



**NOTTINGHAM CITY COUNCIL**  
**EXECUTIVE BOARD**

**Date:** Tuesday, 21 July 2015

**Time:** 2.00 pm

**Place:** Ground Floor Committee Room - Loxley House, Station Street, Nottingham,  
NG2 3NG

**Councillors are requested to attend the above meeting to transact the following business**

**Acting Corporate Director for Resources**

**Governance Officer:** Laura Wilson, Constitutional Services, Tel: 0115 8764301 **Direct**  
**Dial:** 0115 8764301

**AGENDA**

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| <b>12</b> | <b>EXCLUSION OF THE PUBLIC</b><br>To consider excluding the public from the meeting during consideration of the remaining item in accordance with section 110a(4) of the local Government Act 1972 on the basis that, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information |           |
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ALL ITEMS LISTED 'UNDER EXCLUSION OF THE PUBLIC' WILL BE HEARD IN PRIVATE. THEY HAVE BEEN INCLUDED ON THE AGENDA AS NO REPRESENTATIONS AGAINST HEARING THE ITEMS IN PRIVATE WERE RECEIVED

IF YOU NEED ANY ADVICE ON DECLARING AN INTEREST IN ANY ITEM ON THE AGENDA, PLEASE CONTACT THE GOVERNANCE OFFICER SHOWN ABOVE, IF POSSIBLE BEFORE THE DAY OF THE MEETING

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CITIZENS ARE ADVISED THAT THIS MEETING MAY BE RECORDED BY MEMBERS OF THE PUBLIC. ANY RECORDING OR REPORTING ON THIS MEETING SHOULD TAKE PLACE IN ACCORDANCE WITH THE COUNCIL'S POLICY ON RECORDING AND REPORTING ON PUBLIC MEETINGS, WHICH IS AVAILABLE AT [WWW.NOTTINGHAMCITY.GOV.UK](http://WWW.NOTTINGHAMCITY.GOV.UK). INDIVIDUALS INTENDING TO RECORD THE MEETING ARE ASKED TO NOTIFY THE GOVERNANCE OFFICER SHOWN ABOVE IN ADVANCE.

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**NOTTINGHAM CITY COUNCIL**

**EXECUTIVE BOARD**

**MINUTES of the meeting held at LB31-32 - Loxley House, Station Street, Nottingham, NG2 3NG on 16 June 2015 from 2.03 pm - 2.16 pm**

**Membership**

Present

Councillor Alan Clark  
Councillor Jon Collins (Chair)  
Councillor Nicola Heaton  
Councillor Nick McDonald  
Councillor David Mellen  
Councillor Alex Norris  
Councillor Dave Trimble  
Councillor Jane Urquhart  
Councillor Sam Webster

Absent

Councillor Graham Chapman (Vice Chair)

**Colleagues, partners and others in attendance:**

Nancy Barnard	- Governance Manager
David Bishop	- Deputy Chief Executive/Corporate Director for Development and Growth
Ian Curryer	- Chief Executive
John Kelly	- Corporate Director for Community Services
Tracy Laxton	- Acting Business Administration Manager
Alison Michalska	- Corporate Director for Children and Adults
Glen O'Connell	- Acting Corporate Director for Resources
Kevin Shutter	- Director of Strategic Asset and Property Management
Keri Usherwood	- Marketing and Communications Manager
Laura Wilson	- Governance Officer

**Call-in**

Unless stated otherwise, all decisions are subject to call-in and cannot be implemented until Thursday 25 June 2015.

**1 APOLOGIES FOR ABSENCE**

Councillor Graham Chapman – other Council business

**2 DECLARATIONS OF INTEREST**

None

**3 MINUTES**

Subject to Councillor Clark being recorded as Chair for the meeting, the Board confirmed the minutes of the meeting held on 17 March 2015 as a correct record and they were signed by the Chair.

**4 ADOPTION OF THE PLAYING PITCH STRATEGY AND SPORT AND PHYSICAL ACTIVITY STRATEGY FOR THE CITY - KEY DECISION**

The Board considered the Portfolio Holder for Leisure and Culture's report detailing the Playing Pitch Strategy and Sport and Physical Activity Strategy.

The Playing Pitch Strategy has been developed in partnership with Sport England, the National Governing Bodies of Sport and Sport Nottinghamshire. It provides a strategic framework for:

- planning guidance to assess proposals affecting playing fields and to inform the review of the Local Plan to shape policy, inform protection and provision of sports facilities and the Infrastructure Delivery Plan and Section 106 planning obligations and Community Infrastructure Levy schedules;
- informing land use decision for existing outdoor sports areas and playing fields;
- the provision and management of outdoor sports;
- supporting external funding bids and support for outdoor sports facilities;
- monitoring and review of the use, distribution, function, quality and accessibility of outdoor sport.

A Sport and Physical Activity Strategy for 2015-19 has also been developed with the same partners, to set out the strategic direction for the provision of leisure facilities and the development and delivery of sport and physical activity.

**RESOLVED to**

- (1) adopt the Playing Pitch Strategy and its strategic recommendations;**
- (2) use the document to inform the review of the Local Plan, helping to shape policy, inform on the protection and provision of sports facilities and also provide development opportunities as part of the review of the Local Plan to help address the housing needs of the City;**
- (3) note the agreed approach with Sport England and the National Governing Bodies of Sport for the disposal of the surplus sites, as listed in Appendix A;**
- (4) agree the action plan which provides a framework for the improvement, maintenance, development and, as appropriate, rationalisation of the playing pitch stock;**
- (5) to agree the focus areas as identified in the 'Emerging Areas' section of the Sport and Physical Activity Strategy and Action Plan for the City;**
- (6) delegate authority to the Portfolio Holder for Leisure and Culture and the Director of Sport and Culture to implement the action plans in the Playing Pitch Strategy and Physical Activity Strategy.**

### Reasons for decisions

The Playing Pitch Strategy will provide the Council with a robust and up to date assessment of the needs for sport and recreation facilities, as well as an assessment of quantitative or qualitative deficits or surpluses of sports and recreational facilities.

It will also help achieve a balance between the protection, maintenance and enhancement of an accessible network of playing pitch provision and reconfiguring provision through development.

The Physical Activity and Sports Strategy will build upon current success to have significantly increased levels of participation in sport and physical activity, continuing to make key contributions to the City's corporate ambitions to improve health, employability, economic development and community cohesion.

Both strategies will provide Sport England with crucial information for them to use in their decision making process as statutory consultees regarding development plans, which include the disposal of any playing pitches in the City.

### Other options considered

Not completing the strategies was rejected as it would mean that the services would have no clear direction or linkages to the Council's or wider strategies.

## **5 APPOINTMENTS TO OUTSIDE BODIES**

The Board considered the Deputy Leader/Portfolio Holder for Resources and Neighbourhood Regeneration's report reviewing the appointments to outside bodies, suggesting additions and deletions to the approved list of outside bodies and proposing some minor changes to the procedures for managing the approved list.

An addendum to the report was circulated prior to the meeting detailing some further additions to the register.

Some amendments were made during the meeting which are detailed in the resolutions below.

### **RESOLVED to**

- (1) agree, subject to confirmation with the organisations concerned and/or the Charity Commission, where necessary, the following additions to Register A (the register for Executive Board Appointments):**

**Base 51 (NGY)**

**Blue Print**

**Core Cities**

**D2N2**

**D2N2 Infrastructure and Investment Board**

**East Midlands Councils**

**LGA City Regions Board**

**NET Partnership Development**

**New College Nottingham  
Nottingham BID (Business Improvement District)  
Nottingham Credit Union  
Partnership Council NG7  
Robin Hood Energy  
Trent Regional Flood and Coastal Committee**

- (2) **agree, subject to confirmation with the organisations concerned and/or the Charity Commission, where necessary, the following deletions of bodies from Register A:**

**Derby Road Trust  
East Midlands Airport Consultative Committee  
East Midlands European Office  
Eastcroft District Heating Consumers Committee  
Eurocities Cultural Committee  
Environment Forum  
Green Tech Task Force  
Local Government Information Unit  
NACRO Services in Notts Area Committee  
National Society for Clean Air and Environmental Protection  
Newstead Abbey Steering Group  
Nottingham Aged Persons trust  
Nottingham and District CAB  
Nottingham and District Race Equality Council  
Nottingham and Notts Kidney Fund  
Nottingham Development Enterprise  
Nottingham Energy Partnership  
Nottingham Leisure Partnership  
Notts Association of Local Authorities  
Peveril Exhibition Endowment Fund  
Viva Orchestra of the East Midlands  
Wheelbase Motor Project Management Board**

- (3) **agree the nominations to outside bodies, as set out in Register A, including the nominations to the proposed new bodies outline in (1) above;**
- (4) **approve the organisations, including the changes outlined below, contained in Register B (the register for Area Committee Appointments), and to delegate appointments to those organisations to the relevant Area Committees, together with responsibility for adding to or deleting organisations from Register B during the current Council term:**

**Additions to register B:  
Greens Windmill  
Winwood Community Association**

**Transfers from Register A to Register B:  
Forest Fields Advice Centre Management Committee  
Hungerhill Developments**



**Lenton Centre  
The Meadows Partnership Trust**

- (5) agree that, as proposed at the meeting, after every annual council meeting, Executive Board reviews all bodies and appointments identified in Registers A and B, with participation/attendance figures, in consultation with the relevant group Whips and that the following in-year procedures should apply:
- (a) any in year changes to the bodies included on Register A are authorised by the Portfolio Holder for Resources and Neighbourhood Regeneration;
  - (b) all in year changes to memberships on Register A to be recommended by the relevant group Whips and authorised by the Corporate Director for Resources in accordance with delegation 36 in the current scheme of delegation;
  - (c) where in year changes to memberships on Register B are urgent and cannot wait until the next meeting of the Area Committee concerned, those changes be recommended by the relevant group Whips and authorised by the Corporate Director for Resources, in accordance with delegation 36 in the current scheme of delegation;
- (6) agree the addition of the following bodies (contained within the addendum to the report) to Register A and agree the appointments to the bodies:

<b>Outside Body</b>	<b>Function</b>	<b>Type of Appointment</b>	<b>No. of reps</b>	<b>Appointments</b>
Joint Planning Advisory Board	To advise on the development of the Core Strategy	Committee Member	2 (Cllr)	Councillor Nick McDonald  Councillor Jane Urquhart
Local Pensions Board	To scrutinise the Pensions Committee and the administration of the Pension Fund	Committee Member	1 (Cllr) – the rep must not be a member of the Pensions Committee or its sub committees	Councillor Sarah Piper

- (7) agree the following amendments/changes proposed at the meeting:
- (a) the title 'Education (35 minor trusts) – includes Derby Road Trust' being changed to 'Nottingham Education Trust';
  - (b) Standing Committee for Religious Education – SACRE meets twice a year, rather than 3 times as stated in the register;
  - (c) EnviroEnergy Ltd has 5 Directors, rather than 4, with Councillor John Hartshorne being added as the 5<sup>th</sup> Director;
  - (d) Nottingham Regeneration Ltd has one director and 1 non-Council observer so needs to be revisited;

- (e) the addition of Councillor Alan Clark to the Gas Trust Fund to fill the vacancy.**

Reasons for decisions

To ensure that appointments are updated to reflect changes in Council membership following the local elections, that the bodies to which the Council makes appointments remain relevant to its business, and to ensure that procedures are in place to maintain the register proactively and accurately during each four year term.

Other options considered

Maintaining the current arrangements for making appointments to outside bodies and for adding and deleting bodies to the outside bodies register was rejected as the new arrangements will be more beneficial to ensure the ongoing relevance and efficient management of appointments and best use of Councillors' time.

**6 EXCLUSION OF THE PUBLIC**

**RESOLVED to exclude the public from the meeting during consideration of the remaining item in accordance with section 100a(4) of the Local Government Act 1972 on the basis that, having regard to all the circumstances, the public interest in maintaining the exemption outweighed the public interest in disclosing the information.**

**7 SALE OF LAND, CLIFTON, NOTTINGHAM - KEY DECISION**

The Board considered the Deputy Leader/Portfolio Holder for Resources and Neighbourhood Regeneration's exempt report.

**RESOLVED to approve the recommendations in the report.**

Reasons for decisions

As detailed in the report.

Other options considered

As detailed in the report.

**EXECUTIVE BOARD – 21 JULY 2015**

<b>Subject:</b>	<b>TREASURY MANAGEMENT 2014/15 ANNUAL REPORT</b>		
<b>Corporate Director(s)/ Director(s):</b>	Glen O'Connell, Corporate Director for Resources		
<b>Portfolio Holder(s):</b>	Councillor Graham Chapman, Deputy Leader/Portfolio Holder for Resources and Neighbourhood Regeneration		
<b>Report author and contact details:</b>	Glyn Daykin, Finance Analyst, Treasury Management 0115 8763724 glyn.daykin@nottinghamcity.gov.uk		
<b>Key Decision</b>	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<b>Subject to call-in</b>
			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Reasons:</b>	<input type="checkbox"/> Expenditure	<input type="checkbox"/> Income	<input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision
			<input type="checkbox"/> Revenue <input type="checkbox"/> Capital
Significant impact on communities living or working in two or more wards in the City			<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Total value of the decision:</b> Nil			
<b>Wards affected:</b> All	<b>Date of consultation with Portfolio Holder(s):</b> 10 June 2015		
<b>Relevant Council Plan Strategic Priority:</b>			
Cutting unemployment by a quarter			<input checked="" type="checkbox"/>
Cut crime and anti-social behaviour			<input checked="" type="checkbox"/>
Ensure more school leavers get a job, training or further education than any other City			<input checked="" type="checkbox"/>
Your neighbourhood as clean as the City Centre			<input checked="" type="checkbox"/>
Help keep your energy bills down			<input checked="" type="checkbox"/>
Good access to public transport			<input checked="" type="checkbox"/>
Nottingham has a good mix of housing			<input checked="" type="checkbox"/>
Nottingham is a good place to do business, invest and create jobs			<input checked="" type="checkbox"/>
Nottingham offers a wide range of leisure activities, parks and sporting events			<input checked="" type="checkbox"/>
Support early intervention activities			<input checked="" type="checkbox"/>
Deliver effective, value for money services to our citizens			<input checked="" type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>			
This report sets out the 2014/15 performance in respect of the management of the Council's external debt and investments (i.e. treasury management). The key issues are:			
<ul style="list-style-type: none"> <li>the average rate of interest payable on external debt increased from 3.795% at 1 April 2014 to 3.865% at 31 March 2015 (see section 4.4);</li> <li>the average rate of interest earned on short-term investments in 2014/15 was 0.669%. This is benchmarked against the 7 day London Inter-bank (LIBID) rate provided by the Bank of England, which averaged 0.44% for the same period (see section 4.5);</li> <li>the latest estimate for 2014/15 was £58.779 against an actual General Fund Treasury Management expenditure of £56.179m (see section 5.1).</li> </ul>			
<b>Exempt information:</b>			
None			
<b>Recommendation(s):</b>			
1 To note the performance information in relation to Treasury Management for 2014/15.			

## **1 REASONS FOR RECOMMENDATIONS**

- 1.1 The Council adopted the Chartered Institute of Public Finance and Accountancy (CIPFA)'s revised Code of Practice on Treasury Management in Local Authorities (the Code) on 5 March 2012. Part of the Code requires that authorities report on the performance of the treasury management function at least twice a year (mid-year and at year end).
- 1.2 The Council's Treasury Management Strategy for 2014/15 was approved by full Council on 3 March 2014.
- 1.3 The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. This report covers treasury activity and the associated monitoring and control of risk.

## **2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

- 2.1 Treasury Management entails the management of the Council's cash flows, its borrowings and investments, the management of the associated risks and the pursuit of the optimum performance or return consistent with those risks. To assist in this process the Council retains external financial advisors.

## **3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS**

- 3.1 Options for management of the Council's debt and investment portfolio are continually reviewed. The overall aim is to minimise the net revenue costs of our debt whilst maintaining an even debt profile in future years, and to maximise investment returns within stated security and liquidity guidelines.

## **4 TREASURY MANAGEMENT ACTIVITY IN 2014/15**

### 4.1 2014/15 Strategy

The overall Treasury Management strategy for 2014/15 was approved at a meeting of the Council on 3 March 2014. Table 1 summarises the actions taken in 2014/15 against each of the main three elements of that strategy:

<b>TABLE 1: TREASURY MANAGEMENT ACTIONS</b>	
<b>Strategy 2014/15</b>	<b>Actions to 31 March 2015</b>
<b>New borrowing</b> – to raise up to £24.6m to finance new capital expenditure in the year and replace maturing long-term debt.	No new long-term borrowing had taken place (see 4.4).
<b>Debt rescheduling</b> – to consider any debt rescheduling or repayment opportunities which enable revenue savings to be generated in the year.	No debt rescheduling had taken place (see 4.4).
<b>Investments</b> – to ensure the security of funds invested through the application of a restricted counterparty list and the imposition of limits on the period and levels of individual investments. Within those	The average return on investments was 0.669%. The benchmark average 7-day London Inter-Bank Bid (LIBID) rate for the same period was

confines, to maximise the return on investments.	0.44%. The 2014/15 budget was an average return of 0.70% (see 4.5).
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#### 4.2 Economic background

##### - Growth and Inflation:

The robust pace of the UK Gross Domestic Product (GDP) growth of 3% in 2014 was underpinned by a buoyant services sector, supplemented by positive contributions from the production and construction sectors. Resurgent house prices, improved consumer confidence and healthy retail sales added to the positive outlook for the UK economy given the important role of the consumer in economic activity.

Annual Consumer Price Index (CPI) inflation fell to zero for the year to March 2015, down from 1.6% a year earlier. The key driver was the fall in the oil price

##### - Labour Market:

The UK labour market continued to improve and remains resilient across a broad base of measures including real rates of wage growth. January 2015 showed a headline employment rate of 73.3%, while the rate of unemployment fell to 5.7% from 7.2% a year earlier.

##### - UK Monetary Policy:

The Bank of England's Monetary Policy Committee (MPC) maintained interest rates at 0.5% and asset purchases (QE) at £375bn. The MPC Committee's stance is that any future increases in the Bank Rate would be gradual and limited, and below average historical levels.

##### - Market reaction:

From July, gilt yields were driven lower by a combination of factors: geo-political risks emanating from the Middle East and Ukraine, the slide towards deflation within the Eurozone and the big slide in the price of oil and its transmission through into lower prices globally. 5-, 10- and 20-year gilt yields fell to their lows in January (0.88%, 1.33% and 1.86% respectively) before ending the year higher at 1.19%, 1.57% and 2.14% respectively.

#### 4.3 Local Context

At 31/03/2015 the Authority's underlying need to borrow for capital purposes as measured by the Capital Financing Requirement (CFR) was £960.7m.

At 31/03/2015, the Authority had £791.2m of borrowing including £103.2m of Private Finance Initiative (PFI) Debt and £213.8m of investments. The Authority's current strategy is to maintain borrowing and investments below their underlying levels, referred to as internal borrowing, subject to holding a minimum investment balance of £30m.

The Authority has an increasing CFR over the next 3 years due to the capital programme, investments are forecast to fall and further new long term borrowing is expected to be required. Investment balances will reduce by c.£100m in the summer of 2015 due to a required payment on the completion of the NET phase two project.

#### 4.4 Borrowing

Total outstanding debt during 2014/15 decreased by £22.3m to £688.0m at 31 March 2015. The average rate of interest on that debt increased slightly, from 3.795% at 31 March 2014 to 3.866% at 31 March 2015. The majority of long-term borrowing is raised from the Government's Public Works Loan Board (PWLB). Table 2 analyses the debt portfolio:

<b>TABLE 2: DEBT PORTFOLIO</b>				
	<b>1 APR 2014</b>		<b>31 MAR 2015</b>	
<b>DEBT</b>	<b>£m</b>	<b>%</b>	<b>£m</b>	<b>%</b>
PWLB borrowing	648.8	3.814	635.0	3.847
Market loans	49.9	4.324	49.6	4.324
Local bonds	0.4	1.962	0.2	1.574
Temporary borrowing	11.2	0.393	3.2	0.471
<b>TOTAL DEBT</b>	<b>710.3</b>	<b>3.795</b>	<b>688.0</b>	<b>3.866</b>

The Authority's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. Affordability and the "cost of carry" remained important influences on the Authority's borrowing strategy. As short-term interest rates have remained, and are likely to remain at least over the forthcoming two years, lower than long-term rates, the Authority determined it was more cost effective in the short-term to use internal resources than to take any new long term borrowing in 2014/15.

The benefits of internal borrowing were monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise. Arlingclose assists the Authority with this 'cost of carry' and breakeven analysis.

##### - LOBOs

The Authority holds £49m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. £34m of these LOBOS had options during the year, none of which were exercised by the lender.

##### - Debt Rescheduling:

The premium charge for early repayment of PWLB debt remained relatively expensive for the loans in the Authority's portfolio and therefore unattractive for debt rescheduling activity. No rescheduling activity was undertaken as a consequence.

##### - Housing Revenue Account (HRA) Borrowing

From 1 April 2002, the Council's HRA was allocated a separate debt portfolio based on the appropriate proportion of the Councils existing debt at that time. As a result of existing debt maturing and not being replaced the HRA accumulates a variable rate internal borrowing position. On 1 April £19.161m of internal borrowing was fixed on a maturity loan basis for 30 years with reference to the 4.31% PWLB interest rate quoted on the day. On 1 October a

further £18.0m was fixed on a maturity loan basis for 30 years with reference to the 3.88% PWLB interest rate quoted on the day.

- Changes to the PWLB

In January 2015 the Department of Communities and Local Government (CLG) confirmed that HM Treasury (HMT) would be taking the necessary steps to abolish the PWLB. HMT has confirmed however that its lending function will continue unaffected and local authorities will retain access to borrowing rates which offer good value for money. The authority intends to use the PWLB's replacement as a potential source of borrowing if required.

#### 4.5 Investments

The Authority has held significant invested funds, representing income received in advance of expenditure plus balances and reserves held. The Guidance on Local Government Investments in England gives priority to security and liquidity and the Authority's aim is to achieve a yield commensurate with these principles.

The average sum formally invested during the year was £226m, earning total interest of £1.513m at an average rate of 0.669%. The effect of the continued low short-term interest rates (see table 4 in appendix 3), meant that the average return for 2014/15 was slightly below the original budget estimate of 0.70%. The Council benchmarks its average return against the 7-day London Interbank (LIBID) rate provided by the Bank of England. For 2014/15, the average 7-day LIBID rate was 0.44%.

<b>Table 3 - Movement in Investments</b>	Balance on 01/04/2014 £m	Balance on 30/03/2015 £m
Short term Investments (call accounts, deposits)		
- Banks and Building Societies with ratings of A- or higher	155.0	90.0
- Local Authorities	8.0	45.0
Long term Investments		
- Banks and Building Societies with ratings of A+ or higher	-	-
- Local Authorities	15.0	10.0
Money Market Funds	24.6	47.2
<b>TOTAL INVESTMENTS *</b>	<b>202.6</b>	<b>192.2</b>
Increase/ (Decrease) in Investments £m		(10.4)

Note: \* excludes remaining balance held in Icelandic ISK Escrow account and Growth Fund monies held on behalf of the LEP

Table 3 above shows the movement in investments by type during 2014/15. The council reduced its exposure to banks by lending to local authorities deemed to be of high credit quality. As at 31 March 2015 the Council had £55m investments with local authorities with £10m having over 365 days to maturity with the aim of maintaining a high level of security whilst achieving an improved return. As the banks have continued to reduce the interest rate payable on its call accounts the council has increased its use of instant

access money market funds with the dual benefit of increased diversity and a AAAm credit rating.

Security of capital has remained the Authority's main investment objective. This has been maintained by following the Authority's counterparty policy as set out in its Treasury Management Strategy Statement for 2014/15.

Counterparty credit quality was assessed and monitored with reference to credit ratings (the Authority's minimum long-term counterparty rating is A- across rating agencies Fitch, S&P and Moody's); credit default swap prices, financial statements, information on potential government support and reports in the quality financial press.

Appendix 2 provides details of the Council's external investments at 31 March 2015, analysed between investment type and individual counterparties showing the Fitch long-term credit rating.

The administrators for the recovery of Glitnir Bank deposits (£11m) have made repayment to all priority creditors, including the City Council, in full settlement of the accepted claims. However, approximately 21% (£2.3m) of this sum has been paid in ISK. Because of ongoing currency restrictions in Iceland, this sum is currently retained in an interest-bearing account with the Central Bank of Iceland, pending resolution of the currency release issues.

Accounting regulations require notional accrued interest in respect of the outstanding principal sums to be credited to the revenue account each year, together with any changes in the value due to the ISK exchange rate changes, until the recovery process is complete.

The accrued notional interest and changes in value due to exchange rate movements in respect of the Icelandic recoveries held in ISK escrow account produced a debit to the revenue account of £0.111m in 2014/15 which was neutralised by a transfer from the Treasury Management Reserve.

#### 4.6 Counterparty update

The European Parliament approved the EU Bank Recovery and Resolution Directive (BRRD) on 15 April 2014. This outlawing of bail-outs, the introduction of bail-ins, and the preference being given to large numbers of depositors other than local authorities means that the risks of making unsecured deposits rose relative to other investment options. The Authority therefore increasingly favouring secured investment options or diversified alternatives such as non-bank deposits, covered bonds and pooled funds over unsecured bank and building society deposits.

The Bank of England published its approach to bank resolution which gave an indication of how the reduction of a failing bank's liabilities might work in practice. The Bank of England will act if, in its opinion, a bank is failing, or is likely to fail, and there is not likely to be a successful private sector solution such as a takeover or share issue; a bank does not need to be technically insolvent (with liabilities exceeding assets) before regulatory intervention such as a bail-in takes place.



#### 4.7 External advisors

External advisors (Arlingclose) are retained to provide additional input on treasury management matters. The service comprises economic and interest rate forecasting, advice on strategy, portfolio structure, debt restructuring, investment policy and credit ratings and technical assistance on other matters, as required.

#### 4.8 Prudential Indicators

Following the Local Government Act 2003, the Council is required to approve a series of treasury management prudential indicators. These were approved on 3 March 2014 by Council as part of the 2014/15 Treasury Management Strategy.

In compliance with the requirements of the CIPFA Code of Practice this report provides a summary of the treasury management activity during 2014/15. None of the Prudential Indicators have been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield. Appendix 1 shows actual performance against these indicators for 2014/15 together with comparative figures for 2013/14.

The prudence indicators reflect the management of the capital programme and associated debt, within existing resource limitations. The affordability and treasury management indicators, indicate whether the 2014/15 actual figures were within the set limits.

The 'PFI and leasing debt' figures within the indicators reflect the notional debt element of those schemes financed through PFI funding or finance leases.

The Council also confirms that during 2014/15 it complied with its Treasury Management Policy Statement and Treasury Management Practices.

#### 4.9 Other Issues

During 2014/15 the Council completed the change of banking services provider from The Co-operative Bank to Lloyds Bank.

### **5 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)**

#### 5.1 General Fund Revenue Implications

Revenue costs associated with borrowing and lending can be volatile, being affected by a number of factors including movements in interest rates, the timing of capital spending, the extent of reserves held and actual cash flows during the year.

The latest budget estimate in 2014/15 for treasury management costs was £58.779m. The total treasury management-related costs in 2014/15, comprising interest charges less receipts, plus provisions for repayment of debt, were £68.233m. A proportion of the Council's debt relates to capital expenditure on council housing and £12.054m of these costs was charged to the HRA. The remaining General Fund costs of £56.179m gave a favourable variance of £2.6m which is included within the treasury management section of the General Fund corporate budget outturn report on the 16 June 2015 Executive Board agenda.

The prime reason for the favourable variance is slippage in the capital program which has resulted in a £1m saving on interest payable on new long term debt and a further £1m reduction in the repayment of debt referred to as minimum revenue provision (MRP). These savings are one-off in nature as the proposed capital program expenditure materialises in 2015/16.

## 5.2 Treasury Management Reserve

The Treasury Management Reserve is maintained to smooth the impact of any volatility in treasury management revenue charges in any one year. The balance on the Reserve at 31 March 2015 is £9.202m.

## 5.3 Value for Money

Management of borrowing and investments is undertaken in conjunction with our appointed advisors, with the aim of minimising net revenue costs, maintaining an even debt maturity profile and ensuring the security and liquidity of investments.

## **6 RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)**

6.1 Risk management plays a fundamental role in treasury activities, due to the value and nature of transactions involved. The management of specific treasury management risks is set out in the Manual of Treasury Management Practices and Procedures and a risk register is maintained for the treasury function.

6.2 The key Strategic Risk relating to treasury management is SR17 'Failure to protect the Council's investments'. The rating for this risk at 31 March 2015 was Likelihood = unlikely, Impact = moderate which represents the same risk assessment as at 1 April 2014.

## **7 SOCIAL VALUE CONSIDERATIONS**

7.1 None.

## **8 REGARD TO THE NHS CONSTITUTION**

8.1 Not applicable

## **9 EQUALITY IMPACT ASSESSMENT (EIA)**

Has the equality impact been assessed?

(a) not needed (report does not contain proposals for new or changing policies, services or functions, financial decisions or decisions about implementation of policies development outside the Council)

(b) No

(c) Yes – Equality Impact Assessment attached

**10 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT  
(NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT  
INFORMATION)**

10.1 None.

**11 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT**

11.1 CIPFA statistics, Bloomberg sourced Money Market rates and PWLB loan rates 2014/15.

**12 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT**

12.1 Treasury Management Panel colleagues.

PRUDENTIAL INDICATORS

Appendix 1

INDICATORS	2013/14 Actual	2014/15 Estimate	2014/15 Actual	Within Limits?
<b>1) Prudence indicators</b>				
<b>i) Capital Expenditure</b>				
General Fund	£69.8m	£191.5m	£123.5m	YES
HRA	£52.4m	£77.1m	£60.0m	YES
	<b>£122.2</b>	<b>£268.6m</b>	<b>£183.5m</b>	
<b>ii) CFR at 31 March</b>				
General Fund	£542.9m	£675.5m	£576.2m	YES
HRA	£282.3m	£281.3m	£281.3m	YES
PFI notional 'debt'	£91.8m	£237.3m	£103.2m	N/A
	<b>£917.0m</b>	<b>£1,194.1m</b>	<b>£960.7m</b>	
<b>iii) External Debt at 31 March</b>				
Borrowing	£710.2m	£754.3m	£688.0m	YES
PFI & leasing notional 'debt'	£93.7m	£237.3m	£103.2m	N/A
<b>Gross debt</b>	<b>£803.9m</b>	<b>£991.6m</b>	<b>£791.2m</b>	
Less investments	£(227.2)m	£(134.0)m	£(213.8)m	N/A
<b>Net Debt</b>	<b>£576.8m</b>	<b>£857.6m</b>	<b>£577.4m</b>	
<b>2) Affordability indicators</b>				
<b>i) Financing costs ratio</b>				
General Fund	14.11%	14.19%	13.32%	YES
HRA	12.23%	11.81%	12.70%	YES
Council Tax Band D (per annum)	-	-	-	YES
HRA rent (per week)	-	-	-	YES
	<b>Max in year</b>		<b>Max in year</b>	
<b>iii) Authorised limit for external debt</b>	£842.7m	£1091.6m	£803.9m	YES
<b>iv) Operational limit for ext. debt</b>	£842.7m	£1041.6m	£803.9m	YES
<b>3) Treasury Management indicators</b>	<b>@ 31/3/14</b>	<b>%</b>	<b>@ 31/3/15</b>	
<b>ii) Limit on variable interest rates</b>	7.64%	0-50%	7.89%	YES
<b>iii) Limit on fixed interest rates</b>	92.36%	50-100%	92.11%	YES
<b>iv) Fixed Debt maturity structure</b>				
- Under 12 months	3.56%	0-25%	2.68%	YES
- 12 months to 2 years	2.13%	0-25%	2.25%	YES
- 2 to 5 years	12.46%	0-25%	15.01%	YES
- 5 to 10 years	19.23%	0-25%	17.79%	YES
- 10 to 25 years	33.10%	0-50%	31.84%	YES
- 25 to 40 years	20.50%	0-25%	21.16%	YES
- 40 years and above	9.02%	0-75%	9.27%	YES
	<b>Max in year</b>		<b>Max in year</b>	
<b>v) Max sum invested for &gt;364 days</b>	£15.0m	£50.0m	£15.0m	YES

## **NOTES TO THE SCHEDULE OF PRUDENTIAL INDICATORS**

### **1) Prudence Indicators**

- i) *'Estimate of total capital expenditure'* – a “reasonable” estimate of total capital expenditure to be incurred, split between the General Fund and the HRA.
  - This estimate takes into account the current approved asset management and capital investment strategies.
- ii) *'Capital financing requirement' (CFR)* – this figure constitutes the aggregate amount of capital spending which has not yet been financed by capital receipts, capital grants or contributions from revenue, and represents the underlying need to borrow money long-term. An actual figure at 31 March each year is required.
  - This approximates to the previous Credit Ceiling calculation and provides an indication of the total long-term debt requirement.
  - The figure includes an estimation of the total debt brought 'on-balance sheet' in respect of PFI schemes and finance leases.
- iii) *'External debt'* - the actual level of gross borrowing (plus other long-term liabilities, including the notional debt relating to on-balance sheet PFI schemes and leases) calculated from the balance sheet.

### **2) Affordability Indicators**

- i) *'Ratio of financing costs to net revenue stream'* – expresses the revenue costs of the Council's borrowing (interest payments and provision for repayment) as a percentage of the total sum to be raised from government grants, business rates, council and other taxes (General Fund) and rent income (HRA). From 1 April 2012, the General fund income figure includes revenue raised from the Workplace Parking Levy.
  - These indicators show the impact of borrowing on the revenue accounts and enable a comparison between years to be made. The increase in the General Fund ratio reflects the falling grant from government and the impact of the extension of the NET capital scheme, funded from specific Government grant and the Workplace Parking Levy income streams.
- ii) *'Incremental impact of capital investment decisions'* – expresses the revenue consequences of future capital spending plans to be met from unsupported borrowing and not financed from existing budget provision, on both the level of council tax and weekly housing rents.
  - This is a key indicator, which provides a direct link between the capital programme and revenue budget and enables the revenue impact of additional unsupported capital investment to be understood.

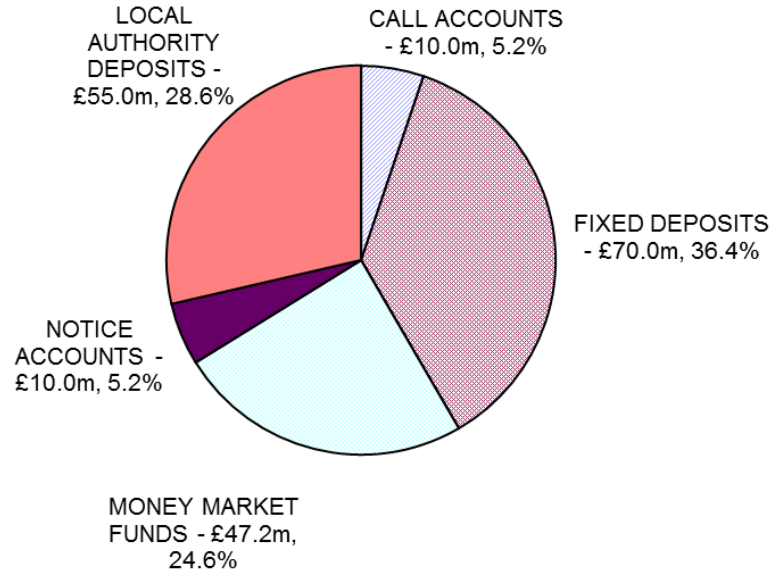
- iii) *'Authorised limit for external debt'* – this represents the maximum amount that may be borrowed at any point during the year.
  - This figure allows for the possibility that borrowing for capital purposes may be undertaken early in the year, with a further sum to reflect any temporary borrowing as a result of adverse cash flow. This represents a 'worst case' scenario.
- iv) *'Operating boundary for external debt'* – this indicator is a working limit and represents the highest level of borrowing is expected to be reached at any time during the year - It is recognised that this operational boundary may be breached in exceptional circumstances.
- v) *'HRA limit on indebtedness'* – from 1 April 2012, a separate debt portfolio has been established for the HRA. The CLG have imposed a 'cap' on the maximum level of debt for individual authorities and the difference between this limit and the actual HRA CFR represents the headroom available for future new borrowing.

### 3) **Treasury Management Indicators**

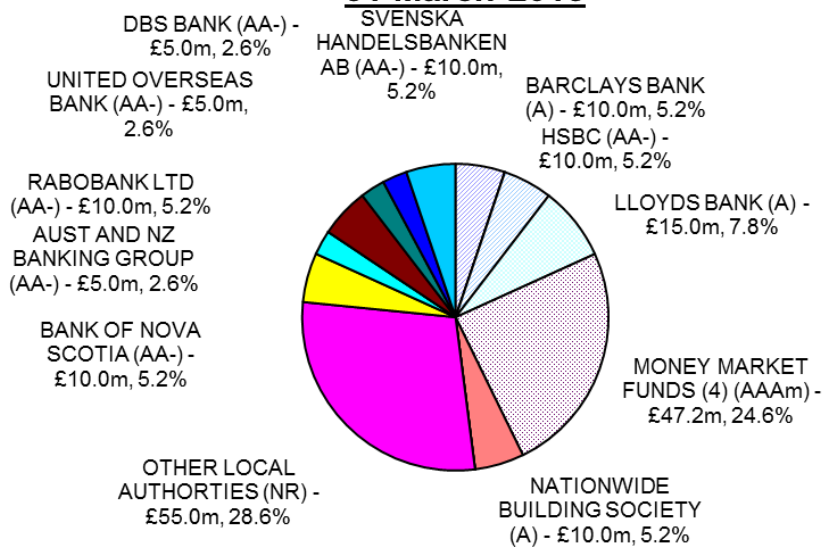
- i) *'The amount of net borrowing which is at a variable rate of interest'* - expressed either as an absolute amount or a percentage. Upper and lower limits for the financial year are required.
  - A high level of variable rate debt presents a risk from increases in interest rates. This figure represents the maximum permitted exposure to such debt.
- ii) *'The amount of net borrowing which is at fixed rate of interest'* - expressed either as an absolute amount or a percentage. Upper and lower limits are required.
  - Fixed rate borrowing provides certainty for future interest costs, regardless of movements in interest rates. The lower limit is effectively the counterpart to the upper limit for variable rate borrowing.
- iii) *'Upper and lower limits with respect to the maturity structure of the authority's borrowing'* – this shows the amount of fixed rate borrowing maturing in each period, expressed as a percentage of total fixed rate borrowing.
  - This indicator is designed to be a control over having large amounts of fixed rate debt falling to be replaced at the same time.
- iv) *'Total sums invested for periods of greater than 364 days'* – a limit on investments for periods longer than 1 year.
  - This indicator is designed to protect the liquidity of investments, ensuring that large proportions of the cash reserves are not invested for long periods.

- v) *The adoption of the CIPFA Code of Practice for Treasury Management in the Public Services*. This is not a numerical indicator, but a statement of good practice.
  - The Council adopted the Code on 18 February 2002. Revised Codes, issued in 2009 and 2011, have subsequently been incorporated within the Council's strategy and procedures.
- vi) *Credit risk* – The Council monitors a range of factors to manage credit risk, detailed in its annual Treasury Management Strategy (section 7).

**Type of Investment as at 31 March 2015**



**Investment and Fitch credit long-term rating as at 31 March 2015**





## Appendix 3

### Money Market Data and PWLB Rates

The average, low and high rates correspond to the rates during the financial year rather than those in the tables below.

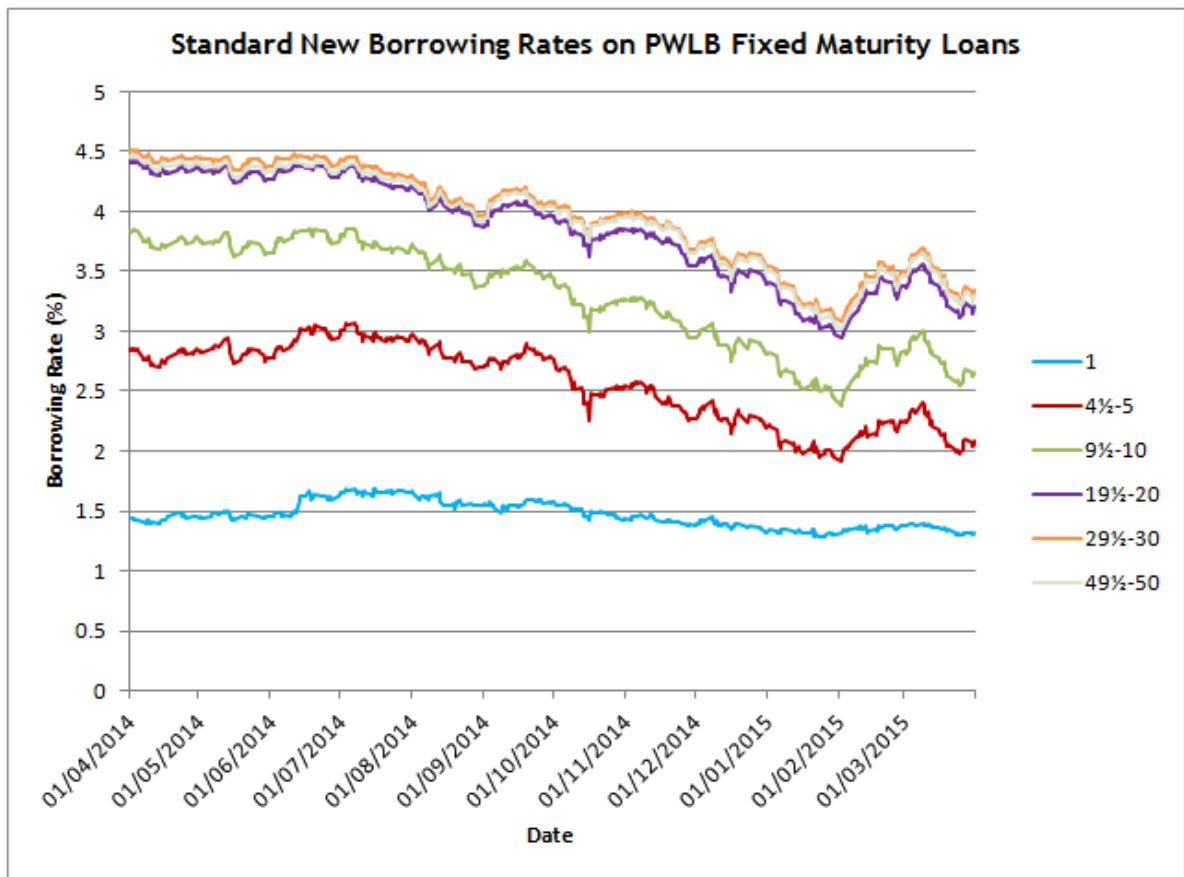
Please note that the PWLB rates below are Standard Rates. Authorities eligible for the Certainty Rate can borrow at a 0.20% reduction.

**Table 4: Bank Rate, Money Market Rates**

Date	Bank Rate	O/N LIBID	7-day LIBID	1-month LIBID	3-month LIBID	6-month LIBID	12-month LIBID	2-yr SWAP Bid	3-yr SWAP Bid	5-yr SWAP Bid
01/04/2014	0.50	0.36	0.39	0.42	0.46	0.56	0.84	1.05	1.44	2.03
30/04/2014	0.50	0.36	0.40	0.42	0.47	0.57	0.85	1.09	1.47	2.02
31/05/2014	0.50	0.35	0.40	0.43	0.48	0.67	0.87	1.11	1.46	1.98
30/06/2014	0.50	0.36	0.40	0.43	0.50	0.71	0.94	1.33	1.70	2.17
31/07/2014	0.50	0.37	0.41	0.43	0.50	0.72	0.97	1.34	1.71	2.17
31/08/2014	0.50	0.36	0.42	0.43	0.50	0.77	0.98	1.22	1.53	1.93
30/09/2014	0.50	0.43	0.45	0.43	0.51	0.66	1.00	1.25	1.57	1.99
31/10/2014	0.50	0.40	0.43	0.43	0.51	0.66	0.98	1.10	1.38	1.78
30/11/2014	0.50	0.35	0.50	0.43	0.51	0.66	0.97	0.93	1.15	1.48
31/12/2014	0.50	0.43	0.48	0.42	0.51	0.66	0.97	0.92	1.12	1.44
31/01/2015	0.50	0.45	0.45	0.43	0.51	0.66	0.95	0.83	0.98	1.18
28/02/2015	0.50	0.43	0.47	0.43	0.51	0.66	0.96	0.99	1.22	1.53
31/03/2015	0.50	0.50	0.62	0.43	0.51	0.74	0.97	0.88	1.06	1.34
<b>Average</b>	<b>0.50</b>	<b>0.39</b>	<b>0.44</b>	<b>0.43</b>	<b>0.50</b>	<b>0.67</b>	<b>0.95</b>	<b>1.09</b>	<b>1.38</b>	<b>1.79</b>
<b>Maximum</b>	<b>0.50</b>	<b>0.50</b>	<b>0.62</b>	<b>0.43</b>	<b>0.51</b>	<b>0.81</b>	<b>1.00</b>	<b>1.38</b>	<b>1.77</b>	<b>2.26</b>
<b>Minimum</b>	<b>0.50</b>	<b>0.24</b>	<b>0.36</b>	<b>0.42</b>	<b>0.46</b>	<b>0.56</b>	<b>0.84</b>	<b>0.80</b>	<b>0.96</b>	<b>1.18</b>
<b>Spread</b>	<b>--</b>	<b>0.26</b>	<b>0.26</b>	<b>0.01</b>	<b>0.05</b>	<b>0.25</b>	<b>0.16</b>	<b>0.58</b>	<b>0.81</b>	<b>1.08</b>

**Table 5: PWLB Borrowing Rates - Fixed Rate, Maturity Loans**

Change Date	Notice No	1 year	4½-5 yrs	9½-10 yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
01/04/2014	127/14	1.44	2.85	3.83	4.41	4.51	4.49	4.47
30/04/2014	166/14	1.45	2.86	3.79	4.37	4.46	4.43	4.41
31/05/2014	206/14	1.45	2.78	3.65	4.27	4.38	4.35	4.33
30/06/2014	248/14	1.63	2.95	3.74	4.30	4.40	4.36	4.34
31/07/2014	294/14	1.66	2.96	3.70	4.21	4.30	4.27	4.25
31/08/2014	334/14	1.55	2.70	3.38	3.88	3.97	3.94	3.93
30/09/2014	378/14	1.57	2.77	3.46	3.96	4.07	4.05	4.03
31/10/2014	424/14	1.44	2.54	3.27	3.86	3.99	3.97	3.96
30/11/2014	465/14	1.39	2.27	2.94	3.54	3.68	3.66	3.65
31/12/2014	508/14	1.32	2.19	2.80	3.39	3.53	3.50	3.49
31/01/2015	042/15	1.30	1.94	2.44	2.98	3.12	3.08	3.06
28/02/2015	082/15	1.37	2.24	2.83	3.37	3.50	3.46	3.45
31/03/2015	126/15	1.31	2.06	2.65	3.20	3.33	3.29	3.28
	<b>Low</b>	<b>1.28</b>	<b>1.91</b>	<b>2.38</b>	<b>2.94</b>	<b>3.08</b>	<b>3.03</b>	<b>3.02</b>
	<b>Average</b>	<b>1.47</b>	<b>2.56</b>	<b>3.28</b>	<b>3.85</b>	<b>3.96</b>	<b>3.93</b>	<b>3.92</b>
	<b>High</b>	<b>1.69</b>	<b>3.07</b>	<b>3.86</b>	<b>4.42</b>	<b>4.52</b>	<b>4.49</b>	<b>4.48</b>



**EXECUTIVE BOARD – 21 JULY 2015**

<b>Subject:</b>	<b>PRE-AUDIT CORPORATE FINANCIAL OUTTURN 2014/15</b>		
<b>Corporate Director(s)/ Director(s):</b>	Glen O'Connell, Acting Corporate Director for Resources		
<b>Portfolio Holder(s):</b>	Councillor Graham Chapman, Deputy Leader/Portfolio Holder for Resources and Neighbourhood Regeneration		
<b>Report author and contact details:</b>	Geoff Walker, Director of Strategic Finance 0115 8763740 <a href="mailto:geoff.walker@nottinghamcity.gov.uk">geoff.walker@nottinghamcity.gov.uk</a>		
<b>Key Decision</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<b>Subject to call-in</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Reasons:</b> <input checked="" type="checkbox"/> Expenditure <input checked="" type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision			<input checked="" type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital
Significant impact on communities living or working in two or more wards in the City			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Total value of the decision:</b> £30.613m			
<b>Wards affected:</b> All		<b>Date of consultation with Portfolio Holder(s):</b> Throughout March – June 2015	
<b>Relevant Council Plan Strategic Priority:</b>			
Cutting unemployment by a quarter			<input checked="" type="checkbox"/>
Cut crime and anti-social behaviour			<input checked="" type="checkbox"/>
Ensure more school leavers get a job, training or further education than any other City			<input checked="" type="checkbox"/>
Your neighbourhood as clean as the City Centre			<input checked="" type="checkbox"/>
Help keep your energy bills down			<input checked="" type="checkbox"/>
Good access to public transport			<input checked="" type="checkbox"/>
Nottingham has a good mix of housing			<input checked="" type="checkbox"/>
Nottingham is a good place to do business, invest and create jobs			<input checked="" type="checkbox"/>
Nottingham offers a wide range of leisure activities, parks and sporting events			<input checked="" type="checkbox"/>
Support early intervention activities			<input checked="" type="checkbox"/>
Deliver effective, value for money services to our citizens			<input checked="" type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>			
<p>This report sets out the City Council's pre-audit General Fund and Housing Revenue Account (HRA) revenue outturn 2014/15 and Capital Programme. It is an important component of the City Council's financial management and governance framework setting out the Council's year-end financial position for 2014/15.</p> <p>Strong financial planning and management are essential in the Council's work to commission, enable and provide value for money services to citizens to deliver corporate priorities.</p> <p>The final Statement of Accounts will be considered by the Audit Committee in September 2015 at the conclusion of the external audit.</p>			
<b>Exempt information:</b>			
None			
<b>Recommendation(s):</b>			
<p>1 To note:</p> <ol style="list-style-type: none"> <li>the pre-audit revenue outturn for 2014/15 including a revenue underspend of £1.459m after taking into account carry-forwards, which are subject to review by the appropriate Portfolio Holder, as set out in paragraph 2.2 and Appendix A;</li> <li>the management action undertaken to control the identified cost pressures across services, as set out in Appendix B;</li> <li>net General Fund carry forwards of £6.015m as set out in paragraph 2.6 and Appendix Aii, subject to endorsement by the appropriate Portfolio Holder;</li> </ol>			

- d) the discretionary rate relief granted in 2014/15 detailed in paragraph 2.11;
- e) the position regarding cost reductions, invest to saves, pressures and big tickets for 2014/15 detailed in paragraph 2.4.
- f) the capital outturn and explanations of variances over £0.100m as detailed in Appendix H
- g) the additions to the Capital Programme detailed in Table 10;
- h) the refreshed Capital Programme, including schemes in development, and the unallocated resources of £3.864m, as set out in paragraph 2:18 (Tables 12 to 14).

2 To approve:

- a) the transfer of the balance of the 2014/15 underspend, subject to the finalisation of the audit, to (a) support the extension of the Nottingham Jobs Fund (£0.541m) to enable a further 400 jobs to be created and , (b) create an inward investment fund (£0.750m)
- b) the movements of resources set out in paragraph 2.5 and Appendix D;
- c) the net movement to earmarked reserves, as set out in paragraph 2.7 and Appendix E;
- d) the HRA outturn for 2014/15 as set out in paragraph 2.8 and Appendix F;
- e) write-offs in excess of £10,000, totalling £0.968m where all options for recovery have been exhausted, as set out in paragraph 2.10.
- f) The extension of the rolling capital scheme as set out in paragraph 2.17 (Table 11).

3 To note and endorse the allocations from the corporate contingency as set out in paragraph 2.3.

## 1 **REASONS FOR RECOMMENDATIONS**

- 1.1 It enables formal monitoring of progress against the 2014/15 budget and the impact of actual and planned management action.
- 1.2 The approval for virements of budgets is required by corporate financial procedures.

## 2 **BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

- 2.1 The 2014/15 revenue budget was approved by City Council in March 2014. Monitoring and forecasting reports have been considered by executive councillors throughout 2014/15. This report summarises the provisional outturn position for the revenue elements of the General Fund and HRA. Some report tables may not sum exactly due to rounding.

### 2.2 **General Fund Revenue**

The corporate outturn after carry forwards is a net underspend of £1.459m; an improvement of £0.448m (Table 1) from that reported to Executive Board at quarter 3. The combined outturn of corporate directorates is an underspend of £1.170m; an improvement of £0.203m from that previously reported. Carry forwards of £6.015m are included but subject to the approval by the appropriate Portfolio Holder. Appendix A provides more detail and Appendix B gives information about specific issues within Portfolios.

It is recommended that the underspend be set aside to support (a) the extension of the Nottingham Jobs Fund (£0.541m) to enable a further 400 jobs to be created and (b) the creation of an inward investment fund of £0.750m. This will leave a balance of £0.209m.

<b>TABLE 1: FORECAST OUTTURN REPORTED AT END OF PERIOD:</b>				
<b>PORTFOLIO</b>	<b>Q1 £m</b>	<b>Q2 £m</b>	<b>Q3 £m</b>	<b>Outturn After C/ forwards £m</b>
Adults, Commissioning and Health	0.000	(1.595)	(2.007)	(2.746)
Children's Services	0.000	2.214	1.738	1.875
Community Safety, Housing and Voluntary Sector	0.000	0.054	(0.353)	(0.344)
Community Services	0.000	0.013	(0.070)	(0.418)
Energy and Sustainability	0.000	0.000	0.000	(0.116)
Jobs and Growth	0.000	0.000	0.000	0.008
Leisure and Culture	0.080	0.340	0.240	(0.002)
Planning and Transportation	0.000	(0.664)	(1.069)	(0.582)
Resources and Neighbourhood Regeneration	0.560	(0.189)	0.553	1.029
Strategic Regeneration and Schools	0.000	0.000	0.000	0.122
<b>TOTAL PORTFOLIOS</b>	<b>0.640</b>	<b>0.174</b>	<b>(0.967)</b>	<b>(1.170)</b>
Corporate Budgets	0.000	0.000	(0.044)	(0.289)
<b>NET COUNCIL POSITION</b>	<b>0.640</b>	<b>0.174</b>	<b>(1.011)</b>	<b>(1.459)</b>

#### **Forecast and Actual Outturns 2009/10 – 2014/15**

The Council provides many sensitive and demand led services and inevitably there will be cost pressures arising during the year. The Council has a good track record of successfully tackling such cost pressures as shown in Table 2 – demonstrating that through targeted and consistent management action the actual year end outturn shows a general improvement in the last five years.

<b>TABLE 2: FORECAST AND ACTUAL OUTURNS*</b>						
<b>OUTTURN</b>	<b>2009/10 £m</b>	<b>2010/11 £m</b>	<b>2011/12 £m</b>	<b>2012/13** £m</b>	<b>2013/14 £m</b>	<b>2014/15 £m</b>
<b>Actual Outturn</b>	<b>1.644</b>	<b>0.653</b>	<b>(0.215)</b>	<b>(2.105)</b>	<b>(1.175)</b>	<b>(1.459)</b>
Forecast as at Q3	3.045	3.603	0.067	(2.437)	(1.700)	<b>(1.011)</b>
Forecast as at Q2	4.407	5.509	3.013	(4.202)	(0.133)	<b>0.174</b>
Forecast as at Q1	3.908	5.822	6.152	1.374	1.547	<b>0.640</b>

\*after carry-forwards

\*\*after agreed contributions to reserves of £2.250m

The actual outturn position impacts directly on general reserves; underspends increase reserves and overspends decrease them. This provides a financial safety net to cover above-budget costs throughout the year. The balance on general fund reserves as at 1 April 2014 was £9.600m. The Medium Term Financial Plan (MTFP) set the level of reserves at £9.500m,

which is 3.4% of the budget requirement and within the range required by the Medium Term Financial Strategy (MTFS) of between 2% and 4%.

### 2.3 Corporate Contingency

This enables management of the financial impact of issues that were not reflected when the budget was set. It is allocated under the delegated authority of the Chief Finance Officer (CFO) in consultation with the Deputy Leader using designated criteria. Services are required to accommodate unforeseen expenditure and/or income shortfalls from within their cash limited budgets, only seeking allocations where this is proven to be impossible. Contingency is £2.151m in 2014/15. Since the February report, allocations of £0.307m have been approved and an unused amount of £0.163m for an earlier allocation has also been returned. These items are shown in Table 3.

<b>TABLE 3: CONTINGENCY ALLOCATED SINCE FEBRUARY EXECUTIVE BOARD</b>	
<b>Items Allocated</b>	<b>Amount £m</b>
'What's On' in 2015 to be issued with Council Tax bills	0.007
Legal costs for Judicial Review of HMO's	0.013
Chronology & preparation for Independent Review (Operation Daybreak)	0.025
No Recourse to Public Funds	0.213
Partnership Support for Community Delivery	0.036
Budget consultation costs (Communications & Marketing)	0.013
<b>TOTAL</b>	<b>0.307</b>
<b>Item Returned to Contingency</b>	
Legal Advice re employment tribunal	-0.163
<b>TOTAL</b>	<b>0.144</b>

The February report provided that any unused Contingency would be reserved to fund slippage issues. Details of contingency items to be reserved for use in 2015/16 are shown in Table 4.

<b>TABLE 4: CONTINGENCY TO BE RESERVED FOR USE IN 2015/16</b>	
<b>Item</b>	<b>Amount £m</b>
Information Commissioners report re DP Audit	0.130
Partnership Support for Community Delivery	0.012
Chronology & preparation for Independent Review (Operation Daybreak)	0.025
Neighbourhood Tree Removal & Improvement Programme	0.095
Additional Social Workers	0.223
Combined Authority	0.150
Contingency balance	0.907
<b>TOTAL</b>	<b>1.542</b>

### 2.4 Cost reductions, income generation, pressures and invest to saves (also known as 'Strategic Choices')

### Cost Reductions; Pressures and Investments

Through the approved proposals cost reductions of £7.745m were achieved, and investments (£0.656m) and pressures (£2.510m) were invested in 2014/15 budget.

### Big Tickets

Big Ticket proposals of £14.874m were included in the budget. At outturn, £2.172m (14.6%) was not achieved against original proposals, although all were achieved through alternate management action within directorates and in some cases overachieved. The main items are listed below:-

- Adult Provision Efficiency Programme / Homecare Services – overachieved by £0.340m
- Children’s Big Ticket – underachieved by £0.857m but contained within the directorate
- Strategic Asset Management – underachieved by £0.985m but contained within the directorate
- Category Management – underachieved by £0.330m but contained within the directorate
- Parking, Highways, Transport, Street Cleansing and Grounds Maintenance – overachieved by £0.821m

## 2.5 **Movement of Resources**

Transfers of services between directorates and/or portfolios are reflected within the monitoring figures. These movements of resources now require approval and are detailed in Appendix D.

## 2.6 **Carry forwards**

The carry forward protocol is published within the Medium Term Financial Strategy (MTFS) and services have submitted requests. These have been considered both using the clear criteria set out in the MTFS and the overall corporate context of the prevailing financial and economic environment.

Net carry forwards of £6.015m, have been included within the outturn and are subject to endorsement by the appropriate Portfolio Holder. Carry forwards have been further classified as follows:-

- General Carry Forwards - £1.772m
- For Capital purposes - £0.756m
- Investment in Services (bids will be subject to further review process) - £1.055m
- Transformation activity (bids will be subject to further review process) - £1.466m
- Risk (to be retained corporately and are primarily to support the MTFP process going forward - £0.965m

Details of individual carry forward requests are shown in Appendix A(ii).

## 2.7 **Movements in Earmarked Reserves**

Earmarked reserves are funds set aside for specific purposes. At 1 April 2014 the balance of earmarked reserves was £148.763m (excluding capital reserves, including Schools Statutory Reserves, Job Evaluation, Insurance, and NET Private Finance Initiative (PFI) grant). During the year there has been a net movement of £12.249m in earmarked reserves, this includes contributions to capital schemes and movements relating to previously approved decisions including Schools Statutory Reserves.

Reserve movements are categorised as:

- **MTFP/Outturn decisions-** These include items which were separately identified within the MTFP 2014/15 and include items such as repayment to the NET reserve.
- **Replenishment of existing reserves-** revenue contributions to reserves resulting from slippage/ savings on specific schemes, grants and contributions for specific purposes;

- **Use of specific reserves-** Technically the approval of these reserves is implied at their setting up;
- **PFI/Building Schools for the Future (BSF) development costs** - Councils are required to charge to revenue development and set up costs relating to PFI schemes (these were previously budgeted for within the capital programme). The use of earmarked reserves is required to offset these costs;
- **Statutory Schools reserve** - This represents the net movement on ring fenced resources for schools;
- **Reserves to Capital Schemes** - These refer to use of reserves to support capital schemes;

Table 5 summarises the movements in each category of reserves during 2014/15 and identifies those which have previously been approved by Executive Board and those which now require Executive Board approval as part of the pre-audit outturn. Appendix E provides more details of movement in reserves, which require approval.

<b>TABLE 5: NET MOVEMENTS IN RESERVES</b>			
<b>TYPE OF TRANSFER</b>	<b>PREVIOUSLY APPROVED £m</b>	<b>REQUIRING APPROVAL £m</b>	<b>TOTAL £m</b>
MTFP/Outturn decisions	(6.101)	(5.112)	(11.212)
Replenishment of existing reserve	(15.686)	(13.208)	(28.894)
Use of existing reserves	18.553	4.900	23.453
PFI/ BSF development costs	(1.334)	0.000	(1.334)
Statutory Schools reserve	3.252	(5.692)	(2.440)
Reserves to capital schemes	8.178	0.000	8.178
<b>Total</b>	<b>6.862</b>	<b>(19.111)</b>	<b>(12.249)</b>

## 2.8 HRA Budget

The HRA budget was approved by the City Council on 3 March 2014 and budgeted for a working balance of £4.000m at 31 March 2015. The purpose of the working balance being to provide a contingency for any unexpected cost increases or reductions in income due to unforeseen circumstances. The main current issues are reported below.

The HRA Summary outturn for 2014/15 is shown in Table 6 below. For comparative purposes the movement in the working balance is tracked from the projected outturn at Period 9 to the provisional outturn. The detail is attached at Appendix F.



**TABLE 6: HOUSING REVENUE ACCOUNT OUTTURN**

Description	Budget 2014/15	Projected Outturn Period 9	Outturn (provisional)	Variance against Projected Outturn
	£m	£m	£m	£m
Income	(105.594)	(105.499)	(106.091)	(0.592)
Expenditure	105.639	106.351	106.637	0.286
<b>Net movement in year</b>	<b>0.045</b>	<b>0.852</b>	<b>0.546</b>	<b>(0.306)</b>
Working Balance b/f	(4.045)	(4.852)	(4.852)	0.000
<b>Working Balance c/f</b>	<b>(4.000)</b>	<b>(4.000)</b>	<b>(4.306)</b>	<b>(0.306)</b>

Working Balance

Overall the working balance has increased by £0.306m compared to the projected outturn at Period 9. The available working balance carried forward into 2015/16 is £4.306m.

Income

Rent Income increase of £0.242m

Bad debt provision reduced, resulting in increase to net rental income received.

Service Charges, increase of £0.274m

Income generated from service charges was higher than anticipated.

Interest received, increase of £64k

Level of bank interest received increased due to a higher balance than anticipated on the Major Repairs Reserve at 31 March 2015 due to slippage in the capital programme.

Expenditure

Management, increase of £76k

Made up of a number of variances including: an underspend of £0.223m on Tenant Incentive Scheme, an overspend of £0.776m on capital scheme costs that have been charged to revenue and an underspend of £0.515m on Council Tax charges for void properties.

Capital Charges, increase of £0.986m

Increase in the depreciation charge is as a result of revisions to valuations of housing assets. This has the impact of increasing the contribution to the Major Repairs Reserve, thereby increasing the resources available for capital investment.

Direct Revenue Financing, reduction of £0.776m

Reduction in Direct Revenue Financing of £0.776m of capital scheme costs that have been charged to revenue.

**2.9 Debtors Monitoring (Appendix C)****Housing Rents**

The Housing Rents collection rate (98.39%) is above the target of 98.30% and is also ahead of last year's performance (98.25%).

### **Council Tax**

The 2014/15 council tax collection rate (92.50%) is below the stretch target of 94.50%, and is also slightly down on the 2013/14 figure of 93.20%. In monetary terms, the amount collected was £98.533m, compared to £92.967m in 2013/14.

For 2014/15 all working-age recipients of Local Council Tax Reduction were required to pay the first 20% of their council tax liability, as opposed to 8.50% in 2013/14.

Despite actual performance being marginally below target, this compares favourably against other Local Authorities who suffered larger reductions in their yearly collection figures. The year-end figure also includes Council Tax Reduction (CTR) and the new 'empties' policy (which have much lower collection rate when compared to regular debt of 75.50% for CTR and 71.00% for empty properties respectively).

### **National Non- Domestic Rates (NNDR)**

The NNDR collection rate for 2014/15 stands at 96.16% and is marginally down on our expected performance target (based on a 6 year average) of 97.50%.

### **Sundry Income**

The collection rate of 81.00% is below target (99.00%) and last year's equivalent figure (88.70%). Management action is targeted on the application of receipts and the 90 day collection percentage should improve over future periods.

### **Adult Residential Services**

The 2014/15 collection rate of 96.47%, whilst being slightly lower than the 97.50% target, exceeds the previous year outturn figure (95.90%).

### **Estates Rents**

The collection rate of 96.20% is above last year's figure of 96.04% but is slightly below the set target of 97.50%. Performance has consistently exceeded that of the equivalent periods last year.

## **2.10 Written Off Debt**

The CFO has delegated authority to write off individual debts not exceeding £10,000. Any debts above this are subject to Portfolio or Executive Board decision. The debts included in this report relate to debt raised over the past 5 years and have been pursued as far as is reasonably possible, and/or relate to businesses that have gone into liquidation or individuals that have gone bankrupt. The Council is therefore unable to obtain payment. Once it is clear that no further payments will be received against a debt, it should be written out of the Council's accounts. Adequate bad debt provision to accommodate this level of write off has been built up in the accounts over a number of years and approval is also being sought to write off debts over £10,000 totalling £0.968m as summarised in Table 7 below. These figures are subject to the finalisation of the NNDR year end and other statutory returns.

<b>TABLE 7: WRITE OFFS OVER £10k in 2014/15</b>	
<b>Fund</b>	<b>£m</b>
Collection Fund	0.921
General Fund	0.047
<b>Total</b>	<b>0.968</b>

## 2.11 New Discretionary Rate Relief Granted in 2014/15

Details of new determinations of eligibility for Discretionary Relief since 1 April 2014 are shown in Table 8. Costs are borne equally by the City and Central Pool.

Type of Relief	Amount of Relief £m
Discretionary Relief Awarded to Non Profit-Making Bodies which are not Registered Charities	0.023
Additional Discretionary Relief Awarded to Registered Charities which are in Receipt of 80% Mandatory Relief	0.016
Additional allowance to organisations on whose behalf the Council makes payment	0.020

## 2.12 Capital Programme

The capital programme for 2014/15 was approved by the City Council in March 2014. Quarterly monitoring and forecasting reports have been provided and considered by Executive Councillors throughout 2014/15.

## 2.13 Capital Expenditure 2014/15

The capital expenditure in 2014/15 was £183.527m, representing an increase of £7.065m from the Quarter 3 position. Table 9 shows the position for each portfolio. Further details are set out in Appendix G.

PORTFOLIO	Projected Outturn Q3 £m	Outturn £m	Variance £m	%
Public Sector Housing	64.874	60.039	(4.835)	(7.45)
Planning and Transport Programmes	22.974	21.895	(1.079)	(4.70)
Children's Services -Education / BSF	15.990	9.861	(6.129)	(38.33)
<b>Total</b>	<b>103.838</b>	<b>91.795</b>	<b>(12.04)</b>	<b>(11.60)</b>
<b>Other Services:</b>				
Adults and Health	2.239	1.795	(0.444)	(19.83)
Children's Services	0.586	0.617	0.031	5.29
Leisure and Culture	17.682	11.372	(6.310)	(35.69)
Planning and Transportation	21.119	35.373	14.254	67.49
Energy & Sustainability	3.372	3.868	0.496	14.71
Community Safety, Housing & Voluntary Sector	3.178	2.644	(0.534)	(16.80)
Strategic Regeneration and Schools	7.741	8.724	0.983	12.70
Community Services	1.756	2.172	0.416	23.69
Resources/Neighbourhood Regeneration	14.951	25.167	10.216	68.33
<b>Total</b>	<b>72.624</b>	<b>91.732</b>	<b>19.108</b>	<b>26.31</b>
<b>TOTAL PROGRAMME</b>	<b>176.462</b>	<b>183.527</b>	<b>7.065</b>	<b>4.00</b>

## 2.14 Reasons for variances

The City Council's capital monitoring analyses variations between:

- changes in budgeted expenditure, where the expenditure is still required but takes place later than originally intended (slippage) or earlier than originally intended (acceleration). Slippage does not result in resources being released; the resources and planned expenditure will be carried forward into future years;
- under-spends or over-spends, which represent a decrease or an increase in the total capital cost of a project (which could potentially be over a number of years) and would usually result in a saving which can be released to support the capital programme in future years.

## 2.15 Significant variances

An overview of schemes showing significant variances is set out below. Further details of variances over £0.100m are contained in Appendix H.

### **Housing Delivery – (£4.835)**

A variance of 7.45% on a programme of £64.874m represents both slippage and acceleration on a number of schemes. Slippage of £7.274m on a number of schemes the most significant being £0.902m on solar panels, the scheme has been re-profiled and is due to commence in July this year. Lenton New Build Phase 1 has accelerated by £1.239m in order to maximise funding.

### **Local Transport Plan – (£1.079m)**

A variance of 4.7% on a programme of £22.974m represents both slippage on a number of schemes of (£2.064m) and acceleration of £0.985m. The revised programme for 2015/16 to 2019/20 is £66.131m.

### **Children’s Services – (£6.129m)**

Children’s services show a variance of (£6.129m) representing 38.33% on a programme of £15.990m. This variance is mainly attributable to slippage of (£6.159m) caused by delays in various projects as detailed in Appendix H.

### **Other Services**

Total expenditure in 2014/15 was £91.732m against a projection of £72.624m. The variance represents 26% of the programme and is predominately due to the acceleration of a number of schemes totalling £21.429m offset by slippage of (£17.198m). The variances have been reflected in the revised programme for 2015/16 and explanation of major variances within ‘Other Services’ are detailed below and in Appendix H.

- **Leisure and Culture – (£6.310m)** – Re-profiling of (£2.522m) on the Harvey Hadden stadium and cycle track and (£1.168m) on the Forest Recreation Sports Zone Project to allow match funding leverage. In addition proactive re-scheduling of (£0.559m) on the works element of the lift at the Royal Centre due to the need to coordinate a schedule of works when no shows were taking place. All schemes have been re-profiled accordingly.
- **Planning and Transportation - £14.254m** - Acceleration of £12.536m on the NET project in relation to land acquisition and disturbance costs. And acceleration of £1.962m on Vehicle Acquisition. The capital expenditure forecasts for both projects remain unchanged.
- **Strategic Regeneration and Schools - £0.983m** - £2.029m acceleration offset by (£1.047m) of slippage. The acceleration on two schemes; £1.127m for Dakeyne Street and £0.902m for the Sneinton market project, was in order to maximise grant conditions. The overall capital expenditure forecast remains unchanged.

## 2.16 Additions to the Programme

Additions in Quarter 4 include those schemes that were approved as part of the budget process and the allocation of the schools maintenance grant to specific schools.

Other additions to the programme are shown in **Table 10** below

<b>TABLE 10: ADDITIONS at QTR 4</b>							
<b>Scheme</b>	<b>2014/15 £m</b>	<b>2015/16 £m</b>	<b>2016/17 £m</b>	<b>2017/18 £m</b>	<b>2018/19 £m</b>	<b>2019/20 £m</b>	<b>TOTAL £m</b>
<b>Transport Programmes</b>							
Transfer to Area Capital	0.000	(1.250)	0.000	0.000	0.000	0.000	(1.250)
<b>Education / Schools</b>							
Transfer to Other Services	(0.132)	0.000	0.000	0.000	0.000	0.000	(0.132)
Hadden Park Water System	0.032	0.000	0.000	0.000	0.000	0.000	0.032
Riverside Primary Expansion	0.250	0.000	0.000	0.000	0.000	0.000	0.250
Rufford Primary Expansion	0.050	0.001	0.000	0.000	0.000	0.000	0.050
<b>Total Education</b>	<b>0.200</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.200</b>
<b>Adults and Health</b>							
OCC Implementation	0.034	0.109	0.000	0.000	0.000	0.000	0.143
<b>Children's Services</b>							
Green Lane Youth Club	0.253	0.000	0.000	0.000	0.000	0.000	0.253
Phoenix Play Centre	0.053	0.017	0.000	0.000	0.000	0.000	0.070
St Anns Children's Centre	0.000	0.005	0.000	0.000	0.000	0.000	0.005
Southglade Access Centre	0.000	0.022	0.000	0.000	0.000	0.000	0.022
St Anns Adventure Play	0.000	0.017	0.000	0.000	0.000	0.000	0.017
The Ridge Adventure Play	0.000	0.018	0.000	0.000	0.000	0.000	0.018
<b>Commissioning and the Voluntary Sector</b>							
Robin Hood Chase	0.032	0.034	0.000	0.000	0.000	0.000	0.066
Arkwright Walk	0.205	0.233	0.000	0.000	0.000	0.000	0.438
<b>Community Services</b>							
LTP Transfer Area Capital	0.000	1.250	0.000	0.000	0.000	0.000	1.250
ACF Contribution to Leisure	0.000	(0.083)	0.000	0.000	0.000	0.000	(0.083)
<b>Energy and Sustainability</b>							
District Heating Network Replacement	1.869	1.566	0.986	0.986	0.886	0.000	6.293
<b>Leisure and Culture</b>							
Nottingham Playhouse - Loan	0.237	0.000	0.000	0.000	0.000	0.000	0.237
Woodthorpe Grange Park	0.000	0.020	0.000	0.000	0.000	0.000	0.020
Hoylake Park	0.000	0.036	0.000	0.000	0.000	0.000	0.036
Victoria Park / St Mary's	0.000	0.040	0.000	0.000	0.000	0.000	0.040
Highbury Vale Play Area	0.000	0.020	0.000	0.000	0.000	0.000	0.020
Woodfield Road Play Area	0.000	0.055	0.000	0.000	0.000	0.000	0.055
Trickett's Yard Play Area	0.000	0.065	0.000	0.000	0.000	0.000	0.065
Peggy's Park Play Area	0.000	0.095	0.000	0.000	0.000	0.000	0.095
Sutton Passey's Play Park	0.000	0.067	0.000	0.000	0.000	0.000	0.067
Nottingham Playhouse - Loan	0.000	0.100	0.000	0.000	0.000	0.000	0.100

<b>Resources and Neighbourhood Regeneration</b>							
Broad Marsh WiFi	0.151	0.000	0.000	0.000	0.000	0.000	0.151
Acquisition of Blueprint	10.866	0.734	0.000	0.000	0.000	0.000	11.600
Acquisition of Offices	1.371	0.100	0.000	0.000	0.000	0.000	1.471
<b>TOTAL APPROVALS</b>	<b>15.274</b>	<b>3.266</b>	<b>0.986</b>	<b>0.986</b>	<b>0.886</b>	<b>0.000</b>	<b>21.399</b>

## 2.17 Rolling Programme for approval

Table 11 details the increase of the rolling programme for capital works at Eastcroft that requires approval for inclusion in the capital programme:

- Capital Works at Eastcroft** - This report seeks approval for £3.228m funded from Prudential Borrowing for the capital works at the Eastcroft Incinerator as set out in Table 11. The Council is contractually committed to cover the works. However, this payment mechanism represents better value for money than the alternative approach of paying an increased gate fee. The capital works are to be funded by Prudential Borrowing.

	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	Total £m
Current Provision	3.066	1.432	3.962	1.561	0.951	0.000	10.972
Revised Provision	2.389	2.121	5.138	1.523	0.422	2.607	14.200
<b>New Pressure</b>	<b>(0.677)</b>	<b>0.689</b>	<b>1.176</b>	<b>(0.038)</b>	<b>-0.529</b>	<b>2.607</b>	<b>3.228</b>

## 2.18 Revised Capital Programme - General Fund

The General Fund Programme has been updated for approvals in quarter 4 and the impact of the final outturn. The resource projections have also been updated, including those sums likely to be generated by capital receipts.

The General Fund five year capital programme is £612.159m as detailed below in Table 12.

2014/15 £m	PROGRAMME ELEMENT	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	TOTAL £m
21.894	Local Transport Plan (LTP)	25.781	23.881	16.469	0.000	0.000	66.131
9.863	Education/BSF	19.215	5.647	0.000	0.000	0.000	24.862
91.729	Other Services	168.651	27.346	12.887	14.704	7.988	231.576
0.000	Projects in Development	108.908	112.582	46.800	19.800	1.500	289.590
<b>123.486</b>	<b>TOTAL PROGRAMME</b>	<b>322.555</b>	<b>169.456</b>	<b>76.156</b>	<b>34.504</b>	<b>9.488</b>	<b>612.159</b>

The General Fund capital programme is subdivided into two categories as follows:

### Approved Capital Programme

Comprising the projects that are progressing either currently or in the near future. These projects have all been approved and the funding has been identified and is in place. The revised approved five year capital programme is £322.569m.

### Projects in Development

These projects are currently being developed and are at various stages in their project life cycle. Projects can move up into the approved programme once approval has been granted, although this will be subject to a process of business case appraisal that included both due diligence and the identification of funding. The five year investment strategy (projects in development) is £289.590m.

The capital programme is delivered from a diverse range of funding which includes:

#### Prudential Borrowing

The key principle for using this is that it must be affordable and is therefore heavily regulated. This type of funding is reserved for schemes that can deliver savings or demonstrate a return on investment at least sufficient to cover the debt repayments of interest and principle.

#### Grants

External funds provided by the government, which may be ring-fenced or other external sources that are provided to deliver specific projects.

#### Reserves

Earmarked reserves set aside, through Executive board approval for specific capital schemes.

#### Capital Receipts

Receipts from the sale of surplus assets used as a corporate resource, allowing the Council to fund a range of projects for which there is no external funding, or other non-commercial schemes which will not generate a return sufficient to cover their costs.

Capital receipt projections are closely monitored. General Fund secured Capital Receipts in 2014/15 (which support the programme) are lower than expectations due to a number of disposals slipping into 2015/16. Overall secured capital receipts for 2014/15 are £7.717m and include receipts from investment properties which will be reinvested in the property portfolio.

Table 13 below gives a breakdown of the how the five year capital programme is currently funded.

<b>TABLE 13 GENERAL FUND CAPITAL PROGRAMME RESOURCES</b>							
<b>2014/15 £m</b>	<b>PROGRAMME ELEMENT</b>	<b>2015/16 £m</b>	<b>2016/17 £m</b>	<b>2017/18 £m</b>	<b>2018/19 £m</b>	<b>2019/20 £m</b>	<b>TOTAL £m</b>
26.318	Resources b/f	33.838	0.000	0.000	0.000	0.000	33.838
66.449	Prudential Borrowing	203.550	112.374	51.203	9.496	2.094	378.717
41.286	Grants & Contribution	71.109	52.168	22.809	19.850	6.494	172.430
15.554	Internal Funds / Revenue	9.785	1.588	1.135	1.650	1.494	15.652
7.717	Capital Receipts	6.268	5.548	2.700	0.870	0.000	15.386
<b>157.324</b>		<b>324.551</b>	<b>171.677</b>	<b>77.847</b>	<b>31.866</b>	<b>10.082</b>	<b>616.023</b>

Resources and proposed financing for 2015/16 is detailed in Appendix I.

<b>TABLE 14: GENERAL FUND CAPITAL POSITION</b>						
<b>PROGRAMME ELEMENT</b>	<b>2015/16 £m</b>	<b>2016/17 £m</b>	<b>2017/18 £m</b>	<b>2018/19 £m</b>	<b>2019/20 £m</b>	<b>TOTAL £m</b>
Total Programme	322.555	169.456	76.156	34.504	9.488	612.159
Total Resources	324.551	171.677	77.847	31.866	10.082	616.023
<b>Cumulative Surplus/(Shortfall)</b>	<b>1.995</b>	<b>2.222</b>	<b>1.691</b>	<b>(2.638)</b>	<b>0.594</b>	<b>3.864</b>

The General Fund Programme shows a current surplus of £3.864m. However, the programme is predicated on a number of projects in development, the cost of these

projects are estimated and are subject to change, therefore, the current surplus is liable to change as projects progress and costs become more accurate.

## 2.19 Housing Revenue Account

The Public Sector Housing programme has been updated to reflect the £7.274m slippage between 2014/15 and 2015/16. Table 15 sets out the updated programme and resources.

<b>TABLE 15 : PUBLIC SECTOR HOUSING - CAPITAL PROGRAMME AND RESOURCES</b>							
<b>2014/15 £m</b>	<b>PORTFOLIO</b>	<b>2015/16 £m</b>	<b>2016/17 £m</b>	<b>2017/18 £m</b>	<b>2018/19 £m</b>	<b>2019/20 £m</b>	<b>Total £m</b>
<b>60.039</b>	<b>Public Sector Housing Programme</b>	<b>71.373</b>	<b>64.056</b>	<b>51.396</b>	<b>42.021</b>	<b>34.383</b>	<b>263.229</b>
	<b>Resources Available</b>						
49.484	Resources b/f	45.280	0.000	0.000	0.000	0.000	45.280
0.000	Prudential Borrowing	9.025	6.000	7.351	6.450	0.000	28.826
14.061	Grants & Contribution	2.665	5.022	0.653	1.307	0.815	10.462
5.700	Direct Revenue Financing	7.509	6.987	8.371	8.720	8.720	40.307
30.069	Major Repairs Reserve	30.069	30.069	30.069	30.069	30.069	150.345
6.005	Capital Receipts Secured	0.000	0.000	0.000	0.000	0.000	0.000
<b>105.319</b>		<b>94.548</b>	<b>48.078</b>	<b>46.444</b>	<b>46.546</b>	<b>39.604</b>	<b>275.220</b>
0.000	<b>Capital Receipts Unsecured</b>	4.048	8.454	3.359	0.000	0.000	15.861
<b>105.319</b>	<b>TOTAL RESOURCES</b>	<b>98.596</b>	<b>56.532</b>	<b>49.803</b>	<b>46.546</b>	<b>39.604</b>	<b>291.081</b>
	<b>Future commitment to maintaining decency</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>27.852</b>	<b>27.852</b>
<b>(45.280)</b>	<b>(SURPLUS)/SHORTFALL</b>	<b>(27.223)</b>	<b>7.524</b>	<b>1.593</b>	<b>(4.525)</b>	<b>22.631</b>	<b>(0.000)</b>

## **3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS**

- 3.1 No other options were considered as the Council is required to ensure that, at a corporate level, expenditure and income are kept within approved budget levels and this report sets out how this is being managed.

## **4 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)**

- 4.1 Financial implications appear throughout the report.
- 4.2 The financial plans and budgets support delivery of the Council Plan. Monitoring the financial position in parallel with service plan activity helps to ensure the delivery of corporate priorities. The Council has developed a robust approach to providing value for money and efficiency savings to support the delivery of the Council Plan and the Medium Term Financial Strategy.

## **5 RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)**

- 5.1 Continuous review and management of the budget and associated performance issues mitigate the risk of not achieving corporate priorities.
- 5.2 The five year proposed programme is ambitious and will require the Council to use much of its available resources. Substantial investment of this nature will result in the Council being exposed to additional risks as follows:



- a 52% increase in the authority’s borrowing over the next five years;
- exposure to interest rate changes; a 0.5% increase in interest rates will increase the cost of borrowing by c£0.700m per annum;
- major schemes have a long pay back period which will require the use of reserves in the early years to fund short term deficits in business plans;
- the cost of feasibility studies are all undertaken at risk;
- Schemes may not cover their costs or make the desired return.

5.3 In order to manage these risks the following key principles will be adopted in managing the programme:

- new projects (unable to cover their costs) added to the programme, will result in an existing project being removed or amended;
- all projects must have a robust and viable full business case, which considers and includes whole life costing and revenue implications;
- all schemes will be subject to robust and deliverable business plans and models which demonstrate the necessary return on investment required;
- the decision to progress schemes will be dependent on securing the stated level of external funding or grant as appropriate;
- new projects will be considered where the Council can make a return on investment;
- where new sources of external funding/grants become available, the programme will be revisited;

All schemes will be subject to an independent internal ‘Gateway review process’

5.4 The City Council recognises the importance of individual and collective accountability and requires managers to formally acknowledge their responsibilities. Financial management is an integral aspect of effective leadership and good management, relevant councillors and managers are required to participate fully in all aspects of capital investment plans.

5.5 Corporate Directors will be accountable for the success and deliverability of all capital projects within their remit; including:

- ownership of business cases and any subsequent changes to them;
- ensuring that capital projects are delivered in line with agreed targets and resources;
- the successful outcome and benefits realisation of capital projects.

## **6 SOCIAL VALUE CONSIDERATIONS**

6.1 None

## **7 REGARD TO THE NHS CONSTITUTION**

7.1 Not applicable

## **8 EQUALITY IMPACT ASSESSMENT (EIA)**

Has the equality impact been assessed?

(a) not needed (report does not contain proposals for new or changing policies, services or functions, financial decisions or decisions about implementation of policies development outside the Council)

(b) No

(c) Yes – Equality Impact Assessment attached

**9 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)**

9.1 None.

**10 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT**

10.1 Medium Term Financial Plan 2014/15 - 2016/17 - Executive Board 25 February 2014.

**11 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT**

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APPENDIX A

Portfolio	Budget £m	Draft Outturn £m	Variance £m	Net Movement in Reserves £m	Outturn prior to Carry forwards £m	Requested C/Fwd £m	Outturn including Carry forwards £m
Adults, Commissioning and Health	95.476	93.634	(1.842)	(2.356)	(4.198)	1.452	(2.746)
Children's Services	53.544	57.367	3.823	(2.852)	0.971	0.904	1.875
Community Safety, Housing and Voluntary Sector	13.682	12.746	(0.936)	0.407	(0.530)	0.186	(0.344)
Community Services	10.472	9.759	(0.713)	(0.353)	(1.066)	0.648	(0.418)
Energy and Sustainability	5.402	5.025	(0.377)	(0.096)	(0.473)	0.357	(0.116)
Jobs and Growth	3.697	5.515	1.819	(1.811)	0.008	0.000	0.008
Leisure and Culture	10.157	9.263	(0.894)	0.268	(0.626)	0.629	0.003
Planning and Transportation	8.523	6.644	(1.879)	1.107	(0.772)	0.190	(0.582)
Resources and Neighbourhood Regeneration	29.727	34.962	5.235	(4.602)	0.633	0.396	1.029
Strategic Regeneration and Schools	(2.690)	(5.916)	(3.226)	2.445	(0.781)	0.903	0.122
<b>Sub Total</b>	<b>227.989</b>	<b>228.998</b>	<b>1.009</b>	<b>(7.844)</b>	<b>(6.835)</b>	<b>5.665</b>	<b>(1.170)</b>
Corporate budgets	<b>49.241</b>	<b>40.757</b>	<b>(8.484)</b>	<b>7.844</b>	<b>(0.639)</b>	<b>0.350</b>	<b>(0.289)</b>
<b>Total General Fund</b>	<b>277.230</b>	<b>269.755</b>	<b>(7.474)</b>	<b>0.000</b>	<b>(7.474)</b>	<b>6.015</b>	<b>(1.459)</b>

## Carry Forward Requests by Department

SERVICE	PORTFOLIO	VALUE £m	Classification	DETAILS
<b>Community Services</b>				
Environmental Health & Safer Housing Page 44	Community Safety, Housing and Voluntary Sector	0.165	Carry Forward	<p><u>Burglary Reduction Scheme</u> Continuation and enhancement of the burglary reduction scheme. To fund 8 x F grade posts to provide resources to:</p> <ol style="list-style-type: none"> <li>1. Clear a backlog of licence applications.</li> <li>2. Enforce non compliant landlords.</li> <li>3. Respond to any demand increases within Safer Housing.</li> </ol> <p>This work was originally due to commence in 2014/15 but has slipped into 2015/16. and be funded from service budgets however due to the Judicial Review that was undertaken in 2014/15 on Houses in Multiple Occupation (HMO) this activity was put on hold.</p>
Community Protection	Community Safety, Housing and Voluntary Sector	0.020	Investment	<p><u>To fund partnership working</u> with the police to tackle and reduce begging in Nottingham City Centre and associated issues.</p>
Community Centres	Leisure and Culture	0.038	Carry Forward	<p><u>To fund the Community Centre Improvement Plan.</u> Slippage in the Community Centre Improvement Plan on work commissioned in Dec 2014/Jan 2015. This plan supports delivery of savings included in the Medium Term Financial Plan in future years (£0.100m in 2015/16).</p>
Royal Centre	Leisure and Culture	0.296	Carry Forward	<p><u>Trading Activity Surplus</u> Carry forward of 50% trading activity surplus will support further commercial growth in the 2015/16 business plan.</p>

Royal Centre	Leisure and Culture	0.295	Investment	<u>Match Funding of Grant.</u> Match funding for stage 2 of the Arts Council of England grant bid for the Royal Centre transformation in June 2015. The overall value of the scheme is £3.4m with a bid for an ACE grant of £1.6m. This element will be transferred to the Invest to Save reserve and pay back of the investment (£0.296m) will be required from the Royal Centre retained profit in future years.
Traded Operations, Highways & Energy Infrastructure and Commercial Services	Community Services	0.537	Carry Forward	<u>Trading Activity Surplus</u> Carry forward of 50 % of the trading activity surplus will support further commercial growth in the 2015/16 business plan.
Page 45 Neighbourhood Operations	Community Services	0.111	Investment	<u>Funding of Apprentices</u> To part fund the 50 apprentices within Neighbourhood Services. The scheme was agreed in 2013/14 and included a funding element to be met from overall staff vacancies within Neighbourhood Services, and an element from the Job Funds. This request is to support those funding streams for Y2 of the apprentice scheme and has been incorporated into the overall Apprentice Scheme.
Energy Services	Energy and Sustainability	0.192	Carry Forward	<u>Future liability for loan</u> Carry forward required to fund future liability in respect of a loan for investing in energy efficient technology.
		0.165	Risk	<u>Commercial Energy Projects</u> To support the delivery of future Energy and Waste Big Ticket savings
<b>Sub-total Community Services</b>		<b>1.820</b>		
<b>Development &amp; Growth</b>				

Major Programmes / BSF	Strategic Regeneration & Schools	0.210	Capital	Feasibility study to address the increase in demand for special school places.
		0.100	Capital	Westbury School temporary accommodation (DDM1849)
		0.042	Capital	Bluecoat temporary accommodation - DDM1709. Funds required due to slippage in capital project
Planning	Planning & Transportation	0.190	Capital	<u>Match Funding of Project Costs</u> The project has stage 1 approval from Heritage Lottery Fund as outlined in DDM 1687. The stage 2 bid will be submitted following approval of the Council's match funding for the scheme which will be considered by Executive Board in July 2015. This scheme relates to public realm/regeneration from station to Broadmarsh.
Property Facilities Management	Resources & Neighbourhood Regeneration	0.142	Carry Forward	<u>Trading Activity Surplus</u> Carry forward of trading activity surplus will support delivery of future Strategic Asset Management (SAM) big ticket savings.
<b>Sub-total Development &amp; Growth</b>		<b>0.684</b>		
<b>Children &amp; Adults</b>				
Public Health	Adults, Commissioning and Health	1.295	Transformation	Ring-fenced grant
Adults	Adults, Commissioning and Health	0.157	Capital	Long Meadow / Springwood - contribution as per DDM 1896 to the cost of refurbishment of Long Meadow to enable the planned closure and relocation of Springwood.
Education Strategy	Strategic Regeneration & Schools	0.300	Investment	<u>School Improvement</u> To support the Education Improvement Board agenda as agreed at Schools Forum on 23 April 2015.
		0.038	Carry Forward	<u>School Improvement</u> Slippage of spend on temporary post as per DDM1665. The post is engaging with schools and academies to drive school improvement activity in the city. The post is required to work with the

				school improvement programme to coordinate communication activity and develop positive and productive relationships with partners.
		0.039	Investment	<u>Schools IT</u> Update and maintain the Schools/LA Capita ONE data link via the In-House Traded 'Schools IT' Service.
		0.134	Investment	<u>Music Services</u> Contribution back to reserves is requested to support the financial commitment of the authority to the Music Services.
		0.040	Investment	<u>School Improvement</u> School attendance campaign.
Page 47 Vulnerable C&F and Children's Social Care	Children's Services	0.057	Capital	<u>Green Lane Centre of Excellence</u> Capital contribution required to complete the Green Lane Youth Centre of Excellence refurbishment as per DD1886.
		0.047	Investment	<u>HR support</u> Conversion of agency social workers to permanent employees.
		0.800	Risk	<u>Demographic Growth of Children in Care</u> Increased cost forecast associated with demographic growth of Children in Care. This will be transferred to the Transformation Reserve for mitigation in 2015/16 of this risk.
<b>Sub-total Children &amp; Adults</b>		<b>2.906</b>		
<b>Chief Executive</b>				
Human Resources	Resources & Neighbourhood Regeneration	0.015	Investment	<u>Apprentice Placements</u> Creation of a 12 month apprentice placement to support HR Employment and Community Relations, and Nottingham Apprentice Programme.
		0.013	Carry Forward	<u>Project People and Employability</u>

				Activity in relation to continued support for project people and employability agenda.
		0.045	Investment	<u>Apprentice Placements – Organisational Transformation</u> Creation of 3x12 month placements. These posts are in addition to the Corporate Apprentice Scheme.
		0.171	Transformation	<u>Transformation</u> Unused Transformation reserve
		0.010	Investment	<u>Additional capacity in Pensions Team</u> Required to support the implementation of changes to the pension regulations.
<b>Sub-total Chief Executive</b>		<b>0.254</b>		
<b>Corporate Items</b>	Planned Maintenance	0.350	Carry Forward	Commitments relating to maintenance backlog.
<b>Sub-total Chief Executive</b>		<b>0.350</b>		
<b>Total Carry Forwards</b>		<b>6.015</b>		



**Portfolio Variances +/- £50k including carry forwards****Adults, Commissioning and Health Portfolio – overall variance £2.746m FAVOURABLE (after carry forwards of £1.452m)****Adults £1.161m underspend (£1.004m under after carry forwards of £0.157m)**

The underspend is due to:

- Reduced internal costs associated with intake homecare however; this will increase spend in the external market.
- Increased levels of external contributions towards care packages from Health of £0.609m and 'self-funders' of £0.396m.

An element of this additional income relates to previous financial years however, the element that relates to 2014/15 is predicted to continue and is already included in the 2015/16 Medium Term Financial Plan.

**Public Health £1.295m underspend (all requested to be carried forward)**

- Delays in recruitment pending the implementation of a restructure reduced spend by £0.602m. These savings are already included in the 2015/16 Medium Term Financial Plan.
- Slippage in spend associated within the Crime and Drugs Partnership of £0.299m.
- A one off reduction in costs associated with prescription charges of £0.274m.

**Quality & Commissioning £1.312m underspend in total (£1.743m underspend Adults, Commissioning and Health Portfolio; £0.208m underspend within Community Safety, Housing and Voluntary Sector Portfolio and £0.639m overspend within Resources and Neighbourhood Regeneration Portfolio)**

- As part of the integration of Area Based Grants into mainstream Council funding, a reserve was created to fund the transitional period of Adults Commissioned Services reductions. This phase of service re-designs has all been fully implemented and the underspend reflects the balance of the reserve. This is a one off underspend of £1.555m.
- Included in the overall balance are unachieved savings attributable to the Procurement function of £0.350m net (£0.550m gross); these savings were assumed to be from contractual reductions. The 2015/16 budget risk review identifies this saving as at a high risk of non-achievement; mitigating action plan is being developed.
- Delays in recruitment pending the implementation of a restructure reduced spend by £0.307m. These savings are already included in the 2015/16 Medium Term Financial Plan.

**Resources and Neighbourhood Regeneration – overall variance £1.029m ADVERSE (after carry forwards of £0.396m)**

**Strategic Finance £0.751m underspend**

The underspend is due to:

- Slippage in recruitment to vacancies
- Grant maximisation; and
- Underspends associated with supplies and services.

These reductions are already incorporated into the 2015/16 Medium term Financial Plan.

**Support Services £0.238m overspend**

Additional costs within the Revenues and Benefits Support Service which have been managed through vacancy savings across the department as a whole.

**Corporate & Democratic Core £94k underspend**

Reduced recharge from Housing Revenue Account (HRA) to corporate management reflecting HRA management input to defined corporate roles.

**Corporate Management – Non Service £0.365m overspend**

Main elements of the variance comprise:

- An increase in the contribution deemed necessary to maintain a prudent provision against corporate bad debt (**+£0.468m**);
- Historic pension liability write-offs (**+£0.242m**);
- One-off legal costs associated with on-going cases (**+£70k**);
- Adjustment to Discretionary Rate Relief (**-£0.250m**);
- Reduced liability arising from revised administration of Non-Domestic Rate Relief (**-£0.152m**).

**EMSS £60k overspend**

The variance comprises a net under-achievement of Strategic Choice Savings. A plan is in place to ensure delivery of these in future years.

**Human Resources £0.261m underspend (£7k under after carry forwards of £0.254m)**

Slippage on Corporate Transformation Schemes has resulted in an underspend of £0.171m which has been incorporated into the carry forward process. The remaining underspend is due to vacant posts within the service.

**Commercial Services/Trading Services Finance £0.406m overspend**

Heat monitor sales slower than anticipated despite bidding success.

**Property – Facilities Management (FM) £0.560m underspend**

Additional one-off savings on Operational Buildings of £0.236m were achieved by pro-actively reducing expenditure to help mitigate the overspend elsewhere within Property. Vacancy savings of £0.120m were achieved on FM staffing which covered the Workplace Strategy staffing costs under the Directorate and Asset Management service. Additional rent income of £0.131m was achieved against budget at Loxley House following the move by NCH - note that this will not be repeated in 2015-16 due to the commencement of borrowing costs on refurbishment works. In addition, a one-off business rates refund of £72k was received relating to Sandfield Centre.

### **Property – Corporate Landlord £0.105m underspend**

An underspend of £0.105m resulted from a one-off refund totalling £70k on water charges at Ken Martin Leisure Centre dating back to 2005 together with general energy savings of £35k at various leisure centres.

### **Property Directorate & Asset Management £1.168m overspend**

Slippage in the programme of Big Ticket Asset Management Savings has resulted in an overspend of £0.485m against the Operational Property Review and £0.500m against Strategic Investments.

Additional use of consultants within the Directorate resulted in an overspend of £89k. A further £94k was spent on Workplace Strategy staffing costs which were funded from vacancy savings within the Property FM line above.

### **Strategic Partnership £0.267m underspend**

A number of vacant posts within the service have contributed to this underspend. These savings are already included in the 2015/16 Medium Term Financial Plan.

### **Quality & Commissioning £0.639m overspend**

Details relating to the outturn position for this directorate as a whole are included within the Adults, Commissioning and Health Portfolio section within this Appendix.

### **Community Services Portfolio – overall variance £0.418m FAVOURABLE (after carry forwards of £0.648m)**

#### **Neighbourhood Operations £0.130m underspend (£19k under after carry forwards of £0.111m)**

Business Plan delivery through tight cost control by reducing overtime and in-sourcing work, especially around grounds maintenance

#### **Trading Operations £0.936m underspend (£0.399m under after carry forwards of £0.537m)**

Business Plan delivery. This is a cluster of traded services ranging from commercial waste through to commercial catering and all business units have been driven hard to enhance their in-year trading performance. This performance is subsumed within the 2015/6 base budget.

### **Energy and Sustainability Portfolio – overall variance £0.116m FAVOURABLE (after carry forwards of £0.357m)**

#### **Energy Services £0.473m underspend (£0.116m under after carry forwards of £0.357m)**

Business Plan delivery and overachievement of the budget position

### **Leisure and Culture Portfolio – overall variance £3k ADVERSE (after carry forwards of £0.629m)**

#### **Sport & Culture £39k underspend (£1k under after carry forwards of £38k)**

A proactively managed bottom line outturn within Sports and Culture

#### **Royal Centre £0.591m underspend (all requested to be carried forward)**

Stronger than budgeted ticket sales for the Royal Concert Hall (RCH) and Theatre Royal (TR), 50% of the variance (£0.296m) is used to replenish the Endowment reserve for the RCH/TR to ongoing maintenance and to support future capital and grant funding bids

**Planning & Transportation Portfolio – overall variance £0.582m FAVOURABLE (after carry forwards of £0.190m)**

**Planning £0.326m underspend (£0.146m under after carry forwards of £0.190m)**

Improved planning application fee income as a result of improved economic climate

**Highways & Energy Infrastructure £0.413m underspend**

Business Plan delivery and overachievement of the budget position; centred around in-sourcing highway capital works.

**Children’s Services Portfolio – overall variance £1.875m ADVERSE (after carry forwards of £0.904m)**

**Vulnerable Children & Families £0.925m underspend**

A number of vacant posts within the service have contributed to this underspend. These savings are already included in the 2015/16 Medium Term Financial Plan.

**Safeguarding £2.821m overspend**

The over spend on this budget is due to:

- An increase of 3.94% of Children in Care with 25% of that increase relating to external placements and
- A change in the mix of type of external care which shows an increase of 4.51% in enhanced and complex cases.

Both of these issues equate to higher costs, with the Children in Care population increasing. The overspend which would have been £0.842m higher if interventions like the Edge of Care Hub and Multi Systemic Therapy had not been in place. These initiatives form part of the children’s big ticket.

**Directorate £1.357m underspend in total (£0.929m underspend within Children’s Services Portfolio and £0.428m underspend within Strategic Regeneration and Schools Portfolio). Carry forwards of £0.904m are requested for the element under this Portfolio**

This one-off underspend reflects the use of reserves to support the Education Support Grant reductions captured within the monitoring of other services within Children’s and Adults.

**Community Safety, Housing and Voluntary Sector portfolio – overall variance £0.344m FAVOURABLE (after carry forwards of £0.186m)**

**Front Line Equipment Budget £0.225m overspend**

An overspend while budgets were realigned. Savings have been made for 2015/16 in order to bring the budget in correctly.

**Environmental Health & Safer Housing - £0.269m underspend (£0.103m under after carry forwards of £0.166m)**

The variance is due to an underspend in the enforcement activities that are mainstream funded. The inactivity of enforcement was down to the uncertainty of the judicial review, so landlords were reluctant to apply, but full enforcement activity would have been a waste of resources if JR had gone against

**Uniformed Services -£55k underspend (£35k under after carry forwards of £20k)**

A restructure has just taken place to make savings as part of the strategic choices in 2015/16, and vacancies were carried in anticipation to make savings earlier in 2014/15.

**Parking; Permits; Bus Lane Enforcement £90k overspend**

Less income than anticipated from permits and bus lane enforcement

**Licensing; Trading Standards & ASB £0.252m underspend**

Income was higher than expected and some savings made early for strategic choices have contributed to the underspend.

**Quality & Commissioning £0.208m underspend**

Details relating to the outturn position for this directorate as a whole are included within the Adults, Commissioning and Health Portfolio section within this Appendix.

**Strategic Regeneration and Schools Portfolio – overall variance £0.122m ADVERSE (after carry forwards of £0.903m)**

**Building Schools for the Future £0.352m underspend (all requested to be carried forward)**

Delay in securing approval for the feasibility study to address the increase in the number of school places in special schools and linked to this the need for temporary classrooms pending the study and resultant construction works.

**Children and Adults Directorate £0.428m underspend (£0.123m over after carry forwards of £0.551m)**

Details relating to the outturn position for the directorate as a whole are included within the Children's Services Portfolio section within this Appendix.

**Corporate Budgets**

**Enviroenergy £0.219m overspend**

A combination of a mild winter and unexpected incinerator shutdown has contributed to this overspend

**Housing Benefits - £1.800m overspend**

**Treasury Management £2.600m underspend**

Mainly attributed to decisions to delay the taking of new long term borrowing and so saving in the short term on interest payable and due to capital programme slippage there was an underspend against the budget for debt repayment.

**Nottingham City Transport Dividend £0.200m underspend**

Actual return is in excess of budget.

**Cross Cutting Savings £0.442m overspend**

**Planned Maintenance £0.350m underspend (all requested to be carried forward)**

Planned Maintenance under spend - request for carry forward has been incorporated into the outturn process.

**APPENDIX C**

<b>Debtors - Performance Review – 2014-15</b>		<b>Q1 June</b>	<b>Q2 Sept</b>	<b>Q3 Dec</b>	<b>Q4 Mar</b>
<b>BVPI 66a - Housing Rent Collection (%)</b> <i>(cumulative - current tenants only)</i>					
	<i>(arrears + debit)</i> Actual	97.58	98.14	98.71	98.39
	Target	97.90	98.10	98.20	98.30
	Last Year Actual 2013-14	96.25	97.60	98.01	98.25
<b>BVPI 9 - Council Tax Collection (%)</b>					
	<i>(in year cumulative)</i> Actual	26.20	51.10	76.80	92.50
	Target	27.30	52.90	77.60	94.50
	Last Year Actual 2013-14	27.10	51.10	77.60	93.20
<b>BVPI 10 - NNDR Collection (%)</b>					
	<i>(in year cumulative)</i> Actual	27.90	55.80	82.12	96.16
	Expected 6 year Average	30.50	56.70	87.30	97.50
	Last Year Actual 2013-14	31.70	58.00	86.20	97.40
<b>Sundry Income Collection (%)</b>					
	<i>(12 month rolling average)</i> Actual	84.00	89.00	83.00	81.00
	Target	99.00	99.00	99.00	99.00
	Last Year Actual 2013-14	79.89	87.01	88.40	88.70
<b>Sundry Income Debtor Days -General</b>					
	Actual	29.60	29.40	32.00	30.00
	<i>(12 month rolling average)</i> Target	23.00	32.30	32.30	32.30
	Last Year Actual 2013-14	29.20	24.60	33.10	42.50
<b>Estates Rents Collection (%)</b>					
	Actual	96.84	97.00	96.45	96.20
	<i>(12 month rolling average)</i> Target	97.50	97.50	97.50	97.50
	Last Year Actual 2013-14	96.05	96.22	96.32	96.04
<b>Adult Residential Services Collection (%)</b>					
	Actual	95.90	96.50	95.78	96.47
	<i>(12 month rolling average)</i> Target	97.50	97.50	97.50	97.50
	Last Year Actual 2013-14	93.32	94.30	95.21	95.90

**VIREMENT 2014-15 REQUIRING EXECUTIVE BOARD APPROVAL**

**APPENDIX D**

Details	Net Amount £m	Department		Portfolio	
		From	To	From	To
Carbon Reduction realignment	0.015	Community Services	Children & Adults	Energy & Sustainability (ESU)	Children's Services (CHS)
	0.001		Development & Growth		Community Safety, Housing & Voluntary Sector (CSHVS)
	0.002		Development & Growth		Jobs & Growth (JGR)
	0.128		Development & Growth		Planning & Transportation (PLT)
	0.010		Community Services		PLT
	0.181		Development & Growth		Resources & Neighbourhood Regeneration (RNR)
	0.002		Children & Adults		Strategic Regeneration & Schools (SRS)
	0.015		Children & Adults		Adults, Commissioning & Health (ACH)
	0.008		within Community Services		CSHVS
	0.007		within Community Services		Community Services (CYS)
	0.044	within Community Services	Leisure & Culture (LCT)		



Details	Net Amount £m	Department		Portfolio	
		From	To	From	To
Pay (Increments & Allowances) adjustment	0.015	Children & Adults	Corporate Budgets	ACH	RNR
	0.010	Children & Adults		CHS	
	0.106	Children & Adults		SRS	
	0.010	Corporate Budgets	Children & Adults	RNR	CHS
	0.101	Children & Adults	Corporate Budgets	within RNR	
Portage Budget Centralisation	0.159	within Children & Adults		CHS	SRS
Education Psychologists	0.389	within Children & Adults		CHS	SRS
Education Welfare	0.501	within Children & Adults		CHS	SRS
Marketing & Communications post - DDM 1665	0.048	within Children & Adults		CHS	RNR
DSG Early Years realignment	0.411	within Children & Adults		CHS	SRS
residual adjustment following service move	0.001	Resources		Children & Adults	RNR
Schools Capital Funding	0.040	within Children & Adults		SRS	CHS
Customer Access Programme realignment	0.017	Resources		Chief Executive	within RNR
Shared Intelligence	0.425	within Development & Growth		PLT	RNR
Strategic Choice Realignment	0.001	within Children & Adults		CHS	ACH
Strategic Choice Realignment	0.015	Development & Growth	Children & Adults	RNR	CHS
Strategic Choice Realignment	0.034	Community Services	Resources	CYS	RNR
Strategic Choice Realignment	0.275	Corporate Budgets	Resources	within RNR	
Strategic Choice Realignment	0.150	Corporate Budgets	Development & Growth	within RNR	

Details	Net Amount £m	Department		Portfolio	
		From	To	From	To
Treasury Management realignment to service	0.128	Corporate Budgets	Resources	within RNR	
Strategic Choice Realignment (Holiday Plus / MyTime)	0.113	Children & Adults	Corporate Budgets	ACH	RNR
	0.055	Children & Adults		CHS	
	0.033	Community Services		CYS	
	0.003	Community Services		ESU	
	0.007	Development & Growth		JGR	
	0.057	Community Services		LCT	
	0.034	Development & Growth		PLT	
	0.016	Community Services		PLT	
	0.008	Children & Adults		SRS	
	0.031	Development & Growth		within RNR	
	0.019	Children & Adults			
	0.137	Resources			
	0.045	Chief Executive			
	<b>3.810</b>				

**PRE-AUDIT OUTTURN - MOVEMENTS IN RESERVES REQUIRING APPROVAL**

**APPENDIX E**

Reserve	Description	MTFP/Outturn decision £m	Replenish reserves £m	Use of reserves £m	Net Movement £m
Public Health Transition	Transfer of Public Health underspend		(0.250)		(0.250)
<b>Adults, Commissioning &amp; Health</b>		<b>0.000</b>	<b>(0.250)</b>	<b>0.000</b>	<b>(0.250)</b>
CCTV Equipment Replacement	Replacement equipment			0.100	0.100
HMO - Mandatory	Year end adjustment		(0.161)		(0.161)
<b>Community Safety, Housing &amp; Voluntary Sector</b>		<b>0.000</b>	<b>(0.161)</b>	<b>0.100</b>	<b>(0.061)</b>
Employer Hub Innovation Fund	DWP grant income to cover future costs in relation to the Employer Hub		(0.052)		(0.052)
<b>Jobs &amp; Growth</b>		<b>0.000</b>	<b>(0.052)</b>	<b>0.000</b>	<b>(0.052)</b>
Mercury Filtration	Annual Contribution		(0.057)		(0.057)
<b>Leisure &amp; Culture</b>		<b>0.000</b>	<b>(0.057)</b>	<b>0.000</b>	<b>(0.057)</b>
Innovation Fund	Funding for the Coring Project in Traffic and Safety			0.005	0.005
<b>Planning &amp; Transportation</b>		<b>0.000</b>	<b>0.000</b>	<b>0.005</b>	<b>0.005</b>
S31 Grants	Adjustment for business rates section 31 grants		(0.661)		(0.661)
Business Rates Reserve	100% Retained Business Rates - EZ/CQ		(0.264)		(0.264)
East Midlands Council	Funds transferred from Leicestershire County Council and used to fund EMC costs		(1.000)	0.239	(0.761)
Emergency Hardship Funds	Social Fund grant income		(1.590)		(1.590)
Housing Benefits	Corporate Benefits adjustment		(0.216)	1.040	0.824
Investment Strategy	Right to Bid grant income		(0.016)		(0.016)
IT Efficiency Fund	Annual IT contribution and use for EMSS	(3.553)		0.009	(3.543)
Local Housing Investment	Economic Development investment funded from NHB	(1.559)		0.787	(0.772)
Pension Deficit Lump Sum	Pension Liability		(1.987)		(1.987)
Treasury Management	Net movement in Treasury Management Reserve		(4.000)	0.111	(3.889)
Workforce Issues	Net movement on fund - residual equal pay issues and workforce realignment		(1.046)	1.569	0.523
Contingency	Transfer of underspend		(0.907)		(0.907)

<b>Resources &amp; Neighbourhood Regeneration</b>		<b>(5.112)</b>	<b>(11.688)</b>	<b>3.755</b>	<b>(13.044)</b>
Revenue Reserves for Capital	Technical accounting adjustments			0.040	0.040
Schools Building Maintenance	Adjustment to closing year balance			0.124	0.124
SSR - Other Balances	Net surplus balances		(5.816)		(5.816)
<b>Strategic Regeneration &amp; Schools</b>		<b>0.000</b>	<b>(5.816)</b>	<b>0.164</b>	<b>(5.652)</b>
<b>Total Reserve Movement General Fund</b>		<b>(5.112)</b>	<b>(18.024)</b>	<b>4.024</b>	<b>(19.111)</b>

<b>HRA – PRE-AUDIT OUTTURN 2014/15</b>				
<b>DESCRIPTION</b>	<b>Budget 2014/15 £m</b>	<b>Projected Outturn (P9) 2014/15 £m</b>	<b>Outturn (provisional) 2014/15 £m</b>	<b>Variance against projected Outturn £m</b>
<b>INCOME</b>				
Rental Income	(101.166)	(101.071)	(101.313)	(0.242)
Service charges	(4.338)	(4.338)	(4.612)	(0.274)
Interest received	(0.087)	(0.087)	(0.151)	(0.064)
Other income	(0.003)	(0.003)	(0.015)	(0.012)
<b>TOTAL INCOME</b>	<b>(105.594)</b>	<b>(105.499)</b>	<b>(106.091)</b>	<b>(0.592)</b>
<b>EXPENDITURE</b>				
Repairs	26.804	26.804	26.804	0.000
Management	31.017	31.015	31.091	0.076
Capital Charges	41.846	42.056	43.042	0.986
Direct Revenue Financing	5.972	6.476	5.700	(0.776)
<b>TOTAL EXPENDITURE</b>	<b>105.639</b>	<b>106.351</b>	<b>106.637</b>	<b>0.286</b>
<b>DEFICIT / (SURPLUS)</b>	<b>0.045</b>	<b>0.852</b>	<b>0.546</b>	<b>(0.306)</b>
<b>WORKING BALANCE B/F</b>	<b>(4.045)</b>	<b>(4.852)</b>	<b>(4.852)</b>	<b>0.000</b>
<b>WORKING BALANCE C/F</b>	<b>(4.000)</b>	<b>(4.000)</b>	<b>(4.306)</b>	<b>(0.306)</b>

## APPENDIX G

APPENDIX G: CAPITAL PROGRAMME OUTTURN 2014/15							
PORTFOLIO	Total – Qtr. 3 Report £m	Approvals £m	Slippage £m	Acceleration £m	Savings £m	Other £m	Latest Projection £m
Public Sector Housing Programme	65.004	0.000	(7.274)	1.495	(0.436)	1.250	60.039
Local Transport Programme	22.974	0.000	(2.064)	0.984	0.000	0.000	21.894
Education / BSF	15.991	0.204	(6.159)	0.078	(0.452)	0.200	9.863
<b>Total</b>	<b>103.968</b>	<b>0.204</b>	<b>(15.497)</b>	<b>2.558</b>	<b>(0.888)</b>	<b>1.450</b>	<b>91.795</b>
<b>Other Services:</b>							
Adults, and Health	2.239	0.034	(0.478)	0.000	0.000	0.000	1.795
Children's Services	0.586	0.306	(0.267)	0.000	(0.008)	0.000	0.617
Leisure and Culture	17.680	0.237	(6.576)	0.014	0.000	0.015	11.370
Planning and Transportation	21.117	0.000	(2.483)	16.737	0.000	0.000	35.371
Energy & Sustainability	3.372	1.869	(1.373)	0.000	0.000	0.000	3.868
Community Safety, Housing & Voluntary Sector	3.178	0.237	(0.502)	0.000	(0.269)	0.000	2.644
Strategic Regeneration & Schools	7.741	0.000	(1.046)	2.029	0.000	0.000	8.724
Community Services	1.756	0.000	0.000	0.416	0.000	0.000	2.172
Resources/Neighbourhood Regeneration	14.951	12.388	(4.473)	2.233	(0.023)	0.091	25.167
<b>Total</b>	<b>72.624</b>	<b>15.071</b>	<b>(17.198)</b>	<b>21.429</b>	<b>(0.300)</b>	<b>0.106</b>	<b>91.729</b>
<b>TOTAL PROGRAMME</b>	<b>176.592</b>	<b>15.275</b>	<b>(32.695)</b>	<b>23.987</b>	<b>(1.188)</b>	<b>1.556</b>	<b>183.524</b>

<b>Capital Programme variances +/-£0.100m</b>			
<b>Scheme</b>	<b>Projection 14/15</b>	<b>Outturn 14/15</b>	<b>Variance</b>
<b>PUBLIC SECTOR HOUSING</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Externals (Properties) - Underspend is to be off set against the Sneinton District Heating budget (BMK's) due to costs in relation to existing balcony repairs being charged below	0.244	0.001	( 0.243)
Composite Doors - City Wide - Due to access issues that have been encountered in the final year of the Decent Homes programme.	4.325	4.082	( 0.243)
Green Deal Communities Funding - Scheme re-profiled due to site issues experienced within the final quarter of the year, which has impeded delivery.	3.851	3.171	( 0.680)
Estate / Area Impact Work - As a result of delays which are being reviewed and new processes implemented in the new financial year,.	0.250	0.142	( 0.108)
HRA Shop Investment Strategy – Investment opportunities currently being explored.	0.182	0.000	( 0.182)
St Anns Estate Action-Stonebridge Park - Scheme is to be re-profiled and aligned with the ongoing private housing scheme.	0.228	0.084	( 0.144)
Office Improvements - Funds carried forward to 15/16.	0.200	0.000	( 0.200)
Empty Properties - Property purchases completed, remaining budget required to meet costs to bring properties to 'Decent Homes' standard.	1.871	1.332	( 0.539)
Mortgage Protection - Fund carried forward to 15/16	0.886	0.261	( 0.625)
Installation of Solar Panels - Scheme subject to further approval of Commercial & Neighbourhood Services. This has now been received and the plan is to commence installations in July 2015.	0.902	0.000	( 0.902)
Adaptations for disabled persons - Underspend on this budget is due to the number of work requests delivered by the Adaptations Agency via external contracts during the financial year	2.469	2.128	( 0.341)
Demolition Costs - Wiloughby Court - Delays in the completion of the decommissioning of the block which resulted in delays with commencing the demolition of the block.	0.620	0.373	( 0.247)

Affordable Homes-Garage Sites-Demolition - The scheme is to be re-profiled based on the latest updated programme of demolition works at various garage sites	0.129	0.000	( 0.129)
Meadows Q Blocks - Phase 1 Delays in the ongoing decommissioning programme have resulted in the commencement of the demolition programme being re-phased at this site	0.442	0.272	( 0.170)
Meadows Q Blocks - Phase 2 - Delays in the ongoing decommissioning programme have resulted in the commencement of the demolition programme being re-phased at this site	0.130	0.028	( 0.102)
Cranwell Road - Rehousing costs - Due to timescales with relocation as part of the ongoing decommissioning programme	0.200	0.086	( 0.114)
Meadows Q Blocks - Decommissioning - Due to timescales with relocation as part of the ongoing decommissioning programme	0.881	0.369	( 0.512)
Rehousing Costs - Block Fund - Due to year end accounting transfers to HRA revenue account. DRF adjustment has been actioned	0.110	0.000	( 0.110)
New Build Preliminary Costs - Block Fund - Due to scheme costs being transferred to HRA revenue account and a transfer of prior year new build costs to Radford & Lenton .	0.210	( 0.226)	( 0.436)
Roof and Chimney Replacement - Due to no access issues that have been encountered in the final year of the Decent Homes programme. Total variances across the Decent Homes programme have been managed by increasing the output in the modern living and roofing programmes.	5.587	5.004	( 0.583)
Modern Living Improvements - Due to access issues being encountered in the final year of the Decent Homes programme. Total variances across the Decent Homes programme have been managed by increasing the output in the modern living and roofing programmes.	8.952	8.662	( 0.290)
Asbestos Works - The increase spend is due to to increase of works over and above forecast in the final quarter.	1.500	1.634	0.134
Sneinton District Heating BMK - Overspend to be off set against the Externals budget due to costs in relation to existing balcony repairs being charged to this scheme.	3.206	3.353	0.147



Victoria Centre - Major roof repairs - Scheme was accelerated prior to year end to ensure that it was completed, in advance of the works being undertaken by Intu to the shopping Centre. All works can be contained within the overall funding for this scheme.	2.333	2.480	0.147
Radford - New Build Scheme has incurred increased costs due to design changes, groundworks, utilities and infrastructure requirements which have occurred after the original planned programme.	4.289	4.854	0.565
Meadows - Leaseholder Costs - Acceleration in the ongoing negotiations with Leaseholders. Costs can be contained within the overall funding for this scheme	1.300	1.620	0.320
TV Aerials - Variance is due to the release of an accrual from 13-14 which is no longer required.	0.000	( 0.119)	( 0.119)
Lenton New Build - Phase 1 (includes ILS) - Increase in year is due to works on the overall Lenton Site being re-phased to ensure that the deadlines for HCA funding could be achieved and the works on site in relation to Phase B infrastructure, groundworks and drainage were able to continue in line with the original planned programme	3.670	4.909	1.239
<b>Total - Public Sector Housing</b>	<b>48.967</b>	<b>44.500</b>	<b>( 4.467)</b>

<b>LOCAL TRANSPORT PLAN</b>			
<b>Scheme</b>	<b>Projection 14/15</b>	<b>Outturn 14/15</b>	<b>Variance</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
LTP - Supporting Economic Growth - Ring Road funding profile was amended at the request of the DfT. Southside Growth Corridor spend profile revised to co-ordinate with LEP funding profile.	6.994	6.863	(0.131)
LTP - Cycling Schemes - North Sherwood St / Shakespeare St scheme deferred as a result of development proposals. Manvers Street Toucan scheme deferred to co-ordinate with the Cycle Ambition Package proposals.	0.400	0.173	(0.227)
LTP - Local Safety Schemes - Spend profiles for Bells Lane and Winchester Street adjusted due to highway network availability and procurement issues.	0.562	0.390	(0.172)
LTP - Carriageway Maintenance - 2014/15 programme re-profiled into 2015/16.	2.129	1.859	(0.270)

Nottingham Station Hub - Spend profile amended to co-ordinate with the proposed Public Realm works on Carrington Street and Station Street programmed for 2015/16.	3.112	2.409	(0.703)
Green Bus Fund - The DfT Green Bus Fund Round 4 award was confirmed as £2.9m in 2014/15 and the spend profile amended accordingly.	4.871	2.970	(1.901)
Local Sustainable Transport Fund - Acceleration of the 20mph Zone programme to be funded through an additional LSTF Claim and balance from the Local Transport Plan	2.006	2.629	0.623
City Deal - creative Quarter - Creative Quarter spending profile reprogrammed following discussions with ERDF funding body. To be met through claim mechanism.	1.648	1.860	0.212
Better Bus Areas - Funding confirmed /awarded after Q3 monitoring was completed. Funds will be carried forward into 2015/16.	1.477	0.739	(0.738)
<b>Total LTP</b>	<b>23.199</b>	<b>19.892</b>	<b>(3.307)</b>

<b>Schools / BSF</b>			
<b>Scheme</b>	<b>Projection 14/15</b>	<b>Outturn 14/15</b>	<b>Variance</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Forest Fields Primary Reorganisation - Final account has now been resolved and the variance at outturn is a saving	0.784	0.307	(0.477)
Djanogly (Northgate) Reorganisation - Final account has now been resolved and the variance at outturn is a saving	0.000	(0.337)	(0.337)
Jubilee Primary Heating - Final account has now been resolved and the variance at outturn is a saving	0.249	0.105	(0.144)
Rosslyn Primary Expansion - Slippage is the impact of design and feasibility studies which delayed the start of this project in 2013/14. The project is being re-profiled and the overall capital expenditure forecast in expected to remain the same.	1.290	0.291	(0.999)
Heathfield Primary Expansion - Early Works - Slippage is the impact of design and feasibility studies which delayed the start of this project in 2013/14. The project is being re-profiled and the overall capital expenditure forecast in expected to remain the same.	2.992	2.172	(0.820)
Brocklewood Primary Kitchen - the scheme started on site late but is now progressing well.	0.488	0.107	(0.381)

Bluecoat Primary New School Early Design - recent demolition works have taken place later than initially planned	0.550	0.152	(0.398)
Stanstead Primary Electrical Supply - there have delays arising from utility issues.	0.200	0.044	(0.156)
Djanogly Secondary Space for Primary Places - Works are required when pupils are not on site and are now planned for May half-term	1.050	0.918	(0.132)
2 Year Old Expansion Programme - programme re-phased into 15/16.	0.673	0.299	(0.374)
School Kitchen Imps Phase 2 - savings which are planned to be reallocated to fund a project with an expanded scope	0.455	0.189	(0.266)
Mellors Primary Mobile Classrooms - these mobile classrooms have not been required to date.	0.150	0.000	(0.150)
Devolved Capital 2014/15 - as this now represents a minor allocation to schools and it has been decided not to capitalise the costs.	0.450	0.000	(0.450)
<b>Total Education</b>	<b>9.331</b>	<b>4.247</b>	<b>(5.084)</b>

<b>OTHER SERVICES</b>			
<b>Scheme</b>	<b>Projection 14/15 £m</b>	<b>Outturn 14/15 £m</b>	<b>Variance £m</b>
<b>Adults and Health</b>			
Long Meadow - Externals / Internals / Branding - scheme re-profiled after delays on site	0.160	0.000	(0.160)
<b>Total Adults and Health</b>	<b>0.160</b>	<b>0.000</b>	<b>(0.160)</b>

<b>Children's Services</b>			
Pathfinder Short Breaks - slippage on programme as schemes are identified, overall capital cost remains the same	0.229	0.050	(0.179)
<b>Total Children's Services</b>	<b>0.229</b>	<b>0.050</b>	<b>(0.179)</b>

<b>Community Safety, Housing and Voluntary Sector</b>			
RHG 07/08 - PSA7 Target - Stonebridge - Final phase of scheme is in progress and is anticipated to be completed in 2015/16	0.251	0.105	(0.146)
Disabled Facilities Grants - There is currently a backlog of assessments caused in part by a growing demand for this service. Expecting increased referrals.	2.000	1.688	(0.312)
S106 Affordable Housing - Stonebridge Relocation - Saving - balance of provision will not be spent	0.269	0.000	(0.269)
<b>Total Community Safety</b>	<b>2.520</b>	<b>1.793</b>	<b>(0.727)</b>

<b>Community Services</b>
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Area Based Capital Investment Plans - represents net acceleration on a number of area based schemes, overall capital expenditure remains the same.	1.756	2.173	0.417
<b>Total Community Services</b>	<b>1.756</b>	<b>2.173</b>	<b>0.417</b>

<b>Energy and Sustainability</b>			
Eastcroft Combined Heat & Power Plant Works - Delay in works programme has led to re-profiling of expenditure. No change in the total capital expenditure figure.	3.066	2.389	(0.677)
Solar Panels - Sneinton Market - Project is currently being reviewed.	0.147	0.000	(0.147)
Enviro Energy District Heating Pipes - Canal St - The start of the project was delayed in order to minimise the level of disruption on the roads. The project is now being re-profiled.	0.159	(0.026)	(0.185)
District Heating - Replacement of Network - Works on this project were re-scheduled in order to coordinate works with Network Rail.	1.869	1.504	(0.365)
<b>Total Energy and Sustainability</b>	<b>5.241</b>	<b>3.867</b>	<b>(1.374)</b>

<b>Leisure and Culture</b>			
Harvey Hadden Sports Centre - Inclement weather caused delays to some of the work on the cycle track and stadium, the project has been re-phased accordingly.	11.082	8.560	(2.522)
Arboretum Café Development - Delays due to achieving financial close of this project, a revised proposal has been worked up and it is currently expected that the capital expenditure forecast will remain unchanged.	0.438	0.003	(0.435)
Forest Rec Ground - Sports Zone Imp Project - Delays due unforeseen requirement to change sub-contractor and inclement weather. Overall capital expenditure forecast remains unchanged.	1.828	1.168	(0.660)
Highfields Park - Refurbishment - Delays in the project achieving financial close. The overall capital expenditure forecast remains unchanged.	0.809	0.003	(0.806)
Portland Leisure Centre - Condition Survey Works - Delays due to further condition surveys required as a result of changes in project scope. The capital expenditure forecast remains unchanged.	0.749	0.055	(0.694)
Concert Hall Seats / Theatre FOH Lift - Delays to the work element of the lift due to the need to coordinate a schedule of works over a period where there were no shows taking place. The overall capital expenditure forecast remains unchanged.	0.877	0.559	(0.318)

Victoria / Ken Martin Fitness / Southglade Health - Slippage in works to the remaining element of the Ken Martin scheme, project remains on programme for completion in May 2015	0.600	0.299	(0.301)
Libraries - Self issue Technology - Slippage due to management revision of programme, re-profiled into 2015/16	0.109	(0.015)	(0.124)
<b>Total Leisure and Culture</b>	<b>16.492</b>	<b>10.632</b>	<b>(5.860)</b>

<b>Planning and Transportation</b>			
Vehicle Acquisitions - Programme re-profiled to meet Council requirements	4.500	6.462	1.962
Carrington St Car Park - Environmentals etc - delays to commencement of project, spend re-profiled into future years.	0.211	0.057	(0.154)
NET Lines 2/3 - Acceleration of reported expenditure in 2014-15 in relation to land acquisition and disturbance costs. The overall capital expenditure forecast remains unchanged at this time.	28.854	41.390	12.536
<b>Total Planning and Transportation</b>	<b>33.565</b>	<b>47.909</b>	<b>14.344</b>

<b>Strategic Regeneration and Schools</b>			
Housing Enforcement Action - Cavendish Court - Negotiations for property purchases are progressing slower than originally anticipated.	0.520	0.010	(0.510)
Broadmarsh Project Management - Project will be re-profiled, the overall capital expenditure forecast is not currently expected to change.	0.250	0.071	(0.179)
Creative Catalyst - Dakeyne St Factory Refurbishment - The scheme was accelerated in order to maximise ERDF grant funding conditions. The project has been re-profiled and the overall capital expenditure forecast remains unchanged.	1.421	2.548	1.127
Downtown (Sneinton Market) and Creative Quarter - The scheme was accelerated in order to maximise ERDF grant funding conditions. The project has been re-profiled and the overall capital expenditure forecast remains unchanged.	1.526	2.428	0.902
<b>Total Strategic Regeneration and Schools</b>	<b>3.717</b>	<b>5.057</b>	<b>1.340</b>

<b>Resources and Neighbourhood Regeneration</b>			
Demolition - Denewood Centre - There have been some delays to the completion of this scheme. The demolition is on-going and will be completed in 2015-16.	0.438	0.168	(0.270)

Council House - Fire Risk / Compliance - The works at the Council House stretches across two financial years Actual spend has been dependant on the contractors programming and progress of works on site and also the timing of valuations at the end of the financial year.	0.300	0.142	(0.158)
Joint Service Centre - Strelly Road – Design issues have caused delays in this scheme. The project is currently being reviewed in order to ascertain the impact on the overall capital expenditure forecast.	0.494	0.010	(0.484)
Relocation of Hyson Green Library - The interdependencies with the Mary Potter Centre have resulted in delays to this project. The works are on programme to be completed in September with re-location on October 2015.	0.610	0.011	(0.599)
IT - Microsoft Upgrade - project has been re-phased, overall capital expenditure remains unchanged.	1.945	1.484	(0.461)
IT - Storage Area Network (SAN) Refresh Project - Technical issues with the installation delayed an aspect of the project which has now been re-phased.	1.799	0.778	(1.021)
IT - Agile Working (Laptops) - Following a needs assessment underspends in Laptop Rollout have been utilised in the Windows 7 programme	0.267	0.014	(0.253)
IT - Children's and Adults Social Care Project - The project has been re-profiled as a result of the procurement process and will commence in 2015/16.	0.161	0.000	(0.161)
Unlocking Loxley House - Phase 2A - works started in 15/16, project re-profiled to reflect this.	0.600	0.000	(0.600)
Southglade Food Park - Phase 2 - Slippage in the timetable for construction into 2015/16.	3.687	5.632	1.945
Council House - Lifts / Heating - The works at the Council House stretches across two financial years. Actual spend has been dependant on the contractors programming and progress of works on site and also the timing of valuations at the end of the financial year.	0.300	0.565	0.265
<b>Total Resources and Neighbourhood Regen</b>	<b>10.601</b>	<b>8.804</b>	<b>(1.797)</b>

<b>Variances in Estimated Resources</b>			
Prudential Borrowing - Increase due to £10.886m in respect of Blueprint / £1.504m in respect of District Heating (both programme additions). Further increase of £12.923m due to treatment of NET Land acquisitions. These increases offset by slippage on various other schemes.	53.185	66.449	13.264

Capital Receipts - RTBs higher than estimated / Playhouse Loan Repayment deemed capital receipt (£237k) / some late general fund sales completed at end of year.	12.209	13.722	1.513
Grants and Contributions - Reflects slippage within the programme - sum claimable in 14/15 reduced on account of slippage	60.499	55.267	(5.232)
Revenue / Reserves - £6.952m transfer to Reserves for Capital offset by slippage in Efficiency Fund schemes / NET Fund for Tram / Green Buses	17.948	22.811	4.863
<b>Total Variances in Estimated Resources</b>	<b>159.190</b>	<b>173.250</b>	<b>14.060</b>

<b>APPENDIX I: TOTAL RESOURCES AND FINANCING DECISIONS</b>						
<b>Resource</b>	<b>Opening Balance £m</b>	<b>Resources 2014/15 £m</b>	<b>Adjustments/ Transfers £m</b>	<b>Total Resources 2014/15 £m</b>	<b>Resources to Finance Capital £m</b>	<b>Carried Forward to 2015/16 £m</b>
<b>Supported Borrowing _ Education</b>	<b>1.332</b>	<b>0.000</b>	<b>0.000</b>	<b>1.332</b>	<b>(0.182)</b>	<b>1.150</b>
<b>Prudential Borrowing</b>	<b>0.000</b>	<b>66.449</b>	<b>0.000</b>	<b>66.449</b>	<b>(66.449)</b>	<b>0.000</b>
<b>Capital Receipts</b>						
Public Sector Housing	13.449	7.604	0.000	21.053	0.000	21.053
General Fund	0.967	6.118	0.000	7.085	(5.588)	1.497
<b>Total Capital Receipts</b>	<b>14.416</b>	<b>13.722</b>	<b>0.000</b>	<b>28.138</b>	<b>(5.588)</b>	<b>22.550</b>
<b>Capital Grants and Contributions</b>	<b>16.454</b>	<b>55.347</b>	<b>(0.076)</b>	<b>71.725</b>	<b>(56.925)</b>	<b>14.800</b>
<b>Major Repairs Allowance / DRF</b>	<b>38.658</b>	<b>30.069</b>	<b>0.000</b>	<b>68.727</b>	<b>(40.258)</b>	<b>28.469</b>
<b>Revenue / Funds</b>	<b>4.942</b>	<b>21.510</b>	<b>(0.180)</b>	<b>26.272</b>	<b>(14.125)</b>	<b>12.147</b>
<b>TOTAL</b>	<b>75.802</b>	<b>187.097</b>	<b>(0.256)</b>	<b>262.643</b>	<b>(183.527)</b>	<b>79.116</b>



<b>Subject:</b>	Nottingham Jobs Fund 2015-16		
<b>Corporate Director(s)/ Director(s):</b>	David Bishop, Deputy Chief Executive/Corporate Director for Development and Growth Chris Henning, Director of Economic Development		
<b>Portfolio Holder(s):</b>	Councillor Nick McDonald, Portfolio Holder for Jobs, Growth and Trabsport		
<b>Report author and contact details:</b>	Nigel Jackson, Employment and Skills Manager 0115 8762523 <a href="mailto:nigel.jackson@nottinghamcity.gov.uk">nigel.jackson@nottinghamcity.gov.uk</a>		
<b>Key Decision</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<b>Subject to call-in</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Reasons:</b>	<input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision	<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital	
Significant impact on communities living or working in two or more wards in the City			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Total value of the decision:</b> £1,396,320			
<b>Wards affected:</b> All		<b>Date of consultation with Portfolio Holder(s):</b> 25 February 2015	
<b>Relevant Council Plan Strategic Priority:</b>			
Cutting unemployment by a quarter			<input checked="" type="checkbox"/>
Cut crime and anti-social behaviour			<input type="checkbox"/>
Ensure more school leavers get a job, training or further education than any other City			<input type="checkbox"/>
Your neighbourhood as clean as the City Centre			<input type="checkbox"/>
Help keep your energy bills down			<input type="checkbox"/>
Good access to public transport			<input type="checkbox"/>
Nottingham has a good mix of housing			<input type="checkbox"/>
Nottingham is a good place to do business, invest and create jobs			<input type="checkbox"/>
Nottingham offers a wide range of leisure activities, parks and sporting events			<input type="checkbox"/>
Support early intervention activities			<input type="checkbox"/>
Deliver effective, value for money services to our citizens			<input type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>			
<p>The Nottingham economy is steadily improving and unemployment is at its lowest level since February 2009. However, the recovery in the city lags behind other parts of the country and many local people are still finding it hard to secure and sustain employment. A significant number of Nottingham residents still need assistance to access sustainable work through employer incentive schemes such as the Nottingham Jobs Fund.</p> <p>Whilst the overall number claiming Job Seekers Allowance (JSA) for more than 6 months is falling, it is at a slower rate than for shorter term claimants. This has meant that despite a slight fall in overall long term unemployment to 47.9% of claimants, one in five has been claiming for more than two years.</p> <p>The 2014-15 Nottingham Jobs Fund (NJF) has now been fully allocated and approval for more funding is needed to ensure that the success of the programme can be continued. The current NJF scheme is a wage subsidy (50% of the National Minimum Wage) designed to encourage local employers to create new employment opportunities for city residents. For the last 3 years the NJF scheme has exceeded all of its jobs targets. However, in the light of the changing economic context, the NJF for 2015-16 will focus support on the long-term unemployed and to make the funding stretch further, the wage subsidy to employers will be reduced to a flat rate of £2,500 with a premium top up where employers take on a hardest to reach placement. This will increase the number of beneficiaries (400) and enhance the wider positive impact of the programme on the Nottingham economy.</p>			
<b>Exempt information:</b>			
None			

## **Recommendation:**

- 1 To approve the extension of the NJF to enable a further 400 jobs to be created and to allocate £637,491 to the programme for 2015-16 and £758,829 for 2016-17 (on-going placement cost), giving a total of £1,396,320, noting that this will be subject to further funding of £0.541m to be allocated for this scheme as part of the 2014/15 Corporate financial out-turn, being considered as a separate item on the agenda.

### **1 REASONS FOR RECOMMENDATIONS**

- 1.1 The 2014-15 NJF has now been fully allocated and approval for more funding is needed to ensure the continued success of the programme
- 1.2 The new NJF funding will help local employers create 400 job opportunities for long-term unemployed residents in the city.

### **2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

- 2.1 The NJF has been successful in helping to reduce unemployment in the city. There has been a fall of 2,968 in unemployment over the last 12 months (26.2%) and the NJF has created 801 jobs since 2012.
- 2.2 The Council has engaged over 452 employers with 85% being in the private sector. The initiative has also led to improved relations with Small and Medium Enterprises (SME's) and enhanced the reputation of the council with local employers.
- 2.3 The current sustainability rate is 60% this has been achieved by ensuring that the jobs on offer are attractive and have an element of progression and training attached to them. The NJF has also made a major contribution to Nottingham City having the biggest increase in apprenticeships in the East Midlands over the past year. 25% of NJF jobs created have been apprenticeships which has also contributed to the City Council's priority to raise the number of people with a Level 2 qualification.
- 2.4 Just under 36% of the people getting into work have come from the priority wards with very high levels of unemployment and approximately 20% are from BME communities which is broadly representative of the local population.
- 2.5 The additional £1.3 million pounds will also be aligned to the 18-24 Step into Work Programme and used as match for the Council's Youth Employment Initiative (YEI) application to the Department of Work and Pensions.

### **3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS**

- 3.1 Not providing additional funding for the NJF was dismissed as there is a continued need to create job opportunities for local people and help local businesses which would like to expand their workforce but require financial support to do so. Many local residents are still having difficulties getting employment and the need for job opportunities to be targeted at priority groups is still required.
- 3.2 Continuing with the current NJF funding model was dismissed as the funding has now come to an end and the proposed reduction in the wage subsidy reflects the improved state of the local economy and the desire to increase the impact and value for money of the fund.

#### **4 FINANCE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)**

- 4.1 This report seeks approval to incur expenditure totalling £1.396m in respect of NJF placements. The expenditure will consist of a flat rate payment of £2,500 to employers for 400 placements, with a premium top up where employers take on a hardest to reach placement.
- 4.2 The expenditure will be funded from a specific reserve established by the Council for this scheme. Subject to the 2014/15 financial out-turn, the balance at 1 April 2015 in this reserve is £1.950m. Commitments against this reserve are as follows:

<b>Nottingham Jobs Fund Reserves</b>			
	£m	£m	Notes
Balance at 1 April 2015 (subject to the Corporate financial revenue out-turn 2014/15)		(1.950)	
<b>Commitments</b>			
Apprentices in Communities Dept	0.123		
NJF 2015/16 current placements	0.730		
NJF 2015/16 & 2016/17 (this report)	1.396		Expenditure will be incurred over FY's 2015/16 & 2016/17, the amount charged in each year will be subject to the placement start dates
Staffing costs to oversee NJF 2015/16	0.121		
Staffing costs to oversee NJF 2016/17	0.121		
		2.491	
Funding required		<u>0.541</u>	

- 4.3 The NJF reserve will need to be replenished by £0.541m to ensure sufficient funding to cover the cost of 400 placements; this will be considered by Executive Board in July 2015 in the Corporate financial revenue 2014/15 out-turn report. If the reserves are not replenished by this amount, the number of standard placements will reduce by 216.
- 4.4 The Employment and Skills team will make payments in arrears subject to receipt of the necessary monitoring information received from employers. The team will have to put appropriate monitoring measures in place to ensure the number of placements and subsequent expenditure incurred does not exceed the funding available.

#### **5 LEGAL AND PROCUREMENT COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND INCLUDING LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)**

- 5.1 This report does not raise any significant legal issues. It is anticipated that through the creation of jobs and training opportunities for those furthest away from the job market, this will have a positive impact on crime levels and anti-social behaviour in the city.

**6 SOCIAL VALUE CONSIDERATIONS**

6.1 All the employees taken on under through the NJF are living in the city and therefore spending their salaries in local shops, business and contributing to the local economy. The majority of businesses supported through the NJF are city based and many of them state that their NJF employee has helped them to grow their business which in turn helps the local economy. The NJF has increased the number of apprenticeships undertaken in the city and contributed to raising the skill levels of city residents.

**7 REGARD TO THE NHS CONSTITUTION**

7.1 N/A

**8 EQUALITY IMPACT ASSESSMENT (EIA)**

Has the equality impact been assessed?

- (a) not needed (report does not contain proposals for new or changing policies, services or functions, financial decisions or decisions about implementation of policies development outside the Council) x
- (b) No
- (c) Yes – Equality Impact Assessment attached

Due regard should be given to the equality implications identified in any attached EIA.

**9 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)**

9.1 None

**10 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT**

10.1 None

**11 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT**

1. Maria Balchin – Finance
2. Andrew James - Legal Services
3. Nicki Jenkins – Employment and Skills

<b>Subject:</b>	Carrington Street Area Townscape Heritage Project - Approval to proceed with the Heritage Lottery Fund (HLF) Stage Two Bid		
<b>Corporate Director(s)/ Director(s):</b>	David Bishop, Deputy Chief Executive/Corporate Director for Development and Growth		
<b>Portfolio Holder(s):</b>	Councillor Nick McDonald, Portfolio Holder for Jobs, Growth and Transport		
<b>Report author and contact details:</b>	Helen Wallace – Project Manager, Major Programmes 0115 87 64965 <a href="mailto:Helen.wallace@nottinghamcity.gov.uk">Helen.wallace@nottinghamcity.gov.uk</a>		
<b>Key Decision</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<b>Subject to call-in</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Reasons:</b> <input checked="" type="checkbox"/> Expenditure <input checked="" type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision			<input checked="" type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital
Significant impact on communities living or working in two or more wards in the City			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Total value of the decision:</b> £1,472,800			
<b>Wards affected:</b> Bridge	<b>Date of consultation with Portfolio Holder(s):</b> 18 June 2015		
<b>Relevant Council Plan Strategic Priority:</b>			
Cutting unemployment by a quarter	<input type="checkbox"/>		
Cut crime and anti-social behaviour	<input type="checkbox"/>		
Ensure more school leavers get a job, training or further education than any other City	<input checked="" type="checkbox"/>		
Your neighbourhood as clean as the City Centre	<input type="checkbox"/>		
Help keep your energy bills down	<input type="checkbox"/>		
Good access to public transport	<input type="checkbox"/>		
Nottingham has a good mix of housing	<input type="checkbox"/>		
Nottingham is a good place to do business, invest and create jobs	<input checked="" type="checkbox"/>		
Nottingham offers a wide range of leisure activities, parks and sporting events	<input checked="" type="checkbox"/>		
Support early intervention activities	<input type="checkbox"/>		
Deliver effective, value for money services to our citizens	<input type="checkbox"/>		
<b>Summary of issues (including benefits to citizens/service users):</b>			
The HLF has set aside Townscape Heritage (TH) Funding to help communities to improve the built historic environment of conservation areas that are in need of investment.			
Following a successful Stage One Bid to the HLF in February 2014, Nottingham City Council secured the sum of £34,500 for the development of the Carrington Street Area Townscape Heritage Project.			
The Portfolio Holder decision dated 10 October 2014 (1687) authorised the acceptance of the funding and agreed to the HLF Round 2 Bid being worked up for submission in August 2015.			
Prior to the submission of the HLF Round 2 Bid in August 2015, the City Council is required to commit the match funding detailed within this report (Appendix D).			
<b>Exempt information:</b>			
None			
<b>Recommendation(s):</b>			
1. To approve the submission of the Stage Two Heritage Lottery Fund (HLF) bid to seek funding to the value of £682,450 and delegate authority to the Deputy Chief Executive/Corporate Director for Development and Growth to accept the grant, if successful.			
2. To agree to the City Council providing match funding of £373,375 (Appendix D) to be managed through the identified funding (paragraph 4.1), noting that further approval will be sought for between 25% and 40% match funding contributions if grant assistance is taken up for capital			

works to buildings owned by the City Council.
3. To delegate authority to the Deputy Chief Executive/Corporate Director for Development and Growth, in consultation with the Portfolio Holder for Jobs, Growth and Transport, to approve grants up to the value of £200,000 for capital works on buildings within the designated area (Appendix A).
4. To delegate authority to the Head of Development Management to approve spend and enter into any contracts that relate to the activities outlined within the activity statement attached (Appendix B).
5. To approve the budget of £131,000 to appoint a TH Project Manager, as outlined within Appendix E, noting that a separate staffing decision will be taken to establish the posts.

## **1 REASONS FOR RECOMMENDATIONS**

- 1.1 The proposals for the TH area have the potential to not only improve the physical appearance of buildings in the area, but also support the regeneration of this economically disadvantaged historic area for the benefit of local residents, workers and visitors.
- 1.2 The buildings in the TH area (Appendix A) are currently in need of investment and improvement. This TH grant scheme would act to encourage property owners to carry out work to restore the heritage character of their buildings. Both the City Council and private owners have expressed strong interest in grant funding at an anticipated rate of between 60% and 75% of any eligible capital works.
- 1.3 Prior to the submission of the Stage Two HLF bid, the City Council needs to agree match funding for the project, as outlined in Section 4 and Appendix D of this report. If the Stage Two bid is successful it will be necessary to recruit dedicated staff to project manage and deliver the project over a 5 year period.
- 1.4 The City Council is anticipating taking forward investment and improvements of its properties in the TH area. Private owners are expected to respond likewise. Discussions have confirmed that the grant would be comfortably spent on the basis of current expressions of interest.

## **2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

- 2.1 Following a successful bid to the HLF, in February 2014, Nottingham City Council was awarded a development grant of £34,500 for the purpose of the Carrington Street Area TH Project.
- 2.2 The Portfolio Holder decision dated 10 October 2014 (1687) authorised the acceptance of the funding and agreed to the HLF Round 2 Bid being worked up for submission in August 2015.
- 2.3 This led to the appointment of a TH Consultant who has worked alongside City Council officers to progress the project to the HLF Stage Two submission.
- 2.4 The proposals were developed with the repair and reinstatement of architectural features in mind, and it was deemed necessary to undertake condition surveys and cost estimates to allow the calculations of grants and understand priorities and phasing (Appendix C).
- 2.5 Sample surveys have been undertaken on 9 of the properties in the designated grant area (Appendix A), the outcome of which has been applied to the remaining

properties, and has been used to calculate the estimated cost of works and the grants available (Appendix C).

- 2.6 The initial consultation with owners and tenants, including City Council Property colleagues, has identified an interest in carrying out works with grant funding. Any applications for capital works submitted by the City Council will require further approval for match funding prior to submission of a grant application.
- 2.7 In addition to the repair and reinstatement of architectural features of buildings in the area, the project will also deliver a number of activities (Appendix B) that will enable visitors and residents to engage with the history and elegant architecture of the area and provide training opportunities in traditional skills and the development of digital resources. A consultation event was held in June 2015, during which time citizens and visitors provided positive feedback to the proposals for the area.

### **3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS**

- 3.1 Not submitting the Stage Two HLF bid for the purpose of the development of the TH Project was rejected as the City Council have already passed the first round and failure to submit would prevent an award of £682,450 grant funding from the HLF.

### **4 FINANCE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)**

- 4.1 The financial implications of the scheme proposed in this report may be summarised as follows:

	£
<b>Capital</b>	
Works to properties in TH area	1,270,100
<b>Revenue</b>	
Running costs (over 5 years)	202,700
<b>TOTAL COST</b>	<b>1,472,800</b>
<b>Financed by:</b>	
HLF Grant	682,450
Property owners match contribution	416,975
Good to Great resources	50,000
Existing Development Management Revenue Budget (over 5 years)	323,375
	<b>1,472,800</b>

- 4.2 The total scheme cost will be £1.473m of which the Council will be able to drawdown £0.682m of grant from the HLF, subject to adhering to the funding conditions. This scheme will need to be included in the refreshed capital programme.
- 4.3 If the Council progress with schemes for grant funding under this TH scheme then a 25% match contribution as a property owner of buildings would be required. This would be subject to further approval as outlined in recommendation 2.

- 4.4 The revenue expenditure will be met from existing Development Management budgets and an approved carry forward as a result of overachieved planning income in 2014/2015. Timing differences will need to be managed through reserves.
- 4.5 In order to avoid claw back of grant due to non-compliance to the HLF's grant funding conditions, the project manager will need to put in place appropriate monitoring and reporting processes. Recommendation 5 seeks approval for the budget for a project manager and administrator. A separate staffing decision will be taken to approve the establishment of the posts and the contracts of employment will need to be consistent with the project timescales.

## **5 LEGAL AND PROCUREMENT COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND INCLUDING LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)**

- 5.1 Any match funding required for grant works to buildings that are owned by the City Council will be subject to a further approval. Any such grant works, if approved, will assist in improving both the frontages of properties and restoring and protecting the historical architectural features of these buildings
- 5.2 The procurement team will support the client with any procurement exercises that need to be carried out and therefore supports the recommendations set out in this report.
- 5.3 The contract with the HLF will contain grant conditions which the City Council must ensure it can comply with; these are likely to include claw back provisions. Any grant awards must include appropriate provisions to ensure it can recover funding it has provided, where the recipient causes the City Council to repay the grants to the HLF.
- 5.4 The City Council must ensure any grants it awards are not state aid. Based on the information set out in the report this can be done by requiring recipients to make a de minimis declaration. If the recipient is unable to do so the City Council must consider whether an exemption applies such as the Heritage exemption under the General Block Exemption Regulation (GBER).
- 5.5 To mitigate the risks of claw back the City Council should ensure any procurement is undertaken in compliance with applicable procurement regulations.

## **6 SOCIAL VALUE CONSIDERATIONS**

- 6.1 The activity statement (Appendix B) identifies a number of specialist training activities and opportunities for local people.
- 6.2 The project will allow local people to shape, deliver and participate in a number of activities and events that will improve their skills and confidence.

## **7 REGARD TO THE NHS CONSTITUTION**

- 7.1 N/A



## 8 **EQUALITY IMPACT ASSESSMENT (EIA)**

Has the equality impact been assessed?

- (a) not needed (report does not contain proposals for new or changing policies, services or functions, financial decisions or decisions about implementation of policies development outside the Council)
- (b) No
- (c) Yes – Equality Impact Assessment attached

Due regard should be given to the equality implications identified in any attached EIA.

## 9 **LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)**

9.1 None

## 10 **PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT**

10.1 Delegated Decision 10 October 2014 (1687) – Authorisation to accept and spend Heritage Lottery Fund Development Grant for Carrington Area Street Townscape Heritage Scheme and appoint consultant

## 11 **OTHER COLLEAGUES WHO HAVE PROVIDED INPUT**

Jim Driver – Finance Business Partner for Development and Growth  
[Jim.driver@nottinghamcity.gov.uk](mailto:Jim.driver@nottinghamcity.gov.uk)  
0115 87 64226

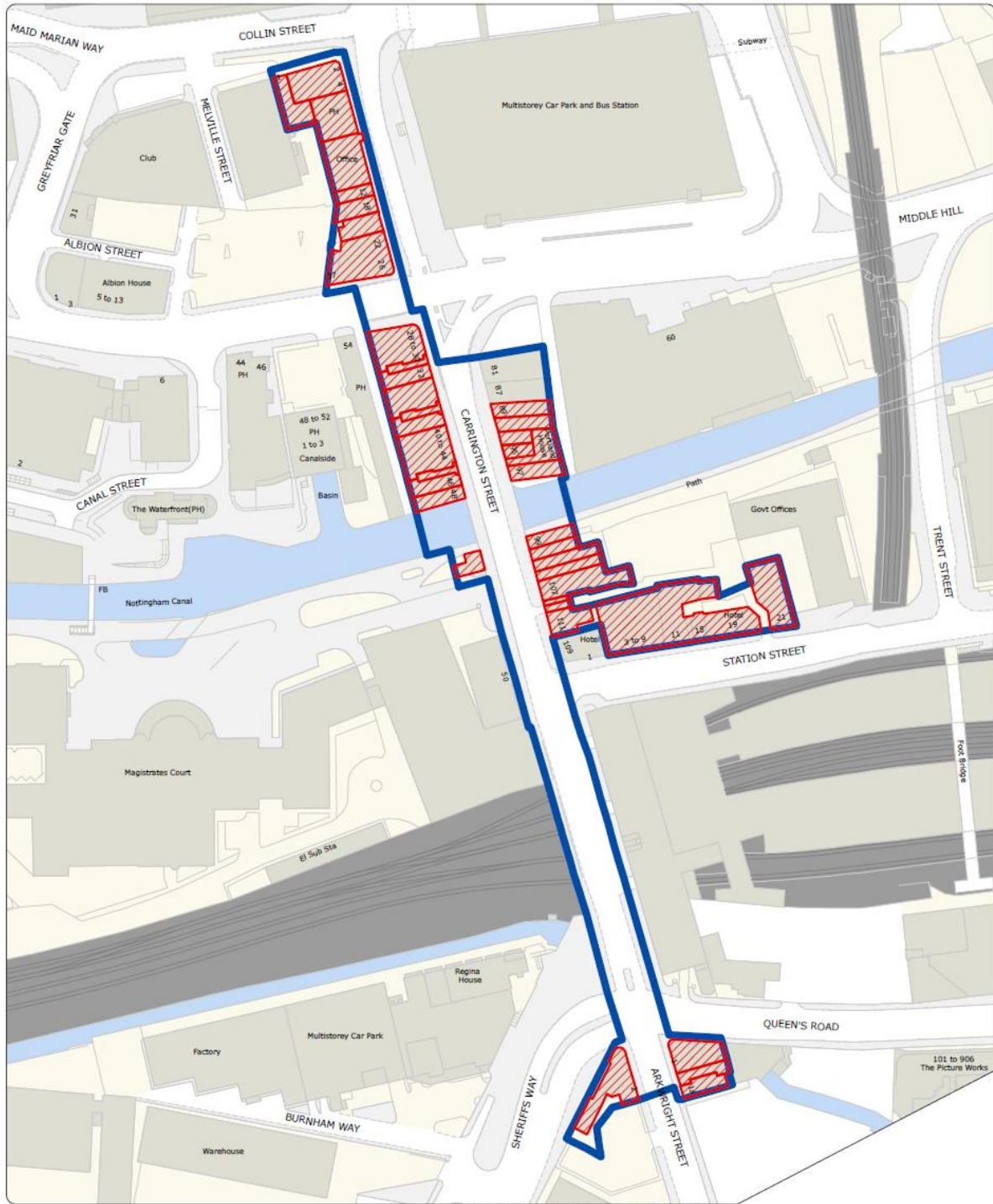
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# Appendix A – Carrington Street Area Townscape Heritage Designated Area



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## Key

-  Scheme Boundary
-  Potential Eligible Projects



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**Carrington Street Townscape Heritage Project**  
**Activity Statement**

<b>Activity: Detailed description</b>	<b>Who is the activity for?</b>	<b>What difference will it make for them?</b>	<b>Resources</b>	<b>Cost in project budget (total and for each item)</b>	<b>Timetable</b>	<b>Targets &amp; measures of success</b>	<b>Method of evaluation</b>
<p>1. Heritage walks will reveal the historic significance of the Townscape and the surrounding areas (such as the canals, landmarks and waterway usage) as a main route into the Nottingham City Centre from the South.</p> <p>1a. Interpretation Boards to be strategically located in the area, interpreting buildings and areas of specific interest (including the near-by canal) and including a link to the web page.</p> <p>1b. Interpretation of buildings of specific interest (along the walk), to be included within the new web site and providing links to other websites which share common themes and are of significant interest to those visiting the area.</p> <p>1c. Accompanying leaflet produced for display in</p>	<p>Citizens</p> <p>Visitors to the City</p> <p>Local History Groups</p> <p>Civic Society</p> <p>Local Business's</p> <p>Canal River Trust</p> <p>Volunteers</p>	<p>Visitors and local people will have a better understanding of history of the area.</p> <p>More visitors will be attracted to the area and will experience an enhanced and prolonged visit to the City.</p> <p>Ambassadors for the area will have the skills and knowledge to greet visitors to the area.</p> <p>Those who are unable to visit the area can have access to information about the heritage of the buildings and surrounding areas.</p> <p>Volunteers will enhance their knowledge of the</p>	<p>Consultation and development of tour with civic society, canal river trust and local history groups: 20 days</p> <p>Consultation with the Canal and River Trust and History Groups to identify common interpretive themes (e.g. Heritage, The Future, Landmarks): 20 days</p> <p>Design and print of literature : 10 days</p> <p>Training for guides: 10 days (5 x 2 days over project life)</p>	<p>Total £18,500 Consisting of</p> <p>The development of the tour including training. £2,500 – Project Funding (Monetary Value) £1,500 – Canal and River Trust (Match funding) £1,000 – Civic Society (Volunteers Time)</p> <p>Volunteers Expense, including celebration of success. £500 – Project Funding (monetary value).</p> <p>Design and print of promotion materials (e.g. Leaflets, Interpretation Boards (including any planning permission) £2,000 – Project Funding (monetary value) £500 – Canal and River Trust (Match Funding) £500 – Canal and River Trust (project managers time)</p> <p>Bespoke courses to offer “Welcome Training” which will assist in promoting the</p>	<p>Month 1 to 6 research and develop</p> <p>Month 7 to 12 – training (and refresh year 2, 3, 4 and 5)</p> <p>Month 12 – delivery commencement</p>	<p>3 New volunteers recruited and trained (throughout the life of the project)</p> <p>A joined up approach, with the Canal and River Trust, is developed and implemented.</p> <p>10 New people will take the tour each month</p> <p>Visitors and Citizens will be aware of the tour and engage with it</p> <p>Positive feedback from visitors and Citizens.</p> <p>Web page accessed for information</p> <p>Number of people attending “Welcome” training</p> <p>Training for guides will lead to employment</p>	<p>Online feedback form</p> <p>Feedback forms for a sample of early tours</p> <p>Match funding secured from the Canal River Trust, for the project management and implementation of the interpretation plan</p> <p>Use data available to identify number of visitors accessing web page and links.</p> <p>Quarterly feedback from businesses about the number of visitor to the area etc.</p> <p>Findings from the professional evaluation</p>

<p>the local businesses and for hand out by volunteers during heritage walks.</p> <p>1d. Recruitment and training of new volunteers, to act as ambassadors to promote the project and the area and to conduct tours.</p> <p>1e. Provide training to local businesses in the art of welcoming customers to the area and to act as ambassadors to promote the area.</p> <p>1f Use of webpage to promote the walk and seek feedback from those taking part.</p>		<p>town's history and develop skills in presenting information.</p> <p>The joined up approach with the Canal and River Trust will add a greater dimension and interest to the heritage walk and the project as a whole.</p>	<p>Delivery of the "Welcome" courses by Experience Nottinghamshire (5 x ½ days over project life)</p> <p>Vacant shop units for display purposes, provided by Nottingham City Council (Property) and Nottingham Station to promote heritage walk.</p>	<p>area and the Heritage Walks– facilitated by Experience Nottingham. (Year 1 and refresh in 2, 3, 4 and 5) £2,500 – Project Funding (monetary value)</p> <p>Volunteers Time £2,000 – (Contributions in Kind)</p> <p>Use of vacant units on Carrington Street and in the train station to promote walks and use as a potential "meet here point" £5,000 – (Contributions in kind)</p> <p>Publicity of workshops, activities and photography competition £500 – Project Costs (Monetary Value)</p>			
<p>2 Volunteers to work with Central Library, History Groups, Citizens, Civic Society and the Canal River Trust, to allow research and the collection of historical data and memories.</p> <p>2a Recruitment and training of volunteers on how to access information and research archives.</p> <p>2b Display to be located</p>	<p>Citizens</p> <p>Local History Groups</p> <p>Central Library (Local Studies)</p> <p>Civic Society</p> <p>Visitors to the City</p> <p>Canal and River Trust</p>	<p>Raise awareness of the area and the project.</p> <p>Provide skills to Volunteers to allow access to historical data.</p> <p>Citizens will have the opportunity to record their memories of the area</p>	<p>Training for volunteers - 7 days (refreshed in year 3 and 5)</p> <p>Production and design of display boards for material collected; 20 days</p> <p>Creation of</p>	<p>Total £48,000 Consisting of</p> <p>Volunteers expenses, including celebration on success. £300 – Project Funding (monetary value)</p> <p>Design and print of presentation materials and boards £1,000 – Project Funding (monetary value). £1,000 – Canal and River Trust (match funding)</p>	<p>Month 24 to 30 – research and training</p> <p>Month 31 to 36 - Prepare presentation materials</p> <p>Month 37 – 38 Materials for print and set up displays (to be refreshed through project and at one off</p>	<p>10 Volunteers recruited and trained</p> <p>50 Citizens inputting into "Memory Booklet"</p> <p>Positive feedback from visitors</p> <p>Number of displays over the life of the project</p>	<p>Feedback forms to volunteers asking for their views</p> <p>Number of hits to web site</p> <p>Number of memory booklets distributed</p> <p>Number of people engaged</p>

<p>in vacant shop on Carrington Street and vacant units within Nottingham Station, to promote the historical research of the area.</p> <p>2c Use of local venues/events/ activities, (e.g. Tourist Information Centre, Broadmarsh Shopping Centre, Archiving Facility, Train Station, Civic Society, Canal and River Trust) to display material which will raise awareness and recruit volunteers.</p> <p>2d Promotion of the newly refurbished archiving facility.</p> <p>2e. Local artists to assist with the creation of artist impressions, displays and interpretation of the research material collated for the Townscape Heritage Area.</p>	<p>Newly refurbished archiving facility</p> <p>Local artists and creative community</p>	<p>Increased footfall and numbers accessing the newly refurbished archiving facility</p>	<p>artist impressions for display and interpretation</p> <p>Production of “Memory Booklet” to capture local memories and experiences</p> <p>Project Manager to act as a link to support groups (e.g. Civic Society, Local Studies, Local History Group) allowing them to be empowered to work together and ensure that the project is sustainable in future years – ongoing</p>	<p>Promotional materials to encourage volunteers to join the research group £200 – Project Funding (monetary value)</p> <p>Introduction to archive sessions (Nottinghamshire Archives) @ £45/session – spread over a 5 year period £1,000 – Project Funding (monetary Value)</p> <p>Commissioning of artists impressions £500 – Project Funding (monetary value) £2,500 – Local Artists Based in City Buildings (Contribution in Kind)</p> <p>Cleaning, Maintenance and Safety checks to vacant City Council and Station Units, to allow safe use for displays £1,500 – Nottingham City (Match Funding)</p> <p>An allowance for the loss of rent and business rates to vacant shop over a 5 year period. £20,000 – Nottingham City (Match Funding)</p> <p>Other display spaces over the project life (see 2c) £5,000 (contribution in kind)</p>	<p>events)</p> <p>Month 39 – display commences</p>	<p>Number of people accessing the Archiving Facilities.</p> <p>Feedback from quarterly survey to businesses</p> <p>Number of local artists engaged in the creation of impressions and displays</p>	<p>Findings from the professional evaluation</p>
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				Design and print of "Memory Booklet" £5,000 – Project Funding (Monetary Value)  Volunteers Time - £10,000 (Contribution in kind)			
3. Creation and design of new website to promote the activities, history, memories and architecture of the area  3a Collation of images, booklets, interpretation leaflets, artist's impressions, research and display materials etc.  3b Provide training opportunities to volunteers on the development and maintenance of web pages.  3c Use of Social Media Tools (e.g. Twitter and Facebook) to promote project and web site. Showing twitter feed and blogs on web site.	Citizens  Volunteers  Visitors to the City  People who are outside the area  Local Societies and organisations	Will allow visitors, citizens and historians to have access to information of the area and its history.  Promotion of the Heritage Townscape Activities.  Will allow volunteers to develop their skills in the development and maintenance of the web site.  Other relevant societies and organisations will provide input into the design of the website and links to their own sites.  Opportunity for the research material (Activity	Project Manager: 5 days  Website design and set up: 20 days  Training on developing and maintaining a website: 5 days (refreshed year 3 and year 5)	Total £9,500 Consisting of  Design, development and set up of web site including year 1 hosting £2,000 – Project Funding (monetary value)  Maintenance of web site £1,000 – Volunteers Time (in kind)  Hosting of web site for year 2-5 £1,000 – Project Funding (monetary value)  Delivery of training for volunteers to maintain the web site (£500 a year) £2,500 – Project Funding (monetary value)  Volunteers Time £2,000 (contributions in kind)  Inclusion of links to site and development of materials for linked projects (e.g. Canal and River Trust) £500 – Canal and River Trust (Match Funding)	Month 3 to 6 – Create web site and prepare associated materials for initial inclusion  Month 6 to 8 – Provide training to volunteers on the setting up and maintenance of the web site  Month 9 – Volunteers/staff to commence the maintenance and updating of the website	Visitors, citizens and historians will be aware of the historical significance of the area.  Numbers attending the website training  Number of volunteers continuing to monitor and maintain website after training is completed  Number of links to other websites	Hits to website  Online feedback survey.  Head count at training sessions



		2) to have a greater purpose and an outlet for displaying and sharing.		Administration of "Crowd Control" and publications on social media sites (e.g. Twitter and Facebook) £500 – Nottingham City (Match Funding)			
<p>4. Workshop and events to identify land carry out minor maintenance works to preserve the appearance of historic buildings</p> <p>4a Guidance document produced to help identify specific part of a building that may require attention/maintenance (e.g. Apron, Chimera).</p> <p>4b A calendar of maintenance requirements (e.g. clean gutters at end of Autumn, Prune Trees in Spring etc.)</p> <p>4c Workshop to raise awareness and help identify architecture features of heritage buildings.</p> <p>4d Drop in sessions to provide hands on experience in basic maintenance skills.</p>	<p>Nottingham City Council repairs line operatives</p> <p>Property Owners</p> <p>Tenants</p> <p>Local construction students and apprentices</p> <p>Local architects</p> <p>Local artists</p> <p>"Buy With Confidence Traders"</p>	<p>Assist in providing timely maintenance to preserve the appearance of historic buildings</p> <p>Operatives, owners and tenants will be able to identify specific features of buildings</p> <p>Continuous professional development for local architects, artists and traders</p> <p>Opportunities for hands on experience in maintaining historic buildings</p>	<p>Promotion and recruitment: 20 days</p> <p>Design and print of guidance document and calendar: 20 days</p> <p>Development and delivery of Workshop: 5 days (over life of project)</p> <p>Development and delivery of drop in session: 5 days (over life of project)</p>	<p>Total £15,000 Consisting of</p> <p>Venue to deliver workshop and drop in session Match Funding – Nottingham City vacant shop (see activity 2)</p> <p>Delivery of drop in session £4,000 (SPAB – Project funding)</p> <p>Delivery of architectural workshop £4,000 – Nottingham and Derby Society of Architects (Funding in kind)</p> <p>Design and production of a calendar of maintenance and guidance document £500 – Nottingham and Derby Society of Architects (funding in kind) £500 – Local Artists (funding in kind)</p> <p>Printing Costs £5,000</p> <p>Refreshments for workshop</p>	<p>Month 12 – Commission trainer to design and deliver workshop</p> <p>Month 24 – Commission trainer to design and deliver drop in session</p> <p>Month 18 – Agree date for delivery of workshop and send out invites</p> <p>Month 20 – Deliver workshop</p> <p>Month 24- Design and produce calendar and guidance document</p>	<p>Property owners, tenants and operatives will have a better understanding of architectural terms.</p> <p>People will take more pride in their properties.</p> <p>Turnover of tenants in the Townscape Heritage Area will be reduced due to the visual appearance improving.</p> <p>More visitors and customers are attracted to the area.</p> <p>"Buy with confidence" Traders will have a greater knowledge of works to heritage buildings.</p>	<p>Feedback forms issued at the end of training session.</p> <p>Seek feedback from repairs line operatives (6 months after training) to assess success of activity.</p> <p>General observation of the area shows an improvement.</p> <p>Number count attending workshops.</p> <p>Number of vacant shops in the Townscape Heritage Area</p> <p>Findings from the professional evaluation</p>

				£500 – StoneSoup Academy (Match Funding)  Publicity of workshops, activities £500 – Project Costs (Monetary Value)			
5. Engage young people with the proposals and activities for the Townscape Heritage Project.  5a. Educational workshops and activities to raise awareness of the areas heritage, architecture and transport networks (e.g. Canals and rivers).  5b. Photography competition to capture the historic value of the area.  5c. Local Artists and architects to have input into the development and facilitation of activities/workshops for young people.  5d. Training and recruitment of volunteers to help facilitate workshops and activities	Young people  Volunteers  Schools   Voluntary Organisations (e.g. Girl Guides, Scouts)  Duke of Edinburgh Candidates  Nottm City Council Education Partnership Teams  Groups and Societies (e.g. Canal and River Trust)  Local Architects	Young people will develop an understanding of the importance of preserving the historic environment.  Provide opportunities for Volunteers to work with young people.  Young people will gain skills and knowledge to help them obtain badges/awards.  Schools will be able to enrich their schools history curriculum  Local architects and teachers will have the opportunity for continuous	Project Manager: 20 days  Consultation with partners who are assisting with the development and facilitation of workshops and activities.  Design and production of support material; 20 days  Engagement with Group Leaders to inform workshops and activities and recruit participants ; 10 days  Preparation and execution of photographic awards ceremony ; 5 days	Total Cost - £9,500 consisting of  Certificates/prizes for photography competition and course attendance - £500 – Project Funding (monetary value)  Disposable cameras for photograph competition £500 – Project Funding (monetary value)  Art Materials and artists time. £500 – Project Funding (monetary value) £2,000 – Local artist – Project Funding (monetary value)  Local Architects Time £1,000 – (funding in kind)  Materials for workshops and activities. £500 – Project Funding (monetary value) £500 – Canal and River Trust (match funding)  Volunteers Time	Month 12 to 15 - Consultation with schools and groups to shape the delivery of sessions and photography competition  Month 16 to 18 – the production of sessions and associated materials to allow delivery of session.  Month 18 to 60 – delivery of sessions to young people in the City	Engage 5 schools over the life of the project.  Engage 3 groups and societies to participate in workshops and activities  50 children take part in photography completion and display  Artwork produced during workshop to be displayed at 5 local events/venues and activities  Young people provide positive feedback on their experience.  A minimum of 3 volunteers are recruited to the activity over the life time of the project	Number count of participants at workshops, activities and photography competition  Survey form  Number of volunteers  Findings from the professional evaluation

		professional development		<p>£2,000 (Contribution in kind)</p> <p>Refreshments for workshop £500 – StoneSoup Academy (Match Funding)</p> <p>Training for volunteers £1,000 – Nottm City Council Education and Partnership Team (Monetary Value)</p> <p>Publicity of workshops, activities and photography competition £500 – Project Costs (Monetary Value)</p>			
<p>6. Family Activity Fun Day to promote the project and raise awareness of area and its historic significance, whilst providing an opportunity to recruit volunteers, celebrate and show case work.</p> <p>6a Set up a planning group to include volunteers, businesses, artists, creative community and other groups and societies.</p> <p>6b Consult to agree a theme and content for the activity fun day (e.g.</p>	<p>Citizens</p> <p>Volunteers</p> <p>Businesses</p> <p>Visitors to the area</p> <p>Schools</p> <p>Groups and Societies</p>	<p>Promote the area and raise awareness.</p> <p>More visitors attracted to the area.</p> <p>More opportunities for volunteers</p> <p>Give young people a sense of pride with their involvement of the project.</p> <p>Promote groups</p>	<p>Design and print of flyers and posters 5 days</p> <p>Setting up planning group: 10 days</p> <p>Consultation with wider community: 10 days</p> <p>Planning and promoting the event to include outcome of consultation; 30 days</p> <p>Activity Fun</p>	<p>Total £7,300 consisting of</p> <p>Planning Group Budget for activities £3,000</p> <p>Project Funding (Monetary Value) £1,000 – Canal and River Trust (Match Funding) £300 - Businesses (Match Funding)</p> <p>Hand-outs (pencils, balloons, sweets) - £500</p> <p>Project Funding (Monetary Value)</p> <p>Marketing and publicity (use of social media, press release, posters and flyers) - £500</p> <p>Project Funding (Monetary Value)</p>	<p>Month 12 to 24 – Set up planning group</p> <p>Month 24 -36 – consult on approach to day</p> <p>Month 37 to 48 – Planning and agreeing content and promotion of event</p> <p>Month 49 – Family Activity Fun Day</p> <p>Month 50 – Evaluation</p>	<p>Attendance at family activity fun day</p> <p>Positive feedback form visitor to event</p> <p>Local business has increased people visiting on that day.</p> <p>Number of people visiting areas of display (vacant shops)</p> <p>Number of publicity items distributed (e.g. balloons)</p>	<p>Head count</p> <p>Link to web site</p> <p>Survey of businesses after the event</p>

<p>window displays costumes etc.)</p> <p>6c Planning Group to agree, through a series of meetings, the structure and requirements of the day.</p> <p>6d Planning group to agree promotional materials for the day.</p> <p>6e Activity Fun Day</p> <p>6f Evaluation of the day</p>	<p>(including canal and river trust)</p> <p>Artists and creative community</p>	<p>and societies</p> <p>Opportunity to display research materials, photography completion, artwork etc.</p>	<p>Day; 1 day</p> <p>Evaluation; 1 day</p>	<p>Volunteers Time</p> <p>£2,000 – (Volunteers)</p>			
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**APPENDIX C - ESTIMATES FOR CAPITAL WORKS AND PRIORITIES  
CITY COUNCIL GRANTS**

Address	Priority	Estimated Cost £	VAT £	Total Cost £	Owner Contribution £	Grant Contribution £
28-30 Carrington St	Reserve	0	0	0	0	0
30/32 Carrington St (Entrance)	Medium	11,500	0	11,500	2,875	8,625
32 Carrington St (Subway)	Medium	30,000	0	30,000	7,500	22,500
34/36 Carrington St (CAB)	Medium	36,000	0	36,000	9,000	27,000
36/38 Carrington St (Entrance)	Medium	7,500	0	7,500	1,875	5,625
38 Carrington St (Vacant)	Medium	15,000	0	15,000	3,750	11,250
40 Carrington St (Labrokes)	Medium	18,000	0	18,000	4,500	13,500
42 Carrington St (Ecig)	Medium	18,000	0	18,000	4,500	13,500
44 Carrington St (Vacant)	Medium	18,000	0	18,000	4,500	13,500
44/46 Carrington St (Entrance)	Medium	7,500	0	7,500	1,875	5,625
46 Carrington St (JacksonQuinn)	Medium	18,000	0	18,000	4,500	13,500
48 Carrington St (Picnic Basket)	Medium	20,000	0	20,000	5,000	15,000
<b>Totals</b>				<b>199,500</b>	<b>49,875</b>	<b>149,625</b>

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**NONE CITY COUNCIL GRANTS**

Address	Priority	Estimated Cost £	VAT £	Total Cost £	Owner Contribution £	Grant Contribution £
2-4 Carrington St	Reserve	0	0	0	0	0
6-12 Carrington St (Bhatia Best)	Medium	112,000	0	112,000	28,000	84,000
18 Carrington St	High	68,000	13,600	81,600	20,400	61,200
20 Carrington St	High	64,000	12,800	76,800	19,200	57,600
22-26 Carrington St	High	163,000	32,600	195,600	78,240	117,360
89 Carrington St (Fish Bar)	Medium	17,500	3,500	21,000	5,250	15,750
91 Carrington St (Barley Twist)	Reserve	0	0	0	0	0

93 Carrington St (Greggs)	Reserve	0	0	0	0	0
95 Carrington St (Gorgeous Nails)	Reserve	0	0	0	0	0
95 Carrington St (Entrance)	Reserve	0	0	0	0	0
97 Carrington St (Bunneys)	Reserve	0	0	0	0	0
111 Carrington St	Medium	21,000	4,200	25,200	6,300	18,900
3-9 Station St	Medium	73,000	0	73,000	18,250	54,750
21 Station St (Hopkinsons)	Medium	15,000	3,000	18,000	4,500	13,500
1 Arkwright St	High	177,000	35,400	212,400	84,960	127,440
1a Arkwrigth St	Reserve	0	0	0	0	0
1b Arkwright St	Reserve	0	0	0	0	0
2 Arkwright St	High	212,500	42,500	255,000	102,000	153,000
<b>Totals</b>				<b>1,070,600</b>	<b>367,100</b>	<b>703,500</b>

Total Capital Works	<b>£1,270,100</b>
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**Carrington Street Area Townscape Heritage Project**

**Appendix D - Financial Breakdown**

**Capital Works (Broken Down in Appendix C)**

Description	Private Owners	Nottingham City Council	Nottingham City Council Future Approvals	HLF
Private Shop Owners Match Funding (Subject to take up of grant)	367,100			
NCC Match Funding - Property Services (Subject to further approval)			49,875	
Planning Services Income 2014/2015		95,000		
Planning Services Revenue Budget		228,375		
Good To Great Funding		50,000		
HLF Grant Funding				682,450
<b>Total Capital Funding</b>	<b>367,100</b>	<b>373,375</b>	<b>49,875</b>	<b>682,450</b>

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<b>Project Total</b>	<b>£1,472,800</b>
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**APPENDIX E - PROJECT RUNNING COSTS**

<b>Other Project Costs</b>	<b>Estimated Cost</b>
Project Management (subject to separate staffing decision form)	£131,300
Professional fees	£10,000
Recruitment costs	£400
Materials and equipment	£2,000
Publicity and promotion	£3,000
Travel expenses for volunteers	£2,000
Training events, community events and workshops	£25,000
Evaluation	£4,000
Development of Smartphone App, website and associated work	£5,000
Contingency Fund	£20,000
<b>Total Project Running Costs</b>	<b>£202,700</b>

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## Equality Impact Assessment Form (Page 1 of 2)

**Title of EIA/ Executive Board Report:** Approval to proceed with Heritage Lottery Stage Two Bid

**Name of Author:** Helen Wallace

**Department:** Development and Growth

**Director:** David Bishop

**Service Area:** Planning Services  
(please underline)

**Strategic Budget EIA** Y/N

**Author (assigned to Covalent):**

**Brief description of proposal / policy / service being assessed:**

To deliver a Townscape Heritage Project in the Carrington Street Area of the City. The aims of which will be to undertake capital grant works to reinstate and restore architectural features to properties in and around the Carrington Street Area.

It is proposed that the works will improve the first impressions of visitors to the City Centre, increase the footfall and provide training and development opportunities to a number of local people, businesses' and community groups. This will be undertaken through the delivery of the activity plan, which will allow a number of organised, accessible and funded activities to take place.

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the submission of the Stage Two Heritage Lottery Fund (HLF) grant is successful it will allow both the City Council to consider grant applications for capital works and commence with the delivery of the activities included within the plan.

This is a 5 year programme to which a specialist and experienced member of staff will be recruited to, which will ensure both equality and diversity is addressed when delivering activities and training events.

**Information used to analyse the effects on equality:**

Click once and type. Note any relevant consultation and who took part; refer to or hyperlink to document(s) if needed. 2<sup>nd</sup> and 3<sup>rd</sup> June 2015 (initially but more to follow during the life of the project)

	<b>Could particularly benefit</b> <b>X</b>	<b>May adversely impact</b> <b>X</b>	<b>How different groups could be affected</b> (Summary of impacts)	<b>Details of actions to reduce negative or increase positive impact</b> (or why action isn't possible)
People from different ethnic groups.	<input type="checkbox"/>	<input type="checkbox"/>	The activity plan is currently being developed and will include workshops and training for younger people. An educationalist will be appointed to work with local primary schools, secondary schools and colleges.  The project will also provide	Positive impact will be achieved by acting on the outcomes of a public consultation day (June 15) during which citizens and visitors were consulted on and provided feedback on the activities they feel would be of a benefit to them and the area.
Men	<input type="checkbox"/>	<input type="checkbox"/>		
Women	<input type="checkbox"/>	<input type="checkbox"/>		
Trans	<input type="checkbox"/>	<input type="checkbox"/>		
Disabled people or carers.	<input type="checkbox"/>	<input type="checkbox"/>		
Pregnancy/ Maternity	<input type="checkbox"/>	<input type="checkbox"/>		

People of different faiths/ beliefs and those with none.	<input type="checkbox"/>	<input type="checkbox"/>
Lesbian, gay or bisexual people.	<input type="checkbox"/>	<input type="checkbox"/>
Older	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Younger	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other (e.g. marriage/ civil partnership, looked after children, cohesion/ good relations, vulnerable children/ adults).  <b><i>Please underline the group(s) /issue more adversely affected or which benefits.</i></b>	<input type="checkbox"/>	<input type="checkbox"/>

opportunities for volunteers who have an interest in the historic significance of the Carrington Street area. Historically the volunteers have been either young people wishing to gain experience or older people who have both experience and free time to assist with research and presenting their findings.

The activities proposed are to be detailed within Activity Plan which will be submitted to the Heritage Lottery Fund (HLF). These will be delivered over the life of the project (5 years, the success of which will be measured using feedback forms, number counts, hits to the new web site and attendance of events.

Consultation has commenced with Primary Schools in the area to assist with the shaping of the activity plan. This consultation will work towards ensuring that the project will impact positively on young people by linking the proposals within the activity plan to the school's curriculum. The outcome of which will be to provide an exciting alternative environment for learning.

Groups such as the Local History Group and the Civic Society have been identified as those which would benefit from opportunities within the activity plan, and although it is not always the case, the majority of these members are older people. The chance to undertake training to access archives, assist with volunteering and producing displays are all skills and opportunities which would have a positive impact on their members.

**Outcome(s) of equality impact assessment:**

- No major change needed  •Adjust the policy/proposal  •Adverse impact but continue
- Stop and remove the policy/proposal

**Arrangements for future monitoring of equality impact of this proposal / policy / service:**

Note when assessment will be reviewed (e.g. Review assessment in 6 months or annual review); Note any equality monitoring indicators to be used; consider existing monitoring/reporting that equalities information could form part of.

As part of the Heritage Lottery Funding conditions there will be a requirement to monitor the activities delivered within the project, the frequency of which will depend on the activity. The method of monitoring and evaluation will include online feedback, number counts, questionnaires all of which will capture data relating to the protected characteristics.

**Approved by (manager signature):**

The assessment must be approved by the manager responsible for the service/proposal. Include a contact tel & email to allow citizen/stakeholder feedback on proposals. Paul Seddon

[Paul.seddon@nottinghamcity.gov.uk](mailto:Paul.seddon@nottinghamcity.gov.uk)

Telephone 0115 87 62797

**Date sent to equality team for publishing:**

Send document or link to:

[equalityanddiversityteam@nottinghamcity.gov.uk](mailto:equalityanddiversityteam@nottinghamcity.gov.uk) 7<sup>th</sup> May 2015

**Before you send your EIA to the Equality and Community Relations Team for scrutiny, have you:**

1. Read the guidance and good practice EIA's  
<http://www.nottinghamcity.gov.uk/article/25573/Equality-Impact-Assessment>
2. Clearly summarised your proposal/ policy/ service to be assessed.
3. Hyperlinked to the appropriate documents.
4. Written in clear user friendly language, free from all jargon (spelling out acronyms).
5. Included appropriate data.
6. Consulted the relevant groups or citizens or stated clearly when this is going to happen.
7. Clearly cross referenced your impacts with SMART actions.

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<b>Subject:</b>	Electoral Register – Residency Test for Access to Services		
<b>Corporate Director(s)/ Director(s):</b>	Glen O’Connell, Acting Corporate Director for Resources		
<b>Portfolio Holder(s):</b>	Councillor Graham Chapman, Deputy Leader/Portfolio Holder for Resources and Neighbourhood Regeneration		
<b>Report author and contact details:</b>	Debra La Mola, Head of Democratic Services <a href="mailto:debra.lamola@nottinghamcity.gov.uk">debra.lamola@nottinghamcity.gov.uk</a> 0115 8764292		
<b>Key Decision</b>	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<b>Subject to call-in</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Reasons:</b> <input type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision	<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital		
Significant impact on communities living or working in two or more wards in the City	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
<b>Total value of the decision:</b> Up to £25,000			
<b>Wards affected:</b> All	<b>Date of consultation with Portfolio Holder:</b> 8 July 2015		
<b>Relevant Council Plan Strategic Priority:</b> Ensuring that delivery of services is to those entitled to receive them is relevant across the Council Plan. In addition, Electoral Registration underpins democratic participation and, in turn, decision making about the provision of services and all strategic priorities			
Cutting unemployment by a quarter			<input type="checkbox"/>
Cut crime and anti-social behaviour			<input type="checkbox"/>
Ensure more school leavers get a job, training or further education than any other City			<input type="checkbox"/>
Your neighbourhood as clean as the City Centre			<input type="checkbox"/>
Help keep your energy bills down			<input type="checkbox"/>
Good access to public transport			<input type="checkbox"/>
Nottingham has a good mix of housing			<input type="checkbox"/>
Nottingham is a good place to do business, invest and create jobs			<input type="checkbox"/>
Nottingham offers a wide range of leisure activities, parks and sporting events			<input type="checkbox"/>
Support early intervention activities			<input type="checkbox"/>
Deliver effective, value for money services to our citizens			<input type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>			
<p>In delivering services to City residents, it is appropriate and sensible, as resources become ever more limited, that there is a means by which residents’ entitlement to services is established. For many Council services there is some form of link to, or requirement for, residency in the City and, currently, tests for residency vary across services. As part of the overall drive to simplify and improve customer access, the City Council wishes to introduce a test for residency which will, in future, be that, as a minimum, the applicant or recipient of a service is on the electoral register (where the citizen is eligible to be so).</p> <p>The electoral register underpins formal democratic structures and decision-making. Whilst registration levels have gradually increased in the City as a result of the application of significant resource and effort, they continue to require improvement. With the changes introduced by Individual Electoral Registration (IER) in 2014, it is especially important that focus on achieving high levels of registration is maintained. IER now makes it the personal responsibility of all those who are eligible to vote to register themselves and it is clear from experience at the recent Parliamentary and Local Elections that some citizens who intended to vote had not understood IER and found themselves unable to do so. The City Council wishes in future to ensure that all citizens have the opportunity to participate in democracy. Electoral registration is a pre-requisite of that.</p> <p>The Electoral Registration Officer (ERO) has a duty to ensure that the electoral register is</p>			

complete and accurate and must actively promote electoral registration. The ERO pursues a variety of work-streams to achieve this and the City Council must provide the necessary resources to enable the ERO to fulfil his duties. Much of the considerable annual cost of electoral registration relates to legal requirements to pursue non-responding citizens repeatedly which diverts resource which could be better used to benefit citizens through the provision of services.

To both address the residency test for access to services and support the ERO in promoting electoral registration and reducing its costs, it is proposed that, in respect of the provision of services for city residents, any existing residency tests that may normally be applicable (or ones that might be applied in future) should be that, as a minimum, the applicant is on the electoral register (if eligible to be so).

**Exempt information:**

None

**Recommendation(s):**

- 1 To agree that, where it is legally possible and practicable to do so, any existing test for residency within the City made at the point of application for Council services shall be that, as a minimum, the applicant is on the electoral register for the City if eligible to be so.
- 2 To agree that, where it is legally possible and practicable to do so, a test for residency within the City also be applied at the point of application for Council services where currently there is no check that the applicant resides either in the City or at a specific address within the City and it shall be that, as a minimum, the applicant is on the electoral register for the City if eligible to be so.
- 3 To agree that the Leader of the Council approves the final list of services to which the policy will apply.
- 4 To agree that, the residency test is implemented from 1 September 2015 with corporate and service specific communications on this issue being undertaken as soon as possible to alert City residents to this change.
- 5 To note that it is anticipated that existing government funding for IER will meet the cost of any additional temporary staff resource in Electoral Services and for corporate (and service specific communications) to launch implementation of the electoral register residency check during the period of the canvass but agrees that any shortfall be met from contingency.
- 6 To note that the first annual canvass under IER will commence with the delivery of Household Enquiry Forms to all city addresses during the week beginning 3 August 2015 and that this will run alongside promotion of electoral registration through engagement channels and activity as determined by the ERO.

**1 REASONS FOR RECOMMENDATIONS**

- 1.1 The recommendations in the report seek both to standardise and simplify residency tests that are applied to the provision of services for City residents and simultaneously facilitate sustainable improvements in electoral registration in the City (thereby supporting democratic participation and a reduction in the increasing costs of meeting the legislative requirements of IER).

**2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

- 2.1 Delivery of services or concessions and discounts on services are often linked to some form of test for residency in the City and this test can vary. Other services require no residency test yet, as resources become ever more limited, it would appear sensible to have a means by which residents' entitlement to services is established where this is appropriate and practicable.
- 2.2 Meanwhile, electoral registration in the City, which provides a simple means for the majority of citizens to establish proof of residency, is not as complete as



it should be and requires improvement. This is despite there being a requirement on citizens to (a) provide information in the annual Household Enquiry Form (HEF) in respect of which there is a criminal penalty of a fine up to a maximum of £1,000 for failure to respond and (b) to respond to the ERO's Invitation to Register (ITR), failing which the ERO may impose a civil penalty.

- 2.3 The introduction of IER in 2014 has made maintenance of a complete and accurate electoral register even more challenging and costly. IER is based on the premise that individuals take personal responsibility for their registration. A significant minority of citizens, who do not respond to HEFs or ITRs for whatever reason, are generating a level of costs (staff, printing, postage, personal canvass and engagement work) that the Executive may view as no longer sustainable especially given the budget pressures facing Council services generally and, under IER, where legislation requires that every individual be repeatedly pursued for a response, costs look set to escalate considerably.
- 2.4 A pragmatic solution to simultaneously address provision of a single residency test for access to services and promote electoral registration and reduce its costs would be to adopt a policy that, in respect of the provision of services for city residents, any existing residency tests that may normally be applicable (or ones that might be applied in future) should be that, as a minimum, the applicant or recipient is on the electoral register (if eligible to be so). Those not eligible to register to vote should be required to have responded to the HEF. This policy would be the default position for all services except where there is a legal reason or other reason agreed by the Leader of the Council which exempts services from applying a residency test based on electoral registration. The services listed in Appendix A are those currently identified as ones to which the policy is proposed to be applied though may be subject to change, whether by addition or other change, following further detailed consideration including legal advice and equality considerations. It is proposed that the Leader of the Council approve the final list of services to which the policy will apply.
- 2.5 Nottingham City Homes has also indicated that it will support the proposed policy in relation to housing allocations wherever legally possible and practicable.
- 2.6 In addition, both universities in the City have agreed to embed electoral registration into their annual student enrolment processes for the 2015/16 intake following a successful model developed by the University of Sheffield and Sheffield City Council. University students comprise a large proportion of the City's population and it is difficult to capture electoral registration information from this group for a variety of reasons not least of which is the timing of the canvass and university term times. This will both simplify the process of electoral registration and access to services / discounts for students in the City and significantly reduce registration costs.
- 2.7 The first electoral register to be compiled from a household canvass under IER will be published on 1 December 2015. In order to encourage timely registrations for the 1 December register (and reduce canvass costs), it is recommended that any electoral registration residency test is implemented from 1 September 2015. This should be preceded by, and coincide with, broad reaching corporate (and service specific) communications throughout the period of the canvass (end of July to mid November 2015) notifying citizens

that access to some services /discounts will be dependent on electoral registration. A speedy roll out of 'WebReg', (a part of the Council's electoral management software) and training to service areas on how to access the electoral register will be required together with some additional temporary resource in Electoral Services to achieve this. There is likely to be an immediate impact on services in both preparing to check the electoral register and in terms of possible delays to (or decline in) the take up of some services as applications are rejected pending a confirmed registration. This impact is difficult to predict at this juncture.

### **3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS**

- 3.1 Not to recommend this course of action. This would not achieve any simplification of residency tests or ensure a greater focus on City services for City residents. In addition, reliance on electoral registration engagement activity and ensuring that the statutory requirements of the canvass are met may not achieve the step change in electoral registration that is necessary both to ensure the ongoing completeness and accuracy of the register or to reduce the growing costs of electoral registration about which there is uncertainty as to whether they may, or may not, be funded by Central Government from 2016/17.
- 3.2 Alternatively, the course of action recommended could be altered to defer implementation of the residency check until 1 December 2015 i.e. after the register has been published. This would negate the need for additional temporary resource in Electoral Services and also allow more time for colleagues in service departments to be given access to and be trained in the use of 'WebReg'. However, whilst this would give citizens more advance notice of the changes, there is a concern that communications alone will not generate the desired response and that unregistered citizens will wait until after 1 December, and until they are denied access to services, before they register to vote.

### **4 FINANCE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)**

- 4.1 The cost to the Authority of the annual household canvass over the last 5 years (exclusive of budgeted salary costs) has been as follows:

	£
2014/15	68,989 (under IER there was no full canvass last year)
2013/14	134,619
2012/13	105,652
2011/12	102,341
2010/11	145,745

- 4.2 In 2014 following the introduction of IER there has been an increased cost to the Authority in respect of staff, printing, postage, personal canvass etc and in 2014/15 there was an extra cost of £0.237m in addition to the above. This additional cost was met through Cabinet Office Funding.
- 4.3 The proposal in this report to launch an electoral register residency test may have implications in respect of additional temporary resource required within Electoral Services as colleagues in service areas refer non registered citizens to the team. The additional resource required and its cost has yet to be established. There is, however, an uncommitted amount of £25k available from the additional funding

received from the Cabinet Office in 2014/15 that would be available to fund any additional temporary staff resource.

- 4.4 The Service has identified £25k of existing budget that will cover usual canvass communication costs including communication about implementation of the electoral register residency check during the period of the canvass.
- 4.5 The cost of this additional resource requirement needs to be established and if the above amount is insufficient an application will need to be made to Contingency to fund this shortfall. If a Contingency request is not approved any additional cost will need to be met from existing budget resources.

## **5 LEGAL AND PROCUREMENT COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND INCLUDING LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)**

- 5.1 It would be lawful in principle to use the fact that an applicant for services within the City is on the electoral register for the City of Nottingham as evidence to satisfy any existing or proposed test of residence within the City, where this is used as a pre-condition of access to certain services. However, legal advice will need to be sought in relation to all services individually where this is proposed to assess whether this is legally possible in the specific service identified. The equality implications of the proposals will also need to be assessed.
- 5.2 Colleagues given access to the electoral register to assist the ERO with his duties will need to comply with regulation 94 of the Representation of the People (England and Wales) Regulations 2001 regarding restrictions on the disclosure of information on the register.

## **6 IT COMMENTS**

- 6.1 Providing access to the WebReg system for colleagues across all services is straightforward but requires staff resource to create an, as yet, unknown number of logins.

## **7 SOCIAL VALUE CONSIDERATIONS**

- 7.1 Not applicable

## **8 REGARD TO THE NHS CONSTITUTION**

- 8.1 Not applicable

## **9 EQUALITY IMPACT ASSESSMENT (EIA)**

- 9.1 The Equality Act 2010 places a duty on Local Authorities to pay due regard to the need to:
- eliminate unlawful discrimination, harassment and victimisation, and any other conduct prohibited by the Act;
  - advance equality of opportunity between people who share a 'protected characteristic' and people who do not share it; and
  - foster good relations between people who share a protected characteristic and people who do not share it.

9.2 Decision makers have a legal responsibility to pay due regard to the equalities implications of, amongst other things, decisions to change policies.

9.3 Although at this juncture the assessment is that there could potentially be a significant equalities impact in relation to some individual services, a detailed assessment of the equalities impact of this policy in relation to individual service areas will be undertaken once participating service areas are fully confirmed and due regard will be had to this in any final decision made to include that service within the application of this policy.

**10 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)**

10.1 None

**11 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT**

11.1 None

**12 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT**

Sarah Molyneux, Legal Services Manager - tel: 0115 8764335

Sarah Wilson, Electoral Services Manager - tel: 0115 8764308

Steve Hales, Finance Analyst - tel: 0115 8764153

John Hardwick, Business Engagement Manager - tel: 0115 8763163

Jamie O'Malley, Communications Manager - tel: 0115 8763308

The following is a list of services which, either in whole or in part, are proposed at this point, to be those which will include a check for residency based on the electoral register. This list may be subject to amendment, whether by addition or other change, following further detailed consideration, including legal advice and equality considerations, and it is proposed that the Leader of the Council approve the final list of services to which the policy will apply:

### **In Scope**

- Arts Development (via City Card)
- Bike hire
- Blue Badge Scheme
- Bulky Waste
- Car parking – on and off street
- Concessionary and Discounted Fares (via City Card)
- Discretionary Hardship Scheme
- Energy Services
- Estates- Commercial Lettings
- Fishing (Colwick)
- Homelessness Gateway
- Jobs Hub and Step into Work
- Leisure ( via City Card)
- Libraries ( via Library or City Card)
- Markets and Fairs
- Meals at Home
- Museums and Galleries ( via City Card)
- NCH – allocations
- Outdoor events booking
- Passenger Transport Services
- Pest control
- Pitch and Putt
- Preventative Adaptations
- Private Sector Housing options
- Replacement Bins and Assisted Bin Pull Outs
- Retail and other non transport discounts via City Card
- Residents Parking
- Trading Standards
- Traffic Management – requests for Residents Parking Schemes and Pedestrian Crossings
- School Admissions
- Sport
- Welfare Advice

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<b>Subject:</b>	Royal Centre Transformation Project – Arts Council England Bid		
<b>Corporate Director(s)/ Director(s):</b>	John Kelly, Corporate Director for Community Services Hugh White, Director of Sport and Culture		
<b>Portfolio Holder(s):</b>	Councillor Dave Trimble, Portfolio Holder for Leisure and Culture		
<b>Report author and contact details:</b>	Robert Sanderson, Managing Director of Theatre Royal and Royal Concert Hall 0115 8985528 <a href="mailto:robert.sanderson@nottinghamcity.gov.uk">robert.sanderson@nottinghamcity.gov.uk</a>		
<b>Key Decision</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<b>Subject to call-in</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Reasons:</b> <input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision			<input type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital
Significant impact on communities living or working in two or more wards in the City			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Total value of the decision:</b> £3.22m			
<b>Wards affected:</b> Arboretum	<b>Date of consultation with Portfolio Holder(s):</b> 12 May 2015		
<b>Relevant Council Plan Strategic Priority:</b>			
Cutting unemployment by a quarter	<input type="checkbox"/>		
Cut crime and anti-social behaviour	<input type="checkbox"/>		
Ensure more school leavers get a job, training or further education than any other City	<input type="checkbox"/>		
Your neighbourhood as clean as the City Centre	<input type="checkbox"/>		
Help keep your energy bills down	<input type="checkbox"/>		
Good access to public transport	<input type="checkbox"/>		
Nottingham has a good mix of housing	<input type="checkbox"/>		
Nottingham is a good place to do business, invest and create jobs	<input checked="" type="checkbox"/>		
Nottingham offers a wide range of leisure activities, parks and sporting events	<input checked="" type="checkbox"/>		
Support early intervention activities	<input type="checkbox"/>		
Deliver effective, value for money services to our citizens	<input checked="" type="checkbox"/>		
<b>Summary of issues (including benefits to citizens/service users):</b> Nottingham Theatre Royal and Concert Hall (NTRCH) has been successful in a Stage 1 application to Arts Council England (ACE) for its Royal Centre Transformation Project. The project will further develop the use of the Theatre Royal and Concert Hall by improving its facilities to increase its day time usage, whilst allowing it to continue to attract world class events to the venue. A Stage 2 bid has been developed which is now due for submission which, if successful, will release a further £1.491m of grant funding for the project, to add to the £117,000 of funding for the project which has previously been provided by ACE as part of the development process. The cost of taking the project from Stage 2 to completion will be £3.22m			
<b>Exempt information:</b> An appendix to this report (Appendix A) is exempt from publication under paragraph 3 of Schedule 12A to the Local Government Act 1972 because it contains information relating to the financial or business affairs of any particular person (including the authority holding that information and, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. It is not in the public interest to disclose this information because it could pose a risk to the commercial running of the NTRCH			
<b>Recommendation(s):</b>			
<b>1</b> To submit a Stage 2 bid to ACE for the Royal Centre Transformation Project			
<b>2</b> To delegate authority to the Corporate Director for Community Services to accept any funding from ACE and sign the associated Funding Agreement.			
<b>3</b> To commit £328,000 for project and design team fees for the remainder of the project and			

delegate authority to the Corporate Director for Community Services to extend appointments and enter any further agreements to appoint to the project and design team as required.

4 Subject to the ACE bid being successful:

- (a) approve a Council contribution of £1.73m as match funding for the Royal Centre Transformation Project;
- (b) amend the Capital Programme to include the Royal Centre Transformation Project;
- (c) procure a building contractor and delegate authority to the Corporate Director for Community Services to enter into a contract up to the value of £2.893m.

## **1 REASONS FOR RECOMMENDATIONS**

- 1.1 To allow for the submission of an ACE bid for the remaining £1.491m of a total application of £1.608m of funding towards a £3.22m transformation project.
- 1.2 An extension to the appointments of the project team will cover the period between the submission of the bid and the announcement of whether the bid has been successful, whilst allowing additional resource to be brought in if required, as long as this remains within the overall budget. This will allow the project to continue over the evaluation period, prepare for the procurement of a building contractor and prepare for enabling works to take place in the Box Office and Kiosk. A second extension will be made to cover the period from the announcement for the remainder of the project should the scheme progress.
- 1.3 Adding the scheme to the Capital Programme will commit the Council to funding its share of the development costs.

## **2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

- 2.1 NTRCH has received Stage 1 approval for its bid from ACE for the Royal Centre Transformation Project. Since that point the Council have been developing a Stage 2 submission in order to submit a final bid, which if successful, would release £1.491m of grant funding. This added to the non-returnable Development Grant previously released by ACE of £117,000, to develop the Stage 2 submission will bring the total value of the funding released through this process to £1.608m.
- 2.2 The aim of the project is to further develop the use of NTRCH to enhance it as Nottingham's flagship arts venue capable of providing high quality facilities for world class arts programming.
- 2.3 The essence of the project is to enable the building to flourish as a daytime facility which would be open for a wide variety of users which would supplement its current, predominantly night time offer, and make an even greater contribution to the life and daytime economy of the City Centre.
- 2.4 The project's principal objectives are to:
  - dramatically improve the building façade and streetscape on Foreman Street by creating a striking new two story canopy providing a new entrance to the Theatre Royal and the Concert Hall;
  - restore and make a feature of the roof terraces;
  - improve and remodel the Box Office and Concert Hall entrance foyer;
  - modernise the NTRCH's meeting and function rooms to improve income generation and extend the range of groups who can use them;
  - provide better rehearsal space for local arts and community groups;
  - refurbish all the Concert Hall bars and catering areas.



- enlarge and improve the current café/bar into a modern, attractive, all day space.
- 2.5 The delivery of this investment will lead to the potential to increase the use of NTRCH during the daytime so that it can reach wider audiences and participants, expand its community and education programme, and improve the rehearsal spaces available to local and visiting groups.
  - 2.6 In addition to this the project will also increase NTRCH's financial resilience by creating more income generating opportunities through the creation of additional lettable space and improved catering facilities.
  - 2.7 The project was successful in securing a Stage 1 approval from ACE for the project which is, in total, forecast to cost £3.467m, with £247,000, being incurred in development costs, which were previously approved under Delegated Decision 1684.
  - 2.8 A Stage 2 application is due to be submitted in September and, if successful, will lead to the release of the remaining grant of £1.491m from ACE and allow the remaining works, which are forecast to cost £3.22m between the submission of the Stage 2 application and the completion of the project. The remaining funding will be provided by the City Council.
  - 2.9 Once the Stage 2 submission is submitted it will be reviewed by ACE, a process which normally takes between 12 and 14 weeks, after which the Council will be notified as to whether the bid has been successful.
  - 2.10 In the interim period the Council intends to retain the project and design teams, to be further supplemented by the use of the Council's Major Programmes team, to continue developing the project and start to prepare for the procurement process, so momentum is not lost should the bid be successful. This will allow the project to remain on track to deliver the project by the autumn of 2017. The project team will also commence enabling works on the Box Office and Kiosk (£41,000), which will allow designs to be completed and tendered in time for the full works to go ahead in these areas in the summer of 2016, should the ACE bid be successful, so as to incur the minimum amount of disruption to NTRCH's activities.
  - 2.11 The procurement process for the appointment of the project team allows for an extension, should the bid be successful.
  - 2.12 To support the intention to maintain momentum on the project a pre-application presentation with Planning has been scheduled for 12 August 2015, with the intention of seeking final planning permission in September 2015.

### **3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS**

- 3.1 Not submitting the Stage 2 bid was rejected as it would mean that abortive costs would have been incurred and the opportunity to secure £1.6m of external funding to be used to improve the cultural and educational offer from NTRCH would be lost, along with the chance to increase its financial resilience.

### **4 FINANCE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)**

- 4.1 The financial implications of this report are contained in the exempt appendix A.

## **5 LEGAL AND PROCUREMENT COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)**

- 5.1 The two key risks associated with the project and cost certainty at this stage concern the age and use of the building. The project involves working in an operational building and the ability to do works is restricted to times in which those works can be both safely carried out and not impact on performances and rehearsals. Extensive planning has taken place to ensure that suitable time slots can be identified during which contractors can carry out works and these time slots will be enshrined in any contractual documentation entered into to deliver the project. However, there remains a risk that should there be delays to the programme, or if any of these timeslots no longer become available, that the project may incur additional costs due to either compensation events raised by the contractor or further loss of income to NTRCH.
- 5.2 The costings on which the bid is based do include a number of allowances for various site conditions, which have been prepared by the project's advisors based on the best current information available to them. In addition to this the architects have tried to manage these risks through the design process through reviews of existing surveys and choice of construction methods. The risk around the levels of these allowances being correct will remain with the City Council, which could, if they later prove to be different to the forecast, lead to either additional cost or savings to the scheme depending on the final cost.
- 5.3 If the City Council is successful in its bid, the Stage 2 award will be subject to a grant funding agreement which is likely to include conditions specifying monitoring and reporting on expenditure and provisions which may oblige the City Council to repay funding, for example, in the event of lack of progress. The City Council should, where possible, include provisions in its agreements with its delivery partners which enable the City to recover any funding it must repay to the Arts Council. The appointment of contractors and advisers to the project must be undertaken in accordance with the City Council's Financial Regulations and applicable EU procurement regulations. The funding agreement with the Arts Council may include additional procurement obligations which will need to be complied with.
- 5.4 The Arts Council will need to ensure the payment of the grant to the City Council is not state aid. The City Council should discuss with the Arts Council the available exemptions from state aid and agree whether it is necessary to make any notification under the state aid block exemption for heritage and cultural conservation.

## **6 SOCIAL VALUE CONSIDERATIONS**

- 6.1 The recommendations will improve the fabric of NTRCH and create additional spaces which will be used not only to continue to attract a world class cultural offer to the city, but also to expand NTRCH's community and education programmes

## **7 REGARD TO THE NHS CONSTITUTION**

- 7.1 N/A.

**8 EQUALITY IMPACT ASSESSMENT (EIA)**

Has the equality impact been assessed?

- (a) not needed (report does not contain proposals for new or changing policies, services or functions, financial decisions or decisions about implementation of policies development outside the Council)
- (b) No
- (c) Yes – Equality Impact Assessment attached

Due regard should be given to the equality implications identified in any attached EIA.

**9 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)**

None

**10 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT**

Delegated Decision 1367 - Arts Council England Stage 1 Funding Application for a grant of £1.492m towards a range of works, 6/3/14

Delegated Decision 1684 - Nottingham Theatre Royal and Concert Hall Arts Council England, Stage 2 Grant Submission 8/10/14

**11 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT**

Richard Beckett, Acting Head of Service, Major Programmes  
Andrew James, Solicitor  
Steve Ross, Finance Analyst

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## Equality Impact Assessment Form (Page 1 of 2)

**Title of EIA/ DDM:** Royal Transformation Project – Arts Council England Bid  
**Department:** Development  
**Service Area:** Major Programmes  
**Author (assigned to Covalent):**

**Name of Author:** Sarah Lake  
**Director:** David Bishop  
**Strategic Budget EIA Y/N (please underline)**

**Brief description of proposal / policy / service being assessed:**

Following a successful Stage 1 bid to the Arts Council England (ACE) the City Council have developed a Stage 2 submission which if successful will release £1.41m of grant funding from ACE to further develop the use of Nottingham Theatre Royal and Concert Hall. The project's principle objectives are to increase the use of the building as a daytime facility, improving and remodelling the Box Office and entrance foyer, modernising the meeting and function rooms, providing better space for arts and community groups with improved lift access to upper floors, refurbishing the Concert Hall bars and catering areas, restoring the roof terraces, and improving the building façade and streetscape on Foreman Street by creating a new two storey canopy providing a new entrance to both the Theatre Royal and Concert Hall.

**Information used to analyse the effects on equality:**

Consultation with staff, visitors, centre users and report undertaken by Focus Consultants as part of their Option Appraisal and Feasibility Study for the Royal Transformation Project.

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	<b>Could particularly benefit</b> <b>X</b>	<b>May adversely impact</b> <b>X</b>	<b>How different groups could be affected</b> (Summary of impacts)	<b>Details of actions to reduce negative or increase positive impact</b> (or why action isn't possible)
People from different ethnic groups.	<input type="checkbox"/>	<input type="checkbox"/>	Will improve access for both public and performers  Overall <ul style="list-style-type: none"> <li>If the bid is successful and the works are undertaken they will create a better environment for the public. This will include improved public access with improvements to the entrance and box office areas, reducing problems with congestion around the building by removing the bottlenecks identified by the consultation; it will also provide improved access</li> </ul>	
Men	<input type="checkbox"/>	<input type="checkbox"/>		
Women	<input type="checkbox"/>	<input type="checkbox"/>		
Trans	<input type="checkbox"/>	<input type="checkbox"/>		
Disabled people or carers.	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Pregnancy/ Maternity	<input type="checkbox"/>	<input type="checkbox"/>		
People of different faiths/ beliefs and those with none.	<input type="checkbox"/>	<input type="checkbox"/>		
Lesbian, gay or bisexual people.	<input type="checkbox"/>	<input type="checkbox"/>		
Older	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Younger	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Other (e.g. marriage/ civil partnership, looked after children, cohesion/ good relations,	<input type="checkbox"/>	<input type="checkbox"/>		

vulnerable children/ adults).

***Please underline the group(s) /issue more adversely affected or which benefits.***

throughout the building with improved lift facilities to upper floors and improved signposting throughout.

- The proposal meets the Public Sector Equality Duty for promoting equality of opportunity particularly for disabled people.
- Procurement processes might prevent a diverse pool from benefiting from opportunities.

- SME's and businesses from diverse communities will be actively encouraged to bid through an open and transparent process.

**Outcome(s) of equality impact assessment:**

- No major change needed  •Adjust the policy/proposal  •Adverse impact but continue
- Stop and remove the policy/proposal

**Arrangements for future monitoring of equality impact of this proposal / policy / service:**

The Equality Impacts will be reviewed on an ongoing basis by the Project Team to assess any changes that may have positive or negative impacts. There will also be a review at the conclusion of the works to ensure that there are no remaining issues that need addressed.

**Approved by (manager signature):**

Richard Beckett, Acting Head of Major Programmes

[Richard.beckett@nottinghamcity.gov.uk](mailto:Richard.beckett@nottinghamcity.gov.uk)

0115 8763406

24/06/15

**Date sent to equality team for publishing:**

24/06/15

**Before you send your EIA to the Equality and Community Relations Team for scrutiny, have you:**

1. Read the guidance and good practice EIA's  
<http://www.nottinghamcity.gov.uk/article/25573/Equality-Impact-Assessment>
2. Clearly summarised your proposal/ policy/ service to be assessed.
3. Hyperlinked to the appropriate documents.
4. Written in clear user friendly language, free from all jargon (spelling out acronyms).
5. Included appropriate data.
6. Consulted the relevant groups or citizens or stated clearly when this is going to happen.
7. Clearly cross referenced your impacts with SMART actions.

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<b>Subject:</b>	Nottingham Castle and future management arrangements for the Museum and Gallery Services		
<b>Corporate Director(s)/ Director(s):</b>	John Kelly, Corporate Director for Community Services Hugh White, Director of Sports, Culture and Parks		
<b>Portfolio Holder(s):</b>	Councillor Dave Trimble, Portfolio Holder for Leisure and Culture		
<b>Report author and contact details:</b>	Nigel Hawkins, Head of Culture and Libraries 0115 8764969 <a href="mailto:nigel.hawkins@nottinghamcity.gov.uk">nigel.hawkins@nottinghamcity.gov.uk</a>		
<b>Key Decision</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<b>Subject to call-in</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Reasons:</b> <input type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision			<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital
Significant impact on communities living or working in two or more wards in the City			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Total value of the decision: £150,000</b>			
<b>Wards affected:</b> All		<b>Date of consultation with Portfolio Holder(s):</b> 19 June 2015	
<b>Relevant Council Plan Strategic Priority:</b>			
Cutting unemployment by a quarter			<input type="checkbox"/>
Cut crime and anti-social behaviour			<input type="checkbox"/>
Ensure more school leavers get a job, training or further education than any other City			<input type="checkbox"/>
Your neighbourhood as clean as the City Centre			<input type="checkbox"/>
Help keep your energy bills down			<input type="checkbox"/>
Good access to public transport			<input type="checkbox"/>
Nottingham has a good mix of housing			<input type="checkbox"/>
Nottingham is a good place to do business, invest and create jobs			<input type="checkbox"/>
Nottingham offers a wide range of leisure activities, parks and sporting events			<input checked="" type="checkbox"/>
Support early intervention activities			<input type="checkbox"/>
Deliver effective, value for money services to our citizens			<input checked="" type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>			
<p>The report seeks approval for the Council to consider the future Management of Nottingham Castle and the possibility of transferring it to a not for profit organisations (such as a Trust), whilst retaining the management of the remaining Museum and Gallery Services in-house.</p> <p>This decision has partly arisen due to the requirements needed in order to help determine the Nottingham Castle Phase 2 Heritage Lottery Fund (HLF) submission being worked on, and brings back to the Executive Board future management and governance considerations initially outlined within the Nottingham Castle HLF submission report brought to the Executive Board on 19 November 2013.</p> <p>In the previous report it was clearly stated that the Nottingham Castle development scheme would only be financially viable if the Castle was to be operated by a non-profit distributing organisation, due to contingent VAT liabilities that the Council would become responsible for if it was to remain both the developer and operator for a redeveloped Nottingham Castle site.</p> <p>The issue has arisen due to statutory partial exemption which limit the amount of VAT a Local Authority can recover on its exempt activities. Castle income is 47% exempt as it has exercised cultural exemption on its admissions. Therefore any significant capital expenditure on any asset the Council owns that gives rise to exempt supplies needs to be carefully managed. Due to the size and scale of this development the Council is unable to manage its partial exemption position on the Castle development, and stay within the allowed limits for VAT recovery. The Cultural VAT exemption designation is a valuable concession for the City Council as it enables the Council to retain 100% of its admission income from Cultural, Leisure and Heritage trading without needing to return the required VAT element to HMRC.</p>			

In order to determine the most cost efficient operating model for Nottingham's Museum and Gallery Service, including Nottingham Castle, Focus Consultants Ltd were engaged to undertake an outline business modelling exercise to help determine the most cost efficient service delivery models by which the Museum and Gallery Service could be operated in the light of the Cultural VAT exemption issue.

**Exempt information:**

An appendix to the report is exempt from publication under paragraph 3 of Schedule 12A to the Local Government Act 1972 because it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) and, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. It is not in the public interest to disclose this information because it could prejudice future negotiations around the selection of operators for the Nottingham Castle service.

**Recommendation(s):**

- 1 To note that the recommendations are put forward, in part, to support the current Stage Two HLF bid work for the development of Nottingham Castle, the largest heritage development project in the UK, as well as the entire City Museum and Gallery Service.
- 2 To approve commencing a process of transfer for Nottingham Castle to a suitable not-for-profit organisation(s), to become the future management operator and to retain the rest of the Museum and Gallery Service in house.
- 3 To approve the development a Full Business Case (FBC) to support this process and to report back to Executive Board if the option agreed falls outside of the Council's current Medium Term Financial Plan, in line with Focus Consultants options appraisal report findings
- 4 To grant dispensation from Contract Procedure Rule 5.1.2, in accordance with Financial Regulation 3.29, to appoint specialist advisers for legal, finance and VAT, as required to support the development of the FBC and the operator selection process including the required full contract and legal documentation.
- 5 To delegate authority to the Corporate Director for Community Services, in liaison with the Portfolio Holder for Leisure and Culture, to negotiate suitable, lease, contract and terms and conditions with selected organisation(s) to best support the long term sustainability of the City's cultural offer and best protect Nottingham City Council and citizens interests.
- 6 To commit up to £0.150 million as funding towards supporting this FBC and selection process and the appointment of specialist advisers as set out in the exempt appendix and section 5 of this report.
- 7 To note that through any negotiations, ownership of Nottingham Castle and its museum collections displayed within, remain the property of Nottingham City Council on behalf of its citizens.

**1 REASONS FOR RECOMMENDATIONS**

- 1.1 To enable the authority to implement the changes recommended in the Options Appraisal commissioned from Focus Consultants Ltd to assist the Council determine the most cost and tax efficient future delivery models for the operational management of the Council's current Museum and Gallery Service.

**2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

- 2.1 In March 2015, Nottingham City Council appointed Focus Consultants Ltd to undertake an Options Appraisal to assess alternative governance models for the Nottingham Museum and Gallery Service.
- 2.2 The purpose of the commission was to identify and assess the options available for the future delivery of the City Council's Museum and Gallery

Service in order to provide the most tax efficient and economically viable model of operations in order to meet local and national aspirations, funder and stakeholder agreements around the future delivery of Nottingham's well regarded Museum and Gallery Service.

2.3 The need for the work is driven by the proposed redevelopment of Nottingham Castle for which the Council secured a Stage 1 pass from the HLF in 2014.

2.4 Many Local Authority run cultural services are now exploring the benefits that derive through managing its services in different ways and looking at governance models that enable it to optimise income, reduce costs and encourage entrepreneurial activity. Cities or areas that have already transferred all or parts of their museum services out of the Local Authority control include York, Sheffield, Luton, Bristol, Birmingham and Derby.

2.5 The scope of the appraisal commissioned was:

- to review the existing service delivery within Culture and Sports for the management and operation of its Museum and Gallery Service, including all aspects of collections management, learning, community engagement and other identified services e.g. the impact on Parks and Open Spaces Service;
- to identify existing models of service delivery in the museum sector that could inform the recommended approach, and assess their advantages and disadvantages;
- to assess the business viability for each alternative delivery model identified;
- assess potential financial impact in running the service in different management models.

### **3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS**

3.1 The options appraisal considered a wide range of different configurations on the way the service could be managed in order to assess potential impacts this might have for the City Council and the future management of the Service. This included:

1. remain in house;
2. transfer ALL of Nottingham Museum and Gallery Service to a not for profit company (charitable Trust);
3. Nottingham Castle to just transfer to a not for profit company, with the remainder services being managed in-house;
4. integration with an existing third party / established Trust
5. contract out with a commercial private sector operator.

3.2 All of the options were scored against a detailed list of criteria which determined that options 2 and 3 best met Nottingham City Council's requirements.

3.3 The difference in the business case for each was marginal, However, Option 3 is preferable to be pursued due to the step change that the Nottingham Castle Development now requires. This would enable a successful operator to focus exclusively upon delivering the improvement and development outputs being sought from the Nottingham Castle redevelopment and not dilute attention upon the other important heritage assets, which offer a varied and different cultural offer in the City.

#### **4 FINANCE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)**

4.1 In exempt appendix.

#### **5 LEGAL AND PROCUREMENT COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND INCLUDING LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)**

5.1 The appointment of the operator of the Castle must be undertaken in accordance with applicable procurement rules. The rules which apply will depend on the type of contract to be offered to the operator. The procedural requirements to award a concession contract are less onerous than a services contract. In either case the contract opportunity will need to be advertised and a selection process undertaken.

5.2 The Legal Services Team will agree with the project team the most suitable external legal advisers for the project depending on the required level of expertise and experience in this particular field of work.

5.3 Early consideration should take place regarding the employment implications, in particular regarding the potential transfer of City Council employees to a new provider by operation of the Transfer of Undertakings (Protection of Employment) Regulations 2006 ('TUPE'), together with the requirement on the Council under the Best Value Authorities Staff Transfers (Pensions) Direction 2007 ('2007 Direction') to require an incoming provider to provide pension protection to transferring employees by way of ongoing access to the Local Government Pension Scheme ('LGPS') or scheme certified by the Government Actuary's Department as broadly comparable to LGPS.

5.4 Any planned timetable for transfer should include:

- identification of current LGPS pension deficit (to inform decision as to steps to be taken regarding pension deficit; and
- suitable consultation in accordance with requirements of TUPE.

#### **6 HUMAN RESOURCES CONSIDERATIONS**

6.1 If the Council were to consider a different operating model, then it is likely that TUPE regulations would apply to the employees whose posts are linked to duties or activities of the service that is transferring. TUPE provides protection of terms and conditions of employment when employees transfer to a new employer, so that any employee affected by a potential transfer does not suffer a detriment to their pay and conditions of employment. This would require the service to undertake an assessment of roles, duties and time spent at each site to determine who may be 'in scope' in relation to any potential transfer under TUPE.

6.2 This also extends to Pension terms, where any new organisation would be required to provide a pension scheme that is broadly comparable to the one that employees currently enjoy. Given the complications in finding a broadly comparable scheme to the LGPS and the assessments required from the Government Actuary Department to assess comparability, the preferred option would be for any new provider to operate with Admitted Body Status to the County Scheme. Any broadly comparable scheme would require a current, valid comparability certificate, issued by GAD.

- 6.3 Pension records are currently being verified ready for completion of an actuary assessment for pensions. It is unlikely that this assessment to identify pension liabilities (deficit) along with future employer costs will be available until after the Executive Board decision. Once the actual pension liabilities have been notified by the actuary then a further decision would be required as to how this is dealt with upon transfer to any new organisation.
- 6.4 All of the above would require the service to undertake a period of consultation with employees and their representatives in relation to the transfer and its implications.

## **7 SOCIAL VALUE CONSIDERATIONS**

- 7.1 Founded in 1878, Nottingham City Museum and Gallery Service was the earliest municipal museum service founded outside of London. It was established with the opening of the Nottingham Castle Museum and Art Gallery on 3 July 1878 to inspire the public and local textile manufacturers with high quality design by collecting and displaying the best arts and crafts from around the world.
- 7.2 Since it was founded Nottingham City Council Museum and Gallery Service has undergone fundamental changes, and this continues to be the case today.
- 7.3 The service continues to flourish nationally and the numbers of partners and national organisations seeking new collaborations is growing. Visitor numbers and income generation across the Service is growing and had helped to meet the challenges of the economic environment over recent years.

## **8 REGARD TO THE NHS CONSTITUTION**

- 8.1 N/A

## **9 EQUALITY IMPACT ASSESSMENT (EIA)**

Has the equality impact been assessed? (Stephen Chartres is preparing)

- (a) not needed (report does not contain proposals for new or changing policies, services or functions, financial decisions or decisions about implementation of policies development outside the Council)
- (b) No
- (c) Yes – Equality Impact Assessment attached **X**

Due regard should be given to the equality implications identified in any attached EIA.

## **10 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)**

- 10.1 None

## **11 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT**

- 11.1 Executive Board Report – Submission of Heritage Lottery Fund Bid (Stage 1) – published 20 November 2012.
  
- 11.3 Executive Board Report - Nottingham Castle – Re-submission of Heritage Lottery Fund Bid - published 19 November 2013
  
- 11.4 Focus Consultants – Options Appraisal Study dated June 2015 - In Exempt Appendix

## **12 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT**

Andrew James – Team Leader, Commercial & Contracts, Legal  
Sue Oliver – Category Manager Construction & Major Projects, Procurement  
Paul Slater – Service Re-design Consultant, HR  
Tina Adams – Finance Manager, Capital & Tax, Finance  
Steve Ross – Finance Analyst, Finance  
Richard Hamblin – Castle Project Director, Castle Museum  
Hugh White – Director, Sport & Culture

## Equality Impact Assessment Form (Page 1 of 2)

**Title of EIA/ DDM: Future Management of Nottingham Museums Service**

**Department: Communities**

**Service Area: Sport & Culture**

**Author (assigned to Covalent): Stephen Chartres**

**Name of Author: Stephen Chartres**

**Director: Hugh White**

**Strategic Budget EIA Y (please underline)**

### **Brief description of proposal / policy / service being assessed:**

The Council is to consider the transfer of the management for Nottingham Castle into a not for profit Trust operation. This being considered in the context of the Nottingham Castle Development Scheme due to a contingent VAT liability, that the Council would become responsible for, as a result of the re-development taking place. The City Council considers this the best opportunity to ensure a sustainable service for the Council, with a clear focus on a step change for the Nottingham Castle offer.

### **Information used to analyse the effects on equality:**

In assessing the impact of the proposal, information relating to profile of visitors has been used. This has been gathered from the most recent biennial (2014) Museums visitor survey and a summary analysis is outlined below.

Whilst the proposal may have an impact on all users, in that visitors will need to continue to access the service and activities under a new operator, this will not be at the detriment or disadvantage to a single group or groups as defined by this assessment. Through the proposal the City Council will retain ownership of the heritage buildings, and in any contract negotiations will ensure that an equivalent service is maintained. In the case of the Castle, as a result of the investment, this should provide enhanced access and opportunities for specific groups as outlined below.

The data shows the following:

**People from different ethnic backgrounds:** 12% of total visitors are from different ethnic groups. This is low compared to the non-white population for Nottingham of almost 25%, but is in line with visitor profile of other museum Heritage sites nationally.

**Men, Women:** The visitor survey indicates that 59% of visitors are female and 41% are male. This closely mirrors the Citywide profile of 62% Female and 38% Male. There is no information available of Maternity / pregnancy related visitors

**Disabled people and carers:** 9% of visitor are by disabled people – this has increased by 5% from 2012. Where possible the museum Service has improved accessibility for customers, given the limitations associated with Heritage / listed buildings. The Castle developments in particular will see accessibility improvements to the surrounding areas of the Castle and any alterations will take into account current DDA requirements and provide more accessible spaces

**Employees:** HR advice, guidance and good practice, shall be adhered to in respect of employees potentially placed at risk as a result of these proposals in line with policies such as the On Merit procedures and legislative protection under Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE).

	Could particularly benefit X	May adversely impact X	How different groups could be affected (Summary of impacts)	Details of actions to reduce negative or increase positive impact (or why action isn't possible)
People from different ethnic groups.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The development work at the Castle will include much improved technology which will benefit all ethnic groups through the ability to communicate in a variety of languages. Additional to this the improvement of signage will allow much easier orientation of the Castle site</p> <p>Improved accessibility will be included as part of the Castle Developments. Proposals include the provision of a lift to allow access from Brewhouse Yard to the Castle Grounds, which are currently accessed on foot by a step pathway. Other works to the Grounds will include improvements to pathways and the provision of ramps. The New Visitor Welcome Centre will be built in accordance with building regulations and provide improved reception access for disabled people and carers</p> <p>A key focus from the Heritage Lottery fund (the main funder for the Castle Development Project) is on Education. The improvements to the gallery space and the handling areas will impact on people from all generations. Specifically the use of latest technology will provide an improved offer for both older and younger people.</p>	<p>NCC will continue to consider equality as part of the design of the Castle Development project, ahead of securing any new management operator for the service</p> <p>Any new operator will inherit and continue to manage the improvements and accessible facilities currently offered by the service, as well as those planned for the Castle Development.</p> <p>In any contract negotiation with the new provider the City Council would seek to minimise the direct impact on Citizens and visitors, by encouraging the new provider to maximise visitors from all groups through their promotions and concessions offered.</p>
Men	<input type="checkbox"/>	<input type="checkbox"/>		
Women	<input type="checkbox"/>	<input type="checkbox"/>		
Trans	<input type="checkbox"/>	<input type="checkbox"/>		
Disabled people or carers.	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Pregnancy/ Maternity	<input type="checkbox"/>	<input type="checkbox"/>		
People of different faiths/ beliefs and those with none.	<input type="checkbox"/>	<input type="checkbox"/>		
Lesbian, gay or bisexual people.	<input type="checkbox"/>	<input type="checkbox"/>		
Older	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Younger	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Other (e.g. marriage/ civil partnership, looked after children, cohesion/ good relations, vulnerable children/ adults).				
<b><i>Please underline the group(s) /issue more adversely affected or which benefits.</i></b>	<input type="checkbox"/>	<input type="checkbox"/>		

### Outcome(s) of equality impact assessment:

- No major change needed  •Adjust the policy/proposal  •Adverse impact but continue
- Stop and remove the policy/proposal

### Arrangements for future monitoring of equality impact of this proposal / policy / service:

- Review of the building accessibility requirements and enhancements with the architects and appointed building contractors as part of the Castle Development – June 2016



- Commission next (2016) biennial visitor survey ensuring the inclusion of equalities monitoring questions consistent with previous surveys. – March 2016.
- Ensure that there is an ongoing biennial visitors survey undertaken as part of any negotiated contact agreement

**Approved by (manager signature):**

**Date sent to equality team for publishing:**

**Contact email and telephone:**

Send document or link to:  
equalityanddiversityteam@nottinghamcity.gov.uk

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<b>Subject:</b>	Appointment of Concession Operator for Nottingham City of Caves		
<b>Corporate Director(s)/ Director(s):</b>	John Kelly, Corporate Director for Community Services Hugh White, Director of Sport and Culture		
<b>Portfolio Holder(s):</b>	Councillor Dave Trimble, Portfolio Holder for Leisure and Culture		
<b>Report author and contact details:</b>	Nigel Hawkins, Head of Culture and Libraries 0115 8764969 <a href="mailto:nigel.hawkins@nottinghamcity.gov.uk">nigel.hawkins@nottinghamcity.gov.uk</a>		
<b>Key Decision</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<b>Subject to call-in</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Reasons:</b> <input type="checkbox"/> Expenditure <input type="checkbox"/> Income <input checked="" type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision			<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital
Significant impact on communities living or working in two or more wards in the City			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Total value of the decision:</b> In exempt appendix			
<b>Wards affected:</b> All	<b>Date of consultation with Portfolio Holder(s):</b> 12 June 2015, Councillor Chapman, Portfolio Holder for Resources & Neighbourhood Regeneration		
<b>Relevant Council Plan Strategic Priority:</b>			
Cutting unemployment by a quarter			<input type="checkbox"/>
Cut crime and anti-social behaviour			<input type="checkbox"/>
Ensure more school leavers get a job, training or further education than any other City			<input type="checkbox"/>
Your neighbourhood as clean as the City Centre			<input type="checkbox"/>
Help keep your energy bills down			<input type="checkbox"/>
Good access to public transport			<input type="checkbox"/>
Nottingham has a good mix of housing			<input type="checkbox"/>
Nottingham is a good place to do business, invest and create jobs			<input type="checkbox"/>
Nottingham offers a wide range of leisure activities, parks and sporting events			<input checked="" type="checkbox"/>
Support early intervention activities			<input type="checkbox"/>
Deliver effective, value for money services to our citizens			<input checked="" type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>			
To agree to the continuation of the Egalitarian Trust managing the Nottingham City of Caves on behalf of Nottingham City Council and grant them a 20 year lease to enable them to undertake future investment and development of this unique attraction.			
This will help safe guard the heritage of Nottingham’s caves and to support the Egalitarian Trust in the management of this attraction alongside the award winning ‘Galleries of Justice’ established within the City’s historic Shire Hall.			
The extended lease and security of tenure will also allow the Trust to develop larger funding applications for the caves in order to better support, conserve and interpret these scheduled ancient monuments.			
<b>Exempt information:</b>			
<b>State ‘None’ or complete the following.</b>			
An appendix to the report is exempt from publication under paragraph 3 of Schedule 12A to the Local Government Act 1972 because it contains information relating to business affairs of any particular person (including the authority holding that information) and, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. It is not in the public interest to disclose this information because it could prejudice future negotiations with the Equalitarian Trust over its management of the City of Caves and its business operation of the Galleries of Justice.			
<b>Recommendations</b>			
<b>1</b> To grant dispensation from Contract Procedure Rule 5.1.2, in accordance with Financial			

	Regulation 3.29, to enable the appointment of the Egalitarian Trust to take place outside of the Council's standard procurement and tendering procedures for the selection of a management operator, due to the linked interdependence of the Galleries of Justice attraction and operation to that of the City of Caves attraction.
<b>2</b>	To delegate authority to the Director of Sport and Culture, in consultation with the Portfolio Holder for Leisure and Culture and Deputy Leader/Portfolio Holder for Resources and Neighbourhood Regeneration, to agree terms and complete a 20 year lease with the Egalitarian Trust in respect of the City of Caves attraction.
<b>3</b>	To agree that a base annual income rental, reviewed every five years, along with an agreed profit share is received by the City Council, on terms set out in the exempt appendix.

## **1 REASONS FOR RECOMMENDATIONS**

- 1.1 The Egalitarian Trust has, for the last seven years, started to create a resilient business model to help sustain its heritage operation. The income from the Nottingham City of Caves has been a key cornerstone for the Trust in assisting this transition and the Caves have benefited from being linked to the Galleries of Justice Museum and its professional teams to better articulate the caves history and the role caves played in the emergence of early Nottingham from around 900 AD.
- 1.2 In granting a long term security of tenure this will enable the Trust to invest in the sites and also approach heritage bodies and other Trusts and Foundations to secure funding in order to further develop this offer.

## **2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

- 2.1 The caves currently below the Broad Marsh Shopping Centre can be dated back to the 13<sup>th</sup> Century making them some of the oldest caves in Nottingham.
- 2.2 Before any building work covered them from view the caves were originally at the base of a cliff. The entrances to the caves were open to and accessible from the outside. They were initially used as malt kilns to make pottery but by the 16<sup>th</sup> and 17<sup>th</sup> Century these caves became associated mainly with the leather trade.
- 2.3 Nottingham boasts the only known example of a cave tannery in England. The main benefit of the two or three caves that were used for tanning was the constant temperature of the sandstone which greatly aided the leather making process. In 1639 the tannery was closed down.
- 2.4 From the 17<sup>th</sup> Century onwards the Broad Marsh caves began to disappear as houses and shops were built over them. The caves gradually vanished under tons of brick and wood and in a short while were completely forgotten, the exceedingly narrow street Drury Hill erasing the tannery caves from view. But Nottingham was briefly reminded of the caves existence when a shop built over one of the caves fell down into it in 1880.
- 2.5 The caves lay dormant until World War II when some of them were converted into air raid shelters. Once the war was over, having served their purpose they lay in neglect until the late 1960s. By this stage Broad Marsh was largely empty and derelict. The decision was made to demolish the area and build a

shopping centre in its place. The caves were re-discovered in 1971 when Drury Hill was demolished.

- 2.6 Thanks to the actions of compassionate developers and the publicity generated, a decision was made to preserve the integrity of the cave system. Pillars and a concrete bridge were constructed around the caves which took the weight of the shopping centre without posing any structural threat to the caves themselves. The shopping centre opened in 1975 but it wasn't until 1994 that the caves were made available for the general public to explore. The caves being eventually granted ancient monument status.
- 2.7 The Egalitarian Trust took over the operation of the Broadmarsh Caves in 2004, due to impending development proposals for the site, the Caves have been operated on a short term lease which has been rolled over on an annual basis.

### **3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS**

- 3.1 Discussions were held with the current owners of the Broadmarsh Centre about them undertaking direct management. They discounted this as this was not seen to be part of their core business.
- 3.2 Offering the management of the Nottingham Caves out to the Market as an open Competitive Tender was rejected because of the uncertainty around the development works needed to take place at the Broadmarsh centre and the well established inter-linkage of the caves offer to the award winning 'Galleries of Justice' attraction.

### **4 FINANCE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)**

- 4.1 In exempt appendix.

### **5 PROPERTY SERVICES COMMENTS**

- 5.1 Nottingham City Council owns the freehold interest in the caves; they are not included in the Broadmarsh Centre head lease. At present, the caves are occupied by the Egalitarian Trust by way of a Licence direct from the City Council. The passageway that provides access from the shopping mall to the steps leading to the caves is included in the Centre head lease and a Licence is granted by intu to the City Council to use the passageway. The City Council in turn grants a sub-Licence to the Egalitarian Trust.
- 5.2 There is no legal obligation for intu to pay compensation to the Egalitarian Trust during the construction phase of its redevelopment of the Centre. The existing Licence on the passageway can be terminated at short notice. However, intu's current proposals enable access to be granted to the passageway at all times during the works enabling the City of Caves to remain open.
- 5.3 Following completion of its redevelopment of the Centre, intu has advised that it is willing to recommend the grant of a lease of up to 20 years on the area required to enable access from the re-configured shopping mall to the steps to

the caves. The detailed terms of this lease have not yet been agreed. The Concession Operator will be responsible for all costs relating to the access.

- 5.4 It is proposed to offer a lease on the caves of up to 20 years to the Concession Operator at a base rent, reviewable every 5 years, with an agreed profit share based on the net annual profit of the operation.

## **6 LEGAL AND PROCUREMENT COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND INCLUDING LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)**

- 6.1 Notwithstanding intu having advised the City Council the Caves may remain open during redevelopment, the City Council must ensure any lease to the Trust takes account of intu's redevelopment works and reserves to the City Council sufficient rights such that the City Council does not breach the lease in the event access to the caves is suspended or the caves have to be permanently closed. The relationship between the lease and the rights to be granted by intu (in a lease or otherwise) needs to be considered and documented as appropriate. Guidance on these issues will be provided as required by the Legal Services and Property teams.
- 6.2 As the lease is being granted to ensure the continuity of operation of the Galleries of Justice the City Council should consider whether in the event the Galleries are closed the lease should be terminated.

## **7 SOCIAL VALUE CONSIDERATIONS**

- 7.1 Nottingham has a unique sandstone geology which has made the excavation of caves a long-established part of the City's heritage. Over 500 such caves are still known to exist, while it is estimated that over 1,000 may have been hand cut since the early mediaeval period. Despite this fact, very few are in public ownership and accessible. The Caves of Nottingham provide a unique insight into aspects of the subterranean social and industrial heritage of the City and, together with the caves at Nottingham Castle and Brewhouse Yard, provide a key contribution to the City's tourism infrastructure,

## **8 REGARD TO THE NHS CONSTITUTION**

- 8.1 N/A

## **9 EQUALITY IMPACT ASSESSMENT (EIA)**

Has the equality impact been assessed?

- (a) not needed (report does not contain proposals for new or changing policies, services or functions, financial decisions or decisions about implementation of policies development outside the Council)
- (b) No
- (c) Yes – Equality Impact Assessment attached

Due regard should be given to the equality implications identified in any attached EIA.

**10 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)**

10.1 None

**11 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT**

11.1 None

**12 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT**

Richard Cox – Senior Estates Surveyor, Property Services

Steve Ross Finance Analyst, Finance

Geoff Walker – Director of Strategic Finance, Finance

Hugh White – Director, Sport and Culture

Andrew James – Team Leader, Commercial & Contracts, Legal

Sue Oliver – Category Manager, Construction & Major Projects, Procurement

Ron Inglis – Service Manager, Museums & Galleries

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