

Any member of the public wishing to submit a question must serve two clear days' notice, in writing, of any such question to the Borough Council.

9 URGENT BUSINESS

To consider any business which is urgent within the meaning of Section 100B (4) of the Local Government Act 1972.

10 DATE AND TIME OF NEXT MEETING

Thursday 4th December 2014, 7.00pm in Committee Room 1

Members: Councillors Fear, Mrs Hambleton, Huckfield, Jones, Mrs Peers, Rout, Stringer, Sweeney, Taylor.J, Wallace (Vice-Chair) and Waring (Chair)

'Members of the Council: If you identify any personal training / development requirements from the items included in this agenda or through issues raised during the meeting, please bring them to the attention of the Committee Clerk at the close of the meeting'

FINANCE, RESOURCES AND PARTNERSHIPS SCRUTINY COMMITTEE

Monday, 1st September, 2014

Present:- Councillor Paul Waring – in the Chair

Councillors Fear, Huckfield, Jones, Mrs Peers, Stringer, Sweeney, Taylor.J and Wallace

Leader of the Council – Cabinet Portfolio Holder for Communications, Policy and Partnerships

Officers Executive Director Resources and Support Services
Head of Business Improvement, Central Services and Partnerships
Head of Environmental Health Services
Scrutiny Officer

Apologies Councillors Mrs Rout and Mrs Shenton

1. **DECLARATIONS OF INTEREST**

There were no declarations of interest

2. **MINUTES OF THE PREVIOUS MEETING**

Minutes of the previous meeting held on Tuesday 17th June 2014 were agreed as a correct record.

3. **FORMER KEELE GOLF COURSE**

There were no further developments in this area of work since Cabinet met on Wednesday 23rd July 2014.

The following questions were submitted by Members and responded to by the Leader:-

Q1. Could the eight week consultation period be extended?

A1. If there were no initial expressions of interest received after the eight week community consultation exercise it would not be extended. If expressions of interest were received then the time scales could be extended. The interim use of the golf course had been set for three years.

Q2. Parish Councils had raised the issue that they had not been consulted.

A2. It was an open, public consultation and every person had been invited.

4. **UPDATE ON PARISH/TOWN COUNCILS - REVIEW OF CONCURRENT FUNDING TASK AND FINISH GROUP**

A Task and Finish Group had been formed to look at concurrent funding of the ten Town/Parish Councils in the Borough under Section 136 of the Local Government

FINANCE, RESOURCES AND PARTNERSHIPS SCRUTINY COMMITTEE

Act 1972. This process was explained to representatives of the Parish Councils at the Town and Parish Partnership Forum held on Tuesday 22nd July 2014.

Meetings were held with each of the Town and Parish Councils, except the Betley, Balterley and Wrinehill Parish Council (due to family illness).

In these meetings, the Councils were asked:-

1. How was the S136 money spent?
2. From where is other income derived?
3. What effect would a cut in S136 money have?
4. What are the priority areas for expenditure?
5. What is kept in reserve?

They were also asked to produce their Annual Audit of Accounts for 2013/2014.

A preliminary report would be submitted to the next Town and Parish Council Partnership Forum to be held on Tuesday 14th October 2014.

RECOMMENDED:- That recommendations are presented to Finance, Resources and Partnerships Scrutiny Committee on Wednesday 5th November 2014 with a report submitted to Cabinet on Wednesday 10th December 2014.

5. **FINANCIAL AND PERFORMANCE MANAGEMENT REPORT TO END OF QUARTER ONE (APRIL - JUNE) 2014**

The Executive Director (Resources and Support Services) gave an update on the finance aspects of the Financial and Performance Review report – first quarter 2014/15. The position at the end of the first quarter showed a favourable variance of £5,000.

There were, however, a number of both favourable and adverse variances:-

- Jubilee 2 had been operating at a net overspend as at 30th June 2014, primarily due to income shortfall. A report had been requested from relevant officers giving the reasons for the overspend, together with actions that were being taken to mitigate the situation.
- Kidsgrove Sports Centre had also been operating at a net overspend as at 30th June 2014.
- Commercial rents continue to yield less than expected.
- The overtime budget had been overspent as no changes had been implemented to deliver the 2014/15 savings target of £100k.
- Additionally a number of service under spends had occurred.

In respect of capital expenditure, £1,015,450 of the revised budget had been expected to be spent by the 30th June 2014; the actual amount spent was £905,061 resulting in a variance as at the end of Quarter 1 of £110,389.

A member raised concern regarding overtime. The Executive Director (Resources and Support Services) advised that discussions were ongoing with the Trade Unions in respect of options to deliver the savings.

In terms of the performance part of the report, the Head of Business Improvement, Central Services and Partnerships advised that performance was generally going well, with the majority of targets being met, but the position was being tightly monitored.

There had been various changes to the layout of the Corporate Performance Scorecard, mainly by a reduction in size and the use of symbols. The “Good is” column denoted whether ‘low’ or ‘high’ figures were good and allowed the reader to analyse the results in detail. There were two columns showing comparative quarterly performance for 2013-14 and 2014-15. The fourth column showed the target for 2014-15 and one set of symbols (icons) showing whether performance was on target or not at the present time.

A small number of performance figures for Quarter 1 were not on target but the direction of travel remained positive.

Appendix ‘C’ was a new addition “Delivering our Outcomes” and gave information, in the form of a case study, on the work presently being undertaken to reduce and resolve incidences in communities. Members were advised that they may wish to use this case study to ask further questions about the service featured.

A Member commented that the wording of the case study needed to be reviewed and presented in a clearer way at future meetings.

A Member advised that, overall, the performance data produced was very good and asked, in reference to 1.7 (the amount of residual waste per household) what were “the residents’ behavioural changes”? The Head of Business Improvement, Central Services and Partnerships advised he would report back with the information.

The Head of Environmental Health Services advised that the wording of the food hygiene “Broadly Compliant” was a national indicator and the Food Standards Agency were not obliged to display the food rating sign. All food hygiene scores were available on the website.

The Chair thanked the Head of Business Improvement, Central Services and Partnerships for presenting the report.

RECOMMENDED

- (a) That Members agree to the recommendations that the Council continues to monitor and scrutinise performance alongside the latest financial information for the same period.
- (b) That the Head of Business Improvement, Central Services and Partnerships report back on reference 1.7

6. **UPDATE - RESPONSES TO COMMENTS FROM SCRUTINY ON THE QUARTER 4 (2013/14) PERFORMANCE REPORT**

The Head of Business Improvement, Central Services and Partnerships presented a report on responses to the questions and comments with regard to the Quarter 4 Performance Report and its content raised by Members at the 17th June 2014 meeting.

RECOMMENDED:-

That Members receive the responses to comments as contained within this report.

7. **UPDATE REPORT - AIR QUALITY MANAGEMENT**

The Head of Environmental Health Services presented a report on information that was requested by Members at the previous Finance, Resources and Partnerships Scrutiny Committee meeting held on the 17th June 2014 regarding the management of air quality.

The Council had been carrying out reviews of air quality since December 1997; these involved measuring air pollution and trying to predict how it would change over the next few years.

In 2013 a detailed assessment and further assessment of air quality was undertaken of four areas of the Borough where exceedances of the pollutant nitrogen dioxide were identified.

The four identified exceedance areas were:-

- Madeley – an area encompassing one property, Collingwood, Newcastle Road close to the M6 motorway.
- Kidsgrove – one area along Liverpool Road and Hardingswood Road from the junction with Heathcote Street and Gloucester Road.
- Town Centre – areas within the ring road, namely London Road, Barracks Road and King Street.
- Porthill/May Bank – adjacent to the southern approach from the Queensway to Porthill Bank and the High Street up to the junction with Basford Park Road.

There was a need to consult with members of the public, residents and other stakeholders, on the geographical extent of the air quality management areas being declared. The consultation period was due to commence from 1st September 2014 to 12th October 2014.

Alternatives to traffic flow, traffic light sequences and green travel initiative would also be looked into.

A Member pointed out that air quality is not just due to vehicles. Issues with air quality were increasing generally and monitoring was required within these areas.

The Head of Environmental Health Services advised that when updating the screening assessment, consideration was given to all pollution sources, for example industrial emissions.

A Member asked if Liverpool Road, Newcastle could be included into the town centre air quality management area. The Head of Environmental Health Services advised it would be looked into.

RECOMMENDED:- That Members receive the report.

8. **UPDATE REPORT - CASE STUDY OF ACTIONS TAKEN WHERE A FOOD BUSINESS RECEIVE A POOR HYGIENE RATING**

Further information was requested at the last meeting held on the 17th June 2014 by Members of actions taken where a premise was rated 'Zero – Urgent Improvement Necessary' as a result of inspections by the Environmental Health Service of the Council.

A presentation was given by the Head of Environmental Health Services describing the powers that were available to Environmental Health Officers when they find hygiene conditions that risk public health.

There was a statutory requirement for Local Authorities to undertake food hygiene inspections, the Foods Standards Agency directs Local Authorities as to the frequency, nature and extent of food hygiene inspections.

There were 1075 registered food premises each had a food hygiene rating of 0 – Urgent Improvement Necessary to 5 – Very Good. There was a rating scheme on the Council's website.

A Member thought it was a good idea placing stickers in windows of food premises.

There was dual role to supporting businesses, with regular visits over a period time.

The following questions were raised and answered by the Head of Environmental Health Services:-

Q1. Was there any way of measuring footfall, as this would encourage more custom to the business?

A1. Footfall was not monitored but it had been found that people do visit premises more with a rating of 5.

Q2. Were there any mechanisms to close down repeat offenders?

A2. If public health was at risk, with very high risk of activity in particular from pests or unfit food, processes would be put in place to close the business voluntarily, through enforcement.

Q3. Are there many inspections carried out due to reports by the public?

A3. Yes, averaging 500 complaints per year regarding food or food premises.

RECOMMENDED:-

(a) That the Committee gain a better understanding of the work carried out by Environmental Health Officers and appropriate action was taken when a food business received a poor Food Hygiene Rating.

9. **PORTFOLIO HOLDER(S) QUESTION TIME**

The Chair asked if Members had any questions for the Portfolio Holder for Communications, Policy and Partnership (the Leader of the Council).

No questions were raised.

RECOMMENDED:- To hold the next Portfolio Holder Question Time on 16th March 2015.

10. **COUNCIL PLAN 2014-16**

The Head of Business Improvement, Central Services and Partnerships presented the proposed new Council Plan covering the period 2014-16.

Following this meeting the Plan would be presented to Council on the 17th September 2014.

The Council Plan for 2014-16 builds on the previous version of the Council Plan and had two main sections. The second section detailed the measures and activities set out in order to monitor the Plan's progress.

The first section of the Plan covers the Council's vision/corporate priorities. These remained unchanged and are:-

- To create a Borough that is prosperous, clean, healthy and safe (the vision);
- A Clean, Safe and Sustainable Borough;
- A Borough of opportunity;
- A healthy and active community, and
- Becoming a co-operative Council delivering high quality, community driven services (the corporate priorities)

The previous version of the Council Plan identified seventeen outcomes which had now been reduced to twelve.

The contents of the Council Plan were discussed. No questions were raised by Members on the structure of the report, although a few amendments were suggested to the content of the Plan.

RECOMMENDED:- That the Council Plan be adopted by Full Council in September 2014, subject to suggested changes.

11. **WORK PLAN**

It was agreed the following items be included on the Work Plan:-

- Budget Scrutiny Café 13th January 2015
- Joint meeting with Economic Development and Enterprise Scrutiny Committee to discuss the Ryecroft project
- Former Keele Golf Course – when a report was available

12. **PUBLIC QUESTION TIME**

No questions had been received from the public

13. **URGENT BUSINESS**

No urgent business was raised.

14. **DATE AND TIME OF NEXT MEETING**

Wednesday 5th November 2014, 7.00pm in Committee Room 1.

COUNCILLOR PAUL WARING
Chair

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Report to the Finance Resources and Partnerships Scrutiny Committee

5th November 2014

Report from the Constitution Review Working Group



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Introduction

The Constitution Review Working Group wishes to put forward a number of recommendations to the Finance Resources and Partnerships Scrutiny Committee and to Full Council. The group consists of four members; Cllr Mark Holland (Chair), Cllr Rob Wallace, Cllr Nigel Jones and Cllr Eileen Braithwaite.

Questions to be Addressed

- Are Members happy to accept the recommendations of the Constitution Review Working Group?
- Do Members wish to modify the recommendations?
- What are the timescales for implementation?
- Do Members feel the Working Group should look at any other areas not covered in the report in the future?

Outcomes

The recommendations are intended to enhance the Democratic processes of the Council and to ensure that the Council's constitution reflects the current processes of the Council. A full discussion of the recommendations will ensure any changes are fully thought through, transparent and robust. It is recognised that some of the new processes may need to evolve in time to further enhance the Democratic Process.

MAIN REPORT

1. Revised Member Code of Conduct

The current Member Code of Conduct was last reviewed and updated in 2012 to reflect the introduction of the Localism Act 2011.

Since July 2013 the council has subscribed to the 'Standards Exchange' which is a network run by Hoey Ainscough Associates. This enables us to access to a wide network of advice and support in terms of Standards issues. In addition Hoey Ainscough have provided a number of training sessions for members of both the Borough and Parish councils in respect of Standards issues and the code of conduct. The training provided was based around our current code and whilst it was accepted that generally the code covered what it needed to, there were certain aspects of the code that could have been left open to interpretation and for this reason it was decided to review the current code and benchmark this against other codes that were in place at various other authorities.

Research was undertaken via the Standards Exchange and examples of other codes of conduct were obtained. Taking these into account a new code has been re-written to reflect best practice.

The main principles in terms of standards of conduct remain the same – these have just been rewritten to give more clarity.

The one major change is that which relates to Gifts & Hospitality. Currently the value at which members are required to record the receipt of any gift, benefit or hospitality is £100. Having review a number of other codes our limit was found to be considerably higher than these. It was therefore decided to align the limit to the same as that of the officers which is £10. As a general reminder to members are advised that any gift or hospitality that is offered irrespective of whether or not this is accepted should be formally recorded. The register is maintained by the Monitoring Officer.

A copy of the current code dated July 2012 (Appendix A) and the redrafted new code (Appendix B) are attached for your information. Unfortunately due to the fact the new code has been completely re-written and in a different layout/style it was not possible to provide a track changes version.

Recommendations:

- a) That the redrafted Member Code of Conduct be agreed.
- b) That the redrafted member Code of Conduct be submitted to Full Council at its meeting in February 2015 following consideration by the Standards Committee.

2. Protocol for Conferring the title of Honorary Aldermen

Under Section 249 of the Local Government Act 1972, a principal council may confer the title of Honorary Alderman on persons who have, in the opinion of the Council, rendered eminent services to the Council as past members of that Council, but who are not then Members of the Council.

Whilst the statutory provisions give an indication of the type of person upon whom the title of Honorary Alderman might be conferred many councils have adopted criteria which help guide these considerations to ensure that persons nominated meet the statutory provisions.

The below criteria are broadly in line with those used by Staffordshire County Council when considering conferring the title of Honorary Alderman.

The following wording is recommended for inclusion in the Council's Constitution:

That an Honorary Alderman shall at least:

- Not be a serving Member of the Council
- Be a person of distinction who has rendered eminent services to the Council and the community
- Have served a period of not less than twelve years on the Council which may be continuous or discontinuous
- Have held a substantive office on the council such as; Mayor, Committee Chair, Group Leader, or Cabinet Member

The title of Honorary Alderman is conferred on persons who meet these criteria and who are nominated and appointed by not less than a two thirds majority of Members voting as a special meeting of the Council called for this purpose.

There is a presumption that where the criteria are met by a nominated individual the appointment at Full Council will be agreed without debate. Due process will be undertaken with the aim of ensuring that this will happen.

Recommendation: That the above wording be included in the Constitution and submitted to Full Council for final approval.

3. Scrutiny Chairs and Vice Chairs Group

The Working Group previously considered and recommended the abolition of the formal Overview and Scrutiny Coordinating Committee in favour of an informal Scrutiny Chairs and Vice Chairs Group. Having liaised with the Chairs and the Vice

Chairs of the scrutiny Committees there appears to be agreement that diarised meetings of the new informal committee are not required. Should any concern arise regarding duplication or overlap of subject matter the Scrutiny Officer or Democratic Services Manager can liaise with the relevant Chairs to arrange an ad hoc meeting with the relevant chairs or in extreme circumstances a meeting of all the chairs and vice chairs.

Recommendation: That it be recommended to Full Council that diarised meetings of the Scrutiny Chairs and Vice Chairs Group are not required.

4. Urgency Provisions

At present in the Constitution there are 2 duplicate sections relating to matters of urgency:

APPENDIX 4,

Matters of Urgency

1. In the event of a matter which is not delegated by this Officer Scheme of Delegation requiring action when there is no scheduled meeting where the matter would be considered by the appropriate Cabinet or committee (and where the matter does not make or change policy), the Chief Executive or an Executive Director or the Monitoring Officer having consulted with the Leader or a Cabinet portfolio holder or the Chair of the appropriate committee (or in their absence the Vice Chair) shall have delegated authority to take such action
2. In the case of 1 above, the actions taken shall be reported to the next available meeting of the Council or committee as appropriate.

PART 2, Section 7.6

When a decision regarding a Cabinet function requires attention as a matter of such urgency that formal reporting to Cabinet is not possible, the Leader or the Chief Executive or the Section 151 Officer or the Monitoring Officer or the appropriate Executive Director may take that decision in consultation with a member of Cabinet (not being the Leader in the case of a Leader decision)

Recommendation:

That both sections above be replaced with one new urgency clause as follows:

When a decision regarding a Cabinet function requires attention as a matter of such urgency that formal reporting to a meeting of Cabinet is not possible, in accordance with normal Cabinet reporting procedure a written report on the matter must be prepared setting out the reasons for the urgency.

Before drafting such a report, the individual responsible should first take advice from the Monitoring Officer, the s.151 Officer and, if necessary, the Legal team.

Any such advice given should be in written form and should be recorded appropriately.

The reasoning behind the required urgent decision (including the reasoning behind the urgency) and the consequences of that decision should be included in the written report, and the report should be appropriately signed off by the Chief Executive (Head of Paid Service) or an Executive Director. This sign off process should be completed having first consulted with the Leader and one other Cabinet portfolio holder. In a case where the decision maker is the Leader he/she should consult with the Deputy Leader and one other Cabinet Member.

The report setting out the urgent decision and the reasons for it should be made available publicly and therefore should be published in the usual way.

The report should also be presented at the next available meeting of the relevant Committee (usually the Cabinet) for formal ratification by the Cabinet and the decision should be recorded in the usual way.

Conclusions

The report has provided a number of recommendations for Members to consider and the background to explain how the Constitution Working Group has come to develop these recommendations. The constitution review Working Group's parent Committee is the Finance Resources and Partnerships Scrutiny Committee and therefore seeks approval of the recommendations as listed within the report for consideration at Full Council.

Relevant Portfolio Holder(s)

Cllr Mike Stubbs

Local Ward Member (if applicable)

All

Appendices

- A) Current member Code of Conduct 2012
- B) Updated Member Code of Conduct 2014

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CODE OF CONDUCT FOR MEMBERS – JULY 2012

1. Application

This Code of Conduct applies to you whenever you are acting in your capacity as a Member of the Borough Council of Newcastle-under-Lyme, including:

- 1.1 At formal meetings of the Council, its committees and sub-committees and its Cabinet and Cabinet committees
- 1.2 When acting as a representative of the Authority
- 1.3 In taking any decision as a Cabinet member or Ward Councillor
- 1.4 In discharging your functions as a Ward Councillor
- 1.5 At briefing meetings with officers
- 1.6 At site visits
- 1.7 When corresponding with the Authority other than in a private capacity

2. General Conduct

You must:

- 2.1 Provide leadership to the Authority and communities within its area, by personal example; and
- 2.2 Respect others and not bully any person
- 2.3 Recognise that officers (other than political assistants) are employed by and serve the whole Authority
- 2.4 Respect the confidentiality of information which you receive as a Member by:
 - 2.4.1 not disclosing confidential information to third parties unless required by law to do so or where there is a clear and overriding public interest in doing so; and
 - 2.4.2 not obstructing third parties' legal rights of access to information
- 2.5 Not misconduct yourself in a manner which is likely to bring the Authority into disrepute
- 2.6 Use your position as a Member in the public interest and not for personal advantage

- 2.7 Accord with the Authority's reasonable rules on the use of public resources for private and political purposes
- 2.8 Exercise your own independent judgment, taking decisions for good and substantial reasons by:
 - 2.8.1 attaching appropriate weight to all relevant considerations including, where appropriate, public opinion and the views of political groups
 - 2.8.2 paying due regard to the advice of officers, and in particular to the advice of the statutory officers, namely the Head of the Paid Service, the Monitoring Officer and the Chief Finance Officer; and
 - 2.8.3 stating the reasons for your decisions where those reasons are not otherwise apparent
- 2.9 Account for your actions, particularly by supporting the Authority's scrutiny function
- 2.10 Ensure that the Authority acts within the law.

3. Disclosable Pecuniary Interests

You must:

- 3.1 Comply with the statutory requirements in order to register, disclose and withdraw from participating in respect of any matter in which you have a disclosable pecuniary interest (DPI(s))
- 3.2 Ensure that your register of interests is kept up to date and notify the Monitoring Officer in writing within 28 days of becoming aware of any change in respect of your DPIs
- 3.3 Make verbal declaration of the existence and nature of any DPI at any meeting at which you are present at which an item of business which affects or relates to the subject matter of that interest is under consideration, at or before the consideration of the item of business or as soon as the interest becomes apparent
- 3.4 'Meeting' means any meeting organised by or on behalf of the Authority, including:
 - 3.4.1 any meeting of the Council, or a committee or sub-committee of the Council
 - 3.4.2 any meeting of the Cabinet and any committee of the Cabinet
 - 3.4.3 in taking a decision as a Ward Councillor or as a Member of the Cabinet
 - 3.4.4 at any briefing by officers; and
 - 3.4.5 at any site visit to do with business of the Authority.

4. Other Interests

- 4.1 In addition to the requirements of paragraph 3, if you attend a meeting at which any item of business is to be considered and you are aware that you have a 'non-disclosable pecuniary interest or non-pecuniary interest' in that item, you must make verbal declaration of the existence and nature of that interest at or before the consideration of the item of business or as soon as the interest becomes apparent
- 4.2 You have a 'non-disclosable pecuniary interest or non-pecuniary interest' in an item of business of your authority where:
- 4.2.1 a decision in relation to that business might reasonably be regarded as affecting the wellbeing or financial standing of you or a member of your family or a person with who you have a close association to a greater extent than it would affect the majority of the Council Tax payers, ratepayers or inhabitants of the Ward or electoral area for which you have been elected or otherwise of the Authority's administrative area, or
- 4.2.2 it relates to or is likely to affect any of the interests listed in the table in the appendix to this Code, but in respect of a member of your family (other than a 'relevant person') or a person with whom you have a close association

and that interest is not a disclosable pecuniary interest.

5. Gifts and Hospitality

- 5.1 You must, within 28 days of receipt, notify the Monitoring Officer in writing of any gift, benefit or hospitality with a value in excess of £100 which you have accepted as a Member from any person or body other than the Authority
- 5.2 The Monitoring Officer will place your notification on a public register of gifts and hospitality
- 5.3 This duty to notify the Monitoring officer does not apply where the gift, benefit or hospitality comes within any description approved by the authority for this purpose

Disclosable Pecuniary Interests (DPIs)

The duties to register, disclose and not to participate in respect of any matter in which a Member has a DPI are set out in Chapter 7 of the Localism Act 2011.

DPIs are defined in the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 as follows:

INTEREST	PRESCRIBED DESCRIPTION
Employment, office, trade, profession or vacation	Any employment, office, trade, profession or vocation carried on for profit or gain
Sponsorship	Any payment or provision of any other financial benefit (other than from the relevant authority)
Contracts	Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority – (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged
Land	Any beneficial interest in land which is within the area of the relevant authority
Licences	Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer
Corporate tenancies	Any tenancy where (to the Member's knowledge) – (a) the landlord is the relevant authority; and (b) the tenant is a body in which the relevant authority has a beneficial interest
Securities	Any beneficial interest in securities of a body where – (a) that body (to the Member's knowledge) has a place of business or land in the area of the relevant authority; and (b) either – (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class

For this purpose:

'the Act' means the Localism Act 2011

'body in which the relevant person has a beneficial interest' means a firm in which the relevant person is a partner or a body corporate of which the relevant person has a beneficial interest

'director' includes a member of the committee of management in an industrial or provident society

'land' excludes an easement, servitude, interest or right in or over land which does not carry with it a right for the relevant person (alone or jointly with another) to occupy the land or to receive income

'Member' includes a co-opted Member

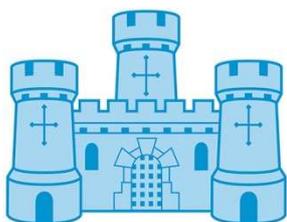
'relevant authority' means the Member's Authority

'relevant period' means the period of 12 months ending with the day on which a Member gives a notification for the purposes of Section 30(1) or 31(7) as the case may be, of the Act

'relevant person' means the Member or any other person referred to in Section 30(3)(b) of the Act

'securities' means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

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NEWCASTLE·UNDER·LYME
BOROUGH COUNCIL

CODE OF CONDUCT FOR MEMBERS - 2014

1. Application

- 1.1 This Code of Conduct applies to you whenever you are acting in your capacity as a Member of the Borough Council of Newcastle under Lyme, including:
- a. At formal meetings of the Council, its committees and sub committees and its Cabinet and Cabinet committees
 - b. When acting as a representative of the Authority
 - c. In taking any decision as a Cabinet member or Ward Councillor
 - d. In discharging your functions as a Ward Councillor
 - e. At briefing meetings with officers
 - f. At site visits
 - g. When corresponding with the Authority other than in a private capacity
- 1.2 When carrying out their public role, members should always have regard to the seven principles of public life;
- a. **Selflessness** – you must act solely in the public interest and must never use or attempt to use your position improperly to confer an advantage or disadvantage on any person or act to gain financial or other material benefits for yourself, your family or close associates.
 - b. **Integrity** – you must not place yourself under a financial or other obligation to outside individuals that might seek to influence you in the performance of your official duties. You should exercise independent judgement and declare all interests and relationships.
 - c. **Objectivity** – you must act and take decisions impartially, fairly and on merit, using the best evidence without discrimination or bias.
 - d. **Accountability** - you are accountable to the public for your decisions and actions and must submit yourself to the scrutiny necessary to ensure this.
 - e. **Openness** – you should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for doing so.
 - f. **Honesty** – you should be honest and truthful.

- g. Leadership** – your own behaviour should exhibit leadership, actively supporting and demonstrating this, being willing to challenge poor behaviour where ever it occurs.

2. Behaviour

2.1 As a member you are expected to;

- a. behave in such a way that a reasonable person would regard as respectful
- b. not act in a way which a reasonable person would regard as bullying or intimidation.
- c. not seek to improperly confer an advantage or disadvantage on any person.
- d. use the resources of the council in accordance with its requirements.
- e. not disclose information which is confidential or where disclosure is prohibited by law.
- f. respect the impartiality of officers and not to influence them inappropriately.

3. Registration of interests

3.1 Within 28 days of this Code being adopted by the council, or the members election or the co-opted member's appointment (where that is later), Members must register with the Monitoring Officer the interests which fall within the categories set out in Appendices A and B.

3.2 Upon the re-election of a member or the re-appointment of a co-opted member, councillors must within 28 days re-register with the Monitoring Officer any interest's in Appendices A and B.

3.3 Members must register with the Monitoring Officer any change to interests or new interests in Appendices A and B within 28 days of becoming aware of it.

3.4 Members need not register any interest which the Monitoring Officer agrees is a 'sensitive interest'. A sensitive interest is one which, if made public, could lead to the councillor or a person connected with the councillor being subject to violence or intimidation.

4. Declaration of interests at meetings

4.1 Disclosable Pecuniary Interests

4.1.1 Where a matter arises at a meeting which relates to an interest in Appendix A members must declare their interest and not participate in a discussion or vote on the matter.

4.2 Other declarable interests

- 4.2.1 Where a matter arises at a meeting which relates to or affects an interest in Appendix B or a financial interest of the councillor, a friend, relative or close associate (and it is not a Disclosable Pecuniary Interest as defined in appendix A), councillors must declare the interest.
- 4.2.2 Where the matter affects the declarable interest of more than the majority of people in the area that will be affected by the decision and a reasonable member of the public would think the councillor's view of the public interest would be adversely affected, the councillor must not vote on the matter. They may speak on the matter only if members of the public are also allowed to speak at the meeting.
- 4.2.3 Where a matter arises at a meeting which is a sensitive interest as defined under paragraph 3.4 above, councillors do not have to declare the nature of their interest but must follow the rules regarding non-participation.

5. Dispensations

- 5.1 On a written request made to the council's monitoring officer, the council may grant a councillor a dispensation to participate in a discussion and/or vote on a matter at a meeting where they would otherwise not be allowed to if the council believes that the number of members otherwise prohibited from taking part in the meeting would impede the transaction of the business; or it is in the interests of the inhabitants in the council's area to allow the member to take part or it is otherwise appropriate to grant a dispensation.

6. Gifts and Hospitality

- 6.1 You must, within 28 days of receipt, notify the Monitoring Officer in writing of any gift, benefit or hospitality with a value in excess of £10 which you have accepted as a Member from any person or body other than the Authority.
- 6.2 The Monitoring Officer will place your notification on a public register of gifts and hospitality
- 6.3 This duty to notify the Monitoring officer does not apply where the gift, benefit or hospitality comes within any description approved by the authority for this purpose

Disclosable Pecuniary Interests (DPIs)

Interests defined by regulations made under section 30(3) of the Localism Act 2011 and described in the table below.

The duties to register, disclose and not to participate in respect of any matter in which a Member has a DPI are set out in Chapter 7 of the Localism Act 2011.

DPIs are defined in the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 as follows:

INTEREST	PRESCRIBED DESCRIPTION
Employment, office, trade, profession or vacation	Any employment, office, trade, profession or vocation carried on for profit or gain
Sponsorship	Any payment or provision of any other financial benefit (other than from the relevant authority)
Contracts	Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority – (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged
Land	Any beneficial interest in land which is within the area of the relevant authority
Licences	Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer
Corporate tenancies	Any tenancy where (to the Member's knowledge) – (a) the landlord is the relevant authority; and (b) the tenant is a body in which the relevant authority has a beneficial interest
Securities	Any beneficial interest in securities of a body where – (a) that body (to the Member's knowledge) has a place of business or land in the area of the relevant authority; and (b) either – (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in

	which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class
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For this purpose:

'the Act' means the Localism Act 2011

'body in which the relevant person has a beneficial interest' means a firm in which the relevant person is a partner or a body corporate of which the relevant person has a beneficial interest

'director' includes a member of the committee of management in an industrial or provident society

'land' excludes an easement, servitude, interest or right in or over land which does not carry with it a right for the relevant person (alone or jointly with another) to occupy the land or to receive income

'Member' includes a co-opted Member

'relevant authority' means the Member's Authority

'relevant period' means the period of 12 months ending with the day on which a Member gives a notification for the purposes of Section 30(1) or 31(7) as the case may be, of the Act

'relevant person' means the Member or any other person referred to in Section 30(3)(b) of the Act

'securities' means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

Councillors must register:

- 1 any body of which the councillor is in a position of general control or management and to which he/she is appointed or nominated by the Council;
- 2 any body -
 - a. exercising functions of a public nature;
 - b. directed to charitable purposes; or
 - c. one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union) of which the member of the council is a member or in a position of general control or management;
- 3 any gifts or hospitality worth more than an estimated value of £10 which the member has received by virtue of his or her office.

Task and Finish Group Review of Concurrent Funding
Report To The Finance, Resources and Partnerships Scrutiny Committee
Wednesday 5th November 2014

Background

A Task and Finish Group was set up in order to investigate the stream of funding given to our ten Town and Parish Councils through Section 136 of the Local Government Act 1972.

Following the Royal Consent given to the above Act, Local Government was re-organised in 1974 with some of the newly-formed Parish and Town Councils choosing to retain control over assets and services that would henceforth have been the responsibility of the County Council and the District Council of Newcastle-under-Lyme.

The reason for the retention of control over these assets (war memorials, common land, allotments, playgrounds and civic buildings for example) could be seen at the time as a source of civic pride and a desire that local people should retain local responsibilities. However, as time has progressed, the maintenance of these assets has become more and more of a financial burden.

Section 136 of the 1972 Act allows grants to be made to the Town and Parish Councils in order to assist with the aforementioned duties but there is no legal obligation to do so. In fact nationally there are more than 400 Councils who make no grant whatsoever whereas a small minority had budgets in 2010 in excess of £1 million.

Newcastle makes a grant to its Town and Parish Councils of approximately £62,500 in total. This is calculated at a rate of four times the base Council Tax rate. Grants range from a few hundred pounds to more than £20,000 depending on the size of the Parish. Keele has a minimum grant of £2,000 due to many of its residents living on the University campus and not paying local taxes.

In essence this grant remains roughly the same year on year with slight increases to the budget for individual Parishes if the number of Band D properties has increased.

It should be stated – as a matter of fact and not as a loaded statement -that Silverdale Parish receives S136 money even though it was not existence in 1972. A poll of parishioners led to its creation from April 2002.

The NALC document “Managing Double Taxation” of January 2011 gives a non-exhaustive list of concurrent functions that S136 money can be used for. Until recent times there was no requirement for the Parishes to report on how the grant had been spent and any money not spent could be retained by the Parish or Town Council

Parish and Town Councils are able to fund their activities through three principal funding streams.

- *Precept*

This is a local tax levied by the Council. Unlike Council Tax this can be raised by whatever percentage the Parish Council wishes without the need for a local referendum. In practice it accounts for an average 62% of income for the parishes as a whole. The lowest rate was 38% and the highest 75%.

- *S136 money*

This is the amount given by NULBC and provides 15% of income for the Parishes on average with a lowest rate of 6% and a highest of 25%.

- *Other income*

This could be in the form of grants for Concurrent Services from Staffordshire County Council, income from the leasing of land and property and grants from other sources such as the Police and Crime Commissioner. These averaged 25% of the income with a highest rate of 61% and a lowest of 11%.

There is also the possibility of Parish Councils being able to use reserves and this will be dealt with later in the report.

One final set of figures to be considered is that since 2010/11 the income for NULBC from central government has decreased by 44.6% in real terms and by 51.2% once inflation is taken into account.

The Task Group

The group was set up with representation from all parties except the Green Party. No one political group commanded a majority. It was agreed that the findings should be reported to the Parish Forum in October, to FRAP in November and to Cabinet in December so that a final decision on funding could be made in time for budgets to be drawn up for 2015-16.

After considering the NALC document and taking advice from the Finance Department it was decided that we would request face-to-face meetings with the Clerk and one elected representative from each Town and Parish Council. We also requested audited accounts for 2013/14 and statements on concurrent expenditure for 2013/14. This process was explained to representatives of Parish Councils at a Forum and the process was met with general approval.

The Town and Parish Councils were also informed that they would be asked

1. How is S136 money spent?
2. From where is other income derived?
3. What effect would a cut in S136 money have?
4. What are the priority areas for expenditure?
5. What is kept in reserve?

It was agreed that whatever decision was made regarding the future of S136 funding should apply equally to all Town and Parish Councils. It was also promised to the Town and Parish Councils that the results and recommendations of the Task Group would be based on the facts and figures that became evident.

The face-to-face-meetings

On behalf of the Committee I would like to thank the representatives of the majority of Councils who attended for the open and amicable discussions with one exception.

The general results were as follows.

How is the grant spent?

There is clearly confusion in some parishes as to what functions can be paid for with NULBC S136 grants. There was evidence that some money was being spent on highways (a County Council function) and to support local churches. It was also acknowledged that S136 money is not necessarily being ring-fenced. Rather, it goes into the general "pot" and the grant money is allocated to projects retrospectively. See Appendix 'C' attached.

However -and most importantly- it was generally felt that NULBC is getting value for its money. Grant money is used to provide services such as grass-cutting, play areas, recreation areas, public seating and bus shelters at a more economical rate than could be provided by principal Councils.

With just one exception, Parish Councils overspend on concurrent functions to an average 17% and it was agreed by Committee members that a drastic and immediate reduction in S136 grant money would have a negative impact on parishioners who are ultimately Newcastle's residents.

What other sources of income are there?

This has mostly been explained by the comments above. Parishes argued that the precept has been held down in most cases in line with Council Tax. Some Parishes have raised their precept to pay for particular projects. Consultation exercises lessened the negativity from parishioners but increases in Precept are always unpopular. Some grants from other sources such as the PCC are for specific projects and can distort the balance sheet. See Appendix 'D' attached.

The effect of a cut in S136 money

In almost all cases an unwanted rise in precept would have to be considered. One Parish commented that assets retained in 1974 would be returned to the Borough Council. Consultation with a Borough Legal Officer confirmed that such a move would be very difficult for the Parish to force through and would be resisted by the Borough.

There would also be a reduction of money spent on services that could impact on the more rural communities. They spend a significant proportion of their total income on ensuring that untreated roads remain passable in extreme weather and on village halls that are a social lifeline.

Priority Areas

In many cases the desire is to continue providing services at their current levels. There was a wish from some Parishes to take responsibility for more bus shelters but the main concern is the maintenance of assets.

Playgrounds have become subject to increasingly stringent Health and Safety legislation and their maintenance and replacement have become a drain on financial resources. Areas of woodland that need a significant amount of arboricultural work are also cited as a priority over the next 1-2 years.

Reserves and Assets

This was an area that concerned the Committee members the most. At the end of Financial Year 2013/14 the Parishes had in excess of £400,000 in cash assets with the amount of assets increasing from the previous year in seven cases. If these cash assets are taken as a percentage of income from precept only three parishes have less than one year's precept equivalent in reserve. The remainder have significantly more than one year's equivalent with the highest being 3.11 years.

It was felt by the Group that these amounts are excessive although it is acknowledged that there are extenuating circumstances in some cases. One Parish admitted that a previous Clerk had advised the Parish Councillors not to spend money. Another Parish admitted that previous Parish administrations had neglected regular maintenance leaving some assets as serious safety liabilities and these had to be addressed in the immediate future.

There was significant debate at the Parish Forum on October 15th regarding the amount of cash assets held in reserve by Parish and Town Councils and its relation to S136 monies. One Parish Council stated that comparing the amount of cash assets to the annual precept was wrong and believed that the amount of assets kept by a PC should be equivalent to at least two years of revenue produced by annual precept, another stated that the "Bible" for Parish Clerks indicates that reserves should be calculated as a proportion of gross expenditure and there was general opposition to the idea of Reserves being taken into account.

However, one Clerk who acts as Parish Clerk and/or Responsible Financial Officer to three Parish Councils admitted in the face-to-face interview that money from NULBC is not ring-fenced and it could be reasonably assumed that this would be the case in other Parish Councils. If that assumption is correct then it is felt that it would not be unreasonable to argue that S136 money has helped seven of our Parish Councils to increase their cash assets in the financial year ending in April 2014. The argument put forward by one Clerk that the figure given on the Return in April was merely a snapshot of a financial position is surely an erroneous one. This date is commonly taken as the end of a financial year when stock is taken of the assets held before new income from precept and annual grants is received.

The case against the possession of large amounts of cash in reserve becomes even stronger when the NALC document "Governance and Accountability for Local Councils" is studied. Paragraphs 2.25 and 2.26 of this publication are quoted in full below:

As Councils have no legal powers to hold revenue reserves other than those for reasonable working capital needs or for specifically earmarked purposes, whenever a council's year-end general reserve is significantly higher than the annual precept an explanation should be provided to the auditor.

Earmarked reserves, which are set aside for specific purposes and for savings for future projects, should be realistic and approved by the Council. It is generally accepted that general (i. e. un-earmarked) revenue reserves usually lie within the range of three to twelve

months of gross expenditure. However, the amount of general reserve should be risk-assessed and approved by the Council.

It would be interesting to discover if any auditor has actually raised concerns regarding reserves and if not then why not. Nevertheless, despite protests to the contrary, it is felt that the above paragraphs do give Newcastle-under-Lyme Borough Council the authority to take the level of general reserve held by a Parish Council into consideration when determining the future level of any s136 grant. How this could be implemented is explained in the list of recommendations. See Appendix 'E' attached.

Many Parishes also have significant fixed assets. However it was felt that the value placed on assets is largely for insurance purposes and is not a realistic resale valuation. These have therefore not been used in any recommendations.

Recommendations

NULBC has a number of options available to it with regard to the future of S136 grants

1. Do Nothing

It is felt that this is not an option. The current system gives the Borough no control over the grant and allows for the possibility of funding being wasted. There is also little or no accountability on the part of Parish Councils.

2. Reduce by 50%

There would be a logical reason for this as money from Central Government has been cut by a similar amount in the lifetime of the current Parliament. However if the policy of matching s136 money to the rise and fall of income from Central Government were to be adopted then the amount available for distribution would be likely to fall for the foreseeable future. This would result in some Parish Councils receiving very negligible amounts in s136 money.

3. Abolish S136 grants

As there is no legal reason for the grant to exist then the Borough Council would be within its rights to withdraw all S136 money. However it is felt that this would cause unnecessary friction and would probably result in rises in precept. The Borough Council could be accused of bringing in taxation by the back door.

4. Establish a more closely monitored system

This is the Task and Finish Group's favoured option.

As previously stated it is felt that the Parish and Town Councils generally give value for money not only in managing assets and functions devolved under S136 but as a service to their residents. It is therefore recommended that the calculation of grant should remain unchanged for 2015/16.

However there are concerns from the Group regarding evidence of underspend and/or use for non-S136 functions. At a time when the Borough Council is facing restrictions on its own spending it would be wrong for S136 grant money to be issued with no strings attached.

The Task and Finish Group is therefore recommending that a cross-party monitoring group should be established. Prior to any grant money being issued in April 2015 individual Towns and Parishes would need to provide this group with proof that the grant for 2014/15 has been used in full and for its intended purpose. Failure to do so could result in an amount equivalent to any shortfall in 2013/14 being deducted from the grant for 2015/16. This could be used as a model for the issue of S136 monies in future years.

The above recommendation was generally approved at the Parish Forum.

The Group also remains concerned at the level of cash assets held by Town and Parish Councils. It is recognised that reserves need to be held for emergencies and money has to be set aside for large-scale maintenance. However it is felt that Town and Parish Councils should be encouraged to be more open and transparent with cash assets if they wish to continue to receive S136 money.

It is therefore recommended that by April 2016

- General reserves should be set at a level of six months of gross expenditure – in line with NALC recommendations. This would be calculated by averaging the previous three “normal” years of expenditure i.e. discounting any year of abnormally high or low expenditure.
- Any remaining cash assets should be earmarked for specific projects or maintenance with practicable and realisable end dates agreed by the Borough Council.

It is recommended that failure to provide a clarification of the purpose of any reserves held could lead to the withholding of all or a percentage of future grant money. There was opposition to the principle of this level of accountability with some saying that they would recommend to their Councillors that they should opt out of applying for S136 money should the above recommendation be implemented.

However the members of the Task and Finish group are convinced that the Borough Council needs to be absolutely sure that if it is to continue to provide a significant proportion of income to the Town and Parish Councils then that money has to be used prudently and for its intended purpose. That is the duty that it has toward every council tax payer in the Borough.

Other observations

Although probably outside the remit of this group it has to be brought to general attention that the cost of salaries and administration was found to be high with two Councils spending more than half their income on these items.

Also with the Borough Council currently considering the outcome of the Planning Peer Review it should be noted that a number of Parish Councils stated that finances are increasingly being used to put forward their views on proposed planning applications.

Dave Stringer
Chair Task and Finish Group

Appendix 'C'

Parish	S136	Spent	% (under)/over	Planned	% of S136
Audley	9692	9755	0.65	9755	100.65
Betley	2264	2661	17.53	2834	125.18
Chapel and Hill Chorlton	744	827	11.16	827	111.16
Keele	2000	2333	16.65	2960	148
Kidsgrove	25036	39507	57.8	94900	379.05
Loggerheads	7356	8996	12.23	6875	93.46
Madeley	5652	8350	47.73	8350	147.73
Maer	980	1115	13.78	1115	113.78
Silverdale	4960	2446	-49.31	2446	49.31
Whitmore	3232	4637	43.47	4637	143.47
Averages	61916	80627	17.17	134699	141.18

S136	= Amount of Grant for 2013/14
Spent	= Declarations of 136 spend for 2013/14
% Under/Over	= % Of over/under spend
Planned	= Spending originally planned by Council
% of S136	= % of S136 grant spent on concurrent

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Appendix 'D'

Parish	Precept	136	Other
Audley	71.46	14.88	13.63
Betley	64.97	15.06	19.98
Chapel Hill and Chorlton	57.72	14.18	28.11
Keele	61.28	18.71	20.01
Kidsgrove	63.68	17.25	20.45
Loggerheads	75.24	14.03	10.73
Madeley	67.51	6.05	26.44
Maer	38.87	8.34	61.13
Silverdale	49.55	24.8	25.65
Whitmore	71.43	13.58	14.99
Average	62.17	14.69	24.11

Percentages of money raised by individual Councils by
Precept, S136 Grant and from Other Sources

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Appendix 'E'

Parish	Cash Assets	% Difference	Difference as % of 136	Precept	Years Available
Audley	85763	1904	19.64	46460	1.85
Betley	30382	307	13.56	9769	3.11
Chapel and Hill Chorlton	5363	701	94.22	3029	1.78
Keele	3744	-3866	N/A	6552	0.57
Kidsgrove	162385	-48790	N/A	92445	1.76
Loggerheads	28712	14346	608.91	39460	0.73
Madeley	87189	9925	175.6	63021	1.38
Maer	11798	-644	N/A	4568	2.58
Silverdale	16526	2369	47.76	9910	1.67
Whitmore	11030	2018	62.44	17000	0.65
Total Assets	442892				
Average Years Available					1.61

Cash Assets	=	Cash Assets held in April 2014
% Difference	=	Growth in Reserves between April 2013 and April 2014
Difference as % of 136	=	Growth in Reserves as % of S136 for 2013/14
Precept	=	Money raised through Precept in 2013/14
Years Available	=	Number of years of Precept available in Reserves

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**Report to the Finance, Resources
and Partnerships Scrutiny Committee**

Wednesday 5th November 2014

Medium Term Financial Strategy

2015/16 to 2019/20



Report Author: Kelvin Turner
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Introduction

To enable the Committee to scrutinise the Medium Term Financial Strategy, which was considered and approved by Cabinet on the 15th October 2014.

Background

The Borough Council is committed to deliver high quality services. The attached document Appendix 'B', the Medium Term Financial Strategy (MTFS) for the period 2015 to 2020, demonstrates alignment with the Council Plan and will be the main vehicle in assessing the Council's financial position, ensuring efficiency in service delivery and targeting resources to agreed priority areas.

Questions to be Addressed

That Committee considers the MTFS as it is a major component in the budget setting process for 2015/16 alongside the other elements of the budgeting process.

Outcomes

That the Committee review the MTFS and the covering report considered by Cabinet on the 15th October 2014 and that any comments are reported back to Cabinet

Supporting Information

- Report considered by Cabinet on the 15th October 2014 is reproduced at Appendix 'A'.
- The MTFS document is shown at Appendix 'B'.

Relevant Portfolio Holder(s)

Councillor Mrs Elizabeth Shenton (Portfolio Holder for Finance and Resources)

Appendices

- Appendix 'A' - Report considered by Cabinet on the 15th October 2014.
- Appendix 'B' - MTFS document is shown at Appendix 'B'.

1. **MEDIUM TERM FINANCIAL STRATEGY 2015/16 TO 2019/20**

Submitted by: Executive Director – Resources and Support Services

Portfolio: Finance and Resources

Ward(s) affected: All

Purpose of the Report

To provide the background on the financial strategy for the Council over the next five years in the light of the national and local financial situation and taking account of the Council's priorities.

Recommendations

(a) To approve the Medium Term Financial Strategy for 2015/16 to 2019/20.

(b) That the report be referred to the Finance Resources and Partnerships Scrutiny Committee for comment.

Reasons

The Medium Term Financial Strategy underpins the whole financial planning structure of the Authority. It is closely aligned to the Council's Council Plan and focuses on targeting its financial resources in line with its stated aims and objectives.

1. **Background**

1.1 The Borough Council is committed to deliver high quality services. Integral to this ambition is the need to effectively target its financial resources in line with its stated aims and objectives.

1.2 The document attached as Appendix 'B', the Medium Term Financial Strategy (MTFS) for the period from 2015 to 2020, demonstrates alignment with the Council Plan and will be the main vehicle in assessing the Council's financial position, ensuring efficiency in service delivery and targeting resources to agreed priority areas.

2. **Issues**

2.1 Local government in general and district councils in particular continue to face the prospect of operating within a severely challenging financial environment. With further large decreases in general government funding forecast, the Council must review the services that it provides and its approach to value for money to keep council tax increases as low as possible.

2.2 When Local authorities were informed of their allocations of central government funding in support of their budgets for 2014/15 they also

received notification of provisional amounts for 2015/16. This support is in the form of Revenue Support Grant (RSG) and a Baseline Funding amount related to Business Rates. The final amounts of funding will be notified later in the financial year, most likely in December 2014. The provisional allocation for this Council is £6.012m. This compares with a total of £7.123m for 2014/15, representing a 15.6 per cent reduction from year to year. The funding reduction is reflected in the MTF5, being one of the main contributors to the budget shortfall for 2015/16 as shown in the MTF5. The government has given limited information about the amounts of funding for subsequent years. Indications are that there is likely to be a further substantial reduction in 2016/17 and continuing significant reductions for at least the following three years. Accordingly, the MTF5 has assumed a 10 per cent reduction for 2016/17 onwards.

- 2.3 Revised arrangements in respect of business rates have applied from 1 April 2013, allowing local authorities to retain part of any growth in rate income. These arrangements, which are fairly complex, are outlined in the MTF5 report. Additionally, the Council is a member of the Stoke on Trent and Staffordshire Business Rates Pool, which enables it to retain more rates income than it otherwise would have done by avoiding payment of a levy on rates income growth to the government. It is anticipated that the Council will benefit from rates retention, although it is difficult to estimate precisely how much additional income it will be able to retain. The MTF5 does not allow for any additional income. However, it will be reasonable to assume a prudent level of additional income for inclusion in the list of savings/additional income to be compiled to meet the 2015/16 funding gap of £1.850m identified in the MTF5.
- 2.4 Housing is an important source of economic growth. For each new-build home, conversion and long-term empty home which has been brought back into use, the Council receives New Homes Bonus Grant which is based on the extra Council Tax revenue generated by these homes. It is therefore both economically and financially important to support housing growth.
- 2.5 The purpose of the comprehensive five year MTF5 is to predict likely budget totals, if services are maintained at current levels, by projecting forward the different elements of the 2014/15 budget, such as employee pay or supplies and services, based on assumptions as to likely changes or specific pressures, such as pay increases or price increases or any agreed changes which will affect service levels. These assumptions are all set out in the MTF5. It also illustrates how the Council Plan is driving the medium term financial plan over the next five years. Whilst standing on its own as a strategy, it is an integral part of the Council's overall planning process comprising service delivery plans, the Council Plan and the Borough's Sustainable Community Strategy.
- 2.6 The MTF5 identifies significant budgetary shortfalls over the next five years that will need addressing with robust financial and budget strategies. The amounts for each year are set out below:

2015/16 £1.850m
2016/17 £1.160m
2017/18 £0.558m
2018/19 £0.692m
2019/20 £0.399m

The detailed MTFS shows how these amounts arise and what measures are being proposed to address them.

- 2.7 The Council Leader and the Portfolio Holder for Finance and Resources are members of the Budget Review Group. The Budget Review Group will continue to oversee all aspects of the budget process, including service review and challenge, longer term planning, development of budget options including proposals for savings and increasing income, agreeing consultation arrangements and consideration of feedback and seeking to deliver service models that drive improvement to front-line services whilst offering value for money.
- 2.8 The budget options developed by the Budget Review Group will be available for consideration by December and the MTFS amended, where necessary, to take account of them. Cabinet will consider these proposals, in the form of a draft budget for 2015/16 at its meeting on 14 January, to enable this to be submitted to the Finance, Resources and Partnerships Scrutiny Committee on 22 January. As part of this process it is intended to repeat the Scrutiny Café event on 13 January which will enable all members to obtain information regarding budget options and to ask Cabinet members and officers questions about the options.
- 2.9 It is also envisaged that as in the last two years, the first draft of the savings plans for 2015/16 will be available for the meeting of the Finance and Resources Partnerships Scrutiny Committee on 4 December.

3. **Proposal**

- 3.1 That Members approve the Medium Term Financial Strategy for 2015/16 - 2019/20.

4. **Reasons for Preferred Solution**

- 4.1 Without an MTFS it would be difficult to demonstrate the alignment of resources with the Council Plan. It is also the main vehicle for assessing the Council's position, ensuring efficiency in service delivery and targeting resources to agreed priorities.

5. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

- 5.1 The MTFS identifies the resources to deliver the corporate priorities of the Authority linked to expected outcomes.

6. **Legal and Statutory Implications**

- 6.1 The MTFFS is not a statutory document but it is considered best practice.

7. **Equality Impact Assessment**

- 7.1 Differential equality impact issues will be identified against the key strategies, policies and functions of the Council and will be considered in producing future service improvements, which will then be reflected within the Council's budgets.

8. **Financial and Resource Implications**

- 8.1 The MTFFS identifies future years' shortfalls in financial resources which will need to be addressed as part of the Council's budget strategies.

9. **Major Risks**

- 9.1 Section 25 of the Local Government Act 2003 places a duty on the Chief Finance Officer to report on the robustness of the budget. The main risks to the budget include:

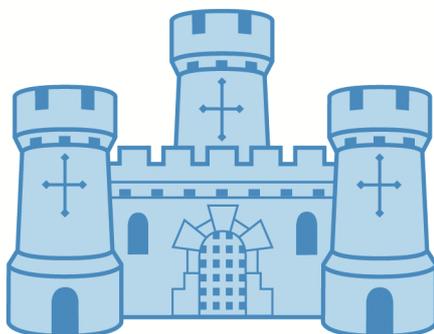
- Spending in excess of the budget
- Income falling short of the budget
- Unforeseen elements, e.g. changes in interest rates

Such risks require regular and careful monitoring and it is essential that the council has sufficient reserves to call on if required, e.g. the council has a general fund balance of £1.20 million and a minimum balance of £0.100m in the Contingency Reserve. In previous years the Chief Finance Officer has believed that the assurance required under Section 25 can be given and, with careful budget planning, robust monitoring and adequate level of reserves, there should be no reasons to alter that view.

10. **List of Appendices**

Appendix 'B' - Medium Term Financial Strategy 2015/16 to 2019/20.

Medium Term Financial Strategy 2015/16 to 2019/20



**NEWCASTLE
UNDER LYME**
BOROUGH COUNCIL

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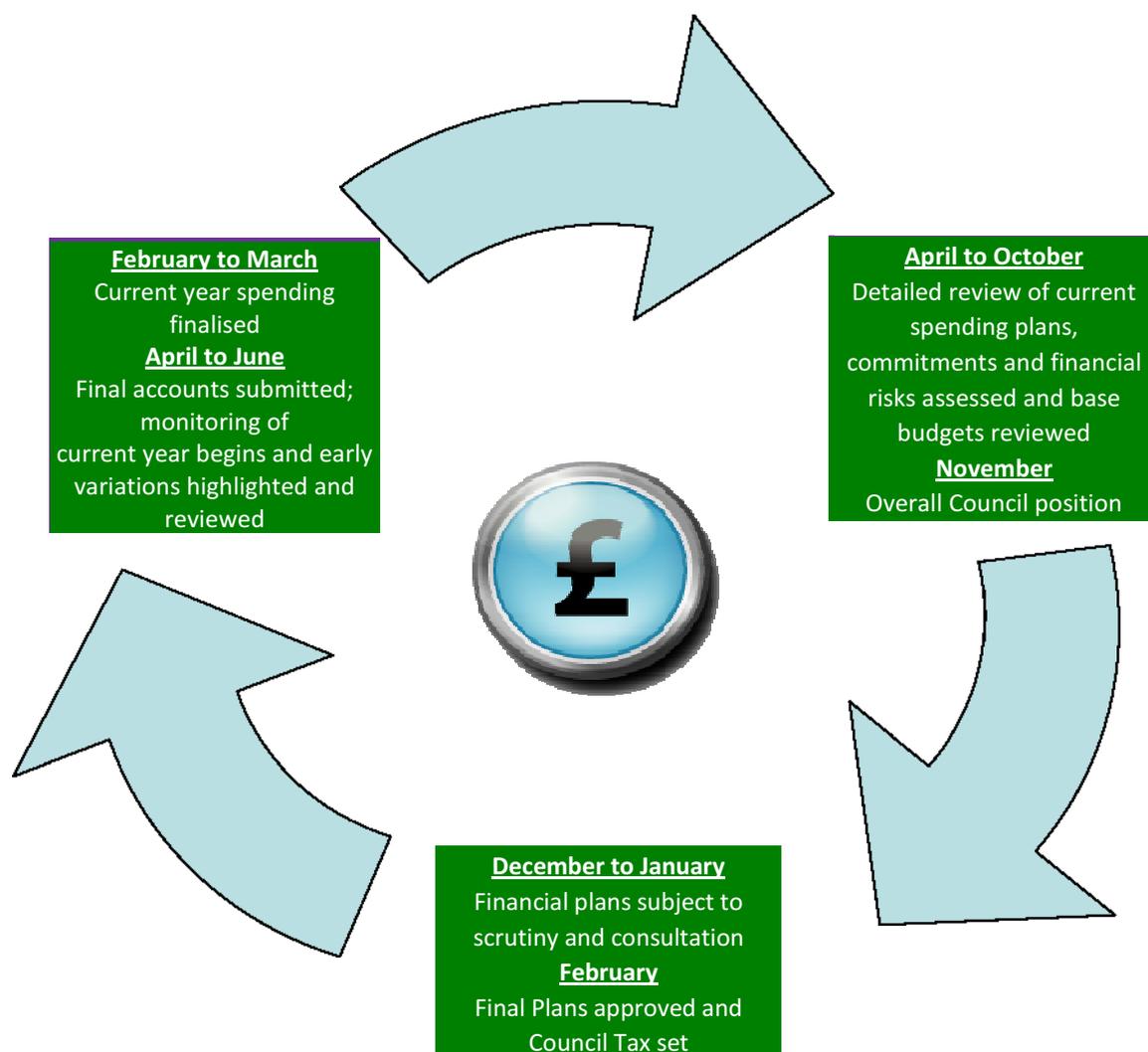
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MEDIUM TERM FINANCIAL STRATEGY 2015 to 2020

1. INTRODUCTION

- 1.1 This document provides details of the Council's medium term financial plans and projected financial position to 2020.
- 1.2 It sets out how the Council spends the money it receives from the residents and businesses of Newcastle-under-Lyme and Central Government, to provide services and to meet the priorities identified in the Council's Council Plan.
- 1.3 The formulation of this medium term strategy is part of the wider financial strategy and framework at the Council. Financial planning is an on-going process and this strategy is reviewed and updated on a regular basis.

The Annual Financial Cycle



A Longer-Term View

- 1.4 The Council plans its finances over a 5-year rolling programme. This longer-term view is designed to highlight at an early stage where the Council may have financial challenges and the level of resources it is likely to have available beyond the current financial year.
- 1.5 This helps to identify future issues in order that a timely and planned approach can be taken to address a shortfall in resources, a reprioritisation of spending or indeed where additional resources are available, where they should be invested.

The Budget Review Group

- 1.6 A Budget Review Group was established to ensure that the budget setting process consults all interested parties in a transparent manner. The Council Leader and the Cabinet Portfolio Holder for Finance and Resources are members of the group, together with the Chief Executive, Executive Director of Resources and Support Services, Executive Director of Regeneration and Development and the Executive Director of Operational Services.
- 1.7 The remit of the group is to oversee all aspects of the budget process, including service review and challenge, longer term planning, development of budget options, agreeing consultation arrangements and consideration of feedback and seeking to deliver service models that drive improvements to front line services whilst offering value for money.

The Council plans its finances over a 5-year rolling programme. This longer-term view is designed to highlight at an early stage where the Council may have financial challenges and the level of resources it is likely to have available beyond the current financial year.

The Council Plan

- 1.8 The Council Plan describes the key actions that the Council will take over the next three years in order to create a borough that is prosperous, clean, healthy and safe. It sets out the Council's priorities and focuses on delivering these and ensuring that we continue to deliver high quality services for the Council's customers and bring real improvements in services for all in the Borough.
- 1.9 The Plan is updated annually to ensure that the Council's corporate objectives and priorities for action are helping to achieve the Council's Vision and reflect community priorities in the services that it provides.
- 1.10 In these very challenging times, the Council continues to have its funding reduced by Central Government and legislative changes to the responsibilities of local council's means there will be some tough decisions ahead. For these reasons alone it is important that resources are used prudently and effectively and to review the way in which we do things and consider what is important for the borough. There is thus a clear and direct link to the Medium Term Financial Strategy (MTFS) from the Council Plan.

The Council's Role

- 1.11 The Council wants Newcastle-under-Lyme to be a borough in which people are proud to live, work, visit and do business. Moreover, it is important that the council be an open and transparent organisation which is accountable to local people and which, through co-operation with partners, will work together to improve where we all live. By trying to deliver better services and focused on the needs of local people, the council's aim is to create an organisation which is responsive and in touch with the people it serves. Consequently, the Council's Vision is:

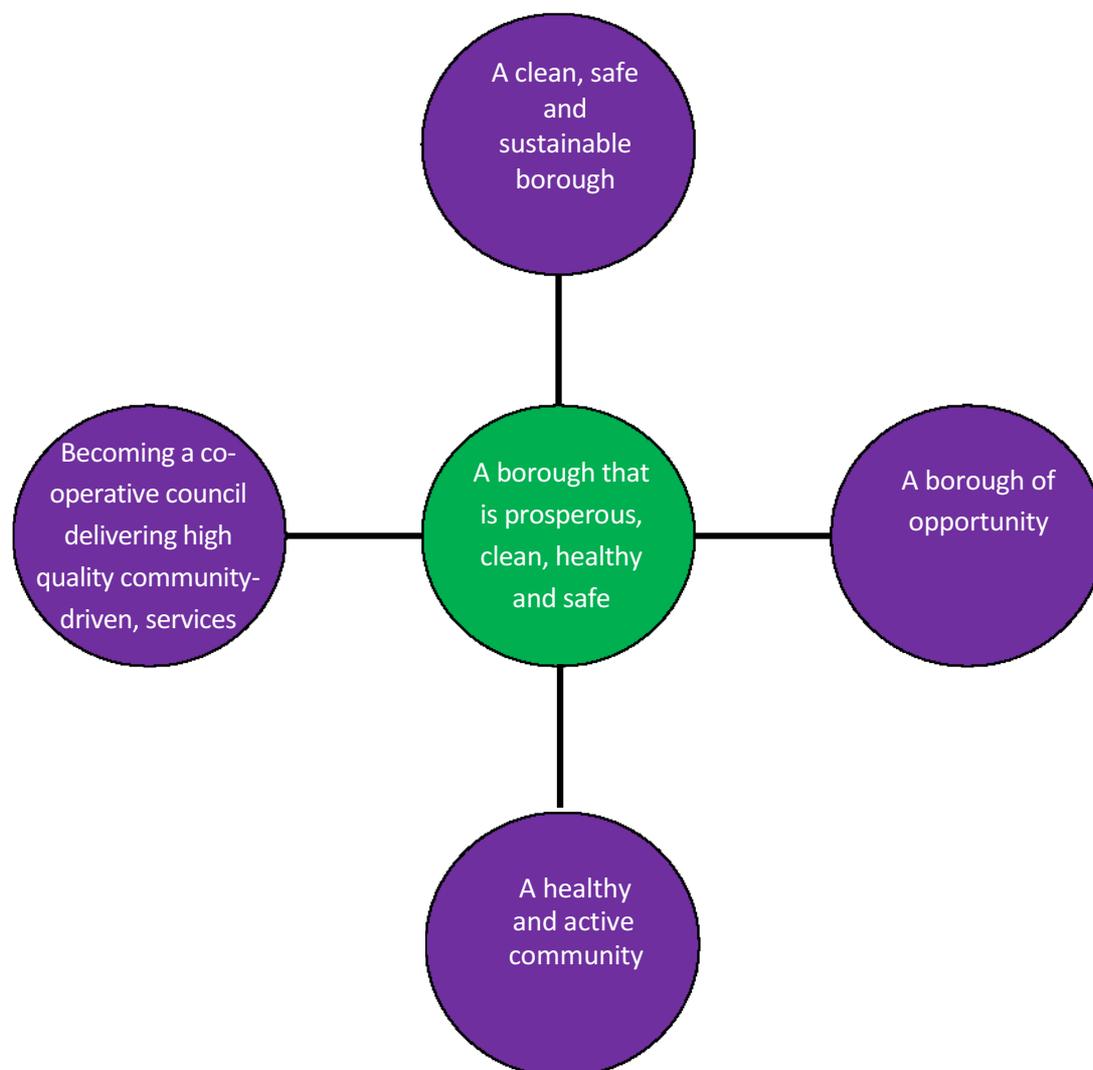
“To create a borough that is prosperous, clean, healthy and safe”

Priorities and Outcomes

- 1.12 In order to deliver this vision, the Council has developed 4 “priorities” under which there are a series of outcomes and activities. These priorities and outcomes are reviewed and monitored on an annual basis. Progress against targets is reported to Cabinet and Finance Resources and Partnerships Scrutiny Committee.
- 1.13 The full Plan with targets for 2014/15 to 2016/17 can be accessed on the Council's web site at: www.newcastle-staffs.gov.uk

Priorities

1.14 Effectively, the Plan covers all aspects of life in all areas of the borough.



- [A clean, safe and sustainable borough](#) – To improve the environment so that everyone can enjoy our safe, sustainable and healthy borough.
- [A borough of opportunity](#) – To work with our partners to maximise investment and encourage enterprise and employment – generating activities that will create opportunities for improving the wealth, prosperity and housing choices of our residents.

MEDIUM TERM FINANCIAL STRATEGY 2015 to 2020

- [A healthy and active community](#) – To work with partners to make sure residents and visitors are able to access a range of facilities and support activities that will enable them to improve their health and quality of life.
- [Becoming a co-operative council which delivers high quality, community-driven, services](#) – Newcastle-under-Lyme Borough Council is working towards being a co-operative council which means working together with residents, partners and local organisations to collectively deliver the best using available resources.

Links with the Medium Term Financial Strategy

- 1.15 The financial planning framework is integrated with the corporate planning process. The Council Plan aims to identify the specific services and issues as to where the Council should prioritise its resources and the Council's budgetary plans reflect this.
- 1.16 The net revenue budget for 2014/15 has been allocated across services provided as shown in the chart below.

MEDIUM TERM FINANCIAL STRATEGY 2015 to 2020

⚙️ **Shown as a negative amount due to income exceeding the costs associated with these activities**

Highways, Roads and Transport ⚙️

- Highways/Roads (Structural)
- Highways/Roads (Routine)
- Street Lighting
- Parking Services
- Public Transport
- Traffic Management and Road Safety
- Transport Planning, Policy and Strategy

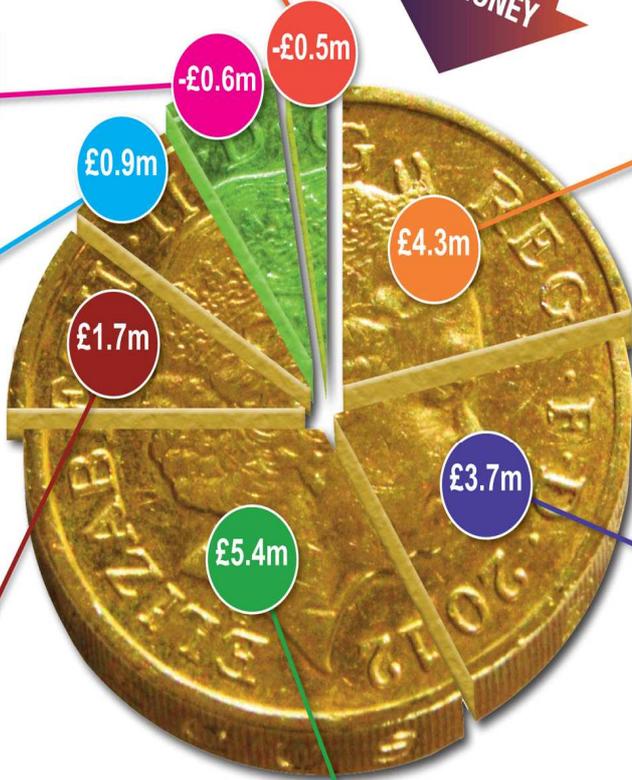


Corporate Expenditure ⚙️

- Interest and Investment Income
- Investment Properties
- Pension Liabilities Account

Central Services

- Council Tax Collection
- NNDR (Business Rates) Collection
- Non Distributed Costs
- Members Services and Committee Administration
- Mayorality
- Registration of Electors
- Conducting Elections
- Corporate Management
- Local Land Charges
- General Grants, Bequests and Donations
- Emergency Planning



Housing Services

- Housing Strategy
- Housing Advice
- Housing Advances
- Homelessness
- Private Sector Housing Renewal
- Housing Benefit Payments
- Housing Benefit Administration
- Enabling
- Licensing of Private Sector Landlords

Cultural Services

- Museum and Art Gallery
- Theatres and Public Entertainment
- Parks and Open Spaces
- Allotments
- Community Recreation Service
- Community Centres
- Sports and Leisure Centres
- Tourism
- Golf Course
- Cultural Management and Support Services

Planning Services

- Building Control
- Development Control Enforcement
- Development Control Applications and Appeals
- Planning Policy
- Environmental Initiatives
- Economic Development Commercial Portfolio
- Economic Development - Other
- Economic Development - Government Initiatives
- Community Development

Environmental Services

Cemetery and Cremation Services	Infectious Diseases	Street Cleansing
Environmental Protection	Pest Control	Waste Collection
Pollution Control	Public Health	Waste Disposal
Environmental Crime	Water Safety	Waste Strategy
Food Safety	Footpath Lighting	Trade Waste
Public Conveniences	Recycling	Waste Minimization
Licensing	Flood Defence and Land Drainage	Climate Change Costs
Dog Warden Services	Community Safety - Crime Reduction	Environmental Management and Support Services
	- CCTV	
	- Safety Devices	Streetscene

MEDIUM TERM FINANCIAL STRATEGY 2015 to 2020

Links to other strategies and plans

- 1.17 The MTFS has links to a number of other Council and wider community strategies and plans. Where these have financial consequences for the Council, these are reflected in the MTFS.

The Council has three main strategies linked to its priorities:

- Economic Development Strategy
- Health and Wellbeing Strategy
- Stronger and Safer Communities Strategy

Others which have a particularly significant input are:

Capital strategy and capital programme

- 1.18 The Capital Strategy sets out how the Council proposes to deploy its capital resources in order to assist it to achieve its corporate and service objectives. It also takes into account the resources which are likely to be available to the Council to fund capital investment and the effect of that investment on the Council's revenue budget. The Council's detailed capital investment plan is contained in its Approved Capital Programme. The current programme was approved by Full Council on 26 February 2014. This programme provides for £2.2 million of investment during 2014/15 in projects across all of the Council's priority areas.
- 1.19 The Capital Strategy has been prepared against a background of unprecedented reductions in funding provided to local authorities by central government and its agencies, arising from the need to restrain public expenditure owing to the ongoing economic recession and to rebalance public finances. At the same time, the Council's own resources available to finance capital projects are running out and will need replenishing before any substantial further capital investments can be made. Whilst the Council has benefited from an ability to recycle income derived from the disposal of land and property over many years, a more focused programme of asset disposals is required to counteract the effects of reduced external finance.
- 1.20 The Council is presently debt free, having no long term loans outstanding. However, if further capital receipts do not materialise borrowing may be the only option to finance proposed capital expenditure in future years. This will have an effect on the general fund revenue account through financing charges and reduced investment income.

Asset management strategy

- 1.21 The asset management strategy encapsulates the Council's response to national policies and guidelines; it sets out the processes for the strategic management of the Council's property assets in order to ensure the best use of assets to meet corporate objectives in an efficient and effective manner. These processes resonate with the Capital Strategy and in turn may result in projects being included in the capital programme.

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- 1.22 Through a planned and ongoing review of the asset register, against current and anticipated usage, disposal of assets will provide investment into the Council's capital programme. In parallel the Council will seek partner contributions (for example through external grants, partner organisation use of Council assets to contribute to revenue streams and joint venture opportunities).

Treasury management strategy

- 1.23 This is approved annually and sets out the Council's strategy for investment of its funds. The investment strategy, together with the prevailing market conditions in relation to interest rates and counterparty security will be the major factor in determining the return which is obtained on investments. Interest on investments is a source of income in the revenue budget.

Human resources strategy and workforce development plan

- 1.24 The Human Resources Strategy provides the strategic linkages in people performance and management to enable the Council to meet the Council Plan objectives. The Workforce Development Plan sets out how the Council will develop the skills and capacity of its staff in line with the Human Resources Strategy. Where there are costs associated with this, these will be included in the MTFS.

Charging policy

- 1.25 The policy sets out what the Council intends to achieve through the charges it makes and the criteria which it will use to determine the level of charge for individual services. The annually approved scale of fees and charges is compiled in line with the principles set out in the policy. Income from fees and charges comprises a significant proportion of the income included in the revenue budget.

Reserves and balances strategy

- 1.26 The Council's Reserves and Balances Strategy indicates that, following a risk assessment, the minimum prudent level of general fund balance to hold is £1.2 million and that there should also be a contingency reserve of £100,000. Current indicators are that this strategy will be delivered.

Departmental service delivery plans

- 1.27 Service Plans are an integral part of the Council's planning process and demonstrate the actions and targets of each directorate in order to achieve the Council's corporate objectives and priorities.

MEDIUM TERM FINANCIAL STRATEGY 2015 to 2020

Other strategies which may influence the MTFS

1.28 There are a number of other Council strategies whose contents may have implications for the MTFS:

- Procurement Strategy
- North Staffs Green Spaces Strategy
- Private Sector Housing Renewal Strategy
- Housing Strategy
- Arts and Cultural Strategy
- Energy Efficiency and Climate Change Strategy and Carbon Reduction Plan
- North Staffs Core Spatial Strategy
- Saved Local Plan Policies (emerging)
- Co-operative Council Strategy
- Sustainable Community Strategy

2. THE COUNCIL'S OVERALL FINANCIAL POSITION

2.1 The Council's overall financial position has been relatively strong over recent years, this has arisen both from prudent financial management, together with a programme of efficiency savings from transformation, procurement, service delivery and the generation of additional income. These savings have helped to sustain the Council's financial position against a background of reducing resources.

The National Context

2.2 Similar to other areas of the Public Sector, local authorities have had to lower costs as their main source of funding, i.e. Central Government Grant has reduced by 55 per cent since 2010. This is a result of the Government's Policy to address the national budget deficit and this is expected to be on-going over the life of this Medium Term Financial Strategy.

2.3 Central government support for local authorities revenue budgets is provided in the form of Revenue Support Grant (RSG) plus a Baseline Funding amount relating to Business Rates. The amounts to be paid to local authorities as a whole and to individual authorities are announced via the annual local government finance settlement, provisional figures being announced usually in December and final ones in January.

2.4 The Local Government Finance Act 2012 introduced business rate retention for local authorities and for the localisation of council tax benefit, i.e. for local authorities to assume responsibility for devising schemes for making payments to claimants, instead of acting as agents for the Department of Work and Pensions.

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- 2.5 The revised arrangements took effect from 1st April 2013. The Council still bill and collect business rates, but instead of contributing all business rates into the central pool and receiving formula grant plus a baseline funding amount, a proportion of the business rates is retained by the Council.
- 2.6 A baseline level of funding was set so that at the start of the system, the amount received is equivalent to what it would have been under the previous system, less the reductions arising from the Local Government Resources Review. From then on the Council's funding may grow if the business rates base in Newcastle-under-Lyme grows, but could also fall if the business rate base declines.

Compilation of the MTFS

Principles

- 2.7 The MTFS considers changes to the 2014/15 base budget by breaking this budget down into its subjective cost and income components; pay, pensions, utilities, fuel, supplies and services, investment income, income from fees and charges, etc. An assessment is then made, in respect of each of these components, of the factors which might affect their cost or the amount of income receivable and whether there is likely to be a change in this cost or income, and if so how much it will amount to, in each year over the five year period. Also taken into consideration are any additional pressures which may apply to services over the five year period, plus any savings which have been identified and agreed or approved investments in services over the five years. The MTFS therefore shows the changes from the initial 2014/15 base budget through to 2019/20, demonstrating the variances between each of the years.

Base budget components assessed for cost variances

- 2.8 These are set out in detail in section 2.12, which shows by how much in monetary terms the estimated budget for each of the five years varies by comparison to the previous year on account of these factors alone. Also shown are the assumptions about price changes that have been made in respect of each component. In summary, the components examined and the factors which were taken into account to assess the changes were:

MEDIUM TERM FINANCIAL STRATEGY 2015 to 2020

- Levels of central government funding (estimated) as referred to in the National Context section of the strategy (page 9);
- Pay awards and incremental pay increases;
- National Insurance increases, linked to increased pay;
- Superannuation increases, both to take account of increased pay and changes in contributions to the pension fund;
- Energy costs, based on advice from the Council's Procurement Officer;
- Business rates increases on Council properties;
- Fuel for vehicles, based on advice from the Council's Procurement Officer and Freight Transport Association and allowing for changes to fleet numbers and in vehicle types;
- General inflation in relation to supplies and services and contract increases;
- Levels of grants and contributions paid by the Council to external bodies;
- Increase in income from customer receipts;
- Changes in specific government grants receivable;
- Changes in amounts of investment income receivable, both as a result of changes in forecasted interest rates and changes in relation to the capital sums available for investment;
- Contributions from reserves and ongoing effects of previous savings exercises or investments associated with them

The following key assumptions have been made:

- Full provision for known pay increases from incremental progression.
- A 1 per cent pay award in 2015/16 and 2 per cent thereafter.
- Central Government funding will decrease by 15.6 per cent in 2015/16. The government has given limited information about the amounts of funding for subsequent years. Indications are that there is likely to be a further substantial reductions. The MTFS has assumed a 10 per cent reduction for 2016/17 onwards. Funding for 2015/16 will not be confirmed until the local government finance settlement in December.
- A 3.2 per cent increase in transport fuel in each of the five years, as per the forecast provided by the Freight Transport Association.
- An increase in pension contributions.
- An increase of general inflation on certain supplies and services.
- Energy costs are based on an assessment by the Council's energy management advisors and the Council's Facilities Manager.
- Increases in line with inflation for most income heads.

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- Interest rates based on forecasts supplied by the Council's treasury management advisors.
- Investment income takes account of the latest capital programme expenditure forecasts.

2.9 Whilst all of these are important and of some significance, a sensitivity analysis has been undertaken on the following four issues for which the main findings are:

- The level of central government funding which is received
These support a large per cent of the budget so have a major impact. A variation of 1 per cent in the level of external support via these two sources would amount to £60,000.
- How movements in interest rates will affect the Borough Council
The Council has no external debt at the current time but does generate income from its investment portfolio. The Bank of England base rate is currently 0.50 per cent. It is estimated that a change of 0.50 per cent in the interest levels on the Council's investments would lead to £33,000 (based on anticipated investment levels) more or less interest.
- How changes in nationally agreed pay awards will impact
There is provision for a 1 per cent pay award in 2014/15 and a 2 per cent thereafter. With a pay bill (excluding National Insurance and Superannuation) of £12.3m, a change of 0.50 per cent would save or cost £61,000.
- How actuarial changes in the pension scheme will affect the Council
Pension costs are currently 17.1 per cent of salaries for all of those staff in the pension scheme. Over the next five years forecast increases have been factored in. A variation of 1 per cent would save or cost £111,000.

Council Priorities

2.10 A number of Council priorities have been provided for in the formulation of the MTFs, these include:

MEDIUM TERM FINANCIAL STRATEGY 2015 to 2020

- ***Town Centre Partnership***

The development/improvement of the two main town centres (Newcastle and Kidsgrove) has been identified as a clear priority. In order to demonstrate that the Council is able to support and develop the town centres as vibrant places where people want to visit, work, invest and shop, the Council will seek to work in partnership with local businesses to develop an action plan for improving the economic prospects of the town centres. The Town Centre Partnership plans to secure a sustainable funding model through the introduction of the Business Improvement District (BID). The Council's support would continue in the form of payments based on the rateable value of the Council's premises in the town centre, in line with other public and private companies operating in the BID area.

- ***Apprenticeships***

In order to improve the opportunities and training prospects of young people in the Borough, the Council is providing further apprenticeship opportunities through the establishment of a 'shared apprenticeship scheme' in partnership with other local organisations within both the public and private sectors.

- ***Home Security Support for Vulnerable Residents***

Helping vulnerable people, including the elderly is a key priority of the Council. Community safety and fear of crime also remain an important theme for the council and partner agencies. In relation to home security there are two key issues: firstly the standard/condition of the property and secondly, the likelihood of the resident being targeted by a criminal. The Council seeks to address these issues by responding to resident requests for assistance and proactively targeting areas high crime in partnership with the Police.

Assessment of what the MTFS means

- 2.11 The implications of the MTFS forecast will be taken into consideration in the preparation of detailed budgets for 2015/16 and give guideline figures for the budgets for the following four financial years. Details of the timetable, which is being followed, are shown later.

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2.12 The summarised MTFFS illustrates that the Council would have the following shortfalls over the next five years which need to be addressed.

- £1.850m in 2015/16
- £1.160m in 2016/17
- £558,000 in 2017/18
- £692,000 in 2018/19
- £399,000 in 2019/20

2.13 As a percentage of the net budget, the potential shortfall in 2015/16 represents 12 per cent of the current year's net revenue budget. In recent years, the shortfalls have been met by a combination of efficiency measures, better procurement, increased income generation, council tax increases, support from reserves, etc. The continued severity of Central Government funding reductions together with other pressures outlined will mean that together with a continuation of the above strategies, more radical solutions will need to be formulated e.g. shared services, alternative service delivery models and reduction in services.

Newcastle 2020

2.14 In view of the MTFFS forecasts a project called Newcastle 2020 was started at the end of 2013. This is looking at how the Council's ever decreasing resource base can be best used to meet the needs of the population of the Borough.

2.15 The project consists of a number of different work streams, all of which will provide a perspective on the future role and funding of the council. Some of the work that has already commenced includes:-

- **Financial Modelling**

Heads of Service have been asked to model what their services would look like with a 20 per cent, 40 per cent and 60 per cent reduction in resources.

- **Income**

This has involved an analysis of the Council's future tax resource base. This is essential in the content of the changes in respect of business rates and the incentives created in respect of the New Homes Bonus. (These are outlined elsewhere in the MTFFS). In addition, further work is ongoing to maximize income from fees and charges.

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- **Reducing Bureaucracy**

Work is being undertaken to ease the burden of carrying out administration tasks across the Council.

- **Delivery Models**

A number of options are being looked at which could assist the council to sustain services with significantly reduced resources. Areas being looked at include demand management, self-service delivery, procurement and cost sharing with partners and other organisations.

Budget Strategy 2015/16

2.16 The shortfall identified for 2015/16 needs to be managed so that a balanced budget is compiled with spending matched with resources.

2.17 The potential savings, efficiencies and areas of increased income identified for 2015/16, predominately as part of the Newcastle 2020 project, currently include:

- Procurement savings resulting from the negotiation of contracts and annual uplifts incurred, also from determining the actual need for goods, works or services and through ensuring that the Council commissions and procures quality services and supplies, as cost effectively as possible
- Additional areas of income generation including areas where services are performing above their targets, a review of current fees and charges in comparison to other authorities and competitors and a review of areas where we provide a service for free or have the potential to provide a charge for service together with new initiatives
- Staffing efficiencies including a review of vacant posts within the Council, the need to recruit to these posts, a number of service restructures following the departures of the Heads of Service and a number of flexible retirements
- Good housekeeping efficiencies including a comprehensive review of services expenditure budgets that are under utilised and reductions in fees that are required to be paid to external bodies
- Better use of assets including a review of their usage or potential usage and the costs associated with the continued usage or occupation of these assets
- Alternative sources of funding, e.g. New Homes Bonus contributions, Business Rates Retention Scheme and other grants.

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3. TIMETABLE AND PROCEDURE

- 3.1 A Budget Review Group was established in 2012. The Council Leader and the Portfolio Holder for Finance and Resources are members of the group, together with the Chief Executive, Executive Director of Resources and Support Services and other appropriate finance and corporate support officers.
- 3.2 The remit of the group is to oversee all aspects of the budget process, including service review and challenge, longer term planning, development of budget options, agreeing consultation arrangements and consideration of feedback and seeking to deliver service models that drive improvement to front line services whilst offering value for money.
- 3.3 A service challenge process was conducted by the Budget Review Group in 2012 with the Newcastle 2020 project being established in 2013. Heads of Service have put forward options for improved service delivery and efficiency savings together with suggestions for 'invest to save' proposals whereby continuing increased efficiency can be obtained in return for a proportionally modest initial outlay.
- 3.4 The early results from the Newcastle 2020 project have formed the basis of the formulation and preparation of the 2015/16 budget.
- 3.5 The Budget Review Group will also consider the capital programme for 2015/16 and beyond and the resources available to finance it. There will be the opportunity for members to review and comment on this during the scrutiny process.
- 3.6 The budget timetable as regards member involvement and the completion of key stages in the process is set out in the table below:

Event	Body Affected	Date
Consideration of MTFS	Cabinet	15 October
Consideration of MTFS	FRAPSC*	5 November
Initial budget strategy and savings options	FRAPSC*	4 December
Scrutiny Café	All members	13 January
Draft Budget proposals including options approved	Cabinet	14 January
Scrutiny of draft budget	FRAPSC*	21 January
Budget proposals recommended for approval by Full Council	Cabinet	4 February
Full Council to approve Budget	Full Council	25 February

* FRAPSC = Finance Resources and Partnerships Scrutiny Committee

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4. RISK

Risk Statement

- 4.1 Section 25 of the Local Government Act 2003 places a duty on the Chief Finance Officer to report on the robustness of the budget. The main risks to the budget include, spending in excess of the budget, income falling short of the budget and unforeseen elements, e.g. changes in interest rates and budget strategies and savings that do not have robust plans.
- 4.2 Such risks require regular and careful monitoring and it is essential that the Council has sufficient reserves to call on if required, e.g. the Council has a general fund balance of £1.2 million. In previous years the Chief Finance Officer has believed that the assurances required under Section 25 can be given and, with careful budget planning, robust monitoring and an adequate level of reserves, there should be no reasons to alter that view.

Risk Analysis

- 4.3 The financing of local government is entering a period of substantial change. Several key risks have been identified which could have a potential impact upon the Council's projected financial position. These are summarised below.

Key Financial Risks

Collection Fund Balance – deficit accumulates which falls as a cost on the General Fund	<ul style="list-style-type: none"> ❑ New Local Council Tax Support Scheme reduces collection rates. Demand for support increases when resources are fixed. ❑ Local businesses decline and empty properties increase, reducing income.
Growth – now a key factor influencing levels of grant	<ul style="list-style-type: none"> ❑ Growth is curtailed reducing business rates income and other income streams from planning and development.
Budget Savings – need to find £1.85m on-going in 2015/16	<ul style="list-style-type: none"> ❑ They are not identified and implemented within the next year.
Budget Overspend	<ul style="list-style-type: none"> ❑ Unexpected costs ❑ On-going cost pressures and reducing income
General Economic Conditions	<ul style="list-style-type: none"> ❑ Higher price increases on fuel and utilities ❑ Interest rates affect investment returns and debt portfolio ❑ Income shortfalls

MEDIUM TERM FINANCIAL STRATEGY 2015 to 2020

4.4 These risks are managed through a series of mitigation measures included in the financial planning and are monitored on an on-going basis via the Council's risk management process, the Budget Review Group and regular reports to Members.

5. THE COUNCIL'S FINANCIAL STRATEGY

5.1 The Council is committed to delivering high quality services and considerable progress has been made over the last year with significant improvements in performance indicators and positive feedback from external auditors. Integral to this ambition is the need to effectively target its financial resources in line with the priorities of the Council.

5.2 It is the Council's ambition to continue to substantially improve its service delivery over the next five years. Sound and effective financial planning has a vital role to play in ensuring that ambition is realised, through providing sufficient resources to enable the services that matter most to our citizens to be delivered and to respond to the increased demands placed upon the Council.

5.3 The current economic climate and the reductions in central government support to local authorities, particularly for second tier district councils such as Newcastle-under-Lyme, reinforces the need for sound financial planning, not just for the year immediately ahead (2015/16) but over the medium term as well.

5.4 To meet this need, the Medium Term Financial Strategy (MTFS) has been developed for a period spanning five years, from 2015/16 to 2019/20. The MTFS demonstrates alignment with the Council Plan and will be the main vehicle in assessing the Council's financial position, ensuring efficiency in service delivery and targeting resources via a transparent process to agreed priority areas. It illustrates how the Council Plan is driving the medium term financial plans for each block of services over the next five years.

5.5 It is a key document informing the 2015/16 budget process. The assumptions about future costs and income together with those relating to investment and efficiency savings will be incorporated in the 2015/16 budget and will account for the majority of the change in net spending between the 2015/16 budget and that for 2014/15. The indications given in the MTFS concerning the gap between future years' expenditure levels and available resources will enable the Council to draw up an informed strategy, following a public consultation process, that reflects the priorities of the Council, to bridge those shortfalls.

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- 5.6 The MTFS will be used during 2014/15 as the basis for reviewing the Council's financial position. The assumptions contained in it will be regularly reviewed and amendments made to the plan, where necessary. If any consequences in terms of significant adverse budget variations become apparent, this information will be used to formulate an action plan to deal with the budget shortfall. Conversely, if a significant positive variance is indicated, and likely to persist, this knowledge will enable the Council to decide whether to use this to increase reserves or to reallocate some or all of it to additional investments in line with corporate priorities.
- 5.7 Whilst the MTFS stands on its own as a strategy, it is an integral part of the Council's overall planning process comprising service delivery plans, the Council Plan and the Borough's Sustainable Community Strategy.

The current economic climate and the reductions in central government support to local authorities reinforces the need for sound financial planning.

MEDIUM TERM FINANCIAL STRATEGY 2015 to 2020

The Financial Framework

5.8 Within the overall strategy, a framework is effectively cascaded down and detailed in other plans and policy documents, as set out in the following table.

Medium Term Financial Strategy	This document sets out the medium term financial plans of the Council.
Treasury Management Strategy	Setting out how cash and investments are managed. This is designed to ensure the security and liquidity of any council money invested.
Financial Regulations	Setting out the procedures to ensure that the use of finance is legal, properly authorised, reported and provides value for money. These are the detailed rules which are used by Council officers on a daily basis to govern their operations.
Internal Audit Plan	Setting out when fundamental financial and other systems will be reviewed over time to test the effectiveness of internal control. This Plan is approved and monitored by the Council's Audit and Risk Committee.
Capital Strategy and Capital Programme	Setting out how major investment is planned and managed and helps to deliver the Council's priorities.
Asset Management Strategy	Setting out the management of land and property and identifying assets for disposal.

6. GOVERNMENT FUNDING FOR REVENUE PURPOSES

- 6.1 In various forms, the Council receives a substantial part of its funding from central government.
- 6.2 Besides receiving a general grant (Revenue Support Grant), it also receives funding through a New Homes Bonus and specific grants earmarked for certain services. The overall level of grant is reducing nationally, although allocations to the Council from the New Homes Bonus have increased over the last 3 years.

The Council's Financial Settlement 2015/16

The National Picture

- 6.3 On 1st April 2013, the national distribution of local authority funding changed significantly. The system moved away from being based on central funding allocation, to a model based on retaining a proportion of local business rates. However, nationally the Government will still control the overall level of resources for local authorities.
- 6.4 These resources are to continue to reduce. Due to certain services receiving protection (Education and Social Services) the largest impact of the reductions is likely to fall on district councils. Core funding was reduced by an average of 6.9 per cent for district councils in 2014/15. A further reduction of 15.6 per cent is now planned in 2015/16, with indications of further reductions of 10 per cent from 2016/17 onwards.
- 6.5 Newcastle-under-Lyme Borough Council will be in a position to partly offset these decreases through the Business Rates Retention Scheme and the New Homes Bonus. Overall however, it is likely that all councils will continue to see diminishing resources for the foreseeable future.

The national distribution of local authority funding changed significantly. The system moved away from being based on central funding allocation, to a model based on retaining a proportion of local business rates.

How the New System Works

- 6.6 Under the new system, a **start-up funding assessment** was established for each council. It is calculated broadly in the same way as Formula Grant was under the previous system.
- 6.7 This assessment is then split between Revenue Support Grant (RSG) and Business Rates Retention (BRR – a **Baseline Need**). Once set each year, the RSG element is guaranteed, whilst the BRR element is not.
- 6.8 Therefore, overall funding levels are not guaranteed; ultimately the level of business rates collected by councils during the year will determine a significant part of overall funding - the Baseline Need is only the starting point.

The Baseline

- 6.9 To fund the Baseline, councils had an expected level of National Domestic Rates (NNDR Income) to collect. This is based on the projected level of business rates to be collected nationally as determined by the Government.
- 6.10 50 per cent of this amount is paid over to the Government, with 20 per cent paid over to the County Council and the Fire Authority (combined) in two tier areas. The remaining 30 per cent is effectively the target business rates to be collected by the Council.
- 6.11 For councils with a need higher than their Baseline, a **Top Up grant** is paid and this will be fixed. Conversely, for councils with a need lower than their Baseline, a **Tariff** is paid to the Government. This funds the national redistribution mechanism.
- 6.12 Councils that see a higher level of NNDR income compared to their Baseline will be rewarded through the scheme as they will be able to retain an element of the associated increase in revenues. However, councils that have a lower level of NNDR income will see a decline in their resources and, subject to a safety net, will not be compensated.

A Damping Mechanism

- 6.13 The new scheme contains a mechanism to limit individual gains and losses. A **Safety Net** limits losses and this is funded through a **Levy** (or charge) on disproportionate gains.

MEDIUM TERM FINANCIAL STRATEGY 2015 to 2020

- 6.14 The Safety Net applies when a council's income falls by more than 7.5 per cent from its original baseline funding level, set on transition to the new system on 1st April 2013; the level is then fixed and increased by inflation each year.
- 6.15 The Levy limits what councils can gain in cash terms for any given level of NNDR growth. This has been set at 1:1, meaning that a 1 per cent increase in NNDR growth cannot increase overall resources by more than 1 per cent, but subject to a limit of 50p in the pound.
- 6.16 The calculation is complicated, but does allow councils to gain from incremental growth even after paying a levy.
- 6.17 Where councils actually collect business rates at their NNDR target, the level of resources that they would receive (through retained business rates and RSG) will be their start-up funding assessment; i.e. they would neither gain nor lose. The Council is a member of the Stoke-on-Trent and Staffordshire Business Rates Pool, which enables it to retain more rates income than it otherwise would have done by avoiding payment of a levy on rates income growth to the government. It is anticipated that the Council will benefit from rates retention, although it is difficult to estimate precisely how much additional income it will be able to retain.

Reviewing the System

- 6.18 The Government intends that Baselines will be set until 2020, up rated each year for inflation. However, the Government reserve the power to review and if necessary reset the system in exceptional circumstances at anytime. However, they have indicated that a review will not occur within the first 3 years of the new system.

New Homes Bonus (NHB)

- 6.19 This was introduced in 2011/12 and will continue to be paid in the new system in addition to RSG and retained business rates.
- 6.20 Where authorities gain in NHB due to growth, RSG will be reduced. However, the overall system is designed to benefit those authorities who achieve residential growth (including new affordable housing) together with good management of empty properties.
- 6.21 Similar to RSG and retained business rates, the NHB is a flexible, unringfenced fund and is part of the support package that central government will continue to pay to local councils.

6.22 In last years Autumn Statement the Chancellor announced that the Government is considering the option of withholding payments to councils where planning permission is granted on appeal. The intention is to make councils think twice about opposing schemes, adding greater weight to the presumption in favour of sustainable development as enshrined in the National Planning Policy Framework.

7. COUNCIL TAXBASE AND COLLECTION FUND

7.1 The Council's taxbase represents the average "value" of the properties in its area as set against a standard band D property. For example a band D property is expressed as one whilst a lower value band A property is calculated as 6/9 of the band D. On the other hand, the highest value property is band H which is calculated at 18/9 of band D.

7.2 The calculation of the taxbase has an important effect on the level of council tax in that an increase in the taxbase (say, from new building) will mean that the amount to be raised is spread over more properties whilst a reduction (say, from demolitions) will mean that it has to be spread over fewer properties. For 2014/15 the taxbase was calculated at 34,890 properties.

7.3 The collection fund is the vehicle through which all council tax is collected. The Council makes an assumption as to the percentage of council tax which will be ultimately collected. That decision will be made in January 2015. If that target is not met then there will be a deficit which will have to be accounted for in the next financial year whilst if there is a surplus then this can be used to offset whatever council tax is levied in the next financial year.

7.4 Only a certain proportion of the overall council tax bill is attributable to the Council's services. The Council also collects the proportions due to other public bodies that provide services within Staffordshire. These are;

- **Staffordshire County Council** (Education, Social Services, Highways, Libraries, Waste Disposal and Trading Services)
- **Office of the Police and Crime Commissioner Staffordshire** (Day to Day Policing and Crime Prevention)
- **Staffordshire Fire and Rescue Service** (Fire Fighting and Accident Prevention)
- **Local Parishes** (Community Facilities)

MEDIUM TERM FINANCIAL STRATEGY 2015 to 2020

7.5 The split of the overall bill for 2014/15 at Band D level is;

Overall Band D Council Tax	2014/15 £:p
Newcastle-under-Lyme Borough Council	176.93
Staffordshire County Council	1,027.25
Office of the Police and Crime Commissioner Staffordshire	177.61
Staffordshire Fire and Rescue Service	67.64
Sub-total	1,449.43
Parish Council (Average)	20.45
TOTAL	<u>1,469.88</u>

7.6 Local Parish Councils set various rates that are additional to the Band D levels above for residents in those areas. There are 10 parished areas in the District and the Parish levy for 2013/14 at Band D ranges from £7.99 to £44.51.

8. Environmental footprint

8.1 One of the four priorities in the Council Plan is “A clean, safe and sustainable Borough” so it is clear that there is a wide understanding of the impact and implications of the Council’s policies on the environment and hence the need to develop and maintain a sustainable approach. In formulating the MTFs as a means of enabling the achievement of its priorities and to improve service delivery, it is essential that all staff, members and stakeholders are aware of the requirement to consider the environmental impact of their actions.

8.2 In response to such environmental issues the Council has prepared plans, most notably a Carbon Management Plan, which focus upon saving energy with a view to both saving costs and minimising our environmental footprint. The main three avenues of interest for achieving such efficiencies are around premises related energy saving measures, waste recycling and reducing vehicle fleet fuel consumption.

9. Procurement

9.1 The Council has an approved Procurement Strategy which encompasses every aspect of the purchasing process from determining the need for goods, works or services, to buying and delivery in order to help achieve the Council’s key priorities and outputs.

9.2 The procurement role is to ensure the Council commissions and procures quality services and supplies, as cost effectively as possible. The Council must understand the market and seek to influence and develop it for the benefit of delivering low council tax. As part of this role all contracts that the Council currently has are to be reviewed in order to ensure that they are efficient and cost effective.

10. Equalities

10.1 Differential equality impact issues will be identified against the key strategies, policies and functions of the Council and will be considered in producing future service improvements, which will then be reflected within the Council's budgets.

MEDIUM TERM FINANCIAL STRATEGY 2015 to 2020

Summary	2015/16	2016/17	2017/18	2018/19	2019/20	Notes
Changes to Base Budget	£'000	£'000	£'000	£'000	£'000	
Employees:						
▪ Incremental Increases	29	18	2	1	0	As per Payroll
▪ Pay Awards	122	247	252	257	262	1% in 2015/16 and 2% increase thereafter
▪ Superannuation Increases	190	201	21	22	22	
▪ Vacancy Factor	77	81	83	84	0	2.0% in year 1 reducing by 0.5% each year
▪ National Insurance	10	455	9	9	9	Per incremental increases & pay awards plus additional 3.4% in 2016/17 re: the introduction of a single tier state pension
Premises (e.g. Business Rates)	18	18	19	19	19	Based on 2% increase
Transport (e.g. Fuel)	13	13	13	14	14	Based on 3.2% increase
Other Costs (e.g. Inflation, Uplifts)	64	66	68	70	73	General inflation on certain supplies & services
One Off Budget Items Removed 2014/15 Budget	179	33	0	0	0	Expenditure taken from/income added to budget
Investment Income	17	(36)	(18)	0	0	Based on forecast interest rates
New Homes Bonus	(152)	(152)	(10)	124	(69)	
Government Grants	1,111	259	233	210	189	2015/16 per provisional settlement & RSG by 10% thereafter
Council Tax Freeze Grant	0	70	0	0	0	A Council Tax freeze grant was given by Government in 2014/15 which was given until 2015/16 only.
New Pressures	285	0	0	0	0	Insurance, Bad Debts and Waste Income
Fees & Charges & other Income	(113)	(113)	(114)	(118)	(120)	Increase based on 2% increase in 2015/16 & thereafter
TOTAL MTFS SHORTFALLS	1,850	1,160	558	692	399	

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Classification: NULBC UNCLASSIFIED

1. FINANCIAL AND PERFORMANCE MANAGEMENT REPORT TO END OF QUARTER TWO (July - September) 2014

Submitted by: Head of Finance and Head of Business Improvement, Central Services & Partnerships

Portfolio: Communications, Policy & Partnerships
Finance and Resources

Wards Affected: All

Purpose

To provide Finance, Resources & Partnerships Scrutiny (FRAPS) Committee with the Financial and Performance Review report - second quarter 2014/15.

Recommendations

- (a) **That Members note the contents of the attached report and agrees to the recommendation that the Council continues to monitor and scrutinise performance alongside the latest financial information for the same period.**

Reasons

The Financial and Performance Management monitoring reports provide information on a quarterly basis regarding the performance of individual council services, alongside related financial information on the organisation. This report will be presented to Cabinet on 12 November 2014.

1. Background

- 1.1 This quarterly report provides Members with a detailed update on how the Council has performed during the second quarter of 2014/15 by presenting performance data set within a financial context.
- 1.2 This report provides financial information (Appendix H) and also detailed analysis of performance (Appendix I) for the second quarter of 2014/15.
- 1.3 A summary of the overall performance picture is presented in section 3 of this report.
- 1.4 In summary, performance is generally progressing well, with the majority of targets currently being met.

2. 2014/15 Revenue and Capital Budget Position

- 2.1 The Council approved a general fund revenue budget of £14,893,770 on 26 February 2014. Further financial information is provided in Appendix H.

3 Performance

- 3.1 The latest performance information is reported and attached as Appendix I.
- 3.2 Any indicators failing to meet the set targets are reported, by exception, in the table found in section 3.6.

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3.3 The information found in Appendix I is presented in four sections against each corporate priority and detailed results and progress towards identified outcomes for the Council is presented here as well.

3.4 The number of indicators monitored in this report for quarter two 2014-15 is 26 in total, and the proportion of indicators which have met their target during this period stands at 65%.

3.5 The report contains five columns designed to show achievement:

- The “Good is” column denotes whether ‘low’ or ‘high’ figures are good and allows the reader to analyse the results in detail;
- There are two columns included showing comparative quarterly performance for 2013-14 and 2014-15 – this allows the reader to gain some insight into annual trends;
- The fourth column shows the target for 2014-15 (in some cases a quarterly target may be provided when relevant and necessary) and;
- One set of symbols (icons) show whether performance is on target or not at this time.

3.6 Nine indicators from Appendix I are off target this quarter and are reported by exception in the table below, together with commentary.

Exception Report Quarter 2, 2014 (July-September)						
Ref	Indicator	Result	Target	Status	Officer	Portfolio holder
1.7	The amount of residual waste per household	108.39 kgs	415kgs (annual)		Trevor Nicoll	Councillor Beech
Comment	The indicator would appear off target in quarter 2 given the annual target of 415kgs which equates to a quarterly target of 104kgs, and that ‘good performance’ is low. This result reflects the quarterly returns for last year where the results were seasonally affected due to residents’ behavioural changes. The service continues to deliver and promote its programme to encourage residents to recycle more and reduce residual waste; however it appears there is a national trend of waste growth, and therefore we will have to look carefully at the next quarter’s performance to see if the target can still be met.					
1.8	Percentage of household waste sent for reuse, recycling and composting	53.17% (est)	55%		Trevor Nicoll	Council or Beech
Comment	The indicator for quarter two is slightly off target given the annual target of 55%. The results are slightly less than last year’s quarter 2 performance, however due to changes in household waste classification we are no longer allowed to include all street sweepings for recycling, although they continue to be recycled, and nationally we are seeing a reduction in paper consumption, and more materials such as glass and plastics being produced in lighter weights in order to save on manufacturing cost and transport.					

Ref	Indicator	Result	Target	Status	Officer	Portfolio holder
1.10	Number of community volunteer groups/hours spent caring for their local green spaces and neighbourhoods	585.5 hrs	2000 hrs	No	Roger Tait	Councillor Beech
Comment	In 2013-14, the number of volunteer hours was nearly 9,000, and in quarter 1, 2014-15 the result was 2,105.5 hours. However the total number of hours for quarter 2 has reduced significantly to 585.5 hours. The reason is due to an external partner reducing the resource they were putting in to this initiative. Therefore the forecasted target now needs to be reviewed. A positive to this has been an increase in the number and frequency of other events with community volunteers.					
2.6	Percentage of Minor Planning Applications determined within time	75.7%	85%	No	Guy Benson	Councillor Williams
Comment	The drop in performance with respect to this indicator is a direct consequence of the departure of one of the Senior planning officers at the beginning of May (in a situation where the Service had already lost some capacity in the previous October). There has been no significant increase in the number of applications. Performance dropped significantly in July and has worsened since, reflecting the nature of the indicator and the need to deal with applications on a first come first served basis. Following an internal promotion a planning officer has been recruited and is now in post, helping rebuild the capacity of the Service, which has also been affected by several long term absences due to ill-health.					
2.7	Percentage of Other Planning Applications determined within time	85%	92.5%	No	Guy Benson	Councillor Williams
Comment	See the comment for 2.6					
3.6	Number of people accessing leisure and recreational facilities	145,731	170,180	No	Rob Foster	Councillor Hambleton
Comment	<p>There were a few closures of the swimming pools this quarter:-</p> <ul style="list-style-type: none"> The swimming pools at Jubilee2 for 2 days due to lack of heating 13th – 14th September 2014, The training pool at Jubilee2 since the 17th September 2014 due to a mechanical failure of the moveable floor. This has had an impact on the class programme, swimming lessons, school swimming service, public swimming, pool hire, and also The swimming pools at Kidsgrove Sports Centre due essential tile repairs 1st- 2nd September 2014. <p>In relation to football development, public health withdrew funding for the programme as from the second quarter of the year, which in turn lead to some courses being cancelled due to lower attendance numbers.</p>					

Ref	Indicator	Result	Target	Status	Officer	Portfolio holder
4.1	Percentage attendance at planned meetings by members	77.28%	80.00%		Mark Bailey	Councillor Shenton
Comment	There has been a reduction in the percentage of meetings attended by members in the second quarter, down from 81% in quarter 1. Hopefully this will improve in the coming quarter.					
4.4	Percentage of requests resolved at first point of contact	96%	97%		Jeanette Hilton	Councillor Turner
Comment	Although there has been a slight decrease this quarter against the high target set (last year's target was 90%), the new CRM system is enabling improved management of contacts. Resource was stretched during quarter 2 predominately due to the peak holiday season. Despite this, the call volume managed was in excess of 9,500 calls per month. The service has confidence in continuing to maintain results to meet the high target level set.					
4.8	Percentage of National non-domestic rates collected	57.5%	58.3%		Kelvin Turner	Councillor Shenton
Comment	The slight drop in collection is due to a change in national regulations which has allowed all rate payers to pay over twelve months rather than ten. Most of the big firms with large assessments have taken this option up as it helps their cash flow. However this has had a negative effect on the forecasted collection profiles which were already set. The effect of the change was not apparent in quarter 1 as most payments for the first instalment were at the old rate, and did not impact on the results. It is anticipated that the shortfall will reduce by quarter 4 when profiled payments for the last months are received.					

These indicators are not causes for concern at present, and the management of each of the service areas concerned continue to monitor and take steps to deal with the situation where possible and/or appropriate.

Further quarterly updates will be provided for Members in future reports.

- 3.7 Positive performance can be seen in a range of services although it must be borne in mind that the results later in the year may be liable to change and that some services have seasonal factors.
- 3.8 The 'Delivering our Outcomes' (Appendix C) section is not attached this quarter but a timetable of service areas proposed for future reports are for your information and would invite comments as to whether you agree or prefer to see other areas explored:

Quarterly Report	Subject
Qtr 3 October-December 2014	Partnerships
Qtr 4 January –March 2015	Planning
Qtr 1 April –Jun 2015	Operations

It should be noted that the timetable will be subject to variation dependent on subsequent performance results.

4. Outcomes Linked to Sustainable Community Strategy and Corporate Priorities

4.1 All of these indicators link to corporate priorities set out in the Council Plan and/or Service Plans.

5. Legal and Statutory Implications

5.1 The Council has a duty to set targets for performance of a range of functions and needs to monitor these closely.

6. Equality Impact Implications

6.1 There are no differential equality issues arising directly from this monitoring report.

7. Financial and Resource Implications

7.1 Any positive variance for the full year on the General Fund Revenue Account will enable that amount to be transferred to the Budget Support Fund and will be available in future years for use as the Council considers appropriate. Conversely, if there is an adverse variance, the amount required to cover this will have to be met from the Budget Support Fund.

8. Major Risks

8.1 The ongoing difficult economic situation represents the greatest risk to the revenue budget, particularly with regard to the impact it may have upon income receivable in relation to services where customers may choose whether or not to use Council facilities, such as car parking and other areas directly affected by the economic downturn(e.g. land charges and planning applications). The situation will be monitored through the normal budget monitoring procedures.

8.2 The capital programme will require regular monitoring to identify any projects which are falling behind their planned completion dates. This will be carried out by the Capital Programme Review Group, which meets on a monthly basis together with quarterly reports to Cabinet.

8.3 The above represents a high level view of risk. There are detailed risk registers available if members wish to see them.

9. List of Appendices

Financial information (Appendix H), the Performance report (Appendix I)

10. Background Papers

Working papers held by officers responsible for calculating indicators.

11. Management sign off

Each of the designated boxes need to be signed off and dated before going to Executive Director/Corporate Service Manager for sign off.

	Signed	Dated
Financial Implications Discussed and Agreed		
Risk Implications Discussed and Agreed		
Legal Implications Discussed and Agreed		
H.R. Implications Discussed and Agreed		
ICT Implications Discussed and Agreed		
Report Agreed by: Executive Director/ Head of Service		

Appendix 'H'

Financial Position Quarter Two 2014/15

1. General Fund Revenue Budget

1.1 The Council approved a General Fund Revenue Budget of £14,893,770 on 26 February 2014. The actual position compared to this budget is continuously monitored by managers, EMT and Portfolio Holders in order to detect any significant variances of expenditure or income from the approved amounts contained in the budget. Regular reports are made available to members by the Portfolio Holder for Finance and Resources informing them of the current position, highlighting any significant factors giving rise to variances.

2. Capital Programme

2.1 A Capital Programme totalling £7,242,300, covering the two years 2013/14 to 2014/15, was approved at the same Council meeting. Of this total, £2,238,000 was estimated to be spent in 2014/15.

3. Revenue Budget Position

3.1 At this point in the financial year, we would have expected to have spent approximately £5,241,300; we have actually spent £5,291,700. Therefore, as at the end of the second quarter, the general fund budget shows an adverse variance of £50,400.

3.2 The main reasons for the overall adverse variance to date are:

- a. The overtime budget is overspent as no changes have yet been implemented to deliver the 2014/15 savings target of £100,000. Negotiations with the Trade Unions have been ongoing and a collective agreement is due to be signed imminently.
- b. Jubilee 2 is operating at a net overspend primarily due to income shortfall. A four point action plan is being pursued to both improve income and reduce costs. This consists of:
 - improvements to the J2 website;
 - a push on marketing and promotion with particular emphasis on digital marketing;
 - improvements to the management process for direct debits which will allow staff to focus on membership retention; and
 - reductions to utilities costs through improvements to the building management system
- c. Kidsgrove Sports Centre is also operating at a net overspend due to income shortfall.

There are also a number of favourable variances, the main ones being:

- a. Additional planning fee income in respect of major planning applications.
- b. Saving on Elections due to the European Elections being held and costs shared with Central Government.
- c. Employee costs in respect of a number of vacant posts and flexible retirements that have taken place across the Council.

3.3 Any changes to inflationary rates have not had any effect on the Councils budget as at the end of quarter 2.

4. Capital Programme Position

4.1 The Capital Programme approved by Council in February 2014 has been updated to take account of slippage in 2013/14. Where planned expenditure did not occur last year, this has been added to the budget for 2014/15 (apart from any cases where costs have been reduced or expenditure will no longer be incurred). The revised budget for capital projects in 2014/15 totals £4,067,100.

4.2 £1,247,700 of the revised budget was expected to be spent by 30 September; the actual amount spent was £1,137,835 resulting in a variance as at the end of quarter 2 of £109,865.

5. Investment Counterparties

5.1 Investment counterparties with whom money is invested, as at 30 September 2014 are as follows (with the parent company shown in brackets, where applicable):

Debt Management Account – Deposit Facility
Nationwide Building Society
Barclays Bank
Halifax Bank of Scotland
Coventry Building Society
Heritable Bank (*Landsbanki*)

5.2 With regard to the Council's frozen investment in Heritable Bank, the total amount repaid now amounts to some £2,357,691, which is 94% of the total that was frozen. The Administrators current prediction is that no further repayments will be made.

Corporate Performance Scorecard Quarter 2 2014-15

Priority 1: A clean, safe and sustainable Borough

Outcomes: Our borough will be safer, cleaner and sustainable Lead Members Cllrs. Ann Beech, Tony Kearon and Terry Turner						
Ref	Indicator	Good is	Result 2013/14 Qtr 2	Result 2014/15 Qtr 2	Target 2014/15	Status
1.1	Percentage of food premises that have a zero or one national food hygiene rating.	Low	1.44% (10 out of 692 published premises)	1.02% (8 out of 780 published premises)	2.25%	
1.2	The percentage of food establishments which are broadly compliant with good hygiene law	High	92.7% (1042 out of 1124 premises)	95.03% (1072 out of 1128 premises)	85%	
1.3	The area of contaminated land that has been remediated or is determined suitable for use	High	71Ha	4.242Ha	-	-
1.4	Number of incidents of violence with injury	Low	242	248	-	-
1.5	Number of incidents of anti-social behaviour	Low	1176	1035	-	-
1.6	Number of incidents of serious acquisitive crime	Low	197	223	-	-
1.7	The amount of residual waste per household	Low	107.11kgs	108.39kgs (est)	415kgs (annual)	
1.8	Percentage of household waste sent for reuse, recycling and composting	High	55.01%	53.17% (est)	55%	
1.9	Levels of street and environment cleanliness (LEQ survey) free / predominantly free of litter, detritus, graffiti and fly-posting)	High	96.67% 93.92% 99.33% 100%	92.33% 96.27% 99.17% 99.83%	91% 91% 97% 99%	
1.10	Number of community volunteer groups/hours spent caring for their local green spaces and neighbourhoods	High	1776.25	585.5	2000 hrs	
1.11	Town Centre Vacancy Rate	Low	16.2%	13.5%	15%	
1.12	Percentage of investment portfolio (NBC owned) vacant	Low	8.4%	8.6%	12%	

Priority 2 : Borough of Opportunity

Outcomes: Newcastle is a great place to live, work and do business - Lead Member Cllrs. Ann Beech, Terry Turner and John Williams						
Ref	Indicator	Good is	Result 2013/14 Qtr 2	Result 2014/15 Qtr 2	Target 2014/15	Status
2.1	Number of hours worked by volunteers in council co-ordinated activities (museum)	High	550hrs	363hrs	375 hrs	
2.2	Percentage of minor adaptations delivered within four months (approval to payment for works under £5000)	High	78.6%	86%	75%	
2.3	Number of homelessness cases where positive action was successful preventing homelessness	High	130	141	150	
2.4	Average stall occupancy rate for markets	High	61%	78.5%	55%	
2.5	Percentage of Major Planning Applications determined within time	High	75%	85.7%	70%	
2.6	Percentage of Minor Planning Applications determined within time	High	77.6%	75.7%	85%	No
2.7	Percentage of Other Planning Applications determined within time	High	90.1%	85%	92.5%	No

Priority 3 : A Healthy and Active Community

Outcomes: Everyone has the chance to live a healthy, independent life, access to high quality leisure and cultural facilities/activities and the opportunity to get involved in their community - Lead Member Cllrs. Ann Beech, Trevor Hambleton and John Williams						
Ref	Indicator	Good is	Result 2013/14 Qtr 2	Result 2014/15 Qtr 2	Target 2014/15	Status
3.1	Number of parks which have Green Flag status	High	9	11	9	
3.2	Level of satisfaction with Council run parks and open spaces	High	78.2% Annual result	Reported at a later date	70%	n/a
3.3	Number of people visiting the museum	High	36413	31363	60,000	
3.4	Number of referrals from GPs to organised sporting activity	High	64	n/a	n/a	n/a
3.5	Percentage of people referred for exercise by GPs whose health improves	High	32.8%	n/a	n/a	n/a
3.6	Number of people accessing leisure and recreational facilities	High	143,481	145,731	170,180	No

Priority 4 : A Co-operative Council, delivering high-quality, community driven services

Outcomes: Your council is efficient, open and innovative in its work, with services designed and delivered co-operatively and communities are strong and well supported - Lead Member Cllrs. Mike Stubbs and Elizabeth Shenton

Ref	Indicator	Good is	Result 2013/14 Qtr 2	Result 2014/15 Qtr 2	Target 2014/15	Status
4.1	Percentage attendance at planned meetings by members	High	84.79%	77.28%	80%	
4.2	Percentage projected variance against full year council budget	Low	0.1%	0.3%	No variance	
4.3	Average number of days per employee lost to sickness	Low	4.05 days (long term 2.53 and Short term 1.52 days)	3.33 days (long term 1.88 and Short term 1.45 days)	3.75 days	
4.4	Percentage of requests resolved at first point of contact	High	99.29%	96%	97%	
4.5	% Unmet demand (number of calls not answered as a % of total call handling volume)	Low	11.5%	5.9%	8%	
4.6	Time taken to process Housing/Council Tax Benefit new claims and change events	Low	16.08days	9.42 days	10	
4.7	Percentage of Council Tax collected	High	52.6%	52.8%	50.11%	
4.8	Percentage of National non-domestic rates collected	High	61.1%	57.5%	58.3%	

Key	Performance information not available at this time or due to be provided at a later date.	n/a
	Performance is not on target but direction of travel is positive	
	Performance is not on target where targets have been set	
	Performance is on or above target.	

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Members: Sandra Hambleton, David Stringer, Amelia Rout, John Taylor, Stephen Sweeney, Tracey Peers, Andrew Fear, Nigel Jones and Derrick Huckfield

FINANCE, RESOURCES AND PARTNERSHIPS SCRUTINY COMMITTEE WORK PLAN



Chair: Councillor Paul Waring
Vice Chair: Councillor Rob Wallace

Portfolio Holder(s) covering the Committee's remit:

Councillor Mike Stubbs (Communications, Policy and Partnerships)

Councillor Mrs Elizabeth Shenton (Finance and Resources)

Councillor Terry Turner (Economic Regeneration, Business and Town Centres)

Work Plan correct as at: Friday 24th October 2014

Remit:

Finance, Resources and Partnership Scrutiny Committee is responsible for:

- Communications and consultation
- Council structure and democracy and constitutional review
- Customer contact and customer service centres
- Member development and support
- Neighbourhood and locality working
- Partnerships: Newcastle Partnership Strategic Board
- Performance management and monitoring
- Revenues and benefits
- Putting people first
- Risk champion
- Transformation programme
- Accountancy
- Budget
- Capital and revenue expenditure
- Efficiency savings
- Financial monitoring
- Health and safety champion
- Human Resources
- Information and communication technology
- Procurement champion
- Treasury management
- Workforce development
- Co-operative Council

Date of Meeting	Item	Reason for Undertaking
17th June 2014 (agenda dispatch Friday 6th June)	Financial and Performance Management Report to end of Quarter 4 (March) 2014	To provide Finance, Resources & Partnerships (FRAP) Scrutiny Committee with the Financial and Performance Review, Fourth Quarter 2013/2014
	Parish and Town Councils Review of Concurrent Funding	To present Committee with proposals for a review of the existing funding arrangements dedicated to Parish/Town Council concurrent functions
	Council Plan (to be submitted to July Cabinet)	To receive developments of the new Council Plan 2014-16
	Constitutional Review Working Group Future Work Plans	To ask FRAP Scrutiny Committee to nominate members of the Scrutiny Committee to sit on the Constitutional Review Working Group
	Finance, Resources and Partnership Scrutiny Committee Work Plan	To discuss the work plan and potential topics that Committee Members would like to scrutinise over the forthcoming year
1st September 2014 (agenda dispatch 22nd August 2014)	Portfolio Holder Question Time	Opportunity for the Committee to question the Portfolio Holders on their priorities and work objectives for the next six months and to address any issues or concerns that they may be facing
	Keele Golf Course	To provide Members with information about the outcome of a marketing exercise which sought to identify a range of potential options for the interim use of the former Keele Golf Course
	Quarter One Financial & Performance Review	To provide Scrutiny with the Financial and Performance Review, Quarter One 2014/2015
	Supplementary report to comments from Scrutiny on the Quarter 4 Performance Report	To present to Scrutiny a report in response to questions and comments raised at the last meeting on 17 June 2014
	Council Plan 2014-16	Cabinet approved version of the Council Plan to be presented to Scrutiny
	Finance, Resources and Partnership Scrutiny Committee Work Plan	To discuss the work plan and potential topics that Committee Members would like to scrutinise over the forthcoming year

Date of Meeting	Item	Reason for Undertaking
5th November 2014 (agenda dispatch 24th October 2014)	Medium Term Financial Strategy	To set out the Medium Term Financial Strategy for 2015/2016 and the following four years, indicating the projected budgets for these years and the shortfall compared to available resources
	Quarter Two Financial & Performance Review	To provide Scrutiny with the Financial and Performance Review, Quarter Two 2014/2015
	Constitution Review Working Group	The Constitution Review Working Group wishes to put forward a number of recommendations to the Finance Resources and Partnerships Scrutiny Committee and to Full Council
	Parish/Town Councils – Review of Concurrent Funding Task and Finish Group	To receive recommendations from the Task and Finish Group around the future arrangements for concurrent funding of Town/Parish Councils in the Borough
	Finance, Resources and Partnership Scrutiny Committee Work Plan	To discuss the work plan and potential topics that Committee Members would like to scrutinise over the forthcoming year
4th December 2014 (agenda dispatch 21st November 2014)	Capital Strategy 2015/2016	Approval of how the Council deploys its capital resources in order to assist it to achieve its corporate and service objectives
	Revenue and Capital Budgets 2015/2016	To review progress on the completion of the revenue and capital budgets for 2015/2016 to enable a robust and affordable budget for 2015/2016 to be approved
	Finance, Resources & Partnerships Scrutiny Committee Work Plan	To discuss the work plan and potential topics that Committee Members would like to scrutinise over the forthcoming year
	Recommendations made by Finance, Resources and Partnership Scrutiny Committee	To provide an overview of topics and recommendations made by Scrutiny and Cabinet from the 17 June 2014, 1 September 2014 and 5 November 2014 meetings
13th January 2015 (agenda dispatch 2nd January 2015)	Budget Scrutiny Café	The café is an information gathering workshop and will give Members a chance to ask any questions relating to the budget setting process

Date of Meeting	Item	Reason for Undertaking
21st January 2015 (agenda dispatch 9 th January 2015)	Treasury Management Strategy 2015/2016	To approve the Strategy to be followed by the Council in carrying out its treasury management activity in the forthcoming year 2015/2016
	Scale of Fees and Charges 2015/2016	Review of the fees and charges which the Council makes in order to keep them in line with the cost of service provision and to establish the amounts to be included in the 2015/2016 budget
	Quarter Three Financial & Performance Review	To provide Scrutiny with the Financial and Performance Review, Quarter Three 2014/2015
	Finance, Resources & Partnership Scrutiny Committee Work Plan	To discuss the work plan and potential topics that Committee Members would like to scrutinise over the forthcoming year
16th March 2015 (agenda dispatch 6 th March 2015)	Annual Work Plan	To review outcomes, recommendations, feedback and further action required on items submitted over the past twelve months
	Portfolio Holder Question Time	Opportunity for the Committee to question the Portfolio Holders on their priorities and work objectives for the next six months and to address any issues or concerns that they may be facing
	Quarter Four Financial & Performance Review	To provide Scrutiny with the Financial and Performance Review, Quarter Four 2014/2015

Task and Finish Groups:	<ul style="list-style-type: none"> Parish and Town Councils – Review of Concurrent Funding
Future Task and Finish Groups:	
Suggestions for Potential Future Items:	<ul style="list-style-type: none"> Constitutional Review Working Group – Future Work Plans

DATES AND TIMES OF FUTURE MEETINGS:	Monday 1 st September 2014, 7.00pm, Committee Room 1
	Wednesday 5 th November 2014, 7.00pm, Committee Room 1
	Thursday 4 th December 2014, 7.00pm, Committee Room 1
	Tuesday 13 th January 2015, 7.00pm, Council Suite (Budget Scrutiny Café)
	Wednesday 21 st January 2015, 7.00pm, Committee Room 1
	Monday 16 th March 2015, 7.00pm, Committee Room 1

ADDITIONAL/JOINT MEETINGS:	Joint meeting with Economic Development and Enterprise Scrutiny Committee to be arranged December/January 2015 to discuss the Ryecroft Regeneration and Redevelopment Project
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DATES AND TIMES OF CABINET MEETINGS:	Wednesday 18 th June 2014, 7.00pm, Committee Room 1
	Wednesday 23 rd July 2014, 7.00pm, Committee Room 1
	Wednesday 10 th September 2014, 7.00pm, Committee Room 1
	Wednesday 15 th October 2014, 7.00pm, Committee Room 1
	Wednesday 12 th November 2014, 7.00pm, Committee Room 1
	Wednesday 10 th December 2014, 7.00pm, Committee Room 1
	Wednesday 14 th January 2015, 7.00pm, Committee Room 1
	Wednesday 4 th February 2015, 7.00pm, Committee Room 1 (BUDGET)
	Wednesday 25 th March 2015, 7.00pm, Committee Room 1
	Wednesday 24 th June 2015, 7.00pm, Committee Room 1

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