one of two ways:

1. The distribution of dividends from the company, should it make any profits.
2. By lending funds in the form of a working capital loan to the company which must be charged at market rates to avoid contravening State Aid rules. Care must be taken to ensure that the Council does not support the company in ways that could be challenged as unlawful. The best way of doing this is to transact on a commercial basis. If the Council can show that the investments are those that a market investor would make, this helps prove there is no distortion.

# Key stages before setting up a company

Before proceeding with setting up a company, it is important to follow a structured approach with careful planning: it is not simply a matter of registration at Companies House. This report supports stage 2: appraise options.

**1. Set the objectives:** be clear on the key drivers for change and the purpose of the company (i.e. what the council wants to achieve and how quickly) and its values e.g. its attitude to profitability and social purpose. It is important at the outset for the Council to consider the right strategic fit of the company in relation to its overall objectives. This could be income generation and/or social purpose e.g. to provide a source of homes for rent in the local area that are affordable, as well as commercial development.

**2. Appraise options:** the different structural options available to the Council for the particular investment it intends to pursue should be appraised at the outset to ensure that the most appropriate one is selected. The options will vary depending on the specific circumstances, but usually comprise a range of corporate structures including companies limited by shares, either in single ownership or a joint venture. Each option will be assessed according to criteria defined by the council such as desired level of return, control and risk. Key considerations at this stage include:

**Legal structure** – usually a company limited by shares (wholly owned or jointly with a third party), allowing for profits to be distributed

**Governance** – board representation i.e. who governs the company? elected members, officers and non executive directors? It is important for the Council not to run the company as a department

**Tax** – All tax implications including Stamp Duty Land Tax will need to be considered, for example corporation tax will be payable on any profits and VAT may not be recoverable which could eliminate any profits made

**Accounting** – finance will need to be considered e.g. a working capital loan will be required which may have State Aid implications

**Pensions** - considerations such as pensions liabilities of any staff transferring need to be taken into account as this may eliminate any profits made

**Competition** – this company may be in direct competition with private companies which could affect market share for all parties.

**3. Develop the outline business case:** this includes the commercial strategies in outline terms and the business, financial and market appraisal. Often there is a gap between what the company can do and the council's expectation so it is important not to be over optimistic.

**4. Develop a full business case:** this will include the full costings, market analysis and cashflow forecasts for the initial period (e.g. five years) which will need to be approved by the Council. This will need to include the consequent changes required to its medium term financial plan to reflect the impact of factors such as recharges and interest charges.

# Managing risk

The Council will be familiar with some of the following risks whilst others relating to development will be new. The following are key risks that may arise when setting up a company, which are all manageable through mitigations via a risk register:

Risk	Mitigation
<ul style="list-style-type: none"> <li>Any staff transfers including pay and pensions considerations create a financial burden on the company that it cannot withstand</li> </ul>	<ul style="list-style-type: none"> <li>Consider secondments rather than TUPE transfer initially</li> </ul>
<ul style="list-style-type: none"> <li>The company may not make the right investment decisions; returns are lower than expected and the Council funds losses in order to keep the company solvent</li> </ul>	<ul style="list-style-type: none"> <li>Consider diversification of investment e.g. not just housing, but commercial and leisure investments too</li> <li>Separating out low risk and high risk investments will enable them to be monitored more effectively</li> </ul>
<ul style="list-style-type: none"> <li>The company does not act in accordance with the Council's objectives and it does not deliver the right public service outcomes</li> <li>The Council is too closely involved and does not allow the company to flourish</li> </ul>	<ul style="list-style-type: none"> <li>Creating an effective board of directors that monitors the progress of the company and making decisions that are aligned to the Council's strategic objectives and make business sense e.g. by having external non-executive directors in addition to elected members and officers of the Council</li> </ul>
<ul style="list-style-type: none"> <li>Board directors, who are also often elected members, have a conflict of interest which makes decision-making difficult</li> </ul>	<ul style="list-style-type: none"> <li>Members consider playing the role of representing the Council in its shareholder role rather than as directors of the company. Typically this is achieved by the creation of a shareholder committee with delegated powers from the Council</li> <li>Indemnity insurance should be put in place to protect nominees of the Council acting as directors of the company</li> </ul>
<ul style="list-style-type: none"> <li>Incorrect calculation of tax including VAT irrecoverability resulting in any profits being negated</li> </ul>	<ul style="list-style-type: none"> <li>Adequate tax planning will avert these issues</li> </ul>
<ul style="list-style-type: none"> <li>A change of administration could mean the Council wishes to terminate the company</li> </ul>	<ul style="list-style-type: none"> <li>A robust medium term business plan, setting out the rationale and returns, will illustrate the benefits of the company regardless of political administration</li> </ul>

# Potential structures for the Council's Housing Company

Taking into consideration the ambitions of the Council, we have set out three potential structural options which are all companies limited by shares. These are the most common type of structure; the company has share capital up front and for ongoing investment and the liability of its shareholder is limited to the amount contributed by way of share capital. Profits are distributed through dividend payments.

- Option 1 – single company
- Option 2 – group company with no holding company
- Option 3 – group company with a holding company

All of the above allow the Council to extend the company in due course to include other services in addition to the investment subsidiary; either to trade services back to the Council and/or more widely in the commercial sector.

Each of the three options would be 100% owned by the Council. Some local authorities enter in a Joint Venture (JV) partnership with a public or private sector investor for investment purposes which may be something for the Council to consider in due course.

A Limited Liability Partnership (LLP) is an alternative structure for development activity if a JV is being considered. Its main advantage is that it is tax transparent; profits attributable to the Council would not suffer corporation tax as the Council is tax exempt. This model is sometimes used where a council forms a JV relying on a power other than the general power of competence under the Localism Act 2011. However, by its very nature it requires at least two partners, and is unlikely to be used for such a purpose without any partner.

We have therefore disregarded the LLP option for the Council as we understand that it is more likely to select a single shareholder model in the short term. It would need to create a separate wholly owned company to act as partner in any event.



# Potential structures for the Council's Housing Company

As the Council wishes to start with a small number of developments then open up the company to trading activities, it may be advisable to begin with Option 1 (single company) which will enable it to invest in development and return any dividends on profits made back to the Council, whilst keeping a simple governance structure of one single board.

When the Council is ready to expand into trading activity, it may consider moving to Option 2 (two company structure with a trading and Teckal arm). This will enable it to trade externally via the commercial subsidiary; and back to the Council via the Teckal subsidiary (being the structure allowed under public procurement rules which exempts a company from having to tender competitively for a council's contracts). The Teckal exemption is explained in Appendix 1.

The difference between Option 2 and Option 3 is the presence of a holding company in the latter structure. Option 2 has the advantage over Option 3 in relation to dividends; a holding company can act as a blocker preventing dividends from being passed up to the owning council. The advantage of Option 3 is that it enables the expansion into a JV model, which we have noted above is not a consideration for the Council in the short term.

In the following pages we set out the key features of each Option in more detail.

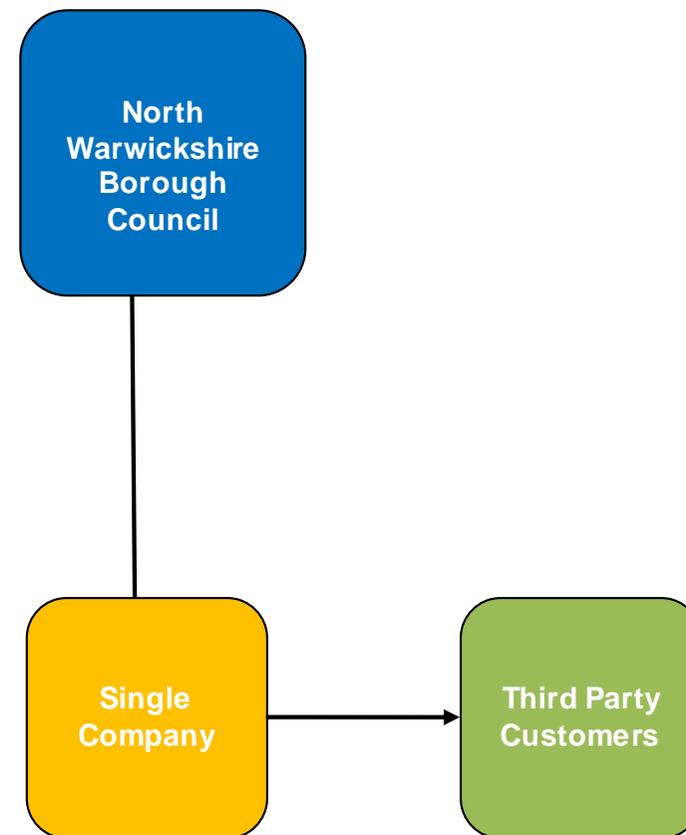


# Option 1: Single company summary

This structure is a single company structure that will have one board, reporting to the Council as sole shareholder. It will enable the Council to invest in the housing market and rent to third party customers.

The Council will transfer assets into the company and provide a working capital loan. It may contract with a third party housing management provider for management and maintenance services.

The net operating cashflow will repay the debt. Distribution by dividend back to the Council will fund future investment schemes.



# Option 1: Single company – key legal features

The key legal features that are present when setting up a single holding company LATC include:

- Established pursuant to the general power of competence (Localism Act 2011) plus trading powers (Local Government Act 2003)
- Outward facing and commercial nature means it is unlikely to be subject to the EU procurement rules as it would not be a contracting authority. This does mean it can contract with the Council for support services. It is not a contracting authority because the company is commercial in character and is not a Teckal subsidiary of the Council.
- Pure land transactions between the Council and the company that do not specify development obligations should not be caught by the EU procurement rules. In order to be covered by the EU procurement rules the transaction has to meet certain tests for a public works contract, which a pure land transaction would not meet.
- All funding and land transactions between the Council and the company should be on market terms – this has the benefit of showing there is no unlawful State Aid as well as being tax effective
- The Council has to consider its obligations to get best consideration when transferring land to the company
- No Secretary of State consent will be needed in relation to financial assistance by the Council to the company, because there is a general consent under Section 25 of Local Government Act 1988
- TUPE is not a concern at the moment under this structure but will become one if traded services are introduced into the company



# Option 1: Single holding company – key tax features

The key tax features that are present when setting up a single holding company LATC include:

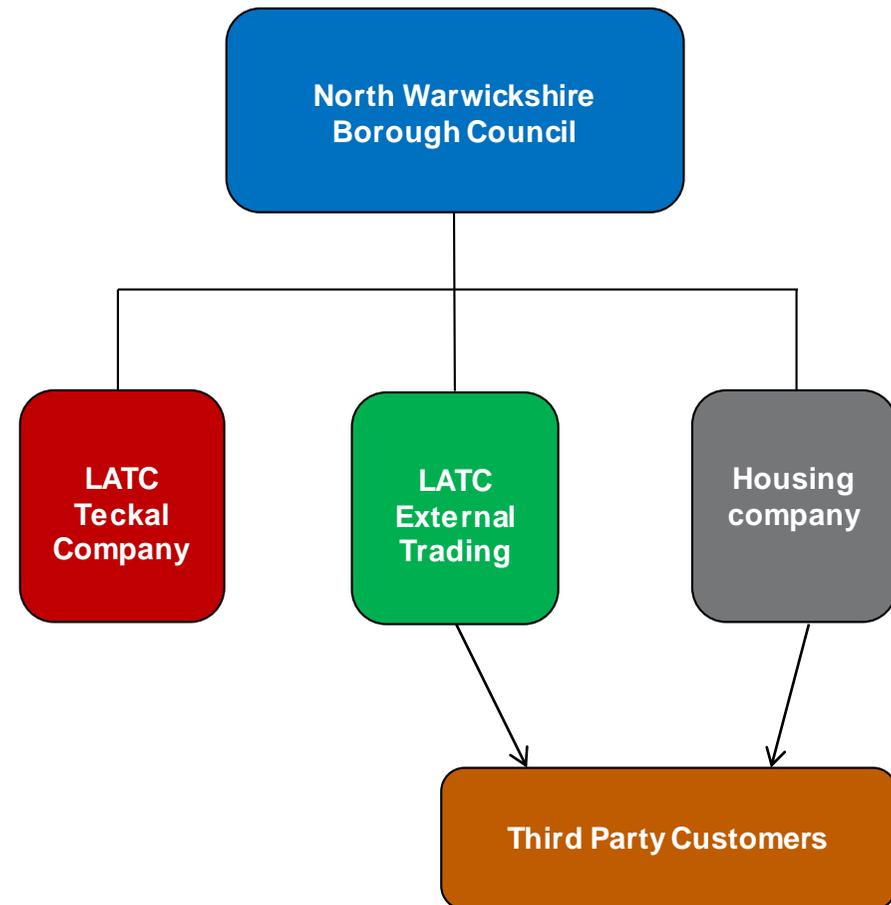
- Subject to corporation tax (currently 19%, 17% from 2020)
- Where services are provided to the Council, further work could be done to consider whether an exemption from corporation tax could be available on services provided to the Council and whether an approach is made to HMRC for a dispensation
- Taxable profits for trading activities and property rental activities are calculated separately (even where included within one P&L account) but loss reliefs are available (for example, offsetting current year trading losses against rental profits). As a property development business, the badges of trade will need to be considered to confirm if the company is initially treated as a property company or a trading company, or both
- Transfer of land/property from the Council to the company should benefit from Stamp Duty Land Tax (SDLT) exemption (subject to clawback rules which will arise if the company leaves the group within 3 years whilst still holding the property) as the company is limited by shares
- The company will have to register for VAT if it makes taxable supplies above the annual VAT threshold (it will not be a Section 33 body like the Council)
- VAT will be charged by the Council to the company on services (e.g. HR/Payroll) and on the management fee. Development income could be VAT exempt if relates to housing rental income. Further details will be required to confirm, for example whether development activities would be zero-rated for VAT purposes
- If making both taxable and exempt supplies (e.g. rental income), the company will not be able to reclaim all VAT on costs as it will be partly exempt, resulting in an irrecoverable VAT cost which should be quantified
- The Council can reclaim VAT charged by the company as a Section 33 body subject to a review of the Council's 5% calculation
- Third parties can reclaim VAT charged by the company to the extent that they make taxable supplies.



## Option 2: Group structure: with no holding company summary

This option is a group structure comprising sister companies to allow investment in housing through a company with no employees and also to bring in other services from the Council both on a Teckal trading basis i.e. on contract to the Council without having to undergo public procurement; and also on a commercial basis to allow the company to trade externally with other customers. Each subsidiary would have a board and would report directly to the Council as there is no holding company.

The advantage of this structure is that any profits made may be repatriated back to the Council directly, rather than via a holding company, which may act as a dividend blocker. It also means that there is a simpler governance structure with no board required at holding company level.



## Option 2: Group structure: no holding company – key legal features

The key legal features that are present when setting up a group structure with no holding company LATC include:

- This structure would not have a group holding company, but allow a direct relationship between the Council and three trading companies
- It will be important for the Council to work with the companies in a manner that is consistent between them. Its role as shareholder would be reinforced by a shareholders panel/committee to advise on its exercise of the role of the Council as shareholder in all three companies
- All the companies should be able to operate flexibly in accordance with the business plan for each of them, with the Council only needing to reserve decisions to itself for activities which are beyond the scope of the business plan
- It is a requirement that each company has a business plan for it to operate in accordance with the relevant provisions of the Local Government Act 2003
- All funding and land transactions between the Council and the company should be on market terms – this has the benefit of showing there is no unlawful state aid as well as being tax effective
- Joint contracts of employment are often used so the same staff can be used to undertake work for the Teckal company and also for the outward facing LATC. These arrangements require care in determining which is the principal employer, which will turn on the nature of activities undertaken by each business.



## Option 2: Group structure: no holding company – key tax features

The key tax features that are present when setting up a group structure with no holding company LATC include:

- Each company in the group subject to corporation tax
- If any group company is a Teckal company, further work could be done to consider whether an exemption from corporation tax could be available on services provided to the Council and whether an approach is made to HMRC for a dispensation
- Losses can be surrendered between companies on the basis that for each subsidiary the Council owns at least 75% of the ordinary share capital, is entitled to 75% of the profits on a distribution and is entitled to 75% of the assets available to equity holders on a winding up (from a loss relief position, this group structure does not provide more/less benefits compared to having a structure with a holding company)
- Transfer of land/property from council to companies should benefit from SDLT exemption (subject to clawback rules) as the companies are all limited by shares
- Each company can either register for VAT separately or as a single VAT group registration (with one of the companies being the Representative Member)
- The benefits of VAT grouping would be that intercompany transactions are generally disregarded and there is a single VAT return to complete. However, there is joint and several VAT liability from any VAT debts of the representative member for all group members
- The VAT treatment of income and expenditure for the company, the Council and third parties are as set out at Option One above
- A cost benefit analysis should be undertaken if exempt income is to be received (for example rental income) to determine whether a VAT group is the best option.

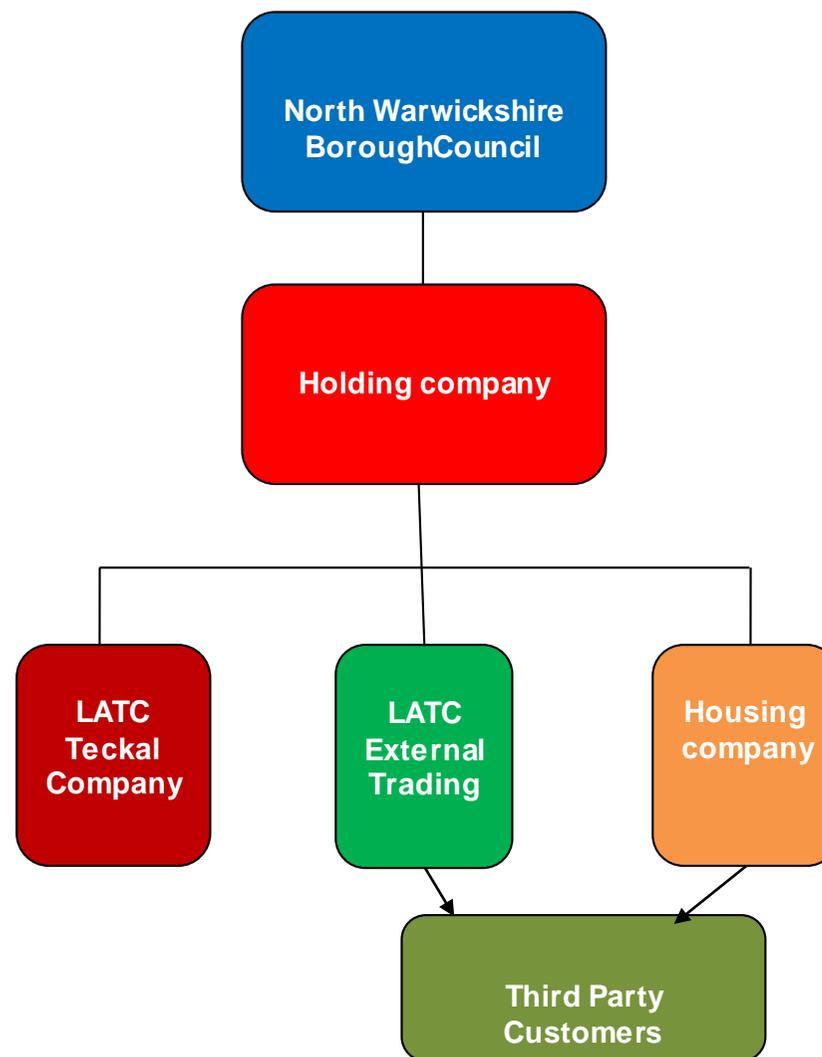


## Option 3: Group structure: with a holding company summary

This structure is a group structure comprising a holding company with subsidiaries to allow it to invest in housing through a company with no employees. It also allows other services to be transferred from the Council both on a Teckal trading basis i.e. on contract to the Council without having to undergo public procurement; and also on a commercial basis to allow the company to trade externally with other customers.

The holding company board acts as the conduit between the subsidiary companies and the Council, particularly in the absence of a shareholder committee. Each company in the group will require a board although these may comprise the same individuals and meetings may be held concurrently.

If the Council were to decide to open up the shareholding in due course e.g. to another local authority or third party developer, a holding company would be required.



## Option 3: Group structure: with a holding company – legal features

The key legal features that are present when setting up a group structure with a holding company LATC include:

- In addition to the local housing company this postulates a holding company, plus two vehicles for undertaking services traded commercially
- All three of these companies are formed pursuant to the general power of competence
- The holding company enables the Council to enter into corporate joint ventures with housing associations and private contractors by creating a structure which can embrace both wholly owned vehicles and jointly owned vehicles (whether a company or a LLP)
- One of the two commercial trading companies would be providing services principally to the Council within the scope of Regulation 12 Public Contracts Regulations 2015 and Regulation 17 Concession Contracts Regulations 2016, which codify the Teckal principles
- The other company would be free to trade in the commercial sector and would be outward-facing in the same way and with the same EU procurement treatment as the local housing company. It is not a contracting authority because of the commercial character of its activities
- Staff of the Council would in all likelihood transfer under TUPE into the joint employment of both of these companies to enable them to be employed in the widest commercial arena
- All funding and land transactions between the Council and the company should be on market terms – this has the benefit of showing there is no unlawful state aid as well as being tax effective.



## Option 3: Group structure: with a holding company – tax features

The key tax features that are present when setting up a group structure with a holding company LATC include:

- Each company in the group is subject to corporation tax
- If any group company is a Teckal company, further work could be done to consider whether an exemption from corporation tax could be available on services provided to the Council and whether an approach is made to HMRC for a dispensation
- Losses can be surrendered between companies on the basis they are all 75% subsidiaries of the holding company (from a loss relief position, this group structure does not provide more/less benefits compared to having a structure without a holding company)
- Transfer of land/property from Council to Companies should benefit from SDLT exemption (subject to clawback rules) as the companies are all limited by shares
- A holding company can either register for VAT in its own right (if it is making taxable management charges) or as part of a VAT group with its subsidiaries
- If separately VAT registered, the holding company would have to charge and account for VAT on charges made to the subsidiaries
- VAT recovery by the subsidiaries would depend upon the extent to which they made taxable supplies
- The VAT position of a single VAT group would be as set out at Option Two where exempt income (for example rental income) could create irrecoverable VAT costs
- HMRC have typically challenged VAT recovery of certain holding company costs, however, recent litigation has clarified the position. Provided the holding company actively manages its subsidiaries, then VAT recovery on its costs is allowed, subject to the general rules.



## Next steps

Should the Council make the decision to proceed with setting up a company, we set out below the next steps that would be required.

Firstly it will need to review the structural options set out in this report and identify its preferred one.

An outline business case will then need to be prepared. This does not need to be very detailed because at this stage the company will solely be created for investment purposes rather than traded services, so complex factors relating to the employment of staff is not required but should set out the viability of the proposed company and should identify other business opportunities that the company could develop in due course.

For the specific sites to be developed, the financial viability of each site including funding would need to be undertaken in a full business case. This would include modelling assumptions such as land values, the basis on which units will be sold or let, basis of various development costs and basis of assumed operating expenditure. A market analysis would also be necessary to understand the appetite for the development.

If this is approved by Members, the legal framework of the company would then need to be established e.g. Articles of Association, Memoranda of Understanding and Resolutions to delegate the appropriate authority.

The company would then be set up at Companies House with directors appointed and the first sites acquired/building commenced.



## Appendix 1: Teckal regulations

Teckal refers to a test case in statute. The Teckal case established that, under certain circumstances, a contract let to a company will not count as a public service contract if “the local authority exercises over the person concerned (that is, the company) a control which is similar to that which it exercises over its own department, and at the same time, that person carries out the essential part of its activities with the controlling local authority or councils”. These are known as the **control** and **function** test.

This exemption allows councils to award contracts directly to local authority trading companies and gives these companies freedom to trade commercially for up to 20% of their turnover.

The *Teckal* or in-house exemption is only relevant where the Council intends that a company will supply goods, services or works back to the Council. In the case of a housing company, the Council will intend the company to be outward facing rather than focussing on the Council, and so there should be no need to consider the requirements of Regulation 12 when creating the company.

This will equally be true of any outward facing company, owing to the fact that its principal role is to trade with third parties.

The converse applies to any company that predominantly provides services back to the Council and/or any other contracting authority that is a shareholder in that company (an example is the West Midlands Growth Company which has the West Midlands Combined Authority and the seven metropolitan unitaries as its members).



## Appendix 2: Key stages in setting up a company

Once decided to set up, follow the key stages for implementation:

### **1) Obtain the right professional advice**

Essential to managing the risks and equipping the company that appropriate commercial skill exists, especially in legal, finance and tax.

### **2) Company registration**

The company needs to be registered under the Companies Act 2006.

### **3) Trading**

Deciding on whether the company will deliver council services or trade, or both, is key to ensuring appropriate procurement and application of Teckal exemption.

### **4) People**

Motivation and development of people is seen as a key factor in creating a successful company. A key aspect of this is building a commercial culture.

### **5) Pensions**

Pension costs can be a significant hurdle and the cost of funding pension deficits as prohibitive. Early pension advice is key so that full costs can be built into business planning.

### **6) Governance**

Appropriate governance arrangements for both council and company need to be put in place. The balance between council influence and excessive interference needs to be struck.

### **7) Financing**

Ensuring that appropriate working capital is in place will enable the company to operate. This is often in the form of a 'commercial rated' facility made available by the council.

### **8) Taxation**

Taking advice on taxation issues from appropriate professionals allows a company to have robust tax arrangements in place for areas such as corporation tax

### **9) Transfer of assets and support service costs**

Deciding on where the company will operate from and what other assets and support services the council will provide is key.

### **10) Performance management and contracting**

Agreeing the performance and contract management arrangements is important to avoid excessive contract management from the council that impacts upon services.

## Appendix 3: Examples from elsewhere in the sector

### NABCEL (Nuneaton and Bedworth Borough Council)

NABCEL is a wholly-owned company of Nuneaton and Bedworth Borough Council. It was established to provide the Council with income streams that it may otherwise not be able to achieve.

NABCEL is being used by the Council to provide an income stream through the provision of housing in the private rental market. Properties are purchased through the Council's general fund and then leased on an operating lease to NABCEL. NABCEL then rents the properties out at market rates.

For the older properties within the portfolio of NABCEL the Council are responsible for improvements and can therefore reclaim VAT on the works completed.

The business case for setting up this business stream of NABCEL saw the Council complete an options appraisal and a sensitivity analysis.

The structure of the NABCEL board is two non-executive directors (the Council's Director of Finance and Director of Housing) along with three executive directors who are councillors.

Performance of NABCEL is managed through reports to the board on indicators such as income, number of tenants, voids and bad debts. Board meetings are held by NABCEL but there is no review by the Council's scrutiny or audit committee.

The company has managed to achieve the aims of the Council but development of the business has taken longer than expected. Key actions taken by the Council include;

- Ensuring appropriate officer and political buy-in across the council
- Creating a commercial mindset about how the company should function and how it differs from other council services
- Dealing with logistics such as annual accounts, Companies House requirements, VAT and corporation tax requirements
- Ensuring that appropriate marketing of the properties was in place.

The structure of this company is a two sister structure comprising Teckal and commercial subsidiaries.

## Appendix 3: Examples from elsewhere in the sector (continued)

### WV Living (City of Wolverhampton Council)

Established in 2016 by City of Wolverhampton Council to mainly develop market sale homes initially. The key aim for the Council in creating this commercial entity is to generate a return for the Council. The Council have identified sufficient land in order to meet their projected housing targets but they are eager to speed up the building of homes. Therefore, they see WV Living as a vehicle to drive the pace of the market.

The initial plan for WV Living outlined by the Council is to build almost 400 homes in the next two years, increasing to 800 homes over the next four years. A quarter of the anticipated homes will be set aside as affordable council homes.

In order to support WV Living the Council has granted £40m worth of investment to the company. This loan will be paid back to the Council at a commercial rate so that the Council achieve a return on investment.

The Council see the company as forming part of a more unified approach to city-making. They have confidence that they understand the local market and the sites well and are therefore able to incorporate housing into wider regeneration projects.

### Engine of the North Limited (Cheshire East Council)

Engine of the North Limited is a wholly owned property development company of Cheshire East Council with a Teckal exemption.

The company was set up to help transform the Council's strategic land in order to accelerate housing and jobs growth, as well as delivering capital receipts back to the Council. Using both land and property assets owned by the Council, as well as developing third party land, the Council aimed to maximise development value of land whilst minimising risks through dedicated delivery arrangements and commercial expertise.

In an October 2016 performance report to the Council's Overview and Scrutiny Committee, Engine of the North Limited had delivered a forecast of 3622 new homes against a target of 5233 homes. Therefore, success of the company has not developed as quickly as anticipated.

Although development has not been at the expected level, Engine of the North Limited have delivered a number of projects that have benefited the example. Examples include the delivery of capital receipts through the disposal of Council owned sites, obtaining grant funding for new projects and achieving planning permission for a 950 home project in Macclesfield.

## Appendix 3: Examples from elsewhere in the sector (continued)

### East Cambridgeshire Trading Company Limited (East Cambridgeshire District Council)

Established in 2016 by East Cambridgeshire District Council in order to act as its commercial arm. The intention was that the company could generate additional funds for the Council which would then be reinvested back into services for local residents. The rationale for this was the Council's need to generate more of its own income to support front line delivery of services as pressures on council budgets continues.

The primary focus of the LATC is the property development interests of the Council. By focussing on this area the intention of the Council was to deliver successful and well-designed property developments that provide significant benefits to the local community whilst responding to local housing market need.

The Company was set up as a LATC with a single company structure limited by shares with a Teckal exemption. The purpose of this structure was to generate a commercial return and, when appropriate, produce dividend returns to the council.

In March 2017 the Company expanded to include services including waste and grounds maintenance. The structure is now under review to reflect the wider remit and to take advantage of group tax reliefs.

### Cornwall Housing Ltd (Cornwall Council)

Cornwall Housing Ltd is a company wholly owned by Cornwall Council and is charged with managing and maintaining the 10,500 council houses in mid and east Cornwall. The company looks after about 300 leaseholders on behalf of the Council. It also manages council-owned garages, shops and land. Cornwall Housing Ltd recently built 56 homes for social rent that it now owns. Housing Options and Advice services for the Council are also delivered by the company. Any profit made by the company is reinvested into improving housing within Cornwall.

The company forms part of the CORSERV group in Cornwall. CORSERV was established by the Council in order to provide strategic direction and oversight for all of the existing Council companies. It acts as the parent company for the commercial organisations owned by the Council and the key role of CORSERV is to ensure that the strategies of all companies align to support the growth of the Cornwall economy. CORSERV also provides back office services to the companies within the group to support efficiencies and business growth.

There is a diverse range of commercial companies under the CORSERV umbrella including engineering contractors (CORMAC), Cornwall's development agency, Cornwall airport and a joint venture highways management company with Nottinghamshire County Council (Via East Midlands).

## Appendix 3: Examples from elsewhere in the sector (continued)

### Streetwise (Rushcliffe Borough Council)

In September 2014, Rushcliffe Borough Council set up a Teckal trading company, Streetwise., Rushcliffe's grounds maintenance and cleansing service. Based in Nottingham, they also carry out work across the East Midlands.

They clean and maintain the borough for the Council and have taken this expertise to branch out to offer new services to businesses including schools, parishes, sports clubs or voluntary organisations. It is gaining contracts from the local area and is increasing its reach across wider parts of the county.

The rationale for setting up this company was to reflect the ethos of the Council which is one of strong social values and community enablement. The company has won a significant contract with a housing association, with more planned. This has meant that the original single Teckal company structure is no longer fit for purpose and has necessitated the creation of a group structure including further commercial arms to facilitate commercial growth, while still allowing the Council to procure services directly via the Teckal arm's exemption.

### Yoo Recruit (City of Wolverhampton Council)

City of Wolverhampton Council identified agency spend as an area where savings could be made in order for it to meet its budget cuts. Spending. In response to this YOO Recruit was set up as a wholly-owned company for the provision of temporary workers in the Council.

The original intention for YOO Recruit was to invest in setting up a company to recycle the expenditure on agency staff within the Council. Any profit made by YOO Recruit can be reinvested back into the council to support front line services. Alongside the financial aspect, YOO Recruit aim to boost the quality of job opportunities in the local area by ensuring that roles are filled by local candidates.

The success of YOO Recruit has seen it turnover £7.4m with an un-audited net profit of £0.3m. It has also reduced costs through less invoicing and the removal of agency fees. Through the work of YOO Recruit 90% of workers live within Wolverhampton and are paid a Living Wage.



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**Agenda Item No 17**

**Executive Board**

**12 February 2018**

**Report of the  
Assistant Director  
(Leisure and Community Development)**

**Strategic Review of Leisure and  
Community Development Services**

**1 Summary**

- 1.1 This report updates the Board on the work undertaken by external consultants in respect of the commission to undertake a Strategic Review of Leisure and Community Development Services and to prepare associated supporting draft strategies. It additionally seeks direction from Members with regard to the manner in which the Borough Council should progress various recommendations made by the consultants, most particularly in respect of the draft Leisure Facilities Strategy.
- 1.2 Additionally, the report notes that the planning policy implications of the Strategic Review are being consulted upon for inclusion within the submission version of the Local Plan. It also informs Members of the use by the Chief Executive of his Urgent Business Powers for that inclusion and in respect of the extension of that consultation.

**Recommendation to Council**

- a That the work undertaken by external consultants in respect of the commission to undertake a Strategic Review of Leisure and Community Development Services and their preparation of supporting draft strategies be noted;**
- b That Members determine the means by which they wish to resolve the future of Arley Sports Centre;**
- c That, subject to the decision taken at b) above, Members determine whether or not they wish to proceed with a potential asset transfer of Arley Sports Centre by means of a sole negotiation with Elite Sports Development and, if such a negotiation proves to be unsuccessful, if they subsequently wish to pursue this option through an open procurement exercise;**

## **Recommendation to Council**

- d That Members determine if they wish to consider the long-term benefits of replacing Atherstone Leisure Complex and Polesworth Sports Centre on new sites by means of a detailed feasibility study, the outcomes from which would further inform the decision making process;**
- e That Members clarify their expectations in respect of the continued operation of Polesworth Sports Centre on the site of Polesworth School beyond the expiry of the current dual-use agreement in December 2018**
- f That Members note the inclusion of the planning policy implications arising from the draft Supplementary Planning Document and from the Leisure Facilities, Green Space and Playing Pitch Strategies within the draft Local Plan consultation process;**
- g That the Assistant Director (Leisure and Community Development) be instructed to amend and finalise the Leisure Facilities Strategy, taking account of the outcomes of Members' consideration of the recommendations made by the external consultants;**
- h That Members approve or otherwise amend the recommendations made by the external consultants in respect of the Leisure Facilities Operational Review and the associated Appraisal of Future Delivery Options;**
- i That Officers be instructed to summarise the draft Green Space and Playing Pitch Strategies for the future consideration of the Community and Environment Board; and,**
- j That, upon its production by the external consultants, the draft Health, Wellbeing and Leisure Strategy be presented to both the Health and Wellbeing Working Party and the Community and Environment Board for their consideration.**

## 2 Consultation

- 2.1 The Chairman, Vice-Chairman and Opposition Spokesperson for the Executive, Community and Environment and Resources Boards, the Safer Communities Sub-Committee and Members with responsibility for Health, Wellbeing and Leisure and Young People have all had the opportunity to comment on the content of this report. Any comments received will be reported verbally at the meeting.
- 2.2 As the proposed Health, Wellbeing and Leisure, Green Space, Playing Pitch and Leisure Facilities Strategies are of Borough-wide significance the report has also been circulated to all other Ward Members for comment.

### **3 Introduction and Background**

- 3.1 Members will be aware that, at its meeting held in January 2016, the Community and Environment Board approved the commissioning of “an overarching review of leisure provision in North Warwickshire, including leisure facilities, open space, sport and recreation need and supply and the revision of the (Authority’s) Green Space and Playing Pitch Strategies” by an external consultant.
- 3.2 A year later, in January 2017, the same Board received a report on the level of progress being made by the external consultant appointed to undertake the work.
- 3.3 The aim of the Commission was to carry out a review of leisure provision across North Warwickshire. The Review, itself, comprised a number of separate, but linked elements, as follows:
- Health, Wellbeing and Leisure Strategy
  - Leisure Facilities Strategy
  - Leisure Facilities Operational Review and Future Delivery Options
  - Green Space Strategy
  - Playing Pitch Strategy
  - Light Touch Review of Community Development
- 3.4 The outcome of the light touch review of Community Development services was reported to, and approved by, the Community and Environment Board in January 2017.
- 3.5 The related objectives of the Commission were to:
- Provide an up-to-date assessment of open space, sport and recreation need and supply (both indoor and outdoor) in North Warwickshire to 2031, in line with the emerging Local Plan, and taking account of projected future growth in the Borough
  - Prepare a high-level, overarching Health, Wellbeing and Leisure Strategy to 2031 for North Warwickshire

- Prepare a detailed Leisure Facilities Strategy that addresses the needs identified in the assessment in respect of indoor provision, provides an evidence base for policies addressing facilities provision and informs future investment decisions
- Provide a critical assessment of the operational efficiency of the Borough Council's leisure facilities service and, if appropriate, make recommendations for the improvement of such
- Prepare a detailed Green Space Strategy to 2031 that addresses the needs identified in the assessment in respect of outdoor provision and provides an evidence base for open space policies for the emerging Local Plan and informs future investment decisions
- Prepare a detailed Playing Pitch Strategy to 2031 to guide future provision and management of sports pitches in North Warwickshire in the context of national policy and local sports development needs
- Prepare Supplementary Planning Guidance to inform the planning process, guide the formation of planning agreements and set standards for onsite provision of open space, sport and recreation facilities as appropriate. The guidance will help to establish the required level of CIL necessary to address identified open space, sport or recreation needs offsite. It will also advise upon an appropriate, straightforward method of calculation for determining, at application stage, levels of contributions to be sought to address those needs generated by development proposals on sites exempted from CIL charges, but subject to potential Section 106 agreements

3.6 The appointed consultant, Strategic Leisure Ltd., was selected further to a rigorous procurement and interview process, which involved the Chairmen of the Community and Environment and Resources Boards. The contract, which had a value of £70,250, effectively commenced in August 2016. The consultant's initial work timetable indicated that their final reports and draft strategies would be submitted in May 2017, although this would be dependent upon a number of factors, not all of which were within its control. This timetable was challenged by Officers, but the consultant was optimistic that it was achievable. In hindsight, this optimism was misplaced, as, despite the best endeavours of leading Members and Officers to ensure their timely receipt, the final reports and draft strategies were not received until October / November 2017. The delay in the receipt of the draft strategies was caused by a number of factors, most notably the consultants' need to repeat various consultation exercises in a bid to secure responses from stakeholders and / or interested parties, the need to take account of Facilities Planning Models produced by Sport England, one of which (Sports Halls) was not available at the start of the commission, and the need, in certain instances, to correct factually inaccurate work.

3.7 Subsequent to its appointment, however, Strategic Leisure Ltd., in conjunction with its partner consultants SES Ltd. (Green Space Strategy),

4Global (Playing Pitch Strategy) and Nortoft (Planning), undertook a considerable volume of work, which was supported by the provision of significant time, information and documentation by Borough Council Officers. To date, the outcome of this process, in addition to the completed light touch assessment of the Borough Council's Community Development services, has been the production and submission of the following documents:

- Appendix A: National Context
- Appendix B: Local Context
- Appendix C: Stakeholder Consultation
- Leisure Facilities Strategy: Evidence Base
- Leisure Facilities Strategy
- Leisure Facilities Strategy: Appendices 1 to 14
- Review of the Existing Leisure Facilities Service: Operational Performance
- Options Appraisal: Leisure Facility Provision and Operational Management and Appendices 1 to 6
- Green Space Strategy and Final Appendices
- Playing Pitch Strategy
- Supplementary Planning Document: Planning Obligations for Open Space, Sport and Recreation and Two Associated Calculator Documents

3.8 The only element of work that is awaited from the consultant is the final draft of the overarching Health, Wellbeing and Leisure Strategy, which it was always intended would be produced at the end of the process, once the Authority had determined its response to the draft Leisure Facilities, Green Space and Playing Pitch Strategies.

3.9 This body of work is substantial. Indeed, the main draft strategies amount to more than 400 pages, not including the significant list of appendices, which provide important context to the consultants' work. In some cases, the final drafts were the outcome of a number of earlier, much longer documents, which the Borough Council asked to be shortened, in order to make them more accessible. This process did contribute, in part, to the delay in the receipt of the final drafts. For convenience, copies of each of the aforementioned documents have been placed in a clearly marked file in each of the Political Group Rooms. They have also been made available on the Borough Council's website. Leading Members, however, are conscious that

the length of the documents means that they remain inaccessible for many people. Officers, therefore, have been instructed to précis each of the main draft strategies, commencing with the draft Leisure Facilities Strategy and the accompanying Operational Review and Options Appraisal.

- ... 3.10 The précised Leisure Facilities documents are attached at Appendices A to C. In producing these documents every effort has been made only to use the words of the consultants.

#### **4 Leisure Facilities Strategy**

4.1 The draft Leisure Facilities Strategy was prepared in accordance with guidance from Sport England. Also in line with the National Planning Policy Framework, it assesses the existing leisure facilities, as well as the need for sport and active recreation in the context provided by the anticipated growth in the Borough. In so doing, it addressed the quality, quantity, accessibility and availability of existing provision.

4.2 In addition to Facility Planning Model data provided by Sport England, the consultants also took account of a number of factors in drawing their recommendations about how best to plan future facility provision:

- The need to provide for increased demand as a result of population growth
- The need for leisure facilities to continue to contribute to healthy and active lifestyles
- The need to maintain and then increase existing levels of participation
- The need to consider how best to replace ageing facilities, which, relatively, are of poor quality and operationally inefficient

4.3 Based on their analysis, the consultants came to a number of summary conclusions:

##### **Sports Halls**

- Based on the level of demand generated by the (2016) population, there is an over-supply of (8.6) badminton courts in North Warwickshire
- Based on projected growth, the increased size of the population will create a future demand equivalent to 5.7 badminton courts
- Taking the existing over-supply into account, the current supply is sufficient to meet future need through to 2031
- The main issues to be addressed are the need to improve the quality and accessibility of provision

##### **Swimming Pools**

- There is a small under-supply of swimming pools in North Warwickshire

- Based on projected population growth, the Sport England Sports Facilities Calculator identifies a need for an additional four lanes x 25m pool, although some of this need could be met by encouraging enhanced use of Kingsbury Swimming Pool

### **Health and Fitness**

- There is a current under-supply of 65 pay and play fitness stations in North Warwickshire
  - Based on current provision, there will be an under-supply of 123 pay and play fitness stations by 2031
- 4.4 Based on the local context and their analysis of supply and demand, the consultants assert a clear need to consider how best to deliver increased pay and play access to swimming pools and fitness provision in the Borough to meet current and future demand. They additionally propose a need to begin to plan now for the replacement of / investment in a number of leisure facilities due to their age, whilst also highlighting an opportunity to invest in “active” infrastructure in order to facilitate increased participation in walking, jogging and cycling, including through the connection of existing and new settlements, education and leisure sites.
- 4.5 The précised draft Strategy (Appendix A) identifies a number of future options for the Borough Council’s leisure facilities and the consultants highlight the implications and outcomes of each option. A Vision for the Leisure Facilities service is proposed, alongside a brief list of Aims.
- 4.6 The draft Strategy proposes a future direction in respect of leisure facilities provision. This direction, however, is further crystalized within the 12 recommendations made by the consultants:
- Recommendation 1
 

In the short-term, retain existing levels of sports hall, swimming pool and fitness provision as a minimum. These need not necessarily be the same facilities as at present
  - Recommendation 2
 

Prioritise investment into additional swimming pool provision to meet current and future identified need:

    - In Atherstone within a new facility, or
    - In Polesworth within a new facility, or
    - Within a single new facility replacing those in both Atherstone and Polesworth
  - Recommendation 3

Prioritise investment into additional health and fitness provision to meet current and future identified need:

- In Atherstone within a new or re-developed facility, and / or
  - In Polesworth within a new facility, or
  - Within a single new facility replacing those in both Atherstone and Polesworth
- Recommendation 4

Review the overall future leisure facility portfolio and consider the long-term strategic benefits of:

- Replacing Atherstone Leisure Complex on an alternative site
  - Replacing provision in Polesworth with a new facility on an alternative site
- Recommendation 5

Seek to secure an asset transfer arrangement for Arley Sports Centre. If this cannot be sustainably secured, close Arley Sports Centre

- Recommendation 6

On the basis of its operational effectiveness, close Atherstone Memorial Hall at a time that is most appropriate in the context of the operation of the Leisure Complex

- Recommendation 7

Aim to re-provide, as far as possible, activities to replace those lost through any facility closure(s)

- Recommendation 8

Establish a dialogue with the English Indoor Bowls Association (EIBA) to explore the potential of developing an indoor bowls facility by 2031

- Recommendation 9

Where practicable, seek to enhance access to affordable pay and play healthy activities within community venues / spaces with a view to increasing leisure and recreational opportunity provision for local residents

- Recommendation 10

Seek to secure Community Infrastructure Levy (CIL) / S106 contributions from developers, in accordance with the corresponding Local Plan Supplementary Planning Document (SPD), for the development, replacement and / or maintenance of appropriate leisure facilities, including in respect of safe walking, running and cycling routes, and those routes that improve access to leisure and recreational facilities and services

- Recommendation 11

Where appropriate in conjunction with partners, prioritise investment in the development of high quality community sport and leisure facilities, in order to increase available capacity and opportunity to take part in regular physical activity, to contribute to reduced health inequalities and to enhance community cohesion

- Where appropriate, new education provision should include the implementation of a Community Use Agreement (CUA) through which to enhance community access to leisure facilities

- Recommendation 12

Monitor, review and evaluate implementation of the Leisure Facilities Strategy on an annual basis and refresh the Strategy at least every five years

4.7 There is now a need for the Authority to determine its response to the recommendations made by the consultants, before it can finalise its Leisure Facilities Strategy, taking the service through to 2031. Most specifically, there is perhaps a need to determine an approach in respect of the fundamental and priority issues listed by the consultants as requiring to be addressed by the Borough Council. These issues are as follows:

- The need to tackle an existing and future under-supply of swimming pool provision
- The need to extend accessible fitness provision, both to meet current and future need, but also to increase revenue for the Authority
- The need to resolve the future of Arley Sports Centre
- The need to determine the future of Polesworth Sports Centre on its current site
- The need to resolve the future of Atherstone Leisure Complex, including the Memorial Hall

### **Arley Sports Centre**

4.8 Recommendation 5 above proposes that the Borough Council seeks to secure an asset transfer arrangement for Arley Sports Centre and that, if an asset transfer cannot be sustainably secured, that the Sports Centre be closed. Contextual information for the consultants' recommendation is provided within the Leisure Facilities Strategy Evidence Base, within the

Leisure Facilities Strategy, as well as within the Operational Review and Options Appraisal reports, summary versions of which are attached at Appendices B and C.

- 4.9 Members will, of course, be familiar with the lengthy background to this important and sensitive issue, which is not repeated here. The summarised draft Leisure Facility Strategy identifies three options for Arley Sports Centre; to close the facility; to retain it, but transfer operational management to a third party or to refurbish the existing provision. In 2016, the refurbishment cost liability was externally assessed at more than £1.3 million plus fees, for which capital programme provision has not been made.
- 4.10 An asset transfer of the Sports Centre would afford an opportunity for the Borough Council to seek to avoid its closure and retain some form of local provision, whilst removing its financial responsibility for facility.
- 4.11 Subsequent to the Authority's consideration of the future of Arley Sports Centre, Officers have been in receipt of a number of enquiries about the facility from parties potentially interested in either its acquisition and / or management. As far as Officers are aware, only one of these parties, Elite Sports Development, has maintained an on-going interest in the site. It is certainly the only party that has maintained a dialogue with Officers. In view of the external consultants' recommendation relating to an asset transfer of the site, Officers have given early consideration to the option of whether the Authority could seek to negotiate a land sale only with Elite Sports Development or, alternatively, dispose of the asset through an open procurement process.
- 4.12 Subject to Members' approval, the primary reasons for potentially negotiating a sale with Elite Sports Development are as follows:
- The company holds the only known interest in the site (which is not to say that other parties are not interested)
  - Elite Sports Development's interest is known to be time limited. It has another acquisition opportunity, the deadline for which is 30 April 2018. An open procurement process, which would take a minimum of four months to complete, could not be undertaken within this timeframe, which may mean that Elite's interest would be lost. This would be significant if no other interest was forthcoming, for the only options then would be to continue to operate the Sports Centre or to close it
  - Given its condition and (leisure) use, the site has little or no real financial value
- 4.13 Officers are in the process of securing a formal valuation of the Sports Centre, which is situated in the Green Belt. Development of the land for housing or commercial uses would not conform to the applicable Core Strategy or to the emerging Local Plan. The valuation, therefore, will be on the basis of current use. Further, any future disposal is likely to be subject to covenants restricting usage of the land to its current uses and / or requiring

an overage payment in the event of a rise in value as a result of alternative uses.

- 4.14 Assets that are “no longer required” should be disposed of in accordance with the law and the Borough Council’s Financial Regulations. Typically, contracts are awarded on the “most economically advantageous basis” using criteria that take into account cost and quality considerations. When there are justifiable technical, specialist and / or supply market reasons, it is possible for the Authority to negotiate with only one supplier. Additionally, with a small number of exceptions, none of the Council’s Contract Standing Orders apply to land transactions.
- 4.15 Legal Counsel and CIPFA advice has been sought in respect of the potential disposal of Arley Sports Centre and, in particular, on whether there are any procurement law restrictions which would prevent the Authority from selling the facility for a nominal sum to the sports development company without a competitive procurement exercise. Through this process it has been determined that procurement law does not require a competitive process for the disposal of the Sports Centre. This is because the Public Contracts Regulations 2015 apply only to the procurement of public contracts (contracts having as their object the execution of works, the supply of products or the provision of services). An asset transfer would simply involve a sale of land, albeit the land would be subject to restrictive covenants. These covenants would prevent the land from being used for purposes other than a leisure centre; but they would not place the purchaser under a positive obligation to provide leisure centre services. The sale, therefore, would not involve leisure centre services being “entrusted” to the purchaser.
- 4.16 Additionally, if the Borough Council has rational reasons for concluding that any disposal for a nominal value to the sports development company would satisfy one or more of the requirements to promote or improve economic, environmental or social wellbeing and that the disposal has a value of less than £2 million, then there would be no breach of the “best consideration” duty under Section 123 of the Local Government Act 1972. The Authority’s view may be that such rational reasons exist, for example, because there are good grounds for concluding that, without selling the land now for a nominal value to the sports development company, the opportunity for continued provision of leisure facilities at the Sports Centre would be lost.
- 4.17 Nevertheless, when the Borough Council disposes of land at less than best consideration, it provides a subsidy to the purchaser. The Authority, therefore, must ensure that the nature and amount of any subsidy complies with the rules in relation to EU State Aid, particularly where there is no element of competition in the sale process. In order to avoid a sale amounting to State Aid, the Authority should obtain an independent expert valuation and then sell the land at a price no lower than that valuation. That valuation may take account of “special obligations” attached to the land, such as any restrictive covenants that are to apply. Special obligations that relate to the land and buildings and not to the purchaser or their economic activities may be attached to the sale in the public interest. The economic

disadvantage of such obligations should be evaluated separately by the independent valuer and may be set off against the purchase price. To the extent that the Borough Council's "nominal price" would be lower than the restricted valuation, the transfer would amount to State Aid. If, however, the difference is less than €200,000 then the Authority may rely on the "de minimis" exemption for State Aid.

- 4.18 Whilst an independent valuation of the Sports Centre is awaited, it is highly likely that a specific and sole negotiation with Elite Sports Development would be lawful. If such a negotiation proved to be unsuccessful, in that agreement could not be reached with the company for the sale of the land, this would not preclude the option of then seeking to asset transfer the Sports Centre through an open procurement process.
- 4.19 Members, therefore, need to determine whether or not they wish to pursue an asset transfer of Arley Sports Centre and, if so, whether or not they wish to initially pursue a transfer through a sole negotiation with Elite Sports Development. If Councillors are minded to pursue this option, and in view of the potential afforded by an asset transfer to retain some form of leisure provision in Arley at little risk to the Authority, it is not recommended that a closure of the facility be further considered at least until the outcome of this process is known.

#### **Atherstone Leisure Complex and Polesworth Sports Centre**

- 4.20 The draft Leisure Facility Strategy recommendations 2, 3, 4 and 6 focus on issues that impact directly on the futures of both Atherstone Leisure Complex, including the Memorial Hall, and Polesworth Sports Centre. The consultants have recommended the need to prioritise investment into additional provision for both swimming and health and fitness activity. In both cases, it is suggested that new facility provision in Atherstone and / or Polesworth, or a single new facility to replace those in Atherstone and Polesworth should be considered as the means through which to address current and future needs. The consultants additionally recommend that, in any event, the Authority should consider the long-term benefits of replacing Atherstone Leisure Complex and Polesworth Sports Centre and that, on the basis of its operational effectiveness, Atherstone Memorial Hall should be closed at a time that is most appropriate in the context of the operation of the Leisure Complex.
- 4.21 The reasoning that underpins the consultants' recommendations is included within the various reports that focus on leisure facilities provision in North Warwickshire. This reasoning, however, is rooted in the age and condition of the facilities in Atherstone and Polesworth, the impact that these issues have on operational efficiency and the need to address a current and growing future demand for additional provision to be made for swimming and health and fitness activities.
- 4.22 In order to inform Members thinking, the consultants were asked to model the outline capital and revenue costs of various options to replace the facilities in

Atherstone and Polesworth. A business plan model for each of four options was produced, as follows:

- Option A: Status quo
- Option B: Retain Coleshill, replace both Atherstone and Polesworth
- Option C: Retain Coleshill, replace Atherstone and replace Polesworth, including a small pool
- Option D: Retain Coleshill, replace Atherstone and Polesworth with one facility on a new site

4.23 The outline details of this exercise are included within the consultants' Options Appraisal report. The detailed plans for each option are provided in Appendices 2, 3, 4, 5 and 6 of the same report. The consultants concluded that the option to replace the facilities in Atherstone and Polesworth with two new facilities, one in each town, would provide the Borough Council with the most advantageous future financial and operating position.

4.24 Leading Members, however, asked Officers to challenge certain of the assumptions made by the consultants in the production of their outline business plans, most particularly in respect of the staffing costs and income projections. They also requested that account be taken of potential borrowing costs and the need to undertake future refurbishment costs at Atherstone Leisure Complex, if a new facility was not developed. The outcome of this outline exercise is attached at Appendix D.

...

4.25 Whilst there are clear and understandable differences in the figures produced by the consultants and Officers, the early conclusions to be drawn from this exercise are the same, in that, should Members determine to replace the facilities in Atherstone and Polesworth, then the option to replace them with a new facility in each town would offer the Authority with the most financially advantageous long-term position. This option would also be more cost-effective than remaining on the current sites and refurbishing Atherstone Leisure Complex in the medium term.

4.26 It needs to be recognised that these cost projections are outline and indicative in nature. If Members are minded to respond to the draft Leisure Facility Strategy Recommendations 2, 3, 4 and 6 by agreeing to consider the long-term benefits of replacing Atherstone Leisure Complex and Polesworth Sports Centre on new sites, it is proposed that detailed feasibility work is undertaken, initially internally, to further inform the decision making process.

### **Polesworth Sports Centre Dual-use Agreement**

4.27 In the meantime, the Board will be aware that the dual-use agreement through which the Borough Council's manages the Sports Centre on the site of Polesworth School is due to conclude on 31 December 2018. This 40 years agreement currently costs the Authority almost £43,000 a year, a figure that the external consultants have identified as being very high. Officers sought clarification of the reasoning for the consultants' view, in response to which the consultants provided examples of much larger, more modern and

fit-for-purpose facilities that were subject to significantly lower dual-use charges.

- 4.28 The current dual-use fee of almost £43,000 is approximately 33% of the facility's net expenditure. Within their Operational Review report, the consultants advise that a figure of between 15% and 20% would be more realistic.
- 4.29 Representatives from Polesworth School have indicated that they wish to begin discussion regarding the future of the Sports Centre and the accompanying dual-use agreement. Members' advice, therefore, is sought in respect of the manner in which they wish Officers to pursue these discussions. It is recognised that this advice will be framed by the approach to be taken to the long-term provision of leisure facilities in Polesworth and, possibly, Atherstone.

## **5 Review of the Existing Leisure Facilities Service: Operational Performance**

- 5.1 Attached at Appendix B is a summary of the consultants' review of the operational performance of the existing Leisure Facilities service, which is currently provided in-house. This review is closely linked to the consultants' draft Leisure Facilities Strategy and the Options Appraisal of alternative delivery models.
- 5.2 A combination of the social and demographic factors in the Borough, coupled with the type, quality and extent of facility provision, including the limited daytime access to the facilities in Coleshill and Polesworth, was taken into account by the consultants in their analysis of usage levels and the ability to generate revenue, as this is important context that has a significant impact on operational performance.
- 5.3 The consultants reviewed a number of key performance indicators (operational recovery rate, staffing as a proportion of both income and cost and income per fitness station) in order to draw conclusions about the relative effectiveness of the in-house service. They also reviewed the operational challenges facing the service.
- 5.4 The review identifies that the leisure facilities portfolio is challenging to manage and operate. With the exception of Coleshill Leisure Centre, the facilities are ageing. They are also relatively small. Two of the facilities are dual-use, which imposes a degree of limitation on access, and most especially at Polesworth Sports Centre. The consultants highlight that usage, membership and operational performance are a reflection of the Borough's communities, as well as the age, nature and location of the facilities. The consultants consider that three sites are operating relatively effectively, although they have the potential to improve further. They maintain, however, that it is difficult to see how Arley Sports Centre and Atherstone Memorial Hall could improve their operating position given the limited range of on-site provision.

5.5 In recognising that there has already been progress in respect of moving the in-house operation in the right direction, the consultants conclude that the current performance has the potential to improve, and reduce costs, further and that externalisation could be difficult, based on current performance and uncertainty about the nature and extent of the future facility portfolio. They advise that in-house operational effectiveness could be improved through:

- The development of a Service Improvement Plan (SIP)
- The setting specific Key Performance Indicators (KPIs) as part of the SIP, to address the identified operational challenges
- A review and restructuring of existing staff – numbers, roles and responsibilities (already actioned)

5.6 The consultants' key operational recommendations are as follows:

- Recommendation 1
- That operational management delivery arrangements be retained in-house for 24 months, with a Service Improvement Plan (SIP) put in place to improve the operating position of the current service
- Recommendation 2
- That the Borough Council's in-house operational team develop and implement a Service Improvement Plan (SIP) to improve the current operational position and to demonstrate best value
- Recommendation 3
- Investment should be made in all required backlog maintenance at the facilities to be retained, to ensure the existing facilities can achieve their lifecycle expectations and operate more effectively and efficiently
- Recommendation 4
- That the existing dual-use arrangement at Polesworth Sports Centre should be reviewed, to reduce the existing cost to better align with the facilities, on site access and infrastructure provided
- Recommendation 5
- That the Borough Council review the effectiveness of implemented service improvements after the agreed period (timescale will be dependent on decisions taken over investment / replacement of facilities)

- Recommendation 6
- Dependent on the outcome of the service improvement initiative, assess the in-house service and its future potential to improve further, in the context of investment in the service. Re-consider the options for future service delivery when the nature and extent of capital funding requirements are clear and if improvements in service performance have been achieved or not

5.7 Members will recall that the staff structure within the Leisure Facilities service has recently been revised, both in order to reduce cost and also to provide it with a more focused, operationally efficient outlook. As such, the service is well-placed to respond positively to the need for further improvement. Members are asked to determine their response to the consultants' recommendations and the proposal for the in-house team to develop a Service Improvement Plan through which its performance would be monitored on a regular basis by the Community and Environment Board.

## 6 Options Appraisal for Leisure Facility and Operational Management

6.1 Allied to the draft Leisure Facilities Strategy and the review of operational performance, the consultants were also required to appraise the options for the future delivery and management of the Leisure Facilities service. A summary of the consultants' corresponding report is attached at Appendix C. This summary focuses on future management options, rather than repeating information about the facilities that has already been presented in the draft Strategy and the review of operational performance.

6.2 The consultants reviewed a number of operational delivery models and options, full details of which can be found in Appendix 1 of the full Options Appraisal report. Based on the prevailing circumstances in North Warwickshire, however, they concluded that there are three realistic future options for the Borough Council: Option 1: In-House, Option 2: Externalisation and Option 10: Establishing a Local Authority Controlled Company (LATC). The scale and scope of future facility provision was identified as being key to informing which of these options would most appropriately serve the Borough Council in the longer-term. Indeed, they stated that the future of all existing facilities, and in particular Arley Sports Centre and Atherstone Memorial Hall (the facilities performing least well in revenue terms), needs to be agreed before any change to operational management, so that the correct basis is assumed for the modelling of any financial impacts and implications.

6.3 For the following reasons, the consultants suggested that the leisure facilities should not be externalised at this point:

- The existing service is good, but has significant potential to improve and be more commercial and, therefore, generate increased income.

This should be tested before implementing any other delivery option, as the benefits would be realised by the Borough Council

- The scale, location and nature of future facility provision needs to be determined before the appropriate future operational model can be determined
- Deciding on the future shape of the facility portfolio is inextricably linked to population growth and the potential for investment and re-development, as well as rationalisation

6.4 Accordingly, and consistent with their conclusions within the Operational Review, the consultants recommend that the in-house service is given 24 months to review and improve the commerciality of the current operation of the facilities through implementation of an agreed Service Improvement Plan. This approach, of course, would not exclude the possible future establishment of a LATC or externalisation.

- Recommendation 1
- The operational management delivery arrangements be retained in-house for 24 months, with a Service Improvement Plan (SIP) putting in place ways of improving the operating position of the current service
- Recommendation 2
- The Borough Council's in-house operational team to develop and implement a Service Improvement Plan (SIP) to improve the current operational position and to demonstrate best value
- Recommendation 3
- Investment should be made in all required backlog maintenance at the facilities to be retained, to ensure that the facilities can achieve their lifecycle expectations and operate more effectively and efficiently

The current situation with regard to backlog maintenance in the leisure facilities is as follows:

- ❖ Arley Sports Centre: Will need refurbishment prior to any asset transfer, but anticipated minimal cosmetic requirements
- ❖ Atherstone Leisure Complex: Major refurbishment of existing building estimated by the Borough Council at £3.7m (June 2017)
- ❖ Coleshill Leisure Centre: No requirements in the short / medium-term
- ❖ Polesworth Sports Centre: Limited benefit in refurbishment as the current need is for a new build replacement
- Recommendation 4

- The Borough Council to review the effectiveness of implemented service improvements after the agreed short term period (timescale will be dependent on decisions taken over investment / replacement of facilities, but 24 months recommended)
- Recommendation 5
- Dependent on the outcome of the service improvement initiatives, assess the in-house service and its potential to improve further, in the context of potential investment in the service and re-consider the options for future service delivery when the nature and extent of capital funding requirements are clear; whether or not improvements in service performance have been achieved and / or capital funding is required towards facility investment
- Recommendation 6
- Local access to, and participation opportunities in, a range of sport and physical activities is facilitated in Arley to address issues of health inequalities, rural isolation and community resilience
- Recommendation 7
- As a priority, Arley Sports Centre is asset transferred to an alternative organization. Agreement is reached as to the extent of investment in Arley Sports Centre prior to the asset transfer. The Borough Council supports investment into Arley Sports Centre as a result of the asset transfer, in order to achieve a wider range of on site provision
- If it proves impossible to achieve a sustainable asset transfer, Arley Sports Centre should close and appropriate arrangements made for residents to access other local provision
- Recommendation 8
- Consideration is given to the replacement and re-development of the existing facilities in Polesworth and Atherstone. This should realistically examine the opportunities provided by Queen Elizabeth School in Atherstone, population growth and the need for future operational sustainability

6.5 Generally speaking, these recommendations are consistent with those identified within the draft Leisure Facilities Strategy and the Review of Operational Performance. It is anticipated, therefore, that Members approach to these recommendations will be consistent with their response to the draft Strategy and the Operational Review.

## 7 **Green Space Strategy, Playing Pitch Strategy, Supplementary Planning Document and the Local Plan**

- 7.1 The consultants have submitted final drafts of both the Green Space Strategy and the Playing Pitch Strategy, copies of which are available in the relevant files in both Political Groups Rooms. These documents build on those corresponding Strategies that were adopted by the Borough Council a number of years ago, the Green Space Strategy in 2008 and the Playing Pitch Strategy in 2010.
- 7.2 In preparing these revised strategies, the consultants, as well as undertaking renewed consultation with stakeholders and potentially interested parties, used much of the information that evidentially underpinned the production of the original documents. In particular, account was taken of the Open Space, Sports and Recreation Study, 2007. It is perhaps not surprising, therefore, that the renewed draft strategies draw similar conclusions to those reached when producing the original Green Space and Playing Pitch Strategies. In very general terms, the main issues in North Warwickshire centre, not on the quantity of provision, but on its quality, as well as the need to create opportunities for increased participation in safe walking, jogging and cycling, including through the connection of existing and new settlements, education and leisure sites.
- 7.3 Whilst there is a need for consideration to be given to the final drafts of both documents, the submitted Green Space Strategy generally carries forward issues drawn from the 2007 Study and it is felt that the Playing Pitch Strategy will provide a framework through which to prioritise and address related issues through to 2031. At almost 100 pages, however, the Strategy is long. It is, therefore, intended to precis both documents and to table them for further consideration by Members in due course.
- 7.4 In the meantime, however, the information within the draft strategies provides important background evidence for the draft Local Plan. In addition, the draft Supplementary Planning Document produced by the consultants uses this information and details how future leisure, green space and playing pitch provision will be negotiated as part of the planning application process.
- 7.5 The draft Supplementary Planning Document enables a calculation to be made about what new developments could potentially provide within any planning proposals. Albeit that this calculation would represent the starting point for negotiation with developers, it is of considerable significance in respect of the means by which future leisure, open space and playing pitch needs could be met in North Warwickshire.
- 7.6 In order to carry weight within the planning process it is important that the draft strategies and Supplementary Planning Document are part of the Local Plan consultation process. Ideally, the draft strategies would have been available for consideration at the start of the Local Plan consultation period and had the consultants met their own production timetable this might have been the case. Evidence for the Local Plan, however, is not static. It evolves and is updated over time. Nevertheless, there is an opportunity to extend the Local Plan consultation period in order to take account of comments relating

to the potential impacts of the draft Leisure Facilities, Green Space and Playing Pitch Strategies, as well as the draft Supplementary Planning Document, on the Local Plan itself. This would also allow for other recently completed documents to be made available within the consultation process.

- 7.7 As Members are aware, the Draft Submission Local Plan was subject to consultation until 31 January 2018. In order that account can be taken of the aforementioned documentation, following a request from leading Members and having consulted with the Leader of the Council, the Chief Executive has used his Urgent Business Powers to extend the Local Plan consultation period until 16 March 2018. This action, in accordance with the Borough Council's Constitution, is hereby reported to the Board. A report in respect of the Draft Submission Local Plan will be tabled for the consideration of the Executive Board and Council in March 2018.

## **8 Conclusion**

- 8.1 The Health, Wellbeing and Leisure, Green Space, Playing Pitch and Leisure Facilities Strategies, as well as the accompanying draft Supplementary Planning Document, produced by the consultants will provide invaluable tools to enable Members and Officers to prioritise activity and resources and to secure external funding support for related projects. Furthermore, they will be material to the planning process and will inform both the Development Control and Forward Planning functions to ensure adequate leisure and green space provision across the Borough.
- 8.2 Adoption of robust strategies that are fully integrated with the Local Development Framework and Planning Policy will enable North Warwickshire to benefit fully from the opportunities that a new era of potential infrastructure growth will bring and to meet the challenges that will arise in promoting both sustainable development and the health and wellbeing of communities across the Borough.

## **9 Report Implications**

### **9.1 Finance and Value for Money Implications**

- 9.1.1 The value of the Commission to undertake a Strategic Review of Leisure and Community Development services is £70,250, which has been funded through a contribution of £15,000 from the Local Development Framework Fund and a one-off growth item to fund the balance.
- 9.1.2 It is necessary to have robust Leisure Facilities, Green Space and Playing Pitch Strategies in place to ensure the provision and protection of related services and spaces, but also to underpin bids for external funding support. Sport England has specifically stated, in relation to its Protecting Playing Fields programme, that local authorities that do not have a Playing Pitch Strategy, or have one that is more than three years old, will need to develop or review and refresh such a Strategy before it will fund projects.

## 9.2 Safer Communities Implications

9.2.1 Robust Leisure Facilities, Green Space and Playing Pitch Strategies contribute to community safety by establishing a framework for the provision of well-managed indoor and outdoor leisure and recreation services that are safe by design and afford opportunities for positive activity.

## 9.3 Legal, Data Protection and Human Rights Implications

9.3.1 The adoption of Leisure Facilities, Green Space and Playing Pitch Strategies provides a sound evidence base to assist the Authority in meeting its statutory duty in respect of the delivery of planning policy. The National Planning Policy Framework (NPPF) states that “access to high quality open spaces and opportunities for sport and recreation can make an important contribution to the health and wellbeing of communities” and that “planning policies should be based on robust and up-to-date assessments of the needs for open space, sports and recreation facilities and opportunities for new provision”. It also states that “existing open space, sports and recreational buildings and land, including playing fields, should not be built on unless:

- an assessment has been undertaken which has clearly shown the open space, buildings or land to be surplus to requirements; or
- the loss resulting from the proposed development would be replaced by equivalent or better provision in terms of quantity and quality in a suitable location; or
- the development is for alternative sports and recreational provision, the needs for which clearly outweigh the loss”

9.3.2 Counsel’s advice in respect of the possible asset transfer of Arley Sports Centre is included in the main body of the report (Section 4).

9.3.3 There are no data protection or human rights implications arising directly out of this report.

## 9.4 Environment, Sustainability and Health Implications

9.4.1 Delivery of priorities identified in a robust Green Space Strategy contributes directly to environmental improvements, enhancement of biodiversity and mitigation of the effects of climate change. It also helps to build sustainable and vibrant communities.

9.4.2 Robust Health, Wellbeing and Leisure, Green Space, Playing Pitch and Leisure Facilities Strategies are essential for the provision, protection and appropriate management of green space, indoor and outdoor recreation provision, which have a positive impact on the health and wellbeing of individuals and communities by providing opportunities for leisure and recreation activities and by contributing to an improved quality of life.

## 9.5 Human Resources Implications

9.5.1 There are no human resources implications arising directly out of this report. Subject to the nature of any decisions taken in respect of the future of the Borough Council's leisure facilities, however, there may be implications for the staff who work within these sites. Any such implications would be presented to, and considered by, the Special Sub-group in due course.

## 9.6 Risk Management Implications

9.6.1 The corporate risk management process identifies and scores risks associated with the provision and maintenance of leisure facilities, green space and playing pitches. Services are obliged to manage operational risks, keeping them as low as reasonably possible. Adoption and implementation of robust Health, Wellbeing and Leisure, Green Space, Playing Pitch and Leisure Facilities Strategies are control measures that help to maintain low risk scores.

## 9.7 Equality Implications

9.7.1 Robust Health, Wellbeing and Leisure, Green Space, Playing Pitch and Leisure Facilities Strategies will ensure that inequalities in access to good quality green space, indoor and outdoor recreation provision are addressed.

## 9.8 Links to Council's Priorities

9.8.1 The outcomes of the Strategic Review of Leisure and Community Development services are intended to have direct and positive links to the corporate priorities in respect of:

- Responsible financial and resource management
- Creating safer communities
- Protecting our countryside and heritage
- Improving leisure and wellbeing opportunities
- Promoting sustainable and vibrant communities
- Supporting employment and business

9.8.2 The associated strategies, once finalised and adopted, are additionally intended to contribute directly to the priorities of the Sustainable Community Strategy, namely:

- Raising aspirations, educational attainment and skill levels
- Developing healthier communities
- Improving access to services

The Contact Officer for this report is Simon Powell (719352).

## Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

<b>Background Paper No</b>	<b>Author</b>	<b>Nature of Background Paper</b>	<b>Date</b>
1	Assistant Director (Leisure and Community Development)	Report to Community and Environment Board (Strategic Review of Leisure and Community Development Services)	January 2017
2	Strategic Leisure Ltd.	Draft Leisure Facilities, Green Space and Playing Pitch Strategies and Associated Supplementary Planning Document	October 2017

## Equality Impact Assessment Summary Sheet

Please complete the following table summarised from the equality impact assessment form. This should be completed and attached to relevant Board reports.

Name of Policy, Procedure / Service	Strategic Review of Leisure and Community Development Services
Officer Responsible for Assessment	Assistant Director (Leisure and Community Development)

Does this policy / procedure / service have any differential impact on the following equality groups / people?

- (a) Is there a positive impact on any of the equality target groups or contribution to promoting equal opportunities and improving relations or:
- (b) could there be a negative impact on any of the equality target groups i.e. disadvantage them in any way?

Equality Group	Positive Impact	Negative Impact	Reasons / Comments
Racial		No	
Gender		No	
Disabled People		No	
Gay, Lesbian and Bisexual People		No	
Older / Younger People		No	
Religion and Beliefs		No	
People Having Dependent Caring Responsibilities		No	
People Having an Offending Past		No	
Transgender People		No	
Armed Forces		No	

<b>Covenant</b>			
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If you have answered **No** to any of the above please give your reasons below

The proposed strategies are not intended to have a negative impact on any of the equality target groups or to disadvantage them in any way?

Please indicate if you believe that this document should proceed to a further Impact Assessment

Requires no further action.



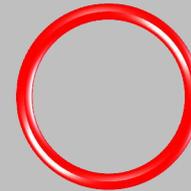
North Warwickshire  
Borough Council

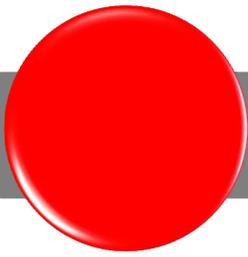
# LEISURE FACILITIES STRATEGY

## EXECUTIVE SUMMARY

2017 TO 2031

OCTOBER 2017





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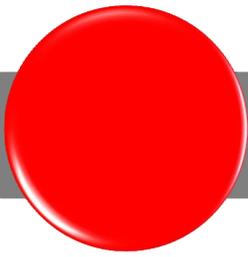
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## INTRODUCTION

In 2016, North Warwickshire Borough Council (NWBC) commenced a comprehensive Strategic Leisure Review. This work comprised a number of separate, but linked elements, as follows:

- **Health, Wellbeing and Leisure Strategy**
- **Green Space Strategy (GSS)**
- **Playing Pitch Strategy (PPS)**
- **Leisure Facilities Strategy (LFS)**
- **Leisure Facilities Operational Review and Future Delivery Options**
- **Light Touch Review of Community Development**

This Strategy focusses on the future provision of leisure facilities in the Borough (what, where, why and how) and provides a leisure facilities-related evidence base for the emerging Local Plan 2017 to 2031.

## PURPOSE OF THE LEISURE FACILITIES STRATEGY

The Commission Brief developed by the Borough Council identified the key objectives of the Strategy as:

- **Assessment Objectives**
  - To provide assessments of existing indoor leisure facilities in the Borough
  - The assessment must include public, private and educational provision; and assess quantity, quality, accessibility and availability
  - To provide assessments of the demand for indoor leisure facilities, drawing on relevant demographic and sports participation data and local demand information gathered during facility surveys and consultation
  - To identify existing surplus provision as well as quantitative and qualitative deficiencies and gaps
  - To identify the likely scale and nature of the required provision of indoor and outdoor sports facilities in the potential growth areas
- **Strategy Objectives**
  - To provide detailed strategies setting out a range of justified, evidence based and deliverable investment priorities
  - To address the needs identified in the assessments

- To guide the management and enhancement of existing facilities and the provision of new facilities
- To identify how the required provision of indoor leisure facilities in the potential growth areas will be addressed, including setting out a prioritised list of leisure facilities
- To provide standards for the provision of leisure facilities in large new developments

The Strategy has been prepared in accordance with the guidance from Sport England contained in “Assessing Needs and Opportunities Guide for Indoor and Outdoor Sports Facilities” (ANOG), December 2014.

In line with the Government’s National Planning Policy Framework (NPPF), the Strategy sets out to assess existing leisure facilities, the future need for sport and active recreation as the Borough grows, opportunities for new provision, rationalisation / refurbishment and the possible expansion of existing facilities.

The Strategy will:

- **Support the development of sport and physical activity in the Borough by ensuring the provision of high-quality facility infrastructure**
- **Provide evidence to justify the provision of new sport and recreation provision and / or the enhancement of existing provision**
- **Help to assess the merits of planning applications and guide planning obligations**
- **Help to direct expenditure of any future Community Infrastructure Levy monies and / or Section 106 planning contributions for sport and recreation**
- **Support the strategic case for applications to external funding organisations**

Key elements addressed by the Strategy include:

- **QUANTITY**            **Are there enough facilities with sufficient capacity to meet needs up to 2031?**
- **QUALITY**            **Are the facilities “fit for purpose”? Do they meet the expectations of users?**
- **ACCESSIBILITY**    **Are the facilities in the right location?**
- **AVAILABILITY**      **Are the facilities available to users at the right time?**

## SCOPE

The scope of the Strategy principally includes an analysis of provision for the following facility types across North Warwickshire:

- **Sports halls**
- **Swimming pools**
- **Health and fitness provision**

Following the analysis of provision, the Strategy will:

- **Provide a needs-driven evidence base that will identify strategic priorities for the Borough**
- **Provide robust information about the future of leisure facility provision across North Warwickshire**
- **Present information that will help the Borough Council to make informed decisions about its leisure facilities**
- **Provide indicative cost considerations and potential funding opportunities for leisure facility projects in the Borough**

In addition to purpose built leisure facilities, consideration is given to the role of the following in meeting local need:

- **Community assets (community halls, etc.)**
- **Education facilities**

## EXISTING FACILITY PROVISION (QUANTITY)

The current level and nature of indoor leisure facility provision in North Warwickshire has been assessed. In order to take account of future need, the assessment has been set in the context of future population and housing growth. The projected growth in housing equates to 9,070 new homes by 2031. Assuming an average of 2.3 persons per household, this potentially equates to 20,861 new people in the Borough, or a total population of 83,561 by 2031, who will need community facilities and services.

The following table summarises the existing provision of indoor leisure facilities in the Borough:

FACILITIES	NORTH WARWICKSHIRE
SPORTS HALLS (3+ COURTS)	8 Sports Halls (3 + Courts)
SWIMMING POOLS	6 (Main and Learner Pools)
HEALTH AND FITNESS (FITNESS SUITES AND DANCE STUDIOS)	10 Fitness Suites and 4 Studios
SQUASH COURT FACILITIES	5

The Strategy is not just concerned with formal leisure facility provision. It also considers opportunities for the increased use of informal places and spaces, such as community and village halls, etc., which have the potential to enhance access to service opportunities, to increase levels of participation and to positively contribute to individual and collective health and wellbeing.

The availability of facilities in neighbouring areas can, and does, influence leisure facility usage patterns, as does the level and quality of existing facilities in the Borough. Access and patterns of use are additionally affected by “effective catchment areas”, generally considered to be a 20 minutes drive time for indoor leisure facilities, and by levels of access to private transport. Levels of car ownership are higher in North Warwickshire than in the rest of the county. The proportion of households without access to a car / van has decreased over the last 10 years from 17.9% to 15.9%.

## QUALITY AUDITS

The quality audits comprise an independent visual assessment of the quality and condition of the leisure facilities, the results from which are based and recorded on the Sport England system set out in the table below.

KEY	RATING
>80%	Excellent
60% - 80%	Good
40% - 59%	Average
20% - 39%	Poor
<20%	Very Poor

## Quality Audits: Summary of Main Facilities in North Warwickshire

FACILITY	QUANTITATIVE AUDIT SCORE	QUALITATIVE AUDIT SCORE	NEED FOR INVESTMENT	COMMENTS
Arley Sports Centre	39%	Poor	Significant	Old and requires significant investment
Atherstone Leisure Complex	76%	Good	Moderate	Ageing and will need to be replaced. Two separate buildings, which results in higher operational costs
Atherstone Memorial Hall	57%	Average	Significant	See above
Coleshill Leisure Centre	87%	Excellent	Minimal	Predominantly, a non purpose built venue for Leisure Complex activity
Polesworth Sports Centre	39%	Poor	Significant	Modern, well designed, fit for purpose leisure facility
				Old, dual-use facility that requires significant investment or replacement

The supply analysis identified the following level of sports hall provision in North Warwickshire:

- **15 sports halls and activity halls across 12 sites**
- **8 main (strategic) sports halls (3+ courts)**
- **7 activity halls**
- **6 community accessible pay and play sports halls (strategic size – 3+ courts)**
- **1 community accessible sports hall (available for sports club use only and 1 not available (private use only))**

The sports halls are well located across the Borough, with at least one community accessible sports hall in each of the main settlements. Virtually all North Warwickshire residents have access to a strategic size sports hall that offers pay and play access within the effective catchment 20 minutes drive time. A challenge remains, however, to enhance opportunity provision for the 15.9% of the population who do not have access to a private car / van and so are dependent on walking, cycling and / or public transport to access facilities.

The supply analysis further identified that North Warwickshire has a total of six swimming pools, located across five sites. Two of the pools, in Atherstone and Kingsbury, are four lane x 25m facilities, whilst three of the pools are located within commercial (hotel / country club, private membership) venues.

The quality of swimming pool provision varies across the Borough, but is generally considered to be “good”.

There are 10 health and fitness facilities (sites) in North Warwickshire, with a total of 319 fitness stations. All of the facilities require some form of payment / membership before use. The pay and play community accessible fitness suites are all operated by the Borough Council (four of the 10 facilities, with 109 fitness stations). There are no fitness suites with 100 or more stations. The largest Borough Council sites are at located Atherstone Leisure Complex (39 stations) and Coleshill Leisure Centre (36 stations). The commercial sector comprises small, independent fitness suites, as opposed to large commercial brands. Given the nature of local provision, there is significant opportunity for the Borough Council to expand its current offer, to dominate the health and fitness market and to generate significant levels of income.

The quality of the health and fitness facilities is generally good, with all of the facilities either having been built or refurbished since 2009.

Most Borough residents are within 20 minutes drive time of a pay and play community accessible fitness suite.

There are four multi-purpose studios in North Warwickshire, provided as part of a health and fitness offer within facilities. Three are provided by commercial operators (two within hotels) and one by the Borough Council, at Coleshill Leisure Centre. The quality of studio provision is good. Access and availability to studios mirror the position in respect of health and fitness facilities, although there are fewer studios.

Worthy of additional note are the five squash courts, located at four sites across North Warwickshire. Four of the courts are provided within Borough Council leisure facilities. The two squash courts at Coleshill Leisure Centre are of good quality. The remaining provision is ageing.

There are no indoor bowls or tennis facilities in North Warwickshire, although a number of private clubs play these sports at outdoor venues.

## **STRATEGIC FACTORS INFORMING THE LEISURE FACILITIES STRATEGY**

There are numerous factors and issues to take into account in planning for future facility provision, including:

- **The need to provide for increased demand as a result of population growth**
- **The need for sport and leisure facilities to continue to contribute to healthy and active lifestyles**
- **The need to maintain and then increase existing levels of participation**

- **The need to consider how best to replace ageing facilities, which, relatively, are of poor quality and operationally inefficient**

Additionally, a number of key local drivers determined the need to produce a Leisure Facilities Strategy, including:

- **The need for an evidence base to aid decision making regarding priorities for the Borough Council's leisure facilities**
- **The corporate priority to promote healthier lifestyles and achieve positive health outcomes**
- **As the leisure industry changes, the need to be more competitive and commercial in the provision of facilities and services**
- **The need to ensure value for money in the provision of leisure services**

Based on the analysis undertaken, the summary conclusion for current and future provision of each assessed facility type is set out below. This analysis also takes into account the Facility Planning Model (FPM) data provided by Sport England.

## SPORTS HALLS

The overall conclusion of the Sports Halls FPM is that there is an over-supply of badminton courts in North Warwickshire.

There is a higher level of sports hall provision in North Warwickshire compared to the average across England, and also in comparison with neighbouring local authorities. The level of demand generated by the (2016) population evidences a current over-supply of 8.6 courts. The research, consultation and assessment undertaken for this Strategy, however, identify the following issues that need to be balanced against this over-supply:

- The majority of sports halls are located on school sites, which limits opportunities for daytime community use
- The sports halls in Arley and Polesworth are ageing and of relatively poor quality
- The provision of sports halls needs to reflect levels of accessibility across the community
- Population growth will increase the demand for sports hall provision and, therefore, the over-supply will be less, but still evident, by 2031

Currently, over 92% of all demand for sports hall provision in North Warwickshire is met; a level of performance which is high in comparison with the national average. The extremely low level of unmet demand is a consequence of lack of capacity within specific sports halls (particularly at peak times) and demand from those people who live outside the catchment area of an existing sports hall.

The projected population growth of 20,861 new people in the Borough by 2031 will create an increased demand for community facilities and services. Sport England's Sports Facility Calculator (SFC) provides a quantitative estimate of future need, but it does not identify specific locations for future provision. That needs to be informed by the nature and location of future housing development (where locations are known), local geography and

accessibility and, critically, the location of existing facilities. Based on projected growth, however, the increased size of the population will create a future demand for 1.4 sports halls, which is equivalent to 5.7 badminton courts. Taking the existing over-supply of provision into account (8.6 courts), the current supply is sufficient to meet future need through to 2031.

It is, nevertheless, important to highlight that existing provision should not be lost. It could be replaced or re-located, but not reduced, given that there are only six pay and play, community accessible sports halls in North Warwickshire.

The main issues to be addressed are the need to improve both the quality of provision and levels of community access.

## SWIMMING POOLS

The overall conclusion of the FPM is that there is small under-supply of swimming pools in the Borough. The under-supply amounts to around 54 sqm of water space. This is equivalent to approximately half a four lanes x 25m pool. There is, however, a higher level of swimming pool provision in North Warwickshire compared to the average across England, and also in comparison with the average level of provision across the West Midlands region.

Currently, 90% of all demand for swimming provision in North Warwickshire is met, which is slightly lower than the English average (91.6%). The unmet demand is a consequence of lack of capacity within existing pools, particularly in Atherstone (which, at times, operates at 100% of available capacity), and demand created by people who live outside the catchment area of a pool in the Borough. The current level of unmet demand, however, does not justify additional swimming pool provision. Around five out of ten visits to a pool in North Warwickshire are made by local residents. The level of exported demand is high and suggests that for many people the nearest pool to where they live is outside the Borough.

Future population growth will increase demand for swimming pools and, therefore, there is a need to consider additional provision, given the currently existing small under-supply and the fact that Atherstone Swimming Pool is already operating at well over the Sport England comfort factor of 80% of available capacity. Based on a population growth of 20,861 by 2031, the SFC identifies the need for an additional four lanes x 25m pool. Some of this need, however, could be met by encouraging enhanced use of Kingsbury Swimming Pool, which is operating well within Sport England's 80% comfort factor.

Atherstone Leisure Complex was built in 1975 and refurbished in 2001. Kingsbury Swimming Pool is also over 40 years old. Both facilities, therefore, are ageing and replacement will need to be considered in the medium term.

## HEALTH AND FITNESS FACILITIES

There are 319 fitness stations in the Borough, 109 of which are located within four pay and play fitness suites operated by the Borough Council and the remainder in five commercial facilities. There are no commercial fitness chains operating in North Warwickshire. Based on the current population, there is a demand for 174 pay and play stations, thereby resulting in an under-supply of 65 fitness stations. Whilst there is no specific methodology for assessing supply and demand for studio provision, the unmet demand for fitness stations indicates a likely unmet demand for fitness studios and the range of activities that they can accommodate. The highest area of unmet demand for fitness provision is in and around Atherstone.

Future demand for pay and play accessible provision is calculated at 232 fitness stations. Based on the current provision of 109 pay and play stations, this results in an under-supply of 123 stations by 2031.

Based on the local context and the supply and demand analysis, there is clearly a need to consider how best to deliver increased pay and play access to swimming pools and fitness provision in the Borough to meet current and future demand. There is also a need to begin to plan now for the replacement of / investment in a number of leisure facilities due to their age. There is also an opportunity to invest in “active” infrastructure in order to facilitate increased participation in walking, jogging and cycling, including through the connection of existing and new settlements, education and leisure sites.

Given the significant changes that will occur in the Borough over the years up to 2031, including population and housing growth, demographic and settlement change, increased demand for community service provision, etc., there is a genuine opportunity for the Borough Council to review the appropriateness of its current and future leisure services offer. The future provision of leisure facilities will need to clearly address the local health and well-being agenda, contribute to a reduction in health inequalities and, importantly, continue to provide affordable and accessible opportunities for healthy lifestyles. The options available to the Borough Council include facility rationalisation, retention, enhancement and, potentially, new build. It is recommended, however, that all options include the retention of the newest facility in North Warwickshire, Coleshill Leisure Centre.

## ATHERSTONE LEISURE COMPLEX AND MEMORIAL HALL!!!

The options for Atherstone could involve a complete re-build on the same or an alternative site, retention, replacement or a rationalisation of the Memorial Hall.

## ARLEY SPORTS CENTRE

Whilst the majority of the Sports Centre is in reasonable structural condition, the internal services, layout and parts of the fabric require refurbishment /

replacement in the near future. These works would require substantial financial investment (approximately £1.6 million) if the facility is to remain fit for purpose and meet current and future customer expectations of a modern leisure facility.

Despite its community value, Arley Sports Centre carries with it the lowest number of users and members and the highest subsidy per user of any of the Borough Council's leisure facilities, except for Atherstone Memorial Hall. Within this context, it is reasonable for the Borough Council to consider its long-term future, alongside its consideration of other aspects of service provision.

There is a need to provide access to, and opportunities for, physical activity in the area. These need to be local. Given the nature of the existing Sports Centre and the activities provided, however, there is a question as to whether these could be as well provided in alternative existing facilities or by an alternative provider. Whilst the Sports Centre is an important community asset, as recognised in the Neighbourhood Plan, the majority of activities provided in the Centre could take place in most community halls. In reality, however, maintenance of the status quo, closure and relocation of the activities, the development of a new facility or a closure without relocation of the services are not viable, either operationally, or in terms of a reduction in access and opportunity provision. Their implementation is not practical.

A clear option for retaining the provision in Arley is some form of asset transfer, but this may require investment in the current Sports Centre prior to transfer. Based on research and consultation, there is potential to secure a long-term partner for Arley Sports Centre. A transfer could see the facility retained, thereby meeting locally identified community need, but also developing other types of provision and, therefore, use. On balance, the opportunity to asset transfer the building and all operational responsibility to a third party would seem to offer the optimum solution for the future of the Centre. If a sustainable asset transfer option cannot be identified, however, it is difficult to make the case for the retention of the Sports Centre given its condition, relatively low levels of use and high operational costs.

## POLESWORTH SPORTS CENTRE

The Borough Council does not own Polesworth Sports Centre, but operates the facility through a dual-use agreement with Polesworth School. The agreement concludes in December 2018, is comparatively expensive and is associated with a facility that is ageing, of relatively poor quality and suffers from equally poor levels of accessibility.

The identified future facility options are:

1. ARLEY SPORTS CENTRE	A. Close
	B. Retain facility, but transfer operational management to a third party
	C. Refurbish existing provision
2. ATHERSTONE LEISURE COMPLEX	A. Retain on existing site
	B. Refurbish
	C. Relocate to an alternative site in Atherstone
	D. Relocate to an alternative site in the Borough
3. ATHERSTONE MEMORIAL HALL	A. Retain
	B. Close and replace with extended access to an existing sports hall
	C. Refurbish
	D. Close and replace with a new sports hall
4. COLESHILL LEISURE CENTRE	A. Retain existing facility and review programming to maximise class occupancy
5. POLESWORTH SPORTS CENTRE	A. Retain
	B. Refurbish
	C. Close and relocate to an alternative site in Polesworth
	D. Close and relocate to an alternative site in the Borough
	E. Close and relocate (extended) fitness provision to an alternative site in Polesworth

These future options are explored in summary in the following table:

FACILITY	ISSUES TO CONSIDER	OPTIONS	IMPLICATIONS AND OUTCOMES
STATUS QUO: RETAIN EXISTING FACILITIES	<ul style="list-style-type: none"> <li>No Change</li> </ul>		<ul style="list-style-type: none"> <li>Backlog maintenance would need to be undertaken</li> <li>Potential for some operational efficiencies</li> <li>Would not address increased demand for swimming or health and fitness provision by 2031</li> </ul>
ARLEY SPORTS CENTRE	<ul style="list-style-type: none"> <li>Ageing building</li> <li>Limited facility provision</li> <li>Well-loved and used by the local community, but not necessarily for sport / leisure</li> <li>High operational costs</li> <li>External fabric needs investment</li> <li>Other community halls / centres in the area could not completely replace the provision at Arley, e.g. sports hall, squash court, etc.</li> </ul>	<p>A. Close</p> <p>B. Retain facility, but transfer operational management to a third party</p> <p>C. Refurbish existing provision</p>	<ul style="list-style-type: none"> <li>Loss of facility in an area where there is limited public transport, an ageing population, community health needs and several other community facilities have closed</li> <li>Investment to improve the building would be necessary before it could be asset transferred</li> <li>Development of a long lease. This could provide the basis for investment in external facilities by the appointed third party</li> <li>Reduced costs to the Borough Council</li> <li>Retention of the facility for the benefit of the local community</li> <li>Reduced operational risk for the Borough Council</li> <li>Cost of refurbishment</li> <li>Unlikely to generate significantly more usage / income as a result of the nature of the facility, location and the immediate catchment area</li> <li>Ongoing high operational costs borne by the Borough Council</li> </ul>
ATHERSTONE LEISURE COMPLEX	<ul style="list-style-type: none"> <li>Ageing building</li> <li>Significant backlog maintenance (£3.7m)</li> <li>Only extensively available public swimming pool in the Borough</li> </ul>	<p>A. Retain on existing site</p> <p>B. Refurbish</p>	<ul style="list-style-type: none"> <li>Potential for some operational efficiencies</li> <li>Would not address increased demand for swimming or health and fitness provision by 2031</li> <li>Potential for some operational efficiencies</li> <li>Would not address increased demand for swimming or health and fitness provision by 2031</li> <li>Cost of refurbishment questionable as to the value it would provide, compared to a new build</li> </ul>

FACILITY	ISSUES TO CONSIDER	OPTIONS	IMPLICATIONS AND OUTCOMES
		C. Relocate to an alternative site in Atherstone	<ul style="list-style-type: none"> <li>• Capital cost</li> <li>• Potential for significant operational efficiencies, particularly if existing operations were co-located, e.g. at Queen Elizabeth School</li> <li>• Potential gain of an existing sports hall as part of the leisure facility</li> <li>• Opportunity to develop a larger pool and extended fitness provision (increased number of fitness stations and studios)</li> <li>• Could address increased demand for fitness and swimming</li> <li>• Potential for increased revenue depending on scale of provision</li> <li>• New facility would be more operationally efficient</li> <li>• Potential capital receipt from existing site, depending on decisions concerning the Memorial Hall (this would be even more costly to operate as a stand-alone facility if retained on site)</li> <li>• Retention of the Memorial Hall on site would constrain future use of the overall site and, therefore, impact on any potential capital receipt from the site</li> </ul>
		D. Relocate to an alternative site in the Borough	<ul style="list-style-type: none"> <li>• Capital cost</li> <li>• Potential for operational efficiencies if a stand alone facility</li> <li>• New facility would not need a sports hall if the existing operational partnership with Queen Elizabeth School was extended, so that the Borough Council operates the sports hall out of school hours for pay and play and club use, as well as the all-weather sports pitch</li> <li>• Potential for significant operational efficiencies, particularly if existing operations were co-located, i.e. provide one large facility to serve both Atherstone and Polesworth</li> <li>• Opportunity to develop a larger swimming pool and extended fitness provision (increased number of fitness stations and two / three studios)</li> <li>• Could address increased demand for fitness and swimming</li> <li>• Potential for increased revenue depending on scale of provision</li> <li>• New facility would be more operationally efficient</li> </ul>

FACILITY	ISSUES TO CONSIDER	OPTIONS	IMPLICATIONS AND OUTCOMES
			<ul style="list-style-type: none"> <li>Potential capital receipt from existing site, depending on decisions concerning the Memorial Hall (this would be even more costly to operate as a stand-alone facility if retained on site)</li> <li>Retention of the Memorial Hall on site would constrain future use of the overall site and, therefore, impact on any potential capital receipt from the site</li> </ul>
ATHERSTONE MEMORIAL HALL	<ul style="list-style-type: none"> <li>Small, multi-purpose rooms</li> <li>Not a purpose built leisure facility</li> <li>High operating costs</li> <li>On the same site as Atherstone Leisure Complex but has to operate separately, as not linked</li> <li>Does not provide the operational opportunities of a large sports hall</li> </ul>	A. Retain	<ul style="list-style-type: none"> <li>Difficult to reduce operating costs given the very limited nature of provision</li> </ul>
		B. Close and replace with extended access to an existing sports hall	<ul style="list-style-type: none"> <li>Opportunity to extend existing operational partnership with Queen Elizabeth School so that the Borough Council operates the existing sports hall out of school hours for pay and play and sports club use, as well as the all-weather sports pitch</li> </ul>
		C. Refurbish	<ul style="list-style-type: none"> <li>Cost of refurbishment</li> <li>Unlikely to generate significantly more usage / income as a result of the nature of the facility</li> <li>Ongoing high operational costs borne by the Borough Council</li> </ul>
		D. Close and replace with a new sports hall	<ul style="list-style-type: none"> <li>Replacement of Atherstone Memorial Hall with a modern, fit for purpose facility that will generate increased usage for community health benefits and more revenue, making provision more sustainable</li> </ul>
COLESHILL LEISURE CENTRE	<ul style="list-style-type: none"> <li>Large, dryside leisure facility with a dual-use sports hall</li> <li>Need for some operational efficiencies</li> </ul>	A. Retain existing facility and review programming to maximise class occupancy	<ul style="list-style-type: none"> <li>Potential for increased revenue generation</li> <li>Retention of the facility for the benefit of the local community</li> </ul>

FACILITY	ISSUES TO CONSIDER	OPTIONS	IMPLICATIONS AND OUTCOMES
POLESWORTH SPORTS CENTRE	<ul style="list-style-type: none"> <li>• Dryside, dual-use facility; ageing building; lack of on-site car parking; access poor; high cost dual-use agreement</li> </ul>	<p>A. Retain</p> <p>B. Refurbish</p> <p>C. Close and relocate to an alternative site in Polesworth</p> <p>D. Close and relocate to an alternative site in the Borough</p>	<ul style="list-style-type: none"> <li>• Increased class throughput</li> <li>• Increased revenue generation</li> </ul> <p>Potential for some operational efficiencies</p> <ul style="list-style-type: none"> <li>• Would not address increased demand for health and fitness provision by 2031</li> <li>• If the school re-locates, other decisions maybe taken that means that the leisure centre would need to relocate</li> </ul> <p>Unlikely to generate significantly more usage / income as a result of the nature of the facility</p> <p>Would not address increased demand for health and fitness provision by 2031</p> <ul style="list-style-type: none"> <li>• Capital cost</li> <li>• Potential for significant operational efficiencies</li> <li>• Opportunity to develop extended fitness provision (increased number of fitness stations and a studio)</li> <li>• Could address increased demand for fitness provision</li> <li>• Potential for increased revenue depending on scale of provision</li> <li>• New facility would be more operationally efficient</li> <li>• Potential saving on dual-use agreement costs (if a new facility was linked to a new school)</li> <li>• Sports hall need not necessarily be replaced. If a new school with a sports hall was built, the Borough Council could still operate out of school hours use, but benefit from its own facility being open for community use all of the time</li> <li>• A new stand-alone facility could comprise fitness provision only, or the potential for a small pool could be considered, given the population growth in Polesworth. This would address increased</li> </ul>

FACILITY	ISSUES TO CONSIDER	OPTIONS	IMPLICATIONS AND OUTCOMES
		E. Close and relocate (extended) fitness provision to an alternative site in Polesworth	<ul style="list-style-type: none"> <li>• demand for fitness and swimming</li> <li>• Possible site for new facility could be Abbey Green Park (which would also be beneficial in terms of Park security, increased use, reduction in anti-social behaviour)</li> <li>• Capital cost (there could be a contribution from the existing Atherstone site if the Polesworth and Atherstone facilities were combined onto one site)</li> <li>• Potential for significant operational efficiencies</li> <li>• Opportunity to develop extended fitness provision (increased number of fitness stations and two / three studios)</li> <li>• Could address increased demand for swimming and fitness by 2031</li> <li>• Potential for increased revenue depending on scale of provision</li> <li>• Sports hall would not be needed as there are existing sports halls on Academy sites in Atherstone and Polesworth (potential new school). Community Use Agreements would be needed</li> </ul>

Two new facilities to replace those in Atherstone and Polesworth would potentially offer the Borough Council the best operating position. Development of one new centre to replace the two existing facilities in Atherstone and Polesworth would offer the next most advantageous future operating position.

## VISION

The Vision for the future provision of leisure facilities in North Warwickshire is:

**To provide sustainable, high quality and accessible leisure facilities, both formal and informal places and spaces, to enable increased participation in sport and physical activity, to contribute to improved community health and wellbeing**

## AIMS

The aims in respect of the provision of sufficient, high quality, fit for purpose and accessible facilities, places and spaces are to:

- **Significantly increase the amount of regular physical activity undertaken by individuals, particularly those who are currently inactive**
- **Contribute to a reduction in health inequalities across North Warwickshire**
- **Develop additional facility provision where need is evidenced, for example as a result of population growth**
- **Enable opportunities for participation to be provided in a wider range of places and spaces, particularly at a local level, using, for example, community halls**

Based on the needs analysis and assessment of the options, the future strategic direction should be to:

- **Develop additional swimming pool provision in Atherstone or Polesworth, or in a larger facility between the two locations**
- **Develop a new stand-alone fitness facility in Abbey Green Park, Polesworth**
- **Develop additional fitness provision either in Atherstone and Polesworth, or in a larger facility between the two locations**
- **As a priority, asset transfer Arley Sports Centre. If this cannot be achieved, close the facility**
- **Replace Atherstone Leisure Complex. If possible re-locate from the existing site and realise a capital receipt for re-investment into leisure provision**
- **Close Atherstone Memorial Hall at a time that is most appropriate in the context of the operation of the Leisure Complex**
- **Retain and, if possible, extend the existing community access arrangement at Queen Elizabeth School and Sports College, unless existing leisure facilities in Atherstone and Polesworth are replaced by one major new leisure centre providing for both communities.**

## PRIORITY INVESTMENT NEEDS

The strategic needs analysis makes it clear that the existing level of leisure facility provision needs to be retained, with the exception of sports halls, in respect of which there is both a current and future over-supply. The specific issues to be addressed include:

- **The need to tackle an existing and future under-supply of swimming pool provision**
- **The need to extend accessible fitness provision, both to meet current and future need, but also to increase revenue for the Authority**
- **The future of Arley Sports Centre**
- **The future of Polesworth Sports Centre on its current site**
- **The future of Atherstone Leisure Complex, including the Memorial Hall**

Based on the quality audits and assessments, age and condition, the priorities for future investment in facility provision are:

- **Increase access to swimming pool provision (equivalent to 1 x 6 lane x 25m pool)**
- **Increase provision of fitness facilities by 123 stations**
- **Replacement of ageing facilities**
- **Potential opportunity to consider club-led provision of indoor bowls facilities**
- **Provision of more active environments (explored in more detail in the Health, Wellbeing and Leisure Strategy)**

As a consequence of the need for increased pay and play access, replacement and additional facility provision to meet future need, there is an important opportunity to re-think the scale, location and nature of the existing facilities provided in the Borough. This should be done in the context of the priority placed on health and wellbeing (physical and mental) and the fact that modern, fit for purpose facilities, designed to be accessible, inclusive and of high quality, will be better utilised than older facilities.

## **PRINCIPLES FOR FUTURE PROVISION**

Analysis of existing priorities also identifies the principles that should underpin future leisure facility provision in North Warwickshire. Specifically, to:

- **Ensure residents in all areas of North Warwickshire have access to good quality, affordable pay and play provision, whether it is in a formal sports hall, community hall or other informal provision**
- **Ensure that any new leisure facilities on education sites provide a balance of opportunities (through a formal agreement) for community access, both pay and play and club use**
- **Replace / refurbish ageing facilities where new provision is needed. All new and refurbished provision should be designed and developed based on Sport England and National Governing Body (NGB) guidance and be fully inclusive**
- **Rationalise existing provision where new, fit for purpose facilities can replace / improve existing buildings, whilst seeking to retain existing levels of provision as a minimum**
- **Improve the quality of existing formal and informal provision**
- **Plan strategically to ensure economic viability and sustainability of provision**

## **OTHER PRIORITIES AND NEEDS**

## CAPITAL INVESTMENT

It is clear from the Strategy analysis that there is a need for capital investment in leisure facility provision in North Warwickshire in order to address future demands. Whilst some of this investment may relate to additional facility provision, there is also a need to start planning for the replacement of ageing stock. Increased participation is more likely to be achieved if the environment in which people take part is of good quality and fit for purpose.

It is also clear that delivery of the levels of investment required will only result from a local partnership approach. The development of improved leisure facilities will facilitate increased participation, which in turn will benefit individual and community health. The challenge is that the greatest health benefit will be gained by encouraging the inactive to become active.

## CONTINUED LOCAL PARTNERSHIP WORKING WITH EDUCATION SITES

In order to deliver the identified Strategy needs, and the key outcome of increased participation to address health inequalities, as well as meet the demands arising from an increased population, there is an opportunity for changes in the approach to delivery. The development of new / replacement facilities, increasing the capacity in existing education facilities, and asset transferring some existing provision, provides a mechanism to deliver these outcomes.

A key issue to address initially is that of future partnership with education sites and to retain community use agreements that provide balanced access for the community on a pay and play basis. Increasing capacity to deliver increased participation opportunities, particularly for those who are currently inactive, could contribute significantly to improved health in the Borough.

## PLANNING POLICY, SECURING DEVELOPER CONTRIBUTIONS, PLANNING OBLIGATIONS, S106 CONTRIBUTIONS AND THE COMMUNITY INFRASTRUCTURE LEVY - AN OVERVIEW

In order to implement the Strategy recommendations and address identified needs for improved and additional facility provision, the Borough Council will need to identify and secure capital funding from a range of sources. Developer contributions through CIL / S106 have the potential to form part of this funding resource.

The facility investment needs identified in the Strategy provide the definitive investment priorities through to 2031. This should inform Local Plan policy, and specifically the priorities against which to secure future developer contributions.

In some cases, new residential developments will not generate the need for a new leisure facility. Where developments are located in areas where

additional pressure will be placed on existing leisure facilities, however, the Borough Council should seek contributions for the enhancement and extension of existing infrastructure. This is a key opportunity to refurbish / re-develop existing provision.

Where appropriate, the Borough Council will require the transfer to the Authority of a site that is appropriately accessible, located, serviced and of sufficient, at a peppercorn rent.

If larger developments generate a need for additional community provision, for example a community hall, these will be located within the vicinity of the development. Otherwise, off-site contributions will be sought to support nearby existing or new sites, and / or for identified, more strategic sites, such as larger, high quality leisure facilities serving more than an immediately local need.

## OVERVIEW

Although North Warwickshire has good leisure facilities, some are ageing and will require replacement in the medium-term. Replacement of these facilities provides an opportunity to consider the provision of a new swimming pool and fitness facilities to meet both current and future demand.

The anticipated population growth in North Warwickshire through to 2031 needs to be appropriately catered for in terms of demand for both formal and informal, multi-purpose spaces. In North Warwickshire, this means ensuring a good geographical distribution of facilities and physical activity opportunities across the Borough to enable more people to access facilities by walking and / or cycling. In the rural areas, where there are fewer people and less formal provision, it means better use of existing community spaces for sport and physical activity.

In order to realise the Strategy's vision and aims for leisure facility provision in North Warwickshire there are a number of key priorities that need to be addressed and implemented. These are set out in the Action Plan below.

Implementation of the recommendations for the facility infrastructure, formal and informal, will contribute towards attainment of the priorities of the Health, Wellbeing and Leisure Strategy (2017) and, in particular, the targeting of opportunities to those for whom improvements in physical activity will have the greatest benefit.

## CONCLUSIONS

The provision of high quality and accessible facilities, the opening up of informal places and spaces and the better use of existing infrastructure in parks, and open spaces, as well as the development of new provision, will contribute to the overall priority for the development of healthier lifestyles in North Warwickshire, across all age groups. Facilitating opportunities to be more physically active, more often is also important to contribute to a reduction in

the health inequalities across North Warwickshire, to help people to live longer and age better. Sustainability of high quality and, critically, accessible facility provision is key to maintaining these opportunities. The Borough Council needs to plan for the investment requirements of its existing facilities and to work in partnership with other providers and stakeholders to address the priorities identified in this Strategy.

## RECOMMENDATIONS AND ACTION PLAN

The Recommendations and Action Plan underpinning the Strategy are summarised in the table below:

RECOMMENDATION	ACTION	RESPONSIBILITY	TIMESCALE		RESOURCES
			SHORT	1 TO 5 YEARS	
			MEDIUM	6 TO 10 YEARS	
			LONG TERM	10+ YEARS	
<b>RECOMMENDATION 1 (R1)</b>  <b>In the short-term, retain existing levels of sports hall, swimming pool and fitness provision as a minimum. These need not necessarily be the same facilities as at present</b>	Review Operational and Management Options reports in the context of the needs analysis  Adopt recommendations and action plan	NWBC  External consultant support	Short		NWBC: Leisure, Finance  External consultants
<b>RECOMMENDATION 2 (R2)</b>  <b>Prioritise investment into additional swimming pool provision to meet current and future identified need:</b> <ul style="list-style-type: none"> <li>• In Atherstone within a new facility, or</li> <li>• In Polesworth within a new facility, or</li> <li>• Within a single new facility replacing those in both Atherstone and Polesworth</li> </ul>	Confirm options to be further investigated  Undertake site and capital cost feasibility work to inform Leisure Facility Strategy implementation  Integrate site and capital cost feasibility outcomes with initial revenue modelling	NWBC  External consultant support	Short		NWBC: Leisure,- Finance, Planning  External consultants
<b>RECOMMENDATION 3 (R3)</b>	Confirm options to be further investigated	NWBC	Short		NWBC: Leisure, Finance, Planning

RECOMMENDATION	ACTION	RESPONSIBILITY	TIMESCALE	RESOURCES
<p><b>Prioritise investment into additional health and fitness provision to meet current and future identified need:</b></p> <ul style="list-style-type: none"> <li>• In Atherstone within a new or re-developed facility, and / or</li> <li>• In Polesworth within a new facility, or</li> <li>• Within a single new facility replacing those in both Atherstone and Polesworth</li> </ul>	<p>Undertake site and capital cost feasibility work to inform Leisure Facility Strategy implementation</p> <p>Integrate site and capital cost feasibility outcomes with initial revenue modelling</p>	External consultant support		External consultants
<p><b>RECOMMENDATION 4 (R4)</b></p> <p><b>Review the overall future leisure facility portfolio and consider the long-term strategic benefits of:</b></p> <ul style="list-style-type: none"> <li>• Replacing Atherstone Leisure Complex on an alternative site</li> <li>• Replacing provision in Polesworth with a new facility on an alternative site</li> </ul>	<p>Confirm options to be further investigated</p> <p>Undertake site and capital cost feasibility work to inform Leisure Facility Strategy implementation</p> <p>Integrate site and capital cost feasibility outcomes with initial revenue modelling</p>	<p>NWBC</p> <p>External consultant support</p>	Short	<p>NWBC: Leisure, Finance, Planning</p> <p>External consultants</p>
<p><b>RECOMMENDATION 5 (R5)</b></p> <p><b>Seek to secure an asset transfer arrangement for Arley Sports Centre. If this cannot be sustainably secured, close Arley Sports Centre</b></p>	<p>Agree nature and level of any investment to be made prior to asset transfer</p> <p>Advertise asset transfer opportunity</p> <p>Evaluate asset transfer bids</p> <p>Appoint a new operator, if</p>	<p>NWBC</p> <p>External consultant support</p>	Short	<p>NWBC: Leisure, Legal, Finance</p> <p>External consultants</p>

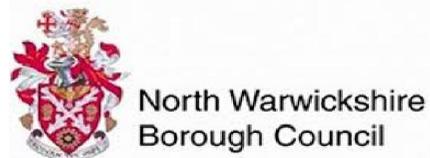
RECOMMENDATION	ACTION	RESPONSIBILITY	TIMESCALE	RESOURCES
	<p>appropriate</p> <p>If a new operator cannot be identified / terms cannot be agreed, close Arley Sports Centre</p>			
<p><b>RECOMMENDATION 6 (R6)</b></p> <p><b>On the basis of its operational effectiveness, close Atherstone Memorial Hall at a time that is most appropriate in the context of the operation of the Leisure Complex</b></p>	<p>With a context provided by the operation of Atherstone Leisure Complex, confirm the most appropriate time at which to close the Memorial Hall</p> <p>Undertake community consultation</p> <p>Subject to the outcome of the consultation, close Atherstone Memorial Hall</p>	NWBC	Short	NWBC: Leisure, Legal, Finance
<p><b>RECOMMENDATION 7 (R7)</b></p> <p><b>Aim to re-provide, as far as possible, activities to replace those lost through any facility closure(s)</b></p>	<p>Work with communities, clubs / groups affected by facility closure(s) to re-provide, as far as possible, lost activities in other leisure facilities and venues</p>	NWBC	Short to Medium	NWBC: Leisure and Community Development, Finance

RECOMMENDATION	ACTION	RESPONSIBILITY	TIMESCALE	RESOURCES
<b>RECOMMENDATION 8 (R8)</b>  <b>Establish a dialogue with the English Indoor Bowls Association (EIBA) to explore the potential of developing an indoor bowls facility by 2031</b>	Commence dialogue with the EIBA in order to identify the need, or otherwise, for an indoor bowls facility	NWBC  EIBA  Community bowls clubs	Long	NWBC: Leisure and Community Development  EIBA  Community bowls clubs
<b>RECOMMENDATION 9 (R9)</b>  <b>Where practicable, seek to enhance access to affordable pay and play healthy activities within community venues / spaces with a view to increasing leisure and recreational opportunity provision for local residents</b>  <ul style="list-style-type: none"> <li>Additional provision should be developed as part of any community venue new build / refurbishment programme</li> </ul>	Continue to work with public and third sector partners to ensure that enhanced use is made of community venues / spaces for sport and leisure activities	NWBC  Parish and town councils  Third sector organisations	Ongoing	NWBC: Leisure and Community Development  Parish / town councils  Third sector organisations and venue providers
<b>RECOMMENDATION 10 (R10)</b>  <b>Seek to secure Community Infrastructure Levy (CIL) / S106 contributions from developers, in accordance with the corresponding Local Plan Supplementary Planning Document (SPD), for the development, replacement and / or maintenance of appropriate leisure facilities, including in respect of safe walking, running and cycling routes, and those routes that improve access to leisure and recreational</b>	Ensure that all investment priorities are included in the Infrastructure Delivery Plan  Secure all available funding through CIL / S106 developer contributions	NWBC	Ongoing	NWBC: Leisure, Planning

RECOMMENDATION	ACTION	RESPONSIBILITY	TIMESCALE	RESOURCES
<b>facilities and services</b>				
<b>RECOMMENDATION 11 (R11)</b>  <b>Where appropriate in conjunction with partners, prioritise investment in the development of high quality community sport and leisure facilities, in order to increase available capacity and opportunity to take part in regular physical activity, to contribute to reduced health inequalities and to enhance community cohesion</b>  <ul style="list-style-type: none"> <li>• Where appropriate, new education provision should include the implementation of a Community Use Agreement (CUA) through which to enhance community access to leisure facilities</li> </ul>	Work with partners to facilitate the provision of high quality, accessible and sustainable community sport and leisure facilities	NWBC  Local partners	Ongoing	NWBC: Leisure and Community Development  Local partners
<b>RECOMMENDATION 12 (R12)</b>  <b>Monitor, review and evaluate implementation of the Leisure Facilities Strategy on an annual basis and refresh the Strategy at least every five years</b>	Community and Environment Board to monitor, review and evaluate the Strategy annually and to refresh its content every five years	NWBC	Ongoing	NWBC

## DISCLAIMER

Forecasts and recommendations made in respect of any proposal, report or letter are made in good faith and on the basis of the information before the Company at the time. Their achievement must depend, among other things, on effective co-operation of the Client and the Client's staff. In any consequence, no statement in any proposal, report or letter is to be deemed to be in any circumstances a representation, undertaking, warranty or contractual condition.



# **REVIEW OF THE EXISTING LEISURE FACILITIES SERVICE**

## **OPERATIONAL PERFORMANCE**

# REVIEW OF EXISTING SPORT AND LEISURE SERVICE - OPTIONS APPRAISAL FOR LEISURE FACILITY PROVISION NORTH WARWICKSHIRE BOROUGH COUNCIL

## EXECUTIVE SUMMARY

In 2016, North Warwickshire Borough Council (NWBC) commenced a comprehensive Strategic Leisure Review. This work comprised a number of separate, but linked elements, as follows:

- **Health, Wellbeing and Leisure Strategy**
- **Green Space Strategy (GSS)**
- **Playing Pitch Strategy (PPS)**
- **Leisure Facilities Strategy (LFS)**
- **Leisure Facilities Operational Review and Future Delivery Options**
- **Light Touch Review of Community Development**

This report focusses on the review of the current Leisure Facilities service. It is closely linked to the Leisure Facilities Strategy and the analysis of alternative operational delivery models, also being developed as part of the overall Strategic Leisure Review.

## THE EXISTING LEISURE FACILITIES SERVICE

The North Warwickshire Borough Council (NWBC) Leisure Facilities service is currently provided in-house, based primarily at facilities owned by the Authority, as well as Polesworth Sports Centre (a dual-use facility owned by the County Council). The service is augmented by two dual-use agreements with local Academies (at Coleshill Leisure Centre and Polesworth Sports Centre).

## THE FACILITIES

The Borough Council manages five leisure facilities:

- **Arley Sports Centre**
- **Atherstone Leisure Complex (including Atherstone Swimming Pool and both indoor provision and the Artificial Grass Pitch through a Management Agreement with Queen Elizabeth School)**
- **Atherstone Memorial Hall**
- **Coleshill Leisure Centre (through a joint-use agreement with The Coleshill School)**
- **Polesworth Sports Centre (under a dual-use agreement with The Polesworth School, which concludes at the end of December 2018)**

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The facilities are relatively modest in scale and are distributed in a manner that serves the needs of a population dispersed throughout an extensive rural area. Their location, however, dictates that a significant number of users from outside the Borough use the facilities.

With the exception of Coleshill, all of the facilities are ageing. Not all of the facilities (e.g. the Memorial Hall) are purpose designed leisure facilities. Polesworth is a dual-use centre with extremely limited on-site car parking.

There is a dual-use agreement in place for Polesworth Sports Centre between the Borough Council and the School. The cost of the agreement is in the region of 30% of overall expenditure and appears high in relation to the type, quality and number of facilities that are provided. Local examples of similar sized facilities show dual-use agreement fees payable to the school at nearer 15-20%, which is more realistic. Other examples of dual-use payments include an annual payment of £25,000 for use of a 90 station gym, two dance studios, a sports hall, two glass-backed squash courts, sauna and steam room, creche, function room, floodlit artificial grass pitch and parking and a new joint-use facility with a dual-agreement payment of £20,000 for facilities that include a 20m swimming pool, two fitness suites, a three court sports hall, fitness studio / multi-purpose room and an artificial grass pitch with centre parking.

There is one widely available public swimming pool in the Borough, at Atherstone, and the range of dryside facilities across all of the sites, with the exception of Coleshill, is limited. There are no sites with multiple studios, no climbing walls, no gymnastics nor indoor tennis facilities in the Borough Council's facilities.

The combination of the social and demographic factors in the Borough, coupled with the type and extent of facility provision, including limited daytime access to the facilities in Coleshill and Polesworth, has been taken into account in the analysis of usage levels, the ability to generate revenue, etc., as it is important context, which has an impact on operational performance.

### CONDITION AND QUALITY OF EXISTING LEISURE FACILITIES

The condition and quality of the existing Borough Council leisure facilities are summarised below:

FACILITIES	CONDITION	KEY ISSUES
ARLEY SPORTS CENTRE	Poor	Relatively structurally sound.  Changing accommodation is poor.  DDA accessibility is poor.  The fitness suite is small, as is the reception area.

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FACILITIES	CONDITION	KEY ISSUES
<b>ATHERSTONE LEISURE COMPLEX</b>	Good / Average	Facilities are provided through two separate buildings on the same site; this has implications for staffing levels. Atherstone was built in the mid 1970s, so is more than 40 years old. Major refurbishment works were undertaken in 2001, but the majority of the building is the original fabric. Replacement of the facility will need to be considered in the short to medium term.
<b>ATHERSTONE MEMORIAL HALL</b>	Average / Poor	Limited provision; separate to main building so has to be staffed separately; high operational costs.
<b>COLESHILL LEISURE CENTRE</b>	Excellent	New facility opened in 2014. Limited on-site parking.
<b>POLESWORTH SPORTS CENTRE</b>	Poor	<p>The fitness suite is too small. Changing rooms are shared with the school and, therefore, do not meet the expectations of facility users. DDA accessibility is poor and the reception area is poor.</p> <p>Lack of daytime access; lack of consistent access to ancillary hall.</p> <p>The Borough Council pays a high dual-use cost, particularly when compared to the quality of the facilities, the lack of access and infrastructure and the limited hours that can actually be used.</p>

**OPERATIONAL REVIEW OF THE EXISTING LEISURE FACILITIES SERVICE**

The review of the existing leisure facilities service highlights a number of points in relation to their operational performance, as summarised below:

**PERFORMANCE INDICATORS (PIs) - ALL FACILITIES**

**RECOVERY RATE**

## REVIEW OF EXISTING SPORT AND LEISURE SERVICE - OPTIONS APPRAISAL FOR LEISURE FACILITY PROVISION NORTH WARWICKSHIRE BOROUGH COUNCIL

Recovery rate is the amount of cost that is recovered by direct income. The nearer the figure is to 100%, or in excess of 100%, identifies how efficient a facility is operationally / financially. There are two relevant indicators, one with total expenditure, which includes all costs, and one with net expenditure, which excludes Central Support costs. The Central Support costs apportioned to the Borough Council's facilities includes depreciation costs.

None of the Borough Council's leisure facilities achieve a net recovery rate of 100%, although Atherstone Leisure Complex (81%) and Coleshill Leisure Centre (76%) both achieve over 75%. Polesworth Sports Centre achieves just below 75%. Arley Sports Centre realises a very low recovery rate of just over 48% and Atherstone Memorial Hall has an exceptionally low recovery rate of just under 30%, after central support costs are deducted. The operating recovery rates, including support costs, are all low. Arley Sports Centre and Atherstone Memorial Hall have such low net recovery rates that even operating in an external operator environment with minimal apportioned support costs, it is difficult to see how operational performance could be improved with the limited number of facilities offered on site.

### CENTRAL SUPPORT COSTS

Central Support Costs (CSC) are allocated on the basis of the level of internal resources used by the Leisure Facilities service. The Borough Council's total cost for the Leisure Facilities service includes depreciation costs for investment in the facilities.

Central Support Costs are significant as a percentage of total income, in part because overall income across the service is relatively low. In 2017 / 18 the total Central Support Cost for all facilities is £151,000 which is more than 10% of total income. The percentage figures at Arley Sports Centre and Atherstone Memorial Hall are particularly high because income levels are relatively low.

### STAFFING

The cost of staffing as a proportion of income is a key indicator used by leisure facility operators. External operators will aim for a figure of between 45% and 60% of total income, depending on the operator and the type of facility operated. The Borough Council's operating figures (at the time of the Strategic Leisure Review) indicate a range of between 67% and 197% of total income. Three facilities range between 67% and 90%. Whilst clearly higher than industry comparators, this does reflect the nature of the facilities provided (i.e. two dual-use facilities, so less time to generate income). The staffing cost proportion of the other two facilities, Arley Sports Centre and Atherstone Memorial Hall, also reflects the limited nature of the facilities provided, limited opening hours, so less time to generate income, and, in the case of the Memorial Hall, higher staffing costs because the facilities are not all on one site, or even all part of the same building.

Arley Sports Centre has a staff percentage of income figure of 118%, whilst Atherstone Memorial Hall has a figure of 197%. For every £1.00 of income generated, the Borough Council is subsidising the staff costs at Arley by £1.18 and at the Memorial Hall by £1.97. This is an operating position that is difficult to justify and unlikely to be easily altered.

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There is potential for the current staff structure to be more commercial, given the size and nature of the facilities that it serves. Through a reorganization of roles and responsibilities, there is potential to reduce existing staffing costs.

### OTHER COSTS

Other operational costs, including energy costs, all appear to be reasonable for the nature and size of the leisure facilities offered. In the last three years:

- **Income has increased year on year**
- **Premises costs appear to be reasonable**
- **Staff costs have remained fairly static for Arley Sports Centre, whilst the other three facilities have experienced slight increases. Overall, staff costs have increased by just over 2% over the last two years. This is explained by the fact that additional staff resources were assigned to each facility, at least on a part-time basis, to generate increased income through the provision of more fitness classes, etc.**
- **A larger facility has been developed in Coleshill**

The 2017 / 18 cost of the service, including overheads, is approximately £1.17m; which is relatively high when compared to leisure management services with similar facilities. The comparison, however, is distorted by the relatively high cost of Arley Sports Centre and Atherstone Memorial Hall, the age of the facilities and the rural nature of North Warwickshire.

### OTHER INDICATORS

#### HEALTH AND FITNESS

The performance of the fitness facilities is reasonable, given their size, operating constraints and the fact that the existing local community is not necessarily one that chooses to go to the gym as a priority.

Income per fitness station is a key operational indicator, in respect of which the Borough Council's facilities realise the following levels of performance:

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Performance Indicators	No. Of Stations	Income Per Station 15/16
Health And Fitness		
Arley Sports Centre	14	2,644
Atherstone Leisure Complex	39	6,825
Coleshill Leisure Centre	36	6,155
Polesworth Sports Centre	20	5,204

A well-operated health and fitness facility could be expected to generate between £6,000 and £9,000 per station, per annum. Atherstone Leisure Complex and Coleshill Leisure Centre are performing reasonably well, with Polesworth Sports Centre performing slightly below expected levels. Arley Sports Centre is operating at a level significantly below the minimum expected income level of £6,000 per fitness station per annum.

Given the relatively small size of the two main fitness facilities (39 stations at Atherstone Leisure Complex and 36 stations at Coleshill Leisure Centre), and linked to the low levels of commercial sector provision locally, there is an opportunity to review the future scale and nature of provision. Development of larger fitness facilities, with more fitness stations, would realise higher income levels. One hundred station gyms, and larger, are becoming more common in order to capitalise on the potential for increased fitness participation and to generate significant additional revenue.

The comparatively poor performance of Arley Sports Centre and the fact that it has a small number of fitness stations mean that it is important to review the future operational viability of the facility. A change at Arley could enhance operational performance of the other remaining fitness suites, although accessibility would be a factor to address, given transport challenges in the rural areas.

### INDOOR FACILITIES - OPERATIONAL CHALLENGES

The key factors of the existing leisure facilities service that are specifically relevant to developing a Service Improvement Plan (SIP) are:

- **The Borough Council currently provides: two dual-use facilities – Coleshill Leisure Centre and Polesworth Sports Centre (dryside), one pool - Atherstone Leisure Complex and two facilities on the same site, which require a separate, but linked operation- Atherstone Leisure Complex and the Memorial Hall, and two daytime accessible facilities at Arley Sports Centre (dryside) and Atherstone Leisure Complex. It is a challenging portfolio to manage and operate, given the operational costs of provision and the operational constraints in facilitating usage and generating income.**
- **Recovery rates are below expected levels when compared to other similar facilities. Some of this reflects membership and usage levels, which in themselves are a reflection of the Borough’s communities, and their current participation levels in sport and physical activity, whilst it also**

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reflects the age, nature and location of the facilities.

- **Three sites, however, achieve approximately 70% recovery rates or better. Given the facility range available at the respective sites, there is an opportunity to improve their operating positions. It is difficult to see how the two other sites, Arley Sports Centre and Atherstone Memorial Hall, could improve their operating position with the existing limited range of on-site provision.**
- **Levels of income in relation to health and fitness, with the exception of Coleshill Leisure Centre and Atherstone Leisure Complex, are low in relation to industry standards. Arley Sports Centre achieves a very low level of income.**
- **Central Support Costs are proportionately high in relation to the income generated.**
- **The existing dual-use agreement at Polesworth Sports Centre is expensive in relation to the facilities accessible, levels of access and the limited on-site infrastructure e.g. car parking.**

Arley Sports Centre and Atherstone Memorial Hall are the worst performing of the facilities by some margin across the range of considered performance indicators. Both facilities have high operating costs in relation to the level of income generated. This is a result of the nature, design and age of the facilities. Given the existing facilities, and their limited offer, it will be difficult to improve their performance and income generation sufficiently to make them viable and operational within accepted industry standards.

## CONCLUSIONS

The current operational performance of the facilities, when compared to industry benchmarks, particularly in relation to staffing and levels of income generated, have significant improvement potential. Establishing a Local Authority Trading Company (LATC) could provide further opportunity to reduce the operational costs of the service (See Management Options Analysis report). Externalisation, and attracting a good operator to manage the leisure facilities, could be difficult based on the current operational performance and uncertainty about what is to be provided where in the future.

Although the Borough Council is under pressure to make significant savings, it is important to ensure that the future leisure facilities offer both meets local need and is sustainable. It should also offer best value and, therefore, needs to be “right”. Retaining the current service in-house, whilst improvements are made to the commercial focus, gives time to also assess the options for the way forward in the context of other related factors.

There is, nevertheless, a significant opportunity to improve and develop the Leisure Facilities service, its operational effectiveness and efficiency through:

- **Development of a Service Improvement Plan (SIP)**
- **Review and restructuring of existing staff – numbers, roles and responsibilities**
- **Setting specific Key Performance Indicators (KPIs) as part of the SIP, to address the identified operational challenges**

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The in-house management team recognises the need to be more commercial in its approach to the operation of the leisure centres, their programming, usage, memberships, events, etc. There has already been progress in this area and generally the current approach is beginning to move the operation in the right direction. There is significant potential for the in-house team to improve its operational management approach and to reduce costs.

**RECOMMENDATIONS**

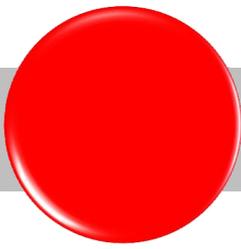
The recommendations for the existing Leisure Facilities service in North Warwickshire are:

<b>RECOMMENDATION 1:</b>	<b>The operational management delivery arrangements be retained 'in-house' for 24 months, with a Service Improvement Plan (SIP) put in place to improve the operating position of the current service.</b>
<b>RECOMMENDATION 2:</b>	<b>The Borough Council's in-house operational team to develop and implement a Service Improvement Plan (SIP) to improve the current operational position and to demonstrate best value.</b>
<b>RECOMMENDATION 3:</b>	<b>Investment should be made in all required backlog maintenance at the facilities to be retained, to ensure the existing facilities can achieve their lifecycle expectations and operate more effectively and efficiently.</b>
<b>RECOMMENDATION 4</b>	<b>The existing dual-use arrangement at Polesworth Sports Centre should be reviewed, to reduce the existing cost to better align with the facilities, on site access and infrastructure provided.</b>
<b>RECOMMENDATION 5:</b>	<b>The Borough Council to review the effectiveness of implemented service improvements after the agreed period (timescale will be dependent on decisions taken over investment / replacement of facilities).</b>
<b>RECOMMENDATION 6:</b>	<b>Dependent on the outcome of the service improvement initiative, assess the in-house services and its future potential to improve further, in the context of investment in the service. Re-consider the options for future service delivery when the nature and extent of capital funding requirements are clear and if improvements in service performance have been achieved or not.</b>



North Warwickshire  
Borough Council

**OPTIONS APPRAISAL  
LEISURE FACILITY PROVISION AND OPERATIONAL  
MANAGEMENT**



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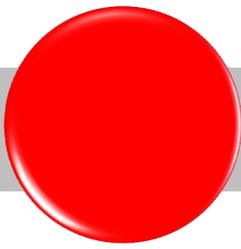
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## EXECUTIVE SUMMARY

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- **Playing Pitch Strategy (PPS)**
- **Leisure Facilities Strategy (LFS)**
- **Leisure Facilities Operational Review and Future Delivery Options**
- **Light Touch Review of Community Development**

This report focusses on the options for the future delivery of the service. It is closely linked to the Leisure Facilities Strategy and the Review of Operational Performance.

Important context for the future provision of leisure facilities in the Borough is the Borough Council's need to make revenue savings. A further significant issue to consider in relation to the nature and scale of future provision is the population growth planned for North Warwickshire.

In this context, there is a need to identify:

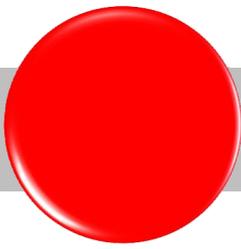
- **Where and how operational savings can be achieved**
- **The options for future leisure facility provision – the number, nature, scale and location of facilities**
- **Which operational delivery model is best suited to the long-term sustainable delivery of the leisure service**

## FUTURE DELIVERY OF OPERATIONAL MANAGEMENT

The range of future operational delivery models ([Appendix 1](#)) has been reviewed in relation to local North Warwickshire factors. Based on this initial assessment, there are three realistic future options for the Borough Council: Option 1: In-House, Option 2: Externalisation and Option 10: Establishing a Local Authority Controlled Company (LATC).

A decision on the scale and scope of future facility provision in the Borough is key to informing which of these options is most appropriate in the short and longer-term. The future of all existing facilities, and in particular Arley Sports Centre and Atherstone Memorial Hall (the facilities performing least well in revenue terms), needs to be agreed before any change to operational management, so that the correct basis is assumed for the modelling of any financial impacts and implications.

The key points relating to each of these three options are summarised below:



OPERATIONAL MODEL	MANAGEMENT	PROCUREMENT EXERCISE	REDUCTION IN REVENUE COSTS	TRANSFER OF RISK	NEED TO INVEST IN BACKLOG MAINTENANCE PRIOR TO NEW OPERATION
OPTION 1 - IN HOUSE		X	Potential through Service Improvement Plan (SIP) (See Operational Performance Review Report)	X	X
OPTION 2 - EXTERNAL OPERATOR		✓	✓	✓	✓
OPTION 10 - LATC		X	✓	✓	✓

The rationale for any future establishment of a LATC or externalisation of the operational management of the leisure facilities is that this approach would reduce both cost and risk for the Borough Council, whilst at least retaining the existing level of provision across North Warwickshire (although this could be in different facilities and locations). There would be a known cost, or even income, to the Borough Council as a result of an external contract and service quality and delivery can be specified to protect and enhance community access.

Both establishing a LATC and externalisation would realise NNDR savings.

Any backlog maintenance (day to day or lifecycle maintenance) would need to be completed prior to externalising the operational management of the facilities. It is arguable that this should be completed even if the service stays in house, or a LATC is established, to ensure that any future operation offers the best possible service and has the chance to maximise income.

There would be implications (legal, staffing, support services recharge, etc.) of externalising the operational management of the leisure facilities.

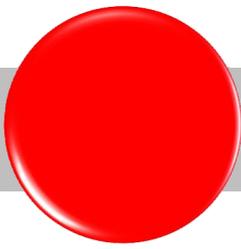
Although the Borough Council would incur procurement costs to achieve an external contract these are likely to be less than those involved in setting up a LATC.

Due to the following factors, it is **not** suggested that the leisure facilities are externalised at this point:

- **The existing service is good, but has significant potential to improve and be more commercial and, therefore, generate increased income. This should be tested before implementing any other delivery option, as the benefits would be realised by the Borough Council**
- **The scale, location and nature of future facility provision needs to be determined before the appropriate future operational model can be determined**
- **Deciding on the future shape of the facility portfolio is inextricably linked to population growth and the potential for investment and re-development, as well as rationalisation**

It is important to ensure that the future offer both meets local need and is sustainable. It should also offer best value.

Retaining the current service in-house, whilst improvements are made to its commercial focus through a Service Improvement Plan (SIP), could realise immediate savings if the existing staff structure is changed.



This would also give time to assess the options for the way forward in the context of other linked factors, such as the need for capital investment.

The current operational performance of the facilities, when compared to industry benchmarks, has significant improvement potential. Externalisation, and attracting a good operator to manage the leisure facilities, could be difficult based on the current operational performance and the uncertainty about what facilities will be provided, and where, in the future.

It is, therefore, recommended that the in-house team is given 24 months to review and improve the commerciality of the current operation of the facilities through implementation of an agreed SIP.

This approach does not exclude the possible future establishment of a LATC or externalisation. It would be expected that, after the agreed period of implementation and improvement, the operational performance would be reviewed in relation to future management arrangements.

An advantage of establishing a LATC now is that the service would effectively be retained in-house and, therefore, be given the opportunity to realise its full potential. A revenue saving could be achieved via a LATC. If, in future, the Borough Council's position changes, the establishment of a LATC does not prevent future externalisation. There would also be a significant saving to the Authority through externalising the operational management of its facilities.

It is estimated that the establishment of a subsidiary trust (LATC) may realise in the region of £45,000 savings per annum, excluding the cost of set up. Without any changes to the facility portfolio, externalisation of the current service would realise a saving of approximately £565,000.

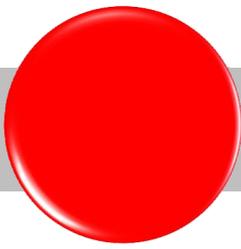
Given the difference in these two figures, and the potential for increased efficiencies if investment is made in the existing facilities, it would be prudent to either retain the services in-house, or include them in a wider Borough Council LATC.

Once the nature and extent of capital investment in the facilities are agreed, the Authority could:

- **Retain the services in-house and monitor performance. If savings are achieved and revenue increases, the Borough Council could retain in-house provision and / or set up a LATC**
- **Establish a LATC and transfer leisure services to this body. If efficiencies are demonstrated and savings are delivered, the Borough Council could retain the LATC or decide to externalise the operational management of the leisure facilities, using the LATC operation as a benchmark. This option may be necessary in the event of capital investment being needed and / or because the Authority wishes to realise significantly more savings**

In this context it is important to note the following:

- **Although LATCs benefit from NNDR and VAT savings in the same way as hybrid trusts, the latter can generate additional savings through economies of scale e.g. regional overheads, centralised marketing, utility contracts, etc.**
- **Capital investment may be available through an externalisation process, but it will always be more cost effective for a local authority to borrow capital money than it would for the money to be raised through a private operator**



## RECOMMENDATIONS

The recommendations for the future management of the leisure facilities in North Warwickshire are:

### FACILITY DEVELOPMENT

#### RECOMMENDATION 1 (R1):

**The operational management delivery arrangements be retained in-house for 24 months, with a Service Improvement Plan (SIP) putting in place ways of improving the operating position of the current service.**

### OPERATIONAL MANAGEMENT DELIVERY

#### RECOMMENDATION 2 (R2):

**The Borough Council's in-house operational team to develop and implement a Service Improvement Plan (SIP) to improve the current operational position and to demonstrate best value.**

#### RECOMMENDATION 3 (R3):

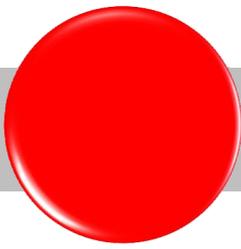
**Investment should be made in all required backlog maintenance at the facilities to be retained, to ensure that the facilities can achieve their lifecycle expectations and operate more effectively and efficiently.**

**The current situation with regard to backlog maintenance in the leisure facilities is as follows:**

- Arley Sports Centre – Will need refurbishment prior to any asset transfer, but anticipated minimal cosmetic requirements
- Atherstone Leisure Complex – Major refurbishment of existing building estimated by the Borough Council at £3.7m (June 2017)
- Coleshill Leisure Centre – No requirements in the short / medium-term
- Polesworth Sports Centre – Limited benefit in refurbishment as the current need is for a new build replacement

#### RECOMMENDATION 4 (R4):

**The Borough Council to review the effectiveness of implemented service improvements after the agreed short term period (timescale will be dependent on decisions taken over investment / replacement of facilities, but 24 months recommended).**



**RESOURCES**

**RECOMMENDATION 5 (R5):**

**Dependent on the outcome of the service improvement initiatives, assess the in-house service and its potential to improve further, in the context of potential investment in the service and re-consider the options for future service delivery when the nature and extent of capital funding requirements are clear; whether or not improvements in service performance have been achieved and / or capital funding is required towards facility investment.**

**RECOMMENDATION 6 (R6):**

**Local access to, and participation opportunities in, a range of sport and physical activities is facilitated in Arley to address issues of health inequalities, rural isolation and community resilience.**

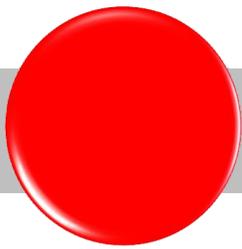
**RECOMMENDATION 7 (R7):**

**As a priority, Arley Sports Centre is asset transferred to an alternative organization. Agreement is reached as to the extent of investment in Arley Sports Centre prior to the asset transfer. The Borough Council supports investment into Arley Sports Centre as a result of the asset transfer, in order to achieve a wider range of on site provision.**

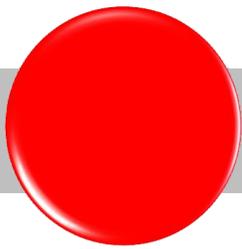
**If it proves impossible to achieve a sustainable asset transfer, Arley Sports Centre should close and appropriate arrangements made for residents to access other local provision.**

**RECOMMENDATION 8 (R8):**

**Consideration is given to the replacement and re-development of the existing facilities in Polesworth and Atherstone. This should realistically examine the opportunities provided by Queen Elizabeth School in Atherstone, population growth and the need for future operational sustainability.**

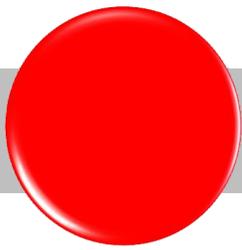


NWBC FACTORS TO BE TAKEN INTO ACCOUNT	OPTION 1- RETAIN IN-HOUSE	OPTION 10 – ESTABLISH A LATC	OPTION 2 EXTERNALISE THE SERVICE
<b>Need to make revenue savings</b>	Can save a minimum of circa £50k through restructuring staff resources	Could save a minimum of circa £50k through restructuring staff resources There would also be savings on NNDR and potentially some on VAT	Staff structures would be changed under a commercial operator  NNDR and VAT savings would be realized  Potential of revenue payment to the Borough Council
<b>Existing facilities, except Coleshill, are ageing and need investment</b>	Difficult for in-house team to raise capital to address these needs	Capital funding may be difficult to provide	Potential for capital contribution
<b>Population growth will increase demand for leisure facilities</b>	A more commercial approach will assist in realising increased income from this demand, but this will be limited, given the nature and scale of existing facilities	A LATC should also be able to drive more revenue as a result of increased demand, but this will be limited, given the nature and scale of existing facilities	Commercial approach will target increased income, particularly from health and fitness
<b>There is an opportunity to asset transfer Arley Sports Centre</b>	This would immediately improve operational performance and reduce costs	Operational costs would reduce	This would enable a better deal to be negotiated with an external operator, as operating risk would be reduced
<b>The in-house team recognises the need to be more commercial in approach and has the potential to be so</b>	A Service Improvement Plan (SIP) is needed	There would need to be a clear strategic direction agreed for the number and nature of future facilities to be provided, in order to develop accurate revenue models on which to establish a LATC	There would need to be a clear strategic direction agreed for the number and nature of future facilities to be provided, in order to reduce risk and provide any external operator with a known operating base



NWBC FACTORS TO BE TAKEN INTO ACCOUNT	OPTION 1- RETAIN IN-HOUSE	OPTION 10 – ESTABLISH A LATC	OPTION 2 EXTERNALISE THE SERVICE
<p><b>The scale, shape and location of future provision has yet to be determined</b></p>	<p>Implementing a SIP could be done while this is being determined</p>	<p>There is little point significantly changing operational structure until it is known what is to be managed</p>	<p>There is little point significantly changing operational structure until it is known what is to be managed. A lack of clarity over the number and nature of facilities is likely to impact on the revenue agreement with an external operator, and could potentially mean there is less opportunity for payback to the Council, at least until decisions have been made about future facility provision</p>
<p><b>The nature and level of capital investment required in the future is not yet determined</b></p>	<p>Retaining the service in-house, at least in the short term, will realise some staff savings if posts are re-structured and the service could improve whilst capital investment requirements are further assessed</p>	<p>A LATC is unlikely to be able to raise capital funding, although it would deliver revenue savings. The extent of NNDR savings cannot be determined until the number and nature of facilities to be provided is known</p>	<p>A commercial operator may be able to provide the Borough Council with a capital contribution and will realise revenue savings. However, capital contributions cannot be determined unless it is known what is required</p>

It is clear that whilst all three options have merit, in the short-term at least, Option 1 provides some immediate savings and is unlikely to disadvantage the existing service, whilst decisions are being made about future facility provision. Retaining Option 1 in the short-term should, however, be dependent on both implementation of a revised staffing structure and a SIP, with clear performance targets to be achieved.



**Summary of Advantages/Dis-Advantages In-House, External Operator Management, LATC**

OPERATIONAL MANAGEMENT MODEL	ADVANTAGES	DISADVANTAGES
<b>IN-HOUSE</b>	<ul style="list-style-type: none"> <li>• Retention of all control</li> <li>• No procurement costs</li> <li>• Could re-allocate Central Services Costs</li> </ul>	<ul style="list-style-type: none"> <li>• NWBC holds full risk – operational and financial</li> <li>• NWBC responsible for all capital and revenue</li> <li>• Significant staff cultural shift required</li> </ul>
<b>EXTERNAL OPERATOR</b>	<ul style="list-style-type: none"> <li>• Potential to reduce Central Support Costs</li> <li>• Transfer of risk</li> <li>• Potential for capital investment</li> <li>• Savings on NNDR and VAT</li> <li>• Likely to be lower cost to NWBC</li> <li>• Long-term contract underpinning a sustainable operation</li> <li>• Known costs/income to NWBC</li> </ul>	<ul style="list-style-type: none"> <li>• Procurement costs to appoint operator</li> <li>• Perceived loss of control</li> </ul>
<b>ESTABLISHING A LATC</b>	<ul style="list-style-type: none"> <li>• Savings on NNDR and VAT</li> <li>• Transfer of some risk</li> <li>• Known costs/income to NWBC</li> <li>• Ability to influence service delivery, policy and ethos</li> </ul>	<ul style="list-style-type: none"> <li>• High set up costs, but these could be shared across services, as the model is also being looked at for other NWBC services</li> <li>• Timescale to set up</li> <li>• VAT and Tax – There needs to be consideration of whether the company can/cannot recover VAT, and based on its profit projections what the corporation tax liability is likely to be</li> </ul>

**COMPARISON OF 2017/18 REVENUE BUDGETS TO NWBC PROJECTIONS**

	Polesworth - Current 2017/18	Atherstone - Current 2017/18	Mem Hall - Current 2017/18	Current Total 2017/18	Super - Atherstone & Polesworth Year 1	Super - Atherstone & Polesworth Year 1	Atherstone Year 1	Polesworth Year 1	Super - Atherstone & Polesworth Year 4	Super - Atherstone & Polesworth Year 4	Atherstone Year 4	Polesworth Year 4
					6 lane pool learner pool 180 fitness stations 3 dance studios Parking for 200	6 lane pool 180 fitness stations 3 dance studios Parking for 200	6 lane pool learner pool 120 fitness stations 1 dance studio Parking for 100	6 lane pool learner pool 80 fitness stations 1 dance studio Parking for 60	6 lane pool learner pool 180 fitness stations 3 dance studios Parking for 200	6 lane pool learner pool 180 fitness stations 3 dance studios Parking for 200	6 lane pool learner pool 120 fitness stations 1 dance studio Parking for 100	6 lane pool learner pool 80 fitness stations 1 dance studio Parking for 60
Running Costs	296,300	752,460	137,980	1,186,740	1,090,591	1,038,747	865,313	362,124	1,157,344	1,101,483	918,277	384,289
CSS	49,620	85,000	14,840	149,460	147,110	147,110	99,840	47,270	156,114	156,114	105,951	50,163
Income	230,750	644,340	42,460	917,550	999,570	857,770	890,530	298,500	1,270,708	1,120,229	1,061,115	427,999
<b>Net Expenditure</b>	<b>115,170</b>	<b>193,120</b>	<b>110,360</b>	<b>418,650</b>	<b>238,131</b>	<b>328,087</b>	<b>74,623</b>	<b>110,894</b>	<b>42,750</b>	<b>137,368</b>	<b>36,887</b>	<b>6,453</b>
Sinking Fund		12,450		12,450								
Capital Cost - Equipment					117,120	117,120	75,339	46,202	117,120	117,120	75,339	46,202
Capital Cost					276,068	253,125	177,515	114,668	276,068	253,125	177,515	114,668
<b>Total Costs</b>	<b>115,170</b>	<b>205,570</b>	<b>110,360</b>	<b>431,100</b>	<b>631,319</b>	<b>698,332</b>	<b>327,477</b>	<b>271,764</b>	<b>435,938</b>	<b>507,613</b>	<b>215,967</b>	<b>167,323</b>
<b>Difference over existing facilities</b>					<b>200,219</b>	<b>267,232</b>	<b>11,547</b>	<b>156,594</b>	<b>4,838</b>	<b>76,513</b>	<b>99,963</b>	<b>52,153</b>

If stay with current facilities, estimated capital spend required: **£3.7 million**  
Annual borrowing cost: **£198,124**

**NOTES**

Capital Spend - Scheme	9,541,918	8,986,468	7,106,050	2,867,970
Capital Spend - Equipment	550,000	550,000	350,000	210,000
Less section 106	- 2,522,980	- 2,384,117	- 1,864,013	- 769,493
Less Capital Receipt	- 2,000,000	- 2,000,000	- 2,000,000	
<b>Borrowing Required - Capital Scheme</b>	<b>5,568,939</b>	<b>5,152,351</b>	<b>3,592,038</b>	<b>2,308,478</b>

**Agenda Item No 18**

**Executive Board**

**12 February 2018**

**Report of the  
Assistant Director  
(Finance and Human Resources)**

**Pay Policy Statement 2018/19**

**1 Summary**

- 1.1 There is a requirement under Section 38 of the Localism Act 2011 for Councils to have and to publish a Pay Policy Statement, agreed by full Council, which will be subject to review at least annually. This report details the purpose for and the areas to be covered in the Pay Policy Statement.

**Recommendation to Council**

**To adopt the Pay Policy Statement 2018/19.**

**2 Introduction**

- 2.1 The purpose is to provide transparency by identifying
- The methods by which the salaries of all employees are determined;
  - The detail and level of remuneration of the Council's most senior staff.
- 2.2 The policy has been reviewed in line with the requirements and is attached at Appendix A.
- 2.3 Since the policy was adopted at Full Council on 4 July 2012, it has been reviewed and updated on an annual basis.

**3 Report Implications**

**3.1 Human Resources Implications**

- 3.1.1 As detailed in the report.

**3.2 Links to Council's Priorities**

- 3.2.1 This policy statement ensures that the Council meets its obligation under Section 38 of the Localism Act 2011 for Councils and therefore ensuring compliance with legislation.

The Contact Officer for this report is Sue Garner (719374)

## **North Warwickshire Borough Council**

### **PAY POLICY STATEMENT 2018/19**

#### **Introduction and Purpose**

Under section 112 of the Local Government Act 1972, the Council has the “power to appoint officers on such reasonable terms and conditions as the Authority thinks fit”. This Pay Policy Statement (the ‘statement’) sets out the Councils approach to pay policy in accordance with the requirements of Section 38 of the Localism Act 2011. The purpose of the statement is to provide transparency with regard to the Council’s approach to setting the pay of its employees by identifying;

- the methods by which salaries of all employees are determined;
- the detail and level of remuneration of its most senior staff i.e. ‘chief officers’, as defined by the relevant legislation;
- the Group/Board responsible for ensuring the provisions set out in this statement are applied consistently throughout the Council and recommending any amendments to the full Council.

This policy statement is subject to review on a minimum of an annual basis in accordance with the relevant legislation prevailing at that time.

#### **Legislative Framework**

In determining the pay and remuneration of all of its employees, the Council will comply with all relevant employment legislation. This includes the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, The Agency Workers Regulations 2010 and where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations. With regard to the Equal Pay requirements contained within the Equality Act, the Council ensures there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of equality proofed Job Evaluation mechanisms which directly relate salaries to the requirements, demands and responsibilities of the role.

#### **Pay Structure**

Based on the application of the Job Evaluation process, the Council uses the nationally negotiated pay spine as the basis for its local grading structure. This determines the salaries of the large majority of the workforce, together with the use of other nationally defined rates where relevant. The Council remains committed to adherence with national pay bargaining in respect of the national pay spine. No pay award has yet been agreed for 1 April 2018 onwards.

All other pay related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery and/or as determined by Council Policy. In determining its grading structure and setting remuneration levels for all posts, the Council takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services to the community, delivered effectively and efficiently and at times at which those services are required.

New appointments will normally be made at the minimum of the relevant grade, although this can be varied where necessary to secure the best candidate. From time to time, it may be necessary to take account of the external pay market in order to attract and retain employees with particular experience, skills and capacity. Where necessary, the Council will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using appropriate data sources available from within and outside the local government sector.

### **Senior Management Remuneration**

For the purposes of this statement, senior management means 'chief officers' as defined within S43 of the Localism Act. The posts falling within the statutory definition are set out below, with details of their basic salary as at 31 January 2018;

a) Chief Executive

The current salary of the post is £102,129. The salary falls within a range of four incremental points between £94,922, rising to a maximum of £102,129. The current post holder does not work full time, so is paid £88,327.

b) Deputy Chief Executive

The current salary of the post is £85,755. The salary falls within a range of four incremental points between £80,351, rising to a maximum of £85,755. The Deputy Chief Executive is the Council's Section 151 Officer and this was included in the evaluation of the role. The current post holder does not work full time, so is paid £74,166.

c) Assistant Chief Executive & Solicitor to the Council

The current salary of the post is £71,243. The salary falls within a range of four incremental points between £66,278, rising to a maximum of £71,243. The Assistant Chief Executive & Solicitor to the Council has Monitoring Officer responsibilities included in the evaluation of the role.

- d) Assistant Chief Executive Community Services  
The current salary of the post is £68,406. The salary falls within a range of four incremental points between £63,439, rising to a maximum of £68,406.
- e) Assistant Directors  
The salaries of posts designated as Assistant Directors fall within a range of four incremental points between £55,871, rising to a maximum of £61,280.

Chief Officers' roles are subject to job evaluation under the Hay Job Evaluation Scheme and are paid a salary, which is considered a market rate within districts in the local government sector.

Employment of Chief Officers is in accordance with collective agreements negotiated from time to time by the Joint Negotiating Committee for Chief Officers of Local Authorities for Local Government Services, those set out in the National Agreement on Pay and Conditions of Service (currently known as The Blue Book) and as supplemented by:-

- local collective agreements reached with trade unions recognised by the Council
- the rules of the Council

The Deputy Chief Executive is retiring in March 2018, so the Council is taking the opportunity to review its senior management structure.

### **Recruitment of Chief Officers**

When recruiting to all posts the Council will take full and proper account of its own Equal Opportunities, Recruitment, and Redeployment Policies. Where the Council is unable to recruit to a post at the designated grade, it will consider the use of temporary market forces supplements.

Where the Council remains unable to recruit Chief Officers under a contract of service, or there is a need for interim support to provide cover for a vacant substantive Chief Officer post, the Council will, where necessary, consider and utilise engaging individuals under 'contracts for service'. These will be sourced through a relevant procurement process ensuring the Council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service. The Council does not currently have any Chief Officers engaged under such arrangements.

Elected Members appoint all Chief Officers. The pay level offered, on recruitment is typically the bottom point of the salary grade. In situations, however, where the individual recruited has a high level of knowledge or skills, and/or previous relevant experience, a higher salary, up to the maximum salary for that post, may be authorised, by the Chief Executive and the Elected Member recruitment panel. The recruitment panel would authorise this for an appointment of a Chief Executive.

## **Additions to Salary of Chief Officers**

The Council does not apply any bonuses or performance related pay to its Chief Officers.

In addition to basic salary, set out below are details of other elements of 'additional pay' which are chargeable to UK Income Tax and do not solely constitute reimbursement of expenses incurred in the fulfillment of duties;

- All Chief Officers were entitled to a lease car. Following consultation this was phased out by April 2015. There is some protection in that when the car was returned the Chief Officer received the 'spot value' less 10% as a travel allowance so long as he/she remains in the role. The 'spot value' depends on the officer's grade. The 'spot values' for each grade are detailed at Appendix 1.

Newly appointed Chief Officers will use their own vehicle, and receive an Essential User Allowance. Employees who are not Chief Officers may also receive the Essential User allowance. Essential User Allowances are also detailed at Appendix 1.

The Chief Executive is the Council's Returning Officer and the Electoral Registration Officer (who also manages the elections service) and receives an Election Allowance. The relevant bodies set this allowance. It varies each year depending on the number and type of elections in each year. There are no planned elections during 2018/19.

A Chief Officer may be awarded an honorarium when they 'act up' in a role. The Special Sub Group of Executive Board can authorise these. An honorarium either is a one off payment or can be a monthly allowance for a temporary period. There are no honorariums expected for 2018/19.

## **Payments on Termination**

In the case of redundancy, a redundancy payment would be made to a Chief Officer in line with the Council's Retirement Policy & Procedure, and the Redundancy Policy & Procedure, which applies to all staff.

In the case of termination due to ill health, then there would be no termination payment but a higher pension benefit may be approved by the Warwickshire local government pension scheme. The pension benefit may include a lump sum in addition to an on-going pension payment.

On termination of employment, if it is not possible or desirable for the Chief Officer to serve their contractual or statutory notice period, then a payment may be made in lieu of the notice period not worked.

Any contractual payments such as outstanding annual leave are usually included in payments on termination of employment. Similarly, any monies owing to the Council would be deducted from payments made on termination.

The Council may choose to make a payment under a Compromise Agreement to protect against compensation claims that could be expensive or bring the Council into disrepute. The Special Sub Group of the Executive Board would approve any such payment.

Where a Section 151 Officer or Monitoring Officer cease carrying out these statutory roles, then the post would be re-evaluated to exclude these duties.

### **Increases to Pay**

Any cost of living increases agreed through NJC are applied to Chief Officers pay. This is typically on 1<sup>st</sup> April each year.

Chief Officers appointed on a salary scale will receive an incremental increase to their pay as follows:

Chief Officers appointed between 1<sup>st</sup> October and 31<sup>st</sup> March will receive an increment after six months service

Chief Officers appointed between 1<sup>st</sup> April and 30<sup>th</sup> September will receive an increment on the following 1<sup>st</sup> April

Thereafter, all Chief Officers will receive increments annually on 1<sup>st</sup> April.

Chief Officers' pay will be measured against the market normally on, a three to five yearly basis, to ensure we maintain consistency with our peer local authorities. Where there are significant changes in market rates then a pay benchmarking assessment will be carried out for Chief Officers. The last pay benchmarking on Chief Officers was completed in November 2010 when the salaries for the Deputy Chief Executive, the Assistant Chief Executive and Solicitor to the Council and the Assistant Chief Executive Community Services were set. However, no salary increases were made at this time to any of the other Chief Officer posts. A review of the assessment will be undertaken during 2018/19 as part of the review of the senior management structure. The Council's Executive Board approves increases to Chief Officers pay.

### **Publication**

Upon approval by the full Council, this statement will be published on the Councils Website. In addition, for posts where the full time equivalent salary is at least £50,000, the Councils Annual Statement of Accounts will include a note setting out the total amount of

- salary, fees or allowances paid to or receivable by the person in the current and previous year;

- any sums payable by way of expenses allowance that are chargeable to UK income tax;
- any compensation for loss of employment and any other payments connected with termination;
- any benefits received that do not fall within the above

This policy will be available on our web site [www.northwarks.gov.uk](http://www.northwarks.gov.uk)

### **Lowest Paid Employees**

Our lowest paid employees' salary is determined by the grade for their post, which is underpinned by a job evaluation scheme, rather than being paid a market rate for their job. Market supplements are given to some posts where there are recruitment and retention difficulties. Currently none of our lowest paid employees receives a market supplement on their salary to bring it up to market rates. Some of our lower paid posts were given a supplement to bring them up to the Government's new National Living Wage.

Whilst we may employ apprentices on a lower wage, i.e. the minimum wage, during their apprenticeship they do have a structured training plan leading to a qualification.

With regard to other aspects of remuneration policy, there is equity across all our employees. The same policies set out above apply to our lowest paid employees.

### **Relationship Between Remuneration of our Chief Officers and Other Employees**

Currently the average (mean) of our Chief Officers pay is 2.87 times that of the rest of our employees. Our top earning Chief Officer earns 4.47 times the mean of the rest of our employees.

Currently the average (mean) of our Chief Officers pay is 4.43 times that of our lowest paid employees. Our top earning Chief Officer earns 6.80 times the mean of our lowest paid employees.

Currently the median Chief Officers pay is 3.3 times that of the rest of our employees. Our top earning Chief Officer earns 5.07 times the median salary of the rest of our employees.

These figures are as at 31 January 2018 and do not include travel allowances, essential car user allowances.

Our policy for 2018/19 is to maintain Chief Officers pay within the following maximums:

Ratio of mean pay (Chief Officers: rest of employees) = 3.08

Ratio of median pay (Chief Officers: rest of employees) = 3.5

And not to exceed the following multipliers for our top earning Chief Officer:

5.5 X mean pay of other employees

5.5 X median pay of other employees

### **Accountability and Decision Making**

In accordance with the Constitution of the Council, the Special Sub Group and the Executive Board are responsible for decision making in relation to the recruitment, pay, terms and conditions and severance arrangements in relation to employees of the Council.

### **RELATED DOCUMENTS**

Retirement Policy & Procedure  
Redundancy Policy & Procedure  
Recruitment Policy  
Disciplinary Procedure  
NJC Job Evaluation Scheme Outline  
Hay Job Evaluation Scheme

Date of this review	February 2018
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## Appendix 1

### Annual Spot Value Less 10%

Chief Executive	£6,048
Deputy Chief Executive	£5,220
Assistant Chief Executive & Solicitor to the Council	£3,456
Assistant Chief Executive Community	£3,456
Assistant Directors	£3,456

### Annual Essential Car User Allowance

451-999cc	£840
1000-1199cc	£963
1200cc & above	£1,239

**Agenda Item No 19**

**Executive Board**

**12 February 2018**

**Report of the  
Chief Executive**

**Exclusion of the Public and Press**

**Recommendation to the Board**

**That under Section 100A(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business, on the grounds that it involves the likely disclosure of exempt information as defined by Schedule 12A to the Act.**

**Agenda Item No 20**

**Senior Management Structure – Report of the Chief Executive**

Paragraph 1 - by reason of the report containing information relating to an individual.

The Contact Officer for this report is David Harris (719222)