

ASHFIELD DISTRICT COUNCIL



Council Offices,
Urban Road,
Kirkby in Ashfield
Nottingham
NG17 8DA

Agenda

Cabinet

Date: **Thursday, 30th November, 2017**

Time: **6.30 pm**

Venue: **Council Chamber, Council Offices, Urban Road,
Kirkby-in-Ashfield**

For any further information please contact:

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CABINET

Membership

Chairman:

Councillor Cheryl Butler

Councillors:

Amanda Brown
Don Davis
Keir Morrison

Tim Brown
Jackie James
Nicolle Ndiweni

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SUMMONS

You are hereby requested to attend a meeting of the Cabinet to be held at the time/place and on the date mentioned above for the purpose of transacting the business set out below.



R. Mitchell
Chief Executive

AGENDA

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1. **To receive apologies for absence, if any**
2. **Declarations of Disclosable Pecuniary or Personal Interests and Non-Disclosable Pecuniary / Other Interests**
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4. **Corporate Governance - Anti Fraud and Corruption - Updated Policies and Practices** 11 - 82
Decision included in the Forward Plan of Executive Decisions
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Portfolio Holder: Cllr Nicolle Ndiweni
6. **Public Spaces Protection Order (PSPO) Car Cruising** 93 - 110
Key Decision included in the Forward Plan of Executive Decisions
Portfolio Holder: Cllr Nicolle Ndiweni
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**9. Capital Strategy Update and Proposed Capital Programme
2017/18 - 2021/22**

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**Key Decision included in the Forward Plan of Executive
Decisions**

Portfolio Holder: Cllr Jackie James

CABINET

Meeting held in the Council Chamber, Council Offices, Urban Road, Kirkby-in-Ashfield,

on Thursday, 19th October, 2017 at 6.30 pm

Present: Councillor Cheryl Butler in the Chair;

Councillors Tim Brown, Don Davis,
Jackie James, Keir Morrison and
Nicolle Ndiweni.

Apologies for Absence: Councillor Amanda Brown.

Officers Present: Craig Bonar, Ruth Dennis, Katherine Green,
Mike Joy, Sharon Lynch, Alan Maher and
Paul Parkinson.

In Attendance: Councillor Helen Hollis and Councillor
Paul Roberts.

CA.26 Declarations of Disclosable Pecuniary and Personal Interests and Non-Disclosable Pecuniary / Other Interests

No Declarations of Interest were received.

CA.27 Minutes

RESOLVED

The minutes of the meeting held on Thursday 21 September 2017 were approved as a true record.

CA.28 Scrutiny Consideration of Homelessness - Interim Report

Members were reminded that Scrutiny Panel 'B' had carried out a review into homelessness. As part of this, the Panel had looked at the work of the Housing Options Team, which had been set up as a shared service with Mansfield District Council in 2015, to provide advice and assistance to those who were, or at risk, of becoming homeless.

The report to Cabinet set out the main findings and recommendations from the review. Cabinet discussed these with the Chair of the Panel, Cllr Helen Hollis. One of the key points to emerge from this discussion was that the Housing Options Team is working well and is playing an important role in preventing homelessness. This had helped to reduce significantly costs for both Councils.

Cabinet was told that homelessness in the District could increase as a result of changes to the benefits system, such as the introduction of Universal Credit; especially if these changes lead to people falling into rent arrears. The Council was seeking to meet this challenge by working in more flexible ways, such as offering support and advice outside of office hours. It was also working in partnership with the third sector, or voluntary organisations, to provide advice and support to those at risk.

The Panel welcomed moves to develop a more flexible Housing Options service and the focus on partnership working. In this context Members heard that one of the review's main recommendations was for new ways of working with late night establishments to be explored, so as to better help those who are homeless or in imminent danger of becoming homeless. Cabinet supported this.

Members were informed that the Panel's findings were still 'Interim' at this stage and that it intended to carry out further work on the likely impact of the new Homelessness Reduction Act on the Council. The Act had placed new duties on local authorities in England to prevent a broader range of homelessness than at present. It was explained that the impact of the Act on the Council was still being assessed.

Cabinet thanked Cllr Helen Hollis for her contribution. There was a consensus that the Panel had carried out an important review and had made valuable recommendations, which should be supported. Members felt it important that the right action is taken to prevent homelessness in the District from rising.

RESOLVED

- a) That Cabinet recognises the importance of developing effective initiatives to prevent homelessness in the District, in line with the new duties placed on the Council by the Homelessness Reduction Act, to facilitate early intervention with households and persons at risk of homelessness and to provide more advice, support and guidance in order to prevent homelessness, wherever possible;
- b) That Cabinet supports the recommendations of Scrutiny Panel 'B' that relationships with third sector (voluntary) organisations continue to be strengthened to facilitate the pooling of resources for tackling homelessness or the threat of homelessness within the District;
- c) That Cabinet agrees that all Members of the Council be provided with a copy of the 'How to contact the Housing Options Team' leaflet;
- d) That Cabinet authorises officers to investigate ways of working with late night establishments and community initiatives to raise awareness and facilitate the necessary signposting, should persons present themselves as homeless or are believed to be under threat of homelessness;
- e) That Cabinet endorses continued work with local services and communities to ensure that the new outreach service is as effective as possible;

- f) That Cabinet agrees that Members of Scrutiny Panel 'B' be kept informed of progress with the Homelessness Reduction Act so that the Panel can revisit the homelessness issue as part of its work programme.

Reasons

Homelessness was agreed as a Scrutiny Work Plan topic in 2016. The Homelessness Reduction Act achieved Royal Assent in April 2017, placing a number of additional requirements on the Council.

CA.29 Scrutiny Review of Pest Control

Members were reminded that Scrutiny Panel 'B' had undertaken a review of pest control in the District. The Panel wanted to find out if reports of street vermin had increased locally and how the Council's Pest Control Service had responded to this.

The report to Cabinet set out the main findings and recommendations from the review. Cabinet discussed these with the Chair of Scrutiny Panel 'B', Cllr Helen Hollis. She explained that as part of the review she had attended service calls with one of the Council's Pest Control Officers. The officer had been highly professional and provided an excellent service. This experience, she explained, mirrored the high levels of satisfaction which had been expressed by customers of the Pest Control Service. Cabinet welcomed this.

One of the key points to emerge from the discussion was that many things could be done to prevent pest infestations from occurring. In particular, the Panel had heard that waste takeaway food dropped in the street or rubbish left in gardens can attract vermin. The Panel thought that elected Members could play an important role, especially in explaining how people can avoid infestations and in promoting the Council's quality Pest Control Service to their residents when they do occur.

The Panel thought that more should be done to promote the Pest Control Service and highlighted some possible ways of doing this. These included adverts on rubbish bins and the greater use of social media. Cabinet supported these ideas and especially the greater use of social media.

The Panel felt that the Service, which is provided on a commercial basis to customers, could be offered outside of the District, particularly to those local authorities who no longer directly offer this service themselves. Cabinet agreed that this was a good idea, which should be explored further.

Cabinet thanked Cllr Helen Hollis for her contribution. It was generally felt that the Panel had carried out an important review and had made valuable recommendations, which should be supported.

RESOLVED

- a) That officers explore ways of promoting the Pest Control Service, via notice boards and advertising on refuse bins, to highlight the importance of pest control and the sensible disposal of waste;

- b) That Cabinet authorises the development of an Education Programme (within existing resources) to encourage schools, community groups and local residents to understand the importance of pest control issues;
- c) That Members of the Council be requested to be more focused on pest control issues within their wards;
- d) That officers explore ways of using social media as a communications channel to promote and advertise the Pest Control Service;
- e) That Cabinet agrees as part of the expansion of commercialisation to explore ways of enabling the Pest Control Service to be offered to neighbouring authorities who do not currently provide this service in-house.

Reasons

This topic was placed onto the Scrutiny Workplan to gain a more detailed understanding of the service provided by Pest Control, consideration of whether there is an increase in reporting of street vermin and whether there are any improvements that could be made.

CA.30 Strategic Direction: 2017-2022

The meeting was reminded that the Local Government Association (LGA) peer challenge review had recommended that the Council should set out a clear statement of how it sees itself and how it is likely to change in the coming years. Members had agreed to comply with this recommendation.

The report asked Cabinet to now do this by agreeing the proposed Strategic Direction for the Council over the next five years – from 2017 to 2022. The document would, it was explained, help to shape and deliver the Council's Corporate Plan, as well as its key financial, people, commercial, technology and transformational strategies.

Cabinet discussed the Strategic Direction. Members accepted that based on current forecasts of reduced funding from Central Government, the Council's budget would continue to fall. This meant that it would not be able to directly provide as many services to local people and communities or employ as many staff. Cabinet made it clear that it regretted this greatly.

Members recognised that the Council is working to offset budget reductions through more effective co-operation and joint working with its external partners and by a greater focus on generating additional income through commercial services. Cabinet felt that the Council was already seen as a good partner to do business with. Members hoped that closer relationships with partners could be developed further.

Cabinet welcomed the proposed Strategic Direction and agreed to endorse it.

RESOLVED

- a) That Cabinet adopts the Ashfield Strategic Direction: 2017-22;
- b) That the Director of Resources and Business Transformation be authorised to make minor formatting changes prior to the final production of this document.

Reasons

The Strategic Direction outlines the Council's principles and statements providing a vision and strategic vision and statement of how the Council will operate by 2022

CA.31 General Fund and Housing Revenue Account Budget Monitoring to August 2017

Cabinet was next asked to consider a budget monitoring report for the financial year to August 2017. Members were told that the General Fund as a whole was underspent. The reasons for this were explained in the report. The Housing Revenue Account (HRA) income was better than budget. The reasons for this were also explained in the report.

The report to Cabinet made it clear that several new projects have had to be included in the General Fund. These projects were funded by either reallocating existing budget or through earmarked reserve set up for this purpose. The report recommended that a further earmarked reserve be established, assembled by using savings identified in the report, to meet any further pressures.

In addition, Cabinet was asked to endorse a change to the Housing Revenue Account to meet the cost of employing sub-contractors to carry out repair and maintenance work. Members were told that sub-contractors were being used to carry out this work because the Council had been unable to recruit sufficient staff with the appropriate skills to do it in-house. The report recommended that £150k be moved from the underspent 'Employee Expenses' heading to the 'Supplies and Services' budget heading, to reflect this.

Cabinet supported the change as a sensible rationalisation of the budget, which did not involve additional funding, and agreed to recommend it to Council.

RESOLVED

- a) That Cabinet notes the budget monitoring position to August 2017;
- b) That Cabinet approves the movements from earmarked reserves to fund specific projects, as set out in Section 2.3 of the report;
- c) That Cabinet approves the virement required within the Housing Revenue Account and that this virement be recommended to Council in accordance with Financial Regulations.

Reasons

To report to those charged with governance the financial position to August 2017 and comply with the Council's Financial Regulations.

CA.32 Telephony Upgrade

Members learned that the Council's current telephony system would have to be replaced by a new, more up-to-date system in the near future. Cabinet was asked to authorise a procurement exercise for a replacement system.

Cabinet discussed the proposal. Members recognised that the system needed to be replaced for operational reasons. They also recognised that the change would provide opportunities to develop new, more agile, ways of working; for example by enabling end users to have a Council phone number while away from the Council offices.

RESOLVED

That Cabinet authorises the Director of Resources and Business Transformation to commence a procurement process and to appoint a supplier to provide an upgraded telephony system.

Reasons

The current contract for telephony support with Virgin Media has ended. A temporary contract has been taken out with a third party. An upgraded telephony system will promote agile working.

The meeting closed at 7.00 pm

Chair.

Report To:	CABINET	Date:	30 NOVEMBER 2017
Heading:	CORPORATE GOVERNANCE - ANTI-FRAUD AND CORRUPTION – UPDATED POLICIES AND PROCEDURES		
Portfolio Holder:	CLLR CHERYL BUTLER – LEADER OF THE COUNCIL		
Ward/s:	N/A		
Key Decision:	NO		
Subject to Call-In:	YES		

Purpose of Report

Robust Corporate Governance ensures organisations are doing the right things in the correct manner in an open, honest, inclusive and accountable way. Good governance leads to good management, performance and outcomes.

The Council has a framework of policies and procedures in place which collectively make up its governance arrangements. The Council should have in place various policies and procedures which set out its approach to preventing, detecting and investigating fraud and corruption. These policies and procedures have been updated and reported to the Audit Committee, Cabinet is being asked to consider and approve the draft policies and procedures.

Recommendation(s)

Cabinet is asked to:

- 1. Receive an update following presentation of draft policies and procedures to the Audit Committee on 27 November 2017.**
- 2. Approve the following policies and procedures:**
 - Anti-Fraud and Corruption Strategy**
 - Anti-Bribery Policy**
 - Anti-Money Laundering Policy Statement and Procedures**
 - Fraud Response Plan**
 - Prosecution Policy**
 - Local Code of Corporate Governance**
- 3. Endorse the proposed approach to embed the Council’s corporate approach to fraud and corruption across the organisation which will be overseen by the Audit Committee and the Anti-Fraud and Corruption Strategy Group made up of relevant officers;**
- 4. Note the requirement to carry out an assessment of fraud risks the Council may experience and that the consequential Fraud Risk Register will be reported to the next meeting of the Audit Committee.**

Reasons for Recommendation(s)

Fraud and Corruption are serious issues which can affect the services the Council provides, undermine the achievement of corporate objectives and impact upon the public's confidence in the integrity of Council Officers and Elected Members. The Council is therefore committed to the prevention, detection and investigation of all forms of fraud and corruption whether these are attempted from within or external to the organisation.

The Council is committed to creating an environment that is based on the prevention of fraud and corruption. This is achieved by promoting openness and honesty in all Council activities.

The suite of policies recommended to Cabinet set out the Council's proposed approach in relation to fraud and how the Council goes about preventing, detecting and enforcing identified fraudulent activity. The draft policies and procedures will be reported to the Audit Committee on 27 November 2017 and Cabinet will receive an update in relation to any comments made at the Committee.

The periodic review of policies and procedures ensures the Council's approach is up to date and accords with current thinking and best practice.

Alternative Options Considered (With Reasons Why Not Adopted)

To not approve the draft policies and procedures is not recommended as the Council's current arrangements are out of date and inadequate and may leave the Council at greater risk of experiencing fraudulent activity and/or it to go undetected.

Members may make suggested amendments to the policies and procedures provided these are in line with legislation and best practice.

Detailed Information

Background

Responsibility for the management of the Council's internal audit function passed as part of the recent Corporate Leadership Team restructure to the Director of Legal and Governance (Monitoring Officer). As part of the transition, the Director of Legal and Governance has asked CMAP to carry out a baseline audit of the Council's Anti-Fraud and Corruption measures particularly in light of recent changes to the Council's internal audit provision, the housing management function returning to in-house provision, the transfer of the benefit fraud officers to DWP and the introduction of new CIPFA guidance relating to the Code of Corporate Governance.

The baseline audit is nearing completion and has already identified that a number of policies require updating particularly in light of the above mentioned changes. The policies collectively underpin the way the Council approaches the risks from fraud the Council faces, and its approach to prevention, detection and investigation of potential fraudulent acts and therefore it was considered prudent to update these policies as soon as possible and not await the final audit report. By approving refreshed policies at an early opportunity enables the Council to proceed with improving its approach to fraud and corruption and embedding revised processes and procedures corporately without delay.

Policies

The following policies and strategies are appended to the report and are recommended for approval:

- **Anti-Fraud and Corruption Strategy**

The strategy explains that as custodian of the public purse, the Council has a duty to ensure public money is protected from fraud and corruption. Fraud is the intentional distortion of financial statements or other records by persons internal or external to the Authority, which is carried out to conceal the misappropriation of assets or otherwise for gain. Corruption is the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any other person.

The Council is therefore committed to creating an environment that is based on the prevention of fraud and corruption. This is achieved by promoting openness and honesty in all Council activities. The strategy explains what the Council does to prevent, detect and investigate fraud. The strategy sets out the reporting processes for potential fraud and corruption. The strategy also incorporates the Housing Benefit and Council Tax Support Anti-Fraud Policy.

- **Anti-Bribery Policy**

Bribery is an inducement or reward offered, promised or provided to gain personal, commercial or contractual advantage which is done either directly or via a third party. Bribery is a criminal offence.

The Council does not, and will not, pay bribes or offer improper inducements to anyone for any purpose. The Council does not, and will not, accept bribes or improper inducements.

The Council is committed to the prevention, deterrence and detection of bribery. This policy provides a framework to enable the Council's employees, Elected Members and other relevant persons to understand and implement arrangements enabling compliance. In conjunction with related policies and key documents it will also enable employees to identify and effectively report a potential breach.

- **Anti-Money Laundering Policy Statement and Procedures**

Money laundering describes offences involving the integration of the proceeds of crime or terrorist funds into the mainstream economy. Money laundering is the channelling of "bad" money into "good" money in order to hide the fact the money originated from criminal or terrorist activity.

The procedure explains what an employee or an Elected Members should do if they know or suspect that money laundering activity is taking, or has taken place. The Council must have a Money Laundering Reporting Officer (MLRO) and the procedure explains that this is now the Monitoring Officer. The procedure set out what the MLRO does if a report of money laundering is made.

- **Fraud Response Plan**

The Fraud Response Plan has been developed to provide assurance of a consistent, thorough and effectively managed response to any allegations of fraud affecting the Council.

The Monitoring Officer is responsible for overseeing investigations of suspected fraud or corruption. The plan sets out how the Monitoring Officer will manage investigations, how

evidence will be collected and retained, the interviewing of witnesses and what happens at the conclusion of the investigation.

- **Prosecution Policy**

This policy sets out broad principles that will guide prosecutions. It also seeks to provide consistent guidelines for making decisions to prosecute. It is not intended to be prescriptive or exhaustive. The Council will exercise its discretion when appropriate, about the extent of involvement or action (as applicable) required, looking at each case individually.

A two-stage test will be undertaken prior to a decision to prosecute being made. First, an assessment of the available evidence (**“the evidential test”**) to determine whether or not there is enough evidence to secure a realistic prospect of conviction, will be undertaken. The second part of the test is an assessment of the interests of justice (**“the public interest test”**) i.e. understanding the extent the public interest needs to see that justice is seen to be done. Only where **both** the evidential and public interest tests are satisfied will a prosecution ever follow.

- **Local Code of Corporate Governance**

Governance ensures organisations are doing the right things in the correct manner in an open, honest, inclusive and accountable way. Good governance leads to good management, performance and outcomes.

The Council has a framework of policies and procedures in place which collectively make up its governance arrangements including the policies presented for approval with this report. This Local Code of Corporate Governance sets out the Council’s arrangements and is based on the guidance “Delivering Good Governance in Local Government” published by CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives) in 2016.

The CIPFA/SOLACE guidance identifies seven core principles and various sub principles; the recommended Local Code of Corporate Governance is based on these seven core principles. The seven principles are:

- A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement
- C. Defining outcomes in terms of sustainable economic, social and environmental benefits
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes
- E. Developing the Council’s capacity, including the capability of its leadership and the individuals within it
- F. Managing risks and performance through robust internal control and strong public financial management
- G. Implementing good practices in transparency, reporting and audit to deliver effective accountability

The Local Code of Corporate Governance informs the Annual Governance Statement.

The Council also has in place the Whistleblowing Policy which sets out a process for people to confidently report concerns, such as fraud. This policy makes it clear that people can report their concerns without fear of reprisals. The Whistleblowing Policy is reviewed and monitored annually by the Standards and Personnel Appeals Committee. It will be reviewed in March 2018 and the Committee will be updated on any complaint made pursuant to this policy during the preceding year.

The Contract Procedure Rules set out of the Council procures its goods and services to ensure transparency and avoid potential fraud, corruption or bribery. These Rules are regularly reviewed and approved by Council. The Rules will be reviewed separately during 2018.

Publication

Once the strategies, policies and procedures have been approved by the Audit Committee and Cabinet, they will be published.

Training

Appropriate training will be rolled out to both Elected Members and Officers in respect of the new policies and procedures.

Fraud Risk Register

The Council needs to identify more clearly its current fraud risk areas and control measures. The Anti-Fraud and Corruption Strategy Group (see below) will lead on the exercise of completing an assessment of the Council's current fraud and corruption risks; once completed this will identify the highest risk areas and the group will put in place an action plan to deal with mitigations to those risks. The Fraud Risk Register will be reported to the next Audit Committee.

Going forward, it is expected that the Annual Assessment of Fraud Risk will be reported annually to the Corporate Leadership Group and the Audit Committee. This will form part of the assurance process carried out in order to inform the Annual Governance Statement.

Anti-Fraud and Corruption Strategy Group

In order to ensure the Council takes a corporate approach to dealing with fraud and corruption, the Anti-Fraud and Corruption Strategy Group made up of officers will be reformed in terms of its membership and terms of reference. The Group will consist of Director of Legal and Governance (Monitoring Officer) and representatives from Finance, Legal, Estates, Revenues and Benefits, Housing, CMAP, Communications, Procurement and Human Resources with other officers brought on to the group as necessary. The Group will be responsible for implementing an improvement action plan.

Implications

Corporate Plan:

Transparent and Accountable

We will be open and transparent in our decision making. We will be trustworthy and honest in how we deal with our residents and be accountable to them for our actions. We will promote positive and respectful behaviour, treating people fairly and respectfully.

The Council has committed to ensuring effective community leadership, through good governance, transparency, accountability and appropriate behaviours.

Legal:

Each of the policies deals with the relevant legislative frameworks.

Finance:

Budget Area	Implication
General Fund – Revenue Budget	Whilst there are no direct financial implications, if such policies are not in place and adhered to, there is potential for fraud and financial loss to the Council. There is a budget of £10k which is specifically for the purposes of costs associated with fraud which falls to the Monitoring Officer to release and monitor; the budget has no spending against it so far during 17/18.
General Fund – Capital Programme	As above
Housing Revenue Account – Revenue Budget	As above
Housing Revenue Account – Capital Programme	As above

Risk:

Risk	Mitigation
The Council has out of date policies and procedures in place which potentially increase the risk of fraudulent activity taking place which affects the Council, or that the Council is not able to effectively deter or detect fraudulent activity taking place.	New policies Baseline Audit to identify systems weakness Action plan to improve systems and processes Anti-Fraud and Corruption Strategy Group to oversee implementation of the action plan Fraud Risk Assessment exercise Roll out of training Publication of policies

Human Resources:

Training will be rolled out to relevant employees. All employees will be made aware of the policies and will be accessible to all for future reference.

Equalities *(to be completed by the author):*

The policies themselves do not highlight any equality issues. Any equalities issues will be identified as part of the implementation and addressed by the officer group.

Other Implications:

None.

Background Papers

None.

Report Author and Contact Officer

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ASHFIELD DISTRICT COUNCIL

ANTI FRAUD AND CORRUPTION STRATEGY

**Director of Legal and Governance
(Monitoring Officer)**

APPROVED:
Audit Committee - 27 November 2017
Cabinet – 30 November 2017

REVIEW:
November 2019

Version Control

Version Number	Date Issued
Original	April 2009
Revised V1	February 2011
Revised V2 & Website	January 2014
Revised V3	Nov 2017

Introduction

Fraud and Corruption are serious issues which can affect the services the Council provides, undermine the achievement of corporate objectives and impact upon the public's confidence in the integrity of Council Officers and Elected Members.

Ashfield District Council takes its duty to ensure stewardship of public money very seriously and has a zero tolerance to all forms of fraud and corruption. The Council is therefore committed to the prevention, detection and investigation of all forms of fraud and corruption whether these are attempted from within or external to the organisation.

For the purpose of this document fraud and corruption are defined as follows:

Fraud: 'The intentional distortion of financial statements or other records by persons internal or external to the Authority, which is carried out to conceal the misappropriation of assets or otherwise for gain.'

Fraud is a deliberate act by an individual or group of individuals. Fraud is therefore always intentional and dishonest.

Corruption: The offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any other person.

The Anti-fraud and Corruption Strategy consists of a series of procedures designed to deter and detect any attempted fraudulent or corrupt act and covers:

- Culture
- Prevention
- Detection and Investigation
- Training

Where effective and efficient, a pro active strategy will be adopted within the Council. The Revenues and Customer Services team has a bespoke strategy (see Appendix C) which incorporates a number of measures and processes to prevent and detect fraud. The Central Midlands Audit Partnership (CMAP) evaluate the risk of fraud when developing the strategic audit work plan and designing appropriate test programmes.

Culture

Ashfield District Council is committed to creating an environment that is based on the prevention of fraud and corruption. This is achieved by promoting openness and honesty in all Council activities.

The Council requires all individuals and organisations associated in whatever way with the Council to act with integrity and that Elected Members, employees and representatives, at all levels, will lead by example in these matters.

The Council's Elected Members and employees play an important part in creating, maintaining and promoting this culture. They are encouraged to voice any serious

concerns about any aspect of the Council's activities. The Council has an Anti Money Laundering Policy and also a Whistleblowing Policy, which ensures any concerns raised will be properly investigated in a professional and confidential manner. Both of these policies are available on the Council website:

WWW.ASHFIELD.GOV.UK

The effectiveness of our culture will be measured through the monitoring of incidents reported and through periodic surveys of general public, employee and Member perceptions.

Prevention

Employees

The Council recognises that a key preventative measure in the fight against fraud and corruption is to recruit employees who have high standards in terms of propriety and integrity. The Council strives to achieve this through effective recruitment policies and procedures which include:

- i) Obtaining written references prior to appointing staff, including those employed on a temporary or contract basis.
- ii) Undertaking Disclosure and Barring Service checks for designated posts.
- iii) Pre-employment checks such as identity confirmation, right to work, qualifications

Upon appointment all employees are issued with the Employees' Code of Conduct and are required to sign a statement to the effect that this has been read and understood. The Employees' Code of Conduct details the standards all employees must uphold to maintain the integrity of the Council's activities. The Code includes rules regarding relationships, personal interests, gifts and hospitality and confidentiality.

All employees must operate and adhere to the Council's Financial Regulations and Contract Procedure Rules. These documents are introduced as part of the induction process and training courses are provided. They can also be accessed on the Council website and intranet.

Employees are expected to comply with the National and Local Scheme of Conditions of Service and the ethics and standards associated with the professional body to which they may belong.

The Council has Disciplinary Procedures which will be used where the outcome of an investigation indicates improper behaviour by employees.

Elected Members

All Elected Members have a duty to the citizens of Ashfield to ensure that the Council uses its resources prudently and in accordance with the law. As such they are required to operate and adhere to the Council's Constitution incorporating the Members' Code of Conduct. The Code includes rules regarding relationships, personal interests, gifts and hospitality and confidentiality.

All Elected Members must operate and adhere to the Council's Financial Regulations and Contract Procedure Rules.

The Monitoring Officer and Chief Finance Officer

The Monitoring Officer and Chief Finance Officer have key roles in providing advice to all Elected Members and employees about issues relating to the powers of the Council, maladministration, financial impropriety, probity and policy framework and budget issues.

The Monitoring Officer encourages the promotion and maintenance of high standards of conduct within the Council, particularly through the provision of support to the Standards and Personnel Appeals Committee.

The Chief Finance Officer undertakes the statutory responsibility under Section 151 of the Local Government Act 1972 to ensure the proper arrangements for the administration of the Council's financial affairs. This role is supported by work undertaken by CMAP.

Systems

Each Director is responsible for the successful implementation of controls designed to prevent and detect fraud within their Directorate.

Management at all levels are responsible for ensuring that their teams are aware of the Council's Financial Regulations and Contract Procedure Rules and that the requirements of each are being met.

Directors are responsible for ensuring that adequate and appropriate training is provided for employees and that checks are carried out from time to time to ensure that proper procedures are being followed.

Working with others

Arrangements are in place and continue to develop to encourage the exchange of information between the Council and other Agencies on national and local fraud and corruption activity in relation to Local Authorities. These include:

- Chartered Institute of Public Finance and Accountancy (CIPFA)
- Nottinghamshire and Midland Chief Auditor Groups
- Police
- National Anti-Fraud Network
- Cabinet Office (for NFI)

Internal Audit

The Accounts and Audit Regulations 1996 and 2009 requires the Council to maintain an adequate and effective system of internal audit. CMAP independently review the adequacy, efficiency and effectiveness of internal controls within the Council's systems by undertaking a comprehensive programme of work targeted at key risk areas.

Any weaknesses in internal control are reported to management with proposed recommendations to address the issues raised. It is the responsibility of management to ensure that corrective action is taken. The independent review of systems and the

implementation of agreed recommendations contribute to the prevention and detection of fraud and corruption.

External Audit

Independent external audit is an essential safeguard of the stewardship of public money. All external auditors are required, under the Local Government Finance Act 1982, to carry out their audits in accordance with the Code of Practice.

This code emphasises management's role in preventing and detecting fraud and corruption. External Audit review the Council's arrangements in meeting this objective.

Detection and Investigation

The preventative measures undertaken by the Council, particularly the implementation of sound control systems, have been designed to deter fraud and provide indicators of fraudulent activity.

It is often the alertness of employees and the public to such indicators that enables detection to occur and the appropriate action to take place when there is evidence that fraud or corruption may be in progress.

The Council aims to have a proportionate pro-active strategy towards fraud prevention and detection. Fraud discovery is also generated by chance or 'tip-off' and the Council has in place arrangements to enable such information to be properly dealt with. Where fraud, theft or corruption is suspected either by employees, Elected Members or members of the public, reporting procedures exist as indicated below:

Appendix A explains the procedures to be followed by an **employee** of the Council

Appendix B explains the procedures to be followed by an **Elected Member** of the Council

Appendix C explains the procedures to be followed by a **member of the public / outside organisation**

The Anti-Fraud and Corruption Strategy, Housing Benefit and Council Tax support is set out in **Appendix D**

The investigation of any other suspected fraud or corruption is normally carried out by CMAP. Upon completion of the investigation, an audit report is issued to the Monitoring Officer who, with the Chief Executive, has joint responsibility for determining what further action to take. A copy of the report will also be issued to the Director concerned and the Chief Finance Officer.

The reporting procedure is essential as it ensures:

- i) The consistent treatment of information regarding any suspected fraud and/or corruption
- ii) An effective investigation by an experienced audit team

- iii) The proper implementation of a structured response to any suspected act of fraud and/or corruption
- iv) Ensure the investigation will be undertaken in accordance with the Regulations of Investigatory Powers Act (if relevant)

Depending on the nature and anticipated extent of the allegations, CMAP will normally work closely with the Monitoring Officer and other agencies such as the Police to ensure that all allegations and evidence are properly investigated and reported upon.

The Council will request the Police to charge offenders where financial impropriety is discovered. The decision on impropriety is a matter for the Monitoring Officer in consultation with the Chief Executive and the Chief Finance Officer.

The Council's Disciplinary Procedures will be used where the outcome of the audit investigations indicates improper behaviour has occurred regardless of whether this has been referred to the Police.

TRAINING

The Council recognises that the continuing success of the Anti-Fraud and Corruption Strategy, and its credibility, will depend largely on the effectiveness of employees throughout the organisation.

Senior Management will be responsible for ensuring that all employees are properly trained in the procedures that they should follow when undertaking their duties.

Elected members will also receive training in relation to anti-fraud and corruption.

CONCLUSION

The Council has in place a clear network of systems and procedures to assist in the fight against fraud and corruption and hence protect public funds and assets.

The Council maintains a continuous overview of such arrangements through its employees, particularly through CMAP, the Monitoring Officer and the Chief Finance Officer.

EMPLOYEE FRAUD REPORTING PROCEDURE

If you suspect a fraud, theft or corruption is being committed within the Council or committed against the Council, there are a few simple guidelines that should be followed:

1. Make an immediate note of your concern

Note all relevant details:

- what was observed;
- details of conversations;
- date, time and name of the parties involved.

Do not attempt to investigate the matter yourself.

2. Convey your suspicions to your Section Manager or Director

In accordance with Financial Regulations C.11 if a manager becomes aware of or suspects a fraud, theft or corruption he/she must immediately notify the Chief Executive, the Chief Finance Officer and the Monitoring Officer. Upon receipt of such notification these officers shall take steps considered necessary. This will usually include one or more of the following actions:-

- The matter being investigated by CMAP
- Referral to the Police
- Referral to the External Auditor

Alternatively, due to the seriousness and sensitivity of the issue and who is thought to be involved, you may take the matter directly to one of the following:

- Chief Executive Officer
- Monitoring Officer (Director of Legal and Governance)
- Chief Finance Officer

The Council has a Whistleblowing Policy which provides protection for employees against harassment or victimisation where concerns have been raised in good faith.

3. Report the matter promptly, if you feel your concerns are warranted

Any delay may cause the Council to suffer further financial loss.

The above demonstrates a number of ways in which your concerns can be raised within the Council. If you are not satisfied with the action taken, you may wish to take the matter outside the Council. The following are contact points:

- A Member of the Council
- Your Trade Union, relevant professional bodies or regulatory organisations.
- The Nottinghamshire Police non-emergency line 101

If you do take the matter outside the Council, you need to ensure that you do not disclose confidential or privileged information.

ELECTED MEMBER FRAUD REPORTING PROCEDURE

If you suspect a fraud, theft or corruption is being committed within the Council or committed against the Council, or have had concerns raised with you, there are a few simple guidelines that should be followed:

1. **Make an immediate note of your concern**

Note all relevant details:

- what was observed;
- details of conversations;
- date, time and name of the parties involved.

Do not attempt to investigate the matter yourself.

2. **Convey your suspicions**

Report your concerns to the Chief Executive or the Monitoring Officer

3. **Report the matter promptly**

Any delay may cause the Council to suffer further financial loss.

The above demonstrates a number of ways in which your concerns can be raised within the Council. If you are not satisfied with the action taken, you may wish to take the matter outside the Council. The following are contact points:

- The Nottinghamshire Police non-emergency line 101

If you do take the matter outside the Council, you need to ensure that you do not disclose confidential or privileged information.

MEMBER OF THE PUBLIC - FRAUD REPORTING PROCEDURE

What should you do if you suspect fraud, theft or corruption?

1. Make an immediate note of your concern

Note all relevant details:

- what was observed;
- details of conversations;
- date, time and name of the parties involved.

Do not attempt to investigate the matter yourself.

2. Convey your suspicions in writing marked CONFIDENTIAL to the following:

Chief Executive or the Monitoring Officer
Ashfield District Council
Urban Road
Kirkby-in-Ashfield,
NOTTINGHAM
NG17 8DA

If the suspected fraud relates to Housing Benefit/Council Tax Benefit, forward your suspicions in writing marked CONFIDENTIAL to:

Revenues and Customer Services Manager
Revenues and Customer Services
Ashfield District Council
Urban Road
Kirkby-in-Ashfield
NOTTINGHAM
NG17 8DA

The service can be contacted during normal working hours on (01623) 450000 or Contact the National Benefit Fraud Hotline on 0800 854 440.

The above demonstrates a number of ways in which your concerns can be raised to the Council. If you are not satisfied with the action taken, you may wish to take the matter outside the Council. The following are contact points:

- A Member of the Council
- The Nottinghamshire Police on a non-emergency line 101



Anti-Fraud and Corruption Policy

Housing Benefit and Council Tax Support

Version Control

Version Number	Date Issued
Original	December 2004
Revised V1	April 2005
Revised V2	October 2006
Revised V3	April 2009
Revised V4	April 2012
Revised V5 Website	March 2014
Revised V6	November 2017

Housing Benefit and Council Tax Support - Fraud Prevention

1. Statement of intention

Ashfield District Council (the Council) is committed to the delivery of a high quality Housing Benefit and Council Tax Support service to its citizens. Benefits are for those who are the most vulnerable in society and should be assessed and paid within Government guidelines in an efficient and effective manner.

The Council is committed to ensuring that its citizens receive the benefits and support to which they are entitled to and will strive to ensure that those people, who need to access the service, do so.

However, the Council recognises that some people will attempt to obtain support to which they have no entitlement. Occasionally this is done with planning and intention. Where intention and planning is involved, then the Council will consider the background to the incident and, where appropriate, initiate proceedings under appropriate legislation.

2. Working Practices to prevent and detect fraud

Verification of Housing Benefit/Council Tax Support claims

Information provided by the claimant on the application form will be verified by Housing Benefit/Council Tax Support Officers. All supporting evidence will be scanned onto the W2 document management system and retained as evidence to support the claim. All supporting documents will be verified as original documents by the Benefits Officers before the claim is assessed for entitlement (in so far as can reasonably be achieved).

Full use of the DWP's CIS (Customer Information System), in accordance with the Memorandum of Understanding signed by Ashfield District Council and the DWP, is also required in order to verify customer income details.

In addition, Housing Benefit staff may also use Real Time Information (RTI), relating to HMRC earnings information, in connection with the processing of Housing Benefit and Council Tax Support claims. Use of this information is not permitted for any other purpose.

Benefit Officers have the power to make reasonable requests for evidence to support benefit applications to ensure that any potential fraud and error is minimised before any payment of Housing Benefit or Council Tax Support is made.

Fraud Prevention and Detection

Ashfield District Council's Revenues and Benefits Service undertake work to prevent or detect fraudulent claims for Housing Benefit, Council Tax Support. Work is also undertaken to detect fraudulent claims for certain Council Tax Discounts and Exemptions.

The following anti-fraud activities are built in to the normal working processes of the Revenues and Benefits Service.

Housing Benefit and Council Tax Support

✓ Verification Framework

The Council is committed to the principles of the Verification Framework. Secure and effective administration of the Housing Benefit and Council Tax Support scheme is encompassed within the Framework. The VF is guidance produced by the DWP to provide LAs with minimum standards for the collection of evidence and ongoing checks in both HB and CTS cases. The intention is that by adhering to the VF, the amount of fraud and error entering the system will be reduced, and any that does enter will be detected more readily.

Since the introduction of VF all new cases, reviews and change of circumstances have been subject to the VF and any fraudulent cases that have been detected have been passed for investigation and prosecutions and sanctions have been applied in appropriate cases.

- ✓ The DWP's Housing Benefit Matching Service (HBMS)
- ✓ National Fraud Initiative (NFI) – Data Matching Service
- ✓ Real Time Information (RTI) – earnings data matching cross-referencing internal benefits records
- ✓ Undertaking joint working with the DWP's Fraud and Error Service
- ✓ Undertaking home visits to help deter and detect fraud
- ✓ Operating the Royal Mail's "Do Not Redirect Service"

- ✓ CIS – DWP's Customer information System
 - On-line access is available to benefit records held by the Department for Work and Pensions, thus ensuring details supplied by claimants can be verified instantaneously.

- ✓ Service Level Agreements/Joint Working Partnerships

To facilitate effective joint working between the Council and other organisations e.g. DWP's Fraud and Error Service (FES) and DWP's Operational Intelligence Unit (OIU).

✓ Benefit Fraud Hotline

Contact the National Benefit Fraud Hotline on 0800 854 440. Calls are free and confidential. Those reporting suspected fraud are not required to give their name and address. Lines are open Monday to Friday 8.00am to 6.00pm.

✓ Prosecution Policy

The Policy ensures a firm and consistent approach to dealing with those who abuse the system and also a meaningful deterrent to those who are contemplating doing so.

✓ Un-cashed Housing Benefit cheques

Checking of claims where Housing Benefit cheques remain un-presented for six months or more.

Council Tax and Business Rates – Fraud Detection

- Single Person Discount – biennial review to identify council tax discounts that should no longer be claimed.
- Empty Properties – biennial review to identify properties that are listed as unoccupied that are now occupied.
- Business Rates – Unreported changes affecting the Rateable Value (preventing Business Rates avoidance)

3. Training

New starters within the Revenues Services and the Customer Services will receive Fraud Awareness Training within the first three months of their arrival. All other Revenues and Customer Service Centre staff will attend refresher sessions as determined within the PDR process. This will help to ensure that the number and quality of referrals remains high.

In addition to this, employees from other Service Areas and Members can be provided with Housing Benefit Fraud awareness training on request.

Additional ad-hoc training will be provided as and when the need arises.

4. Integrity

The Council will require all employees involved in the administration of benefits to report to the Corporate Manager for Revenues & Customer Services details of any property that they are renting to tenants and any Housing Benefit / Council Tax Support claims with which they have some connection. An example would be where an employee is a landlord of a tenant who is in receipt of Housing Benefit from Ashfield District Council

If a revenues and benefits officer has knowledge of a claim where the claimant/claimant's partner is a close family member (as defined in Regulation 2 of the Housing Benefit

(General) Regulations 1987) then the officer must report this case to the Corporate Manager for Revenues & Customer Services.

Gifts and hospitality offered to Council employees as a consequence of their role as an employee of the Council should be discouraged. Invitations, hospitality and gifts should only be accepted with the prior approval of the Corporate Manager for Revenues & Customer Services and should be registered in the Register of Declarations of Hospitality in accordance with agreed procedures.

Any employee found to be involved in an offence under the Social Security Administration Act 1992, or any other criminal offence involving claims to benefit/support either at this Council, or any other Local Authority or the Department for Work and Pensions, will be subject to the Council's disciplinary procedures and possible prosecution proceedings.

5. Suspected Fraud

All Housing Benefit assessors are required to be vigilant in carrying out their duties and, in the case of suspected Housing Benefit Fraud, to report the case to the DWP's Fraud and Error Service for full investigation.

Case Referral to DWP (Fraud and Error Service)

Staff with access to the Civica system who suspect fraud or irregularity with a Housing Benefit and/or Council Tax Support claim will:-

- Flag up their concerns about the claim to a Benefit Senior Officer to Benefit Team Leader
- The Claim will be reviewed by the Senior Benefit Officer and/or Team Leader to confirm that there appears to be a possible fraud

Once potential fraud has been confirmed then the following guidance will apply.

Fraud and Error Service HB fraud referrals – Housing Benefit Claims

Each local authority has nominated a SPOC (Single point of Contact) to manage the fraud referral and investigation process. The SPOC is responsible for ensuring that a fraud referral and supporting evidence is submitted to FES in the prescribed manner, responding to FES enquiries, and ensuring that appropriate action is taken at the conclusion of investigation or compliance activity.

In FES, the SPOC is the person that the local authority would contact if there was a query, or an issue to be resolved.

Any potential fraud identified through the administration of HB, including Housing Benefit Matching Service (HBMS), National Fraud Initiative (NFI) and Real Time Information (RTI) matches, should be referred to the Department for Work and Pensions Fraud and Error Service (DWP FES),

- The FES team will assess the referral and decide if Criminal Investigation or Low Level Fraud action is appropriate.

- Referrals from HBMS, NFI and RTI should be submitted to DWP on the Single Fraud Investigation (SFI) referral template.
- The template should be fully completed with the claimant's details, allegation type and HB claim details.
- For RTI identified referrals officers should include screenshots taken from the housing benefit system in the email with the SFI referral template.
- The screenshots should show the RTI data that supports the referral, including:
 - a. employer or pension provider name
 - b. start and end dates of earnings/pension income
 - c. amounts received.
- Where an LA is unable to provide screenshots, the data must be included in the SFI referral template.
- The template and any screenshots will then be emailed to the appropriate DWP FES Regional Email Inbox via secure email (GCSX)
- The information provided should be as comprehensive as possible, giving all relevant details in a clear, logical order.

In matters relating to Housing Benefit Administration and the investigation of potential fraudulent claims all ADC Housing Benefit Staff and DWP Fraud Investigators must adhere to relevant legislation and codes of practice.

The following is a list of relevant legislation (not exhaustive)

- The Theft Act 1968 (as amended 1978)
- The Magistrates Courts (taking of Witness statements) Act 1981
- The Police & Criminal Evidence Act 1984 (PACE)
- The Social Security Administration Act (1992)
- The Criminal Procedures and Investigation Act 1996
- The Social Security Administration (Fraud) Act 1997
- The Data Protection Act 1998
- The Human Rights Act 1998
- The Regulation of Investigatory Powers Act 2000
- The Freedom of Information Act 2000
- The Social Security Fraud Act 2001
- The Fraud Act 2006

6. Feedback

If a case is referred to the DWP's Fraud team and not investigated, for whatever reason, the DWP fraud Officer will provide an explanation as to why the case could not be taken to prosecution.

Feedback will also be given to staff at the end of an investigation, to advise them of the outcome. The overall aim of providing feedback is to encourage staff to make further referrals in the knowledge that they have helped stop or prevent a fraud.

7. IT and physical security

The Revenues Service as a whole, is housed in a secure environment with restricted access away from the general public.

Access to the Revenues IT system is kept secure by password protection. A clear audit trail is recorded on the system so that any abuse of trust can be identified back to the perpetrator.

The Revenues & Benefits team operates a clear desk policy, which means that any records containing personal information are locked away securely at the end of each day.

8. Sanctions

General

The Council is committed to protecting public funds through its action against fraud. To this aim, the Council's Benefit Fraud Prosecution Policy represents a robust stance against those perpetrating benefit frauds. The Corporate Manager for revenues and Customer Services is responsible for the implementation of the policy.

Although Housing Benefit fraud cases are no longer investigated by Local Authorities, responsibility for the Housing Benefit fraud remains with the local authority.

Range of Sanctions

The Council has a range of sanctions available if fraud is found. Once the DWP Investigating officer has determined a potential fraudulent claim they are required to recommend an appropriate sanction to the council.

The Benefits Service will consider each case on its own merits and will determine whether the DWP recommendation is accepted.

There are four options available:-

1. Prosecution

Criminal proceedings may be brought against alleged offenders and the case heard in Court with a view to obtaining a criminal conviction and an appropriate sentence.

Prosecution proceedings will usually be instigated only after the evidential and public interest tests are satisfied as detailed in the Code for Crown Prosecutors.

Prosecution will be considered where:

- a) It was not a first offence, or
- b) The fraud has been deliberate and calculated, or
- c) The fraud had continued over a long period; or
- d) The person has failed to attend an interview under caution; or

- e) There were other persons involved in the fraud, or
- f) The person has declined the offer of an Administrative Penalty or withdrawn agreement to pay and Administrative Penalty; or
- g) The person has declined the offer of an official caution

In these circumstances the council may prosecute. There will be no requirement to repay the overpayment.

The council may prosecute using our own legal service, the police or other agency solicitors who will all adhere to The Code for Crown Prosecutors.

The decision to prosecute is a serious step and has implications for all concerned. The council will ensure that decisions to prosecute are made in a fair, consistent and equitable manner. In exceptional circumstances an alternative to prosecution may be considered. Other factors will be taken into consideration before prosecution is recommended.

2. Formal Caution

A caution is an oral warning given in certain, less serious circumstances as an alternative to prosecution to a person who has committed an offence. It is intended to be a meaningful penalty and deterrent where other actions are not appropriate. If a person declines the offer of a caution the case will be recommended for prosecution.

A caution will be considered where the amount of the overpayment is up to £2,000 where the evidence indicates that:

- a) It was a first offence, or
- b) There was no planning involved, or
- c) There was no other person involved in the fraud, and
- d) The person's circumstances and demeanour towards the offence indicates that a caution would be the most appropriate action.

In these circumstances the council may issue an official Local Authority Caution and require full repayment of the overpayment.

3. Administrative Penalties

In accordance with Social Security legislation, Administrative Penalties will be considered as an alternative to prosecution in Housing Benefit fraud cases. A financial penalty amounting to a statutorily determined percentage of the gross adjudicated overpayment can be offered to a person where there is enough evidence to prosecute.

4. Overpayment Recovery and Civil Court Action

A strict requirement to repay monies fraudulently obtained is in itself another major deterrent to fraud, and may be additional to any other sanctions that are applied. Recovery may also include Civil Court action.

The Council has four options for prosecuting its cases:

- The Council's Legal Services
- DWP solicitors

- The Police and Crown Prosecution Service
- Agent solicitors

The Council would normally use its own Legal Services and would only use the Crown Prosecution Service for joint-working cases. The Police would only be involved in very serious cases and/or where there has been a need to have the alleged offender arrested.

9. Sanctions procedure

In a case where DWP Investigating officer considers a sanction should be considered they will forward the file to the council together with a fraud overpayment report recommending the appropriate sanction action. This will have followed either an interview under caution (IUC) or at least two failed attempts to IUC. The final appointment letter will usually be hand delivered to the relevant persons address and either given in person or posted through the letterbox.

The Benefits Service appointed officers will review the case and check for procedural and/or administrative errors and omissions. The recommendation will be checked to ensure that it is consistent with this policy, if necessary recommending an alternative sanction.

The Corporate Manager for Revenues and Customer Services has delegated authority allowing formal cautions and administrative penalties recommended by the DWP's Fraud and Error Service to be accepted.

All recommendations for prosecution proceedings will be referred to the Director for Resources and Business Transformation before formal acceptance is made.

10. Partnership Working

Department for Work & Pensions (DWP) – Fraud and Error Service

The Council is committed to Joint-Working with its counterparts at the Department for Work & Pensions Fraud and Error Service (FES). The Council is a signatory to the DWP Counter Fraud Joint Working Partnership Agreement and is committed to the achieving the minimum standards required.

Meetings with the local FES liaison officers ensure compliance with the agreement and any deviations from the standard can be resolved.

Nottinghamshire Police

The Council may involve itself in Community Action Days where there is a benefit fraud interest. Work is in progress to finalise the information sharing protocol (APAC)

11. Sharing good practice

Good practice forums

The Council will continue to actively participate with other Local Authorities and the DWP with regards to sharing good practice and benchmarking.

12. Overpayment recovery

The Council is committed to ensuring overpayments of Housing Benefit and Council Tax Support are recovered. Recovery action is viewed as an important element of the Council's counter fraud activity.

Where overpayments have arisen as a result of fraud as defined in Regulation 102 (3) of the Housing Benefit (General) Regulations 1987 then the Council will consider imposing the maximum rate of recovery from any ongoing entitlement to benefit.

Alternatively, debtors will be pursued to the point of obtaining an order of the County Court.

Landlords who receive Housing Benefit directly will, in appropriate circumstances, have overpayments recovered from any future Housing Benefit payable to their tenants. Each case will be considered on its merits. Landlords will be advised of this action.

13. Publicity

Statistics relating to the number and type of sanctions imposed will be reported to the Corporate Manager for Revenues & Customer Services on a monthly basis.

Information regarding successful prosecutions and sanctions will be supplied to the Council's Public Relations Officer for inclusion in internal and external publications.

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ASHFIELD DISTRICT COUNCIL

ANTI-BRIBERY POLICY

**Director of Legal and Governance
(Monitoring Officer)**

APPROVED:
Audit Committee - 27 November 2017
Cabinet – 30 November 2017

REVIEW:
November 2019

Version Control

Version Number	Date Issued
Original	November 2017

Policy Statement

Bribery is an inducement or reward offered, promised or provided to gain personal, commercial or contractual advantage which is done either directly or via a third party. Bribery is a criminal offence.

The Council does not, and will not, pay bribes or offer improper inducements to anyone for any purpose. The Council does not, and will not, accept bribes or improper inducements.

The Council is committed to the prevention, deterrence and detection of bribery. It has a zero-tolerance approach towards bribery.

The Council aims to make anti-bribery compliance business as usual, rather than a one-off exercise.

The Bribery Act 2010

There are four key offences under the Bribery Act 2010 (the Act):

- **Bribery by another person** - under Section 1 of the Act it is an offence to offer, promise or give a bribe.
- **Accepting a bribe** - Section 2 of the Act also makes it an offence to request, agree to receive, or accept a bribe.
- **Bribing a foreign official** - Section 6 of the Act creates a separate offence of bribing a foreign public official with the intention of obtaining or retaining business or an advantage in the conduct of business.
- **Failing to prevent bribery** - A corporate offence is created by Section 7 of failure by a commercial organisation to prevent bribery that is intended to obtain or retain business, or an advantage in the conduct of business, for the organisation. An organisation will have a defence to this corporate offence if it can show that it had in place adequate procedures designed to prevent bribery by, or of, persons associated with the organisation. The Council fits the definition of a “commercial organisation”.

Penalties

An individual guilty of an offence under Sections 1, 2 or 6 of the Act is liable:

- On conviction in a Magistrates’ Court, to imprisonment for a maximum term of 12 months, or to a fine not exceeding £5,000, or to both.
- On conviction in a Crown Court, to imprisonment for a maximum term of 10 years, or to an unlimited fine, or both

Organisations are liable for these fines and if found guilty of an offence under Section 7 of the Act are liable to an unlimited fine.

Public Contracts and Failure to Prevent Bribery

Under the Public Contracts Regulations 2015 (which gives effect to EU Law in the UK), a company is automatically barred from competing for public contracts where it is convicted of a corruption offence, including bribery. The Council will, in such cases, exclude organisations convicted of any such offences from participating in tenders for public contracts with it.

Objectives of this Policy

This policy provides a framework to enable the Council's employees and other "relevant persons" to understand and implement arrangements enabling compliance. In conjunction with related policies and key documents it will also enable employees to identify and effectively report a potential breach.

Relevant Persons include those permanently and temporarily employed by the Council, agency staff, consultants, contractors, volunteers, partners and Elected Members.

The Council requires all relevant persons to:

- Act honestly and with integrity at all times and to safeguard the Council's resources for which they are responsible
- Comply with the spirit, as well as the letter, of the laws and regulations of all jurisdictions in which the Council operates, in respect of the lawful and responsible conduct of activities

Scope of this Policy

This policy applies to all the Council's activities. For partners, contractors, suppliers, Council owned companies and joint ventures, it will seek to promote the adoption of policies consistent with the principles set out in this policy.

Responsibility to control the risk of bribery occurring resides at all levels of the Council. It does not rest solely within assurance functions, but in all sections, Directorates and corporate functions.

This policy covers all relevant persons at all levels and grades.

The Council's Commitment to Action

The Council commits to:

- Setting out a clear anti-bribery policy and keeping it up to date
- Making all employees aware of their responsibilities to adhere strictly to this policy at all times
- Training all employees and Elected Members so that they can recognise and avoid occurrences of bribery by themselves and others
- Encouraging its employees to be vigilant and to report any suspicions of bribery, providing them with suitable channels of communication and ensuring sensitive information is treated appropriately

- Rigorously investigating instances of alleged bribery and assisting police and other appropriate authorities in any resultant prosecution
- Taking firm and vigorous action against individuals involved in bribery
- Provide information to all employees on how to report breaches and suspected breaches of this policy
- Include appropriate clauses in contracts to prevent bribery

Adequate Procedures

The Council will put in place adequate procedures which it will apply proportionately, based on the risk of bribery in the Council. The Council will base its procedures on the recommended six principles which are not prescriptive. The principles are intended to be flexible and outcome focused ensuring procedures are robust and effective.

The six principles are as follows:

- **Proportionate procedures** – procedures to prevent bribery should be proportionate to the bribery risks faced and the nature, scale and complexity of activities. They are also clear, practical, accessible, effectively implemented and enforced.
- **Top level commitment** – top level management should be committed to preventing bribery by persons associated with it. They foster a culture within the organisation in which bribery is never acceptable. The Council's Corporate Leadership Team, the Cabinet and the Audit Committee have all endorsed this policy.
- **Risk Assessment** – the Council assesses the nature and extent of its exposure to potential external and internal risks of bribery routinely and as an integral part of its usual procedures. The assessment is periodic, informed and documented. It includes financial risks but also other risks such as reputational damage.
- **Due Diligence** – the Council applies due diligence taking a proportionate and risk based approach in respect of persons who perform, or will perform, services for, or on behalf of, the Council, in order to mitigate identified bribery risks.
- **Communication (including training)** – the Council seeks to ensure that its bribery prevention policies and procedures are embedded and understood through communication, including training that is proportionate to the risks it faces.
- **Monitoring and Review** – the Council monitors and reviews procedures designed to prevent bribery by persons associated with it and makes improvements where necessary.

The Council is committed to the implementation of these principles.

Bribery is not tolerated

It is unacceptable to:

- Give, promise to give, or offer a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given
- Give, promise to give or offer a payment, gift or hospitality to a government official, agent or representative to facilitate or expedite a routine procedure
- Accept payment from a third party where it is known or suspected that it is offered with the expectation that it will obtain a business advantage for them
- Accept a gift or hospitality from a third party where it is known or suspected that it is offered or provided with an expectation that a business advantage will be provided by the Council in return
- Retaliate against or threaten a person who has refused to commit a bribery offence or who has raised concerns under this policy
- Engage in activity in breach of this policy

Facilitation Payments

Facilitation payments are not tolerated and are illegal. Facilitation payments are unofficial payments made to public officials in order to secure or expedite actions.

Gifts and Hospitality

This policy is not meant to change the requirements of the Council's gifts and hospitality policies for Members and officers.

Officers may, depending upon the circumstances, accept nominal gifts and hospitality. Officers must always exercise caution when accepting gifts and hospitality. Officers must declare the offer or acceptance of gifts and hospitality with a value over £25 as set out in the Employees' Code of Conduct.

Members may, depending upon the circumstances, accept gifts and hospitality. Gifts or hospitality offered or accepted with a value of over £50 must be declared as set out in the Members' Code of Conduct.

When deciding whether or not to accept an offer of a gift or hospitality the context is very important. An offer from an organisation seeking to do business with or provide a service to the Council or in the process of applying for permission or some other decision from the Council is unlikely to ever be acceptable, regardless of the value of the gift.

Responsibilities of Relevant Persons

The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all Relevant Persons who are required to avoid activity which breaches this policy.

All Relevant Persons must:

- Ensure they read, understand and comply with this policy
- Raise concerns as soon as possible if they believe or suspect that a conflict with this policy has occurred, or may occur in the future
- As well as the possibility of civil legal action and criminal prosecution, employees who breach this policy will face disciplinary action, which could result in dismissal for gross misconduct.

Raising a Concern

The Council is committed to ensuring that there is a safe, reliable and confidential way of reporting any suspicious activity and wants Relevant Persons to know how to raise concerns.

All have a responsibility to help detect, prevent and report instances of bribery. If you have a concern regarding a suspected instance of bribery or corruption, please speak up – your information and assistance will help. The sooner it is brought to attention, the sooner it can be resolved.

There are various channels to help raise concerns. The Council's Whistleblowing Policy sets out how concerns may be raised. Preferably the disclosure will be made and resolved internally. Ideally, concerns should be raised initially with a line manager or Director. If this is not possible concerns may be raised with the Chief Executive, the Monitoring Officer, the Chief Finance Officer or the Central Midlands Audit Partnership. Alternatively, concerns may be raised with the External Auditor.

Raising concerns in these ways may be more likely to be considered reasonable than making disclosures publically, such as via the press or on social media. Concerns can be made anonymously. In the event that an incident of bribery, corruption or wrong doing is reported, the Council will act as soon as possible to evaluate the situation. It has clearly defined procedures for investigating fraud, misconduct and non-compliance issues and these will be followed in an investigation of this kind. This is easier and quicker if concerns raised are not anonymous.

Employees who raise concerns or report wrongdoing, including those staff who reject an offer made to them that could be perceived as bribery, may understandably be worried about the repercussions. The Council aims to encourage openness and will support anyone who raises a genuine concern in good faith under this policy, even if this turns out to be mistaken.

The Council is committed to ensuring nobody suffers detrimental treatment through refusing to take part in bribery or corruption, or because of reporting a concern in good faith.

If you have any questions about these procedures, please contact the Monitoring Officer.

Other Relevant Policies

Further information on relevant Council policies and practice can be found in the following documents:

- The Constitution:
 - Financial Regulations
 - Contract Procedure Rules
 - Members' Code of Conduct
 - Employees' Code of Conduct
- Anti-Fraud and Corruption Policy
- Whistleblowing Policy
- Anti-Money Laundering Policy
- Prosecution Policy

Useful Links

The Bribery Act 2010

Bribery Act Guidance

CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption

Local Government Fraud Strategy – Fighting Fraud Locally

Policy Review

The Monitoring Officer and the Audit Committee will ensure the continuous review and amendment of this policy to ensure that it remains compliant.

The policy should be reviewed biannually as a minimum.



ASHFIELD DISTRICT COUNCIL

**ANTI-MONEY LAUNDERING POLICY
STATEMENT AND PROCEDURES**

**Director of Legal and Governance
(Monitoring Officer)**

APPROVED:
Audit Committee - 27 November 2017
Cabinet – 30 November 2017

REVIEW:
November 2019

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Introduction

The Council is committed to the highest possible standards of conduct and has, therefore, put in place appropriate and proportionate anti-money laundering safeguards and reporting arrangements.

Scope of this Policy

This policy applies to those permanently and temporarily employed by the Council, agency staff, consultants, contractors, volunteers, partners and Elected Members.

Its aim is to enable those who work on behalf of, or with the Council and its Elected Members to respond to a concern they have in the course of their dealing for the Council. Individuals who have a concern relating to a matter outside of work should contact the Police.

This policy sits alongside the following Council policies:

- The Constitution:
 - Financial Regulations
 - Contract Procedure Rules
 - Members' Code of Conduct
 - Employees' Code of Conduct
- Anti-Fraud and Corruption Policy
- Whistleblowing Policy
- Anti-Bribery Policy
- Prosecution Policy

Failure by an employee to comply with the procedures set out in this policy may lead to disciplinary action being taken against them. Any disciplinary action will be dealt with in accordance with the Council's Disciplinary Policy.

What is Money Laundering?

Money laundering describes offences involving the integration of the proceeds of crime or terrorist funds into the mainstream economy. Money laundering is the channelling of "bad" money into "good" money in order to hide the fact the money originated from criminal or terrorist activity.

The relevant legislation is the:

- Proceeds of Crime Act 2002
- Terrorism Act 2000
- Money Laundering Regulations 2007.

The Proceeds of Crime Act 2002 creates the following offences:

- Concealing, disguising, converting, transferring or removing criminal property from the UK

- Becoming involved in an arrangement which an individual knows or suspects facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person
- Acquiring, using or possessing criminal property
- Failure to disclose one of the offences listed above where there are reasonable grounds for knowledge or suspicion
- Doing something that might prejudice an investigation, for example, falsifying documentation
- Tipping off a person who is, or is suspected of being, involved in money laundering in such a way as to reduce the likelihood of, or prejudice, an investigation

The Terrorism Act 2000 makes it an offence to become concerned in an arrangement relating to the retention or control of property likely to be used for the purposes of terrorism, or resulting from acts of terrorism.

The risk of the Council contravening the money laundering legislation is low, however, it is still extremely important that all those working for the Council and its Elected Members are familiar with their responsibilities to report potential money laundering activities.

Potential or suspected money laundering activity should be reported to the Money Laundering Reporting Officer (MLRO).

Requirement of the Money Laundering Legislation

The main requirements of the legislation are:

- To appoint a money laundering reporting officer (MLRO)
- Implement a procedure to enable the reporting of suspicions of money laundering
- Maintain record keeping procedures

The Money Laundering Reporting Officer (MLRO)

The Council has designated the Monitoring Officer as the Money Laundering Reporting Officer (MLRO).

The Monitoring Officer can be contacted as follows:

By post: Council Offices, Urban Road, Kirkby-in-Ashfield,
Nottinghamshire, NG17 8DA
By telephone: 01623 457009
By e-mail: r.dennis@ashfield.gov.uk

In the absence of the Monitoring Officer, concerns should be raised with the Chief Finance Officer (s.lynch@ashfield.gov.uk).

Reporting Procedure

Where you know or suspect that money laundering activity is taking, or has taken place, or become concerned that your involvement in a matter may amount to a prohibited act under the legislation, you **MUST DISCLOSE THIS AS SOON AS PRACTICABLE TO THE MLRO**. The disclosure should be at the earliest opportunity not weeks or months later, any delay may make you liable to prosecution.

The disclosure report must include as much detail as possible including:

- Full details of the people involved
- Full details of the nature of their/your involvement
- The types of money laundering activity involved
- The dates of such activities
- Whether the transactions have happened, are ongoing or are imminent
- Where they took place
- How they were undertaken
- The amount of money/assets involved
- Why you are suspicious
- Attach copies of all relevant documentation

The MLRO must then consider if there are reasonable grounds for knowledge or suspicion of money laundering and if so, to prepare a report to the National Crime Agency (NCA).

Once a report has been made to the MLRO you must follow any directions she gives you. You must NOT make any further enquiries into the matter yourself. You must NOT take further steps in the transaction without authorisation from the MLRO. All Members and those working for the Council must cooperate with the MLRO and the NCA during any subsequent money laundering investigation.

At no time and under no circumstances should you voice any suspicions to the person whom you suspect of money laundering, otherwise you may commit an offence of “tipping off”.

Consideration of the Disclosure by the Money Laundering Reporting Officer

The MLRO must promptly consider the information provided and carry out other reasonable enquiries she thinks appropriate in order to ensure that all available information is taken into account in deciding whether a report to the NCA is required. The MLRO must consider if:

- There is actual or suspected money laundering taking place; or
- There are reasonable grounds to know or suspect that it is the case; and
- Whether she needs to seek consent from the NCA for a particular transaction to proceed.

If the MLRO considers that a report to the NCA is necessary, this must be done as soon as practicable and made on the NCA's standard reporting form and in the prescribed manner.

Where the MLRO concludes that there are no reasonable grounds to suspect money laundering then she shall mark the report accordingly and give her consent for any ongoing or imminent transactions to proceed.

All disclosure reports made to the MLRO and the NCA should be kept confidential and retained for a minimum of 5 years.

The MLRO commits a criminal offence if she knows, or suspects, or has reasonable grounds to do so, through a disclosure being made to her, that another person is engaged in money laundering and she does not disclose this as soon as practicable to the NCA.

Training

The Council will:

- Make all those working for the Council and its Elected Members aware of this policy and their responsibility to report potential money laundering activity
- Give targeted training to those most likely to encounter money laundering.

Policy Review

The Monitoring Officer and the Audit Committee will ensure the continuous review and amendment of this policy to ensure that it remains compliant.

The policy should be reviewed biannually as a minimum.



ASHFIELD DISTRICT COUNCIL

FRAUD RESPONSE PLAN

**Director of Legal and Governance
(Monitoring Officer)**

APPROVED:
Audit Committee - 27 November 2017
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INTRODUCTION

The Fraud Response Plan has been developed to provide assurance of a consistent, thorough and effectively managed response to any allegations of fraud affecting the Council.

REPORTING FRAUD

Employees and Members are required to report – to their line manager or a Nominated Individual – if they have concerns about possible fraud affecting the Council; This includes suspected fraud involving employees, Elected Members, Contractors, Suppliers, members of the public.

For purposes of reporting concerns about possible fraud or corrupt behaviour, the Nominated Individuals are:

- The Chief Executive
- The Monitoring Officer
- The Corporate Finance Manager (as Chief Finance Officer)
- The Head of the Central Midlands Audit Partnership

Line Managers or Nominated Individuals will consider any expression of concern and determine whether:

- (i) It is sufficiently well founded to merit a formal investigation; or
- (ii) No further action is required.

If (i) refer to the Monitoring Officer

If (ii) explain to the reporter the reason for the decision and retain a written note of the concern and the determination made.

MANAGING INVESTIGATIONS

The Monitoring Officer is responsible for overseeing investigations of suspected fraud or corruption. To discharge that responsibility she shall:

- Ensure that the Chief Executive is informed without delay of any allegations involving Elected Members or members of the Corporate Leadership Team
- Ensure that the Chief Executive is informed of allegations against other employees, suppliers or contractors where available evidence indicates that the allegation may be well founded;
- Consult with the Chief Executive and Monitoring Officer on the need to inform police, external audit or other parties – at the time of the initial referral or at any time during the investigation;
- Consider the need to comply with the Regulation of Investigatory Powers Act (RIPA); The Council has a RIPA Policy which sets out the process for carrying out investigations requiring compliance with RIPA.
- Appoint and provide Terms of Reference to an Investigating Officer;

- Ensure that the Investigating Officer has access to the resources required to conduct the investigation in line with the Terms of Reference;
- Ensure that the subject of any investigation receives timely and appropriate notification; and
- Advise the Head of the Central Midlands Audit Partnership of any investigation initiated who will enter the details on the Fraud Log.

The Investigating Officer shall be a senior officer of the Council or an appropriately qualified member of the Central Midlands Audit Partnership. The Investigating Officer shall:

- carry out the investigation in line with the Terms of Reference issued by the Monitoring Officer
- ensure that the investigation complies with the Council's Disciplinary Procedure;
- maintain a Diary of Events recording the progress of the investigation and any matters arising;
- keep the Monitoring Officer advised of the progress of the investigation;
- keep the Monitoring Officer advised of the resources committed to the investigation;
- ensure that the Monitoring Officer is informed without delay if new evidence indicates a need to inform the police or other parties; having gathered sufficient evidence for the purpose;
- gather sufficient evidence to support a conclusion as to whether or not the concern under investigation is well founded;
- issue a report recommending one or more of the following:
 - criminal proceedings be instituted by the Council;
 - evidence gathered be forwarded to the police;
 - internal disciplinary action;
 - no action be taken against individuals; and
- recommend, if appropriate, a review of aspects of the internal control framework.

The Investigating Officer shall, at a minimum, provide the Monitoring Officer with weekly updates on the progress of the investigation.

The Investigating Officer shall be provided with such advice and guidance as may be required by Legal Services and HR to ensure that there are no breaches of HR policies, employment law or other relevant legal requirements and to assist with the assessment of any potential criminal proceedings.

The Chief Executive shall determine the content and timing of any statements made to the media or to another third party about an instance of suspected fraud or corruption. No other employee shall make such a statement without the Chief Executive's express authority.

EVIDENCE GATHERING

The Investigating Officer shall be responsible for gathering, recording and for the secure custody of the evidence required for the investigation. The following guidance

shall be followed in the evidence gathering process to ensure that the Council can demonstrate that it takes a consistent approach to all investigations.

Physical Evidence

Physical evidence might include: written quotations, tenders and contracts; written correspondence; cheques, paying-in slips or other vouchers; items of Council property; CCTV footage and photographs.

Evidence is to be collected and secured without delay. The Investigating Officer shall record the date, time and location at which each item of evidence is secured and the individual securing the evidence. If evidence consists of several items, for example many documents, each one shall be tagged with a reference number corresponding to the written record. The Investigating Officer shall ensure that all evidence is held securely and record any individuals other than the Investigating Officer who are subsequently allowed access.

Where the Investigating Officer considers that the current condition of land, real property or other assets is relevant to an investigation, sufficient photographs shall be taken to evidence conditions at a time and date that the Investigating Officer shall certify. The Investigating Officer shall record the individual who takes any photographs commissioned and each photograph taken shall be annotated to show location; date and time taken; and the facts that it evidences (e.g. length of grass on an area of public open space; state of disrepair of a Council property; condition under which assets are stored).

Where photographs evidence the behaviour of the subject of the investigation (or other relevant parties) the Investigating Officer shall ensure and certify that they were obtained in a manner consistent with RIPA requirements.

Evidence Held in Electronic Format

If it is suspected that relevant information is held on a subject's official PC or laptop, the Investigating Officer shall:

- ensure that **no attempt is made to access such information** as this will change the data accessed and compromise its value as evidence;
- liaise with the ICT Manager to ensure that
 - the PC/laptop is isolated and placed in a secure container for transport to an appropriate forensic consultant;
 - the subject's access permission to be suspended to prevent any alteration of data held on shared areas; and
 - copies are secured of any relevant data held on shared areas.

If it is suspected that there is relevant information on the subject's business e-mail account, the Investigating Officer shall liaise with the ICT Manager to suspend the subject's e-mail account and arrange for the subject's e-mail transactions to be secured.

If it is considered that mobile phones or data recording media that have been issued to the subject by the Council for business purposes might hold relevant information, the Investigating Officer shall take custody of them. The Investigating Officer shall again ensure that **no attempt is made to access such information** and arrange for the secure transport of those items to an appropriate forensic consultant.

The Investigating Officer shall consult with the HR Manager and the ICT Manager if it is suspected that other employees may hold relevant information in electronic format.

The Investigating Officer shall consult with the Chief Executive and Monitoring Officer if it is suspected that relevant information may be held by an Elected Member in electronic format.

Witnesses

The Investigating Officer shall seek to identify all potential witnesses to any matters under investigation. To do so:

- direct questions may be put to the individual raising the matter;
- processes may be analysed to determine individuals involved in relevant transaction flows (e.g. processing and certification of creditor invoices);
- office layouts may be analysed to identify individuals who might have witnessed events or overheard conversations;
- the subject of the investigation should (when interviewed) be given the opportunity to identify supporting witnesses.

The Investigating Officer should carry out preliminary enquiries to determine which – if any - potential witnesses can provide evidence useful to the investigation. It should be made clear to any reluctant witness that an employee's contractual obligations include a requirement to co-operate with any investigation of misconduct - except where there is a risk of self-incrimination.

Where the Investigating Officer determines that a witness can provide significant, relevant information a written statement shall be taken. Other than in exceptional circumstances, the Investigating Officer shall agree with the witness a time and date for the interview that allows:

- the Investigating Officer to plan the interview and identify the key themes to be pursued and the facts to be established;
- the Investigating Officer to ensure that someone is available to make a contemporaneous record of the interview; and
- the witness to refer to diaries or other prompts to memory.

Unless time pressures preclude doing so, the Investigating Officer shall provide the witness with a copy of the notes made of the interview and invite the witness to sign and return that copy if they are satisfied that the notes represent an accurate record of the interview.

Interview with Subject

Unless the evidence gathered from other sources makes it clear that the concerns under investigation are unfounded, the Investigating Officer shall interview the subject of the investigation. The purpose of any first interview shall be for information gathering purposes and the following general conditions should be met:

- the Investigating Officer shall prepare a written schedule of questions based upon an analysis of
 - the original concern referred to the Monitoring Officer;
 - the Terms of Reference issued;
 - evidence obtained; and
 - witness statementsto identify the information required from the subject.
- The HR Manager shall be advised of the intention to interview and given the opportunity to comment on the proposed schedule of questions and any employment law or issues of Council policy that need to be addressed.
- The Investigating Officer shall ensure that a second officer attends the interview for the purpose of maintaining a contemporaneous record of the questions posed and the subject's responses and any other statements. Audio recording equipment may be used if it is available and the subject agrees (in which case a copy will be provided to the subject).
- The Investigating Officer shall at the start of the interview tell the subject:
 - what is being investigated;
 - the role of the Investigating Officer;
 - the issues about which information/clarification are to be sought;
 - that the subject is not being interviewed under caution and that statements made during the interview would not be admissible for a criminal prosecution; but
 - that the recorded statement may be used as evidence in a disciplinary hearing

DISCIPLINARY ARRANGEMENTS

The outcome of an investigation may be one of the following:

- Evidence of criminal activity leading to a referral to the Police and subsequent prosecution(s): in such circumstances the Monitoring Officer shall consult with the HR Manager to determine whether it is appropriate to undertake disciplinary action in parallel with criminal proceedings.
- Evidence of criminal activity leading to a referral to the Police and a subsequent decision not to proceed with a prosecution: in such circumstances the Monitoring Officer shall determine whether the Council should mount a private prosecution. If the decision is taken to prosecute, the Monitoring Officer shall again consult with the HR Service to determine whether it is appropriate to undertake disciplinary action in parallel with criminal proceedings.
- Evidence provides assurance that there has been no criminal behaviour but indicates possible misconduct on the part of one or more employees: in such circumstances the Monitoring Officer shall consult with the HR Manager to

determine whether it is appropriate for the Investigating Officer to be involved in the disciplinary process.

- Evidence provides assurance that there has been no criminal behaviour but indicates possible misconduct on the part of one or more Elected Members: in such circumstances Monitoring Officer shall consult with the Chief Executive to determine what action is appropriate.
- Evidence provides assurance that there has been no criminal behaviour or misconduct: in such circumstances the Monitoring Officer shall notify the Head of the Central Midlands Audit Partnership, who will close the entry in the Fraud Log. The Monitoring Officer will also ensure that the subject of the investigation receives prompt notification of this outcome.

If the decision is taken that an employee may have a disciplinary case to answer, the investigative process to be followed must comply with the Council's Disciplinary Procedure.

RECOVERY PROCESS

The Monitoring Officer shall be responsible for commissioning and managing actions taken to limit losses suffered by the Council as a result of discovered fraud; to facilitate the recovery of such losses; and to mitigate risks arising from identified control deficiencies. The Monitoring Officer shall:

- consider on receiving a referral whether the potential materiality of losses is such as to require immediate action to stop losses. The Monitoring Officer shall keep the issue of action to stop loss under continuous review in light of progress reports from the Investigating Officer.
- consider on receiving a referral whether weaknesses in controls or supervision identified require immediate action to mitigate ongoing risks. The Monitoring Officer shall keep the issue of action to remedy control deficiencies under continuous review in light of progress reports from the Investigating Officer.

If investigations establish that the Council has suffered financial losses as a result of dishonesty, recovery options are, broadly speaking:

- to claim against the relevant insurance policy;
- to take civil action against the individual(s) responsible;
- to make a claim on an employee's accumulated superannuation benefits; or
- to agree recovery terms with the individual(s) responsible.

The Monitoring Officer shall ensure that the Council's Insurance Officer is made aware of potential losses and that any necessary notifications are made to the Council's insurers. The Monitoring Officer shall liaise with the Insurance Officer to ensure that the Council does not, by action or omission, invalidate its insurance cover. The Monitoring Officer shall liaise with the Insurance Officer to ensure that properly quantified claims can be made without delay and that the Council claims to the full extent of its insurance coverage.

The Monitoring Officer shall determine the civil recovery action most likely to remedy losses suffered by the Council.

- in the event that the individual(s) responsible make an offer of restitution issues to be considered would include: whether the amounts offered address fully the Council's losses and costs; and the impact of such an offer on criminal proceedings or proceedings by third parties.
- in the event that the individual(s) responsible are members of the Local Government Superannuation Scheme, the Scheme's Regulations provide for the forfeiture of pension rights after conviction.

REVIEW PROCESS

The Monitoring Officer has a responsibility for the maintenance of the Council's internal control framework. At the conclusion of any investigation of suspected fraud or corruption, the Monitoring Officer shall ensure that a review is undertaken to identify:

- whether there are fundamental weaknesses in the control framework that made that incident of fraud or corruption possible;
- whether there were any failures on the part of management to operate designated controls that allowed the fraud or instance of corruption possible; and
- whether there are any practical opportunities to address those control issues.

The Monitoring Officer will normally commission the Central Midland Audit Partnership to undertake such reviews and the results of any review will be reported to Audit Committee as part of the Annual Governance Statement.

REPORTING AND ACCOUNTABILITY

The Head of Central Midland Audit Partnership shall maintain a Fraud Log, recording all expressions of concern received by the Monitoring Officer and detailing the response to, and outcome of, each response. The Annual Governance Statement shall contain a summary of those referrals, the responses, and the outcomes. The Annual Governance Statement shall also summarise the results of the reviews commissioned by the Monitoring Officer.

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ASHFIELD DISTRICT COUNCIL

LEGAL SERVICES PROSECUTION POLICY

**Director of Legal and Governance
(Monitoring Officer)**

APPROVED:
Audit Committee - 27 November 2017
Cabinet – 30 November 2017

REVIEW:
November 2020

Version Control

Version Number	Date Issued
Original	April 2009
Revised V1	February 2011
Revised V2 & Website	January 2014
Revised V3	Nov 2017

BACKGROUND

The Council has a variety of statutory and regulatory functions for which, within its administrative area, it is the relevant enforcing authority.

This policy sets out broad principles that will guide prosecutions. It also seeks to provide consistent guidelines for making decisions to prosecute. It is not intended to be prescriptive or exhaustive. The Council will exercise its discretion when appropriate, about the extent of involvement or action (as applicable) required, looking at each case individually.

This policy is intended to provide broad guidance to officers involved in the charging decisions and prosecution of regulatory offences. In either case, it enables officers to determine the appropriate course of action to take where criminal activity is involved.

POLICY STATEMENT

Ashfield District Council is committed to the highest possible standards of probity and accountability. It is committed to defending the public purse, and the public at large but subject to consideration of the factors set out in this policy.

The Council adopts a presumption in favour of prosecution against perpetrators of criminal conduct, if there is sufficient evidence to initiate a prosecution and taking such action is in the public interest. The Council will treat each case on its own merits.

The same broad principles apply equally to those matters for which the Council has a statutory or regulatory mandate to protect the interests of the wider public.

SCOPE OF THE POLICY

[Link to Other Local Policies](#)

A number of departments within the Council with statutory, regulatory or other enforcement powers have in place their own enforcement policies that focus on service specific operational considerations. It is not anticipated that the department policies will conflict with this policy, they are expected to complement this policy, providing detailed operational context specific to the enforcement remit of the relevant service(s) to which they relate. In the event, however, that a conflict may arise, clarification should be sought from the Director of Legal and Governance.

UNDERTAKING OUR OWN PROSECUTIONS

These arise from statutory or regulatory powers vested in the Council, as enforcing authority for specific statutory or regulatory crime within the administrative area of Ashfield. These powers will either arise by way of a power or a duty to act.

A power provides the Council with discretion over whether or not to investigate the commission of an offence. Whatever decision is arrived at must be capable of objective justification. In practice, this translates into assessing what the most appropriate action and/or sanction should be in the circumstances under consideration. Not every case would therefore result in an investigation, or prosecution.

A duty in the event of breach of regulatory or statutory provisions invariably means that there is no discretion afforded to the Council whether or not to investigate the commission of an offence. Therefore when there is a duty to act the Council must act.

Following an investigation, a two-stage test will be undertaken prior to a decision to prosecute being made. First, an assessment of the available evidence (**“the evidential test”**) to determine whether or not there is enough evidence to secure a realistic prospect of conviction, will be undertaken. This part of the two stage process is a professional assessment and in all cases will be undertaken by officers in Legal Services.

The second part of the test is an assessment of the interests of justice (**“the public interest test”**) i.e. understanding the extent the public interest needs to see that justice is seen to be done. This assessment will typically be undertaken jointly between officers of the Legal Service and relevant case officers from the service area involved in the investigation of the offence.

Only where **both** the evidential and public interest tests are satisfied will a prosecution ever follow. In coming to a decision the Code for Crown Prosecutors will also be applied.

SANCTIONS

There are a range of sanctions to be considered in deciding the action to take in relation to the public interest test. For each of the sanctions identified below, non-exhaustive examples are provided of the sort of considerations that may be taken into account:

Take No Action

The Council may consider taking no action in the following circumstances:

- it is a first offence;
- there was voluntary disclosure by the offender;
- the age of the offender (at the date on which action is being considered);
- there are significant physical, mental or other welfare considerations;
- there has been undue delay between the date of the offence and the date on which a decision on sanction is being made, unless the:
 - seriousness of the offence is significant
 - delay is caused wholly or partly by the offender
 - discovery of the offence is recent
 - investigation of the offence has, out of necessity, been lengthy and complex

The relevant test is determining whether the public interest would be best served by proceeding with a prosecution in the circumstances. Each case is to be determined on its own unique facts.

Issue a Local Authority Caution

The Council may consider issuing a caution in the following circumstances:

- it is a first offence;
- the offence is minor;
- the offence was committed as a result of a genuine mistake or misunderstanding, balanced against the seriousness of the offence;
- there was no planning involved/criminality was opportunistic;
- the offence was admitted during an interview under caution;
- genuine expression of remorse/regret by the offender;
- the public interest merit in prosecution is questionable e.g. there might be social, medical or other welfare factors which ordinarily mitigate against a decision to prosecute;
- the offender has put right the loss or harm caused (but care should be taken to ensure offenders do not avoid prosecution solely because they make recompense).

Although across relevant services, cautions may be administered by third tier officers or higher, they should only ever be offered where there is prior assessment by Legal Services that there is sufficient evidence available to secure a conviction. This is because where a caution is offered, and the offender refuses to accept the caution, the case must proceed to prosecution.

A service areal register of cautions administered by the Council is held by the Director of the appropriate service department.

Prosecution

A decision to prosecute will be made where there is sufficient admissible evidence, which has been properly obtained and there is a public interest to prosecute.

Other Options

Informal Warnings, cautions or fixed penalties. In appropriate circumstances, these may be suitable methods of disposal following an investigation. The enforcement of the service area policies will detail which alternative options are available to individual services within the Council. Their application in service specific contexts should not be construed as being inconsistent with this policy.

Appendix A contains a suggested checklist for use in assessing the appropriate sanction in any given case and explains the rationale to be used in assessing whether or not to refer a matter for prosecution. It should be noted that this list is not exhaustive.

LIAISON & COOPERATION WITH OTHER AGENCIES

The Council may liaise with other agencies as necessary (e.g. the Police, Crown Prosecution Service, Social Services) concerning a potential prosecution.

There will be occasions when it is necessary to undertake multi-agency investigations and/or prosecutions because criminal activity or statutory/regulatory breaches cut across the remit of other agencies in addition to the Council. Examples include prosecutions where offences have been committed in neighbouring authorities.

Between the Council service or directorate involved in such initiative and the external organisation, arrangements exist to identify which authority will be the lead within the operation. Where the Council service is the lead, this prosecution policy will apply to the prosecution of offenders resulting from the operation.

MONITORING OF POLICY STATEMENT & GUIDANCE

This policy and guidance will be reviewed every three years by the Director of Legal and Governance.

Appendix A

Procedural Guidance

Introduction

This table below explains the rationale to be used in assessing whether or not to refer a matter for prosecution or, as may be the case, whether or not to prosecute.

Issue	Points to consider	Yes/No ¹
Evidence	Is there sufficient evidence to secure a realistic prospect of conviction	
	Is all the evidence admissible?	
	Has all the evidence been obtained appropriately?	
	Has the evidence been reviewed by Legal Services?	
Degree of criminality	How was the offence committed?	
	Was it opportunist?	
	How much planning went into the offence?	
	Was this a deliberate offence?	
	Was there collusion?	
Persistent offender	Has the offender previously been convicted of a similar or other relevant offence?	
	Has the offender previously committed a similar or other relevant offence, for which they received a sanction (other than conviction following a prosecution)?	
Position of Trust	Is the offender in a position of trust?	
Duration	How long did the offence continue?	

Voluntary disclosure	How did the offence come to the attention of the Council?	
	Was the offence admitted at the earliest opportunity?	
	Did the offender lie?	
Widespread offence	Is the offence part of a local trend?	
Social/Medical factors	Are there any mitigating personal circumstances?	
	Are there any mental or physical disabilities? (Evidence must be provided by a medical professional)	
	Is the perpetrator fit to stand trial? (Evidence will be required from a medical professional and may ultimately be a question for the court to determine)	
	Would sanction significantly impact on children or other vulnerable person(s)?	
Equality considerations Public Interest	Do the factual circumstances impact on one or more of the equality strands in the Equality Act 2010?	
	What value is there for the Council and/or the general public for a prosecution to proceed?	



ASHFIELD DISTRICT COUNCIL

LOCAL CODE OF CORPORATE GOVERNANCE

**Director of Legal and Governance
(Monitoring Officer)**

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Introduction

Governance ensures organisations are doing the right things in the correct manner in an open, honest, inclusive and accountable way. Good governance leads to good management, performance and outcomes. It ensures the Council delivers the visions and priorities set out in its Corporate Plan.

Corporate governance is part of the overall control framework and contributes to the Council's robust governance arrangements.

Ashfield District Council is committed to good corporate governance. The Council has a framework of policies and procedures in place which collectively make up its governance arrangements. This Local Code of Corporate Governance sets out the Council's arrangements and is based on the guidance "Delivering Good Governance in Local Government" published by CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives) in 2016.

The Guidance assumes that each Council will develop its own approach to governance, ensuring its resources are directed to its individual priorities and in accordance with its own policies.

The fundamental principles of corporate governance are openness, inclusivity, integrity and accountability. The CIPFA/SOLACE guidance identifies seven core principles and various sub principles; the Council's Local Code of Corporate Governance is based on these seven core principles.

The seven principles are:

- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement
- Defining outcomes in terms of sustainable economic, social and environmental benefits
- Determining the interventions necessary to optimise the achievement of the intended outcomes
- Developing the Council's capacity, including the capability of its leadership and the individuals within it
- Managing risks and performance through robust internal control and strong public financial management
- Implementing good practices in transparency, reporting and audit to deliver effective accountability

The Code sets out the documents, systems, processes and actions the Council undertakes to fulfil its commitment to and compliance with this Code. The Code supports the Council's review of the effectiveness of its system of internal control and informs the Annual Governance Statement which accompanies the Annual Statement of Accounts.

The Cabinet in consultation with the Audit Committee is responsible for approving the Code. The Chief Executive and the Monitoring Officer are responsible for ensuring the Code is kept up to date and reviewed annually.

The Principles

The Council aims to achieve good standards of governance by:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement
- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it
- F. Managing risks and performance through robust control and strong public financial management
- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Putting principles into effect

	Principle	This will be achieved by
A	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	<ul style="list-style-type: none"> • Corporate Plan • The Constitution • Member’s Code of Conduct • Employees’ Code of Conduct • Anti-Fraud and Corruption Policy & Strategy • Equalities policies • Whistle-blowing Policy • Anti-Bribery Policy Statement and Procedures • Anti-Money Laundering Policy Statement and Procedures • Member/Officer Protocol • Registers of Interests • Registers of Gifts and Hospitality • Officer and Member development strategies • Standards and Personnel Appeals Committee • Corporate Complaints procedures • Overview and Scrutiny function • Audit Committee • Licensing Committee • Planning Committee <p>Each of the statutory officers is able to operate with the appropriate independence; the organisational culture respects and supports their integrity and provides the staffing arrangements to support their work.</p>
B	Ensuring openness and comprehensive stakeholder engagement	<ul style="list-style-type: none"> • The Constitution • Corporate Plan • Community Engagement and Consultation Strategy • Forward Plan • Council Website – includes Meeting agendas and minutes of current and archived meeting and decisions • Publications Scheme • Overview and Scrutiny functions • Council Social Media • Citizens’ Panel • Engagement with Youth Forum • Ashfield Community Partnership • Co-location with DWP and Police • Partnership Protocols • Formal shared service arrangements

		<ul style="list-style-type: none"> • External audit assessment of Value for Money • Satisfaction Surveys • Budget consultation/engagement • The Council’s booklet “All About Ashfield”
C	Defining outcomes in terms of sustainable economic, social, and environmental benefits	<ul style="list-style-type: none"> • Corporate Plan • Forward Plan • Corporate report templates including legal, financial, Human Resource and risk appraisal • Corporate Risk Management framework • Audit Committee review of risks • MTFS • Performance management processes • Contract Procedure Rules • Procurement Strategy
D	Determining the interventions necessary to optimise the achievement of the intended outcomes	<ul style="list-style-type: none"> • The achievement of its Corporate Plan objectives are planned through a number of Programme Boards, which encompass: <ul style="list-style-type: none"> ○ Regeneration ○ Commercial Enterprise ○ Organisational Improvement ○ Health and Well Being ○ Place and Communities ○ Housing • Business cases • Project framework • Weighted Benefit Mode • MTFS, capital programme • Budget setting and monitoring processes • Corporate report templates including legal, financial, Human Resource and risk appraisal • Council’s website • Overview and Scrutiny functions • Consultation arrangements • Directors Service Plans • Weekly Corporate Leadership Team meetings • Regular Senior Leadership Team Meetings • Directorate Management Team meetings • 1-2-1 meetings • Performance framework and reporting • Value for Money assessment by external auditor

E	Developing the entity's capacity, including the capability of its leadership and the individuals within it	<ul style="list-style-type: none"> • Corporate Plan • The Constitution • Member's Code of Conduct • Employees' Code of Conduct • Equalities policies • Officer and Member development strategies • Personal Development Reviews • Officer Competency framework • Clearly defined roles – job descriptions, person specifications • Recruitment and selection procedures • Staff surveys • Cross Party Update Group • Peer Challenge
F	Managing risks and performance through robust internal control and strong public financial management	<ul style="list-style-type: none"> • Corporate Risk Register is regularly updated and considered by the Audit Committee • Directorate risk registers • Performance monitoring and reporting • Corporate report templates including legal, financial, Human Resource and risk appraisal • Overview and Scrutiny function • MTFS • Budget reporting and monitoring • Anti-Fraud and Corruption Policy & Strategy • Equalities policies • Whistle-blowing Policy • Anti-Bribery Policy Statement and Procedures • Anti-Money Laundering Policy Statement and Procedures • Emergency Planning and procedures and Business Continuity Plans • Information management policies and procedures • Publication Scheme • Procurement Strategy • Contract Procedure Rules • Assessment of Value for Money by external auditors

G	<p>Implementing good practices in transparency, reporting, and audit to deliver effective accountability</p>	<ul style="list-style-type: none"> • Council’s website and social media channels • Community Engagement and Consultation Strategy • Pay Policy published • Publication Scheme • Local Code of Corporate Governance – updated annually • Annual Governance Statement and Corporate Assurance Checklist are updated annually • Reporting of performance • Publication of Annual Report and Statement of Accounts • External auditors annual audit letter is published • Audit Committee • Peer Challenge
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Report To:	Cabinet	Date:	30 November 2017
Heading:	COMMUNITY ENGAGEMENT REVIEW		
Portfolio Holder:	CLLR NICOLLE NDIWENI – SAFER AND STRONGER COMMUNITIES		
Ward/s:	ALL		
Key Decision:	Yes		
Subject To Call-In:	Yes		

Purpose of Report

This report presents the findings of the Community Engagement review and proposes new forms of Community Engagement strategies and activities.

Recommendation(s)

Cabinet is recommended to note and approve:

1. Note that the Leader has exercised her discretion to cease Area Committees with effect from 1st January 2018 and has amended the Executive Scheme of Delegation to reflect this (not subject to call in);
2. Note that the Monitoring Officer (in accordance with Article 14 section 14.02(a)) will make necessary alterations and changes to the Constitution as a consequence of the Leader's decision to cease Area Committees, including:
 - a. Delete all references to Area Committees in Part 1;
 - b. Delete Article 7 of Part 2;
 - c. Delete Section 8 of 1.6 Part 3 (Executive Scheme of Delegation);
 - d. Delete the terms of reference for Area Committees in 1.8 of Part 3;
 - e. Delete references to the Area Committees in Part 7, Members' Allowances Scheme;
 - f. Make consequential renumbering and other amendments as a result of the above changes.
 (not subject to call in)
3. Retain Member surgeries, the Citizens Panel and Youth Forum;
4. Cease Locality Plans and continue to identify neighbourhood projects through the capital programme, ensuring new projects are aligned to relevant corporate strategies and follow the capital programme gateway process;

5. Establish public consultation events across the District. These will be exhibition type of drop in events – whereby all Members and officers present strategies and forthcoming plans and priorities to the public and receive feedback and ideas;
6. Cease Member grants in their current format (ie small grants approved through Area Committees); but retain the allocation of £24k in 2018/19 and £21k from 2019/20 to provide contributions to key projects, i.e. Christmas festivities and Remembrance Sunday. This includes an annual £15k to be made available to the Nottinghamshire Community Foundation to continue the availability of small community grants;
7. Continue to improve the organisation’s social media focus through such things as: live streaming of Council meetings, proactive communication and opportunities for feedback;
8. Establish the development of a Community Engagement Strategy and associated Handbook to support a whole Council approach to community engagement;
9. Establish a new marketing strategy to promote the new engagement methods;

Reasons for Recommendation(s)

Rationale for Change

- Area Committees are no longer effective in their current form, despite attempts to enhance their value and encourage increased community attendance. The cost to the organisation is circa £65,000 for staff capacity to support. The Cabinet Report “Review of Community Engagement” of 19 January 2017 provided detailed data from the Budget Consultation on low awareness and low attendance. Through subsequent consultation at Scrutiny most Members agreed that Area Committees should cease.
- Member surgeries are also poorly attended by members of the public. Through the Budget Consultation most of our residents agreed that Member surgeries should also cease. However, these are not resource intensive to run and do provide a direct line to Members for individual members of the public. The recommendation is therefore for Member Surgeries to continue in their present form.
- The Council needs a strategic change in its approach to community engagement to move away from formal set piece meetings where we expect the public to engage with us, to a more informal mix of social media and proactive consultation events, making use of existing opportunities such as Schools Councils and community groups.
- It should be noted that the Council already operates a wide range of consultation methods throughout the year, on both general and specific issues and at both neighbourhood and district wide levels. These will continue. Some examples include:
 - For example: Place Survey, Budget Consultation, Planning Consultations (Local Plan, Neighbourhood Plans and individual planning applications), Tenants and Residents meetings, Citizens Panel and Youth Forum; Neighbourhood level meetings, eg Broomhill, New Cross, Coxmoor, Leamington; Leisure Centre review, Mystery Shopping, Star Survey, Estate Walkabouts, Waste and Recycling surveys; consultation on Licensing, Public Spaces Protection Orders.
- Adequate and timely responses to communications/ issues raised by residents is extremely important in our ability as an organisation to build trust with our communities.

The communications health check therefore suggested more proactive communication and this is linked to the work being undertaken to improve customer services.

- Use of more modern approaches such as social media and the website. A recent example of this was during Democracy Week (9 October), whereby ADC conducted its first Facebook Live streaming of the Crime and Disorder Scrutiny Meeting on Tuesday 10 October. Advance notice was given promoting the stream and inviting questions. Although none were received in advance, during the meeting, 10 questions were received and a selection of these were answered. Nearly 4,000 unique viewers engaged with the streaming and 155 comments were received. This enabled ADC to:
 - Modernise engagement approaches through live streaming
 - Provide a platform for feedback from residents
 - Engage with younger people
 - Provide more focussed information that is relevant to individual residents and customers, facilitating a digital place and digital customers
 - Provided ADC with valuable lessons learned and an approach which can now be replicated for other Council meetings.
- Need to improve our engagement with hard to reach groups:
 - reach young people with things that interest or affect them and involve them in future developments by working with schools and youth groups;
 - improve awareness of digital channels and take up rate of over 55's in our communities through working with Age UK
- We need to encourage communities to do more for themselves and be involved:
 - Channelling the enthusiasm that some of our residents have, through Citizens Panel development based on the existing Tenant Gateway approach.
 - More focused engagement with the Voluntary and Community sector, which will be delivered through the restructure of the Locality and Community Empowerment team.
- There is the need to signal that the whole organisation a collective responsibility for effective community engagement and this therefore requires an understanding of the wider engagement approaches, how these align with our Corporate Plan and collective responsibility in delivery.
- There is a budget imperative in terms of the need to make savings and these more effective engagement methods will be more cost effective. These include activities around the new Place agenda and the intention to establish Town Teams within the Locality and Community Empowerment restructure.
- In order to continue to meet the Best Value statutory duty, we need to ensure that the organisation consults with residents and with representatives of our communities, including voluntary/community groups and businesses, when facing difficult funding decisions, potential cuts or significant change to services.

Alternative Options Considered (With Reasons Why Not Adopted)

Not to change the Community Engagement approach and maintain the current system. Consultations and research have told us that the Area Committees are not effective in their current form and are highly resource intensive. Our current approach does not take sufficient account of more modern and effective methods of engagement. If we maintain the status quo we will not make the necessary savings through restructure and realignment of the Locality and Community Empowerment section.

Not recommended in view of the research and budget consultation responses

Give the Area Committees greater responsibility by delegating more strategic and operational decision making to them

This would not achieve service delivery consistency across ADC. Also, most services operate across the District and there would be additional operational staff requirements and therefore increased cost, in disaggregating them across 4 separate areas. It would also require a much greater input from Democratic Services in terms of servicing additional committee meetings, which necessarily would need to meet more often than the current once every 2 months.

Not recommended on cost and efficiency grounds

Proceed with the changes detailed in the recommendations and in this report: these proposals will deliver more focused community engagement and will facilitate a restructured and realigned Locality and Community Empowerment section, along with budget savings.

Recommended

Background

The Need for Change

- **Budget Consultation 2016/17:** as part of the wide ranging public consultation which was undertaken from 31 October – 12 December, ADC asked a series of specific questions about engagement methods:
 - **Have you ever attended an Ashfield District Council Member surgery?**
 - 757 people provided a response to this question. Of this number 71, or 9% had attended a surgery. The remaining 91% had either not attended (58%) or was not aware of them (33%).
 - **Have you ever attended an Ashfield District Council Area Committee?**
 - 751 people provided a response to this question. Of this number 55 or 7% had attended an Area Committee. The remaining 93% had either not attended (61%) or was not aware of them (31%).
 - **To what extent do you agree or disagree that the Council should consider alternative methods of community engagement?**

738 people provided a response to this question. Of this number 503 or 68% agreed or strongly agreed; 27% neither agreed nor disagreed and 5% disagreed or strongly disagreed.

Examples of comments received on the consultation confirmed that alternative approaches were desired in order to facilitate a greater reach into communities:

- “Investing resources in alternative forms of communication is key. As a working mum, I often miss out on news of events, so using social media more often is very beneficial to people like me.”
- “More visibility of Councillors in Wards, eg door to door, surgeries, communication by leaflet.”
- “Need to work smarter in all areas. IT – connect, promote it and people will use it.”
- “Communication, marketing, PR, “keeping you informed”, monthly e mails, social media, more, more, more.”
- “Councillors to be out and about talking to people.”

- **The Cabinet Report:** “Review of Community Engagement” was agreed by Cabinet on 19 January 2017; this recommended a review of ADC engagement methods.
- **Peer Challenge 2017:** the need to review the Council’s community engagement processes was identified in the Peer Challenge review held in March 2017. There was a general consensus that Area Committees are no longer effective and that they consume high levels of resources. The peer challenge team encountered a real appetite among Members to review this model and replace it with something that is more engaging, less resource intensive and one that reaches out to all sections of the local population. Recommendations from the peer challenge were to instigate an early review of Area Committees due to the potential to release Member and officer capacity and deploy it more productively across the organisation
- **A Communications Health Check** was undertaken on 5th December 2016 as part of the wider communications review. Recommendations were; to keep a focus on developing our brand identity and on crafting narratives and strategies that articulate the vision of the Council; ensure proactive communications in order to build trust and transparency; and a movement towards more social communications is to be encouraged.

Current climate in local government – ongoing budgetary considerations mean that ADC is constantly striving to achieve greater value for money and cost effectiveness. As well as this, there is a need to encourage greater self-sufficiency amongst the resident population.

The Review

The Aim of the review was to understand our current community engagement methodologies and determine more effective, efficient and modern means of engagement which would result in more local people being actively engaged in the issues which affect them, in order that:-

- Decision making is based on representative views
- There is reduced influence of pressure groups and single issue politics
- Feedback on strategic proposals is improved
- Participatory democracy is increased

The objectives of the review were to determine who best to engage with, the usefulness and applicability of different engagement techniques and the ease of accessibility and cost justification, giving rise to recommendations for:-

- More modern methods of engagement and communication, using the various forms of social media, street surgeries, etc.
- Reduction in officer time
- Increase in engagement with wider demographic, particularly younger people
- Increase in people playing a more active role in decision making processes of the Council

The Approach

- After the approval of the Cabinet Report in January 2017, Views of Members were sought at Scrutiny Panel A on 7th March 2017, undertaking a SWOT analysis of current engagement approaches whilst also generating ideas for opportunities to improve.
- As stated above, resident views of our current engagement methodologies were obtained through our budget consultation exercise in December 2016. We have also examined the results of the 2016 Place Survey and 2017 Star Survey which are relevant to this review.

- An Officer Working Group discussed current community engagement approaches and assessed these using tools from the LGA Community Engagement Toolkit, developing proposals for improvement.
- A desktop review has also been undertaken of innovation and good practice elsewhere.
- The various consultations and research outlined above commenced in Autumn 2016 and carried on up to July 2017. As has been mentioned, the consultation used a wide range of methodologies: face to face, digital, desk research, expert advice, analysis of the views of residents through the Customer Survey.
- In putting forward a more diverse set of engagement methods, we have been particularly aware of the need to engage with harder to reach groups, eg those with no digital access, those with caring responsibilities who are unable to attend meetings, the elderly, those in our more deprived areas, newer citizens to the District who might need more Council help.

Recommendations in detail

- Cease Area Committees in their current format from 1 January 2018.
- Cease Locality Plans and continue to identify neighbourhood projects through the capital programme, ensuring new projects are aligned to relevant corporate strategies and follow the capital programme gateway process;
- Establish public consultation events across the District; whereby Members and officers present strategies, plans and priorities to the public and consult on proposals. These would run as informal exhibition-type drop in events, whereby the public can meet Members and officers and express opinions on council priorities;
- Cease Member Grants in their current format (ie approved through Area Committees); instead, allocate an annual amount as a contribution to Christmas festivities and to Remembrance Sunday and establish a community grants scheme through the Nottingham Community Foundation. Any unspent grant from 2017/18 will be taken as a saving and reported to Cabinet at a later date.
- It should be noted however, that an additional allocation will be made in 2018/19 financial year, specifically for Remembrance Sunday and the 100 Year commemoration of the ending of WW1. This is for the Council to act in its public leadership role following the reduction in support from the Police in 2017 for Remembrance Parades. The Council will provide additional support for the 100th year anniversary and thereafter will provide support for 3 parades of £525 each up to 2021, when this allocation will be reviewed;
- Within the specified budgets, an annual allocation of £15k will also be made from f/y 2018/19 to the Nottinghamshire Community Foundation to continue the availability of the small community grants. NCF is a charity and company limited by guarantee with expertise in the community and social enterprise sector. Like other Community Foundations in the UK, NCF acts as a broker to connect donations with areas of need, ensuring impact within communities. In granting this money, ADC will decide on the criteria for the grants and will of course stipulate that all money disbursed will be spent within the Ashfield District area for the benefit of its residents and community groups in alignment with our corporate plan and objectives.

- Retain the Citizens' Panel and Youth Panel. The Youth Panel is convened via Nottinghamshire County Council and ADC will continue to work with them on this important young people's forum. We will also work with schools and youth groups to develop other young people's engagement arrangements. Regarding the Citizen's Panel, ADC is intending to refresh this to encourage greater levels of membership and to consider alternative ways of working with its members, eg via more digital methods;
- Retain Member Surgeries, which would continue to be facilitated by Democratic Services according to Member wishes;
- Move to more modern digital approaches and placed base focussed connectivity where there is added value in engagement activity. Members will be able to retain involvement with their communities through increased use of social media and face to face engagement such as street surgeries;
- Investigate community engagement through the new Ashfield Place Partnership structures.
- Use the forthcoming Locality and Community Empowerment review to strengthen the work with Ashfield's Third Sector and voluntary and community sector partners. Review and maintain a central list of community groups, voluntary groups, charities and schools as a key corporate engagement information resource. This will enable services to identify and approach relevant groups as required as part of their community engagement activity, adopting a new principle that 'we go to them' to engage.
- Following on from the above, support resident led partnerships to become established, and then self-sustaining, in communities where collaboration has emerged based on the needs of that area, with officers working dynamically in those communities. For example New Cross Community Links and Broomhill. Work to integrate these new groups into the Ashfield Third Sector/voluntary and community sector partners' "family".
- Continue to improve the organisation's social media focus through:-
 - Proactive communication
 - Timely responses to residents which assist to clarify communications
 - Directors and Members being available online
 - Live streaming of meetings where appropriate
 - Working with Age UK and other charities to assist and support over 55's across the district in their awareness and use of digital channels.
- Adopt a Whole Council approach to community engagement, ie, support service managers and team leaders to understand that engagement is wider than information giving/consultation and is part of their wider organisational responsibility. Provide training and develop an Engagement Handbook, incorporating the importance of understanding engagement objectives and planning engagement activity through an Engagement Plan. As part of this approach, establish a resource hub and a community resource hub online through the Councils website with advice on how to engage with the Council and how to engage with local community groups;
- Establish a new marketing and advertising plan to promote the new ways of engagement. As part of this plan, we would include a range of methods such as: information within all council offices, DWP, community centres and hubs, Housing offices, social media groups and digital platforms, Council publications, partner platforms (eg Police, Fire Service, Schools etc);

- Commence the restructure of the Locality and Community Empowerment section in order to implement these changes.

Implications

Corporate Plan:

The context for Ashfield’s approach to Community Engagement is set out in the Corporate Plan, whereby the Council’s purpose states “the Council exists to serve the communities and residents of Ashfield.”

Also, of further significance are 2 of our stated values:

- Community and customer focussed: putting people first;
- Transparent and accountable in our decision making.

Against this purpose and these core values, the Corporate Plan states further the intention to engage with customers and seek their views, to ensure effective community leadership through good governance, transparency and accountability and to develop a transformation and efficiency programme through service reviews.

Legal:

Area Committees are formal committees of the Executive appointed at the discretion of the Leader. The Leader has exercised her discretion to cease Area Committees with effect from 1st January 2018 and has amended the Executive Scheme of Delegation to reflect this.

The Monitoring Officer (in accordance with Article 14 section 14.02(a) – to make alterations and changes to reflect in year decisions as she deems necessary) will make necessary alterations and changes to the Constitution as a consequence of the Leader’s decision to cease Area Committees, including:

- Delete all references to Area Committees in Part 1;
- Delete Article 7 of Part 2;
- Delete Section 8 of 1.6 Part 3 (Executive Scheme of Delegation);
- Delete the terms of reference for Area Committees in 1.8 of Part 3;
- Delete references to the Area Committees in Part 7, Members’ Allowances Scheme;

Make consequential renumbering and other amendments as a result of the above changes.

The agreed Schedule of Meetings will also need amending to remove the Area Committees due to take place in 2018.

Finance:

This report is effective from 01/01/2017 and has the following financial implications:

Budget Area	Implication
General Fund – Revenue Budget	<p>There will be a saving of £3k in 2019/20. Any unspent grant in 2017/18 will contribute a small saving in this year.</p> <p>There are also savings of £3.7k in 2018/19 for 2 Member Special Responsibility Allowances as a result</p>

	of no longer chairing Area Committees. The saving in 2017/18 will be £0.9k.
General Fund – Capital Programme	None
Housing Revenue Account – Revenue Budget	None
Housing Revenue Account – Capital Programme	None

Risk:

Risk	Mitigation
Public apathy to new arrangements	This report proposes a wide range of methods (some existing and some new) and a new approach to take the council to the people through twice yearly consultation events
The new proposals become equally resource intensive	There will be a presumption through the Engagement Handbook that Community Engagement is everyone's business and not just the job of a few council officers. As well as this, we will monitor the new arrangements to ensure that they are relevant to the public.
Lack of appetite amongst Voluntary and Community and resident groups to become more self sufficient	It is proposed that as part of the Localities and Community Empowerment review, a coordinator will work with the Voluntary, Community and resident group sector to build local capacity and self-sufficiency.
Negative PR at the cessation of grants	See above. Help for groups to become more self-sufficient and raise their own funds.
Implication that ceasing Area Committees is not democratic	Area Committees are poorly attended by the community and were not seen as useful by those residents who responded to the Budget Consultation. This report proposes a wider range of activities which will facilitate greater levels of engagement with the public.

Human Resources:

The above recommendations if approved will be incorporated into relevant service reviews. Any resultant HR implications will be dealt with under the appropriate HR policies. There are no direct HR implications arising from this report.

Trade Union Comments:

The above recommendations will impact across the Council and the changes in service delivery will be incorporated into Service Reviews. Those Service reviews will be co-ordinated to maximise the opportunities for existing Officers.

The Council recognises the considerable contribution made by officers who facilitate existing Community Engagement and will seek to make use of their transferable skills to facilitate the new ways of working.

Equalities:

Overall there will be a positive implications on Equalities. Although the recommendations propose changes in format to our community engagement approach the overall effect will be positive by ensuring the councils reaches out to existing groups rather than waiting for people to attend its own meetings. The report proposes various methods to increase active community engagement and greater levels of self help across the district. This will include more intensive work with the infrastructure of the Voluntary sector to build their capacity, so that they can provide more support and also greatly improving engagement with younger people. An annual contribution to the Community Foundation, proposed within this report, will also provide some opportunity to groups for small grants.

Other Implications: Communications

Ongoing communications will be required in terms of press releases and direct communications to confirm new proposals once agreed and to provide ongoing support for the new arrangements.

Reason(s) for Urgency (if applicable):

Not applicable

Background Papers

None

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Rob Mitchell
CHIEF EXECUTIVE

Report To:	CABINET	Date:	30 NOVEMBER 2017
Heading:	PUBLIC SPACES PROTECTION ORDER (PSPO) – CAR CRUISING		
Portfolio Holder:	CLLR NICOLLE NDIWENI – SAFER AND STRONGER COMMUNITIES		
Ward/s:	UNDERWOOD, ANNESLEY AND KIRKBY WOODHOUSE		
Key Decision:	YES		
Subject to Call-In:	YES		

Purpose of Report

The purpose of this report is to seek approval from Cabinet to consult on the making of a Public Spaces Protection Order (PSPO) to prohibit people from engaging in, encouraging or assisting in the carrying out of any 'car cruising' events on the public highway, and other land to which the public has access, as detailed in the draft PSPO at Appendix 1.

Recommendation(s)

Cabinet is recommended to approve:

- 1 That the Director of Place and Communities, in accordance with section 72 Anti-Social Behaviour, Crime and Policing Act 2014, carry out the necessary consultation and notification of the proposed Order in respect of car cruising.
- 2 That the results of the consultation are considered by the Director of Place and Communities and to report back to Council with a view to proceeding with and making the Order, where this is supported by the results of the consultation. If substantial and material amendments are required, an amended version will be submitted to Cabinet for reconsideration prior to seeking formal adoption at Council.

Reasons for Recommendation(s)

Car Cruising on Junction 27 of the M1 Motorway and the Hucknall bypass has been a significant problem for a number of years. In 2015 Nottinghamshire County Council presented evidence to Nottingham County Court sufficient to support the granting of an injunction.

During 2017 large numbers of drivers have gathered in breach of the injunction causing distress and nuisance to local residents. This issue is currently being managed by Nottinghamshire Police who are enforcing the current injunction which currently prohibits car cruising in roads surrounding Junction 27 of the M1 Motorway.

The current injunction expires on 16 January 2018.

Partner discussions have been undertaken including Nottinghamshire Police, Nottinghamshire County Council Community Safety Team, Nottinghamshire County Council Highways and the Council in respect of the way forward in tackling Car Cruising post January 2018.

Nottinghamshire Police have reported that enforcement of the injunction is not an effective or efficient power to address the problem.

Nottinghamshire County Council have indicated that they do not intend to apply for renewal or extension of the Injunction. Research indicates that use of a Public Specae Protection Order is an effective control measure to reduce nuisance and harm. Hence, given the ongoing problem with car cruising around Junction 27, creating a new PSPO to tackle this issue is the most practicable alternative option.

Alternative Options Considered (With Reasons Why Not Adopted)

Not to create a new PSPO in respect of car cruising.

This would require tolerating this form of driving behaviour and the associated risk to public safety and nuisance. The risk is evidenced and whilst no serious injury has occurred within the district, similar events within the UK have resulted in fatalities and serious injuries to drivers , passengers and spectators

Any reactive response without recourse to an order or injunction would create higher burden of proof on enforcement agencies to prosecute and therefore deter the offending behaviour. This has been attempted in the past and proven to be ineffective costly.

The absence of either an Injunction, or a PSPO, would significantly reduce enforcement options in respect of this activity. Although it is likely that road traffic offences will be committed during car cruising activities (such as speeding and dangerous driving), these are more challenging for the police to enforce and not effective in controlling ancillary activities such as spectating, which causes obstruction of the highway.

Detailed Information

Car cruising problems in the Ashfield District

Car Cruising on and around Junction 27 of the M1 Motorway and the Hucknall bypass has been a significant problem for a number of years.

Car cruising is a term that describes the practice of large numbers of vehicles being gathered together and may involve;

- a. Motor vehicles are driven at excessive speed or accelerated aggressively;
- b. Motor vehicles are raced against one another;
- c. Stunts are performed in motor vehicles;
- d. Music is played on equipment installed in a motor vehicle which is audible outside the vehicle; or
- e. Motor vehicles are driven in convoy, whether side by side or in single file
- f. Sounding horns (so as to cause public nuisance)
- g. Congregating to spectate the above activities.

An injunction, which included tackling car cruising at Junction 27 of the M1 Motorway and surrounding roads, has been in place since January 2014 and is due to expire on 16th January 2018 (Copy of this Injunction detailed at Appendix 2). The enforcement of this Injunction has been successful and has helped to reduce the number of such occurrences and improve public safety. Prior to the current Injunction being implemented, there were regularly 200 plus vehicles congregating at the location, with the Police having minimal powers to deal with this. Even with the current injunction in place, there have still been many incidents of car cruising. 82 first stage Notices have been issued for breach of Injunction between June and October 2017. There have been no repeat breaches and therefore no prosecutions. Prosecution for a breach of injunction is more time consuming and costly than prosecution for a breach of the proposed PSPO. This activity is resource intensive and has limited deterrent effect.

There are still vehicles attending the location with intention of car cruising. On Sunday 17th September 2017 the Police attended the area and dealt with drivers of over 12 vehicles that had congregated. Six notices were issued to the drivers, who were from either Derby or Sheffield.

It can be seen that although the current Injunction has been a successful tool in combatting the problem of car cruising, there are still ongoing problems and it is anticipated that these will significantly worsen when the current Injunction expires in January 2018.

Public Places Protection Orders

The Anti-Social Behaviour, Crime and Policing Act 2014 introduced several new tools and powers for use by councils and their partners to address anti-social behaviour (ASB) in their area.

Public Spaces Protection Orders (PSPOs) are intended to deal with a particular nuisance or problem in a particular area that is detrimental to the local community's quality of life, by imposing conditions on the use of that area which apply to everyone. They are designed to ensure the law-abiding majority can use and enjoy public spaces, safe from anti-social behaviour.

A PSPO is an order that identifies a particular space or area to which it will be applied; and can make requirements, or prohibitions, or both within that space or area. This means that the Local Authority can, by virtue of the order, require people to do, or not to do specific things in that space or area. The Local Authority has the powers to grant the prohibitions/requirements where it believes that they are reasonable in order to reduce or prevent the unwanted issues. The order can be applied to specific people, or everyone within an area and can apply at all times or within specific times.

The order can apply for a maximum of 3 years upon which the process of reviews and consultation must be repeated to check whether the issues are still occurring and the order is having the required effect. After the initial 3 years, the order can be extended for a further 3 years, and upon further reviews and consultation, can be extended more than once for further periods of 3 years.

Robust evidence must be forthcoming before a PSPO can be considered as an intervention. Nottinghamshire Police and Council officers have evidence of public complaints and evidence of the driving behaviour. Evidence from national media reports is also available to demonstrate the high risk to life posed by such driving behaviour. A PSPO can be made by the Council if they are satisfied on reasonable grounds that the activities carried out or likely to be carried out, in a public space:

1. have had, or are likely to have, a detrimental effect on the quality of life of those in the locality;

2. is, or is likely to be, persistent or continuing in nature;
3. is, or is likely to be, unreasonable; and
4. Justifies the restrictions imposed.

Use of PSPOs to tackle car cruising issues is now common. PSPOs for this issue are currently in place in a number of local authorities including Thurrock, Stockport, Trafford, Tamworth, Huntingdonshire, Enfield, Sandwell, Barking & Dagenham and Broxtowe Council (relating to the A610 from Junction 26 of the M1). In addition, Gedling Borough Council are currently preparing an application for a PSPO to address issues in their area. Service of Fixed Penalty Notices under a PSPO is less burdensome on the Police than enforcement of the current Injunction.

It is anticipated that the majority of the enforcement relating to the proposed PSPO will be carried out by Nottinghamshire Police. Powers to enforce the PSPO will also be given to the Council's Community Protection Officers, who will be able to assist Nottinghamshire Police, and dependant upon necessary risk assessments may be able to conduct enforcement themselves.

Consultation

In accordance with statutory requirements, prior to approval of a PSPO, the Council is required to undertake formal consultation.

The Council is obliged to consult with the local chief officer of police, the Police and Crime Commissioner, owners or occupiers of land within the affected area where reasonably practicable and appropriate community representatives. The County Council, parish or community councils that are in the proposed area covered by the PSPO must be notified.

The Act does not define the level of appropriate consultation. However, the Council will consult with those detailed above.

Consultation will be by way of press release on the Council's website and via social media. On site notices/posters will be displayed within prominent areas such as notice boards within the restricted area, a notice published in the local paper and hard copy documents available for inspection at the Council offices. The consultation will be for the duration of just over 5 weeks.

As recommended in Government Guidance on PSPOs, early engagement with partners in respect of car cruising issues has been undertaken during the last few months. A Junction 27 Working Group has been reviewing ongoing car cruising issues and gathering evidence.

Attached at Appendix 3 is a proposed timeline for implementation of a PSPO in place for car cruising. This would allow a PSPO to be in place by 12th February 2018.

Publication

The Anti-social Behaviour, Crime and Policing Act 2014 (Publication of Public Spaces Protection Orders) Regulations 2014 details publication requirements when a new PSPO is made.

A PSPO must be

1. published on the local authority's website
2. Erected on or adjacent to the place the Order relates to, and is sufficient to draw attention, setting out the effect of the Order and whether it has been made, varied or extended.

Once Council have determined to create and enact a PSPO for car cruising, appropriate street signage will be erected in the area affected. Nottinghamshire County Council have indicated their intention to fund creation and placement of signs

Implications

Corporate Plan:

Implementing a PSPO for car cruising will help tackle a significant public nuisance and public safety issue within the Ashfield district and be commensurate with current collaborative working approaches to tackling ASB by the Ashfield Community Safety Partnership.

Legal:

The council legal service have experience of development and implementation of PSPOs. The current PSPO which deals with alcohol consumption in designated areas, prohibition of urinating and defecating in public areas and various dog-related issues, came into force on 1st October 2015.

It is anticipated that there is capacity to support development and implementation of the plan. Legal resources required for enforcement/prosecutions is to some extent an unknown quantity. However, discussion with a number of local authorities concerning the implementation of such PSPOs has indicated that this has been a success, but with minimal prosecutions resulting from the service of FPNs.

Failure to comply with either a prohibition, or requirement stated within the order is an offence. Upon summary conviction (offences heard within the Magistrates Court) defendants can face a fine up to £1,000. The defendant cannot be found guilty of an offence under a prohibition/requirement where the Local Authority did not have the power to include it in the order. Subsequent breaches of the order can also be discharged by use of a Fixed Penalty Notice (FPN). The authority has the option to either prosecute or issue an FPN to discharge liability to convict (s67 & 68 of the ASB, Crime and Policing Act).

Finance:

Officer time PSPO development. For a single issue PSPO regarding car cruising, this can be kept to a low level as Nottinghamshire Police have relevant information on the continued need for action in respect of this problem. Work should be contained in existing job roles and salary budgets.

Advertising. The Council would have to commission public notices in local newspapers in respect of consultation and implementation of a PSPO. It is estimated that such advertising would be in the region of £600-£800. Although this is not a strict legal requirement, it would be considered good practice for the Council to publish such a notice in the local press

Signage: New signs would have to be designed, purchased and erected. Up to around 20-30 signs would be required in respect of car cruising. It is estimated that this would cost in the region of £1,000.

Enforcement: The majority of time required to issue fixed penalty notices would be shared by Nottinghamshire Police and the Council’s community protection team who would be authorised to serve such notices. An additional burden for the Council would be officer and legal time to take prosecution action in respect of non-payment of fixed penalty notices.

There would be a financial burden on the Council’s Legal team in terms of preparation of Court files and prosecution. It is difficult to estimate the number of likely number of cases due to the effectiveness of the current injunction. However, discussion with Local Authorities that have already implemented PSPOs for car cruising has revealed that prosecution cases following the issue of Fixed Penalty Notices are at a very low level.

It is anticipated therefore that the likely additional cost for implementation of a single issue PSPO relating to car cruising would be in the region of £1,800. These costs will be met through a community safety grant to the Ashfield Community Safety Partnership

Budget Area	Implication
General Fund – Revenue Budget	Nil
General Fund – Capital Programme	Nil
Housing Revenue Account – Revenue Budget	Nil
Housing Revenue Account – Capital Programme	Nil

Risk:

Risk	Mitigation
Public safety risks from car cruising should there be no PSPO or injunction in place to control car cruisers.	Nottinghamshire Police would still have powers to deal with dangerous driving, speeding etc. Although these powers are not as effective or easy to enforce, they would still have an impact on dealing with car cruising.
Council reputational risk in terms of effective partnership working and in the event of a serious accident, injury or death.	Implementing a new PSPO provides opportunity for excellent ongoing joint approach to tackling ASB as part of the Ashfield Community Safety Partnership.
Implementation of a new PSPO will displace car cruising activities to other areas of the district.	Local knowledge would suggest that any displacement is unlikely to be in the Ashfield District. Neighbouring districts are submitting similar applications to address potential displacement. Nottinghamshire Police would still have powers to deal with dangerous driving, speeding etc. Although these powers are not as effective or easy to enforce, they would still have an impact on dealing with car cruising.

Human Resources:

Impacts of introducing a new PSPO for car cruising would potentially give an additional burden in respect of CPOs and the Council's legal team. This relates to time to drafting the notice, officer time for consultation exercise, consideration of responses received, and to provide written responses where necessary, Officer time in the service of FPNs, processing of statements/cases and legal time to process and take legal cases to Court. It is anticipated however that Nottinghamshire Police be the primary enforcing agency for the proposed PSPO.

The Council have already committed to reviewing and developing further PSPOs in the Ashfield district. Development and implementation costs are not significant

Equalities *(to be completed by the author):*

In recommending consultation of the proposed PSPO, consideration has also been had to Articles 10 and 11 of the Human Rights Act 1998 which allows the rights to expression and assembly. However, the Human Rights Act does allow restriction of these human rights for the purposes of the prevention of crime and disorder, or to protect the health or the rights and freedoms of others. The proposals in the PSPOs are intended to ensure that the anti-social behaviours caused by the activities are addressed so that public spaces can be enjoyed without fear or intimidation by the law-abiding majority of the community.

Other Implications:

The PSPO is seeking to address issues which impact on quality of life and public safety. These issues can affect both the physical and mental well-being of residents and therefore these proposals would have a significant impact on community well-being.

Communications

A press release will be prepared to achieve the consultation together will regular further communications as this order is progressed.

Reason(s) for Urgency (if applicable):

N/A

Background Papers

Copy of Proposed PSPO at Appendix 1 (Attached)

Copy of existing Injunction at Appendix 2 (Attached)

Proposed timeline for implementation of a PSPO in place for car cruising at Appendix 3 (Attached)

Report Author and Contact Officer

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Community Protection Manager

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Appendix 1

The Anti Social Behaviour, Crime and Policing Act 2014

Ashfield District Council Public Spaces Protection Order (Junction 27 M1) 2017

This Order comes into force on **[Date to be confirmed following consultation]** and shall have effect for a period of 3 years, unless extended by further orders under the Councils statutory powers.

The Order relates to the area surrounding Junction 27 of the M1 Motorway with roads/carriageways subject to restriction highlighted in BLUE, and the area shaded in BLUE bounded by the M1 Motorway and the A611 road on the attached plan (“the Restricted Area”)

Ashfield District Council (“the Authority”) is satisfied that the activities relating to motor vehicle nuisance carried out in the Restricted Area is having a detrimental effect on the quality of life of those in the locality or will have such an effect and that the effect or likely effect of the activities relating to motor vehicle nuisance such as to make the activities unreasonable and justifies the restrictions imposed by this order for the purposes of reducing crime and or anti-social behavior in a public place.

In this Order an “Authorised Officer of the Authority” means an employee of the authority who is authorised in writing by the Authority for the purpose of giving directions under this Order.

Ashfield District Council in exercise of its powers under Section 59 of the Anti-Social Behaviour, Crime and Policing Act 2014 (“the Act”) and all other enabling powers, hereby make the following order :-

The Order seeks to prohibit car cruise events where motor vehicles congregate and any of the following activities occur:

- a. Motor vehicles are driven at excessive speed or accelerated aggressively;
- b. Motor vehicles are raced against one another;
- c. Stunts are performed in motor vehicles;
- d. Music is played on equipment installed in a motor vehicle which is audible outside the vehicle; or
- e. Motor vehicles are driven in convoy, whether side by side or in single file
- f. Sounding horns (so as to cause public nuisance)
- g. Congregating to spectate the above activities.

So as to cause any of the following:

- a. Excessive noise;
- b. Danger to other road users;
- c. A risk of injury to any person; or
- d. A risk of damage to property.

- e. Causing obstruction on a public highway, or publically accessible place, or private land, whether moving or stationary.

Prohibition includes participating in a car cruise event either as a driver, or passenger of a vehicle within the area designated in the Public Spaces Protection Order.

A person who is guilty of an offence under this Order shall be liable on summary conviction to a fine not exceeding level 3 on the standard scale.

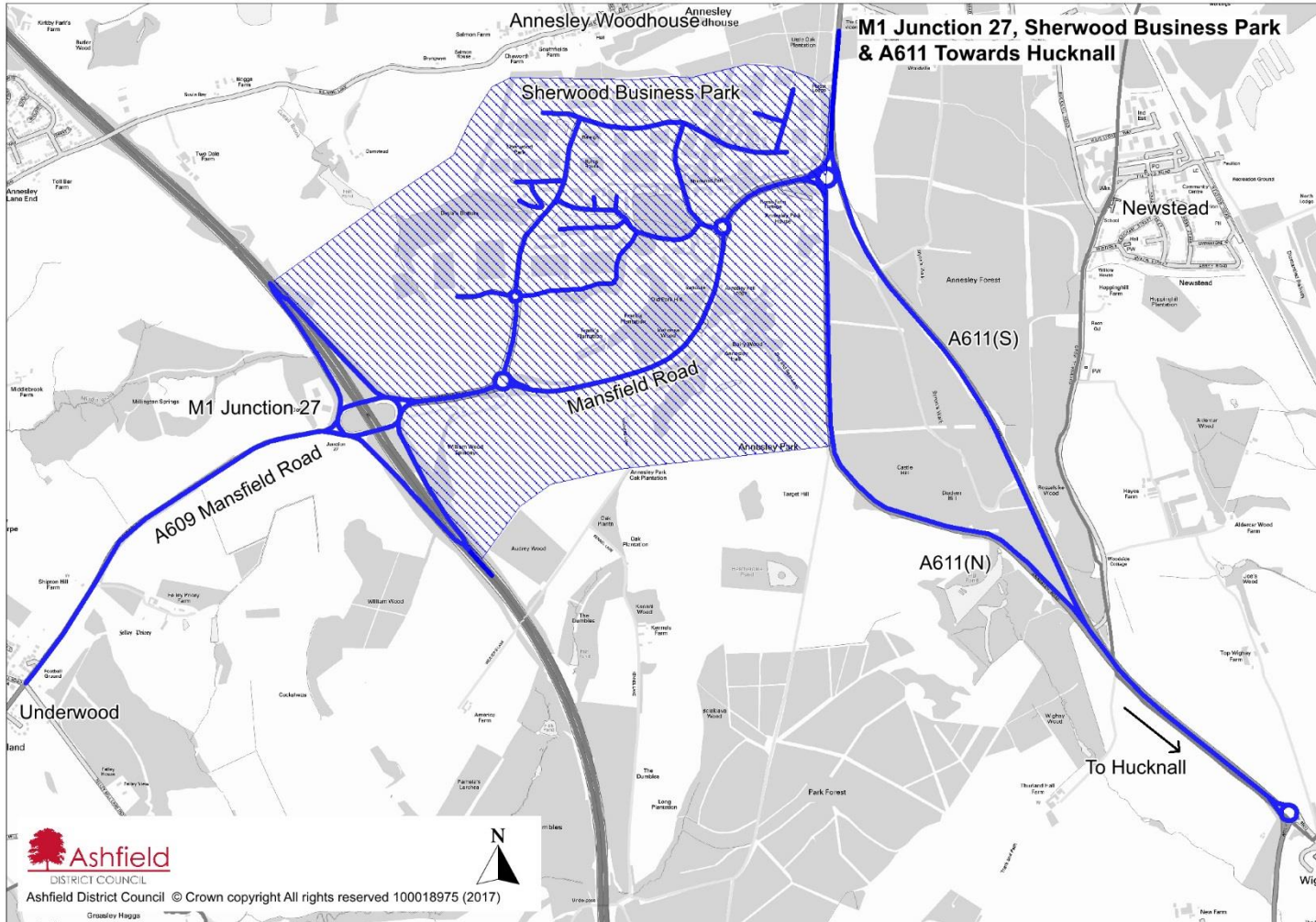
EXECUTED AS A DEED by affixing
THE COMMON SEAL of
ASHFIELD DISTRICT COUNCIL

This Day of 2017

In the presence of

Chairman
Chief Executive

Schedule 1 – Restricted Area



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Injunction Order

Between Nottinghamshire County Council, Claimant
and Persons Unknown, Defendant

Persons Unknown

In the County Court at Nottingham	
Claim Number	2NG00329
Claimant (including ref.)	Nottinghamshire County Council CW
Defendant (including ref.)	Persons Unknown and 3 others



IF YOU HAVE BEEN SERVED WITH A COPY OF THIS ORDER AND YOU DO NOT OBEY IT YOU WILL BE GUILTY OF CONTEMPT OF COURT AND YOU MAY BE SENT TO PRISON

Before His Honour Judge Godsmark QC sitting at the County Court at Nottingham, Nottingham Justice Centre, Carrington Street, Nottingham NG2 1EE on the 16th day of January 2015 the Court considered an application for an injunction.

IT IS ORDERED THAT:-

1. All persons are forbidden from participating in a Car Cruise within any of the prescribed areas. This order applies to persons who have been served with a copy of it.
2. The expressions "prescribed areas", "Car Cruise" and "participating in a Car Cruise" and have the meanings set out in Schedule 1 to this Order.
3. Any person served with a copy of the order has permission to apply to the Court to vary or discharge it.
4. The provisions of Schedule 2 to this order shall apply.
5. These orders shall come into force on 16th January 2015 and remain in force until 16th January 2018 at 11.59 p.m.

You may be able to get free legal aid advice. Go online at www.gov.uk/legal-aid for further information

Schedule 1

1. "The prescribed areas" are the areas outlined with a blue line on the maps attached to this order and are located at:
 - a. Victoria Retail Park, Netherfield, Nottingham;
 - b. Junction 27 of the M1 motorway and surrounding roads; and
 - c. Chilwell Retail Park, Chilwell, Nottingham.

2. A Car Cruise is an event at which motor vehicles congregate and any of the following activities occur:
 - a. motor vehicles are driven at excessive speed or accelerated aggressively;
 - b. motor vehicles are raced against one another;
 - c. stunts are performed in motor vehicles;
 - d. music is played on equipment installed in a motor vehicle which is audible outside the vehicle; or
 - e. motor vehicles are driven in convoy, whether side by side or in single file

so as to cause any of the following:

 - a. excessive noise;
 - b. danger to other road users;
 - c. a risk of injury to any person; or
 - d. a risk of damage to property.

3. A person participates in a Car Cruise if he or she is a driver of a motor vehicle engaged in the activities described in paragraph 2.

4. A person also participates in a Car Cruise if he or she is a passenger in a motor vehicle engaged in the activities described in paragraph 2.

Schedule 2

- 1. Service of this Order shall be effected by an officer of the Nottinghamshire Police Service, who shall record the name and address of the person upon whom the order is served and shall communicate the same, together with the time and date of service to the Claimant.**
- 2. At the same time that this order is served, the person served shall be given an explanatory notice in the form attached to this Schedule.**
- 3. Within 14 days of the service of the order, the Claimant or Nottinghamshire Police Service shall serve the following documents by first class post to the person referred to in paragraph 1 at the recorded address:**
 - a. a copy of the amended Particulars of Claim; and**
 - b. a copy of this order.**

EXPLANATORY NOTICE

You have been served with an injunction.

If you take part in a Car Cruise in the areas outlined on the map, you will be in contempt of court and you may be sent to prison.

You will receive additional information by post at the address you have given to the Police, within 14 days.

**Proposed Timeline For Implementation of Proposed PSPO In Respect of Car Cruising Around Junction 27 of the M1.
Critical Pathway**

Deadline for Cabinet report to be submitted.	20 th November 2017
Report to Cabinet requesting approval to consult on proposed PSPO	30 th November 2017
Commence public consultation including publication on the Council's website and and via social media, displayed within prominent areas such as notice boards within the restricted area.	8 th December 2017
Advert in local press (Hucknall Dispatch) regarding consultation following Cabinet call-in period ending 7 th December 2017	15 th December 2017 issue (copy deadline 13 th December 2017)
Consultation Period	8 th December 2017 to 15 th January 2018
Consider consultation responses	15 th December 2017 to 16 th January 2018
Final report to be submitted For Council	23 rd January 2018
Final report to Council to approve final PSPO	1 st February 2018
Implementation date of PSPO	On or after 5 th February 2018

If consultation responses necessitated a further report to Cabinet, this would likely be the 19th February 2018 cabinet and push the full Council report back to 26th April 2018 with implementation from May 2018. This would leave a four month gap in terms of powers more limited powers for the Police to deal with car cruising.

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Agenda Item 7



Report To:	CABINET	Date:	30 NOVEMBER 2017
Heading:	SHARED HUMAN RESOURCES SERVICE-EXTENSION OF SERVICE LEVEL AGREEMENT		
Portfolio Holder:	CLLR JACKIE JAMES: CORPORATE RESOURCES AND FINANCE		
Ward/s:	N/A		
Key Decision:	YES		
Subject To Call-In:	YES		

Purpose of Report

To give notice to Mansfield District Council (MDC) to extend the current Service Level Agreement (SLA) for provision of Human Resources (HR) services by Mansfield District Council to Ashfield District Council (ADC) for a further period of 5 years from 1st December 2018

Recommendation(s)

To agree to notify Mansfield District Council of Ashfield District Council's request to extend the Service Level Agreement for provision of Human Resources services by Mansfield District Council to Ashfield District Council for a further 5 years from 1st December 2018.

That any variations to the shared HR service, Service Level Agreement be delegated to the Director for Resources and Business Transformation

That any variations to the agreed proportionate split of the costs of providing the shared HR service functions be delegated to the Director for Resources and Business Transformation.

Reasons For Recommendation(s)

The SLA for the provision of HR services by MDC to ADC began on 1 December 2013 for a period of 5 years. The SLA is due to expire on 30 November 2018; however, there is provision for the agreement to be extended for a further 5 years.

The services provided have met the drivers for change adopted when the shared service was implemented, a continual programme of achievements and developments have been delivered and the required levels of performance have been consistently provided. It is considered that the shared HR team provides a good service, which is value for money for the Council.

Alternative Options Considered (With Reasons Why Not Adopted)

Withdrawal from the shared service arrangement-provision of in-house service: This will require the authority to provide its own stand-alone, in-house service. This is not recommended as it would create a lengthy period of significant disruption to the HR team with a knock on detrimental impact on the level of service provision and in turn a detrimental impact on cross Council service delivery. It would also significantly increase the cost of providing HR services through an increase in employee costs and HR-ICT system costs through the loss of sharing costs with MDC and reduce the resilience within the team.

Withdrawal from the shared service arrangement-services provided by private sector, alternative shared service or other third party: This is not recommended as it will require procuring an external supplier of HR services or entering into a service level agreement with a third party. Concurrently there will be a need to withdraw from the current shared service arrangement, which will involve a lengthy, complex and expensive exit plan being implemented to uncouple the current arrangements including TUPE considerations and data transfer.

Detailed Information

The original drivers for change were:

Increased Resilience

- To develop a robust service with the capacity to adequately and flexibly respond to changing demands of client groups and stakeholders

Increased Synergy

- To deliver a service that is consistent in the advice that it provides, the working practices, systems and processes it employs and the work types it undertakes

Shared Skills and Expertise

- To transfer skills and expertise throughout the service to address gaps in knowledge and contribute to the development of a more robust, resilient and effective service

Improved Efficiency (cashable and non-cashable savings)

- To reduce the cost of delivering HR services to both local authorities and identify the potential for improving working practices, systems and processes.

Increased Economy of Scale

- To take advantage of efficiencies to be realised from the use of one HR system (number of employees, updates and development costs)

The **Vision** for the Shared HR Services is:

“An exemplar, single, streamlined HR service providing high quality, consistent, value for money services that are flexible and adaptable to the developing business needs of partners“.

Achieved through:

- Optimising use of automation, self-service and developing technologies
- Alignment of policies, procedures and processes against organisational needs
- Streamlined collection and delivery of timely and accurate data
- Business focused solutions
- Provision of high quality, user friendly, up to date HR intranet and internet sites
- Delivering HR services more effectively and efficiently
- Providing consistent, high quality customer experience
- Taking advantage of commercial opportunities
- A culture of collaborative working and partnership mentality

It is considered that the drivers and vision are being met and the shared HR service team continues to implement significant benefits, improvements and active support to delivering the Council's key priorities and objectives. The service has continued to deliver significant efficiencies and cash savings to both authorities whilst providing enhanced service quality.

Successes and Achievements

Since commencement of the shared service in December 2013, the following have been implemented:

- Delivery of a range of key projects within the Councils, People Strategy-Action Plan
- Move to one HR system allowing data migration of ADC and Ashfield Homes employee and payroll data
- Development of self-service modules through the HR system including mileage and expense claims and updating of personal information
- Implementation of job evaluation and single status at ADC
- Successful TUPE transfer of 160 employees from Ashfield Homes and integration into payroll system
- Integration of transferred Ashfield Homes-HR team into the shared service.
- Delivery of significant cash savings to both authorities; £80k to ADC.
- Review and updating of HR policies and where appropriate implementing joint ADC/MDC policies, avoiding duplication
- Development of comprehensive leadership and management development programmes
- Development of more effective and efficient approach to identifying and delivery of training programmes to all employees
- Development of Apprenticeship Levy and Apprenticeship programme
- Introduction of a joint ADC/MDC recruitment portal
- Development of a joint ADC/MDC Competency Framework and integration into recruitment and employee development
- Provision of HR business partners aligned to directorates
- Improved payroll service
- Integration of payroll provision for elections staff for both authorities
- Enhanced support and guidance to managers on attendance management with significant reduction in absence rates
- Joint procurement of one occupational health service for both authorities
- Coordination and promotion of employee workplace benefits schemes

- Active support to ADC's comprehensive service review programme
- Increased resilience and continuity of service
- Active development support to enable ADC to self-assess as meeting the Equalities Framework for Local Government and Public Sector Housing

Performance Monitoring and Benchmarking

A quarterly performance review meeting is held between the Director-Resources and Business Transformation, HR Manager and Director of Governance and Monitoring Officer (MDC). As well as exception reporting and monitoring of performance, proposed service developments and successes/achievement are also discussed and actions agreed.

There is an annual Nottinghamshire HR benchmarking assessment undertaken involving the County Council, City Council and all the district authorities. The benchmarking assessment covers HR, payroll and learning and development. The shared HR service and in turn the respective authorities consistently perform above average to upper quartile. The shared HR service is deemed to be providing a high level of service on a value for money basis.

Cost Split

The cost split for meeting the total agreed chargeable costs when the shared HR service commenced in December 2013 was

- ADC (46.34%): MDC (53.66%)

This was based on the % split between the full time equivalents in the HR employee establishment for each authority as at 1 December 2013.

The integration of Ashfield Homes employees into ADC in October 2016 involved a subsequent transfer of HR & payroll officers into the shared service that has resulted in an increase in the overall costs of the shared HR service; with a net increase charged to ADC only. This will apply for the remainder of the current SLA that ends on 30 November 2018. This equates to a current % split of:

- ADC (49.53%): MDC (50.47%)

Due to a number of changes to the services that the shared HR service has been requested to deliver since commencement and the impact of the integration of the former Ashfield Homes employees, plus acknowledgment of the high level of transactional services that HR and payroll provide to all employees; both authorities agreed to review the future cost split basis which will come into effect with the renewal of the shared HR service-SLA on 1st December 2018.

The agreed revised cost split is

Employee Costs: Based on % split of FTE's (Full Time Equivalents) for each authority against total number of FTE's, excluding those employed within a ADC/MDC shared service arrangement. To be calculated on status at 1 December of each year.

Associated Costs (e.g. ICT system costs/licences/occupational health costs) of 50%:50% to each authority.

This equates to a projected % split of

- ADC (46.9%): MDC (53.1%)

Based on the indicative 2018/19 shared HR service budget, this is projected to realise full year savings to ADC of circa £25k (takes effect from December 2018) which will be included in the Council Savings Strategy.

Implications

Corporate Plan:

The shared HR service is fundamental to the delivery of the Organisational Improvement-Corporate Objective; predominantly through delivery of the People Strategy, comprehensive learning and development programmes, implementation of e-HR and actively supporting the Council’s comprehensive transformation and service review programmes.

Legal:

Both councils are local authorities for the purpose of the Local Government Act 1972 and best value authorities for the purposes of the Local Government Act 1999. The creation and continuation of the Shared Service is based upon the following powers:

- Local Authority (Good and Services) Act 1970, s.1
- Local Government Act 1972, ss.111-113
- Local Government Act 2000, ss.19-20
- Local Authorities (Arrangements for the Discharge of Functions Regulations) 2000 and consequential regulations and amendments.

The current SLA commenced on 1 December 2013 for an initial period of five years ending on 30 November 2018. The SLA allows for extensions of further five-year periods subject to satisfactory performance.

Finance:

This report is effective from 19/10/2017 and has the following financial implications:

Budget Area	Implication
General Fund – Revenue Budget	The budget saving for 2018/19 from 1 st December 2018 to 31 st March 2019 will be £9k. This is equivalent to a full year saving of £28k. See below part of this saving will be passed to the Housing Revenue Account. The exact amount is still to be determined.
General Fund – Capital Programme	No implications.
Housing Revenue Account – Revenue Budget	See above a proportion of the above cost saving will be transferred to the HRA. The amount is still to be determined.

Housing Revenue Account – Capital Programme	No Implications.
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Risk:

Risk	Mitigation
Failure to provide the required level of HR service required via the Shared Service, over the 5 year extended period	<ul style="list-style-type: none"> • The Shared HR Service provision is in accordance with a Service Level Agreement (SLA) including robust performance monitoring and reviews. • The extension of the SLA provides continuity in regard to HR service provision
Withdrawal by MDC from providing the HR service to ADC.	<ul style="list-style-type: none"> • The SLA includes a formal process should either authority wish to exit the Shared Service arrangement including a requirement for formulation and agreement of a detailed Exit plan

Human Resources:

As outlined within the report. The shared HR service employees will continue to be employed by MDC on its terms and conditions.

Equalities:

An Equality Impact Assessment (EIA) screening exercise was undertaken when the original proposal was considered. A further EIA screening assessment has been undertaken that shows there are no direct implications on equality and diversity as a consequence of the recommendations outlined within this report.

Other Implications:

Reason(s) for Urgency (if applicable):

Exempt Report:

Background Papers

Report Author and Contact Officer

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Agenda Item 8



Report To:	CABINET	Date:	30TH NOVEMBER 2017
Heading:	TREASURY MANAGEMENT STRATEGY MID-YEAR REVIEW 2017/18		
Portfolio Holder:	CLLR JACKIE JAMES – CORPORATE RESOURCES AND FINANCE		
Ward/s:			
Key Decision:	NO		
Subject To Call-In:	NO		

Purpose Of Report

To receive a report on the position of the Council with regard to its Mid Year position against the existing Treasury Management Strategy.

Recommendation(s)

Cabinet are asked to note the mid-year position in respect of the treasury activity and performance against the prudential indicators.

Reasons for Recommendation(s)

To make Members aware of the current position and meet the requirements of the Council's Financial Regulations (C.29).

Alternative Options Considered (With Reasons Why Not Adopted)

None.

Detailed Information

Overview

The Council aims to operate a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending commitments. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

Accordingly treasury management is defined as:

“The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

TREASURY MANAGEMENT – MID YEAR REPORT 2017/18

1. Introduction

This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- An economic update for the 2017/18 financial year as at 30th September 2017;
- The Council's capital position (prudential indicators);
- The Council's investment portfolio for 2017/18.

There has been no change to the Council's Treasury Management Strategy and Annual Investment Strategy which was agreed by Council on 23rd March 2017. Further information with regards to the Minimum Revenue Provision (MRP) can be found on section 2.1.2 of this report.

Due to the technical terms / abbreviations within this report, a glossary has been provided at the end of the report.

1.1 Economics and interest rates

1.1.1 Economics update

The United Kingdom (UK) is part of a global economy and as a result it is not only affected by events at home but also events overseas. The below provide a brief update on the UK economy and the wider global economy.

UK. After the UK economy surprised many with strong growth in 2016, growth in 2017 has been disappointingly weak; quarter 1 resulted only +0.3% (+1.7% y/y) and quarter 2 was +0.3%

(+1.5% y/y) which meant that growth in the first half of 2017 was the slowest for the first half of any year since 2012.

The main reason for this slowing growth has been the sharp increase in inflation, caused by the weakening partly of sterling after the EU referendum, resulting in increases in the cost of imports into the economy. This has caused, in turn, a reduction in consumer disposable income and spending power and so the services sector of the economy, accounting for around 75% of GDP, has seen weak growth as consumers cut back on their expenditure.

Recently there have been encouraging statistics from the manufacturing sector that is seeing strong growth, particularly as a result of increased demand for exports. It has helped that growth in the EU, our main trading partner, has improved significantly over the last year. However, this sector only accounts for around 11% of GDP so expansion in this sector will have a much more muted effect on the average total GDP growth figure for the UK economy as a whole. Growth for quarter 3 at 0.4% (higher than expected).

EU. Economic growth in the EU, (the UK's biggest trading partner), has been lacklustre for several years after the financial crisis despite the European Central Bank (ECB) eventually cutting its main rate to -0.4% and embarking on a massive programme of QE. However, growth picked up in 2016 and now looks to have gathered ongoing substantial strength and momentum thanks to this stimulus.

GDP growth was 0.5% in quarter 1 (2.0% y/y) and 0.6% in quarter 2 (2.3% y/y). However, despite providing massive monetary stimulus, the ECB is still struggling to get inflation up to its 2% target and in August inflation was 1.5%. It is therefore unlikely to start on an upswing in rates until possibly 2019.

USA. Growth in the American economy has been volatile in 2015 and 2016. 2017 is following that path again with quarter 1 showing growth of only 1.2% but quarter 2 rebounded to 3.1%, resulting in an overall annualised figure of 2.1% for the first half year.

Unemployment in the US has also fallen to the lowest level for many years, reaching 4.4%, while wage inflation pressures, and inflationary pressures in general, have been building. The USA Central Bank (Fed) has started on a gradual upswing in rates with three increases since December 2016; and there could be one more rate rise in 2017 which would then lift the central rate to 1.25 – 1.50%.

There could then be another four more interest rate increases in 2018. At its June meeting, the Fed strongly hinted that it would soon begin to unwind its \$4.5 trillion balance sheet holdings of bonds and mortgage backed securities by reducing its reinvestment of maturing holdings.

Chinese economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems.

Japan is struggling to stimulate consistent significant growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

Taking all of the above in to account, the MPC increased the bank base rate from 0.25% to 0.5% on the 2nd November 2017.

1.1.2 Interest Rate Forecasts

The Council's treasury advisor, Link Asset Services, has provided the following forecast:

	NOW	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
BANK RATE	0.50	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00
3 month LIBID	0.40	0.40	0.40	0.40	0.40	0.60	0.60	0.60	0.70	0.90	0.90
6 month LIBID	0.45	0.50	0.50	0.50	0.60	0.80	0.80	0.80	0.90	1.00	1.00
12 month LIBID	0.65	0.70	0.80	0.80	0.90	1.00	1.00	1.10	1.10	1.30	1.30
5 yr PWLB	1.50	1.50	1.60	1.60	1.70	1.80	1.80	1.90	1.90	2.00	2.10
10 yr PWLB	2.10	2.10	2.20	2.30	2.40	2.40	2.50	2.60	2.60	2.70	2.70
25 yr PWLB	2.70	2.80	2.90	3.00	3.00	3.10	3.10	3.20	3.20	3.30	3.40
50 yr PWLB	2.40	2.50	2.60	2.70	2.80	2.90	2.90	3.00	3.00	3.10	3.20

The overall balance of risks to economic recovery in the UK is currently to the downside but huge variables over the coming few years include the final outcome of the Governments Brexit negotiations with the EU.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- UK economic growth and increases in inflation are weaker than currently anticipated.
- Weak growth or recession in the UK's main trading partners - the EU and US.
- Geopolitical risks in Europe, the Middle East and Asia, which could lead to increasing safe haven flows.
- A resurgence of the Eurozone sovereign debt crisis.
- Weak capitalisation of some European banks.

The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- The pace and timing of increases interest rate in the Fed. Funds Rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.
- UK inflation returning to significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

2.1 The Council's Capital Position (Prudential Indicators)

2.1.1 Prudential Indicators

The Council's revised estimate position is shown in the table below. This is based on the November 2017 Capital Programme which is on the same agenda as this report.

Any changes to borrowing in the Capital Programme affect the Capital Financing Requirement (CFR). The CFR represents the Council's underlying need to borrow for capital expenditure.

	2017/18 Original Estimate £m	2017/18 Revised Estimate £m
CFR – non housing	31.726	46.559
CFR – housing	80.081	80.081
Total CFR	111.807	126.640
Net movement in CFR		+14.833
Borrowing	75.449	90.449
Other long term liabilities	0	0
Total debt 31 March	75.449	90.449

The Council's CFR and borrowing have both increased to reflect a further £15m to be spent on Investment Properties as outlined in the updated Capital Strategy & Capital Programme report, subject to approval by Council.

<i>Prudential Indicator 2017/18</i>	<i>Original £m</i>	<i>Revised £m</i>
Authorised Limit	130	130
Operational Boundary	120	120
Capital Financing Requirement	112	127

2.1.2 Minimum Revenue Provision

Minimum Revenue Provision (MRP) is a statutory charge to the General Fund to allow for the repayment of debt. MRP is calculated by dividing the amount borrowed either internally or externally by the expected life of that asset. E.g. if an asset is purchased for £100k and is expected to last 10 years then an MRP charge of £10k per annum (£100k/10) will be made each year until the total cumulative MRP charge equals the amount borrowed.

The value of Investment Properties is not expected to decrease in value. Therefore, in line with our current MRP strategy, it is proposed not to charge MRP on the property costs as the

borrowing incurred on these properties could be offset by future sale proceeds from the Investment Properties. MRP will continue to be charged on the acquisition costs (Stamp Duty Land Tax, agent fees etc.).

3.1 Investment Portfolio 2017/18

In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. As set out in Section 1.1.2, it is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the 0.25% Bank Rate which was in effect for the first six months of the financial year.

In total the Council held £20.2m of investments (see tables below) as at 30 September 2017 (£19.1 at 31 March 2017) and the average investment portfolio yield for all investments in the first six months of the year is 0.26%.

Call Deposits

Borrower	Closing Balance £000's
Barclays Bank	119
Bank of Scotland	4,000
Standard Life – Money Market Fund	3,960
Insight – Money Market Fund	1,000
Total	9,079

The average interest rate across counterparties for Call deposits is 0.19%.

Term Deposits

Borrower	Closing Balance £000's
Svenska Handelsbanken AB	1,600
Goldman Sachs International Bank	5,000
Thurrock Borough Council	4,500
Total	11,100

The average investment return for term deposits i.e. those investments which are made for a period of seven days or more is shown below. The comparison below compares the performance of these investments against the current Bank of England (BoE) base rate.

BoE Base Rate	Council Performance	Investment Interest Earned
0.25%	0.41%	£31,552

The Council's budgeted investment return for 2016/17 is £52k, and performance for the half year to 30th September 2017 is £38k which comprises £32k from term deposits and £6k from call deposits. The estimated full year outturn is £60k.

Glossary of Terms

Call Deposits	Call Deposit Meaning: In deposit terminology, the term Call Deposit refers to a specific type of interest bearing investment account that allows a person to withdraw their money from the account without a penalty.
GDP	Gross Domestic Product This is the monetary value of all the finished goods and services produced by a country within its borders in a specific time period, usually a year.
G7	This is an international organisation established to facilitate economic cooperation among the seven wealthiest developed nations – Canada France Germany Great Britain Italy Japan USA
CPI	Consumer Price Index
LIBID	The London Interbank Bid Rate, that is, the interest rate at which banks bid to take short-term deposits from other banks
RPI	Retail Price Index Both CPI and RPI measure inflation by measuring changes in the price levels of a sample of representative goods and services purchased by households. They use different items and different formulae for the calculations which means that CPI is often lower than RPI.
y/y	Year on year is a method of evaluating two or more measured events to compare the results of one time period with those of a comparable time period on an annualised basis.
MPC	Monetary Policy Committee This is a committee of the Bank of England which decides the official interest rate in the UK (the Bank of England Base Rate) and also directs other monetary policy such as quantitative easing and forward guidance.
PWLB	Public Works Loan Board The PWLB is a statutory body operating within the UK Debt Management Office to lend money from the National Loan Fund to local authorities and to collect the repayments.
QE	Quantitative Easing is an unconventional form of monetary policy where a Central Bank creates new money electronically to buy financial assets, like government bonds. This process aims to directly increase private sector spending in the economy and return inflation to target.

Implications

Corporate Plan:

Legal:

The report ensures compliance with Financial Regulations.

Finance:

This report is effective from 30/11/2017 and has the following financial implications:

Budget Area	Implication
General Fund – Revenue Budget	None.
General Fund – Capital Programme	None.
Housing Revenue Account – Revenue Budget	None.
Housing Revenue Account – Capital Programme	None.

Risk:

Risk	Mitigation
None. Risks associated with borrowing for investment properties is contained within the Capital Strategy Update & Capital Programme report, also on this Agenda.	

Human Resources:

No Human Resources Implications.

Equalities:

No Equalities Implications.

Other Implications:

Not Applicable.

Reason(s) for Urgency (if applicable):

Not Applicable.

Exempt Report:

Not Applicable.

Background Papers

Not Applicable.

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Report To:	CABINET	Date:	30th NOVEMBER 2017
Heading:	CAPITAL STRATEGY UPDATE & PROPOSED CAPITAL PROGRAMME 2017/18– 2021/22		
Portfolio Holder:	CLLR JACKIE JAMES - CORPORATE RESOURCES AND FINANCE		
Ward/s:			
Key Decision:	YES		
Subject To Call-In:	YES		

Purpose of Report

On 24th March 2017, Cabinet agreed the Council's Commercial Property Investment Strategy. This involved establishing a £10m fund to invest in Commercial Properties in order to generate an income stream that would support the Medium Term Financial Strategy.

The Council's Capital Strategy, Capital Programme and Treasury Management Strategy were revised to incorporate this change.

The remainder of this report outlines requirements for the Capital Programme over the period 2017/18 to 2021/22. This includes an update on the proposed expenditure for existing projects, seeking approval where project costs are likely to increase, plus proposals for the inclusion of new projects that positively contribute the Council's Corporate Plan.

Other than the additional £15m for investment properties, the remaining plans are contained within the 2017/18 to 2019/20 February 2017 Capital Strategy. Indicative capital expenditure for 2020/21 and 2021/22 has been included.

Recommendation(s)

- 1) To increase the Commercial Investment Fund by £15m to £25m to allow the Council to purchase further commercial property which will provide an invaluable income stream and contribute towards the savings required as defined within the Medium Term Financial Strategy (MTFS).
- 2) To amend the Capital Strategy and the Commercial Property Investment Strategy plus the Capital Programme below in order reflect the increased value of the Fund.
- 3) To note the contents of the Government's consultation paper on proposed changes to the Prudential Framework of Capital Finance which if agreed will be effective from 2018/19. This will require further iterations of the strategies being proposed here before implementation in 18/19.

- 4) To recommend the changes to the strategies and revised capital programme covering 2017/18 – 2019/20 be approved and recommended to Council.
- 5) To note the indicative expenditure for 2020/21 and 2021/22.

Reasons for Recommendation(s)

To allow the Council flexibility to take advantage of possible acquisitions within the District which may become available before the end of the financial year. In the event that the District opportunities do not materialise, the fund will be used to invest in other properties inside and outside of the District but within the UK to deliver the needed income stream which will support the MTFS.

To approve projects to allow capital investment for the period 2017/18 to 2019/20 and note the indicative Capital Expenditure for 2020/21 and 2021/22.

Alternative Options Considered (With Reasons Why Not Adopted)

In terms of the Commercial Investment Fund:-

- 1) Not to increase the investment fund. This remains an option but means that the Council cannot bid for local property likely to be offered for sale and would be unable to generate any more income through this route.
- 2) Award a lower amount for the investment fund. This remains an option but the amount proposed is in keeping with previous experience and offers a manageable portfolio
- 3) Award a higher amount for the investment fund. This is beyond the Council's appetite for risk at this point.

In terms of the Capital Programme, new projects were submitted as part of the Capital Gateway which involved an assessment for their contribution to the Corporate Plan and impact on the Council's budget with priority given to those which positively impact on the MTFS. On that basis no alternative options/projects are being proposed.

Detailed Information

Capital Strategy and Commercial Property Investment Strategy

As outlined in the introduction to this report, the £10m Commercial Investment Fund is anticipated to be fully utilised by December 2017. The Council's acquisitions to date include:-

1. 3 shops leased to the Southern Co-operative Group
 - The properties were purchased in a combined deal for £1.75M, with a total purchase cost of £1.827M.
 - The 3 properties are located in/near Portsmouth.

2. A hotel leased to Shearings Hotels Ltd

- The property was purchased for £6M, with a total purchase cost of £6.273M.
- The property is located near Stratford upon Avon.

An opportunity has arisen for the purchase of 2 assets within the District which the Council would like to explore and subsequently purchase, subject to meeting the Commercial Investment criteria. The Council does not have to increase its limit at this point, waiting instead until new strategies are in place for 2018/19 further to implementation of any new Government requirements (see later paragraph). However, by not increasing the limit, the Council will miss the opportunity to bid for local assets.

Should the opportunities not come to fruition, the intention is to utilise the fund to purchase other commercial properties across the country as is currently the case.

When the £10m Commercial Investment Fund was agreed by Cabinet the minutes indicated that 'the Council should explore the scope for increasing still further the size of this Commercial Property Investment Portfolio, if the strategy proves to be successful and suitable investment opportunities become available.'

To permit the increase in the Fund the Capital Strategy, Capital Programme and Commercial Property Investment Strategy would require revision and approval from Council.

Treasury Management Strategy

By agreeing to the investment, this would increase the Council's Capital Financing Requirement' (CFR) by a further £15m. The CFR represents the total historic capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure not immediately financed, for example by capital grants, will increase the CFR.

The mid-year Treasury Management Strategy review is also on this Agenda and reflects the above should the proposal be agreed.

In terms of Minimum Revenue Provision (MRP) there is no change in application of Option 4 – Depreciation Method. MRP is the amount set-aside to repay debt. If there is a reduction in the valuation of Commercial Assets a prudent amount needs to be set a-side to repay debt. MRP is a revenue costs and therefore does represent a financial risk to the General Fund Revenue Account should a significant drop in valuation occur. Further, the Council has a property reserve set aside to be used in the event of voids and to ease the liquidity requirement should any unforeseen events occur. The size of this reserve is currently nearly equivalent to the annual value of rents received from the investment properties. This reserve will be increased proportionately to mitigate exposure and provide protection from shocks.

CLG Consultation on Proposed Changes to the Prudential Framework of Capital Finance

The Government has issued proposed changes to the Prudential Framework of Capital Finance. A new framework is to be issued for implementation in 2018/19. The proposals do not prohibit Local Authorities from Commercial Investment but do expect greater openness and transparency. A copy of the proposal can be found as the last attachment to this report.

In summary the proposals involve:-

- Greater transparency and disclosure around the rationale for investing, the size of investments and their direct contribution to core service expenditure
- The evaluation of investments with regard to Security, Liquidity and Yield and the risks contained therein
- The evaluation of non-financial investments with regards to Proportionality; Borrowing in advance of need; and Capacity, Skills and Culture
- A restriction on maximum Asset Life and treatment of MRP.

With regard to the initial £10M fund, the Council has taken several steps that are in the same spirit of the consultation and will be brought in line after the proposed changes have been made clear. In brief, those actions comprise:

1. A thorough understanding of risk prior to making the investment, particularly around the tenant covenant and the nature and structure of lease agreements.
2. A thorough evaluation of the financial impact of the investment, including all costs of ownership and a clear minimum income target.
3. Management of a property reserve providing cash liquidity around this investment activity.

Summary Capital Programme

The proposed Capital Programme and funding is summarised as follows. Appendix 1 shows a detailed breakdown of all the schemes below.

The three areas of the Capital Programme are discussed in more detail within the report.

Table 1 – Capital Programme (2017/18 to 2021/22)

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000
Capital Expenditure						
Area Committees	1,229	207	0	0	0	1,436
General Fund	33,047	2,341	1,305	2,566	2,709	41,968
Housing Revenue Account	8,225	9,061	8,945	8,659	9,316	44,207
Grand Total	42,501	11,609	10,250	11,225	12,025	87,611
Capital Financing						
Developers Contributions - Area Committees	1,001	207	0	0	0	1,208
Direct Revenue Financing	0	0	0	0	0	0
Other Capital Grants and Contributions - Area Committees	228	0	0	0	0	228
Sub Total - Area Committees	1,229	207	0	0	0	1,436
Prudential Borrowing - General Fund	30,027	456	471	1,737	1,867	34,558
Capital Receipts - General Fund	12	0	0	0	0	12
Fund	469	113	56	0	0	638
Developers Contributions - General Fund	460	0	0	0	0	460
Other Capital Grants and Contributions - General Fund	2,079	1,772	778	829	842	6,300
Sub Total - General Fund	33,047	2,341	1,305	2,566	2,709	41,968
Funded from HRA Reserves	7,145	8,289	8,173	7,887	8,544	40,039
Future 1-4-1 Capital Receipts						
Funding Recently Built and New Schemes	308	0	0	0	0	308
Non 1-4-1 Capital Receipts	772	772	772	772	772	3,860
Sub Total - HRA	8,225	9,061	8,945	8,659	9,316	44,207
Grand Total	42,501	11,609	10,250	11,225	12,025	87,611

2. Area Committee Capital Programme

These consist of self-financed schemes that enhance the local environment. These are mainly financed by developers' contributions (known as Section 106 funding) but additional grant funding is sought wherever possible to maximise the benefit to local communities. Area Committee schemes are included in the table below.

Table 2 – Area Committee Schemes (2017/18 to 2021/22)

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000
Area Committees						
Hucknall Area Committee	152	152	0	0	0	304
Kirkby Area Committee	744	10	0	0	0	754
Sutton Area Committee	307	45	0	0	0	352
Rural Area Committee	26	0	0	0	0	26
Total	1,229	207	0	0	0	1,436
Funded by						
Nottinghamshire County Council (NCC)	148	0	0	0	0	148
Waste Recycling and Environment (WREN)	50	0	0	0	0	50
Hucknall & Linby Collieries Joint History & Heritage Committee	3	0	0	0	0	3
Network Rail	5	0	0	0	0	5
Rural Payments Agency	2	0	0	0	0	2
Selston Parish Council	5	0	0	0	0	5
Skanska	15	0	0	0	0	15
Sustainable Transport S106	165	5	0	0	0	170
Section 106	836	202	0	0	0	1,038
Total	1,229	207	0	0	0	1,436

Table 3 below shows where changes to capital schemes by Area Committee have been made from the previous approved Capital Programme.

Table 3 – Area Committee Schemes (changes in proposed expenditure)

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000
Expenditure Approved	1,286	70	0	0	0	1,356
Changes to Hucknall Area Committee Schemes	-86	152	0	0	0	66
Changes to Sutton Area Committee Schemes	15	-15	0	0	0	0
Changes to Kirkby Area Committee Schemes	9	0	0	0	0	9
Changes to Rural Area Committee Schemes	5	0	0	0	0	5
Total Proposed Expenditure to be Approved	1,229	207	0	0	0	1,436

2.1 Changes to Existing Area Committee Projects

Table 4 shows the changes in budget scheme by scheme. The actual allocation to each project is shown at Appendix 1. There are several schemes where there have been significant change in budget allocation:

Lime Tree Recreation Ground – Additional works funded from additional developer contributions.

Papplewick Green Public Art Work – Additional works funded from additional developer contributions.

Brierley Forest Park Management Plan / Huthwaite Welfare Park Management Plan – The works planned for Huthwaite Welfare Park Management Plan have been put on hold and the expenditure budget for this project has been transferred to Brierley Forest Park Management Plan.

Table 4 – Area Committee Scheme (changes in budget – by scheme)

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000
Hucknall Area Committee						
Butlers Hill Allotment Access	-2	0	0	0	0	-2
Lime Tree Recreation Ground	51	0	0	0	0	51
Papplewick Green Public Art Work	-129	152	0	0	0	23
Titchfield Park and Hucknall Cemetery: implementation of park masterplan	-6	0	0	0	0	-6
Sub Total	-86	152	0	0	0	66
Sutton Area Committee						
Brierley Forest Park Management Plan	54	-15	0	0	0	39
Huthwaite Welfare Park Management Plan: General Improvements	-39	0	0	0	0	-39
Sutton Lawn management Plan	8	0	0	0	0	8
Sutton Lawn Play Area	-8	0	0	0	0	-8
Sub Total	15	-15	0	0	0	0
Kirkby Area Committee						
Beacon Drive/ Coniston Road	-9	0	0	0	0	-9
Forest Road Nature Area	1	0	0	0	0	1
Portland Park Management Plan: General Improvements	0	0	0	0	0	0
Warwick Close	17	0	0	0	0	17
Sub Total	9	0	0	0	0	9
Rural Area Committee						
Nottingham Road Recreation Ground	5	0	0	0	0	5
Sub Total	5	0	0	0	0	5
Grand Total	-57	137	0	0	0	80

3. General Fund Capital Programme

Changes to the General Fund Capital Programme are explained below and summarised in the tables overleaf.

3.1 New Schemes.

The following new schemes have been added to the Capital Programme:

Hucknall Car Parks (combine Station Road and Titchfield Street) – Station Road and Titchfield Street Car Parks have been removed from Capital Programme but replaced with a new scheme intended to create a new larger car park for the same cost as the two removed car parks.

Leisure Transformation Programme – The Leisure Transformation Programme is in the investigative stage. The £340k is funded from S106 and is to be used towards the funding of its feasibility and design costs. The full cost of this scheme is still to be agreed.

Servery Chillers Idlewells Indoor Market – The upgrading of market servery chillers and provision of cooking equipment to improve facilities for the traders. The units costs and maintenance will be covered by additional rental income from the individual stall holders

Solar PV Installations Leisure Centres – Installation of large Solar PV systems on Lammas and/or Hucknall Leisure Centres (both very high energy users). The energy produced would be sold to the Centre(s) at a discounted rate from the grid price, and the Council would claim Feed in Tariff.

Table 5 – General Fund (New Projects – by scheme)

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000
New Projects						
Hucknall Car Parks (combine Station Road and Titchfield Street)	227	0	0	0	0	227
Leisure Transformation Programme	340	0	0	0	0	340
Servery Chillers Idlewells Indoor Market	59	0	0	0	0	59
Solar PV Installations Leisure Centres	236	0	0	0	0	236
Grand Total	862	0	0	0	0	862

3.2 Changes to Existing General Fund Projects.

The Council profiles its capital programme but inevitably there will be some slippage to project timetables. The Council will endeavour to ensure that costs are projected accurately however in some projects costs will vary from the budget due to market forces or unexpected circumstances. The main movements in budget are outlined below:-

Table 6 – General Fund Projects (changes in budget – by scheme)

Idlewells Market Hall Asbestos Removal and Refurbishment –The initial budget for the Indoor Market project was set prior to final design completion and before the full extent of the remedial works was known. The full costs have now been fully identified and the capital programme has been amended to reflect these changes, including additional floor levelling works and asbestos removal.

Improvement Grants 1996 Act Disabled Facility Grant (DFG) – Increase in Capital spend because of an increase in funding from the Better Care Fund. The amount of money spent on DFG Grants will always be limited to the amount of DFG grant received.

Investment Properties – Additional £15m added to the Commercial Investment Fund to finance Commercial Investment Properties as outlined at the beginning of the report.

Office Accommodation Works to Accommodate DWP at Central Offices – Asset Management officer time has allocated to this scheme id greater than originally anticipated.

Office Accommodation Works to Accommodate Police at Central Offices – Asset Management officer time has allocated to this scheme id greater than originally anticipated.

Purchase of Vehicles – The capital programme now includes the indicative vehicle expenditure for 2020/21 and 2021/22. This will be reviewed in line with our new capital strategy.

2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000
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Changes to Current Projects

Ada Lovelace Business Centre Development	1	0	0	0	0	1
Broomhill Shop Refurbishment	-3	0	0	0	0	-3
Demolition of Hucknall Toilets	4	1	0	0	0	5
Idlewells Market Hall Asbestos Removal and Refurbishment	100	0	0	0	0	100
Improvement Grants 1996 Act Disabled Facility Grant	201	-44	137	829	842	1,965
Investment Properties	15,000	0	0	0	0	15,000
Office Accommodation Works to Accommodate DWP at Central Offices	51	0	0	0	0	51
Office Accommodation Works to Accommodate Police at Central Offices	19	0	0	0	0	19
Purchase of Vehicles	-816	-703	-714	1,737	1,867	1,371
Grand Total	14,557	-746	-577	2,566	2,709	18,509

3.3 Deletions to Existing General Fund Projects.

Station Road and Titchfield Street, Hucknall Car Parks have both been removed from the Capital Programme. A new additional car park (see New Schemes above) has been added to the Capital Programme. The remaining schemes listed in Table 7 below have been completed and will not require any further capital expenditure.

Table 7 – General Fund Projects (Deletions to Capital Programme – by scheme)

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000
Schemes Removed or Reduced						
Car Park Extension and Car Parking Machines Lammas	-3	0	0	0	0	-3
Fox Street Demolition	-3	0	0	0	0	-3
Redevelopment of Kirkby Toilet Site	-3	0	0	0	0	-3
Station Road - Hucknall new Car Park	-105	0	0	0	0	-105
Sutton Town Regeneration	-7	0	0	0	0	-7
Sutton Windmill	-4	0	0	0	0	-4
Titchfield Street - Hucknall new Car Park	-122	0	0	0	0	-122
Warm Homes on Prescription	-40	0	0	0	0	-40
Grand Total	-287	0	0	0	0	-287

Table 8 - General Fund Schemes Reconciliation of Current Capital Programme to Proposed November 2017 Capital Programme

3.4 General Fund Capital Programme Funding

The tables below show the changes in financing required to move from the existing Capital Programme to the proposed 2017/18 – 2019/20 Capital Programme. Funding for the indicative 2020/21 -2021 schemes have also been included.

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000
Current Capital Programme	17,915	3,087	1,882	0	0	22,884
New Projects	862	0	0	0	0	862
Changes to Current Projects	14,557	-746	-577	2,566	2,709	18,509
Schemes Removed or Reduced	-287	0	0	0	0	-287
Proposed November 2017	33,047	2,341	1,305	2,566	2,709	41,968

Table 9 – General Fund – Financing of the Capital Programme

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000
Current Capital Programme	17,915	3,087	1,882	0	0	22,884
Capital Grants	208	-44	137	829	842	1,972
Prudential Borrowing	14,679	-702	-714	1,737	1,867	16,867
Capital Receipts	0	0	0	0	0	0
Developers Contributions - General Fund	248	0	0	0	0	248
Direct Revenue Financing	-3	0	0	0	0	-3
November 2017 Capital Programme	33,047	2,341	1,305	2,566	2,709	41,968

3.5 Capital Strategy

The Capital Strategy recommends that the average annual General Fund capital borrowing requirement shall not exceed £7.6m over the four years 2016/17 – 2019/20 (Average £1.9m per annum) plus £254k unused borrowing requirement carried forward from 2016/17 for years 2016/17 to 2019/20. In addition to the £7.6m, £10m was agreed for Commercial Property Investment as part of the Capital Strategy in February 2017. This will be increased by a further £15m if this report is approved.

The table below compares the proposed borrowing to the existing Capital Strategy. This indicates that the overall Capital Expenditure is currently within the total agreed in the Capital Strategy.

Table 10 – Comparison to the Proposed 2017 Capital Strategy

	2017/18 Proposed £'000	2018/19 Proposed £'000	2019/20 Proposed £'000	Total £'000
Borrowing	30,027	456	471	30,954
Less Unused Borrowing Funding 2016/17	-254	0	0	-254
Total Borrowing	29,773	456	471	30,700
Capital Strategy	26,900	1,900	1,900	30,700
Diff	-2,873	1,444	1,429	0
Cumulative Diff	-2,873	-1,429	0	0

HRA Capital Programme

There have been changes to the profiling and mix of Decent Homes Schemes. This has resulted in an overall capital expenditure reduction of £3.8m for these schemes for the years 2017/18 – 2019/20. The Capital Programme for the Decent Homes Scheme works and HRA Vehicles now includes indicative expenditure for another two years. There will be an update to the 30 year

investment model that may result in variations to the proposed schemes. Any future changes to these schemes will continue to be agreed by Cabinet.

A new project the Electronic Document and Records Management (EDRM) system has been added to the HRA capital programme this is expected to cost £61k. The EDRM allows the Housing section to have a computerised solution for document management instead of the existing predominantly paper based system.

The expected 1-4-1 and Non 1-4-1 Housing Capital Receipts is based on receipts received in the 2016/17 financial year. These have been extrapolated to provide full year estimates for 2017/18 and future years. If future Right to Buy receipts are more or less than the estimate then this will affect HRA balances.

Table 11 – Housing Revenue Account (changes to budget)

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000
Expenditure Approved	9,640	10,889	9,409	0	0	29,938
Changes to Current Projects						
Management Fee	-57	-60	-60	578	578	979
Catch up and Major Repairs	-708	-408	-292	5,594	5,594	9,780
Service Improvements	-373	-473	-717	1,695	1,245	1,377
Contingent Major Repairs	-86	1	0	206	206	327
Exceptional Extensive Works	-222	-893	600	100	882	467
Disabled Adaptations	-30	5	5	455	455	890
Housing Vehicles	0	0	0	31	356	387
Sub Total	8,164	9,061	8,945	8,659	9,316	44,146
New Schemes						
Electronic Document and Records (EDRM) System	61	0	0	0	0	61
Grand Total	8,225	9,061	8,945	8,659	9,316	44,207
Capital Funding						
Funded from HRA Reserves	7,145	8,289	8,173	7,887	8,544	40,039
Future 1-4-1 Capital Receipts						
Funding Recently Built and New Schemes	308	0	0	0	0	308
Non 1-4-1 Capital Receipts	772	772	772	772	772	3,860
Total Capital Funding	8,225	9,061	8,945	8,659	9,316	44,207

Implications

Corporate Plan:

The Capital Programme reflects the priorities in the Corporate Plan.

Legal: Section 120 Local Government Act 1972 – empowers a District Council to acquire land for the purpose of any of the Council’s functions or for the benefit, improvement or development of their area by agreement inside or outside its area. No ministerial consent is required.

Section 1 Localism Act 2011 – allows Councils to do anything that an individual generally may do. This includes the power to do it anywhere in the UK or elsewhere, for a commercial purpose, and for the benefit of the authority, its area, or persons resident or present in the area.

Section 1 and 2 Local Government Act 2003 – gives the Council the power to borrow and invest money for any purpose relevant to its functions.

Financial Regulation B.10 sets out the requirement for the Council to approve additional Capital Expenditure.

Finance:

This report is effective from 30/11/2017 and has the following financial implications:

Budget Area	Implication
General Fund – Revenue Budget	The average annual MRP charge for the next five years after 2017/18 is expected to be between £2m and £2.5m.
General Fund – Capital Programme	The General Fund Capital Programme has increased by £13.9m for years 2017/18 to 2019-20. Indicative schemes for years 2020/21 to 2021/22 will add £5.3m to the Capital Programme.
Housing Revenue Account – Revenue Budget	The HRA reserves will be adjusted in line with Capital Expenditure.
Housing Revenue Account – Capital Programme	The HRA schemes have reduced by £3.7m for 2017/18 – 2019/20. Indicative schemes totalling £18m for 2020/21 and 2021/22 are expected to be funded from HRA reserves £16.4m and non 1-4-1 receipts of £1.6m.

Risk:

Risk that Investment will not provide sufficient return to cover cost of borrowing and provide income stream	Vigorous financial appraisal and due diligence should ensure that scheme proposals are financially viable. This will minimise the risk the investment would not be profitable and a property would be purchased with an unreliable tenant. Active management of the portfolio
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	will ensure that the investments continue to deliver after purchase.
Risk that the value of the asset could reduce therefore increase exposure to debt	Asset valuations will be performed annually therefore actions to mitigate against this risk could be performed speedily. A wide portfolio of assets should mean that any asset reduction in one assets could be offset by a rise in another asset. The use of a reserve funded from the net income from the investment assets could be used to part fund any increase in MRP as a result of downward valuations.
The property could become void therefore income stream reduced until re let	Strong due-diligence of the tenant and complete understanding of the lease terms should ensure that expected income streams are achieved. The use of a reserve funded from the net income from the investment assets could be used to part fund any void periods.
Risk of under or overspend against the Capital Programme resulting in additional /reduction in costs and variation to Budget & forecasting.	Monthly monitoring of capital spend is taking place and being reported to management with exceptions reported to members.

Human Resources:

There are no HR implications

Equalities:

There are no Equalities implications

Other Implications:

None

Reason(s) for Urgency (if applicable):

N/A

Exempt Report:

N/A

Background Papers

CLG Consultation on Proposed Changes to the Prudential Framework of Capital Finance

Report Author and Contact Officer

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	Lead Officer	2017/18	2018/19	2019/20	2020/21	2021/22	Total	Funding						
								Loan	Section 106	Grant	Grant Funder	Capital Receipts	Reserves	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	e.g. Lottery	£'000	£'000	£'000
General Fund														
Ada Lovelace Business Centre Development	Paul Parkinson	91	0	0	0	0	91	0	91	0		0	0	91
Affordable Warmth Initiatives	Craig Bonar	72	0	0	0	0	72	0	0	72	RHB	0	0	72
Better Care Grants	Craig Bonar	331	169	0	0	0	500	0	0	500	CLG/BCF	0	0	500
Broomhill Shop Refurbishment	Carol Cooper-Smith	2	0	0	0	0	2	0	0	0		0	2	2
Car Park Extension and Car Parking Machines Lammas	Paul Parkinson	0	0	0	0	0	0	0	0	0		0	0	0
Cemeteries	Carol Cooper-Smith	95	0	0	0	0	95	95	0	0		0	0	95
Clegg Hill Drive	Craig Bonar	1,200	0	0	0	0	1,200	1,200	0	0		0	0	1,200
Demolition of Hucknall Toilets	Paul Parkinson	38	1	0	0	0	39	39	0	0		0	0	39
Flood Support Schemes	Craig Bonar	49	0	0	0	0	49	0	0	49	CLG	0	0	49
Fox Street Demolition	Paul Parkinson	0	0	0	0	0	0	0	0	0		0	0	0
Garden Waste Bins	Carol Cooper-Smith	120	0	0	0	0	120	0	0	120	NCC	0	0	120
Glass Recycling Project	Carol Cooper-Smith	750	0	0	0	0	750	710	0	0		0	40	750
Hucknall Car parks (combine Station Road and Titchfield Street)	Carol Cooper-Smith	227	0	0	0	0	227	134	93	0		0	0	227
Idlewells Market Hall Asbestos Removal and Refurbishment	Paul Parkinson	1,177	0	0	0	0	1,177	1,177	0	0		0	0	1,177
Improvement Grants 1996 Act Disabled Facility Grant	Craig Bonar	799	597	778	829	842	3,845	0	0	3,845	CLG/BCF	0	0	3,845
Investment Properties	Craig Bonar	25,000	0	0	0	0	25,000	25,000	0	0		0	0	25,000
Kings Mill Reservoir (The King and Miller to Kingfisher)	Carol Cooper-Smith	164	1,325	0	0	0	1,489	262	0	1,127	HLF £992k & NCC	0	100	1,489
Kirkby Town Centre Shops	Carol Cooper-Smith	16	0	0	0	0	16	0	16	0		0	0	16
Leisure Transformation Programme	Carol Cooper-Smith	340	0	0	0	0	340	0	340	0		0	0	340
Market Stalls	Carol Cooper-Smith	10	0	0	0	0	10	10	0	0		0	0	10
New Cross Support Scheme	Carol Cooper-Smith	1	0	0	0	0	1	0	0	1	RHB	0	0	1
Northern Depot Office Rationalisation and Wireless CCTV Infrastructure	Carol Cooper-Smith	7	0	0	0	0	7	7	0	0		0	0	7
Office Accommodation Works to Accommodate DWP at Central Offices	Paul Parkinson	590	0	0	0	0	590	51	0	539	DWP	0	0	590
Office Accommodation Works to Accommodate Police at Central Offices	Paul Parkinson	30	0	0	0	0	30	30	0	0		0	0	30
Purchase of Vehicles	Carol Cooper-Smith	1,371	193	471	1,737	1,867	5,639	5,280	0	47	Insurance	12	300	5,639
Purchase of Vehicles for Garden Waste Collection	Carol Cooper-Smith	2	0	0	0	0	2	2	0	0		0	0	2
Redevelopment of Kirkby Toilet Site	Paul Parkinson	0	0	0	0	0	0	0	0	0		0	0	0
Retail Improvement Scheme	Carol Cooper-Smith	97	56	56	0	0	209	0	13	0	S106 Revenue Grant	0	196	209
Servery Chillers Idlewells Indoor Market	Paul Parkinson	59	0	0	0	0	59	59	0	0		0	0	59
Solar Panels - Northern Depot	Carol Cooper-Smith	38	0	0	0	0	38	38	0	0		0	0	38
Solar PV Installations Leisure Centres	Carol Cooper-Smith	236	0	0	0	0	236	236	0	0		0	0	236
Station Road - Hucknall new Car Park	Carol Cooper-Smith	0	0	0	0	0	0	0	0	0		0	0	0
Sutton Town Regeneration	Carol Cooper-Smith	0	0	0	0	0	0	0	0	0		0	0	0
Sutton Windmill	Carol Cooper-Smith	0	0	0	0	0	0	0	0	0		0	0	0
Titchfield Street - Hucknall new Car Park	Carol Cooper-Smith	0	0	0	0	0	0	0	0	0		0	0	0
Vehicle Tracking Scheme	Carol Cooper-Smith	135	0	0	0	0	135	135	0	0		0	0	135
														0
														0
Total General Fund		33,047	2,341	1,305	2,566	2,709	41,968	34,465	553	6,300	0	12	638	41,968
Housing Revenue Account														
	Lead Officer	2017/18	2018/19	2019/20	2020/21	2021/22	Total							
		£'000	£'000	£'000	£'000	£'000	£'000							
HOUSING REVENUE ACCOUNT														
Decent Homes Schemes														
Management Fee	Paul Parkinson	578	578	578	578	578	2,890							
Catch up and Major Repairs	Paul Parkinson	4,125	5,630	5,392	5,594	5,594	26,335							
Service Improvements	Paul Parkinson	360	1,115	1,175	1,695	1,245	5,590							
Contingent Major Repairs	Paul Parkinson	125	206	206	206	206	949							
Exceptional Extensive Works	Paul Parkinson	1,315	663	750	100	882	3,710							
Disabled Adaptations	Paul Parkinson	450	455	455	455	455	2,270							
Grand Total		6,953	8,647	8,556	8,628	8,960	41,745							
Other Housing Revenue Account Schemes														
Bin Stores (Brand and Mill Close)	Paul Parkinson	25	0	0	0	0	25							
Electronic Document and Records (EDRM) System	Paul Parkinson	61	0	0	0	0	61							
Investment in Additional Council Dwellings in Hucknall	Paul Parkinson	675	0	0	0	0	675							
Major Repairs Temporary Accommodation	Paul Parkinson	113	40	0	0	0	153							
Darlison Court (New Builds)	Paul Parkinson	101	0	0	0	0	101							
Brook Street Development	Paul Parkinson	13	0	0	0	0	13							
Vehicle Tracking Scheme	Carol Cooper-Smith	35	0	0	0	0	35							
Housing Vehicles	Carol Cooper-Smith	249	374	389	31	356	1,399							
Grand Total		1,272	414	389	31	356	2,462							
Total Housing Revenue Account		8,225	9,061	8,945	8,659	9,316	44,207							

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	Start Date	Completion Date	Lead Officer	Funding											
				2017/18	2018/19	2019/20	2020/21	2021/22	Total	Loan	Section 106	Grant	Grant Funder	Reserves	Total Funding
				£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	e.g. Lottery	£'000
Hucknall Area Committee															
Butlers Hill Allotment Access	TBD	31.03.18	Carol Cooper-Smith	5	0	0	0	0	5	0	0	5	Network Rail	0	5
Common Farm	01/09/2017	30/09/2018	Carol Cooper-Smith	10	0	0	0	0	10	0	10	0		0	10
Hucknall Mining Memorial			Carol Cooper-Smith	3	0	0	0	0	3	0	0	3	Hucknall and Linby Committee	0	3
Jenny Burton Way	14/11/2016	24/06/2017	Carol Cooper-Smith	4	0	0	0	0	4	0	4	0		0	4
Lime Tree Recreation Ground	01/09/2016	30/09/2018	Carol Cooper-Smith	85	0	0	0	0	85	0	85	0		0	85
Milton Rise Play area	01/06/2016	05/08/2016	Carol Cooper-Smith	1	0	0	0	0	1	0	1	0		0	1
Papplewick Green Public Art Work	06/03/2017	30/09/2018	Carol Cooper-Smith	20	152	0	0	0	172	0	172	0		0	172
Titchfield Park and Hucknall Cemetery: implementation of park masterplan	01/09/2017	30/03/2018	Carol Cooper-Smith	23	0	0	0	0	23	0	9	14	NCC	0	23
Washdyke Lane Rec Grd; General Improvements	27/07/2017	23/11/2016	Carol Cooper-Smith	1	0	0	0	0	1	0	1	0		0	1
Total Hucknall Area Committee				152	152	0	0	0	304	0	282	22		0	304
Sutton Area Committee															
Ashfield Estate Play Area				40	0	0	0	0	40		10	30	NCC - SLC	0	40
Brierley Forest Park Management Plan	06/04/2016	31/03/2019	Carol Cooper-Smith	74	5	0	0	0	79	0	79	0		0	79
Football Changing Rooms				69	0	0	0	0	69	0	69	0		0	69
Kingsmill Reservoir footpath links		31/03/2018	Carol Cooper-Smith	17	0	0	0	0	17	0	17	0		0	17
Kingsmill Reservoir management plan: Implementation Works	Ongoing	Ongoing	Carol Cooper-Smith	17	0	0	0	0	17	0	2	15	Skanska	0	17
Oval Play Area	01/04/2017	31/03/2018	Carol Cooper-Smith	56	0	0	0	0	56	0	14	42	NCC - SLC	0	56
Roundhill Recreation Ground	01/09/2018	31/03/2019	Carol Cooper-Smith	0	30	0	0	0	30	0	30	0		0	30
Sutton Lawn management Plan		31/03/2018	Carol Cooper-Smith	10	0	0	0	0	10	0	2	8	NCC- LIS	0	10
Sutton Trails Network		31/03/2018	Carol Cooper-Smith	24	0	0	0	0	24	0	24	0		0	24
Taylor Crescent Recreation Ground	01/09/2018	31/03/2019	Carol Cooper-Smith	0	10	0	0	0	10	0	10	0		0	10
Total Sutton Area Committee				307	45	0	0	0	352	0	257	95		0	352

	Start Date	Completion Date	Lead Officer	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000	Loan £'000	Section 106 £'000	Grant £'000	Grant Funder e.g. Lottery	Reserves £'000	Total Funding £'000
Kirkby Area Committee															
Acacia Avenue Rec - General Improvements	18/04/2016	14/01/2018	Carol Cooper-Smith	242	0	0	0	0	242	0	172	70	SLC £20k, WREN £50k and £108k S106 Revenue Grant Reserves	0	242
Annesley Art Project	06/06/2016	15/04/2018	Carol Cooper-Smith	153	5	0	0	0	158	0	158	0		0	158
Annesley Traffic Lights	TBD	TBD	Carol Cooper-Smith	62	0	0	0	0	62	0	62	0		0	62
Beacon Drive/ Coniston Road	TBD	TBD	Carol Cooper-Smith	2	0	0	0	0	2	0	2	0		0	2
Forest Road Nature Area	Ongoing	Ongoing	Carol Cooper-Smith	38	0	0	0	0	38	0	38	0		0	38
Kingsway Park: implementation of management plan	Ongoing	Ongoing	Carol Cooper-Smith	19	0	0	0	0	19	0	19	0		0	19
Kirkby footpaths/cycle ways	TBD	TBD	Carol Cooper-Smith	15	0	0	0	0	15	0	15	0		0	15
Kirkby Regeneration and Civic Centre	07/08/2016	27/01/2018	Carol Cooper-Smith	7	5	0	0	0	12	0	12	0		0	12
Lindleys Lane Play/Youth Area	TBD	TBD	Carol Cooper-Smith	101	0	0	0	0	101	0	101	0		0	101
Portland Park Management Plan: General Improvements	Ongoing	Ongoing	Carol Cooper-Smith	24	0	0	0	0	24	0	3	21	RPA £2k + NCC £19k	0	24
Sports pavilion, Titchfield Park	TBD	TBD	Carol Cooper-Smith	39	0	0	0	0	39	0	39	0		0	39
Warwick Close	TBD	TBD	Carol Cooper-Smith	42	0	0	0	0	42	0	27	15	NCC - SLC	0	42
Total Kirkby Area Committee				744	10	0	0	0	754	0	648	106		0	754
Rural Area Committee															
Holly Hill	01/10/2017	31/03/2018	Carol Cooper-Smith	8	0	0	0	0	8	0	8	0	Selston Parish Council	0	8
Nottingham Road Recreation Ground	Complete	Complete	Carol Cooper-Smith	8	0	0	0	0	8	0	3	5		0	8
Jacksdale Bridge Links	TBD	TBD	Carol Cooper-Smith	10	0	0	0	0	10	0	10	0		0	10
Total Rural Area Committee				26	0	0	0	0	26	0	21	5		0	26
Total Area Committee				1,229	207	0	0	0	1,436	0	1,208	228		0	1,436



Department for
Communities and
Local Government

Consultation on the proposed changes to the prudential framework of capital finance

Local Authorities Investment Code

Minimum Revenue Provision Guidance



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Scope of the consultation

Topic of this consultation:	Consultation on the proposed changes on the prudential framework
Scope of this consultation:	This consultation seeks views on the proposals for updating the prudential framework
Geographical scope:	These proposals relate to England only.
Impact Assessment:	The proposed policy changes are not within the scope of the Reducing Regulation Committee and so do not need an Impact Assessment for this purpose.

Basic Information

To:	The consultation is aimed at local authorities and other interested parties
Body/bodies responsible for the consultation:	Department for Communities and Local Government
Duration:	This consultation will last from 10 November 2017 and will conclude on 22 December 2017.
Enquiries:	For any enquiries about the consultation please contact Danielle Angelopoulou at: Danielle.angelopoulou@communities.gsi.gov.uk
How to respond:	<p>To respond to this consultation, please e-mail: LA.FinancialControlFramework@communities.gsi.gov.uk</p> <p>When responding, please ensure you have the words “Consultation on the proposed changes on the prudential framework” in the email subject line.</p> <p>Alternatively you can write to: Danielle Angelopoulou Department of Communities and Local Government 2nd floor, SE Quarter Fry Building 2 Marsham Street LONDON SW1P 4DF</p> <p>When responding, please state whether you are responding as an individual or representing the views of an organisation or a local authority and include: - your name,</p>

	<ul style="list-style-type: none">- your position (if applicable),- the name of organisation (if applicable),- an address (including post-code),- an email address, and- a contact telephone number
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Introduction

1. The Department for Communities and Local Government has policy responsibility for the Prudential System. This covers the responsibility for ensuring that the statutory guidance drives local authorities to make borrowing and investment decisions in a way that is commensurate with their statutory responsibilities and the best value duty. It also includes overall responsibility for the local government finance system, including understanding the risks to the system from changes in the types of borrowing and investment activities that local authorities are undertaking.
2. The statutory framework for the Prudential System is set out in Chapter I of the Local Government Act 2003 and in the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended. The framework incorporates four statutory codes. These are:
 - The Prudential Code prepared by CIPFA
 - The Treasury Management Code prepared by CIPFA
 - The Statutory Guidance on Local Authority Investments prepared by DCLG
 - The Statutory Guidance on Minimum Revenue Provision prepared by DCLG
3. The two Codes prepared by CIPFA apply to local authorities in England, Scotland and Wales. CIPFA has run a consultation on updating those codes and will publish its response in due course. Any comments on those codes are outside the scope of this consultation and will not form part of DCLG's consideration of responses.
4. The Statutory Guidance on Local Authority Investments and the Statutory Guidance on Minimum Revenue Provision apply to local authorities in England. The Statutory Guidance on Local Authority Investments applies to all major authorities. It may also apply to parishes and other smaller authorities where their total investments exceed the financial thresholds specified in the guidance. The Statutory Guidance on Minimum Revenue Provision applies only to major authorities.¹

¹ The definition of major authorities includes the following types of body: a County Council in England; a District Council; a London borough council, the Greater London Authority, the Council of the Isles of Scilly, a Police and Crime Commission for a police area in England, The Commissioner of Police of the Metropolis, a Fire and Rescue Authority in England, a Combined Authority, the Broads Authority and a National Park Authority for a National Park in England.

Statutory Guidance on Local Authority Investments

5. The Statutory Guidance on Local Authority investments (“Investments Guidance”) covers proper practices that local authorities are required to follow when making investment decisions. It gains its statutory status from Section 15(1)(a) of the Local Government Act 2003. Under that section local authorities are required to have regard to such guidance as the Secretary of State may issue.
6. The Investments Guidance was last updated in 2010, following Parliamentary inquiries into local authority investments in Icelandic Banks. As a result the Investments Guidance was very focused on investments in financial institutions.
7. Over the past seven years, the economic and regulatory landscape has changed significantly. The prolonged low interest rate environment has meant that investing spare cash in banks will not generate a return. In addition, the introduction of the general power of competence has given local authorities far more flexibility in the types of activity they can engage in.
8. The changes in the economic and regulatory landscape have led the sector to consider different and more innovative types of investment activity. As a result the Government feels that it is time to look into updating the guidance as part of the more general update of the statutory codes comprising the prudential framework.

General principles informing the update

9. The 2010 edition of the Investments Guidance only covers financial investments. As local authorities are increasingly investing in non-financial yield bearing investments it is important to bring them within scope.
10. The Government recognises that a one size fits all approach is not appropriate given the increasing variation in the objectives and nature of local authority investment activity. At the same time, the Government does not want to discourage local authorities from investing to deliver local economic regeneration, even if this means taking on projects that the private sector may not consider.
11. However, the Government believes that local authorities need to be better at explaining “why” not just “what” they are doing with their investment activity. That means that the sector needs to demonstrate more transparency and openness and to make it easier for informed observers to understand how good governance and democratic accountability have been exercised.
12. At the same time local authorities need to remember that their prime duty is to deliver statutory services for local residents and they have stewardship of public funds to do so. Given this they should ensure that the level of debt taken on and aggregate risk is

proportionate to the size of the authority and that they have considered the opportunity costs as well as the potential benefits of investment activities.

Transparency and democratic accountability (paragraphs 12-16)

13. The revised guidance retains the requirement for an Investment Strategy to be prepared at least annually. However, in recognition that the CIPFA consultation on the Prudential Code introduces a new requirement for local authorities to prepare a Capital Strategy, the revised guidance specifically allows the matters required to be disclosed in the Investment Strategy to be disclosed in the Capital Strategy.

Question 1: Do you agree with the proposed change? If not why not; and what alternative would you propose?

Principle of Contribution (paragraph 17)

14. The core function of a local authority is to deliver statutory services to local residents. Where a local authority chooses to invest in non-core activities, management time and resource will be diverted from that core function. Where a local authority is investing in a yield bearing investment, the contribution may be the net return that can be invested in core activities. However, the Government is aware that investments made by local authorities may have more than one objective and as a result a local authority may have a different risk appetite to that it would have if investing solely for yield. For this reason the Government believes that a new principle requiring local authorities to disclose the contribution that non-core investments make towards core functions is important.

Question 2: Do you agree that it is important for local authorities to disclose the contribution that investment activities make to their core functions? If not why not; and what alternative would you propose?

Question 3: Are there any other measures that would increase the transparency of local authority financial and non-financial investments that you would suggest for inclusion in the Investments Guidance to assist scrutiny by the press, local taxpayers and councillors?

Use of indicators to assess total risk exposure (paragraphs 18-20)

15. The Government believes that it is important that Councillors or the equivalent, understand the total exposure of their local authority due to borrowing and investment decisions and that this information is presented in such a way that allows them to compare any change in exposure from year to year.
16. For this reason the Government proposes introducing a new requirement to include quantitative indicators that will allow assessment of exposure. The Government recognises that different local authorities will have different financial positions and risk appetite. For this reason the Government does not propose to specify particular indicators or thresholds.

Question 4: Do you agree with the introduction of a requirement to enable Councillors to assess total exposure from borrowing and investment decisions? If not why not; and what alternative would you propose?

Question 5: Do you agree with the decision not to specify indicators or thresholds? If not why not; and what alternative would you propose?

Extention of principle of Security, Liquidity and Yield to non-financial investments (paragraphs 21-36)

17. The Government believes that where local authorities invest in non-financial assets, they should apply the principles of prioritising security and liquidity over yield in the same way that they are required to do for financial assets.
18. The Government recognises that the risks to security and liquidity for non-financial assets are different to those for financial assets. For this reason the Government proposes the following defintions for non-financial assets:
 - **Security:** the revised guidance recognises that a local authority will normally have an asset that can be used to recoup capital invested. Therefore, the revised guidance requires local authorities to consider whether the underlying asset is impaired and if it is, to detail the actions planned or in progress to protect the funds invested.
 - **Liquidity:** the revised guidance requires local authorities to set out the procedures for ensuring that funds invested in a non-financial asset can be accessed when they are needed.

Question 6: Do you agree with the extension of the principles of security and liquidity to non-financial assets? If not why not; and what alternative would you propose?

Question 7: Do you agree with the definitions of liquidity and security for non-financial assets? If not why not; and what alternative would you propose?

Introduction of a concept of proportionality (paragraphs 37-39)

19. The Government is concerned that some local authorities may become overly dependent on commercial income as a source of revenue for delivering statutory services. Given the nature of assets that local authorities are investing in this could leave them exposed to macro-economic trends. For example a decline in retail rental yield may leave a local authority that is highly dependent on retail rental income to deliver core services with a structural funding deficit.
20. For this reason the Government proposes requiring local authorities to disclose their dependence on commercial income to deliver statutory services and the amount of borrowing that has been committed to generate that income.

Question 8: Do you agree with the introduction of a concept of proportionality? If not why not; and what alternative would you propose?

Borrowing in advance of need

21. Borrowing solely to invest rather than to deliver statutory services or strategic objectives has always been considered to be borrowing in advance of need. The Government believes that it is appropriate for the revised Guidance that recognises this and requires additional disclosure by local authorities who borrow solely to invest in revenue generating investments.

Question 9: Do you agree that local authorities who borrow solely to invest should disclose additional information? If not why not; and what alternative would you propose?

Capacity, skills and culture

22. The Investments Guidance has always required disclosure of the steps Treasury Management professionals have taken to ensure that they have sufficient knowledge and expertise to be able to take sensible decisions. The Government believes that it is sensible to extend this requirement to statutory officers, Councillors and other key individuals in the decision making process.

Question 10: Do you agree with the extension of the disclosure requirement on steps taken to secure sufficient expertise to include all key individuals in the decision making process? If not why not; and what alternative would you propose?

Minimum Revenue Provision Guidance

23. The Capital Finance – Guidance on Minimum Revenue Provision (“the MRP Guidance”) contains statutory guidance that local authorities are required to have regard to when calculating the annual amount of MRP to put aside. The MRP Guidance gains its statutory status from section 21(1A) of the Local Government Act 2003, which allows the Secretary of State to issue guidance “about the accounting practices to be followed by a local authority, in particular with respect to the charging of expenditure to a revenue account.”
24. Local authorities are normally required each year to set aside some of their revenues as provision for debt. More precisely, the provision is in respect of capital expenditure financed by borrowing or long term credit arrangements.
25. The MRP Guidance was last updated in 2012 following the introduction of HRA self-financing. DCLG has been monitoring the practices and principles used by local authorities when deciding how much MRP to charge. In addition, in 2016, the NAO value for money report on Local Authorities Capital Investment and Financing discussed the impact that debt servicing costs could have on the financial sustainability of individual authorities and the steps being taken to manage this cost and the matter was briefly discussed at the Public Accounts Committee meeting in Parliament that considered the report.
26. Given the changes in current practice and recent interest, the Government feels that it is time to look into updating the guidance as part of the more general update of the statutory codes comprising the prudential system.
27. There are four main changes proposed from the previous guidance

Definition of ‘Prudent Provision’ in the MRP Guidance (paragraphs 19-22)

28. Regulation 28 of the *Local Authorities (Capital Finance and Accounting) (England) Regulations 2003* requires local authorities to make “prudent provision”. The current MRP Guidance explains that “provision for the borrowing which financed the acquisition of the asset should be made over a period bearing some relation to that over which the asset continues to provide a service”. The thinking behind this principle is that MRP is the cost that LAs recognise in their accounts instead of depreciation and therefore prudent provision should align to depreciation as far as is relevant.
29. Given that the purpose of MRP is to make prudent provision for debt the Government believes that this definition is slightly misleading. For this reason the Government

proposes to change the definition of prudent provision to one that requires local authorities to set MRP in a way that covers the gap between the Capital Financing Requirement and the amount of that requirement that is funded by income, grants and receipts.

30. In doing so, local authorities will be able to better align the period over which they charge MRP to one that is commensurate with the period over which their capital expenditure provides a benefit.

Question 11: Do you agree with the change to the definition of the basis of MRP? If not why not; and what alternative would you propose?

Meaning of a charge to the revenue account (paragraphs 24 & 25)

31. Regulation 27 of the *Local Authorities (Capital Finance and Accounting) (England) Regulations 2003* requires local authorities to make a charge to a revenue account. There have been some reports of local authorities who have determined that they have previously overpaid and as a result have made a credit to the account for MRP.
32. The Government does not believe that crediting the revenue account is either prudent or within the spirit of the approach set out in the Regulations. For this reason, the Government has included a clear statement in the updated Regulations that a charge to the account should not be a negative charge.

Question 12: Do you agree that the Guidance should clarify that a charge to an account cannot be a credit? If not why not; and what alternative would you propose?

Impact of changing methods of calculating MRP (paragraphs 26 & 27)

33. The Government continues to believe in the importance of allowing local authorities to have the flexibility to change the methods that it uses to calculate MRP from time to time.
34. However, the Government has concerns that some local authorities have been changing methodologies, not because the change would better allow them to make prudent provision, but instead to reduce their annual charge and in some cases to allow them to defer payments into future years. The Government does not believe that either of these rationales for changing methodologies are prudent.

35. For this reason, the Government has decided to clarify the approach to be adopted when changing the methodologies used to calculate MRP. Under the updated code, local authorities will be allowed to offset overpayments of MRP against charges in future years. However, the revised guidance makes it clear that an overpayment cannot be calculated retrospectively.
36. For example, if a local authority calculated MRP of £15m in 2013-14 and decided to charge £20m of MRP, it would have a £5m overpayment that could be offset against charges in future years. However, if the local authority changed its methodology in 2016-17 and based on the revised calculation determined that it should have charged £12m in 2013-14, it would still have a £5m overpayment that could be offset.

Question 13: Do you agree that changing MRP methodology does not generate an overpayment of MRP? If not why not; and what alternative would you propose?

Introduction of a maximum economic life of assets (paragraph 41)

37. Two of the four recommended options for calculating MRP in the Guidance use asset life as the denominator. The Government has concerns that some local authorities may be setting artificially long asset lives to reduce the annual charge for MRP and thereby deferring revenue costs into future years.
38. The Government does not believe that this is a prudent approach and for this reason the updated Guidance includes a maximum useful economic life of 50 years for freehold land and 40 years for other assets. The useful economic lives have been selected with commonly used practices in depreciation accounting in mind.

Question 14: Do you agree that the guidance should set maximum useful economic lives for MRP calculations based on asset life? If not why not; and what alternative would you propose?

Question 15: Do you agree with the maximum useful economic lives selected? If not why not; and what alternative would you propose?

Implementation timetable

39. The Government would like both updated codes to come into force for the 2018-19 financial year.

Question 16: Do you agree that the codes should be implemented in full for 2018-19? If not, are there any specific proposals where implementation should be deferred, and what would be the implications of not doing so?

Public Sector Equality Duty

40. We do not believe that there are any public sector equality duty implications of this proposed consultation. However, we welcome any representations respondents wish to make on this issue.

About this consultation

This consultation document and consultation process have been planned to adhere to the Consultation Principles issued by the Cabinet Office.

Representative groups are asked to give a summary of the people and organisations they represent, and where relevant who else they have consulted in reaching their conclusions when they respond.

Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004.

If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

The Department for Communities and Local Government will process your personal data in accordance with DPA and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties. Individual responses will not be acknowledged unless specifically requested.

Your opinions are valuable to us. Thank you for taking the time to read this document and respond.

Are you satisfied that this consultation has followed the Consultation Principles? If not or you have any other observations about how we can improve the process please contact us via the [complaints procedure](#).