

**ASHFIELD DISTRICT COUNCIL**



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

## Agenda

### Cabinet

Date: **Monday, 23rd March, 2020**

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Time: **10.00 am**

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

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For any further information please contact:

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01623 457317

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# **CABINET**

## **Membership**

**Chairman:**

Councillor Jason Zadrozny

**Councillors:**

Kier Barsby  
Tom Hollis  
David Martin  
Helen-Ann Smith  
John Wilmott

Samantha Deakin  
Rachel Madden  
Matthew Relf  
Daniel Williamson

## **FILMING/AUDIO RECORDING NOTICE**

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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.



**Carol Cooper-Smith**  
**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.**
3. To receive and approve as a correct record the minutes of the meeting of the Cabinet held on 24 February 2020. 5 - 14
4. Public Health Update.
5. **2019/20 Forecast Outturn for General Fund, Housing Revenue Account (HRA) and Capital Programme as at January 2020.** 15 - 28  
**Key Decision**  
Portfolio Holder for Finance: Councillor Rachel Madden
6. **Leisure Transformation - Leasing of Leisure Centres to the New Operator and Appropriation of Land from the HRA Account.** 29 - 32  
**Key Decision**  
Portfolio Holder for Health and Leisure: Councillor Kier Barsby
7. **Social Value Policy and Initiatives.** 33 - 50  
**Non Key Decision**  
Portfolio Holder for Place, Planning and Regeneration: Councillor Matthew Relf

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## CABINET

**Meeting held in the Council Chamber, Council Offices, Urban Road, Kirkby-in-Ashfield,  
on Monday, 24th February, 2020 at 1.00 pm**

**Present:** Councillor Jason Zadrozny in the Chair;

Councillors Samantha Deakin, Tom Hollis,  
Rachel Madden, David Martin, Matthew Relf,  
Helen-Ann Smith, Daniel Williamson and  
John Wilmott.

**Apology for Absence:** Councillors Kier Barsby.

**Officers Present:** Craig Bonar, Lynn Cain, Carol Cooper-Smith,  
Ruth Dennis, Louise Ellis, Katherine Green,  
Jemma Handley, Theresa Hodgkinson,  
Peter Hudson, Mike Joy, Nicky Moss,  
Paul Parkinson and Shane Wright.

**In Attendance:** Councillors David Hennigan and Sarah Madigan.

### **CA.48 Declarations of Disclosable Pecuniary or Personal Interests and Non Disclosable Pecuniary/Other Interests**

No declarations of interest were made.

### **CA.49 Minutes**

RESOLVED

that the minutes of the meeting of the Cabinet held on 27 January 2020 be received and approved as a correct record.

### **CA.50 Scrutiny Review: Impact of Universal Credit**

Members were presented with the final recommendations resulting from the Scrutiny Review of the Impact of Universal Credit undertaken by the Overview and Scrutiny Committee between July 2019 and January 2020.

Members considered the alternative option of declining to accept the final recommendations but acknowledged that longer term planning to mitigate against the impact of Universal Credit on Ashfield residents and the Council's finances was imperative.

## RESOLVED

that having considered the report, the following recommendations be approved subject to the Universal Credit seminar being classified as optional rather than mandatory as originally presented:-

- a) the hardship being experienced by Ashfield residents and the current and anticipated financial impact to the Council, as a result of the introduction of Universal Credit welfare scheme, be noted;
- b) a seminar be organised for all Councillors to equip themselves with the necessary knowledge and skills to support residents raising issues concerning Universal Credit;
- c) a letter be sent to local MPs, and the relevant ministerial department, outlining the difficulties claimants in Ashfield have experienced following the introduction of Universal Credit;
- d) joint working with partners such as the Department of Work and Pensions and the Citizens Advice Bureau be enhanced to ensure important information is efficiently shared;
- e) the Housing Management and Tenancy Services Team be recognised and commended for the extensive work undertaken in supporting Universal Credit claimants and responding to welfare reforms;
- f) the Housing Revenue Account 30 Year Business Plan be reviewed, taking into consideration the impact the introduction of Universal Credit will have on Housing and other Council services;
- g) the Welfare Reform Reserve Fund be reviewed to ensure sufficient funding remains available to support claimants and maintain adequate staffing levels;
- h) all publically displayed information regarding Universal Credit and wider welfare reforms be reviewed to ensure maximum visibility and relevancy;
- i) consideration be given to software and hardware requirements that could assist in improving the Council's efficiency and effectiveness in managing Universal Credit cases and supporting claimants.

### Reason:

The Overview and Scrutiny Committee added Impact of Universal Credit to the Scrutiny Workplan 2019/20 in June 2019, and conducted a review from July 2019 to January 2020. At the Committee's January meeting, a set of recommendations were approved to be presented to Cabinet in February 2020.

(At this point in the proceedings and in accordance with Council Procedure Rule 4.1 (Order of Business), the Chairman advised Members that he was intending to take agenda items 8 to 11 prior to agenda items 5 to 7. Cabinet duly concurred with this course of action.)

#### **CA.51 Approval to Consult on the Draft Kirkby Town Centre Spatial Masterplan**

Cabinet were requested to approve the facilitation of a public and stakeholder consultation on the Draft Kirkby Town Centre Spatial Masterplan for 3 weeks commencing Monday, 2nd March 2020.

Members considered the alternative option of declining to approve the consultation but this option was not recommended as participation with the public and stakeholders would enable valuable feedback and consequently, the Spatial masterplan would ultimately hold more weight as a material planning consideration in the detailed formulation of subsequent projects where funding would need to be secured.

RESOLVED that

- a) the undertaking of a public and stakeholder consultation on the Draft Kirkby Town Centre Spatial Masterplan for a period of 3 weeks during March 2020, be approved;
- b) the Kirkby Town Centre Spatial Masterplan be approved in principle, subject to delegated authority being granted to the Director of Place and Communities, in consultation with the Portfolio Holder for Place, Planning and Regeneration, to make minor amendments to the Masterplan prior to adoption.

Reason:

To enable the Council to carry out public and stakeholder consultation. Consultation will allow the Spatial Masterplan to have the greatest weight in the planning system once formally adopted.

#### **CA.52 The Stations Masterplans**

Cabinet approval was sought to undertake a public and stakeholder consultation on a draft Maid Marian Line Economic Growth Feasibility Study, also presented for adoption as a basis for future action for linking the Kirkby and Sutton Parkway stations to the proposed HS2 train station at Toton.

Members considered the alternative option of declining to carry out the proposed consultation or adopting the Maid Marian Line Economic Growth Feasibility Study. However, these options were not recommended as they would reduce the weight of the Maid Marian Line Economic Growth Feasibility Study in the planning process and disadvantage the Council in accessing funding and potential transport connectivity opportunities for the economic benefit of Kirkby and Sutton-in Ashfield.

RESOLVED that

- a) the undertaking of a public and stakeholder consultation for 4 weeks on a draft Maid Marian Line Economic Growth Feasibility Study, be approved;
- b) the Maid Marian Line Economic Growth Feasibility Study be approved in principle subject to delegated authority being granted to the Director of Place and Communities, in consultation with the Portfolio Holder for Place, Planning and Regeneration, to make any minor changes to the Study prior to publication;

- c) the final Maid Marian Line Economic Growth Feasibility Study (including stations masterplans) be adopted as a basis for future action for linking the Kirkby and Sutton Parkway stations to the proposed HS2 train station at Toton, and to capitalise on the economic, social and environmental potential for development and improvement around the station locations;
- d) delegated authority be also granted to the Director of Place and Communities, in consultation with the Portfolio Holder for Place, Planning and Regeneration, to produce an action plan for the Study as required.

Reasons:

- 1) To carry out public and stakeholder consultation. Consultation will allow the Maid Marian Line Economic Growth Feasibility Study to have the greatest weight in the planning system once formally adopted.
- 2) To provide a spatial and economic framework which will allow the station locations to respond positively to the economic, social and environmental opportunities of the Maid Marian Line.
- 3) To provide a framework for future private/public investment in the areas around Kirkby and Sutton Parkway Stations.
- 4) To inform decisions in the emerging Local Plan.

### **CA.53 Regeneration Shared Service Dissolution**

Cabinet were advised about the joint intention by Mansfield District Council and Ashfield District Council to dissolve the shared Regeneration Service and to consider the request for approval.

Members considered the alternative option of continuing with the shared service. This was not considered prudent, as the circumstances were now very different to when the shared service was created, meaning that in-house was the most appropriate delivery model for both Councils.

RESOLVED that

- a) the decision to dissolve the Regeneration Shared Service between Mansfield District Council and Ashfield District Council with effect from 2 April 2020, be formally approved;
- b) the Chief Executive be authorised to formally serve written notice on Mansfield District Council in accordance with the Service Level Agreement.

Reasons:

Since 2012 the Council's regeneration service has been delivered by Mansfield District Council on a shared service basis. The report recommended to dissolve the shared service and this will conclude following a period of consultation. The intention is for the service to return in-house and sit solely within each single local authority from 2nd April 2020.



Council will continue to work very closely with Mansfield District Council and other Partners. The decision to end the shared service was due to circumstances within Ashfield and Mansfield being very different to how they were in 2012, and an opportunity for the Council to further develop and improve the service.

**CA.54 Internal Audit Provision by the Central Midlands Audit Partnership - Partnership Extension**

Cabinet were requested to consider the extension of the Council's partnership arrangement for Internal Audit services with the Central Midlands Audit Partnership (CMAP) for a further 5 years.

Members considered the alternative option of declining to extend the partnership but it was not recommended as it has proven to be successful and all existing Partners were intending, subject to their own approval processes, to extend their membership of CMAP.

RESOLVED that

- a) the extension of the Council's partnership arrangement for Internal Audit services with the Central Midlands Audit Partnership (CMAP) for a further 5 years, be approved;
- b) delegated authority be granted to the Director of Legal and Governance (Monitoring Officer) to finalise and approve the terms of a revised Partnership Agreement;
- c) delegated authority be further granted to the Director of Legal and Governance (Monitoring Officer) to finalise, approve and sign an Information Management Agreement between the members of the Partnership.

Reasons:

1. The Cabinet approved the Council joining CMAP, commencing on 1 January 2016, for a term ending on 31 March 2020. The Partnership arrangement has proven to be a successful, resilient, sustainable and cost effective internal audit provision and the recommendation was therefore seeking to extend the Partnership for a further 5 years.
2. The Partnership Agreement requires some minor amendments to bring it up to date and by entering into an Information Management Agreement, the Council and the Partnership will ensure compliance with data protection requirements.

(During consideration of this item, Councillor Matthew Relf left the meeting at 1.56pm)

**CA.55 Annual Budget & Council Tax 2020/21 and Medium Term Financial Strategy (MTFS) Update**

Cabinet were presented with the Council's Annual Budget, the Council Tax proposals for 2020/21 and a Medium Term Financial Strategy (MTFS) update.

(At this point in the proceedings, all Members present at the meeting declared a general Non Pecuniary/Other Interest in respect of items related to the setting of the Council Tax for 2020/2021.)

The Service Manager, Scrutiny and Democratic Services, following consideration of the Annual Budget and MTFS update at the Overview and Scrutiny Committee meeting held on 20 February 2020, took the opportunity to feedback the responses and suggestions raised by Members as follows:-

- a thank you be extended to the Corporate Finance Manager and Finance Team for the production of an excellent budget and the associated medium term planning strategy;
- concerns raised regarding the levels of fraud surrounding 'Single Person Council Tax Discount' with acknowledgement that a county-wide group has been established to tackle the problem;
- a desire to raise awareness and more fully advertise the commercial services offered by the Council (i.e. pest control) through the Council's media platforms;
- a further review should be undertaken to consider further savings around printing requirements including the use of paper copy committee agendas;
- the importance of the Council recognising the impact (i.e. wellbeing and work/life balance) on existing staff being required to cover gaps in staffing as part of the 'vacancy factor'.

Members considered the alternative option of declining to accept the proposals and freeze its own Council Tax for 2020/21 however recognising the financial challenge faced beyond 2020/21 the proposed increase is considered appropriate in order to continue to provide the key services on which Ashfield residents rely.

**RESOLVED**

a) that Council be recommended to approve the following:

- a £5 (2.7%) increase in the level of the District's own Council Tax for 2020/21, setting the Band D equivalent at £190.46;
- the proposed 2020/21 Revenue (General Fund) and HRA Budgets as set out in the report (Sections 3 and 4);
- the proposed Capital Programme and associated borrowing 2019/20 to 2023/24 as set out in the report (Section 5);

- the 2019/20 Revised HRA and Capital Budgets as set out in the report (Sections 4 and 5);
  - the precept figures from Nottinghamshire County Council, Nottinghamshire Fire and Rescue Authority, Police and Crime Commissioner and the two Parish Council's within the District be incorporated, when known, into the Council Tax recommendation to Council on 5th March 2020;
  - to note the estimated financial challenge in the Medium Term Financial Strategy (MTFS) for 2021/2022 to 2024/25 and the planned approach to address the challenge (Section 6);
  - to bring an updated MTFS back to Cabinet after the 2019/20 Accounts have been closed and audited;
  - the proposed use of reserves as set out in this report (Table 5 (General Fund) and Table 9 (HRA)) and the creation of 5 new reserves and the amalgamation of 2 existing reserves (set out in Section 3.6);
  - acceptance of the comments and advice of the Corporate Finance Manager (Section 151 Officer), provided in compliance with Section 25 of the Local Government Act 2003, as to the robustness of the estimates included in the 2020/21 Budget and the adequacy of the reserves for which this budget provides. (Section 7);
  - to note that the proposed 2020/21 budgets reflect the agreed changes to Fees and Charges approved by Cabinet on 27th January 2020;
  - the use of in-year Capital Receipts up to 2020/21 to maximise capitalisation opportunities arising from service transformation to deliver efficiencies and improved services to residents and clients, and thereby minimise the impact of costs on the revenue budget as included in the Flexible Use of Capital Receipts Strategy 2018/19 approved by Council on 11th October 2018;
  - to note that additional recurrent and non-recurrent costs of progressing the Digital Service Transformation (DST) programme at a quicker pace than had previously been planned are not included within the proposed 2020/21 budget, and that a separate report detailing the programme, costs and payback periods and how the programme will be funded will be brought for consideration through the appropriate channels in accordance with the Council's Financial Regulations;
- b) following feedback from Scrutiny Members as part of their consideration of the Annual Budget and MTFS update, the Director of Resources and Business Transformation be requested to present the results of the 2019 Employee Survey to the next meeting of the Overview and Scrutiny Committee scheduled for 26 March 2020.

Reason:

To recommend to Council approval of a £5 (2.7%) increase in the District Council's Council Tax for a Band D equivalent property, approval of the HRA and Capital Budget Revisions for 2019/20 and approval of the proposed 2020/21 Revenue and HRA Budgets and the Capital Programme 2019/20 to 2023/24. In accordance with the Local Government Finance Act 1992, the Council must set its annual budget by 10th March in the preceding financial year.

(During consideration of this item, Councillor Daniel Williamson left the room at 2.04pm and returned to the meeting at 2.06pm.)

#### **CA.56 Treasury Management Strategy**

Members were requested to consider the Council's Treasury Management Strategy for the financial year 2020/21 comprising the following:-

- Treasury Management Policy;
- Treasury Management Strategy Statement (TMSS);
- Borrowing Strategy;
- Annual Investment Strategy;
- Minimum Revenue Provision Policy;
- Prudential Indicators and Treasury Management Indicators;
- Treasury Management Practices: Risk Management.

As it is a requirement of the CIPFA Treasury Management Code for all Local Authorities to have a Treasury Management Strategy (TMS) and a requirement of MHCLG Statutory Guidance on Local Government Investments to have an Investment Strategy, Members had no alternative options to consider.

RESOLVED that

- a) the content of the Treasury Management Strategy (TMS) for 2020/21, be received and noted;
- b) Council be recommended to approve the Treasury Management Policy Statement incorporating the following:
  - Treasury Management Strategy Statement (TMSS)
  - Borrowing Strategy
  - Annual Investment Strategy
  - Minimum Revenue Provision (MRP) Policy;
  - Prudential Indicators and Treasury Management Indicators
  - Treasury Management Practices: Risk Management.

Reason:

In accordance with Financial Regulation C.31, the Audit Committee is responsible for providing effective scrutiny of the Treasury Management Strategy and policies and recommending approval to Cabinet and Council.

## CA.57 Capital Strategy

Cabinet considered the Council's Proposed Capital Strategy prepared in accordance with the Chartered Institute Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Authorities.

As it is a requirement of the CIPFA Prudential Code for all Local Authorities to have a Capital Strategy and a requirement of MHCLG Statutory Guidance on Local Government Investments to have an Investment Strategy covering non-treasury management investments, Members did not have any alternative options to consider.

RESOLVED that

- a) the content of the Capital Strategy (CS) for 2020/21 including Annexes 1 to 3, as appended to the report, be received and noted;
- b) Council be recommended to approve the following:-
  - Capital Strategy;
  - Commercial Property Investment Strategy;
  - Commercial Property Indicators.

Reasons:

It is a requirement of the CIPFA Prudential Code for all Local Authorities to have a Capital Strategy approved by Full Council.

MHCLG Statutory Guidance on Local Government Investments requires that Council has an Investment Strategy that covers non-treasury management investments and includes quantitative indicators approved by Full Council.

The meeting closed at 2.55 pm

Chairman.

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<b>Report To:</b>	<b>CABINET</b>	<b>Date:</b>	<b>23RD MARCH 2020</b>
<b>Heading:</b>	<b>2019/20 FORECAST OUTTURN FOR GENERAL FUND, HOUSING REVENUE ACCOUNT (HRA) AND CAPITAL PROGRAMME AS AT JANUARY 2020</b>		
<b>Portfolio Holder:</b>	<b>CABINET MEMBER FOR FINANCE &amp; RESOURCES - COUNCILLOR RACHEL MADDEN</b>		
<b>Ward/s:</b>	<b>ALL</b>		
<b>Key Decision:</b>	<b>Yes</b>		
<b>Subject to Call-In:</b>	<b>Yes</b>		

## Purpose of Report

To summarise the Council's forecast financial outturn position to 31 March 2020 compared to the latest approved budgets for the General Fund, Housing Revenue Account (HRA) and the Capital Programme. The forecast financial outturn is based on the actual financial activity to the 31 January 2020 and forecast costs and income from 1 February to 31 March 2020.

## Recommendation(s)

**Cabinet is requested:**

- (1) To note the current forecast outturn on the General Fund, Housing Revenue Account (HRA) and Capital Programme 2019/20 and the reasons for major variances as set out in Section 1, and 5 of the report.**
- (2) To approve the creation of two new reserves as set out in section 3 of the report.**
- (3) To recommend to Council approval of use of up to £400k of the Corporate Transformation Reserve to facilitate expedient progression of the Digital Services Transformation Programme. (Section 4).**
- (4) To note and approve in principle (subject to final outturn) the planned transfers to and from reserves as set out in Appendix 1.**

## Reasons for Recommendation(s)

In accordance with the Council's Financial Regulations to report to those charged with Governance the financial position.

## Alternative Options Considered

None

## Detailed Information

### 1. General Fund Forecast Outturn as at 31 January 2020

- 1.1 Table 1 below shows the original budget for 2019/20 as approved by Full Council on the 4 March 2019 and the current revised budget including approved budget adjustments to 31 January 2020. It sets out the 2019/20 net revenue forecast outturn position based on actual income and expenditure to 31 January 2020 and forecast income and expenditure to 31 March 2020 compared to the revised budget. The revised budget also reflects budget realignments following the in-year review of internal recharges.
- 1.2 The current Net General Fund Revenue Forecast Outturn position is a £656k underspend, £789k greater than revised budget position and £134k less than previously reported. Details of the significant variances for the forecast underspend of £789k are detailed below.

**Table 1 - Net General Fund Revenue Forecast to 31 March 2020**

<b>General Fund</b>	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Forecast Outturn</b>	<b>Current Forecast Variance</b>	<b>Previous Forecast Variance</b>	<b>Change</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Directorate</b>						
Chief Executive Officer	527	527	533	6	2	4
Legal and Governance	1,844	1,897	1,851	(46)	0	(46)
Resources and Business Transformation	1,613	1,574	227	(1,347)	(563)	(784)
Place and Communities	10,672	9,379	8,408	(971)	(10)	(961)
Housing and Assets	2,345	2,352	2,284	(68)	(11)	(57)
<b>Total Net Directorate Expenditure</b>	<b>17,001</b>	<b>15,729</b>	<b>13,303</b>	<b>(2,426)</b>	<b>(582)</b>	<b>(1,844)</b>
Net Recharges	(4,708)	(3,238)	(2,937)	301	0	301
Capital Financing	1,781	1,761	1,306	(455)	(475)	20
Net Interest Payable	198	198	145	(53)	(53)	0
Transfer to(from) earmarked reserves	129	(1,556)	665	2,221	187	2,034
<b>Total Net Revenue Expenditure</b>	<b>14,401</b>	<b>12,894</b>	<b>12,482</b>	<b>(412)</b>	<b>(923)</b>	<b>511</b>
<b>Funding as per Approved Budget*</b>	<b>(14,401)</b>	<b>*(12,761)</b>	<b>(13,138)</b>	<b>(377)</b>	<b>0</b>	<b>(377)</b>
<b>Transfer (to)from General Fund Balance in 19/20</b>	<b>0</b>	<b>133</b>	<b>(656)</b>	<b>(789)</b>	<b>(923)</b>	<b>134</b>



### 1.3 Funding

1.3.1 ‘\*’ Funding as per the approved budget included the use of £636k NNDR equalisation reserve and £699k use of other earmarked reserves. It also includes use of £305k use of general fund balance in setting the 19/20 budget (which is the use of the MRP over-provision from 18/19 which contributed to the overall 18/19 underspend). These reserve movements were approved by Full Council on the 4 March 2019. The revised budget now reflects this funding as transfers from earmarked reserve/general fund balance.

1.3.2 £356k of funding approved in setting the 2019/20 budget will also be withdrawn from the NNDR equalisation reserve in year. The forecast outturn now reflects this funding will be a transfer from the earmarked reserve.

1.3.3 The quarter 2 monitoring information from the Nottinghamshire Business Rates pool, forecasts £745k returned surplus from the pool for 2019/20, against a budgeted returned surplus of £25k. This amount is subject to change and it is impacted on by the actual 2019/20 outturn for NNDR for all authorities in the Nottinghamshire Business Rates pool. The position will be finalised as part of the outturn position. On the 25<sup>th</sup> February 2020, notification was received from MHCLG of returned surplus levy of £13k, this amount is unbudgeted. The £720k unbudgeted surplus from the pool and the £13k returned levy surplus have been reflected in the forecast outturn for funding. For the purpose of this report it has been assumed that this unbudgeted funding will be transferred to the earmarked reserve for NNDR equalisation. The actual amount moved to the NNDR equalisation reserve and/or to other earmarked reserves or the general fund balance will be determined as part of the outturn position.

### 1.4 Chief Executive (£6k forecast overspend)

£5k refund on the audit fee due to a reduction by Public Sector Audit (PSA), partially offsetting an £8k forecast overspend due to the non-achievement of the vacancy factor and a £3k overspend on pension back-funding.

### 1.5 Legal and Governance (£46k forecast underspend)

The forecast outturn for the Legal and Governance Directorate is a £46k underspend or a £13k forecast underspend after reflecting the proposed movement to reserves.

The current key forecast variances within the Legal and Governance Directorate are:

- **Democratic Services** - £3.5k forecast underspend on the Modern Government Committee Management System which is due to a one off impact of a prepayment.
- **Members Services** - £10.5k forecast underspend predominantly in respect of Members allowances.
- **Elections** - £23k forecast underspend, to be transferred to the earmarked elections reserve once the outturn position is confirmed. This is reflected in the transfers to/from reserves above.
- **Electoral Registration** – £2.5k forecast underspend being the net of small underspends/overspends on costs and sales.
- **Governance Administration** - £10.5k overspend on Council-wide postage costs.

- **Standards Committee** - £6k overspend on consultancy fees to support investigation of a complaint.
- **Legal Services** – a net £4k forecast overspend on external legal fees.
- **Directorate wide** - £27k forecast underspend on salaries due to vacancies within Legal and Democratic services.

## 1.6 Resources and Business Transformation (£1.347m forecast underspend)

The forecast outturn for the Resources & Business Transformation Directorate is a £1.347m underspend or a £272k forecast underspend after reflecting the proposed movement to reserves.

The Directorate's forecast outturn has increased by £784k from the November forecast outturn position. The current key forecast variances within the Directorate are:

- **ICT** - £44k forecast underspend, increasing from £23k previously reported. The forecast underspend is due to additional recharges of internet, printing and leasing costs to services and forecast reduction on telephones and printing costs.
- **Commercial Property** - £881k forecast underspend increasing from £400k previously reported due to an update to the income forecast for investment properties. The overall forecast variance is £888k due to additional unbudgeted investment property income for new investment properties, £26k underspend due to reduced recharges, being partially offset by £12k for the use of external consultants in relation to dilapidation costs and £21k repairs costs.
- **Revenues and Benefits** - £455k forecast underspend increasing from £187k previously reported, mainly due to the addition of the forecast housing benefit underspend. The overall forecast variance is £304k forecast underspend on Housing Benefits this has been revised based on the mid-year Housing Benefit subsidy claim. Housing Benefit payments and subsidy are very difficult to forecast due to a number of variables. The final year end outturn will be based on the final Housing Benefit subsidy claim. £155k unbudgeted New Burdens Grant has been received, the cost of new burdens work are contained within existing budget where possible, the current forecast is that £14k of the New Burdens grant will be utilised in year. The unspent grant will be moved to earmarked reserves, this is reflected in the transfers to/from reserves above. This position may change at final Outturn. £13k forecast underspend due to reduced court costs and increased income for legal fees. £3k overspend on giro charges for Council Tax.
- **Corporate Support and Transformation** – £12k forecast overspend largely due to staffing costs in the communications team.
- **Financial Management** - £5k overspend due to additional pensions report required for 2018/19 Statement of Accounts, for new CIPFA guidance and for costs associated with changing merchant supplier.
- **Joint Crematorium** - £21k forecast under achievement of income due to reduced throughput.
- **Directorate wide** - £24k forecast overspend due to non-achievement of the vacancy factor and £5k forecast overspend being the net of small underspends/overspends over several areas.
- **EU Exit Grant** of £35k received which was not budgeted for, £1k of which has been spent, unspent grant will be moved to earmarked reserves at Outturn; this is reflected in the transfers to/from reserves above.

It is forecast that a contribution of £900k will be made from the unbudgeted investment property income to the earmarked reserve for Commercial Investment Property to mitigate

against future risk associated with the additional property investments made in year. This is reflected in the transfers to/from reserves above.

#### 1.7 Place and Communities (£971k forecast underspend)

The forecast outturn for the Place & Communities Directorate is a £971k underspend or a £235k forecast underspend after reflecting the proposed movement to reserves.

The current key forecast variances within the Directorate are:

- **Salaries** - a forecast underspend of £217k across the whole Directorate largely due to posts being held vacant pending the outcome of ongoing service reviews.
- **Neighbourhood and Environmental Services** – a net £3k forecast underspend on vehicle repairs in Environmental Maintenance.
- **Waste** - income is £15k lower than budgeted, being £10k on trade waste and £5k on bulky waste collections. There is also a £97k forecast overspend largely relating to additional vehicle repairs as the purchase of replacement vehicles was placed on hold pending the completion of new transport review. This has now concluded and the vehicle replacement programme is underway (in line with the approved Capital Programme). These additional costs are therefore expected to be non-recurrent.
- **Transport** - £21k overspend, £5k forecast underachievement of MOT income, £12k overspend due to purchase of equipment and chemicals, £4k forecast under achievement of canteen income.
- **Place and Wellbeing** - An unbudgeted cost of £30k due to a payment being made to our Leisure contract operator SLM Ltd for loss of income at Hucknall Leisure Centre. £8k overspend on NNDR at Huthwaite Leisure Centre. £25k net forecast unbudgeted contributions including £10k lottery funding and contributions from Active Ashfield, Star Foundation, etc. £324k unbudgeted grant to support development of the Towns Fund proposals and £150k unbudgeted grant to support the Future High Streets Fund bids against which £47k expenditure has been incurred. Unspent grant will be carried forward into next year and will be moved to revenue grants reserve.
- **Markets** – Rental income is forecast to be achieved in line with budget including the Sutton Indoor Market, however there is a forecast overspend of £23k in relation to premises costs (business rates and utility costs) and equipment purchase.
- **Licensing** - £60k over achievement of taxi licensing income due to increased custom.
- **Planning** - £309k underspend on professional fees to deliver the local plan, due to some of the local plan work slipping into 2020/2021, this amount will be transferred back to earmarked reserves to be used in 2020/21. £152k over achievement of planning fee income being partially offset by a reduction in building control income of £42k.
- **Directorate wide** - £21k forecast underspend being the net of small underspends/overspends over several areas.

#### 1.8 Housing and Assets (£68k forecast underspend)

The main forecast variances within the Housing and Assets Directorate are:

- **Private Sector Housing** – £23k underspend increasing from £15k previously reported, due to a £20k underspend on enforced sales of properties, £3k underspend on car allowances and £5k over achievement of income from 'charges of notices' partially offset by £5k unbudgeted spend on legal fees to move on travellers.

- **Licensing** - £8k overachieved income on selective licensing and £9k underspend on HMO licensing due to vacancies within the service.
- **Supported Housing** - £28k forecast overspend due to delays in the Lifeline service transferring to a new provider. This overspend is due to delays with the original service provider, an alternative provider has now been identified, transfer completed December 2019. The forecast overspend is due to additional costs being incurred whilst the service remained in-house. These additional costs are partially offset by an improved forecast saving on the transfer to the new provider.
- **Asset Management** - £40k forecast underspend increasing from £21k previously reported, underspend is on salaries and car mileage due to vacancies.
- **Car Parks** - £8k forecast income pressure largely due to the provision of free car parking in December across the whole District to support local businesses.
- **Centralised Offices** - £8k forecast underspend increasing from £3k previously reported being £3k salaries underspend due to a vacancy and £5k unbudgeted income for room hire for the European and General Elections.
- **Building Cleaning General** - £12k forecast underspend on salaries due to vacancies.
- **Business Contingency and Sustainability** - £12k forecast underspend due to vacancies.
- **Other** - £8k net overspend due to non-achievement of the vacancy factor across the wider Directorate.

#### 1.9 Net Recharges (£301k forecast overspend)

This is a forecast overspend due to the change in the methodology of charging for Contract Hire. The overall result of the change in methodology is an overspend of £301k due to ceasing to over-recover associated on-costs.

#### 1.10 Capital Financing (£455k underspend)

Capital Financing costs are the revenue charges that are a consequence of the historic and existing capital programme. It comprises of the Minimum Revenue Provision (MRP), interest payable on external loans and Direct Revenue Financing. The forecast underspend is due to reduced MRP charges in year due to slippage on the capital programme in 2018/19 (MRP charges commence the year after the capital expenditure is incurred). It is also due to reduced interest charges due to utilising internal borrowing capacity and new loans being taken at lower interest rates than budgeted, prior to the recent 1% rate increase in Public Works Loan Board (PWLB) loans.

The underspend has reduced by £20k since previously reported as £20k of this budget has been used as match funding to support grant available for digital transformation training costs as approved by Cabinet in the last Financial Monitoring Report on the 25<sup>th</sup> November 2019.

#### 1.11 Net Interest Payable (£53k underspend)

This is the net of the interest receivable on the Council's treasury management investments and the interest payable on HRA balances. The forecast underspend is due to changes in investment levels and balances, and the interest rate.

## 1.12 Transfer to(from) earmarked reserve (£2,221k net transfer to reserves)

This includes the transfer of unbudgeted New Burdens (£141k) as the costs associated with these activities are being contained within the revised budget and unused EU exit grants (£34k). The net underspend on elections (£23k) and a proposed additional contribution (£10k) to the elections reserve. The transfer of the underspend on the Local Plan (£309k). The transfer of unbudgeted property investment income (£900k). The transfer of unbudgeted NNDR pool surplus and levy (£733k). The transfer of the balance of unbudgeted Future High Street Funding and Towns Fund grant (£427k). It also includes the transfer from the NNDR reserve used in setting the budget as detailed in paragraph 1.3.2. Appendix 1 summaries the approved and forecast earmarked reserves movements for 2019/20 and the forecast closing balances.

## 2. **General Fund Savings/Efficiencies Monitoring 2019/20**

2.1 As previously reported in the September financial monitoring report considered by Cabinet on the 25th November 2019, the 2019/20 budget included proposed savings and efficiencies of £248k and all have been achieved with the exception of a £6k Lifeline Service saving, however alternative savings has been achieved to mitigate this. Delivery of these savings is included within the forecast outturn reported in section 1 above.

## 3. **Creation of New Reserves**

3.1 Cabinet is asked to approve the creation of two new reserves:

Licensing – There has been a recent increase in taxi licence applications generating more income for the service. Historically the service has achieved a break-even position over the average of a three year period. It is a requirement that any profit is reinvested back into the service and the creation of the reserve will provide the means to isolate the profit for future reinvestment in the service.

Selective Licensing – The power was given to local authorities to impose a civil penalty as an alternative to prosecution for certain specified housing offences. This power was introduced by Section 126 and Schedule 9 of the Housing and Planning Act 2016. We have started to take action against landlords using this power and this is generating an income stream. However, the costs of undertaking this work need to be funded from the income generated. It is proposed that this reserve is established to manage the costs and income associated with provision of this service.

## 4. **Digital Services Transformation (DST) Programme**

4.1 The Council has an ambitious DST programme and the recent Local Government Peer Review recommended that in order to capitalise on investment in the programme at the earliest opportunity, the Council should invest more heavily in capacity and resources straight away to maximise the benefits to residents and customers and to deliver financial and non-financial efficiencies earlier.

- 4.2 The 2020/21 Annual Budget and Council Tax setting report approved by Council on 5<sup>th</sup> March 2020 included the following recommendation:

*Recommendation 12: That Council notes that additional recurrent and non-recurrent costs of progressing the Digital Service Transformation (DST) programme at a quicker pace than had previously been planned are not included within the proposed 2020/21 budget and that a separate report detailing the programme, costs and payback periods, and how the programme will be funded will be brought for consideration through the appropriate channels in accordance with the Council's Financial Regulations.*

- 4.3 The exact resource and capacity requirements of the above work is currently being planned and progressed and a detailed report clearly setting out both the recurrent and non-recurrent costs of the DST and the payback periods will be presented to Cabinet in July. However, to achieve the benefits earlier by moving at a quicker pace approval is needed now to access funding set aside in the Corporate Transformation Reserve specifically earmarked for this purpose.
- 4.4 Cabinet is asked to recommend to Council approval of use of up to £400k of this reserve to facilitate expedient progression of the DST. The current forecast outturn on this reserve is £1.3m for 2019/20 and a further £200k allocation to this earmarked reserve was approved as part of setting the 2020/21 budget.

## 5. Summary for Housing Revenue Account (HRA)

- 5.1 Table 2 sets out the 2019/20 HRA forecast outturn position based on actual income and expenditure to 31 January 2020 and forecast income and expenditure to 31 March 2020, compared to the revised budget including approved budget adjustments to 24<sup>th</sup> February 2020.
- 5.2 Details of any significant variances incorporated within the forecast outturn are detailed in the commentaries below the table.

**Table 2 – Housing Revenue Account (HRA) Forecast to 31 March 2020**

Description	2019/20 Revised Budget £'000	2019/20 Forecast Outturn £'000	Forecast Variance £'000	Previous Variance £'000	Change £'000
<b>Income</b>					
Rents, Charges and Contributions	(24,260)	(24,358)	(98)	(82)	(16)
Other Grants	0	0	0	0	0
Interest and Investment Income	(210)	(210)	0	0	0
<b>Total Income</b>	<b>(24,470)</b>	<b>(24,568)</b>	<b>(98)</b>	<b>(82)</b>	<b>(16)</b>
<b>Expenditure</b>					
Borrowing and Capital Financing Charges	3,602	3,651	49	0	49
Repairs and Maintenance	7,779	7,523	(256)	(41)	(215)
Supervision and Management	4,845	4,789	(56)	(35)	(21)
Interest Payable and Appropriations	3,547	3,547	0	0	0
Other Expenditure	298	250	(48)	(8)	(40)
Direct Revenue Financing	1,483	1,483	0	(20)	20
Transfer to/from Major Repairs Reserve	1,422	1,422	0	(2,792)	2792
<b>Total Expenditure</b>	<b>22,976</b>	<b>22,665</b>	<b>(311)</b>	<b>(2,896)</b>	<b>2,585</b>
<b>(Surplus)/Deficit for the year</b>	<b>(1,494)</b>	<b>(1,903)</b>	<b>(409)</b>	<b>(2,978)</b>	<b>2,569</b>

### 5.3 Rents, Charges and Contributions (£98k forecast over achievement of income)

Previously reported £82k over achievement through the rental income from new property additions to the housing stock being higher than budgeted. The rental void rate was running lower than budgeted, creating additional rental income to date. There has also been a lower number of properties sold under Right To Buy (RTB) than budgeted in the first nine months again increasing the rental income over the financial year. The additional £16k over achievement of income is from the continuation of the low rental void rate and an additional income forecast from utility feed in tariffs.

#### 5.4 Borrowing and Capital Financing Charges (£49k forecast overspend)

All transport charges were previously charged to the HRA as a consolidated amount (Contract Hire). This is now being accounted for as separate charges of which the depreciation is one element. The opposite credit entry will show in Repairs and Maintenance below.

#### 5.5 Repairs and Maintenance (£256k forecast underspend)

Since the previous report, it is expected that the cost of delivering repairs across the housing stock will be £215k lower than that previously reported. The £256k forecast underspend is comprised of:

- The underspend has increased due to reduced costs on subcontractors of £116k which were previously forecast to be met from salary underspends;
- The materials used in property repairs are forecasting to be lower by £30k;
- As mentioned above in 3.4 the transport charge (Contract Hire) change accounts for a variance of £49k;
- The running costs of the housing repairs vehicle fleet are forecasting to be lower by £15k; and
- Various staff vacancy periods (£30k) and various other areas of expenditure are projecting amounting to £16k across the section.

#### 5.6 Supervision and Management (£56k forecast underspend)

The cost of housing management is now projected to be £21k lower than the previously reported. The main reason for the total forecast underspend of £56k is due to various staff vacancy periods across the section.

#### 5.7 Other Expenditure (£48k forecast underspend)

Since previously reported there is a £40k forecast reduction expected in the contribution required to the rents bad debt provision. The other £8k forecast underspend is due to lower than expected charges for council tax payments made for empty council properties.

#### 5.8 Direct Revenue Financing

An update to the revised budget, based on the 2019/20 HRA capital monitoring update approved at Cabinet in February, now shows the level of financing required from the HRA for the capital programme for 2019/20.

#### 5.9 Transfer to/from Major Repairs Reserve

An update to the revised budget, based on the 2019/20 HRA capital monitoring update approved at Cabinet in February, now shows the level of financing required from the HRA for the capital programme for 2019/20.



## 6. HRA Savings/Efficiencies Monitoring 2019/20

6.1 As previously reported in the Quarter 2 forecast outturn report considered by Cabinet on the 25<sup>th</sup> November 2019, the 2019/20 HRA budget included proposed savings and efficiencies of £89k and all savings have been achieved and are included within the forecast outturn position reported in section 5 above.

## 7. Capital Programme Summary 2019/20

7.1 The most recent revised 2019/20 Capital Programme budget was considered at Cabinet on 24<sup>th</sup> February and approved by Full Council on 5<sup>th</sup> March 2020. The forecast outturn is now aligned with this approved revised budget so there is no forecast variance to report. The Outturn report will provide details of any variances arising to the end of March 2020.

## Implications

### **Corporate Plan:**

The General Fund, HRA and Capital Programme reflect the priorities in the Corporate Plan.

### **Legal:**

If approved by Cabinet, this report will require approval by Council as this forms part of the Council's Budgetary Framework (Financial Regulation B.1 and Article 4 of the Constitution).

### **Finance:**

Budget Area	Implication
General Fund – Revenue Budget	As detailed in the main report.
General Fund – Capital Programme	
Housing Revenue Account – Revenue Budget	
Housing Revenue Account – Capital Programme	

### **Risk:**

Risk	Mitigation
That the budget set may be insufficient to provide the required services and subsequently services overspend.	Regular and timely Financial Monitoring reports to CLT and Cabinet.

### **Human Resources:**

Not applicable.

### **Environment / Sustainability**

Not applicable.

**Equalities:**

Not applicable.

**Other Implications:**

Not applicable.

**Reason(s) for Urgency**

Not applicable.

**Reason(s) for Exemption**

Not applicable.

**Background Papers**

Annual Budget and Council Tax 2019/20 and Medium Term Financial Strategy Update to Council 4 March 2019

Draft Outturn 2018/19 Accounts Report to Council 25 July 2019

July Financial Monitoring Report to Council 24 September 2019

2019/20 Quarter 2 Forecast Outturn for General Fund, Housing Revenue Account (HRA) and Capital Programme and Revised Proposed Capital Programme 2019/20 and 2023/24 to Council  
Annual Budget and Council Tax 2020/21 and Medium Term Financial Strategy (MTFS) Update to Council 24 February 2020 and Full Council on 5<sup>th</sup> March 2020.

**Report Author and Contact Officer**

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## Summary of Reserve Movements 2019/20 (General Fund)

## Appendix 1

	Balance at	Approved		Balance as	Forecast		Forecast
	1st April	Contributions	Withdrawals	at 31	Contributions	Withdrawals	Balance as
	2019	£	£	December	£	£	at 31 March
	£	£	£	2019	£	£	2020
<b>Earmarked Reserves</b>							
District Planning Enquiry Fund	(405,675)	0	335,000	(70,675)	(309,000)		(379,675)
Elections	(87,877)	(54,000)	164,000	22,123	(33,000)		(10,877)
Harold Farr Bequest	(5,141)	0	0	(5,141)			(5,141)
Joint Use Maintenance Fund	(200,908)	0	0	(200,908)			(200,908)
Asset Renewal	(812,464)	0	39,892	(772,572)			(772,572)
Corporate Change Reserve	(1,257,107)	0	300,000	(957,107)			(957,107)
Insurance Related Funds (Including Risk Management)	(334,030)	(75,000)	0	(409,030)			(409,030)
Revenue Grant Reserve	(956,407)	0	34,220	(922,187)	(568,000)	*17,484	(1,472,703)
Brexit Reserve*	0		0	0	(51,484)*		(51,484)
Local Authority Mortgage Scheme (LAMS) Reserve	(75,899)	0	0	(75,899)			(75,899)
NNDR Equalisation Reserve	(1,803,590)	0	635,754	(1,167,836)	(733,033)	356,650	(1,544,219)
Supported Housing Trading Fund	(11,377)	0	0	(11,377)			(11,377)
Commercial Property Investment Reserve	(800,000)	0	0	(800,000)	(900,000)		(1,700,000)
Economic Development and Place Reserve	(240,584)	0	116,387	(124,197)			(124,197)
Technology Investment Reserve	(402,190)	0	59,500	(342,690)			(342,690)
<b>Total Earmarked Reserves</b>	<b>(7,393,249)</b>	<b>(129,000)</b>	<b>1,684,753</b>	<b>(5,837,496)</b>	<b>(2,594,517)</b>	<b>374,134</b>	<b>(8,057,879)</b>
<b>General Fund Reserve</b>	<b>(6,115,329)</b>	<b>(227,000)</b>	<b>360,000</b>	<b>(5,982,329)</b>	<b>(789,000)</b>	<b>0</b>	<b>(6,771,329)</b>

The forecast amounts are aligned to the general fund current forecast outturn and include transfers yet to be approved. The highlighted figures will be finalised at the actual outturn position.

\*Brexit reserve to be established. £17,484 received in 18/19 was moved to Revenue Grant Reserve, this will be moved to the newly established Brexit reserve along with the unspent EU exit funding received in 2019/20.

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<b>Report To:</b>	<b>CABINET</b>	<b>Date:</b>	<b>23<sup>rd</sup> March 2020</b>
<b>Heading:</b>	<b>LEISURE TRANSFORMATION - LEASING OF LEISURE CENTRES TO THE NEW OPERATOR AND APPROPRIATION OF LAND FROM THE HRA ACCOUNT</b>		
<b>Portfolio Holder:</b>	<b>CLLR KIER BARSBY - PORTFOLIO HOLDER FOR HEALTH AND LEISURE</b>		
<b>Ward/s:</b>	<b>ALL</b>		
<b>Key Decision:</b>	<b>No</b>		
<b>Subject to Call-In:</b>	<b>Yes</b>		

## Purpose of Report

1. To seek authorisation to lease the three leisure centre sites to the new leisure operator: Kirkby new leisure centre, Lammas and Hucknall leisure centres, as part of the arrangements for the new contract.
2. To appropriate a small area of land within the Kirkby Leisure Centre site from the Housing Revenue Account to the General Fund.

## Recommendation(s)

1. To seek authorisation to lease the three leisure centres: Kirkby new leisure centre, Lammas and Hucknall leisure centres, as part of the arrangements for the new operator contract.
2. To appropriate a small area of land within the Kirkby Leisure Centre site from the Housing Revenue Account to the General Fund.

## Reasons for Recommendation(s)

1. Leasing of the three leisure centres: the leasing of the facilities to the operator is a standard approach and forms part of the Sport England standard form of contract.
2. The area of land needs to be appropriated from the Housing Revenue Account as it is currently designated for potential use for housing.

## Alternative Options Considered

- 1) Not leasing the sites– **Not recommended**, as the leasing of the facilities to the operator is a standard approach and forms part of the Sport England standard form of contract.
- 2) Not appropriating the area of land – all of the land needs to be within the General Fund to allow for the construction of the new centre.

## Detailed Information

### **Leasing**

The procurement of the new Leisure Operating Contract requires that the three leisure centres: Kirkby new leisure centre, Lammas and Hucknall be leased to the successful operator as part of the award.

The leasing of the facilities to the operator is a standard approach and forms part of the Sport England standard form of contract.

The leasing of the sites will be completed in accordance with the council's rules and policies.

### **Appropriation**

The Kirkby leisure centre site is appropriated to Recreation and Amenities (R&A), except for a small parcel of land referenced as 444K which is appropriated to Housing and Planning. The land needs to be appropriated to Recreation and Amenities with the value of the land paid to the Housing Revenue Account (HRA) to compensate for the loss. The land has been independently valued at £20,000 and allowance has been made in the project budget to transfer this sum to the HRA.

Appendix 1 shows the area of land to be appropriated – Deed packet 444k to the south of the B&M car park.

### **Kirkby Leisure Centre**

Design work for the new leisure centre is progressing well with RIBA Stage 3 (Developed Design) complete and work on Stage 4 underway.

The project team met with residents adjacent to the site to discuss any concerns about the facility and these are being addressed where possible. A follow-up meeting was held on 18<sup>th</sup> March. We are continuing to work with current users of Festival Hall to ensure that the new provision will meet their needs, including the over 50s club and free weights users.

A planning application is due to be submitted in March. Enabling works are due to start on site in the next few weeks which will include further clearance and hoarding of the site.

## Implications

### **Corporate Plan:**

**Health and Happiness:** Deliver the Leisure Transformation Programme, maximising the well-being benefits whilst reducing costs. Deliver a new leisure destination in Kirkby. Re-procure the leisure centre management contract.

**Legal:** The leasing of the sites as part of the contract will be compliant to the Council's Code of Procedure for the disposal of Land and Buildings.

### **Finance:**

<b>Budget Area</b>	<b>Implication</b>
General Fund – Revenue Budget	None
General Fund – Capital Programme	Legal costs to be funded from the budget for the new Leisure Centre already approved within the Capital Programme.

	£20,000 included within the Kirkby Leisure Centre budget to compensate the HRA.
Housing Revenue Account – Revenue Budget	None
Housing Revenue Account – Capital Programme	None

**Risk:**

Risk	Mitigation
Lease agreements for leisure centres are not completed correctly	Internal ADC teams to ensure this process follows the necessary Code of Practice and gains the necessary approvals.

**Human Resources:**

None for this report

**Equalities:**

As part of the operator contract we will be asking the operators to consider how they ensure their offer is accessible to all – this will focus on price, concessions, programming, activities, welcome and feel, staff training and awareness.

**Environment/sustainability**

No issues identified.

**Other Implications:**

Not Applicable.

**Reason(s) for Urgency**

Not Applicable.

**Reason(s) for Exemption**

Not Applicable.

**Background Papers**

**Cabinet Report, 21<sup>st</sup> January 2019:**

Leisure Transformation Programme – Replacement Leisure Centre for Kirkby in Ashfield

**Cabinet Report, 15<sup>th</sup> May 2019:**

Leisure Transformation Programme - Appointment of professional team for the construction of Kirkby Leisure Centre and appointment of the leisure consultant for procurement support for the District's leisure operator contract.

**Cabinet Report, 25<sup>th</sup> November 2019:**

Leisure Transformation - Procurement of the New Leisure Centre Operator Contract.

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<b>Report To:</b>	<b>CABINET</b>	<b>Date:</b>	<b>23rd March 2020</b>
<b>Heading:</b>	<b>SOCIAL VALUE POLICY AND INITIATIVES</b>		
<b>Portfolio Holder:</b>	<b>CLLR MATHEW RELF - PORTFOLIO HOLDER FOR PLACE, PLANNING AND REGENERATION</b>		
<b>Ward/s:</b>	<b>ALL</b>		
<b>Key Decision:</b>	<b>No</b>		
<b>Subject To Call-In:</b>	<b>No</b>		

## **Purpose Of Report**

This report sets out the rationale for implementing a Social Value Policy into all activity that the Council undertakes. As well as introducing this policy, the report sets out the methodology for introducing social value reporting to measure activities that are not covered by traditional return on investment analysis. The aim of the Council is to ensure that for every pound that Ashfield spends we will generate at least the same value in social return. The social value return will include aspects such as increased local employment/growth: public health and well-being benefits; community resilience: improved place; joint working around Procurement and legal compliance with the Social Value Act.

## **Recommendation(s)**

- **Cabinet is requested to consider and approve the Council's Social Value Policy**

## **Reasons For Recommendation**

This policy sets out the Council's commitment to social value and the added benefits that can be gained from projects and public procurement, specifically for the social, economic and environmental benefit of local people living in the local area. By understanding value created by projects the Council is able to direct efforts to meet the needs of the local community and achieves the aspirational vision that the Council has for the District.

## **Alternative Options**

The Council may choose not to adopt the proposed strategy. However in doing so will lose the opportunity to highlight and measure the Social Value that is being generated by its activities within the District. Not recommended.

## **Detailed Information**

### **Introduction**

Social value relates to the additional benefits that can be achieved beyond the direct scope of a project or contract. This policy sets out the Council's commitment to social value and the added societal benefits that can be gained from projects and public procurement. It also provides greater transparency in how the Council's decision making complies with the Public Services (Social Value) Act 2012. The Council will be able to outline social value in its reporting on achievements in respect of ambitions that have been set out in the revised corporate plan. This strategy aims to demonstrate the following:

- Residents are supported to be active in their community and have the opportunity for greater social benefits through education, employment and business enterprise
- Residents are socially and digitally included
- Cleaner and environmentally improved places
- Local small and medium sized businesses have access to supply chain opportunities and are supported with business growth opportunities
- To give consideration during tendering, to social value and assess against criteria where appropriate
- To encourage Social Value priorities in partnerships with contractors, local operators and investors

### **1.0 Background**

1.1 The Council is always seeking to provide greater transparency in its decision making and has been developing an approach to demonstrate how added economic, social and environmental well-being can be gained from proposed and procured projects. Implementing and embedding a social value policy at a local level involves making procurement decisions in a new way that ensures wider benefits are considered throughout project development. For instance, this could include requiring contractors to pay a living wage, employing target groups such as young unemployed people, minimising negative impacts on the environment through facilitating new technology.

1.3 This policy sets out the Council's enhanced offer to our residents that goes beyond our statutory functions and assists in providing better measurable outcomes for the Council, residents and businesses.

### **2.0 Embedding, Monitoring and Reporting**

2.1 Social Value has been included as a consideration in the Council's procurement policy and activity where any expression of interest is sought to obtain quotes (invitation to tender). The Nottingham City Procurement team will develop a clear thread between the Council's corporate priorities and the delivery of social value.

2.2 Proposals for Social Value activities can be included in service delivery plans as well as project delivery activities as part of benefits realisation. The benefits identified should demonstrate how the activity meets the Council's priorities and delivers added benefits to the local area.

2.3 To do this the Council will need to access a Social Value Portal. This keeps updated values for social value benefits and offers a standardised solution that allows organisations to measure and manage the contributions that their organisation and partners make to society. It is possible to align the Social Value Portal with the Themes, Outcomes, Measures (TOM) framework. This will ultimately enable social value contributions to be reported and collated against the Council's priorities.

2.4 Over time the Social Value reporting will be managed through the Council's performance management system and reported on each quarter to the Corporate Leadership Team and annually to Council. A Corporate Social Value Scorecard will be used to monitor and report on the performance of the themes set out in the revised corporate plan. Social value rates of returns in regard to projects will be identified prior to project delivery and will be managed post project delivery and reported in line with arrangements set out by project boards.

2.5 Some examples of the potential for reporting anticipated outcomes relates to:

Example 1: The implementation of CCTV cameras along the A38 corridor resulted in benefits in terms of air quality and economic regeneration due to the creation of steady traffic through traffic lights rather than standing traffic. In this instance, a major company was attracted to invest in the district due to shorter travel times to the M1 resulting in 1800 jobs as well as a reduction in NOx emissions. Whilst the company may have located in the area in any event journey times to the M1 was a consideration.

Example 2: The new Kirkby Leisure Centre will provide very directly a broadening of the social value generated for Ashfield residents. The provision of new facilities above and beyond the existing facility will attract a wider audience and create wider value. For instance the social value created by adventure climbing based on 120 people using the facility per week is calculated at an annual budget of £15,000 would create an average person value of £4179 for regular users per year which would amount to a total value of £415,286. For cycling based on 200 participants with an annual budget of £20,000 this would amount to £692,143 per year.

These figures can subsequently be monitored to assess if targets have been met or exceeded to understand the long term success of projects and wider social value achieved.

### **3.0 Reasons for the decision:**

3.1 The local authority does have a legal obligation to consider Social Value ahead of a procurement process. However, the Social Value is a valuable tool in its own right to secure added, benefits for local people, businesses and the environment. As well as this, the Council has set out its ambitions in the revised corporate plan that are not always easy to measure through the traditional return on investment methodology.

When measuring Social Value, the council will consider both soft and hard outcomes. Soft outcomes are things that cannot be directly measured e.g. well-being. Hard Outcomes can be clearly defined, are tangible and more easily measured in figures.

## **Implications**

### **Corporate Plan:**

The Social Value Policy will fully support and articulate the delivery of all the Council Priorities:

- Health and Happiness
- Homes and Housing
- Economic Growth and Place
- Cleaner and Greener
- Safer and Stronger
- Innovate and Improve

### **Legal:**

The adoption of a strategy is consistent with the Council's statutory duties under

- a. The Local Government Act 1999 sets out a general Duty of Best Value for Councils to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness." And
- b. The Public Services (Social Values) Act 2012 (the "Act") in line with its procurement activities. The Act requires the Council, to consider how we can improve the economic, social and environmental well-being of our area through the procurement processes for goods, services and works contracts subject to Public Contract Regulations 2015. Note the legislation does not apply where the Council is using an existing framework.

### **Finance:**

There are no financial implications associated with approving the Social Value Strategy, however the monitoring of outcomes may have financial implications for the Council. Appropriate approvals will be sought when required.

The Council's Commercial Manager will work with the out-sourced Procurement Unit at Nottingham City Council to develop more detailed guidance notes to help officers embed relevant social value requirements within their procurement activities.

<b>Budget Area</b>	<b>Implication</b>
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
No risks identified.	

**Human Resources / Equality and Diversity:**

There are no direct human resource implications for the Council. The project management, implementation and monitoring and reporting requirements will be met by existing Council resources.

There are no direct equalities impacts arising from the decisions within this report.

**Environmental/Sustainability**  
*(to be completed by the author)*

None identified.

**Other Implications:**

None.

**Reason(s) for Urgency (if applicable):**

Not applicable

**Background Papers**

Corporate TOMS (Themes, Outcomes and Measures). Social Value Policy

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Ashfield  
DISTRICT COUNCIL

# Social Value Policy



This policy summarises Ashfield District Council's approach to 'social value'. It covers:

- What Ashfield District Council means by the term 'social value'
- Priority social value outcomes for Ashfield District Council
- The scope of Ashfield District Council's approach

## **Social Value**

Social Value is defined in the Public Services (Social Value) Act 2012 as economic, social and environmental wellbeing.

A social value approach gives greater thought about how we can best use limited resources more strategically, to produce a wider benefit than would otherwise have been achieved.

\*The Public Services (Social Value) Act 2012 came into force on 31 January 2013. It requires people who commission public services to think about how they can also secure wider social, economic and environmental benefits.

Before they start the procurement process, commissioners should think about whether the services they are going to buy, or the way they are going to buy them, could secure these benefits for their area or stakeholders.

The Act is a tool to help commissioners get more value for money out of procurement. It also encourages commissioners to talk to their local provider market or community to design better services, often finding new and innovative solutions to difficult problems.

\*Source Cabinet Office guidance.

## **Social Value in Ashfield**

Ashfield District Council is faced with having to deliver the services that local people need with fewer resources. The delivery of services will need to be targeted, innovative and focussed on improving the quality of life in Ashfield.

Maximising social value through the commissioning and procurement of public services will help the Council in achieving this goal.

A recent example of how a social value benefit was delivered related to the installation of traffic cameras on the A38. The cameras were installed in order to improve traffic flow and the additional social value benefit that might be delivered relates to a reduction in NOx emissions which in turn could improve health conditions. County Council officers delivered the scheme in consultation with officers from Ashfield District Council. This work has enabled a development which has



provided jobs and homes such as the creation of 1800 jobs through the approval of the Summit development as the application for this was positively influenced by the measures taken to improve traffic flow.

### Our Goal

For every £ that Ashfield Spends we will aim to deliver at least the same value of return in social value



As part of our corporate plan, we measure certain tangible outcomes however those which have no immediate monetary value have been harder to value and report on. It is important for Ashfield District Council to know and understand what is being delivered so that we can understand where we need to concentrate improvement on.

Our priority is to understand the needs and desires of Ashfield residents, communities and businesses. The Council has a unique role, leading and enabling delivery of improvements for Ashfield as a place. Our new corporate plan outlines our themes to which we will report on outcomes and measures achieved.



## Some examples of delivering social value

- Creating a healthier community
- More working with the community
- Vulnerable people are helped to live independently
- Tackling homelessness
- Building Social Value into planning services
- More opportunities for SME's
- More local people in employment
- Improved skills for local people
- More opportunities for disadvantaged people
- Climate impacts are reduced (reduction in CO2 emissions)
- Air pollution is reduced
- Crime is reduced
- Reduction in number of ASB cases
- Reduction in vulnerability ensuring people feel safe and are safe

## **Our Aims and Priorities**

For Ashfield to achieve the maximum benefits of a social value approach, the Council needs to formally and consistently take social value into consideration for decisions we make in procuring goods and services. Whilst balancing the Council's financial position and increasing demands for services it is more important than ever to ensure that whatever is spent returns as much value as possible for the people of Ashfield. We aim to create a social value scorecard to sit alongside our Place and Corporate Scorecards and embed this in our performance management framework with regular reporting to senior leadership as well as the Leader of the Council.

Our data and reporting will be transparent and available for scrutiny. We will champion the principles of social value through our strong leadership and ensure that this is embedded at every level within the Council. We will work with partner agencies to build and foster a shared understanding. We will continue to build and promote our social value framework and ensure that this is implemented in the Council's commissioning and procurement processes.

## **How we will achieve these**

- Ensure there is clear vision and direction for implementing our social value strategy
- Paying suppliers promptly
- Engage with Elected Members to ensure a clear and consistent vision is supported at all levels
- Ensure that the principles of social value is taken into consideration at all levels of decision making
- Ensure that social value principles are used for the development of strategies, plans and service development
- Ensure that social value is included in corporate procurement activities
- Work with the voluntary and community sectors to further develop our approach
- Promote social value activity taking place across the Council and celebrate success through promoting achievements and outcomes
- Establish mechanisms to coordinate and monitor information on Council contracts and to build this into our performance system for reporting.
- Promote social value with suppliers and ensure consultation within the market place at pre-market stage
- Provide more opportunities with SME's, social enterprises and voluntary and community organisations to network with larger companies to better develop local supply chains
- Promote good sustainable behaviours via a Green Business Scheme
- Working with suppliers to ensure the maximum delivery of Social Value
- Delivering at a community level and support the Council's Health and Happiness aspirations

- Support the local economy by working with new and established businesses
- To support individuals and communities to achieve a better quality of life
- Supporting local businesses
- Ensuring a good standard of housing is available to the community
- Create a cleaner and greener environment
- Ensure a direct link between the Council's social value policies, planning policies and procurement
- Design initiatives taken to ensure developments are designed to maximise the opportunities for social interaction and value creation

## Measuring the impact of Social Value

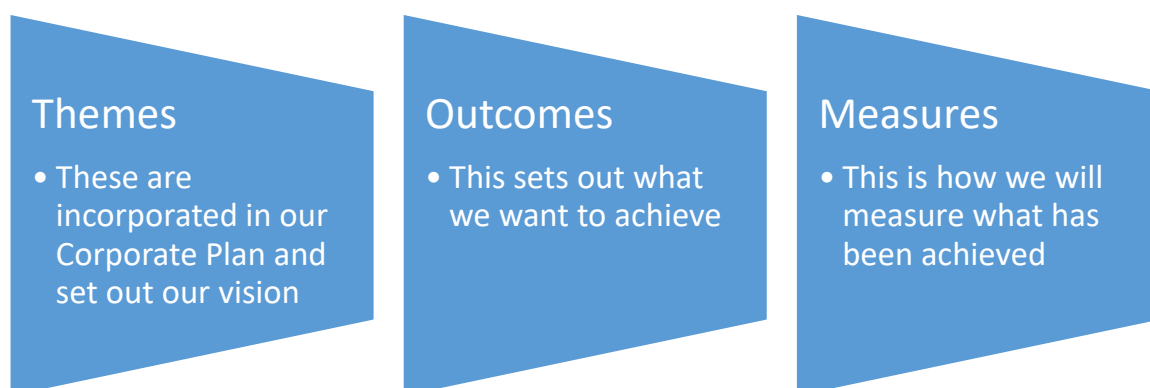
The impact of social value activities on the local community and on people's wellbeing will be measured to ascertain the extent to which this policy is supporting the delivery of improved outcomes.

Social value measurement and evaluation is an evolving field. There is currently no single best practice. We will continue to work with partners locally and regionally to further build our understanding of measurement and evaluation of Social Value, and to share expertise and best practice

When measuring Social Value, the council will consider both soft and hard outcomes. Soft outcomes are things that cannot be directly measured e.g. well-being. Hard Outcomes can be clearly defined, are tangible and more easily measured in figures.

Monitoring and reporting internally will be managed through the current performance management framework and reported to the Corporate Leadership Team periodically and then included to members annually.

We will use a balanced scorecard to measure and monitor the social value rate of return as well as through benefits realisation tracking for project delivery.



## Review of this policy

Ashfield District Council has just embarked on the journey to understand and measure social value and its return to the people of Ashfield. There will be many things for us to learn and we will be reviewing our policy annually to ensure that we

are achieving our aims of delivering social value. The next review of this policy will occur at the end of 2020.

**Version Control**

Version	Changes	Author	Date
1.0	Draft	C Clarke	21 October 2019

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## Themes, Outcomes and Measures

Themes	Outcomes	Measures
Health & Happiness		
	Creating a healthier community	Initiatives taken or supported to engage people in health interventions (e.g. stop smoking, obesity, alcoholism, drugs, etc) or wellbeing initiatives in the community, including physical activities for adults and children.
	More working with the community	Number of hours volunteering time provided to support local community projects
	Vulnerable people are helped to live independently	Initiatives to be taken to support older, disabled and vulnerable people to build stronger community networks (e.g. befriending schemes, digital inclusion clubs)
Homes & Housing		
	Tackling homelessness	Initiatives to be taken to tackle homelessness (supporting temporary housing schemes, etc)
	Building Social Value into planning services	<p>Design initiatives taken to ensure developments are designed to maximise the opportunities for social interaction and value creation</p> <p>S106 negotiations to focus on both cash contributions and community benefits</p> <p>Community outcomes to be valued against a social value framework and compared with any cash contributions suggested by the developer</p> <p>Communities to be actively engaged throughout each process and encouraged and supported to develop their own social value charters with the</p>

		use of TOMs matrices to ensure priorities are identified and local needs met.
		Ensure a direct link between the Council's social value policies, planning policies and procurement.
		Ensure that Social Value is referenced within the local plan policy
		Developers should submit Social Value frameworks that calculate the equivalent financial gain created by a development.
<b>Economic Growth &amp; Place</b>		
	More opportunities for SME's	Total amount (£) spent with SMEs within the supply chain
	Social value is embedded in the supply chain	Percentage of contracts with the supply chain on which Social Value commitments, measurement and monitoring are required
	More local people in employment	Number of local people (FTE) employed on contract for one year or the whole duration of the contract, whichever is shorter.  Number of employees (FTE) taken on who are long term unemployed (unemployed for a year or longer)
	Improved skills for local people	Number of training opportunities on contract (BTEC, City & Guilds, NVQ, HNC) that have either been completed during the year, or that will be supported by the organisation to completion in the following years - Level 2,3, or 4+  Number of apprenticeships on the contract that have either been completed during the year, or that will be supported by the organisation to completion in the following years - Level 2,3, or 4+
	More opportunities for disadvantaged people	Number of employees (FTE) taken on who are long term unemployed (unemployed for a year or longer)



		<p>Number of employees (FTE) taken on who are not in employment, education or training (NEET's)</p> <p>Number of jobs (FTE) created for people with disabilities</p>
<b>Cleaner &amp; Greener</b>		
	Climate impacts are reduced (reduction in CO2 emissions)	Savings in CO2 emissions on contract not from transport (need to specify how these are to be achieved).
	Air pollution is reduced	<p>Car miles saved (e.g. cycle to work programmes, public transport or car pooling programmes, etc.)</p> <p>Number of low or no emission staff vehicles (miles driven)</p>
	Include environmental opportunities are included in contracts.	Number or % of contracts with measures to secure environmental benefits (e.g. recycling, CO2 reduction, waste diverted from landfill)
	Low carbon economy	Working towards a low carbon local economy by designing and implementing low emission strategies. Measuring how these strategies have assisted in delivering a social value rate of return.
<b>Safer &amp; Stronger</b>		
	Crime is reduced	Initiatives aimed at reducing crime (e.g. support for local youth groups, lighting for public spaces, private security, etc.)
	Reduction in number of ASB cases	No. of new ASB cases (monthly)CS/PROC/08
	Reduce vulnerability ensuring people feel safe and are safe	Perception through the Place Survey
<b>Innovate &amp; Improve</b>		
	Improving communication channels to interact and do business with the Council	Improving the digital options available for people to pay, report and book Council services
	Improving the customer journey when dealing with the Council	Understanding the needs of our customers and recognising that one size does not fit all. Ensuring that the most vulnerable customers are fully supported.

