

Public Document Pack

Date of meeting	Wednesday, 16th October, 2013
Time	7.00 pm
Venue	Committee Room 1, Civic Offices, Merrial Street, Newcastle-under-Lyme, Staffordshire, ST5 2AG
Contact	Julia Cleary

Cabinet

AGENDA

PART 1 – OPEN AGENDA

- 1 MINUTES** **(Pages 1 - 4)**
To consider the minutes of the previous meeting.
 - 2 DECLARATIONS OF INTEREST**
To receive declarations of interest from Members on items included in the agenda.
 - 3 Site Allocations and Policies Local Plan Review** **(Pages 5 - 14)**
 - 4 Medium Term Financial Strategy 2014 - 2015** **(Pages 15 - 46)**
 - 5 Corporate Cleaning Services** **(Pages 47 - 56)**
 - 6 Kidsgrove Town Centre Community Interest Company** **(Pages 57 - 60)**
 - 7 Multi Functional Device (MFD) Contract** **(Pages 61 - 74)**
 - 8 Keele Golf Centre** **(Pages 75 - 82)**
 - 9 Duty to Cooperate Protocol with Stafford Borough Council** **(Pages 83 - 84)**
 - 10 URGENT BUSINESS**
To consider any business which is urgent within the meaning of Section 100B(4) of the Local Government Act 1972.
 - 11 PART 2**
 - 12 EXCLUSION RESOLUTION**
To resolve that the public be excluded from the meeting during consideration of the attached appendix, because it is likely that there will be disclosure of exempt information as defined in paragraph 3 in Part 1 of Schedule 12A of the Local Government Act 1972.
 - 13 Confidential Appendix to Item 8 - Keele Golf Centre** **(Pages 85 - 86)**
- Members:** Councillors Mrs Bates, Mrs Beech, Kearon, Snell (Chair), Turner, Stubbs (Vice-Chair) and Williams

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

Meeting Quorums :- 16+= 5 Members; 10-15=4 Members; 5-9=3 Members; 5 or less = 2 Members.

Officers will be in attendance prior to the meeting for informal discussions on agenda items.

CABINET

Wednesday, 18th September, 2013

Present:- Councillor Gareth Snell – in the Chair
Councillors Mrs Bates, Mrs Beech, Kearon, Turner and Stubbs

1. **DECLARATIONS OF INTEREST**

There were no declarations of interest.

2. **APOLOGIES**

Apologies were received from Cllr Williams.

3. **MINUTES OF THE LAST MEETING**

Resolved: That the minutes of the meeting held on 17th July 2013 be agreed as a correct record.

4. **PRESENTATION FROM MR M.E.ELLIS, POLICE AND CRIME COMMISSIONER FOR STAFFORDSHIRE.**

Cabinet members received a presentation from The Staffordshire Police and Crime Commissioner, Mr Matthew Ellis regarding his strategy for 2013 to 2018.

Resolved: That the presentation be received.

5. **BUDGET PERFORMANCE MONITORING REPORT**

A report was submitted to provide Cabinet with the Financial and Performance Review for the 2013/14 First Quarter (April -June).

The monitoring reports provided information about the corporate performance of individual council services, alongside financial information. This report had previously been presented to the Transformation & Resources Overview & Scrutiny Committee on 2 September 2013.

Resolved: (a) That Members note the contents of the report and recommend that the Council continues to monitor and scrutinise performance alongside finances.

(b) That Members note that the appendix A is a new style of finance report

(c) That Members note that the appendix B is a new style of performance as detailed in line with the Performance Management Framework Review and the Council Plan 2013-14 to 2015-16.

6. **NEWCASTLE HOUSING ADVICE (NHA) SERVICE CONTRACT**

The delivery of a housing advice, homelessness and housing register service was a statutory function, which meant that the Council had to provide assistance to assist individuals and families who were homeless or threatened with homelessness who applied for help. The report set out the options available for the provision of the Council's statutory homelessness, housing advice and housing register services for April 2014 onwards when the current extended contract expired.

In line with the Council's overarching aim to seek at least 10% savings from all newly commissioned contracts, it was anticipated that the future budget for the service would be reduced from £300,000 to £270,000, therefore it was necessary for the Council to consider ways to deliver the service in more efficient ways. The report outlined the options available and highlighted how the retendering process would enable future delivery of the service to be brought in within the desired budget when the current contract expired at the end of March 2014.

Resolved: (a) To retender the Newcastle Housing Advice Service Contract for a 3 year contract with an option to extend for a further 3 years subject to satisfactory performance and funding.

- (b) That Cabinet approve the proposal to accept variants bids as part of the retendering of the Newcastle Housing Advice Service Contract.
- (c) That Cabinet require the successful contractor to work with the Council to enhance the customer journey in future years of the contract.
- (d) That the Executive Director for Regeneration and Development is authorised in consultation with the Portfolio Holder to finalise the specification/service outline.
- (e) That once details of the relevant bids have been received they are shared with the relevant scrutiny committee to help ensure that the important parts of the contract are protected before any contract is awarded.

7. **BEREAVEMENT SERVICES GROUNDS MAINTENANCE**

A report was submitted to consider options for the future procurement of the Bereavement Services Grounds Maintenance Contract

Resolved: (a) That Cabinet authorises the Head of Operations to undertake a procurement exercise via the ESPO Grounds Maintenance Services contract 245 framework for the provision of a grounds maintenance and burial service contract for a period of 4 years, commencing April 1st 2014, and following consultation with the Portfolio Holder, accept the most economically advantageous tender, after consideration of opportunities to seek an efficiency saving from the existing budget provision if necessary.

(b) That option (iii) on page 43 be the preferred option – to expose the work to a competitive tendering process utilising an existing framework.

(c) That Cllr Beach report back regarding the potential cost of the refurbishment of the baling shed once it is known.

8. **ICT DESKTOP STRATEGY & REPLACEMENT OF ICT DESKTOP EQUIPMENT**

A report was submitted to seek Cabinet approval to procure and subsequently award a contract for replacement ICT Desktop equipment as a result of the move to Windows 7 and Office 2010, and in parallel to put in place a robust and manageable ICT Desktop Strategy.

Resolved: That Cabinet give approval to:

- undertake a procurement exercise and subsequently award a contract for the supply of replacement ICT Desktop equipment;
- implement the ICT Desktop Strategy (the Strategy) as detailed in the report.

9. **BUDGET CONSULTATION 2013**

A report was submitted to inform Cabinet of consultation proposals as part of the preparation to produce the council's Budget for 2014/15. The borough council was committed to being a "co-operative council" and this included a desire to be an "open, honest and transparent organisation which undertook regular consultation with its residents and listened to their views."

Resolved: (a) That Cabinet support the consultation proposals outlined in the report.

(b) That Cllr Snell and Cllr Stubbs liaise with the Head of Communications to add one or two Saturday morning consultation events.

(c) That Cllr Snell and Cllr Stubbs write to all LAPS and parish councils and offer to go and speak to them regarding the budget proposals.

(d) That electronic copies of the budget reporter and web links be sent to all members.

10. **MEMORANDUM OF UNDERSTANDING WITH PM TRAINING STAFFORDSHIRE LTD**

A report was submitted to request approval from Cabinet to take forward actions in line with the PM Training Concordat Action Plan over the forthcoming 2 years.

Resolved: That the Council supports the delivery of a PM Training Concordat Action Plan which would include:

- Supply chain management - the Council and PM Training to continue to promote the partnership throughout the Boroughs supply chain.
- Procurement link to Social Value Act – the Council to highlight PM Training as an exemplar organisation in achieving desired outcomes in relation to training and employment
- Joint procurement with the Aspire Group – investigate opportunities to jointly procure goods and services
- Work experience opportunities – investigate opportunities to provide structured work experience placements
- Support for Social Enterprise West Midlands (SEWM) – the Council to seek to promote SEWM to its stakeholders and supply chain and consider becoming a Social Enterprise supporter of SEWM

11. AUDLEY CONSERVATION AREA APPRAISAL AND MANAGEMENT PLAN SUPPLEMENTARY PLANNING DOCUMENT

Resolved: That the Supplementary Planning Document relating to Audley Conservation Area Appraisal and Management Plan be adopted.

12. JCB AT BLUE PLANET

A report was submitted to review the process which led to JCB's decision to invest in the Blue Planet building and in particular to enable members to review the Officers' decision to offer an option to develop Council-owned land at a later date. The main reason for making this decision was to facilitate economic growth for the long term economic well-being of the borough.

Members all agreed that this was a fantastic development and requested that the all officers involved in the project be thanked.

Resolved: That members note:

- i. the decision taken by officers to offer an option on a parcel of council-owned land, consistent with the council's scheme of delegation, and;
- ii. the work being undertaken by officers to enable the efficient movement of vehicles to/from the site whilst minimising nuisance to local residents.

COUNCILLOR GARETH SNELL
Chair

Cabinet , 16 October, 2013

Site Allocations and Policies Local Plan review

Submitted by: Executive Director of Regeneration and Development

Portfolio: Economic Development, Regeneration, and Town Centres

Ward(s) affected: All

Purpose of the Report

To consider issues arising from the Site Allocations and Policies Local Plan process and to seek authority to prepare a new Local Plan for the borough as a whole or jointly with the City Council.

Recommendations

1) That Cabinet agree to the principle of ceasing to prepare and withdrawing the Site Allocations and Policies Local Plan and to instead proceed with the preparation of a new Local Plan either on a borough-wide only basis or jointly with Stoke-on-Trent City Council.

2) That a further report is submitted to the earliest available meeting of the Cabinet in order to receive the views of the Planning Committee; to receive an update on Stoke-on-Trent City Council's formal stance in this matter and; to approve the details of a timetable for the preparation a new Local Plan.

3) That the financial implications of this report for 2014/15 to 2016/17 are addressed through the Medium Term Financial Strategy and the respective budget-setting processes.

Reasons

To reduce the council's exposure to the risk of being found 'unsound' at examination. To ensure that the borough council takes the necessary steps to create a development plan that reflects the vision and aspiration of its communities and contributes to the achievement of sustainable development. To enable the views of the Planning Committee to be taken into account before a final decision is made.

1.0 Background

- 1.1 Members will recall that in July 2012 the Council approved the Site Allocations and Policies Local Plan draft Issues and Options Paper for consultation purposes. The intention was to initiate public discussion on a number of key issues highlighted in the consultation Paper (see section 2.0) and for any comments received to be taken into consideration in the preparation of the Site Allocations and Policies Local Plan.
- 1.2 Members are reminded that the Site Allocations and Policies Local Plan has two very important roles. The first is to deliver the aims and objectives of the adopted Newcastle-under-Lyme and Stoke-on-Trent Core Spatial Strategy (Core Strategy) and the second role is to attempt to ensure that sufficient land

of suitable quality is allocated to meet the objectively assessed needs of the borough for: housing; employment; retail and leisure, over a 20 year period between 2006 and 2026, known as the plan period. These needs are identified as targets in the Core Strategy.

- 1.3 The Core Strategy sets a target of 5,700 new homes to meet the borough's objectively assessed housing needs until the end of the plan period and for these to be built primarily in areas which support the overarching principle of targeted regeneration. This requires all development to be channelled towards the highest priority areas – the city and town centres and areas identified for priority intervention and regeneration (the most deprived areas of the borough) and restraining development within non priority locations.
- 1.4 In support of this strategic approach the Core Strategy identifies a hierarchy of centres, together with an indicative amount of housing to be distributed as follows: Kidsgrove, 600; Newcastle Urban Central, 3,200; and Newcastle Urban South and East, 1,000; Rural Area, 900 maximum.
- 1.5 The Site Allocations and Policies Local Plan must, as far as possible, conform to the strategic principle of targeted regeneration and each key policy objective of the Core Strategy, including the spatial distribution of housing described in 1.4.
- 1.6 If the Site Allocations and Policies Local Plan is unable to comply with the Core Strategy it will fail to deliver its key objectives with a serious risk that once the Local Plan has been submitted to the planning inspectorate for independent examination that it will be a) found to be inconsistent with the other adopted development plan documents for the area – notably in this case the Core Strategy, (Local Plan Regulations 2012, section 8, paragraph 4) and therefore fail a basic legislative requirement and b) it would be found 'unsound.'
- 1.7 With respect to soundness the National Planning Policy Framework (NPPF) in paragraph 182 indicates that for a plan to be "sound" it should be:
 - **positively prepared** – the plan should be prepared based on a strategy which seeks to meet objectively assessed development and infrastructure requirements, including unmet needs from neighbouring authorities when it is reasonable to do so and consistent with achieving sustainable development;
 - **justified** - the plan should be the most appropriate strategy, when considered against the reasonable alternatives, based on proportionate evidence;
 - **effective** – the plan should be deliverable over its period and based on effective joint working on cross-boundary strategic issues; and
 - **consistent with national policy** – the plan should enable the delivery of sustainable development in accordance with the policies in the NPPF.

2.0 Challenges identified at the Issues and Options stage of consultation

2.1 The Council went out to public consultation on the Site Allocations and Policies Issues and Options Paper during August and September 2012. The paper highlighted some of the serious challenges facing housing and employment land supply. It was stated that for the final Plan to be found 'sound' the housing issues in particular needed to be overcome.

2.2 Housing Issues

- 1,265 new homes had been delivered between 2006 and 2011. At that time there was an insufficient supply of identified, available and deliverable sites to build enough new homes to meet the Core Strategy target of 5,700 dwellings by 2026. This shortfall was due to a lack of identified sites in parts of the urban area:
- There was a shortfall of potential housing sites both in Newcastle Urban Central and Newcastle Urban South and East with a surplus of sites in Kidsgrove. Therefore the proposed spatial distribution of homes (see section 1.4 above) could not be achieved.

2.4 There are multiple reasons for the shortfall of potential housing sites including: reduction in planning applications for housing; sites have been developed for alternative uses; sites have become unavailable or have been retained for their existing use and; some sites are no longer considered deliverable.

2.5 Employment Issues

- There was rapid development of employment sites early in the plan period and almost half of the Core Strategy employment land target had been completed between 2006 and 2010. Since 2010 the delivery of employment land has been slow due to a combination of the slow economic climate and the shortage of commercially attractive and viable sites.
- A review of employment land in the North Staffordshire conurbation, commissioned jointly with Stoke-on-Trent City Council, suggested that the demand for employment land was greater than the remaining Core Strategy target. The Council would therefore be unable to allocate sufficient employment land in a Site Allocations and Policies local Plan to meet demand as the allocation would exceed the employment target in the Core Strategy.

2.6 The Issues and Options consultation was seen as an important means of encouraging the nomination of new sites. However, if an insufficient number of suitable sites could not be identified then one option being explored was to meet the shortfall on land outside the Borough's administrative boundary.

3.0 Outstanding Issues and Challenges

3.1 The results of the Site Allocations and Policies Local Plan Issues and Options consultation have been assessed by your officers, who have also continued

to monitor and assess the borough's potential land supply to determine whether the Council is able to come forward with sufficient identified and available sites to meet both its housing and employment requirement. The key conclusions arising from this work are as follows:

1. No new significant housing sites have been identified, which conform to policy. The majority of sites of nominated for development during the Issues and Options consultation, and which were of any significance, were in the Green Belt.
2. Since 2006, approximately 1,680 homes have been built with approximately 4,000 homes remaining to be delivered. However, at the time of writing, the potential housing land supply means the council will fall short of the housing target of 5,700 net additional dwellings by at least 600.
3. It is unlikely that the spatial distribution of housing indicated in the Core Strategy can be achieved because of a lack of identified land capacity in certain areas. There is a shortage of at least 500 units in the Newcastle Urban Central area and 400 units in the Newcastle Urban South and East area. The lack of capacity in Newcastle Urban Central raises serious doubts that the Site Allocations and Policies Local Plan can support the priority regeneration areas as required by the Core Strategy. There is an oversupply of identified housing land in Kidsgrove but increasing provision here would be contrary to the original objective of the Core Strategy.
4. There is a risk of exceeding the Core Strategy target of (a maximum) 900 homes in the rural area. This is the result of a change in national policy relating to local planning authorities that are unable to demonstrate a five year housing land supply. The implications are that whilst there is no five year housing supply the Council are unable to assess planning applications against the Core Strategy policies that relate to the supply of housing; this includes the policies relating to the spatial distribution of housing. Therefore it will not possible to show restraint in the rural area purely on housing numbers until the five year housing land supply is restored.
5. Significantly there is doubt that the Site Allocations and Policies Local Plan could deliver key policies within the Core Spatial Strategy (SP1 Targeted Regeneration and ASP5 Newcastle and Kidsgrove Urban Neighbourhoods Area Spatial Policy). These policies support the areas of major intervention, general renewal areas and other areas of housing intervention.
6. The borough continues to be deficient in a broad choice of commercially attractive employment sites and many potential employment sites are under increasing pressure to be developed for housing.

4.0 External Advice

- 4.1 In order to address these fundamental issues your officers have, over the last few months, taken Counsel's opinion on the ability to consider allocating Green Belt land for housing and employment sites through the Site

Allocations and Policies Local Plan. We have also recently met with a senior member of The Planning Inspectorate together with officers from Stoke-on-Trent City Council, to discuss the potential scope for Stoke-on-Trent City Council accommodating 500 units of the borough's housing shortfall.

4.2 Key messages and conclusions:

- The Council does not have the option of reviewing the Green Belt through the Site Allocations and Policies Local Plan because the Core Spatial Strategy makes no provision to do so and it would therefore be seen by The Planning Inspectorate as a change of strategy.
- The Council does not have the option of accommodating the borough's housing shortfall in Stoke-on-Trent because the Core Strategy did not make provision for this and it would therefore be seen by The Planning Inspectorate as a change of strategy.
- There is clear evidence that the Site Allocations and Policies Local Plan would be unable to deliver the Core Strategy's key objectives. Furthermore attempting to change the strategy (of housing delivery) through the Site Allocations and Policies Local Plan would result in the 'Plan' ultimately being found 'unsound.'

4.3 This situation clearly has serious implications for the borough's plan making process, but since the Core Strategy is also the adopted Strategy of the City of Stoke-on-Trent it is important to take into account how this might impact on planning in Stoke-on-Trent. The next section gives consideration to this, as well as, the context provided by Cheshire East and Stafford Borough.

5.0 Policy Context of Neighbouring Authorities

5.1 Stoke-on-Trent City Council

5.2 The Stoke-on-Trent City Council had submitted a representation in respect of the Site Allocations and Policies Issues and Options consultation Paper, stating that the City could not support a review of the Core Strategy before 2016/17. However, it is now Stoke-on-Trent City Council's intention to take a report to their Cabinet, on the 24 October, 2013, which will give further consideration to this position, as part of a review of their future plan making programme.

5.3 Cheshire East Council and Stafford Borough

5.4 Both Stafford Borough and Cheshire East council are pursuing growth strategies through the local development framework. In the case of Cheshire East this could result in significant housing and employment sites in close proximity to the borough and City of Stoke-on-Trent. Both Councils objectives for growth marry with national planning policy, at least in principle. Concern has been expressed that investment opportunities and population could well be drawn away from the north Staffordshire conurbation. Should Cheshire East succeed in realising its aspirations or if Stafford Borough, is unable to resist more development in and around Stone and before 2021, then investors are likely to be attracted to these neighbouring areas.

5.5 In these circumstances it is entirely appropriate to evaluate the adopted Core Strategy and consider whether it is able to fulfil the Council's own objective of creating a borough of opportunity and facilitating economic growth, particularly when this is considered together with the difficulties the borough has in meeting its own housing needs and providing a portfolio of comparable housing and employment sites.

6.0 Options Considered

6.1 It is considered by your officers that the most successful and secure long-term solution for the Council would be to prepare a different type of land use plan. This is the best method of supporting and delivering the strategic direction of the Council and reducing the Council's exposure to the risk of being found unsound at examination. On the basis that it is important to get a new plan in place as quickly as possible there are three realistic options, each of which could take between 3- 5 years to reach adoption.

- Option A would be to undertake a **Joint Core Strategy Review** with the Stoke-on-Trent City Council, then prepare a **separate Site Allocations and Policies Local Plan** for the borough.
- Option B would be to 'independently' prepare a **separate full Local Plan** covering the borough only.
- Option C would be to prepare a **Joint full Local Plan** covering the administrative areas of Newcastle-under-Lyme and the City of Stoke-on-Trent.

6.2 Both Option A and C would enable the close interdependencies between the two areas to be reflected in a new comprehensive and coherent spatial plan for the area (acknowledging both the functional economic geography of North Staffordshire as well as the nature of the housing market). However, there would be no guarantee that it would be possible to gain agreement on the key strategic priorities and critically the borough would not be in control of its own timetable. Option A would be the more costly option of the two, as it would involve the cost of two examinations i.e. one for the joint Core Strategy Review followed by one for a Site Allocations and Policies Plan. Additionally it would prolong the uncertainty in the borough about site allocations for both housing and employment because the plans would have to be prepared sequentially.

6.3 The key advantage of Option B would be that it would make it possible for the council to consider the most appropriate strategy for the borough independently of Stoke-on-Trent City Council. However, to have any prospect of passing the 'Duty to Cooperate' test this would require close public and signed off joint working with the Stoke-on-Trent City Council on issues including delivery and require joint evidence bases including a Strategic Housing Market Assessment.

6.4 By the time of your meeting the likely stance of the City Council in this matter should be known (see paragraph 5.2 – i.e. there should be a published report by the date of your meeting) and this will be an important consideration for the Borough Council in identifying the most appropriate option (likely to be B or C).

6.5 Each option would create the opportunity to:

- Review all land options (including the Green Belt option) in order to deal with the fundamental issues regarding the housing and employment land supply and achieve a more robust and coherent spatial planning framework. In doing this it would be necessary to both consider what elements of the existing strategy remain relevant and to undertake a review of Green Belt and subject this to full public consultation.
- Reassess the housing target to ensure it is up to date.
- Consider and test alternatives to the distribution of both housing and employment development.
- Plan for a longer time period than would have been the case with the Site Allocations and Policies Local Plan.

7.0 Proposal

7.1 It is proposed to withdraw the Site Allocations and Policies Local Plan and to prepare a full Local Plan covering the borough only, subject to clarification of the City Council's position. The Local Plan (whether prepared jointly with the City Council or solely for the Borough) would contain: a spatial vision; a set of strategic objectives for the borough; core policies, that will set the basis for directing change, preferably over a 15 year time period in line with the National Planning Policy Framework (effectively these combine to create the spatial strategy to guide investment decisions), site allocation proposals and finally a set of generic development management policies.

7.2 Once Cabinet have agreed in principle to the withdrawal of the Site Allocations and Local Plan and preparation of a new Local Plan a detailed timetable will be prepared with a view to this being brought to the next available meeting of the Cabinet for approval together with the views of the Planning Committee, who will be consulted on the proposal to withdraw the Site Allocations Local Plan at their meeting on the 29th October, 2013.

8.0 Financial and Resource Implications

8.1 The new Local Plan needs to be based on reliable and robust information. Much of the evidence base that is currently in place was commissioned in support of the Core Strategy, and dates from as early as 2007. It therefore requires updating (in some cases this would have been necessary for the Site Allocations and Policies Local Plan). This will involve a significant amount of expenditure over the next three years. If option B is pursued, in order to pass the "Duty to Cooperate" test, it will be both necessary and appropriate for some of the evidence to be prepared jointly with Stoke-on-Trent City Council. Consequently, it should be possible to share some of the costs, although at this stage it is difficult to say how this might be done, because it will be necessary to reach agreement on what exactly needs to be done, and it also depends on the nature of the commissioned work. In the event that option C is preferred then the majority of the evidence base would be prepared jointly.

8.2 Table 1, below sets out a draft funding profile over the next three years based upon option B and is inclusive of the preparation of related planning policy documents and the costs associated therewith (e.g. the preparation of the

Community Infrastructure Levy). It assumes that the cost of a number of studies will be shared with Stoke-on-Trent City Council. At this stage it has only been possible to use estimated costs, but it would appear that there is likely to be an additional requirement of about £76,000 over and above the anticipated budget for next year (2014/15). There is then likely to be a further additional requirement of £9,000 over the following two financial years.

8.3 Table 1 - Planning Policy Estimated Costs 2013-17.

Financial year	Estimated Costs (£)	Budget inc grants (£)	Estimated shortfall (£)
2013/14	94,385	94,385*	0
2014/15	152,685	76,515*	76,170
2015/16	6,000	72,000	9,000
2016/17	75,000**		
Total	328,070	242,900	85,170

*The base budget of £36k p.a. has been supplemented in the financial years 2013/14 and 2014/15 by Government and other grants of about £83,900 (including Planning Policy statement grant, Planning Policy Support Fund and Environmental Initiatives funding) and by a £15k contribution from the Council's Strategic Housing budget.

** Expenditure in 2016/17 is mainly associated with the Examination in Public of the Local Plan by The Planning Inspectorate.

8.4 A shared evidence base has the potential to realise significant savings, but it does require each council to have the finance in place to match fund external commissions, with potential delay to the timetable of each council if this is not available at the appropriate time.

9.0 Major Risks

9.1 Due to the multiple issues that have been identified it would be a high risk strategy to proceed to examination of the Site Allocations and Policies Local Plan; the Plan would be unlikely to conform to all four tests of soundness, set out in paragraph 182 of the NPPF. Failure at examination would incur significant costs both financially (for the Council and other stakeholders) and in terms of reputation. More importantly it would fail to deliver necessary allocations of land for housing and employment thereby undermining future economic growth of the borough. Therefore, officers consider that to continue with the Site Allocations and Policies Local Plan is not an option.

9.2 The adopted Newcastle-under-Lyme and Stoke-on-Trent Core Spatial Strategy will remain part of the approved development plan for the area, as will the saved policies of the Newcastle-under-Lyme Local Plan, 2011 and planning applications will continue to be assessed against these policies, although the weight given to them is dependent upon their closeness to policies within the National Planning Policy Framework. Nevertheless it can be expected that there will be an increased risk of challenges to the adopted Core Strategy. Members are, of course, aware that relevant policies for the supply of housing would only be considered up to date once the council is able to demonstrate a five year housing land supply (the approach to

mitigating this risk has been agreed at a meeting of the Planning Committee on 4 June 2013).

- 9.3 The new Local Plan will necessitate a review of the North Staffordshire Green Belt in the borough and this is likely to be controversial and any proposals to amend the boundary will require robust justification. However it should be noted that in circumstances where there is limited capacity in the urban area, the advice from The Planning Inspectorate is that Green Belt must be considered, along with all other options, to ensure that the full objectively assessed needs can be met.

10.0 Legal and Statutory Implications

- 10.1 In accordance with section 22(1) of the Planning and Compulsory Purchase Act, 2004 a local planning authority may at any time withdraw a local development document before it is adopted. Section 27 of the Local Plan Regulations, 2012, identifies the steps that need to be taken as soon as reasonably practicable after withdrawing a local plan including:

- a) make available a statement of the fact and;
- b) send, to each of the consultation bodies notified under regulation 22(3) (b), notification that the local plan has been withdrawn and;
- c) cease to make any documents relating to the withdrawn local plan available on the local planning authority's website.

These steps will be taken subject to members resolving to cease preparation of and withdraw the Site Allocations and Policies Local Plan.

11.0 Earlier Cabinet Committee Resolutions

- 11.1 Cabinet approval of the Site Allocations and Policies Local Plan Issues and Options Paper for consultation purposes, 18 July, 2012.

12.0 Background Papers

- Newcastle-under-Lyme and Stoke-on-Trent Core Spatial Strategy, 2009
- Site Allocations and Policies Issues and Options consultation Paper
- National Planning Policy Framework, March, 2012
- Draft schedule of work packages (including cost estimates) to be commissioned to provide the evidence base for the new Plan

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MEDIUM TERM FINANCIAL STRATEGY 2014/15 TO 2018/19

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 2014/15 to 2018/19.

(b) That the report be referred to the Transformation and Resources Overview and 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 A, the Medium Term Financial Strategy (MTFS) for the period from 2014 to 2019, 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 2013/14 they also received notification of provisional amounts for 2014/15. 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 2013. The provisional allocation for this Council is £6.098m. This compares with a total of £7.221m for 2013/14, representing a 15.5 per cent reduction from year to year. The funding reduction is reflected in the MTFs, being one of the main contributors to the budget shortfall for 2014/15 as shown in the MTFs. 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 2015/16 and continuing significant reductions for at least the following three years. Accordingly, the MTFs has assumed a 15 per cent reduction for 2015/16 followed by 5 per cent reductions each year for 2016/17, 2017/18 and 2018/19.

- 2.3 Revised arrangements in respect of business rates have applied from 1 April 2014, allowing local authorities to retain part of any growth in rate income. These arrangements, which are fairly complex, are outlined in the MTFs 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 MTFs 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 2014/15 funding gap of £2.170m identified in the MTFs.
- 2.4 The government intends to reduce the amount of New Homes Bonus paid to local authorities from 2015/16 onwards in order to fund a Local Growth Fund to support economic growth priorities. This is currently subject to consultation so the exact amount of the reduction which authorities will suffer as a whole and individually is still not decided. However, the proposed amount of the reduction is £400m overall and could result in a reduction of up to 35% for some authorities. Consequently, an amount of £0.216m has been included in the MTFs as a reduction in income from New Homes Bonus in 2015/16.
- 2.5 The purpose of the comprehensive five year MTFs is to predict likely budget totals, if services are maintained at current levels, by projecting forward the different elements of the 2013/14 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 MTFs. 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 MTFS 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:

2014/15 £2.170m
2015/16 £1.934m
2016/17 £1.390m
2017/18 £0.857m
2018/19 £0.926m

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

- 2.7 The Budget Review Group, chaired by the Cabinet Portfolio Holder for Finance and Resources 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 subject to consultation seeking to gain the views of interested parties, using a variety of communications channels such as a special edition of the "Reporter", public meetings, town centre gazebos and stalls in public buildings. The results 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 2014/15 at its meeting on 15 January, to enable this to be submitted to the Transformation and Resources Overview and Scrutiny Committee on 22 January. As part of this process it is intended to repeat the Scrutiny Café event on 14 January which will enable all members to obtain information regarding budget options and to ask Cabinet members and officers questions about the options.

3. **Proposal**

- 3.1 That Members approve the Medium Term Financial Strategy for 2014/15 - 2018/19.

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 MTF5 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 MTF5 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 A - Medium Term Financial Strategy 2014/15 to 2018/19.

Medium Term Financial Strategy 2014/15 to 2018/19



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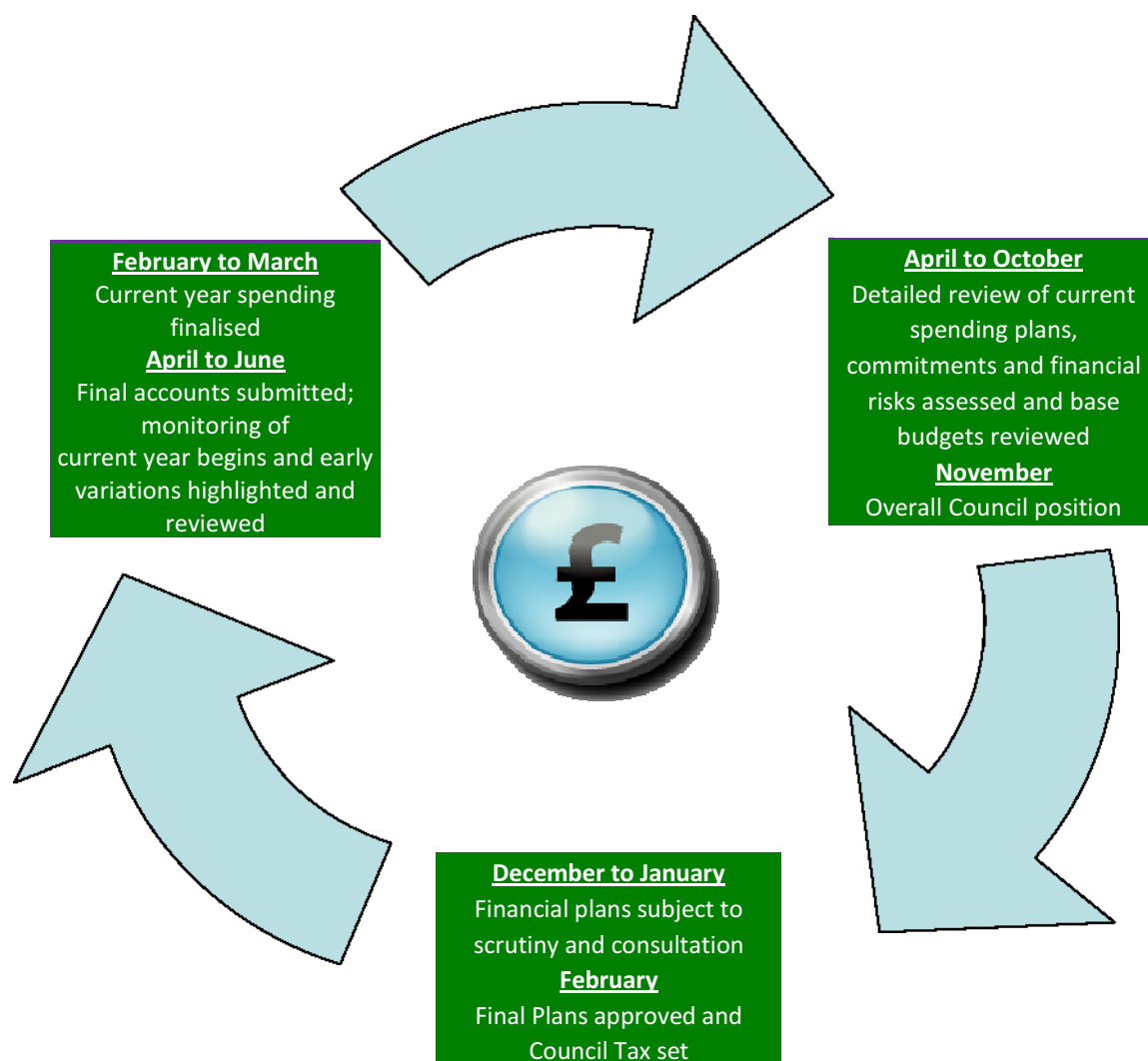
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MEDIUM TERM FINANCIAL STRATEGY 2014 to 2019

1. INTRODUCTION

- 1.1 This document provides details of the Council's medium term financial plans and projected financial position to 2019.
- 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 Budget Review Group is chaired by the Cabinet Portfolio Holder for Finance and Resources. The Council Leader is a member of the group, together with the Chief Executive, Executive Director of Resources and Support Services and other appropriate finance and corporate support officers.
- 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.

MEDIUM TERM FINANCIAL STRATEGY 2014 to 2019

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 we use resources prudently and effectively and review that 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 Transformation and Resources Overview and Scrutiny Committee.
- 1.13 The full Plan with targets for 2013/14 to 2015/16 can be accessed on the Council's web site at: www.newcastle-staffs.gov.uk

MEDIUM TERM FINANCIAL STRATEGY 2014 to 2019

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.
- [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.

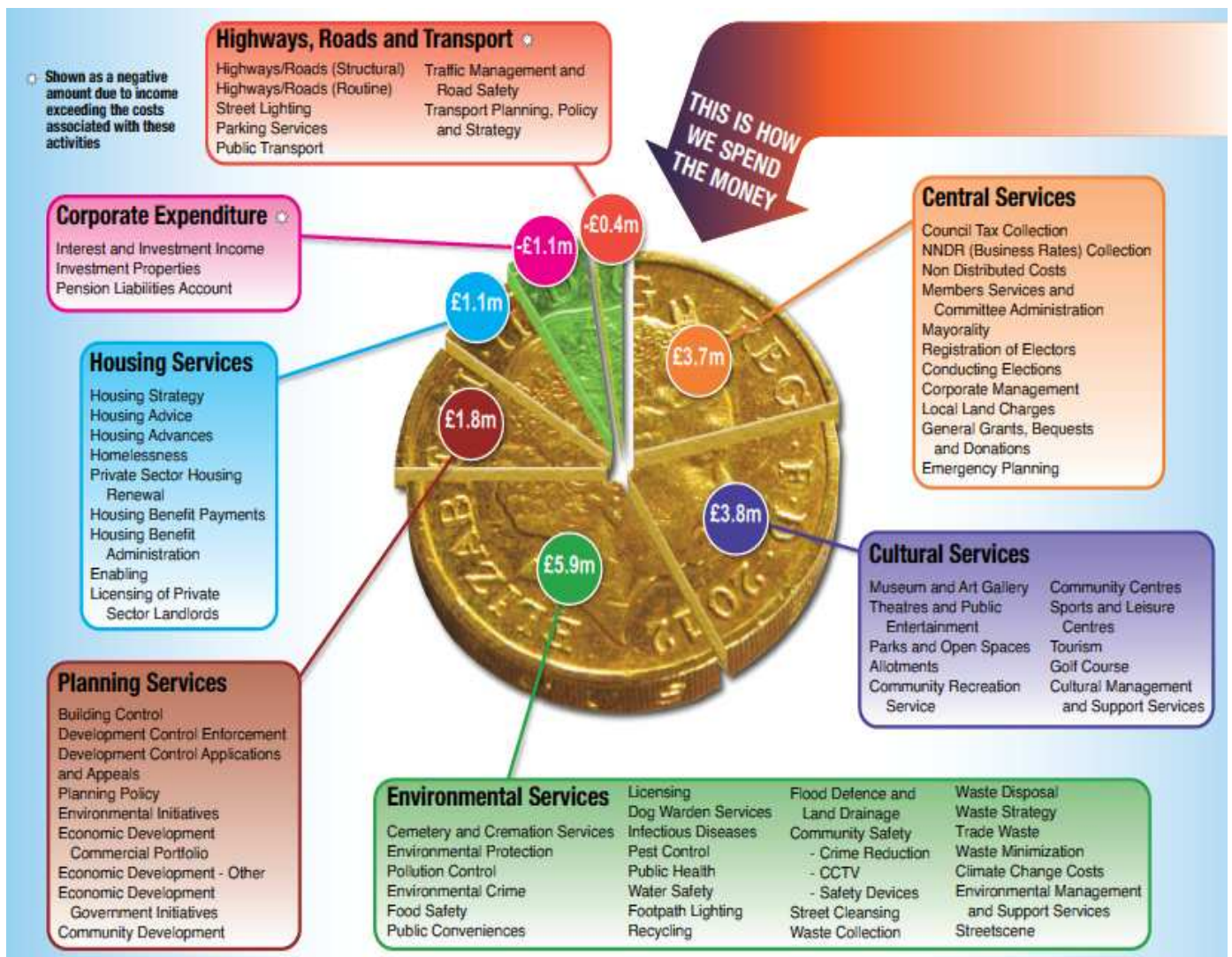
MEDIUM TERM FINANCIAL STRATEGY 2014 to 2019

- 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 we are working together with our residents, partners and local organisations to collectively deliver the best we can using resources we have.

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 2013/14 has been allocated across services provided as shown in the chart below.



MEDIUM TERM FINANCIAL STRATEGY 2014 to 2019

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 (emerging)
- 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 27 February 2013. This programme provides for £5.4 million of investment during 2013/14 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 would be 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.

MEDIUM TERM FINANCIAL STRATEGY 2014 to 2019

- 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 2014 to 2019

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 45 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.

MEDIUM TERM FINANCIAL STRATEGY 2014 to 2019

- 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 2013/14 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 2013/14 base budget through to 2018/19, 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 2014 to 2019

- Levels of central government funding (estimated) as referred to in the National Context section of the strategy (page 8);
- 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 2014/15 and 2 per cent thereafter.
- Central Government funding will decrease by 15.5 per cent in 2014/15 with a further 15 per cent reduction in 2015/16 based on indicative figures from the Department for Communities and Local Government (DCLG) and further reductions of 5 per cent thereafter. Funding for 2014/15 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 (source - Staffordshire County Council).
- 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.

MEDIUM TERM FINANCIAL STRATEGY 2014 to 2019

- 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 £12.4m, a change of 0.50 per cent would save or cost £62,000.
- How actuarial changes in the pension scheme will affect the Council
Pension costs are currently 24.7 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 2014 to 2019

- ***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.

- ***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 2014/15 and give guideline figures for the budgets for the following four financial years. Details of the timetable, which is being followed, are shown later.

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

- £2.170m in 2014/15
- £1.934m in 2015/16
- £1.390m in 2016/17
- £857,000 in 2017/18
- £926,000 in 2018/19

MEDIUM TERM FINANCIAL STRATEGY 2014 to 2019

2.13 As a percentage of the net budget, the potential shortfall in 2014/15 represents 15 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.

Budget Strategy 2014/15

2.14 The shortfall identified for 2014/15 needs to be managed so that a balanced budget is compiled with spending matched with resources.

2.15 The potential savings, efficiencies and areas of increased income identified for 2014/15 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 overtime, a review of vacant posts within the Council and the need to recruit to these posts and a number of service restructures following the departures of the Heads of Service
- 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.

3. TIMETABLE AND PROCEDURE

- 3.1 A Budget Review Group was established in 2012, chaired by the Cabinet Portfolio Holder for Finance and Resources. The Council Leader is a member 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 a further process planned for 2014. All services are potentially subject to challenge but the process particularly concentrates on those with the potential to deliver significant improvements in the priority areas. Heads of Service 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 results of last years challenge process have formed the basis of the current years budget and the formulation and preparation of the 2014/15 budget.
- 3.5 The consultation process seeks to gain views through a variety of means, both by face to face contact and electronically, from a broad range of interested parties.
- 3.6 The Budget Review Group will also consider the capital programme for 2014/15 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.
- 3.7 The budget timetable as regards member involvement and the completion of key stages in the process is set out in the table below:

MEDIUM TERM FINANCIAL STRATEGY 2014 to 2019

Event	Body Affected	Date
Budget and local authority finance training	All members	September/October
Consultation Process	TROSC*/Cabinet	September
Consideration of MTFS	Cabinet	16 October
Consideration of MTFS	TROSC*	6 November
Public Consultation	Interested Parties	October/ November
Review of consultation feedback and initial budget strategy and savings options	TROSC*	December
Review of consultation feedback (Chair of TROSC to give verbal feedback at the Cabinet meeting)	Cabinet	11 December
Scrutiny Café	All members	14 January
Draft Budget proposals including options approved	Cabinet	15 January
Scrutiny of draft budget	TROSC*	22 January
Budget proposals recommended for approval by Full Council	Cabinet	5 February
Full Council to approve Budget	Full Council	26 February

* TROSC = Transformation & Resources Overview & Scrutiny Committee

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.

MEDIUM TERM FINANCIAL STRATEGY 2014 to 2019

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 £1.9m 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

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 recession 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 (2014/15) 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 2014/15 to 2018/19. 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 2014/15 budget process. The assumptions about future costs and income together with those relating to investment and efficiency savings will be incorporated in the 2014/15 budget and will account for the majority of the change in net spending between the 2014/15 budget and that for 2013/14. 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.

MEDIUM TERM FINANCIAL STRATEGY 2014 to 2019

- 5.6 The MTFS will be used during 2013/14 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 recession and the reductions in central government support to local authorities reinforces the need for sound financial planning.

MEDIUM TERM FINANCIAL STRATEGY 2014 to 2019

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 2014/15

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 following the Government's July Budget. 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 6.8 per cent for district councils in 2013/14. A further reduction of 15.5 per cent is now planned in 2014/15, with indications that a further reduction of 15 per cent in 2015/16.
- 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 now 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.

MEDIUM TERM FINANCIAL STRATEGY 2014 to 2019

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.

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- 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.

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6.22 The New Homes Bonus is currently being consulted on by the Department for Communities and Local Government (DCLG). In Autumn 2012 Lord Heseltine published his report 'No Stone Unturned in Pursuit of Growth' which sets out the case for a reconfiguration of responsibilities for economic development between central government and Local Enterprise Partnerships, and between government and the private sector. The report recommended the creation of a single funding pot. The recent spending round announced the creation of £2 billion Local Growth Fund and that it would contain £400 million of New Homes Bonus funding, pooled locally at the Local Enterprise Partnership level to support economic growth priorities, including housing.

6.23 As a result of this report and the current consultation, the New Homes Bonus funding will be reduced from 2015/16 by approximately 35 per cent. Further details will be available once the consultation has been completed in respect of how this will affect individual local authorities.

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 2013/14 the taxbase was calculated at 34,361 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 2014. 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;

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- **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)

7.5 The split of the overall bill for 2013/14 at Band D level is;

Overall Band D Council Tax	2013 /14 £: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)	19.57
TOTAL	<u>1,469.00</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 £44.60.

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 2014 to 2019

Summary	2014/15	2015/16	2016/17	2017/18	2018/19	Notes
Changes to Base Budget	£'000	£'000	£'000	£'000	£'000	
Employees:						
▪ Incremental Increases	54	29	18	2	1	As per Payroll
▪ Pay Awards	121	246	251	257	262	1% increase in year 1 & 2% thereafter
▪ Superannuation Increases	262	256	239	221	209	As per Staffordshire County Council
▪ Vacancy Factor	72	70	69	83	88	2.5% in year 1 reducing by 0.5% each year
▪ National Insurance	13	11	446	18	19	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)	20	20	21	21	22	Based on 2% increase
Transport (e.g. Fuel)	12	13	13	14	14	Based on 3.2% increase
Other Costs (e.g. General Inflation, Grants & Contributions)	73	77	81	82	84	General inflation on certain supplies & services
One Off Budget Items Removed 2013/14 Budget	225	0	0	0	0	Expenditure taken from/income added to 2014/15 budget for 1 year only e.g. elections
Investment Income	46	(73)	(50)	0	0	Based on forecast interest rates
New Homes Bonus	0	216	167	37	118	35% top slice as per DCLG consultation paper then affects drop out after 6 years (first allocated in 2011/12)
Government Grants	1,123	1,097	235	223	212	Settlement decreased by 15.5% in 2014/15 & 15% in 2015/16 & 5% thereafter
Council Tax Freeze Grant	0	70	0	0	0	A Council Tax freeze grant was given by Government in 2011/12 which was given until 2014/15 only.
Agreed Pressures (as part of 2013/14 budget process)	45	0	0	0	0	Revenue contribution to ICT Development Fund, Hepatitis B Vaccination Programme, Lone Working
New Pressures	200	0	0	0	0	Contingency and additional allocation to Revenue Investment Fund (RIF)
Fees & Charges & other Income	(96)	(98)	(100)	(101)	(103)	Increase based on 2% increase in 2014/15 & thereafter
TOTAL MTFS SHORTFALLS	2,170	1,934	1,390	857	926	

<u>REPORT TITLE</u>	Corporate Cleaning Services
<u>Submitted by:</u>	Phil Jones, Head of Communications
<u>Portfolios:</u>	Economic Development, Regeneration and Town Centres/Culture and Leisure
<u>Ward(s) affected:</u>	

Purpose of the Report

To inform Cabinet of a review of corporate cleaning services and suggest proposals which would introduce new and revised value-for-money arrangements.

Recommendations

Cabinet is asked to:-

- a) Approve the proposals outlined in Option Three of this report for a review of the current mix of in-house and external cleaning arrangements at the council and to implement the changes identified in that option.**
- b) Support actions outlined in the report which indicate savings to be generated from revised cleaning product procurement methods.**
- c) Request that a further report be brought forward on behalf of the Executive Management Team which will consider the potential for the future development of corporate cleaning services at the borough council.**

Reasons

There are two key reasons for carrying out a review of the way cleaning services are provided throughout the council:-

- a) Value for money - the Medium Term Financial Strategy outlines significant savings required by the borough council over the next five years.**
- b) Efficiency and effectiveness – cleaning services were last reviewed more than 15 years ago during the days of Compulsory Competitive Tendering.**

1. Background

1.1 In recent years there have been changes to the council's portfolio of assets and buildings, there have been modifications and enhancements to procurement arrangements and changes in internal and external customer expectations and requirements.

1.2 With this in mind, the council's Executive Management Team (EMT) established an officer steering group to review current cleaning arrangements at all council buildings and to make recommendations on the way forward for consideration by EMT and Cabinet.

1.3 The steering group set out to:-

- a) Review current spending on cleaning services by the council.
- b) Review current spending on consumables and alternatives.
- c) Consider the merits of establishing more consistent cleaning specifications at all council buildings.
- d) Carry out a benchmarking exercise with other providers on an "as is" basis i.e. based on current specifications.
- e) Review management arrangements/alternatives.
- f) Identify potential cost savings.
- g) Review ways to involve staff in future arrangements.

1.4 The steering group has met on a number of occasions over recent months and carried out an extensive programme of research and evaluation. This includes a review of potential delivery vehicles together with their respective advantages and disadvantages.

2. Issues

2.1 Cleaning services at the council's buildings are currently provided by a variety of means which comprises a mix of council staff and private contractors.

2.2 Council staff provide cleaning services at the Civic Offices, the depot, Kidsgrove Town Hall, Newcastle Business Centre and local public toilets as well as Lancaster Building. Private companies are currently responsible for cleaning at Jubilee2, Bradwell Crematorium and Keele Cemetery (Bereavement Services) as well as the Museum and Art Gallery.

2.3 These private companies are client managed by the service areas which employ their services. Internal cleaning staff are part of the Facilities Management team within the council's Regeneration and Development directorate. The table below gives a breakdown of the current situation.

Location	Service Provider	2013/14 Annual cost = £
Jubilee2	External	45,300
Museum and Art Gallery	External	4,844
Crematorium and Cemetery	External	35,000
Civic Offices, Lancaster Building, Depot, Guildhall and Kidsgrove Town Hall	In-house	112,820
Newcastle Business Centre	In-house	2,914
Public toilets	In-house	33,534
Sub total		£234,412
Consumables		£38,377.14
Total		£272,789.14

2.4 The review of cleaning arrangements at the borough council is timely for a number of reasons.

- (i) The current cleaning contract at Jubilee2 with a private sector company has recently expired. This is being extended on a month-by-month basis while consideration is given to a longer-term corporate solution.
- (ii) The council is considering its position with regard to what should happen to an agreement with an external cleaning company for services provided at the cemetery and crematorium.
- (iii) Interim arrangements with an outside provider have had to be put in place at the Museum and Art Gallery following the departure of a member of the cleaning staff.
- (iv) There is no corporate procurement system currently in place at the council for cleaning materials.
- (v) Changes to occupancy of some council buildings – notably the Civic Offices – means a review of cleaning specifications/arrangements would be timely.
- (vi) Linked to this review of specifications is the green agenda and the need to recycle more while reducing the council's carbon footprint.
- (vii) The council's in-house cleaning team has evolved and changed over the years and this trend is likely to continue – aligned to the fact there is currently the possibility of a move away from the Civic Offices as a result of the re-development proposals for the Ryecroft area of Newcastle.

2.5 An additional factor for Cabinet to consider with regards to Jubilee2 concerns the “deep cleaning” requirements of the facility which result from the nature of its use. These specialist cleaning requirements are not replicated on a wider scale at most other corporate buildings which mainly have office-based cleaning requirements other than the public toilets. The other unique consideration is the operating hours of the facility – seven days a week and 16 hours per day.

2.6 As Cabinet is aware, Jubilee2 is currently considering the options for a Community Interest Company for the facility. It may be prudent for Cabinet to consider a potential in-house arrangement as part of this process where there would be the opportunity and time to consider how cleaning could be integrated with other staff duties.

2.7 There are currently 19 council staff and 10 staff employed by contractors on the various cleaning services required by the council.

2.8 The borough council has made a clear commitment to the Living Wage initiative and this has already been introduced for staff (including cleaning staff) at the council. Contractors providing cleaning services for the council will be expected to follow suit and for this to be reflected in the price of any contracted services.

2.9 If the council were to pursue the option of bringing all cleaning services in-house then wage costs would initially increase as staff currently employed by external service providers are not paid the Living Wage. A potential increase in pension provisions as well as higher superannuation and National Insurance costs would also need to be taken into account if this option were to be pursued.

2.10 Aggregated purchase of cleaning materials:-

- (i) Work carried out by the Steering Group has involved evaluating the potential for an overhaul of the way cleaning consumables are purchased. Currently there is no corporate approach to this issue and services purchase materials according to their own requirements.
- (ii) The group has collated information on all consumables purchased across the council including the range and type of pack sizes, quantities, prices paid and total order costs.
- (iii) Four alternative sources of cleaning consumables have been contacted – a mixture of public sector purchasing frameworks and also private companies – and by taking a centralised approach to all cleaning consumable purchasing, potential savings of between £3,000 up to £10,000 per year have been identified.
- (iv) Further work on the purchase of branded and unbranded materials – in areas where bulk purchasing is made – could result in a potential increase in the maximum saving.
- (v) One centralised point for purchasing consumables will also benefit the council as there will be greater monitoring of quantities purchased and this should help to improve the effective use of materials and reduce any wastage.
- (vi) At Jubilee2 it is desirable for the council to provide cleaning materials for the contractors as they use council equipment. Council staff based at Jubilee2 also carry out some cleaning as part of their normal duties and it is beneficial for them to have access to cleaning products. After discussions with the Head of Operations it is considered that a similar arrangement should apply for Bereavement Services.
- (vii) In the recommendations, Cabinet is being asked to support establishing a corporate purchasing arrangement for cleaning products and for this arrangement to extend to all services at the council to optimise the maximum efficiencies. This more corporate approach to purchasing will come into effect at the earliest opportunity.

2.11 Cleaning for Jubilee2, the Museum and Art Gallery, Bereavement Services

Jubilee2

- (i) For the last 12 months, an external contractor has provided cleaning services for Jubilee2. Their work programme is supplemented by some “spot cleansing” from leisure staff employed at the centre who undertake these duties as part of their normal working day.
- (ii) This contract has now expired and is being extended on a month-by-month basis with the contractor while the borough council considers its overall position on corporate cleaning service requirements.
- (iii) Cleaning methods at Jubilee2 are set apart from the normal cleaning regime within the majority of other council assets. These tend to be

office-based cleansing routines compared to the “deep cleansing” which is required at Jubilee2 due to the volume of customer traffic and the nature of its usage.

- (iv) During the last year managers at Jubilee2 have monitored the first cleaning contract to be put in place at the building and are now in a position to refine and revise requirements, taking account of the preferred times of cleaning over a typical 16-hour day.

Museum and Art Gallery

- (i) Following the departure of a cleaner, interim arrangements have been put in place with cover currently being provided by the same company which provides services at Jubilee2.

Bereavement Services

- (i) An external contractor currently provides cleaning services at Keele Cemetery and also Bradwell Crematorium.
- (ii) Following some “soft market testing” which was undertaken by the Steering Group as part of its review of corporate cleaning arrangements, the council is closely reviewing its existing arrangements at the two facilities.
- (iii) One option the council is considering is giving formal notice to end this arrangement as officers believe there may be greater scope for efficiencies in a revised contractual arrangement. Officers are satisfied that would be a sound financial decision in light of the market testing work which has gone on.

2.12 Members can see from the position outlined above, that there is now an opportunity to evaluate the best way forward with regards to cleaning work currently carried out externally for the council.

2.13 Aggregating the three elements above into one contract is one option to be considered as this would “ring fence” all current external provision and is also likely to be “best value” as there may well be potential for some economies of scale. The combined annual values of the work currently stands at around £85,000.

3. Options Considered

Option One

In-house service provision for all corporate cleaning requirements.

- a) This could be done by taking no action to renew external arrangements currently in place at Jubilee2, the Museum and Art Gallery and Cemetery and Crematorium. See the section above.
- b) The Transfer of Undertakings (Protection of Employment) Regulations (TUPE) arrangements means the council would be obliged to offer employment to some staff from these external contracts who are engaged in delivering the current service. The commitment to the Living Wage Initiative means staff costs would inevitably rise as this rate is higher than that paid by external contractors. There would also be additional superannuation and National Insurance costs plus the potential for pension contributions.

- c) Review cleaning specifications – changes in procurement, client requirements and the council's estate means a review of specifications could contribute to a more efficient and effective service covering all of the council's estate.
- d) A user group could be established to contribute to a review of current cleaning specifications/requirements, supporting the delivery of a fit-for-purpose solution.
- e) Although establishing an in-house operation across all council buildings could be achieved, there would be a number of issues for Cabinet to consider with this option:-
 - (i) The council does not have the necessary expertise in the “deep clean” elements which Jubilee2 requires.
 - (ii) It would be difficult to gear up an in-house operation quickly.
 - (iii) Jubilee2 is currently considering the options for a Community Interest Company for the facility. It may be prudent for Cabinet to consider a potential in-house arrangement as part of this process where there would be the opportunity and time to consider how cleaning could be integrated with other staff duties.
 - (iv) A move to an in-house operation may increase labour costs as it would require the harmonisation of new staff into local government terms and conditions. This would need to be assessed as part of a detailed business case and Value For Money analysis.
- f) The council is committed to the Living Wage initiative and it should be noted that whether an in-house or contracted service were entered into, the Living Wage will apply.

Option Two

Outsource all corporate cleaning services.

- a) An element of “soft” market testing has already taken place overseen by the corporate steering group.
- b) Existing service specifications’ were provided to four external cleaning service providers with a specific request that they provide the following information:-
 - (i) The cost of providing the whole service at their current charges.
 - (ii) The cost of providing the whole service paying the Living Wage.
 - (iii) Suggestions in relation to reducing costs.
- c) The exercise was purely voluntary and the companies were fully aware that by agreeing to be involved there was no expectation that they would obtain any business from it.
- d) Three of the four companies approached made returns and the costs quoted were either in line or higher than the current service. No company quoted costs reflecting their current charges and all quoted on the basis of paying the Living Wage.
- e) Few suggestions were made in relation to how to reduce costs. However, to fully test the potential for outsourcing, Cabinet would have to approve full market testing with the revised specifications mentioned in Option One (c).

- f) There will obviously be issues for existing council staff if the authority decides to outsource its cleaning requirements and these would have to be worked through with the companies which win the business, the trade unions and the staff themselves.

Option Three

Review the current mix of in-house and external cleaning arrangements.

- a) This reflects the current position at the council – and because of the issues outlined in 2.4, 2.5 and 2.6, Cabinet could consider a continuation of the commercial/in-house mix.
- b) This could involve carrying out an external procurement exercise for a contract to cover cleaning requirements at Jubilee2, the Museum and Art Gallery and Bereavement Services.
- c) As the council seeks to deliver this outcome, officers would seek price options for both a one-year and two-year agreement and would be mindful of compliance with local government procurement thresholds. One contract instead of the existing three commercial arrangements could potentially deliver savings through aggregated purchase.
- d) The proposal outlined in (c) would provide Jubilee2 with the degree of flexibility required to cater for any developments with regard to the consideration of establishing a Community Interest Company.
- e) This option would not involve the council in any TUPE issues or additional costs resulting from taking over areas of work currently provided by external companies.
- f) As part of a review of specifications for services carried out externally, the steering group has also reviewed specifications for work carried out by the in-house team at the moment. This has shown that although the council's team provides a good service there is scope for a rationalisation and review of specifications.
- g) This review can be managed and implemented over a period of time and any changes to staffing needs could be addressed through natural wastage within the team.
- h) As a result, a target for savings of at least 10 per cent should be set for this part of the cleaning services review based on current in-house costs of just under £150,000 per year.
- i) A user group will be established to contribute to the development of a fit-for-purpose corporate cleaning solution.
- j) And trade union representatives would play a part in discussions over the development of the in-house provision moving forward.
- k) Executive Management Team will be responsible for these progressive changes in the in-house arrangements which should also include consideration of the management arrangements of future in-house service provision.

- l) Management of the in-house service is currently split between the Operational Services and Regeneration and Development directorates. Part of any future report by EMT will consider this situation. The review could also explore future delivery options such as an Employee Led Mutual or similar venture.

Option Four

Do nothing.

- a) Issues over the cleaning arrangements for Jubilee2, the Museum and Art Gallery and Bereavement Services means this is not an option.
- b) This would not allow the council to review specifications and produce savings from more efficient, effective and value-for-money services.

4. Proposal

- 4.1 There are clearly a number of options which Cabinet can consider with regard to the future provision of cleaning services at the borough council's buildings.
- 4.2 Cabinet is being recommended to approve Option Three as the way forward for corporate cleaning services for the reasons outlined earlier in the report.

5. Outcomes Linked to Sustainable Community Strategy and Corporate Priorities

- 5.1 Ensuring council buildings are kept clean and safe fits in with the council's priority for a clean, safe and sustainable borough .
- 5.2 The borough council is committed to the Living Wage Initiative which provides support to some of its employees on lower wages and this will also cover companies which provide services to the council.

6. Legal and Statutory Implications

- 6.1 Officers of the borough council need to ensure that the proposed solution complies with the Public Procurement Regulations.

7. Financial and Resource Implications

- 7.1 Aggregated annual spend on cleaning at the borough council is £272,790 - albeit a mixture of both internalised and externalised solutions. This exceeds the Public Procurement threshold of £173,934 for services.
- 7.2 If the council pursues a commercial/in-house mix, then this would enable it to comply with procurement requirements.

- 7.3 If the council elects to pursue an in-house option for all current cleaning services, then members need to bear in mind the financial implications outlined in Option One which related to TUPE considerations, superannuation, National Insurance and potential pension costs.
- 7.4 Initial estimates from the Facilities Management team suggest at this stage that the council could face additional annual costs as a result of TUPE transfers of private sector staff into an in-house solution of just over £11,000 a year.
- 7.5 Mechanisms for savings:-
- (i) Changes to the cleaning specifications for all council buildings.
 - (ii) Aggregation of cleaning activities.
 - (iii) Aggregation of materials purchased.
- 7.6 Factors which will potentially add cost:-
- (i) Living Wage – additional costs from a totally in-house solution.
 - (ii) Consolidation with local government terms and conditions for private sector staff taken on as part of an in-house solution – see 7.3 above.

8. Major Risks

- 8.1 A risk assessment has been completed and is available on request.

9. Key Decision Information

- 9.1 The total annual spend for cleaning services by the borough council is £272,790 and if this is aggregated over a four year period it equates to £1,091,160. This is obviously a significant sum and because of this and the fact TUPE/staffing implications exist, this matter is considered to be a key decision.

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Agenda Item 6

<u>HEADING</u>	Kidsgrove Town Centre Community Interest Company
<u>Submitted by:</u>	Executive Director - Regeneration and Development
<u>Portfolio:</u>	Economic Development, Planning & Town Centres
<u>Ward(s) affected:</u>	Butt Lane, Kidsgrove, Newchapel, Ravenscliffe and Talke

Purpose of the Report

To update Members on the progress of the establishment of a Kidsgrove Town Centre Community Interest Company and Council support for this.

Recommendations

- a) That Cabinet endorses the Borough Council becoming a corporate director of the Kidsgrove Town Centre Community Interest Company and that Councillor Mrs Elsie Bates is nominated to the Board.
- b) That £10,000 is allocated to the Kidsgrove Town Centre Community Interest Company for the delivery of its emergent action plan, subject to the completion of a Service Level Agreement and an agreed arrangement for draw-down of defrayed or committed expenditure.

Reasons

In 2012 Cabinet approved the approach to establishing a Kidsgrove Town Centre Community Interest Company, therefore it is appropriate that Members are aware of progress and endorse the approach of Corporate Membership including the nomination of a representative to the Board. It is also appropriate to consider support for the development of the action plan and financial support for the emerging priority projects.

1. **Background**

- 1.1 The Council's Economic Development Strategy seeks to support the development of businesses in the Borough. Officers and local members from Kidsgrove have been working with local community representatives to discuss ways of supporting the economic development of Kidsgrove. These discussions have led to the proposal that a Community Interest Company (CIC) should be established to support Kidsgrove Town Centre.
- 1.2 In September 2012 Cabinet sanctioned officers, "to proceed with the process of establishing a Kidsgrove Town Centre Partnership based around a Community Interest Company Model (or similar entity), including the appointment of Directors, in consultation with the Portfolio Holder for Regeneration, Planning and Town Centre."

2. **Issues**

- 2.1 Local businesses are supportive of the development of a partnership based on the Community Interest Company model and following from a general meeting of the Kidsgrove Town Team in July 2013, it was agreed that a legal entity would be constituted. Five private sector volunteers have come forward to become founding Directors to establish the company:
 - Elliot Ashton – business representative and Town Councillor (Chair of the Environment & Infrastructure group)
 - Neil McNicholas – Co-op Bank
 - Mark Smithson – Smithsons Caravans business representative

- Ian Tervit – A Potter Tea (Chair of the marketing theme group)
 - Paul Waring – Town Councillor (Chair of event co-ordination; volunteer Company Secretary)
- 2.2 These five founding Directors have met subsequently with officers to discuss potential company formats and have agreed on a Community Interest Company, limited by guarantee (same as for the Newcastle TCP). The relevant forms have been submitted to Companies House and a certificate of incorporation is awaited. The registered address for the time being will be the Kidsgrove Town Hall. Once the CIC is formally constituted, a bank account will be set up with the Co-op bank.
- 2.3 It is appropriate that the Borough Council becomes a corporate director and supports the work of the partnership. The Culture and Leisure Portfolio Holder has volunteered to be the named council representative as the Economic Development, Regeneration and Town Centres Portfolio holder is already involved with the Newcastle TCP.
- 2.4 For the time being, the shadow board has decided to keep the number of directors relatively small and engage with larger numbers of people through the theme groups. This will allow people with interest in specific projects to participate fully. The emerging key actions from these theme groups are:

Marketing Group

- Development of a town centre website including the use of Quick Response (QR) codes to direct traffic to the website, especially from canal and station users.

Event co-ordination Group

- Building a contact database for businesses, organisations and other interested partners to ensure information about events, activities and meetings is disseminated as widely as possible.
- Encouraging businesses to develop their own events.

Environment & Infrastructure Group

- Improving the canal infrastructure and links to the town centre and developing the heritage aspect (major project).
- CCTV coverage
- Signage
- Cleanliness and attractiveness

- 2.5 As part of the discussions it has become clear that it is appropriate for the Council to financially support the development of this company and in particular to give a grant to them to assist with the delivery of their action plan which will clearly contribute to the Council's corporate priorities. It is considered appropriate to award a grant of £10,000.

3. Proposal and Reasons for Preferred Solution

- 3.1 The Council has identified the development and improvement of the two main town centres (both Newcastle and Kidsgrove) as a clear priority. As part of this the Council wants to be able to support and develop the town centres as vibrant places where people want to visit, work, invest and shop. Consequently it is appropriate that the Council seeks to work in partnership with the local businesses to develop the Kidsgrove Town Centre Partnership.
- 3.2 The preferred solution is to complete the registration of the Council as a corporate member of the Kidsgrove Town Centre Partnership and that funding is allocated to support the partnership.

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

- 4.1 Outcomes from these actions will significantly affect the 'Borough of Opportunity' and Promoting Healthy and Active Community corporate priorities, and will have implications for the quality of life, regeneration, and sustainability of the town centre.

5. **Legal and Statutory Implications**

- 5.1 There is no statutory requirement to carry out these recommendations. The Council will become a corporate member of the newly formed Community Interest Company and a Service Level Agreement will be agreed with the company to ensure that the funding is utilised for the delivery of the action plan once developed.

6. **Equality Impact Assessment**

- 6.1 An Equality Impact Assessment has not been carried out but the actions identified will help to make the Kidsgrove town centre more able to meet the needs of both residents and the business community.

7. **Financial and Resource Implications**

- 7.1 It is considered appropriate to award a grant of £10,000 for the reasons and purposes described above. In particular it is envisaged that the grant will be the subject of some form of draw-down arrangement based upon delivery of activities contained in the emergent action plan. Additionally the Council has committed staff and Member resources to supporting the establishment of this business-led Kidsgrove Town Centre Partnership and CIC (on the same broad basis as the Newcastle Town Centre Partnership).

- 7.2 The grant will be financed from additional income generated during the current financial year.

8. **Major Risks**

- 8.1 There is a risk that the Kidsgrove Town Centre Partnership will fail leading to reputational damage however the potential benefits of the partnership succeeding in contributing to the economic development of the area outweigh the risks.

9. **Key Decision Information**

- 9.1 This is not a key decision however the report outlines progress in delivering a key Council priority.

10. **Earlier Cabinet/Committee Resolutions**

- 10.1 In September 2012 Cabinet sanctioned officers, "to proceed with the process of establishing a Kidsgrove Town Centre Partnership based around a Community Interest Company Model (or similar entity), including the appointment of Directors, in consultation with the Portfolio Holder for Regeneration, Planning and Town Centres."

11. **List of Appendices**

11.1 None.

<u>HEADING</u>	Multi-functional device (MFD) contract
<u>Submitted by:</u>	Phil Jones (Head of Communications)
<u>Portfolio</u>	Communications, Policy and Partnerships
<u>Ward(s) affected</u>	

Purpose of the Report

To inform Cabinet of efficiencies and savings from the multi-functional device contract and to seek permission to extend the contract in line with agreed procedures.

Recommendations

Cabinet is recommended to:-

- a) Note the efficiencies and savings relating to the multi-functional device contract at the borough council.**
- b) Agree in principle to extending the contract with the current multi-functional device supplier in line with agreed procedures.**
- c) Authorise the Head of Communications to negotiate the terms of the contract extension up to a maximum of two years.**
- d) The Portfolio holder for Communications, Policy and Partnerships is consulted before any extension is agreed.**

Reasons

The contract for multi-functional devices has already helped to generate significant savings for the borough council and contributed to reducing its carbon footprint. Further savings and efficiencies can be made by extending the contract in line with agreed procedures.

1. Background

- 1.1 In the early part of 2010, the borough council began a project which set out to examine whether a more efficient and effective process could be introduced for the provision of desk top printers, copiers, scanners and faxes to staff.
- 1.2 A print investigation undertaken at the time revealed the council had around 190 devices which comprised 76 different machine models provided by 13 separate manufacturers. In terms of expenditure and monitoring of consumables alone this was obviously a very difficult system to operate effectively.
- 1.3 As a result the borough council established a Project Board to deliver a new office print solution at the borough council. This Board steered the council through a process which involved securing a single supplier of multi-functional devices (MFDs) using a Government Procurement Services Framework. The solution was procured by way of a compliant process advertised in the Official Journal of the European Union (OJEU).

- 1.4 Canon UK Ltd was appointed following this procurement process and a contract with the company was implemented by the borough council at the beginning of December 2010. This agreement is for an initial three years with the option of two separate 12-month extensions. This means the initial term with Canon will expire at the end of November 2013.
- 1.5 A user group comprising staff from all directorates was established as part of the transformation process. This group played a key role in helping to shape the final proposals and also provided invaluable feedback, comments and suggestions in the initial implementation stages and during the first two years of the contract.
- 1.6 The group has played a vital role in embedding key messages within the organisation which include:-
 - (i) Reduce expensive colour printing.
 - (ii) Use duplex instead of single-sided printing.
 - (iii) Send all print jobs over 50 pages to the council's print room where high volume printers are in place which can print jobs far cheaper.
 - (iv) Don't print unless necessary.
- 1.7 In addition to the user group, as part of ongoing contract management, the council also holds quarterly liaison meetings attended by officers responsible for the contract at the council and their counterparts from Canon. This has proved a useful arena not only for problem-solving but also as a joint forum for considering how to ensure the contract works most effectively.
- 1.8 The implementation process resulted in the majority of legacy devices being removed from the council with only those which had punitive return costs retained until contracts expired. There remains an opportunity to make additional savings by removing further devices from service areas.
- 1.9 The fleet of around 190 devices was replaced by 24 MFDs from Canon – this has since been reduced by one - and these are located at strategic points around council buildings including the Civic Offices, Jubilee2, Guildhall, depot, Kidsgrove Town Hall, Museum and Art Gallery, Keele Cemetery.
- 1.10 As well as proposing to save the council money, the MFD project also took into consideration issues surrounding the council's carbon footprint and a desire to see this reduced. Reports produced each month throughout the first three year contract using a monitoring tool called Uniflow indicate that the switch to MFDs has in fact been a positive "green" move on the council's behalf. Figures indicate reduced carbon dioxide emissions, energy savings and also fewer trees being cut down because the amount of paper being used by the council in its devices has fallen.
- 1.11 The most up-to-date figures produced by the council's Finance Service show that if the council agrees to run the contract to its full length – the initial three years plus up to two more years – total savings of almost £106,000 will be achieved.
- 1.12 The council will endeavour to improve this position through further negotiations with the contractor if Cabinet agree in principle to the extension of the original agreement.

- 1.13 For a detailed breakdown on the savings and costs see Section Eight – Financial and Resource Implications.

2. Issues

- 2.1 There is evidence throughout this report that the MFD project has already delivered on its key initial outcomes. Money has been saved in the first two-and-a-half years of the contract and there is evidence of “green” outcomes from the project.
- 2.2 Moving forward, the council is well positioned to take advantage of further savings by extending the agreement with Canon while at the same time beginning work on broader print-related issues.
- 2.3 Savings forecasts have been calculated by the council and these indicate that the sums achievable rise significantly if the option to extend is taken up with Canon. These are detailed in the options proposals outlined below.
- 2.4 However, extending the agreement with the MFD provider will also allow officers to consider the best way to deliver a more comprehensive print solution at the council. An agreement with the company that provides the high volume devices in the corporate print room is due to expire in April 2014. And high volume print devices used by the Revenues and Benefits Service for its billing and communications requirements have now been in use for at least a decade and are perhaps coming to the end of their working life.
- 2.5 Extending the agreement with Canon would allow the council more time to consider how it can bring together all the corporate print elements mentioned above into one print solution to provide a more effective service and greater value-for-money. It will also allow the council time to consider the potential for development of shared service arrangements with other print providers.
- 2.6 Aiming to bring all solutions into line by December 2015 – which would coincide with the end of the available extension periods with Canon – would put the council into a position where it can fully explore all efficiencies.
- 2.7 Other options for the council to consider include signing up to a framework agreement. This would enable the council to “piggy back” on to arrangements already in place elsewhere within the public sector or run a mini-competition with a small number of pre-qualified service providers.
- 2.8 Alternatively, the council could decide to run its own procurement process although this is likely to take some time to bring to fruition and would involve significant amounts of officer time and resources.

3. Options Considered

- 3.1 There are three options for Cabinet to consider.
- 3.2 Option one – extend the current contract for MFDs.

Option two – don't extend the current contract and procure a new service provider.

Option three – do nothing.

3.3 Option One – extend the current contract for MFDs

- a) As mentioned earlier, the initial contract with Canon was signed on 1 December 2010 and runs for an initial term of three years with the option to extend for up to two more years.
- b) Savings which have been generated so far, together with forecast budget savings and net expenditure are detailed in the Financial and Resource Implications section of this report. This shows the contract has already produced savings for the council and it is predicted by the council's Finance Service that extending the contract to its full-term of five years will net the council significant savings.
- c) There is also evidence from the Uniflow reporting system - which supports the current MFD contract - that many green benefits are being delivered as a result of scaling back from 190 devices previously operating within the organisation to a reduced, more efficient and modern fleet of MFDs. An extract from the monthly report from Uniflow has been attached for members and in particular this focuses on the contents of the Environmental Analysis section within the report.
- d) Quarterly liaison meetings are held with the council's dedicated account manager from Canon and these are used to troubleshoot issues, ensure the smooth running of the contract and flag up potential new areas of improvement. This group is chaired by the Head of Communications but is also attended by officers with responsibility at the council for ICT, procurement, design and print, finance.
- e) Analysis of the volumes produced by all of the machines in the council's MFD fleet is done on a quarterly basis. This shows that virtually every single machine is operating well within the tolerances which are recommended by the manufacturer.
- f) Reporting protocols for faults and issues have been in place from the beginning of the contract and these continue to work well. Problems and issues are raised at the liaison meetings where actions are identified to prevent difficulties being repeated.
- g) Longer term, by agreeing to a continuation of the contract the council could put itself into a position in December 2015 where consideration may well be given to opening up negotiations with Canon over a purchase agreement for the fleet.
- h) If the MFD fleet were transferred over to the council and a maintenance agreement reached, this could put the council in a position where additional savings could be made. This option has already been pursued by at least one other council in Staffordshire.

	Net Expenditure	Budget	Budget Saving
Budget Savings 2010/11 from Dec 2010	21,310	26,460	5,150
Budget Savings 2011/12	66,910	79,370	12,460
Budget Savings 2012/13	61,870	79,370	17,500
Forecast Budget Savings 2013/14	54,980	70,360	15,380
Forecast Budget Savings 2014/15	31,830	70,360	38,530
Forecast Budget Savings 2015/16 to Nov 2015	15,050	31,830	16,780
Total Forecast Budget Savings	251,950	357,750	105,800

3.4 Option Two

- a) The procurement of multi-functional devices from a new provider is an option open to the council because it is under no contractual obligation to extend the current arrangement with Canon beyond the initial three years.
- b) The council can take one of the following options:-

Go out to tender

- (i) Advice from the council's procurement officer is that if the council runs its own procurement process, it should utilise a "restricted" process. It is advised that this would be the suitable process for this particular service. This would involve a full market tender being drawn up and a process advertised using the Official Journal of the European Union (OJEU) as the amounts involved would exceed the current Public Procurement threshold of £173,934 for services.
- (ii) Interested parties would be asked to complete a pre-qualification questionnaire. Once these had been reviewed, those meeting the necessary requirements would be short-listed. They are then asked to complete a tender submission. These would again be assessed and analysed using set criteria around a range of factors including price.
- (iii) Inclusive of a "stand still" period once a suitable provider has been identified, this process can take up to 120 days and involves a significant amount of officer resource.

Third party to an existing contract

- (i) Stoke-on-Trent City Council has recently signed an agreement with Xerox to replace its fleet of multi-functional devices. Following discussions with the city council, the borough council has been able to sign up as a "named party" to this contract.
- (ii) This arrangement means the borough council can place an order under the contract and be entitled to the same terms and conditions, variety of machines and also prices which colleagues in Stoke-on-Trent have arranged for their own contract.
- (iii) This could benefit the council in several ways. Firstly, it means that there is a reduced requirement on the borough council with regards to providing officer resource when compared to the option outlined above.

- (iv) It can also lead to savings as the council is able to piggy back on to the economies of scale that much larger organisations are often able to negotiate with suppliers.
- (v) It can also mean any teething troubles which can often arise when bedding in new contracts with suppliers have often been ironed out by the experiences of the initial procurement process. In essence, organisations which “piggy back” on to established arrangements benefit from the learning of others.
- (vi) As mentioned above, informal discussions have already taken place with the city council’s supplier involving the borough council’s procurement specialist. And initial comments from the supplier suggest that in the short-term they would not be able to exceed current forecast savings and they endorsed the council’s proposals for seeking to extend arrangements with the existing supplier and aim for a single print solution in the near future.

Framework agreements

- (i) There are a number of framework agreements in operation but following discussions with the council’s procurement specialist, it is likely the Government Procurement Service (GPS) framework is the one the borough council would opt to use.
- (ii) These framework arrangements enable the council to take advantage of Government approved centralised procurement solutions that enable greater savings to be generated for all public sector organisations. By maximising competition and leveraging supplier innovation, the GPS framework in particular is able to demonstrate savings as it has with the council’s existing contract.
- c) Other issues for Cabinet to consider with regard to Option Two include the fact that the arrangements referred to above would probably result in reduced savings. That is because this type of contract tends to deliver the greatest savings the longer they run. This is because as machinery gets older and is used more, the residual value to the provider reduces and they reflect this lower value in dramatically reduced leasing and other costs. However, it is unlikely savings will be greater overall than what is already anticipated from Canon.
- d) Bringing in a new provider for MFDs would also rule out the possibility of the “one provider solution” talked about for December 2015 earlier in this report.

3.5 Option Three - Do Nothing

If the council does not take any action then the existing arrangement with Canon would come to a natural end in December 2013. However, this would leave the council without a fleet of multi-functional devices and the significant contribution they make to the daily workings of the organisation. Therefore, it is not recommended that this option be given any consideration.

4. Proposal

- 4.1 The difficult financial situation facing the public sector inevitably means that councils have to look at making the utmost of each and every contract.

Extending the current contract with Canon will not only net substantial savings for the council but also makes a significant contribution to its green credentials.

- 4.2 Total anticipated savings of £105,800 over the life of this contract make a significant contribution to the council's efforts to reduce expenditure.
- 4.3 However, agreeing to the recommendation also opens up the opportunity for an approach which could generate further savings in the future.
- 4.4 As mentioned earlier this could be either through a single provider solution for a range of council print requirements instead of the three solutions currently in place. Or it could mean something more innovative involving purchase/maintenance only arrangements.
- 4.5 It would also provide the council with a window of opportunity of up to two years to develop shared service negotiations which have already begun with other public sector partners in Staffordshire to see if proposals can be brought forward for Cabinet to consider which generate further efficiencies and savings.

5. Reasons for Preferred Solution

- 5.1 The borough council's Medium Term Financial Strategy indicates savings of at least £2.2 million will be required during the next financial year with four further years of savings required after that.
- 5.2 Within that context it is important that projects which deliver savings are taken forward and developed as far as possible.
- 5.3 After consideration of all the options available with this contract it is felt by officers that extending the Canon MFD contract for up to two years – subject to negotiations with the provider by the Head of Communications and Portfolio holder sign-off - is the best way forward at this stage for the council.

6. Outcomes Linked to Sustainable Community Strategy and Corporate Priorities

- 6.1 The appendix to this report indicates that the MFD solution currently in place at the borough council is making a contribution to reducing the council's carbon footprint as well as reducing the impact of its actions on the environment through reduced paper and energy usage.
- 6.2 Extending the current arrangement would therefore increase this contribution to sustainable outcomes.
- 6.3 Ensuring council services can operate efficiently and effectively contributes to all of the corporate priorities and the success of the MFD project means its continuation enables services to maintain this performance.

7. Legal and Statutory Implications

- 7.1. If the council is to pursue the recommended option then it is required to formally notify Canon UK Ltd that it is extending the current agreement.
- 7.2. If the council decides to pursue an open tender process then it must act according to the current public procurement rules and regulations over values and processes.

8. Equality Impact Assessment

- 8.1. An Equality Impact Assessment has been in place since the initial contract was agreed and this remains relevant if the preferred option to extend the existing arrangement in principle is agreed by Cabinet.

9. Financial and Resource Implications

- 9.1. The financial implications for the council are clarified in some detail in section three which deals with the various options available.
- 9.2. In summary, estimates from the council's Finance Team suggest that if the existing contract is extended to its full five-year term then over the life of the contract savings should amount to £105,800 on current estimates.

10. Major Risks

- 10.1. A full risk assessment has been completed using the council's corporate risk monitoring system GRACE.

11. Key Decision Information

- 11.1. A decision to extend the contract with Canon UK Ltd would result in further expenditure by the council in excess of £50,000 and therefore this requires Cabinet approval.

12. List of Appendices

Appendix One – extract from the Uniflow monitoring report



Printing Intelligence Report

Newcastle under Lyme Borough Council

01 August 2013 to 31 August 2013



Environmental Analysis



Printing in double sided mode not only saves paper (and therefore money) but also shows that users do more than just push the 'print' icon to produce their jobs. Most users will print emails without thinking about making them double sided, but what about larger jobs? Many large documents are too heavy to be picked up when only printed single sided. Also, the paper trays need to be refilled more often, increasing user dissatisfaction with the printing infrastructure as well as costs.

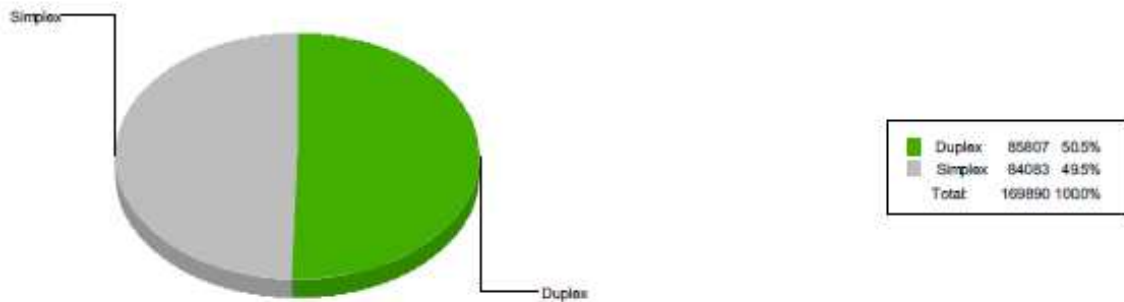
An environmental printing strategy can be promoted in the following ways:

1. Ensure all output devices support double sided printing. Most multifunctional devices support double sided printing as standard. For printers, it is an additional extra if it is available at all.
2. Promote the environmental savings to the users. Most people like to do something for the environment. Double sided printing can have a very visible impact by relating the paper saved to the number of trees.
3. Introduce paper recycling points to the office if they do not already exist. If users see the result of saving paper, that too links to double sided printing.
4. Make the devices print double sided by default. This is often just a simple setting on the print server by the IT department but makes a massive difference. Users can still choose to print a job single sided if there is the need to, but when they just click 'print' they can be printing double sided and therefore saving paper.

Environmental Analysis - Duplex

During the audit period, users have selected to print their jobs double sided 50.51% of the time. A total of 29,248 jobs were printed double sided saving 40,630 (23.92%) sheets of paper or the equivalent of 81.26 reams of paper or 57.41 trees annually.

Number of pages



However, during the audit period, a further 31,659 sheets of paper or the equivalent of 63.32 reams of paper or 44.73 trees annually could have been saved if all jobs had been printed double sided.

The chart below shows the environmental impact of printing in Newcastle under Lyme Borough Council. The first column (0%) shows what the environmental impact would have been if all documents were printed single sided. The second column (50.51%) shows the environmental impact at the current level of double sided printing. The third column (Saving) shows the environmental savings made due to the current level of double sided printing. The fourth column (100%) shows what the environmental impact would have been if everything had been printed double sided, and the final column (Waste) shows the potential environmental savings from the current situation if all jobs were printed double sided.

Environmental impact	0%	50.51%	Saving	100%	Waste
Total Sheets Used	169,890	129,260	40,630	97,601	31,659
Total reams of paper used	339.780	258.520	81.260	195.202	63.318
Total reams of paper used / year	4,000.636	3,043.865	956.771	2,298.346	745.518
Total weight of paper / year (kg)	10,001.590	7,609.661	2,391.927	5,745.865	1,863.796
* Equivalent number of trees / year	240.048	182.639	57.409	137.906	44.733
* Greenhouse gases / year (kg)	17,112.720	13,020.130	4,092.588	9,831.176	3,188.955
* Waste water / year (liters)	30,147.793	22,937.802	7,209.987	17,319.762	5,618.040
* Solid wastes / year (kg)	5,945.945	4,523.944	1,422.001	3,415.917	1,108.027

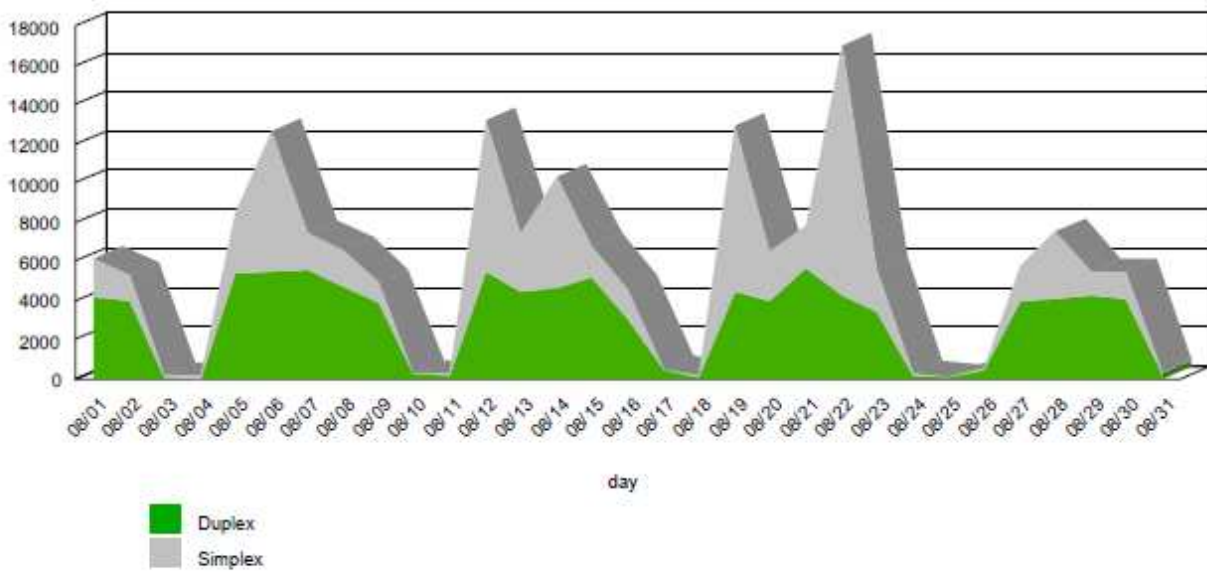
* Source: Conservatree.org

* Source: Environmental Defense Fund Paper Calculator - 100% post consumer recycled Uncoated freesheet

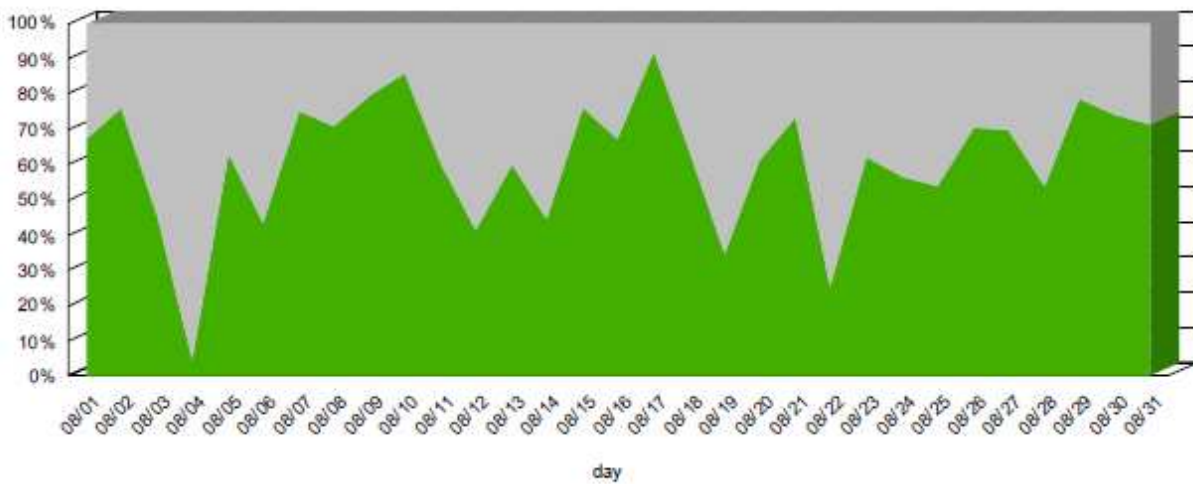
Environmental Analysis - Duplex

The following charts show how the ratio of double-sided to single-sided printing has changed over time. This is shown both as a proportion of the total printed pages and a ratio.

Total pages per day

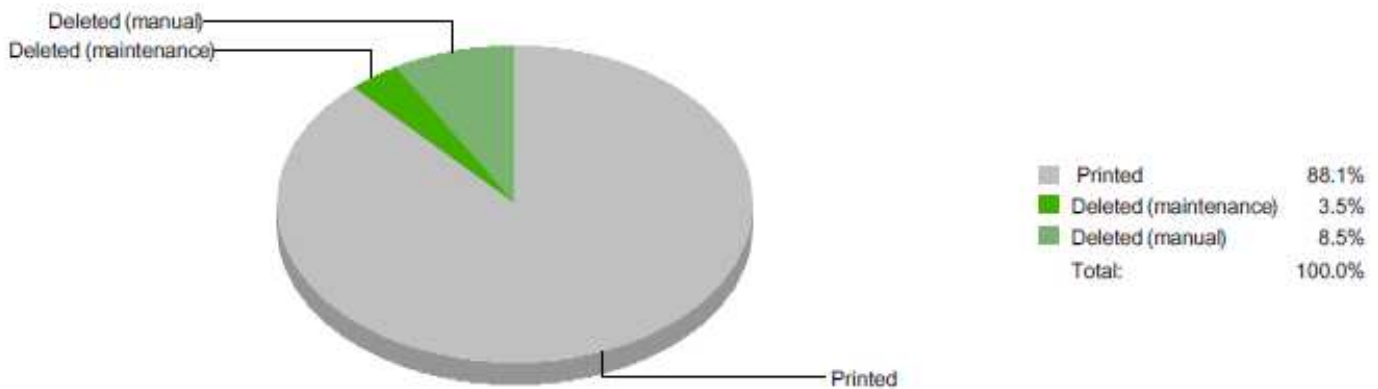


Percentage



Environmental Analysis - Deleted Pages Analysis

Deleted Pages Analysis



As well as the 169,890 pages printed by Newcastle under Lyme Borough Council, a further 23,110 pages were deleted either automatically by uniFLOW or by the users themselves. This shows that 11.97% of the total number of pages were deleted rather than printed.

Deleted Pages Analysis	
Total pages	169,890 (88.03%)
Deleted (manual)	16,402
Deleted (maintenance)	6,708
Deleted (license exceeded)	0
Deleted (unknown user)	0
Deleted (ACL restriction)	0
Deleted (budget exceeded)	0
Deleted (product avail. restriction)	0
Deleted (unknown reason)	0
Total Deleted pages	23,110 (11.97%)

Environmental Analysis - Deleted Pages Analysis

The environmental savings through job deletion (either automatically by uniFLOW or by the users themselves) can also be calculated and is shown in the table below. As we already know the amount of double sided printing taking place in Newcastle under Lyme Borough Council it is possible to estimate the amount of physical sheets of paper that have been saved and therefore a more accurate figure of the environmental savings.

Deleted Pages Analysis	
Total pages	169,890
Total sheets saved from duplex printing	40,630
Reduction in paper usage through duplex printing	23.92%
Total Deleted pages	23,110
Estimated sheets saved from deleted jobs	17,583
^ Equivalent number of trees / year	25
* Greenhouse gases / year (kg)	1,771
* Waste water / year (liters)	3,120
* Solid wastes / year (kg)	615

Combining the environmental savings of duplex printing together with those from deleted pages gives us the following total environmental savings figures for Newcastle under Lyme Borough Council

Environmental Analysis	
Total pages saved from duplex and deleted jobs	58,213
^ Equivalent number of trees / year	82
* Greenhouse gases / year (kg)	5,864
* Waste water / year (liters)	10,330
* Solid wastes / year (kg)	2,037

**KEELE GOLF CENTRE, KEELE ROAD, NEWCASTLE-UNDER-LYME –
SECURING A SPECIALIST GOLF COMPANY OPERATOR TO TAKE ON A
NEW LEASE**

<u>Submitted by:</u>	Executive Director, Regeneration & Development
<u>Portfolio:</u>	Primarily Economic Development, Planning and Town Centres (as a lease disposal / property issue); Culture and Leisure (from a service delivery perspective) and; Finance and Resources (from a procurement and overall resources perspective).
<u>Ward(s) affected:</u>	Directly - Keele, Silverdale and Parkside; indirectly – all wards

Purpose of the Report

To obtain Cabinet's decision on the selection of a new operator and approval to the grant of a new lease of the golf centre at Keele on the terms outlined in this report.

Recommendation(s)

1. That members accept the outcome of the bidding process and the offer from Company B for a new 25 year full repairing and insuring lease containing options to break with rent based upon a percentage of turnover.
2. That officers be authorised to complete a new lease with Company B on the terms summarised both within the report and at Appendix 3 (the appendix is not for publication as it contains exempt information as defined in paragraph 3 of Schedule 12A of Part I of the Local Government Act 1972).
3. That the decision to extend the interim management and maintenance arrangements be noted.

Decision required

Taking account of both the officers' recommendations and the views of the various Overview and Scrutiny Committees, are members satisfied with the overall process and content to accept the officers' recommendations?

Reasons

Following a competitive bidding process, Company B submitted the best overall offer to justify the Council offering a lease on the terms described in the report. Additionally the offer from Company B is considered to represent market rental value and will provide necessary and appropriate investment in improvements to the golf course and premises.

The leasehold disposal is in accordance with both the Council's Asset Management Strategy and Capital Strategy.

1. Background

- 1.1. The Council managed and operated a municipal golf activity at Keele until 2003 after which time it was considered appropriate to do so by way of a lease to a specialist commercial golf operator. Keele Golf Centre Limited (K.G.C.Ltd), was subsequently selected as the tenant operator and on 1st April 2003 was granted a 25 year lease of the property.
- 1.2. Following several years of difficult trading conditions K.G.C.Ltd. was placed into creditors' voluntary liquidation on 21 March 2013. The Liquidator, in discharging his responsibilities, took steps to formally disclaim the commercial lease in relation to the golf centre with effect from 1st May 2013.
- 1.3. In view of the above, Members instructed that interim course maintenance and management arrangements were established to enable ongoing pay-as-you-play municipal golf whilst a new tenant operator was sought. The need for interim arrangements was at that time envisaged to be a period of up to six months, to the end of October 2013. In order to meet the various stages of the process to establish a new operator for the course a timetable was established with the aim to install the new operator at the earliest possible time. That date is currently 3rd December 2013 and allows for the completion of legal formalities and operational gearing up following a decision being made at your meeting.
- 1.4. Therefore the need for an extension to the temporary arrangements was identified, and in order to provide service continuity and ensure the facilities remains available for the public to use up to the point of handover, the current arrangement management and maintenance was extended, following consultation with the relevant Portfolio Holders, by one month.

2. Issues

- 2.1. A group of officers, from relevant professional discipline(s) and with appropriate experience, was set up to work under the direction of the Executive Management Team with the aim of securing an operator able to deliver a commercially viable municipal golf offer at Keele Golf Course. A work programme and timeline was established with officers proceeding to implement a formal, competitive two-stage 'hybrid procurement process'.
- 2.2. The first stage of the process was the production of an Expression of Interest Questionnaire (E.I.Q.) the purpose of which was to establish and confirm the bona fides and abilities of the interested parties to provide and operate the Keele Golf Centre. A copy of the questionnaire was shared with members of the various Overview and Scrutiny Committees and is available on request.

- 2.3. Following production of the E.I.Q. advertisements were placed with appropriate national property and leisure publications and their associated marketing websites. Interested parties were subsequently sent a copy of the E.I.Q. for completion and return by 12th July 2013.
- 2.4. Whilst twelve E.I.Q.s were sent out, only three were completed and returned by the closing date. being from:
- (i) Company A
 - (ii) Company B
 - (iii) Company C
- 2.5. The completed returns were evaluated (including financial & company 'health checks.') by officers. All were found to satisfy the stage 1, E.I.Q. selection criteria and in consultation with relevant members (23rd July 2013) it was decided to invite all three parties to submit stage 2 bids.
- 2.6. A stage 2 documentation pack, comprising an 'Invitation to Submit an Offer for Lease' was prepared in liaison with relevant members. The key content of this pack was shared with members of the various Overview and Scrutiny Committees and is available on request. In summary the pack provided applicants with:
- General instructions for submitting an offer to lease the golf centre (p3)
 - A description of the property being let (p.11)
 - An outline of the main lease terms (p.13)
 - Details of criteria which the applicant had to satisfy and upon which selection would be based (p19). The primary selection criteria for evaluating bids were twofold, financial and quality.
 - Appendices included; an operational management schedule (p26); a report on the condition of the course(s) (p28); a building condition schedule (p29).
- 2.7. Also set out within the document pack were a number of options and key required outputs, upon which applicants were asked to make a bid. These options related to the length of lease (10 or 25 years) and basis for deriving annual rental, being either (i) lump sum, (ii) percentage turnover or combination of (i) and (ii).
- 2.8. The stage 2 documentation packs were sent out to the three short listed bidders 25th July 2013 with completed returns required by 19th August 2013. Two bids were received by the closing date; from Company A and Company B. The third invitee, Company C, advised it had made a commercial decision not to bid.
- 2.9. An officer evaluation panel began scoring the submissions in line with stage 2 selection criteria. Initial moderation of scores (3rd September 2013) by the panel identified the need for responses from both bidders to various issues within their submissions that required clarification. These queries and subsequent responses were received at presentation interviews on 9th September 2013. The panel's moderated scores were then subjected to critical review by the Executive Director of Finance and Resources and Support Services.

- 2.10. In view of the nature of this matter it has been referred for consideration to the Council's Overview and Scrutiny process in order that their views can be taken into account by Cabinet. In particular the Co-ordinating Committee reviewed the overall process at its meeting on 24 September 2013; the Active and Cohesive Overview and Scrutiny Committee reviewed the service-based issues (e.g. golf development and overall course improvement issues) at its meeting on 3 October 2013 and; the Transformation and Resources Overview and Scrutiny committee reviewed the matters relating to procurement and overall resource implications at a meeting on 9 October 2013.
- 2.11. It is intended that a short supplementary report will be circulated on 11 October 2013 summarising the views of the above Overview and Scrutiny Committees along with any officer responses as may be necessary.

3. Options for consideration

3.1 The key options for Member's consideration are:

- (a) To grant a 10 year full repairing and insuring lease
- (b) To grant a 25 year full repairing and insuring lease with no option(s) to break
- (c) To grant a 25 year full repairing and insuring lease containing option(s) to break.

In the case of (a), (b) and (c) above for rental payments to be either;

- (i) A fixed annual sum.
- (ii) A percentage of gross (annual) turnover.
- (iii) A combination of (i) and (ii) above.

4. Proposal(s)

- 4.1 The two bidders submitted financial proposals (supported by business plans) based upon the key options referred to at 3.1 above and which are set out in the confidential appendix. Based on submissions it can be seen that the offer(s) from Company B provide a higher annual revenue stream, irrespective of the length of lease or inclusion / exclusion of an option(s) to break.
- 4.2 In addition both bidders have provided responses as to how they would deal with all of the quality elements contained in the stage 2 submission pack, i.e. centre management, maintenance & development. Their detailed responses covered buildings and course maintenance and repair, day to day operational management, proposals for future improvements, developments and confirmation of agreement to Heads of Terms.
- 4.3 In the case of a 25 year lease, the rationale for the inclusion of an option to break in is to protect the respective parties' interests, i.e. whereby they are permitted to bring the agreement to an end in certain reasonably foreseen, prescribed circumstances (see example referred

to in the stage 2 pack, 'Invitation to Submit an Offer for Lease'). It is anticipated that the circumstances giving rise to the council deciding to exercise such an option would only occur where there is opportunity of realising significant (most probably financial) benefits from doing so. It should be noted that both applicants have advised that they would require a level of re-imbursement of monies invested on repairs if the council decides to exercise its option to break after 10+ years (see Confidential Appendix).

4.4 The officer evaluation panel have carefully considered all of the information contained within the bidders' submissions and clarification responses and scored this according to the stated selection criteria.

4.5 The panel's moderated scores are as follows;

Name	Weighted Quality Score	Weighted Financial Score	Total
Company A	156	168	324
Company B	152	219	371

4.6 Following this Cabinet meeting, and on the assumption that Members accept the officer recommendations, officers will proceed to finalise legal documentation with the aim of completing a new lease agreement by 2nd December 2013. Officers will liaise and work with the applicant in order to ensure an effective transition and smooth take over of the operation of the centre immediately as the new lease is completed.

4.7 Between now and the commencement of the new lease, the current interim management and maintenance arrangements will continue.

4.8 A multi-disciplinary officer team will be established for the purpose of monitoring tenant compliance with the conditions within the new lease. Monitoring meetings will take place with tenant, monthly for the first 6 months and thereafter quarterly. An annual review report on the outcome will be presented to Members.

5. Reasons for Preferred Solution

5.1 It can be seen from 4.5 above that from an evaluated 'quality scored bid perspective' there is little between the two submissions. However the bid from Company B provides the council with a higher rental income stream throughout the term of the lease, irrespective of its length and particularly so in the case of a rent based on turnover (see Confidential Appendix).

6. Outcomes Linked to Sustainable Community Strategy and Corporate Priorities

6.1 The proposed arrangement should contribute positively towards the Council's priorities relating to the creation of both Active and Cohesive Communities and a Borough of Opportunity.

7. Legal and Statutory Implications

- 7.1 The Council is not under any statutory duty as regards the provision of golf but is under a duty to seek 'best consideration' when disposing of any interest in land.

8. Equality Impact Assessment

- 8.1 No discernable differential impact has been identified by the leasehold disposal of the golf centre.

9. Financial and Resource Implications

- 9.1 An annual rental income stream will be derived from the leasehold disposal of the golf centre and the grant of a 25-year, as opposed to 10 year lease, means that this should be obtained for a longer period.
- 9.2 The disposal of the golf centre by way of a lease will relieve the council of having to meet the net costs arising from the management and maintenance arrangements.
- 9.3 The grant of a 25 year lease, as opposed to ten years provides encouragement for the tenant to invest in improvements. Hence there is increased opportunity for the tenant to obtain a return on its investment and from which the council will also benefit in the case of a turnover rent.
- 9.4 There will be no subsidy from the Council if any of the offers from Company B are accepted. The recommendation (preferred option) is Company B's proposals for a 25 year lease term with break options based upon a percentage of turnover as highlighted in the confidential appendix.
- 9.5 Further to the comments made in paras. 1.3 and 1.4 about interim management arrangements, the cost to the Council during the specified period will be less than has been the case over the summer period. Other costs, such as facilities management, utilities, rates etc are expected to remain broadly the same for that month as they have been in the preceding 6 months.
- 9.6 Whilst there is no specific approved budget for the net costs incurred during the temporary period, these will have been off-set by income received during the preceding 6 months and will continue to be through November as well as by any income from the operator for the remaining months of this financial year. Any remaining shortfall will be met from in-year savings or additional income.

10. Major Risks

- 10.1 Delay in securing a new tenant operator will result in the council having to meet the net costs of continuing with any continuing interim course maintenance and management arrangements.

10.2 Failure to include an option to break in the grant of a new 25 year lease would delay or may event prevent the opportunity of a future change of circumstances being realised.

10.2 Failure to secure a competent golf operator would jeopardise the development of golf for the benefit of the local community.

11 **Previous decisions/reports**

11.1 Report to Cabinet - spring 2013

12 **Background documents**

12.1 Expression of Interest Questionnaire
Stage 2 document pack

13 **Appendices**

13.1 Confidential appendix containing summary of commercially-sensitive information relating to both bids

14 **Key Decision Information**

14.1 This leasehold disposal will, upon completion, provide an annual revenue receipt for the Council

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Duty to cooperate Protocol between Stafford Borough Council and Newcastle-under-Lyme Borough Council.

Submitted by: Executive Director of Regeneration and Development

Portfolio: Economic Development, Regeneration, and Town Centres

Ward(s) affected: All

Purpose of the Report

To advise Members, that on behalf of the Council and with regard to the council's 'general instructions' relating to matters of urgency, the Executive Director for Regeneration and Development and the portfolio holder for Economic Regeneration and Town Centres, have a) agreed and; b) signed a Protocol between Newcastle-under-Lyme Borough Council and Stafford Borough Council, demonstrating the duty to cooperate, pursuant to section 33A of the Planning and Compulsory Purchase Act, 2004, for submission to the Examination in Public of 'The Plan for Stafford Borough.' (Stafford Borough's Core Strategy).

Recommendations

1) That Cabinet note that the Executive Director for Regeneration and Development has taken urgent action to agree and sign a Protocol, countersigned by the portfolio holder for Economic, Development, Regeneration and Town Centres, demonstrating the duty to cooperate between Newcastle-under-Lyme Borough Council and Stafford Borough Council and that this has been submitted to Stafford Borough for inclusion in their Duty to Cooperate Statement to form part of the evidence supporting the Submission version of 'The Plan for Stafford Borough' Examination in Public.

Reasons

The matter does not make or change policy and therefore in accordance with the Council's constitution (appendix 4 General Instructions Matters of Urgency) any action taken as a 'matter of urgency,' shall be reported to the next available committee as appropriate.

1.0 Background

1.1 Newcastle-under-Lyme Borough Council is a neighbouring Authority to Stafford Borough. The Duty to Co-operate Protocol is based on protecting the adopted strategy for the Borough, as set out in the Core Spatial Strategy, for the benefit of the area, existing businesses and residents and to ensure there are no

unacceptable impacts on the borough as a result of the Plan for Stafford Borough.

1.2 In September 2013 the Executive Director for Regeneration and Development and the portfolio holder for Economic Regeneration and Town Centres, considered and approved a report which recommended:

1) That the Protocol between Stafford Borough Council and Newcastle-under-Lyme Borough Council (Appendix 1) is approved.

2) That the Protocol is signed by the Executive Director of Regeneration and Development, and countersigned by the Cabinet Member for Economic Development, Regeneration and Town Centres and thereafter submitted to Stafford Borough for inclusion in their Duty to Cooperate Statement to form part of the evidence supporting the Submission version of 'The Plan for Stafford Borough' Examination in Public.

1.3 The signed Protocol now acts as evidence of the discussions which have taken place with Stafford Borough Council and provides a statement on the outstanding issues prior to Stafford Borough Examination in Public

2.0 Background Papers

- The Stafford Borough Council and Newcastle-under-Lyme Duty to Cooperate Protocol
- Report detailing the background to the Protocol and containing the recommendation set out in section 1.2

Agenda Item 13

Document is Restricted

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