

Public Document Pack

Date of meeting	Wednesday, 6th November, 2013
Time	7.00 pm
Venue	Committee Room 1, Civic Offices, Merrial Street, Newcastle-under-Lyme, Staffordshire, ST5 2AG
Contact	Louise Stevenson ext 2250

Transformation and Resources Overview and Scrutiny Committee

AGENDA

PART 1 – OPEN AGENDA

- 1 **Apologies**
- 2 **DECLARATIONS OF INTEREST**
To receive Declarations of Interest from Members on items included in the agenda.
- 3 **MINUTES OF PREVIOUS MEETINGS** (Pages 1 - 12)
To consider the minutes of the previous meeting of this Committee held on 2 September 2013 and 9 October 2013.
- 4 **CAPITAL STRATEGY 2014 TO 2017** (Pages 13 - 30)
To consider the draft Capital Strategy 2014 to 2017.
- 5 **MEDIUM TERM FINANCIAL STRATEGY 2014/15 TO 2018/19** (Pages 31 - 64)
To enable the Committee to scrutinise the Medium Term Financial Strategy, which was considered and approved by Cabinet on 16 October 2013.
- 6 **FINANCIAL AND PERFORMANCE MANAGEMENT REPORT TO
END OF QUARTER TWO (SEPTEMBER) 2013** (Pages 65 - 88)
To provide Transformation & Resources Overview and Scrutiny Committee with the Financial and Performance Review for the 2013/14 First Two Quarters (April - September).
- 7 **WORK PLAN** (Pages 89 - 92)
To discuss and update the work plans to reflect current scrutiny topics.
- 8 **URGENT BUSINESS**
To consider any business which is urgent within the meaning of Section 100B (4) of the Local Government Act 1972.

Members: Councillors Bannister, D Becket, Mrs Burgess (Vice-Chair), Fear, Hambleton, Mrs Hambleton, Howells, Jones, Mrs Shenton (Chair), Taylor.J and Waring

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.

TRANSFORMATION AND RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

Monday, 2nd September, 2013

Present:-	Councillor Mrs Elizabeth Shenton – in the Chair
Councillors	Bannister, D Becket, Mrs Burgess, Hambleton, Mrs Hambleton, Jones and Taylor.J
	Portfolio Holder, Cllr Mike Stubbs
Officers	John Sellgren, Chief Executive Kelvin Turner, Executive Director Resources and Support Services Jeanette Hilton, Head of Customer and ICT Services Phil Jones, Head of Communications Simon Sowerby, Business Improvement Manager Martin Stevens, Democratic Services Officer

1. **APOLOGIES**

An apology for absence was received from Cllr Howells, who was away on holiday. It was noted that the Leader had informed the Chair that he would be unable to attend the meeting.

2. **DECLARATIONS OF INTEREST**

There were no declarations of interest.

3. **MINUTES OF PREVIOUS MEETINGS**

The minutes of the meeting held on 22 July 2013 were confirmed as a correct record.

4. **UK MAIL - CORPORATE POSTAL SERVICES REVIEW**

The Chair stated that UK Mail had been requested as an item for the work plan at the last meeting. The Head of Customer and ICT Services stated that in February, Cabinet had approved the appointment of UK Mail, subject to the satisfactory outcome of a pilot exercise of six months duration. There had been a few issues at the start of the pilot but most of these issues had been resolved within the pilot period or were being addressed through changes and updates in working methods by the provider and the authority. UK Mail completed the sorting but the final delivery was completed by Royal Mail. The Business Improvement Manager stated that Royal Mail did not enter a bid for the contract, due to the projected volume not being large enough.

A Member commented on the data incorporated in the report stipulating that an average could be misleading and that it was the spread of data which was important. There had been some cases when mail had taken too long to arrive, this was of a particular concern for time critical post. Some Members were in agreement that there had been cases when time sensitive post had taken too long to arrive. The Head of Customer and ICT Services stated that the final part of the delivery was completed

by Royal Mail, which meant that the delay was not always caused by UK Mail. The Council had worked with UK Mail when they were aware of delivery being delayed. When the Council had looked into the delayed delivery the hold up had often been the fault of Royal Mail rather than UK Mail.

Members asked what the procedure would be if UK mail were not accepted as the contractor after the pilot had been completed. In response, the Business Improvement Manager stated that they could go to the second provider – Secured Mail. The other alternative would be to go back out to the market place through an open tender process or through the GPS (Government Procurement Service) framework. There were however departments within the Council which had seen an improvement in service since the switch to UK Mail, with the feedback being generally good across the Council and a reduction in problems as the pilot had proceeded. The Executive Director for Resources and Support Services stated that before UK Mail were awarded the contract, the Council had quite a number of issues with Royal Mail.

A Member asked if there was an opportunity to join up with the other public sector partners that worked at the Council, such as the Police and Social Services. In response the Head of Customer Services and ICT stated that the Council went into the Procurement process as a partnership with other local Councils but this still did not attract Royal Mail. She confirmed that the contract with UK Mail was for two years after the initial pilot. The Business Improvement Manager stated that when the contract ended there was an intention to have a formal collaboration with other authorities to obtain the best deal.

The Chair stated that the Scrutiny Committee could look at the Council's mail arrangements when the contract came up again for renewal.

5. KEELE GOLF COURSE

The Executive Director of Resources and Support Services stated that the overall net cost of Keele Golf course had gone down but income was only slightly up. Season ticket sales were on the increase. The figures within the report showed a net operating cost of £17,237 from the period of May to July, plus £6,430 one off costs. Had the Council not maintained continuity of the course operations, significant holding costs would have been incurred in securing the site. These had been estimated at approximately £10,000 a month, the cost to the Council would have therefore been approximately £30,000. The Council were currently engaged in a tendering process to find a contractor for the long-term management and maintenance of the course. Tenders had been returned on the 19 August and were currently being evaluated. The Overview and Scrutiny Co-ordinating Committee would be considering the tendering process at its meeting on 24 September 2013, with a final report being presented to Cabinet on 16 October. A Member stated that they hoped when the contract had been awarded that the Council would not have to subsidise the course any further.

Members asked about the risks associated with a contractor not being able to make a profit from the course. The Business Improvement Manager stated that it was 5 - 25 year lease and there was always the risk of a contractor going to the wall. As part of the evaluation process the Council was trying to understand the business model to reduce this risk.

A Member asked if there would be flexibility within the contract to allow the contractor to use the buildings and facilities for other purposes to improve their profits. The Business Improvement Manager stated that one of the tender questions was about added value and there would be a degree of flexibility as to how the course could be operated.

6. **FINANCIAL AND PERFORMANCE MANAGEMENT REPORT TO END OF QUARTER ONE (JUNE) 2013**

The Executive Director for Resources and Support Services stated the budget for the General Fund for 2012/13 had been originally set in February 2012 and amounted to a net total of £15,383,940. The eventual outturn for the year was a positive variance against the figure of £3,024. Whilst there had been some adverse variances against some budget heads, these had been offset by positive variances against others. The revenue budget position at the end of the first quarter was at a break-even position for the general fund budget. He was pleased to report that since the agenda had been despatched a 14th dividend from the administrators of the bank that had collapsed had been received of just over £420,000 and the indications were that the Council would receive the full amount. A Member stated that the Council was fortunate that the Bank was a British subsidiary of an Icelandic Bank. They asked whether retrieving such a high percentage of the money was down to the efficiency of the administrators or the pressure from the Local Government Association. In response the Executive Director for Resources and Support Services stated that there had been an equal contribution from both organisations. The administrators had done an excellent job of selling off the Mortgage Group.

The Chief Executive reported that the Performance Management Report was being presented in a new format. Some of the changes in format were as a consequence of recommendations resulting from the Member Working Group. He acknowledged the hard work of the working group. The new version recognised that the Council worked with partners and was focused around the well-being of the community. The intention was to further develop the format of performance reports ensuring suitability and clear communication of progress with outcomes for the Council and partner agencies. One area that still needed to be completed was the identification of some Police targets. He was hopeful that the Police Commissioner could attend a future Cabinet meeting and that a Police Plan could be developed for the Borough area.

A Member, in reference to outcome 1.2.3, "Reduction in incidents of violence with injury," stated that the title was misleading as the number referred to the total incidents rather than the total reduction. He was pleased that the Police had given some performance statistics for the report and was hopeful that this would continue in the long-term.

In reference to outcome 1.3.5, "the level of air quality," a Member stated that Kidsgrove was of a particular concern. There was a discussion about the level of detail regarding air pollution contained within the report. Consideration was given to having extra information within an accompanying guidance note.

Members agreed that with some of the outcomes there would be a benefit in Members knowing which other organisations were responsible for achieving the outcome. The Chief Executive agreed that a guidance note containing this information would be useful, but if this information was contained within the report it could become overly crowded.

In reference to indicator 1.5.1, "Town Centre Vacancy Rate," Members were in agreement that businesses needed to be encouraged into the Town. It was important for Planning Officers to be aware of the difficulties facing business and the changing face of Town Centres across the country. The Town Centre Vacancy Rate was recommended as an outcome for the Economic Development and Enterprise Overview and Scrutiny Committee to monitor and evaluate.

A Member in reference to outcome 2.1.4, "The Level of NEETS," asked if the data would be available in quarter 2. The Chief Executive assured Members that this should be the case, subject to the data being provided by the relevant partner agency. Members also requested that an alternative to the acronym NEETS be used in future reports.

In reference to outcome 2.2.6, "Number of hours worked by volunteers in council co-ordinated activities (museum)," Members requested that voluntary activity contributing to operational services across the Borough be recorded.

A Member referring to outcome 2.3.5 questioned the definition of a "minor adaptation" and in reference to outcome 2.4.6, the definition of a "Business Birth." The Chief Executive agreed that the language for business birth needed to be changed and the definition of a minor adaptation could be included in the proposed guidance note.

In reference to outcome 3.1.1, a Member asked how many parks in the Borough did not have Green Flag Status. The Chief Executive in response stated that this was information which could be contained for the proposed guidance note.

With reference to outcome 3.2.2, "Number of people visiting museums" and outcome 3.2.3, "Number of people attending local theatres" a Member suggested that the plural, 's' should be removed. There was a further discussion about who the museum and theatre were trying to attract.

Members were keen to ensure that the cardiac rehabilitation programme was working well at Jubilee 2. In response the Scrutiny Officer stated that this was an area within the remit of the Council's Health Scrutiny Committee, which had been considered by them in the past and would be again addressed in the future.

The Scrutiny Officer, in reference to outcome, 4.2.4, "Items raised by Members on the Scrutiny Work Programme," reported that the new work programmes would mean that this data could now be recorded and would be available for the next report.

On outcome, 4.3.3, 'Average number of days per employee lost to sickness,' the Chief Executive stated that long-term sickness numbers had caused the drop in performance. He was however pleased to report that two Officers from Democratic Services had now returned from long-term sick leave.

On outcome 4.4, 'Percentage of requests resolved at first point of contact,' it was pointed out that the target should read, "Good is High."

RESOLVED:

A) That the Committee recommends that the Police Commissioner be informed of the use of Police data in the Council's Performance Management Reports and request

whether there has been any target setting for indicators by the Police Commissioner or an intention to do so in the future.

B) That the Committee recommends that Economic Development and Enterprise Overview and Scrutiny Committee monitor and evaluate the Town Centre Vacancy Rate.

C) That an alternative to the acronym 'NEET' and 'Business Birth' be used in future reports.

D) That voluntary activity contributing to operational services across the Borough be recorded.

E) That a guidance note be proposed containing information such as the other partner organisations involved in achieving progress of outcomes, general background information and definitions of key phrases contained within the Performance Management Report.

F) That the minor corrections to the report as detailed in the minutes be implemented.

7. BUDGET CONSULTATION 2013 AND THE BUDGET REVIEW GROUP

The Portfolio Holder presented a report on the Budget Review Group. He summarised the items discussed at their last two meetings. With respect to the funding/grants review the main purpose was to discover the most efficient way to awarding funds to community groups and to make the best of the funds. He reported that he was always looking at the Capital Budget to make the best use of the money available.

The Head of Communications presented a report on the Budget Consultation. A budget consultation had been carried out in 2012 and so the consultation aimed at shaping spending priorities for the 2014/15 financial year could build on the work carried out in 2012. The Portfolio Holder stated that he was looking forward to the Budget Scrutiny Café planned in the future.

8. WORK PLAN

The Chair stated that a new item had been added to the work programme, "Portfolio Holder (s) Question Time." The Scrutiny Officer stated that this was an opportunity for the Committee to question the Portfolio Holders on their priorities and work objectives for the next six months and to address any issues or concerns that they may be facing within their portfolio. It was also an opportunity for the Portfolio Holder to request Scrutiny support in any of the areas they were currently working on and to give a statement to the Committee. The item therefore helped to fulfil Scrutiny's role in holding the Executive to account but was also working with the Executive in a critical friend framework and in the development of future policy. The Chair stated that it would be helpful for the Portfolio Holder to receive questions from Members in advance.

9. URGENT BUSINESS

There was no urgent business within the meaning of Section 100B (4) of the Local Government Act 1972.

COUNCILLOR MRS ELIZABETH SHENTON
Chair

Public Document Pack

TRANSFORMATION AND RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

Wednesday, 9th October, 2013

Present: Councillor Mrs Elizabeth Shenton – in the Chair

Councillors: D Becket, Mrs Burgess, Hambleton, Howells, Jones, Taylor.J and Waring

Portfolio Holder(s): Cllr Stubbs – Finance and Resources

Officers: Dave Roberts – Head of Finance
Simon Sowerby – Business Improvement Manager
Martin Stevens – Scrutiny Officer
Louise Stevenson – Scrutiny Officer
Kelvin Turner – Executive Director, Resources and Support Services

1. **APOLOGIES**

Apologies were received from Councillors Bannister, Fear and Mrs Hambleton.

2. **DECLARATIONS OF INTEREST**

There were no declarations of interest received.

3. **KEELE GOLF COURSE**

The Executive Director, Resources and Support Services introduced a report regarding Keele Golf Course which considered the process to procure a new tenant to manage, develop and maintain the facility. As part of the scrutiny process the Overview and Scrutiny Co-ordinating Committee and the Active and Cohesive Communities Overview and Scrutiny Committee had considered the issue in relation to their specific interests in the process. It was before the Transformation and Resources Committee to be considered in relation to the procurement and financial aspects of the process. The Council's Head of Finance and Business Improvement Manager were in attendance to answer more detailed questions regarding the financial and procurement aspects of the process respectively.

Stage one of the process involved Expressions of Interest preparation and evaluation criteria being set. Advertisements were placed in key publications and websites, with three Expressions of Interests received. After financial and health checks all three parties were invited to proceed to the next stage, where the parties were invited to bid and from which two submissions were received. These were evaluated by a multi-disciplinary evaluation panel of six officers, who scored the bids against the evaluation criteria. From this, points of clarification were raised, which were addressed and satisfied at meetings with the bidders, chaired by the Executive Director, Resources and Support Services. The Executive Director, Resources and Support Services provided a critical friend role to the evaluation panel scoring, with his scoring of the bids broadly in line with that of the multi-disciplinary evaluation panel.

The Committee considered the procurement aspect of the process first. Members questioned whether the market rental value, as referred to in the draft Cabinet report, had been independently assessed at any stage. The Portfolio Holder advised that other local golf providers had been questioned with regard to the systems in place at their courses, in order to ensure the same values as them and market testing was undertaken. Members further questioned whether there was a baseline or target when ascertaining the market rental value and whether an average market value rental value had been ascertained. The Business Improvement Manager advised that the baseline was the historical information relating to how the course had been run previously. A Member considered that it might be more accurate to state that a reasonable market rental value had been established compared to the previous activities at the course. The Portfolio Holder advised that the market rental value was what the market was willing to pay, and although it would be desirable to achieve more than similar providers across the community, the value was what had been put forward by the bidders. Another Member was of the opinion that due to the recent history of decline at the course, it would not be fair to compare the course with others that had different levels of standards than Keele Golf Course. The Portfolio Holder concurred that it would have been difficult to find a course similar to Keele or to take an average figure across a number of courses, as they would not have any relation to Keele Golf Course in its current form. A prudent view had been taken to establish the baseline figure from where the course currently was, and it was hoped that the chosen bidder would improve the course. The process was not just about financial gain, but improving the leisure facility. A structured procurement process had been undertaken which was not just about a bare minimum of standards, the bidders were allowed to go further in their bids in order to see what ideas were encouraged by them regarding how the course could be taken forward.

In concluding the Committee's consideration of the procurement aspects of the process, the Chair questioned whether the committee felt that the Council's procurement policy had been followed. Members questioned whether the procurement process could have been more robust, with improved targets and other providers considered, and also suggested that the market rental value should not be ascertained solely from the two bids that had been received. In response, a Member felt that a good tenant was required to both develop the site and provide a financial return to the Council, and the Committee was at risk of losing sight of this. They were satisfied that the correct procurement process had taken place to bring the situation to its current status. The Business Improvement Manager concluded that a transparent procurement process had been undertaken, with advertisements placed in the appropriate journals which had generated genuine interest from the market place.

The financial and value for money aspects of the process were then considered. A Member questioned how the current proposals were financially better than what had previously been in place, with particular reference to the amount of the deposit, the terms for an option to break and any delay or default in the payment of rent to the Council. The Executive Director, Resources and Support Services advised that although the £30,000 deposit was smaller than what had been received previously it was in fact a larger percentage. Previously the figure was based upon 50% of the annual rental amount, which was later acknowledged as being excessive. The final arrangement with the previous tenant had been a percentage of annual turnover, which meant the £30,000 deposit was essentially a full years deposit. The Member was satisfied with the explanation, but questioned the purpose of the deposit to cover any costs to the Council, and whether £30,000 would adequately cover these. It was difficult to define an example of something going wrong at the course, as it could range from a minor incident to the tenant vacating as had happened earlier in the

year. £30,000 was a fair figure that would also not discourage potential operators. In response to this, some Members felt that £30,000 was too low when considering any potential serious issues that could occur.

With regard to the terms for an option to break, the Head of Finance advised that the trigger for the Council to exercise the option would be if there was a change in the planning status of the land that the course sat upon. The Member considered that this was an improvement on the previous lease, where there had not been this option to break. With regard to any delay or default in receiving rental income, this would be managed by the monitoring meetings that would take place with the successful bidder. These meetings would be monthly for the first six months and quarterly thereafter. This was also a significant improvement in comparison to the previous lease. There would also be formalised arrangements for the Council to have access to the successful operator's accounts at any time to monitor income and expenditure, which the Member also considered an improvement on the previous lease. The Council would be in the same position to challenge the operator for non-payment as with any other commercial debtor. Furthermore, there would be provisions and standard clauses in the rental agreement that would ensure the Council could revoke the lease if the operator did not fulfil their obligations. A Member questioned why the preferred option was a percentage of turnover alone when there was the option of a combination of a percentage of turnover and a fixed sum. In response it was confirmed that the combined option provided a much lower percentage of turnover and a much lower fixed sum. The Member was satisfied that this was a good reason as the Council's income would be lessened.

A Member did not feel the answers that had been provided to certain questions were fully comprehensive. They felt that the course was currently losing money and they did not have confidence that the situation could be turned around.

4. DISCLOSURE OF EXEMPT INFORMATION

To resolve that the public be excluded from the meeting during consideration of the following appendix to the above draft Cabinet report regarding Keele Golf Course 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.

5. KEELE GOLF COURSE

There was consideration of the confidential appendix to the Cabinet report.

6. URGENT BUSINESS

There was no urgent business within the meaning of Section 100 B (4) of the Local Government Act 1972.

COUNCILLOR MRS ELIZABETH SHENTON
Chair

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

CAPITAL STRATEGY

Submitted by: Head of Finance

Portfolio: Finance and Resources

Wards Affected: All

Purpose

To consider the draft Capital Strategy 2014 to 2017.

Recommendations

- a) That any comments on the draft Capital Strategy be forwarded to the Cabinet.

Reason

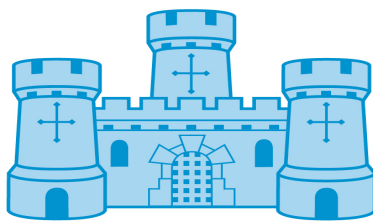
The draft Capital Strategy sets out how the Council proposes to deploy its capital resources in order to assist it to achieve its corporate and service objectives.

1. Background and Issues

- 1.1 The purpose of the Capital Strategy is to set out how the Council proposes to deploy its capital resources in order to assist it to achieve its corporate and service objectives. It takes into account other relevant Council strategies, policies and plans and the views of partners and interested parties with whom the Council is involved. It also takes account of 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. It covers the period 2014 to 2017 and serves as a useful point of reference when determining or reviewing the Council's Capital Programme.
- 1.2 The 2014 to 2017 draft Capital Strategy is appended to this report at Appendix 1.
- 1.3 Following consideration by Cabinet on 15 January 2014, the Strategy will be submitted to Council on 26 February 2014 for final approval.

This page is intentionally left blank

CAPITAL STRATEGY 2014 to 2017



**NEWCASTLE
UNDER LYME
BOROUGH COUNCIL**

CONTENTS

1. INTRODUCTION

2. KEY OBJECTIVES AND PRIORITIES

3. DRIVERS FOR THE CAPITAL PROGRAMME

4. LINKS WITH OTHER STRATEGIES, POLICIES AND PLANS

5. EXTERNAL INFLUENCES, PARTNERS AND CONSULTATION WITH STAKEHOLDERS

6. RESOURCES AVAILABLE TO FINANCE CAPITAL INVESTMENT

7. REVENUE IMPLICATIONS

8. APPRAISAL OF INVESTMENT PROPOSALS

9. MONITORING ARRANGEMENTS AND PROJECT MANAGEMENT

10. STATUTORY FRAMEWORK

11. PROCUREMENT

12. FUTURE CAPITAL PROGRAMME

1. INTRODUCTION

- 1.1 The purpose of the Capital Strategy is to set out how the Council proposes to deploy its capital resources in order to assist it to achieve its corporate and service objectives. It takes into account other relevant Council strategies, policies and plans and the views of partners and interested parties with whom the Council is involved. It also takes account of 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. It will serve as a useful point of reference when determining or reviewing the Council's Capital Programme.
- 1.2 The Council's current detailed capital investment plan is contained in its Approved Capital Programme. A two year programme was approved by Full Council on 27 February 2013. This programme provides for £7,963,400 of investment over the two-year period in projects across all of the Council's priority areas, of which £2,458,200 was programmed to be spent in 2013/14. Since then, programmed expenditure for 2013/14 has been reviewed, resulting in a revised 2013/14 outturn figure of £5,352,500 being agreed. This takes account of slippage coming forward from 2012/13. and is summarised below, showing the constituent categories of projects:

Project Categories	Planned Expenditure £m
Regeneration, Planning and Town Centres Development	1.02
Housing Related Projects	1.84
Safer Communities	0.04
Culture and Leisure	1.33
Environment and Recycling	0.13
Operational Equipment	0.67
ICT Development Fund	0.22
General Projects	0.1
Total	5.35

- 1.3 Full Council will consider a capital programme to continue investment beyond 2013/14 on 26 February 2014.
- 1.4 The Strategy has been prepared against a background of continuing 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 conditions and to rebalance public finances. At the same time, the Council's own resources available to finance capital projects have reduced to a low level and will need replenishing before any substantial further capital investments can be made. As a result the Council is considering and consulting upon a programme of asset disposals to address this situation. In the interim period, before asset sales can provide these additional resources, the current approved Capital Programme was restricted to cover a two year period, 2012/13 to 2013/14. This included only £0.615m of new projects in 2013/14 funded from the Council's own resources, all of which were essential to maintain operational continuity.

2. KEY OBJECTIVES AND PRIORITIES

2.1 The Council's Priorities contained in its (2013/14 to 2015/16) Council Plan are:

A Clean, Safe and Sustainable Borough
A Borough of Opportunity
A Healthy and Active Community
A Co-operative Council delivering high quality, community driven services

- 2.2 Capital investment projects will be included in the Council's Capital Programme on the basis that they address issues arising from one or more of these Priority Areas. An indication is shown against each project in the Programme of the area or areas it addresses.
- 2.3 New proposals for capital investment will be assessed against the corporate priorities to ensure that they will contribute towards achieving the aims expressed. This assessment will be carried out as part of the appraisal process for new projects.
- 2.4 The Council will also endeavour, through its programme of capital investment, to maintain its assets to a standard such that they remain fit for purpose, enabling continuity of service delivery. In particular, it will carry out regular surveys of its stock of buildings and structures to ascertain their state of repair and any remedial works which may be necessary. Repair or improvement works arising from such surveys will be carried out subject to the availability of resources and consideration of the role the building plays in service delivery and the need to continue the relevant service in order to contribute to meeting corporate priorities. If a building is no longer required for service delivery, it will either be considered for alternative use by the Council or its partners or disposed of and the proceeds made available for future capital investment in priority areas. All property assets are held to either (i) provide Council services, (ii) provide an investment return or (iii) to further regeneration projects.
- 2.5 Regular reviews of the property portfolio will be carried out by the Assets Review Group, chaired by the Executive Director (Regeneration and Development). This action has identified properties or land which could potentially be disposed of, following a consultation process in the case of significant proposals, and a capital receipt obtained from the sale. However, because of the currently poor market conditions arising from the economic downturn it is unlikely that significant sales will take place in the short term, both because of lack of demand and the need to obtain the best sale price.
- 2.6 Where suitable "Invest to Save" projects can be identified the Council will actively pursue such projects as it recognises the benefits, in the form of reduced costs falling on the General Fund Revenue Account, that can result from such investment.
- 2.7 The Council will seek, where practicable and economically justifiable, to develop its investment projects having regard to principles of sustainability, for example in relation to materials used and environmentally friendly modes of operation once in use, following construction or purchase.

3. DRIVERS FOR THE CAPITAL PROGRAMME

3.1 Projects for inclusion in the capital programme arise from a variety of sources, some of them internally generated and some arising from external factors. The more significant of these can be summarised diagrammatically as follows:

INTERNAL	EXTERNAL
Corporate Priorities, as set out in the Council Plan	Government sponsored programmes, e.g. Disabled Facilities Grants
Investment identified in Strategies, Policies and Plans	Unforeseen Emergency Works
Work needed to maintain Property Assets	Works required to comply with legislation, e.g. re disabled access, health and safety
Vehicles, Plant and Equipment replacement needs	Projects resulting from Partnership Activity
ICT Investment and Replacement	Availability of External Funding
Invest to Save Projects	Public expectation that works should be carried out

These are discussed in greater detail in Sections 4 and 5 below

4. LINKS WITH OTHER STRATEGIES, POLICIES AND PLANS

4.1 As well as the Council Plan and the Capital Programme the Capital Strategy has clear links to many other strategies, policies and plans, the most significant of which are shown in the following table:

Key Strategies
Economic Development Strategy
Health and Wellbeing Strategy (emerging)
Stronger and Safer Communities Strategy
Other Strategies
Asset Management Strategy
Medium Term Financial Strategy
Service and Financial Plans
Procurement Strategy
North Staffs Green Spaces Strategy
Co-Operative Strategy
Private Sector Housing Renewal Strategy
Housing Strategy
Arts and Cultural Strategy
Customer Access Strategy
Energy Efficiency and Climate Change Strategy and Carbon Reduction Plan
Treasury Management Strategy
Sustainable Community Strategy
North Staffs Core Spatial Strategy

- 4.2 An important link is to the Asset Management Strategy (AMS) in that many capital investment projects are related to the Council's fixed assets, such as its stock of buildings. Needs and priorities identified in the AMS will require consideration for inclusion in the Council's Capital Programme and have wider financial consequences. Equally important is the opportunity to generate capital receipts from the disposal of land/property where there is no current or likely future operational need.
- 4.3 The Medium Term Financial Strategy will take account of the revenue effect of capital investment.
- 4.4 Capital investment proposals are contained in the Service and Financial Plans produced as part of the annual budget cycle. Some of these proposals may be included in the Capital Programme.
- 4.5 Appraisal, procurement and management of capital projects needs to be carried out with regard to the objectives and methodologies and the principles and practices set out in the Procurement Strategy.
- 4.6 The various service based strategies will inform the Council's capital investment process through their identification of areas for action and of priorities within individual service areas.
- 4.7 The Treasury Management Strategy needs to reflect planned capital spend, particularly with regard to setting limits for tying up money over the longer term and the limits relating to the amount of permitted borrowing.
- 4.8 In addition the Capital Strategy will be influenced by the results of any Service Reviews which have been carried out by the Council, either as part of the budget preparation process or as one-off exercises. Where these reviews identify areas of service which are to be discontinued, this may give rise to assets which will be available for disposal and possibly generate a capital receipt which will be available for funding further capital investment. Alternatively reviews may identify areas for investment, including potential "invest to save" projects, some of which may be capital investment.

5. EXTERNAL INFLUENCES, PARTNERS AND CONSULTATION WITH OTHER INTERESTED PARTIES

- 5.1 The Council's capital investment plans are influenced by a number of external parties and factors: central government and its agencies, legislation requiring capital works, partner organisations, businesses, developers and by the needs and views of other interested parties, particularly those of Borough residents.
- 5.2 Government sponsored initiatives and programmes will influence the projects which the Council will include in its capital investment plans. In particular, its Housing Investment Programme in which the Council participates with regard to Disabled Facilities Grants is a major area of investment where funding is provided by Government to meet a proportion of the costs of some of these activities. This funding largely consists of grant payments to partially meet the cost of disabled facilities grants payable to eligible applicants.
- 5.3 Where it may be required by legislation to carry out works of a capital nature, such as to comply with the Disablement Disability Act or Health and Safety requirements, or anti-pollution regulations, the Council will consider the most effective way to discharge its obligations and appropriate provision will be made in its Capital Programme once it has determined that it shall carry out the necessary work and that this should be capitalised.

- 5.4 The Council works with a wide range of partners from the public, private, voluntary and community sectors, all of which have an influence over its spending priorities. Relationships with partners, including those concerning capital matters, will be governed by the Council's Partnerships Code of Practice. Wherever possible the Council will seek to work in partnership with others to deliver its capital investment programme in order to provide facilities which meet its own and partners needs. When working with the private sector, the objective will be to maximise the benefits to the Council and the community from any projects, both in terms of outputs and in relation to obtaining funding for the project.
- 5.5 The Council is a participant in the Local Strategic Partnership (LSP) and will have regard to the content of its Sustainable Community Strategy together with any other elements of the partnership which relate to capital investment and may be able to use the capital programme as a means of fulfilling some of its obligations to the LSP.
- 5.6 Projects for consideration for inclusion in the Capital Programme may arise from the Council's participation in the Staffordshire and Stoke on Trent Local Enterprise Partnership (LEP) or similar sub-regional partnerships which seek to stimulate economic growth.
- 5.7 The Council has established a Town Centre Partnership, together with relevant parties such as representatives of retailers and businesses in the town centres of Newcastle and Kidsgrove. The partnership may identify proposals for town centre improvements which could place demands upon future capital programmes where such works align with the Council's economic development objectives. It may also present an opportunity for costs to be shared between the parties likely to benefit from their implementation.
- 5.8 The availability of external funding will also influence the projects which the Council will include in its capital investment plans. This is referred to in the following section of the Strategy.
- 5.9 Regard will be had to the Council's obligations under Disabled Access requirements in putting forward proposals for capital investment and in the design of any facilities which are proposed.
- 5.10 Wherever possible the principles of financial and environmental sustainability will be incorporated into any capital projects.

6. RESOURCES AVAILABLE TO FINANCE CAPITAL INVESTMENT

- 6.1 The following diagram shows the main sources of funding which are available to the Council to finance its capital investment. Individual projects may be financed solely by one of these or by a combination of a number of them.

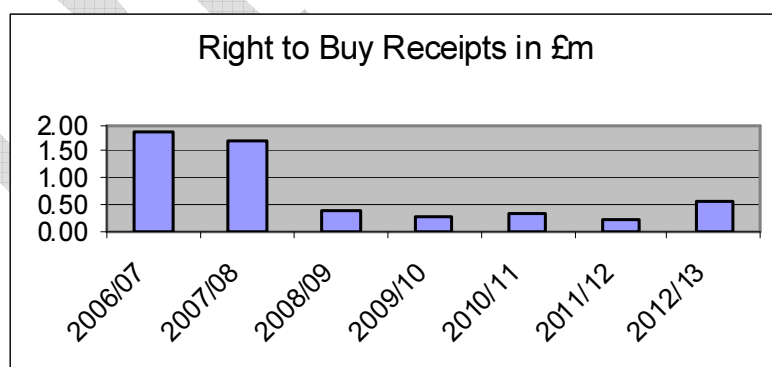
INTERNAL	EXTERNAL
Capital Receipts in Hand	Government Grants
Reserves	Other Grants, e.g. Heritage Lottery Fund
Contribution from Revenue Account	New Capital Receipts from Asset Sales
	Contributions from Partners
	Other Contributions
	Borrowing
	Private Finance Initiative or Similar

Lighter shades indicate sources which are not currently used

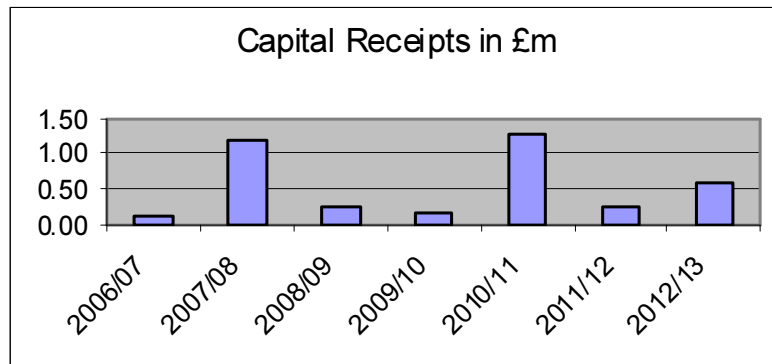
More details of these funding sources are given in the following paragraphs.

6.2 Capital Receipts have been the major source of funding for the Capital Programme in recent years. The amount of useable capital receipts in hand at 1 April 2013 was £2.7m. The majority of capital receipts are committed to finance the currently approved Capital Programme. Additional capital projects may be financed from capital receipts obtained by asset sales or other new capital streams.

6.3 A previously significant source of capital receipts has been the Council's continuing right to a share of receipts arising from tenants of Aspire Housing under the Right to Buy legislation. However, Right to Buy sales have diminished, as shown in the chart below, both because of the present depressed property market and there being fewer potential purchasers as time goes by. There was a small increase in sales in 2012/13, which trend is continuing in 2013/14, probably arising from government changes to the rules governing sales and the improving property market.



In addition there are usually some small receipts from the sale of minor pieces of land or property but these are unlikely to be significant in amount over the next few years. Indeed, as may be seen from the chart below, capital receipts from sales of land and property (including covenant release payments) have been relatively modest in recent times.



6.4 Reserves currently held which are available to finance capital investment are as follows:

- ICT Development Fund
- New Initiatives Fund

The ICT Development Fund is specifically earmarked for meeting the costs of ICT development, both capital and revenue. The balance on the Fund at 1 April 2013 was £0.5m. This balance is fully committed to financing projects included in the current ICT Development Programme plus certain ongoing revenue costs. Accordingly, the Medium Term Financial Strategy 2014/15 to 2018/19 provides for annual contributions of £0.05m to be made to the Fund commencing in 2014/15 in order to replenish it.

The New Initiatives Fund's purpose is to finance new initiatives, both capital and revenue, not currently provided for in the Council's budgets. The balance on the Fund at 1 April 2013 was £0.1m, all of which will be required to meet the cost of ongoing revenue account initiatives or earmarked for covering costs which may arise if the Council suffers the loss of its exempt VAT status for a period.

6.5 The use of capital receipts and reserves to finance new capital projects has an effect upon investment income receipts and hence the General Fund Revenue Account. At current investment interest rates of less than 1.0% (rates available in the market currently pay a premium of up to an additional 0.5% above the base rate of 0.5%), every £100,000 of such capital receipts or reserve balances used will cost £1,000 to the revenue account on an ongoing basis. The use of capital receipts and reserves to finance the Capital Programme 2012/13 to 2013/14 was taken account of in the Medium Term Financial Strategy and in the 2013/14 Revenue Budget. Any receipts generated from the sale of assets will be invested until they are required to finance capital expenditure.

6.6 Wherever Government grants are available to meet all or part of the cost of capital projects the Council will ensure that these are applied for and used to maximise the amount of investment which can be made and the benefit which will result from that investment. Currently, the Council apply New Homes Bonus grant in a 50/50 proportion, half in support of the revenue budget and half to finance housing capital projects included in the housing investment element of the capital programme, in accordance with the 2013/14 budget report considered by Full Council on 27 February 2013.

6.7 Wherever possible and appropriate, funding will be sought towards the cost of capital projects from external parties. These will include property developers, government agencies, funding from the European Union (normally channelled via a UK Government Department), funding bodies such as the National Lottery or the Football Foundation, and partner organisations that may join with the Council to bring forward particular projects of mutual benefit. In the current climate, however, the Council may find such sources of funding to be limited compared with previous years.

- 6.8 There remains the potential for the Council to introduce a Community Infrastructure Levy. This may provide funding for capital investment required as a result of a development taking place, for example new roads or footpaths. It will partially replace "Section 106" contributions payable by developers as a condition of being granted planning permission.
- 6.9 As a result of changes to the treatment of business rates collected by councils (as implemented by the Local Government Finance Act 2012), which allow part of the amount collected to be retained by them, a Stoke on Trent and Staffordshire Business Rates Pool has been established to pool retained rates relating to a number of Staffordshire authorities, including Newcastle Borough Council. This has benefits with regard to maximising the total amount retained, with the additional amount gained by pooling being available to participating authorities in a number of ways. One of the features of the pooling arrangement is the establishment of an investment fund to finance projects which will contribute to economic regeneration within the areas of the participating authorities.
- 6.11 The Council is presently debt free, having no long term loans outstanding. Its current policy, expressed in its Treasury Management Strategy for 2013/14, approved by Council on 27 February 2013, is that it is not intended to utilise borrowing to fund the capital programme in view of the Council currently possessing sufficient reserves and useable capital receipts to finance capital expenditure from those sources. It is stated that borrowing may become an option in future years only if these resources become sufficiently depleted, that they are insufficient to finance proposed capital expenditure and, if the costs of borrowing compare favourably with those of alternatives such as using unapplied capital receipts. It is possible that for a period of time during the span of the Capital Strategy capital resources will be depleted to the extent that they are insufficient to finance further significant capital investment, including projects necessary to ensure operational continuity.
- 6.12 There is no intention to charge any capital investment directly to the General Fund Revenue Account.
- 6.13 The Council does not presently intend to consider the use of Private Finance Initiative type arrangements or tax increment financing to meet the cost of capital investment.
- 6.14 The Executive Director (Resources and Support Services) will prepare estimates of the resources which are presently in hand plus those likely to be available in future to finance capital investment. He will keep these estimates up to date and periodically report upon them to Cabinet and Council, particularly when the Capital Programme is being considered. The Council will decide on the appropriate form of financing for projects included in the Capital Programme based on advice from the Executive Director as to availability and the consequences and costs of use of the various options.
- 6.15 The need to have available liquid funds to be used to pay for capital projects will be borne in mind when drawing up the Council's Treasury Management Strategy. An appropriate limit will be placed on long term investments based on predictions of the capital spending profile over the period covered by the Strategy so that there are likely to be enough readily available easily cashable investments to meet requirements.

7. REVENUE IMPLICATIONS

- 7.1 The impact, if any, upon the General Fund Revenue Account, which will arise from capital investment proposals will be calculated and considered at the time projects are placed before Cabinet or Full Council for inclusion in the Approved Capital Programme or for specific approval. Such impact may be in the form of reduced interest receipts, where projects are to be financed from capital receipts or reserves, borrowing costs, if loan

finance is to be employed, or additional running costs arising from the provision of a new or altered facility. Offset against these costs will be any savings which might accrue, for example from “invest to save” projects.

7.2 In accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital, which the Council has adopted, the incremental impact of the Capital Programme will be calculated and considered when that programme is placed before Full Council for approval, in February each year.

7.3 The Council will always have regard to the affordability of its proposed capital investments, in terms of the revenue implications arising.

7.4 The revenue implications of the capital programme will be taken account of in the Council’s Medium Term Financial Strategy.

8. APPRAISAL OF INVESTMENT PROPOSALS

8.1 In accordance with the Council’s Financial Regulations proposals for new capital investment estimated to cost more than £20,000 will be subject to the Benefits Management Model process, whereby a business case will be made out for the proposal based on whole life costing, its fit with corporate priorities will be demonstrated, outcomes detailed, and project milestones set out. The process will consider the availability of resources to fund the project and its effect, if any, upon the revenue budget in future years. Less significant projects costing below £20,000 will be subject to a simplified process. All new capital investment proposals must be appraised by the Capital Programme Review Group prior to specific Cabinet approval being requested. Before any project may be commenced Specific Cabinet approval must be obtained and the project must be included in the Approved Capital Programme, after considering its priority relative to other proposed projects and the overall level of resources available to fund the Capital Programme as a whole.

8.2 A Risk Assessment, in the approved corporate format, will be completed for all capital projects subject to the Benefits Management Model process.

9. MONITORING ARRANGEMENTS AND PROJECT MANAGEMENT

9.1 Progress in relation to individual projects will be monitored through the Council’s arrangements for the monitoring of capital projects, which entail quarterly monitoring reports to be received by the Cabinet. The Capital Programme Review Group will also review project progress and corrective action will be initiated where projects fall behind schedule, appear likely to overspend or otherwise give cause for concern. Individual Project Forms will be maintained in respect of each project by the Executive Director (Resources and Support Services) which will track the progress of projects and be available to officers and members with an interest in reviewing progress of those projects. Monitoring will also take place as part of the Benefits Management Model process, whereby reports will be completed for any projects which deviate from planned progress.

9.2 All projects will be assigned to a named officer who will be responsible for overseeing the project, including project monitoring and control and implementing exception reports and, where appropriate, corrective action if the project deviates from its planned progress or cost.

9.3 Where complex major projects are to be carried out, consideration will be given to employing the Prince2 project management methodology.

9.4 All capital projects will be subject to Internal Audit review to ensure correct procedures have been followed and sums have been paid out in accordance with Financial Regulations and Standing Orders as they relate to contracts. Where projects have received funding from government or quasi-governmental sources, the expenditure will also be subject in many cases to external audit. European Union funded projects may also be subject to audit by auditors on behalf of that body. Where monitoring returns or claims for reimbursement of expenditure are required to be sent to funding bodies, these will be completed and forwarded promptly to the relevant body in compliance with any deadlines laid down by them.

9.5 All capital investment proposals and project progress and management are subject to the Council's scrutiny arrangements.

10. STATUTORY FRAMEWORK

10.1 The Council's capital investment is carried out within the statutory framework laid down by the Local Government Act 2003 and regulations under that Act. Accordingly, only expenditure which fits the definition of capital expenditure contained in the Act or Regulations pursuant to it will be capitalised.

10.2 Capital expenditure is defined by the 2003 Act as that which falls to be capitalised in accordance with proper practices, which means in accordance with the Code of Practice on Local Authority Accounting, published by the Chartered Institute of Public Finance and Accountancy (CIPFA), applicable to all local authorities. Annex A sets out a summarised version of the definition provided by the Code. In addition there are a number of other types of expenditure that have been defined by Regulations as being treatable as capital in nature. Generally these do not apply to this Council.

10.3 It should be noted that the Act and Regulations are framed in a permissive way, allowing local authorities to capitalise expenditure which fits the definition but not forcing them to capitalise such expenditure. The Council will decide, therefore, whether to include a project meeting the capital definition in its capital programme or to meet its cost from a revenue account.

10.4 The Council does not set a minimum amount for the capitalisation of expenditure (de minimis level). Accordingly, any expenditure complying with the above definition may be capitalised.

10.5 Capital Finance Regulations stipulate that amounts of less than £10,000 may not be treated as capital receipts. Accordingly, any such sums received, although otherwise capital in nature, will be credited to a revenue account.

10.6 The government is consulting authorities on proposals to permit capital receipts to be used to finance certain classes of revenue expenditure, in particular where these are related to the cost of restructuring and reforming services in order to make longer term savings. Given the Council's present shortage of capital receipts it is unlikely that this option will be deployed.

11. PROCUREMENT

11.1 Regard will be had to the contents of the Council's Procurement Strategy when considering the delivery of capital projects.

11.2 Where estimated project contract costs exceed the relevant European Union threshold, the appropriate EU tendering procedures will be followed.

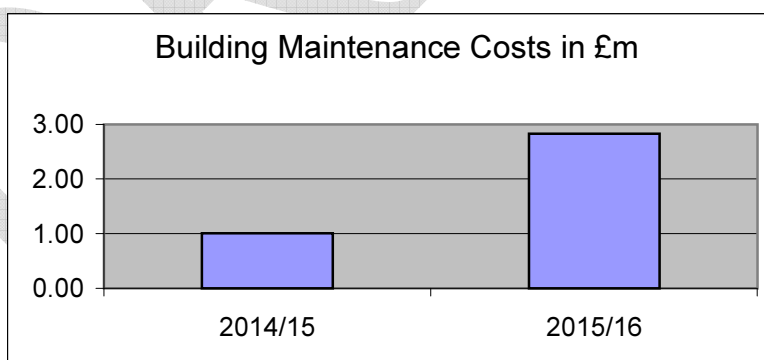
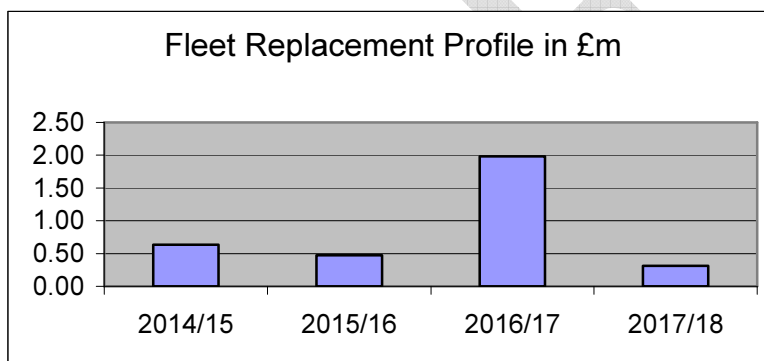
11.3 Standing Orders relating to contracts will apply to all contracts proposed to be let in relation to capital projects, together with Financial Regulations and the provisions of the Council's scheme of Delegation.

11.4 The achievement of Value for Money will be a guiding principle in the procurement of capital works and services and in managing contracts.

12.0 FUTURE CAPITAL PROGRAMME

12.1 During the period covered by this Strategy, there will be a need for some items of capital investment to be made in order to ensure continued service delivery or to comply with statutory requirements or to ensure health and safety of staff and public. Examples of these include: operational building repairs and maintenance; replacement of vehicles, plant and equipment required to deliver services; disabled facilities grants.

12.2 The following charts illustrate the scale of expenditure which the Council may need to fund over the next few years, in respect of fleet replacement, where existing items reach the end of their allotted life and in respect of operational building maintenance works, based on stock condition surveys carried out.



It may be possible to extend the lives of some of the vehicles, if they are in a fit condition when their replacement date is reached. Similarly some of the maintenance/improvement works to the Council's operational properties may be capable of being deferred; officers are in the process of refreshing the stock condition surveys to inform any decisions in this regard. Additionally, some properties may be deemed surplus to operational requirements and eligible for disposal in their current condition.

12.3 Funding for additional projects not essential to operational continuity will depend on capital receipts from asset sales. Appendices to the Asset Management Strategy 2013-2016 set out the assets which will be available for disposal during this period and the arrangements to be adopted for public consultation concerning their disposal. Additionally, the appendices indicate a larger number of potential assets for disposal

towards and beyond the end of the said strategy. It is intended that the planning merits of those assets be determined during the preparation of the Council's next Local Plan.

12.4 Work is ongoing to compile a basic programme containing those projects which it can be foreseen will be necessary to ensure service delivery or to comply with statutory requirements or ensure health and safety. The programme will also contain projects which are fully funded by external parties and which meet corporate priorities. The overall size of the programme will be determined by the resources estimated to be available to fund it.

12.5 It will be essential to apply a robust prioritisation process to determine which projects are included in the capital programme and are subsequently proceeded with. No projects should be considered in isolation. They must be required to be measured against all other competing projects to determine which should go forward. This process should also apply to any projects which are proposed subsequent to the approval of the programme, to ensure that only those projects with a high priority are proceeded with and funds are not diverted to projects of a lesser priority.

12.6 Funding for this basic programme is likely to be available to some extent from the following sources:

- Further capital receipts from asset sales
- Right to Buy capital receipts
- Government grants
- Other external contributions

All of the above funding sources are likely to be limited so the programme can only include affordable basic projects.

12.7 Current estimates of the amount required to be invested in projects to ensure continued service delivery compared with forecasts of likely receipts from asset sales and other available resources indicate that there will be insufficient resources available to fund all of these requirements in 2014/15 and for several years thereafter. If significant sales of assets cannot be achieved within this timeframe, the Council may have to review its stance with regard to borrowing, if this proves to be the only practical means of funding necessary investment, particularly if a major unforeseen item of capital expenditure were to materialise, for example major repairs to enable an operational building to continue to be used or new legislation requiring capital spending.

**DEFINITION OF CAPITAL EXPENDITURE INCLUDED IN THE CODE OF PRACTICE ON
LOCAL AUTHORITY ACCOUNTING IN THE UNITED KINGDOM**

All expenditure that can be directly attributed to the acquisition, creation or enhancement of items of property, plant and equipment or the acquisition of rights over certain longer-term intangible benefits is accounted for on an accruals basis and capitalised as a non-current asset. It must be probable that the future economic benefits or service potential associated with the item will flow to the Council - the Council does not have to own the item but it must be more than likely that it has gained the right to use the item in the provision of services or to generate cash from it. In addition it must be possible to measure the cost of the item reliably.

Expenditure that should be capitalised will include expenditure on the:

- Acquisition, reclamation or laying out of land
- Acquisition, construction, preparation, enhancement or replacement of roads, buildings and other structures
- Acquisition, installation or replacement of movable or immovable plant, machinery, apparatus, vehicles and vessels

In this context, the definition of enhancement contained in the previous Code of Practice (SORP) is still applicable and means the carrying out of works which are intended to:

- Lengthen substantially the useful life of the asset, or
- Increase substantially the market value of the asset, or
- Increase substantially the extent to which the asset can or will be used for the purpose or in conjunction with the functions of the local authority concerned.

Under this definition, improvement works and structural repairs should be capitalised, whereas expenditure to ensure that the fixed asset maintains its previously assessed standard of performance should be recognised in the revenue account as it is incurred. Expenditure on existing fixed assets should be capitalised in three circumstances:

- Enhancement - see above
- Where a component of the fixed asset that has been treated separately for depreciation purposes and depreciated over its individual useful life is replaced or restored
- Where the subsequent expenditure relates to a major inspection or overhaul of a fixed asset that restores the benefits of the asset that have been consumed by the authority and have already been reflected in depreciation

Assets acquired on terms meeting the definition of a finance lease should be capitalised and included together with a liability to pay future rentals.

Where an asset is acquired for other than cash consideration or where payment is deferred the asset should be recognised and included in the balance sheet at fair value.

This page is intentionally left blank

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 enable the Committee to scrutinise the Medium Term Financial Strategy, which was considered and approved by Cabinet on 16 October 2013.

Recommendations

(a) That the Committee review the Medium Term Financial Strategy and the covering report considered by Cabinet on 16 October 2013 and that any comments be reported back to Cabinet.

Reasons

The Medium Term Financial Strategy underpins the whole financial planning structure of the Authority. As a major component in the budget setting process for 2014/15, it, therefore, needs to be considered by this Committee alongside the other elements of the budgeting process.

1. Medium Term Financial Strategy and Report for Scrutiny

1.1 The report considered by the Cabinet on 16 October 2013, is reproduced at Appendix 1. The Medium Term Financial Strategy document is shown at Appendix 2.

This page is intentionally left blank

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

7. **Equality Impact Assessment**

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

8. **Financial and Resource Implications**

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

9. **Major Risks**

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

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

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

10. **List of Appendices**

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

Medium Term Financial Strategy 2014/15 to 2018/19



CONTENTS

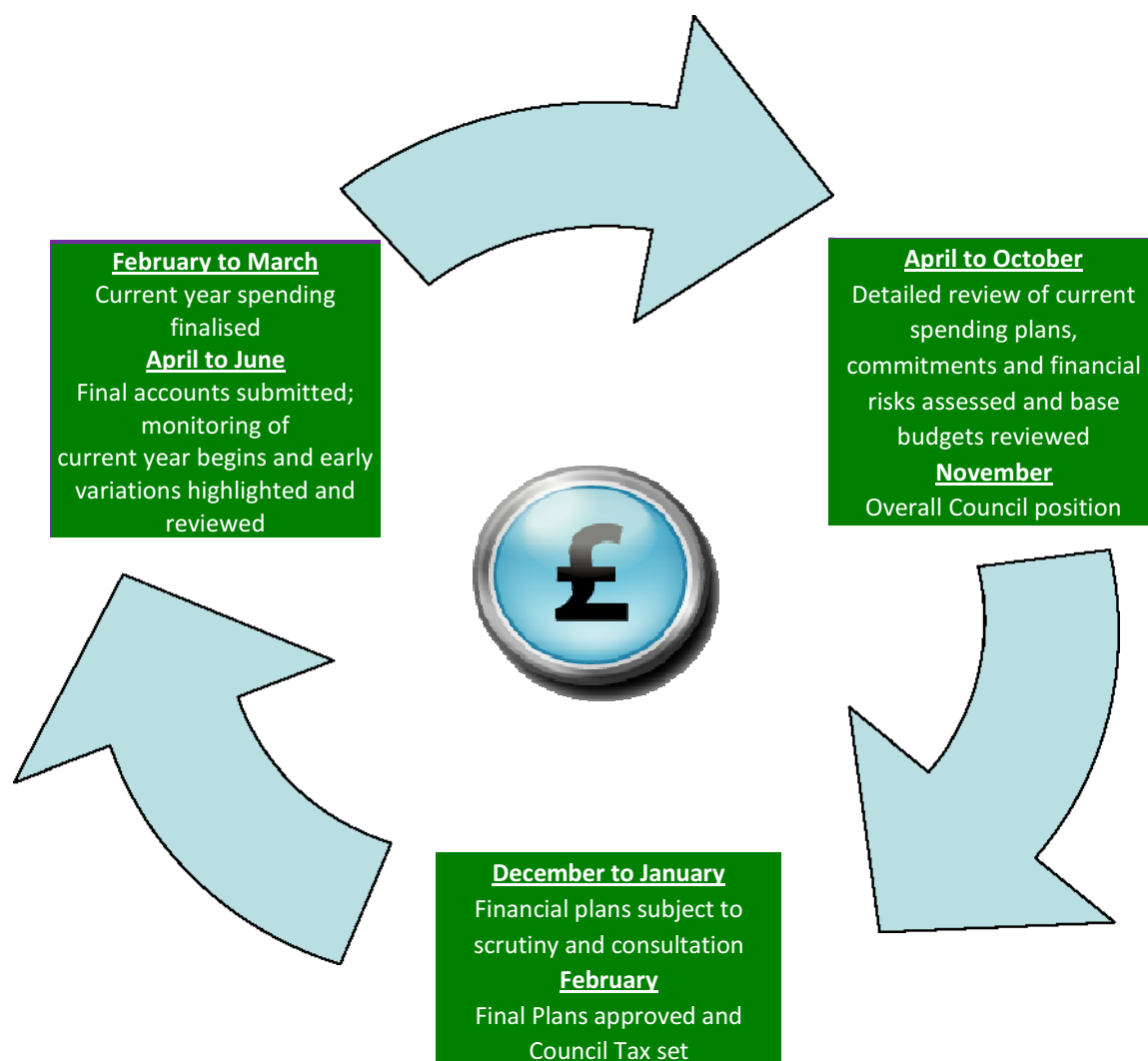
Page 1	Section 1: Introduction, Financial and Corporate Planning
Page 8	Section 2: The Council's Overall Financial Position
Page 14	Section 3: Timetable and Procedure
Page 15	Section 4: Risk
Page 17	Section 5: The Council's Financial Strategy
Page 20	Section 6: Government Funding
Page 23	Section 7: Council Taxbase and Collection Fund
Page 24	Section 8: Environmental Footprint
Page 25	Section 9: Procurement
Page 25	Section 10: Equalities
Page 26	MTFS Summary

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”

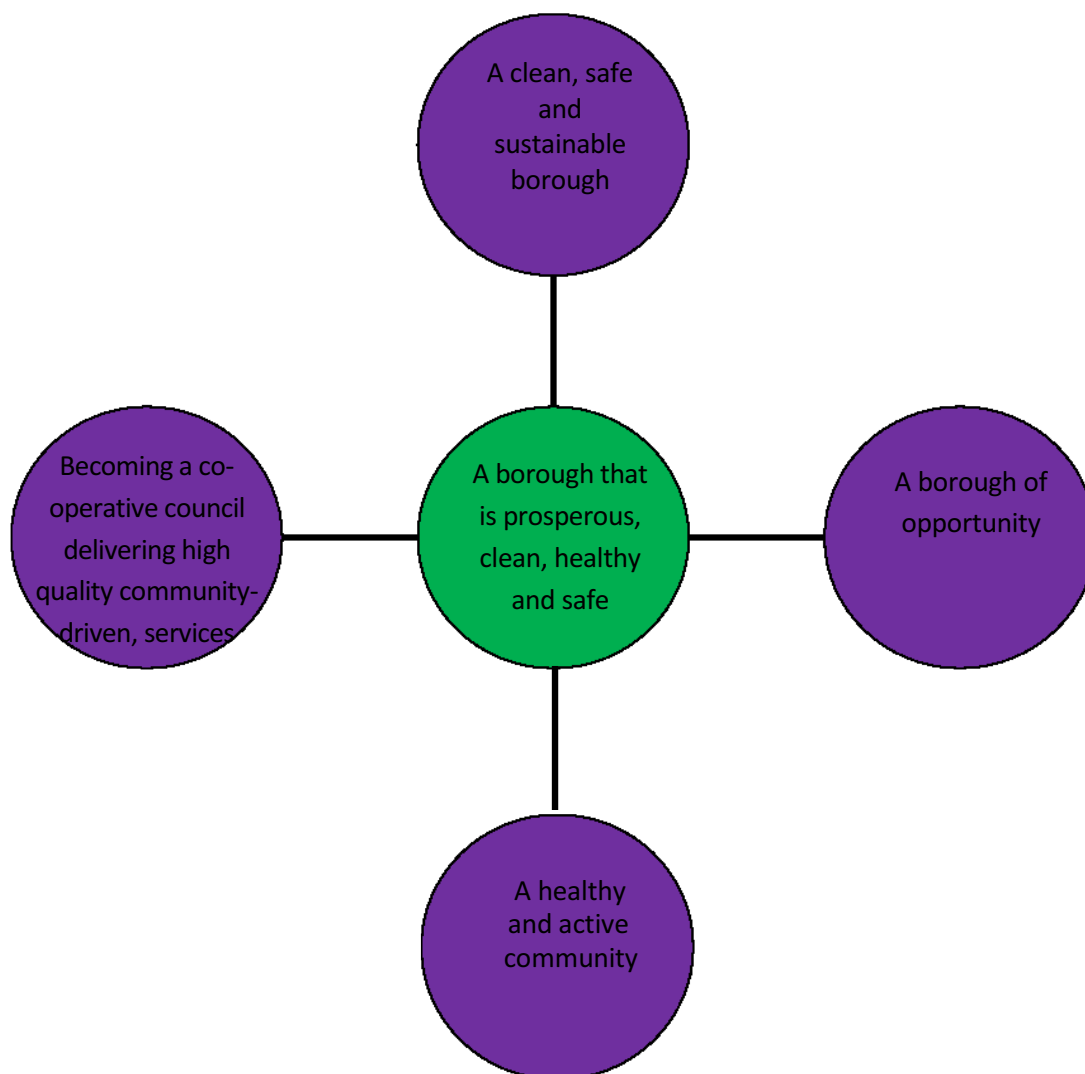
Priorities and Outcomes

- 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.

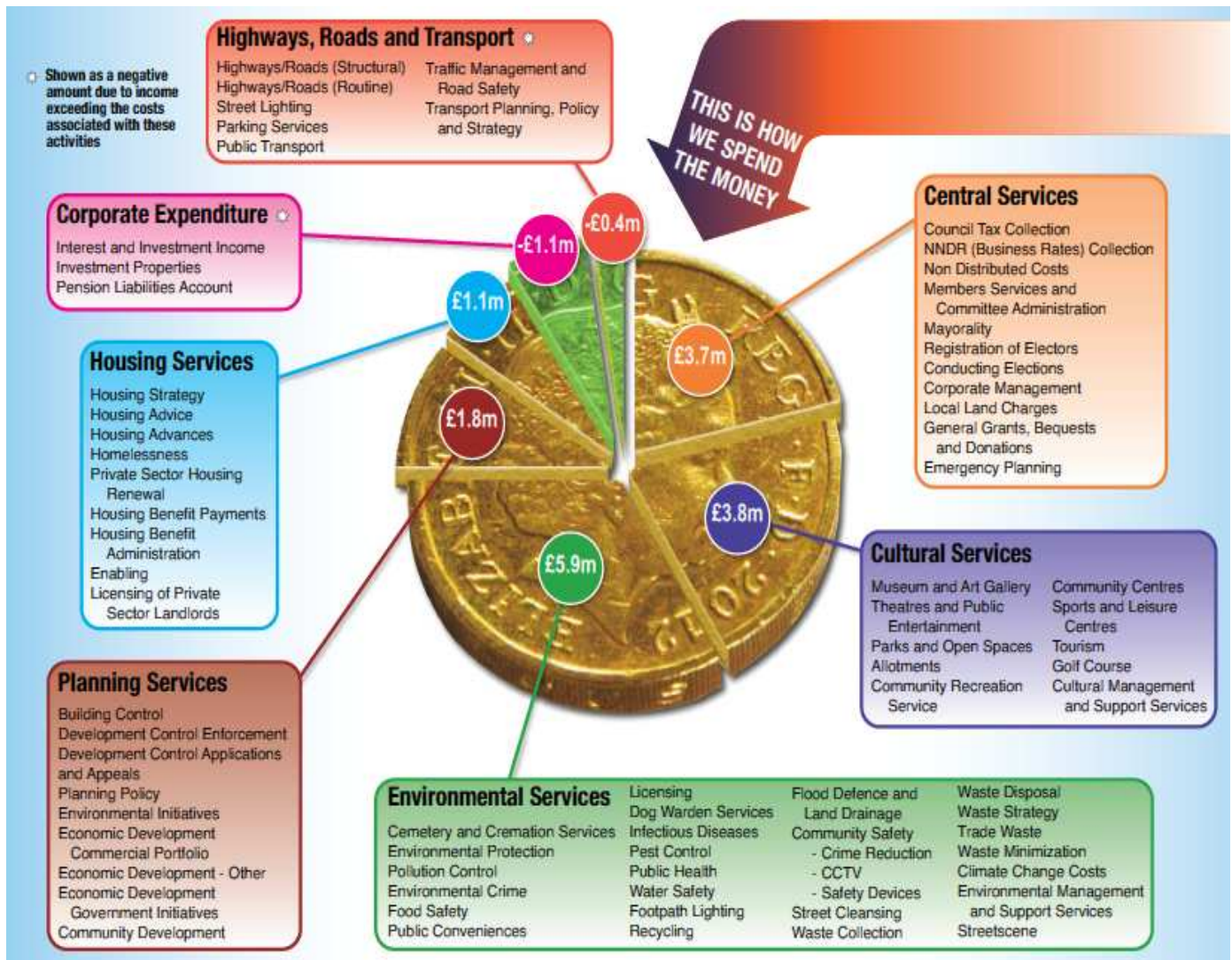
MEDIUM TERM FINANCIAL STRATEGY 2014 to 2019

- 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.

MEDIUM TERM FINANCIAL STRATEGY 2014 to 2019

- 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.

MEDIUM TERM FINANCIAL STRATEGY 2014 to 2019

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;

MEDIUM TERM FINANCIAL STRATEGY 2014 to 2019

- **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	

Agenda Item 6

FINANCIAL AND PERFORMANCE MANAGEMENT REPORT TO END OF QUARTER TWO (September) 2013

Submitted by: Head of Finance and Head of Business Improvement & Partnerships

Portfolio: Communications, Transformation & Partnerships; Finance and Resources

Wards Affected: All

Purpose

To provide Transformation & Resources Overview & Scrutiny Committee with the Financial and Performance Review for the 2013/14 First Two Quarters (April - September).

Recommendations

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

Reasons

These monitoring reports provide information about the corporate performance of individual council services, alongside financial information.

1. Background

- 1.1 This report provides Members with a detailed update on how the Council has performed during the first quarter of 2013/14 by presenting performance data set in a financial context.
- 1.2 This report provides financial information (Appendix A) and also detailed analysis of performance (Appendix B) for the first two quarters of 2013/14.
- 1.3 A summary of the overall picture is presented in section 5 of this report. Performance is progressing well, with the majority of targets currently met.

2. 2013/14 Revenue and Capital Budget Position

- 2.1 The Council approved a general fund revenue budget of £14.119m on 27 February 2013. At this point in the current financial year, 2013/14, we would have expected to have spent £5.011m; we have actually spent £5.005m. Therefore, as at the end of the second quarter, the general fund budget shows a favourable variance of £6,000 (detailed in Appendix A).
- 2.2 A capital programme totalling £7.963m, covering the two years 2012/13 and 2013/14, was approved at the same Council meeting. The revised budget for capital projects in 2013/14 totals £5.352m. £1.565m of the revised budget was expected to be spent by 30 September. Actual spending was £1.356m.

3 Performance

- 3.1 The Council Plan Performance report is reported in a new format attached as Appendix B.

- 3.2 The information is presented in four sections against each priority and details results and progress towards identified outcomes for the council and the number of indicators monitored this time is 40. The proportion of indicators which have met their targets, based on data at the time of compiling this report, was 88%.
- 3.3 There are two columns to show improvement and achievement:
- One set of symbols (arrows), show whether performance has improved or worsened since the last time each indicator was reported
 - The “Good performance is” column denotes polarity: low or high and allows the reader to analyse the results in detail
- 3.4 An overall summary of performance against each priority is also stated, highlighting issues and improvement to be noted.
- 3.5 The intention is to further develop the format of performance reports ensuring suitability and clear communication of progress with outcomes for members and officers of the council.
- 3.6 Positive performance can be seen in a range of services although it must be borne in mind that the results later in the year can be different and that some services have seasonal factors.
- 3.7 There are a small number of areas listed in this report which are not on target, though none causes concern at present. In all cases, the management of the service is aware of the issues and are taking steps to deal with the situation. Further updates will be provided for Members in future reports.

4. Outcomes Linked to Sustainable Community Strategy and Corporate Priorities

- 4.1 All of these indicators link to corporate priorities.

5. Legal and Statutory Implications

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

6. Equality Impact Implications

- 6.1 There are no differential equality issues.

7. Financial and Resource Implications

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

8. Major Risks

- 8.1 The current economic situation represents the greatest risk to the revenue budget, particularly with regard to the impact it may have upon income receivable in relation to services where customers may chose whether or not to use Council facilities, such as car parking and other areas directly affected by the economic downturn,

such as land charges and planning applications. The situation will be monitored through the normal budget monitoring procedures.

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

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

9. List of Appendices

Corporate Performance ('dashboard') report is attached as Appendix B.

10. Background Papers

Working papers held by officers responsible for calculating indicators.

This page is intentionally left blank

Financial Position Quarter Two 2013/14

General Fund Revenue Budget

The Council approved a General Fund Revenue Budget of £14,118,640 on 27 February 2013. The actual position compared to this budget is continuously monitored by managers, EMT and Portfolio Holders in order to detect any significant variances of expenditure or income from the approved amounts contained in the budget. Regular reports are made available to members by the Portfolio Holder for Finance and Resources informing them of the current position, highlighting any significant factors giving rise to variances.

Capital Programme

A Capital Programme totalling £7,963,400, covering the two years 2012/13 to 2013/14, was approved at the same Council meeting. Of this total, £5,352,500 was estimated to be spent in 2013/14.

Revenue Budget Position

At this point in the financial year, we would have expected to have spent approximately £5.011m; we have actually spent £5.005m. Therefore, as at the end of the second quarter, the general fund budget shows a favourable variance of £6,000.

However there are a number of both favourable and adverse variances to bring to your attention:

- Commercial rents continue to yield less compared to what we would, in the past, have expected to receive up to 30 September.
- Kidsgrove Sports Centre is operating at a significant net overspend as at 30 September, primarily due to income received.
- There have also been a number of income sources whereby income has exceeded what we would have expected to receive up to 30 September; these include licensing, planning application fees and the recovery of housing benefit overpayments.
- Additionally a number of service under spends have occurred.

There are also a number of smaller variances, both positive and negative, that contribute to the overall outturn.

In relation to the Member interest in respect of outstanding monies from Gatedale regarding The Square. It is pleasing to report that a payment of £420k was received on 18 July.

Capital Programme Position

The Capital Programme approved by Council in February 2013 has been updated to take account of slippage in 2012/13. Where planned expenditure did not occur last year, this has been added to the budget for 2013/14 (apart from any cases where costs have been reduced or expenditure will no longer be

incurred). The revised budget for capital projects in 2013/14 totals £5,352,500.

£1,564,900 of the revised budget was expected to be spent by 30 September. Actual spending was £1,356,500. The variance of £208,400 is mainly attributable to Section 106 Works at Lowlands Road, Disabled Facility Grants, Replacement/Repair of Play Equipment and Town Centre Public Works.

Investment Counterparties

Investment counterparties with whom money is invested, as at 30 September 2013 are as follows (with the parent company shown in brackets, where applicable):

- Royal Bank of Scotland
- Halifax Bank of Scotland
- Heritable Bank (*Landsbanki*)

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

Priority 1: A clean Safe and sustainable Borough

Overall Progress Report

Overall our progress with our outcomes for this priority is positive. A combination of monitoring and target driven indicators are measured with three indicators (1.1.3, 1.3.5 & 1.4.2) introduced for 2013-14 for which it will be the baseline year. The performance for this quarter is shown where possible for the monitoring indicators where a comparison or previous results are known. There are no concerns with the performance of the service indicators.

Our economic indicators have remained constant this quarter despite some businesses closing. The Town Centre Vacancy Rate indicator is just off target with a result of 16.2% against a target of 15% and the indicator measuring the Percentage of investment portfolio (NBC owned) vacant continues to perform well with a result of 8.4%, both are unchanged from the last quarter.


Community and Streetscene have achieved excellent results for the Levels of Street and Environmental Cleanliness (1.4.1) and exceeded targets set. Also the team have worked well with volunteer groups who have provided an impressive total of 2,147 hours caring for their local green spaces and neighbourhoods in the last six months. Waste indicators also continue to perform well this quarter.

However when comparing performance results of the Crime and Disorder indicators from the Police with the results for this period in 2012-13, there is an increase in the number of incidents.

Environmental Health continue to work well progressing assessments on air quality in the borough and undertaking inspections to ensure high standards of safety and public health.

Outcome 1.1 Ensure high standards of safety and public health – Lead Member Cllr. Ann Beech, Lead Officer Nesta Henshaw

Page 72

Ref	Indicator	2012-13/ Baseline (year)	2012/13 Target	Good is	How often reported	Result Qtr 2	Target Qtr 2 2013-14	Result Qtr 1	How have we performed?	Control Full/ Partial/ None
1.1.1	Percentage of food premises that have a zero or one national food hygiene rating.	Baseline year	-	Low	Quarterly	1.44% (10 '0/1' premises out of 692 published).	Monitoring indicator	1.87% (14 '0/1' premises out of 746 published).	-	Partial
<p>This indicator measures the percentage of food premises that have a zero or one national food hygiene rating, where following each Food Hygiene Inspection, a food business is awarded a rating of between zero (Urgent improvement necessary) and Five (Very good). These ratings are published on the website at http://www.newcastle-staffs.gov.uk/environment_content.asp?id=SXC69E-A7811729&cat=1390 or http://ratings.food.gov.uk/ Those premises that are rated zero (urgent improvement necessary) or one (major improvement necessary) have been found to be not complying with Food Hygiene Regulations and will be subjected to enhanced business support visits/revisits (and in the most serious cases enforcement action) to help them raise their compliance and protect public health. These premises will then receive a further unannounced inspection approximately 6-9 months later where they will receive a new rating. Due to the number of businesses changing day by day the numerator and denominator are constantly changing throughout the year.</p>										
1.1.2	The percentage of food establishments which are broadly compliant with good hygiene law	91%	85%	High	Quarterly	92.7% (1042 out of 1124 premises deemed broadly compliant).	85%	92.1% (1,028 out of 1,116 premises deemed broadly compliant)		Partial
<p>Following each food hygiene inspection a premise will be risk rated and given a score of between 0 (Very Good) and 30 (Very bad) for its' compliance with 1. Food Hygiene Procedures, 2. Structure and 3. Confidence in Management. Where a premises scores 10 or better in each of these 3 categories they are defined as being 'broadly compliant' with food hygiene law. This indicator describes the percentage of businesses in the borough that are deemed 'Broadly Compliant'.</p>										
1.1.3	The area of contaminated land that has been remediated or is determined suitable for use	Baseline 2013-14	N/A	High	6 Monthly	71 Hectares	Monitoring Indicator	To be reported in Qtr 2	-	Partial
<p>The possibility of land being contaminated is a material planning consideration to ensure that land is 'suitable for use' and does not present any unacceptable risk to human health or the wider environment. Land is considered suitable for use following receipt of sufficient evidence from the developer showing that the site has been remediated to an appropriate and agreed standard, if required, or that no unexpected contamination was found during development. During this period, the Environmental Protection Team reviewed 14 separate sites to discharge the final validation condition imposed on the planning permission. This equated to a total of 71Ha of land determined to be suitable for its intended end use following appropriate remediation.</p>										

Ref	Indicator	2011 Baseline (year)	Target	Good is	How often reported	Result 2012	Target	How have we performed?	Control Full/ Partial/ None
1.1.5	Number of people killed or seriously injured on the borough's roads	27 (5 fatal, 22 serious)	-	Low	Annual	19 (3 fatal, 16 serious)	Monitoring indicator	-	None
Information available is from Qtr 1 in 2012 and is a monitoring indicator, showing a decrease from the same quarter in the previous year.									



Outcome 1.2 Newcastle will be safer with vulnerable victims of crime and disorder receiving high quality support. – Lead Member Cllr Tony Kearon, Lead Officer Mark Bailey

Ref	Indicator	2012-13/ Baseline (year)	2012/13 Target	Good is	How often reported	Result -Period 01.04.13 to 07.10.13	Target Qtr 2 2013-14	Result Qtr 1	How have we performed?	Control Full/ Partial/ None
1.2.3	Reduction in the number of incidents of violence with injury	680	-	High	Quarterly	442	Monitoring Indicator	170	-	Partial
Comparing this result to the same period in 2012-13, the number of incidents has increased by 23.46% from 358.										
1.2.4	Reduction in the number of incidents of anti-social behaviour	3,831	-	High	Quarterly	To be provided	Monitoring Indicator	1,022	-	Partial
Statistics are currently being determined and will be provided shortly.										
1.2.5	Reduction in the number of incidents of serious acquisitive crime	773	-	High	Quarterly	388	Monitoring Indicator	182	-	Partial
Comparing this result to the same period in 2012-13, the number of incidents has increased by 10.22% from 352.										



Outcome 1.3 The negative impact that the Council, residents and local businesses have on the environment will have reduced – Lead Member: Cllr. Ann Beech, Lead Officers: Trevor Nicoll/Nesta Henshaw

Ref	Indicator	2012-3/ Baseline (year)	2012/13 Target	Good is	How often reported	Result Qtr 2	Target Qtr 2 2013-14	Result Qtr 1	How have we performed?	Control Full/ Partial/ None
1.3.1	The amount of residual waste per household	421.64 kgs	425 kgs	Low	Quarterly	208.68 kgs (year to date)	210kgs (year to date)	102.50 kgs	↑	Partial
The performance this quarter is 106.18 kgs (estimated) and has improved on the result for the comparative quarter for Qtr 2 in 2012-13 of 107.69 kgs. This indicator is on target for the annual target of 420kgs.										
1.3.2	Percentage of household waste sent for reuse, recycling and composting	51.69%	52%	High	Quarterly	54.9%	54%	53.4%	↑	Partial
On target this quarter with a total 7,127.56 tonnes recycled and composted.										
1.3.5	The level of air quality	Baseline year 2013-14	-	Low	Quarterly	N/A	Monitoring indicator	N/A	-	Partial
<p>The Council has a statutory duty to assess air quality for compliance against the standards set in the Air Quality (England) Regulations 2000 for a range of pollutants which have an impact on health. This regime requires monitoring, assessment and interpretation of air quality. Further assessment (including computer modelling of pollution levels), the declaration of Air Quality Management Areas (AQMA's) and action plans to reduce pollutant levels have to be undertaken if any exceedances of the legal 'objective level' are identified.</p> <p>In quarter one we commissioned a statutory detailed assessment and a further assessment of air quality due to exceedances of the statutory annual mean objective for nitrogen dioxide for four geographic areas located in Kidsgrove, Madeley, Newcastle Town Centre and Porthill/Maybank area. This report will now be submitted to DEFRA in quarter 3 and will form the basis of consultation with stakeholders and residents on the boundaries of air quality management areas. Once the AQMA's have been declared, an air quality action plan will be developed for submission to DEFRA within 18 months. Work will also be commenced on the preparation of planning guidance and an air quality strategy for Newcastle-under-Lyme.</p> <p>A statutory air quality progress report is also to be submitted to DEFRA in quarter 3 which will provide commentary on air quality across the Borough in the 2012 calendar year. The Borough Council monitors air quality through the use of nitrogen dioxide diffusion tubes installed in 50 locations across the Borough and analysed on a monthly basis and an air quality monitoring station at Queen's Gardens which continuously measures concentrations of nitrogen dioxide and particulate matter.</p>										

Outcome 1.4 Our streets and open spaces will be clean, clear and tidy– Lead Member Cllr Ann Beech, Lead Officer Roger Tait

Ref	Indicator	2012-13/ Baseline (year)	2012/13 Target	Good is	How often reported	Result Qtr 2	Target Qtr 2 2013-14	Result Qtr 1	How have we performed ?	Control Full/ Partial/ None
1.4.1	Levels of street and environment cleanliness (LEQ survey) free / predominantly free of litter, detritus, graffiti and fly-posting)	87.5% 88.33% 98.29% 99.84%	91% 91% 97% 99%	High	Quarterly	Litter 96.67% Detritus 93.92% Graffiti 99.33% Fly posting - 100%	91% 91% 97% 99%	Reported in Qtr 2		Partial
<p>It is encouraging to see that the results for the first tranche inspections are showing that performance is currently very good and has improved significantly from last year's outturn. There are a further two tranches of inspections to be completed in 2013/14 and the outturn for the year will be averaged across the three inspections, so it is good to make such an encouraging start, albeit that the areas covered in the first tranche of inspections were less challenging than some of the areas which will be covered in the forthcoming tranches. The process for identifying challenging areas and targeting resources into tackling these sites has been thoroughly scrutinised and reviewed since the results from 2012/13 so it is hoped that performance will continue to achieve the desired targets over the coming months.</p>										
1.4.2	Number of community volunteer groups/hours spent caring for their local green spaces and neighbourhoods	Baseline 2013-14	N/A	Low	Quarterly	2,174 hrs	Monitoring Indicator	1,497hrs		Partial
<p>The number of hours worked by volunteers has increased over the second quarter with a running total of 3,671 hours for 2012-13.</p>										

Outcome 1.5 Town centres across the borough will be sustainable – Lead Member Cllr Terry Turner, Lead Officers Simon Smith/ Louise Beeby

Ref	Indicator	2012-13/ Baseline (year)	2012/13 Target	Good is	How often reported	Result Qtr 2	Target Qtr 2 2013-14	Result Qtr 1	How have we performed?	Control Full/ Partial/ None
1.5.1	Town Centre Vacancy Rate	13	15	Low	Quarterly	16.2%	15%	16.2%		Partial
<p>The vacancy rate is unchanged since July at 16.2% (53 vacant units out of a total of 327) although there has been some change in the units which are vacant. The last quarter has seen the opening of Café Nero in a prominent position (former Burton's), Isabella Boutique in the former Galerie Woman, 1st Cameras moving from Lancaster Building to Ironmarket, the occupation of offices in Ironmarket and the temporary re-opening of the Stoke City shop in the Roebuck. Conversely we have lost Today's Girl from the Roebuck, Money Matters from Fogg St, Harvey's in Ironmarket and the Post office. Hopefully there is the chance of more companies wishing to open temporary outlets in the run up to Christmas and, of course, the winners of the Enterprize competition should hopefully be operating before Christmas.</p>										
1.5.2	Percentage of investment portfolio (NBC owned) vacant	(Qtr 4) 7.8%	14	Low	Quarterly	8.4%	12%	8.4%		Partial
<p>The percentage for this quarter is within target and given the current economic climate is a positive result. Only 15 out of 179 properties are vacant.</p>										

Quarter 1 2013-14

Priority 2 : Borough of Opportunity

Overall Progress Report

Overall our progress with our outcomes for this priority is fairly positive. A combination of monitoring and target driven indicators are measured to give a clearer picture of certain issues such as worklessness, albeit some of the information available is not for the current quarter. The performance for this quarter is shown where possible for the monitoring indicators where a comparison or previous results are known.


The Percentage of Minor Adaptations delivered within four months indicator has progressed well this quarter and has exceeded the target with a result of 78.6% against a target of 75%. The supporting of the homeless indicator continues to perform well with a total of 259 clients given help to prevent homelessness in the first six months of 2013-14.

A positive result is the involvement of volunteers at the museum who spent a total of 565 hours supporting activities and events this quarter.

Outcome 2.1 Levels of worklessness will have reduced– Lead Member Cllr Terry Turner, Lead Officer Kim Graham

Ref	Indicator	2011-12 Baseline (Apr 11 – Mar 12)	2012/13 Target	Good is	How often reported	Result Qtr 2	Target Qtr 2 2013-14	Result 2012-13	How have we performed ?	Control Full/ Partial/ None
2.1.1	Level of employment in the borough*	69.9%	N/A	High	Annual	N/A	Monitoring indicator	72%	↑	Partial
The level of employment at March 2013 was 72% which compared well to the West Midlands average of 68.4%.										
Ref	Indicator	2011-12 Baseline (Apr 11 – Mar 12)	2012/13 Target	Good is	How often reported	Result Qtr 2	Target Qtr 2 2013-14	Result 2012-13	How have we performed ?	Control Full/ Partial/ None
2.1.2	The percentage of working age people claiming Job Seeker's Allowance (JSA)	2.9% (Jun 12)	N/A	Low	Quarterly	2.7% (Aug 13)	Monitoring indicator	2.7% (Jun 13)	↔	Partial
This compares to the West Midlands result of 4.1% of working age people claiming Job Seekers Allowance in August 2013.										

*% of working age population (aged 16-64) who are economically active and in employment


Ref	Indicator	2011 Baseline (Nov 11)	2012/13 Target	Good is	How often reported	Result Qtr 2	Target Qtr 2	Result Qtr 1	How have we performed?	Control Full/ Partial/ None
2.1.3	The percentage of working age people claiming key out-of-work benefits*	11.5%	N/A	Low	Quarterly	10.8% (Feb 13)	Monitoring indicator	10.6% (Nov 12)		Partial

There has been a very slight increase in the number of claimants of key out-of-work benefits since the Qtr 1 result of 10.6%. This mirrors the increases both regionally and nationally over the same period (West Midlands 12.6% to 12.7%, England 11.6% to 11.7%).



* % of working age population (16-64) who are claiming JSA, ESA or Incapacity Benefit, lone parent and other income related benefits


Ref	Indicator	2012-13/ Baseline (year)	2012/13 Target	Good is	How often reported	Result Qtr 2	Target Qtr 2 2013-14	Result Dec 2012	How have we performed?	Control Full/ Partial/ None
2.1.4	The level of 16-19 year olds Not in Education, Employment or Training (NEET)	N/A	N/A	Low	Quarterly	N/A	Monitoring Indicator	4.91%	-	Partial
	To be provided									

Outcome 2.2 Local people will be able to access opportunities for personal development and growth – Lead Member: Cllr. Ann Beech, Lead Officer: Trevor Nicoll/Rob Foster

Ref	Indicator	2012-13/ Baseline (year)	2012/13 Target	Good is	How often reported	Result Qtr 2	Target Qtr 2 2013-14	Result Qtr 1	How have we performed?	Control Full/ Partial/ None
2.2.6	Number of hours worked by volunteers in council co-ordinated activities (museum)	2234	N/A	High	Quarterly	565	516	481		Partial
	The museum and art gallery currently has 15 volunteers who support officers with the work of the service. Their duties include dealing with archive enquiries, research, cleaning collections, documentation, digitisation, hanging exhibitions, invigilating, and assistance at events. Two additional members of volunteer staff have resulted in exceeding the Qtr 1 result and the target for this indicator.									


Outcome 2.3 Housing will be available and accessible to meet a range of diverse needs– Lead Member: Cllr Terry Turner, Lead Officer: Jo Halliday

Ref	Indicator	2012-13/ Baseline (year)	2012/13 Target	Good is	How often reported	Result Qtr 2	Target Qtr 2 2013-14	Result Qtr 1	How have we performed?	Control Full/ Partial/ None
2.3.4	Percentage of referrals for Disabled Facilities Grants (DFG) approved within six months	100%	N/A New target	High	Quarterly	100%	100%	100%		Partial
There have been 46 approvals between 01.04.13 to 30.09.13.										
2.3.5	Percentage of minor adaptations delivered within four months	71%	N/A New target	High	Quarterly	78.6%	75%	61%		Partial
Corrective measures are ongoing to seek to maintain this performance.										

Ref	Indicator	2012-13/ Baseline (year)	2012/13 Target	Good is	How often reported	Result Qtr 2	Target Qtr 2 2013-14	Result Qtr 1	How have we performed?	Control Full/ Partial/ None
2.3.6	Number of homelessness cases where positive action was successful preventing homelessness (from the PIE)	554	500	High	Quarterly	129	125	130		Partial
The service has successfully prevented homelessness in a total of 129 cases this quarter with the service projecting a target of 125. The total for the first six months of the year is 259.										

Outcome 2.4 Key parts of the borough will have been regenerated and there will have been overall economic growth– Lead Member: Cllr Terry Turner, Lead Officer: Jo Halliday/Louise Beeby

Ref	Indicator	2010 Baseline (year)	2012/13 Target	Good is	How often reported	Target 2013-14	Result 2011	How have we performed ?	Control Full/ Partial/ None
2.4.3	Rate of Business Births and Deaths	8.3% -Births 10.6% - Deaths Stock total 3,485	N/A	Business birth rate ≥ Business death rate	Annual	Monitoring Indicator	10.1% – Births 10.2% - Deaths Stock total 3,415	-	Partial
<p>There is a time lag in the data supplied from the ONS Business Demography: Enterprise Births and Deaths and the data shows that there was an increase in business set ups between 2010 and 2011. In terms of business support to prevent business death, Business Boost is open to all businesses in the borough to encourage and support business planning. The scheme then rewards businesses which have the potential to grow. Information on business start up and business support is now available on the Council's website; this includes referring customers to the LEP helpline if their business is in difficulty.</p>									

Ref	Indicator	2012-13/ Baseline (year)	2012/13 Target	Good is	How often reported	Result Qtr 2	Target Qtr 1 2013-14	Result Qtr 1	How have we performed?	Control Full/ Partial/ None
2.4.4	Average stall occupancy rate for markets	54%	55%	High	Quarterly	61%	55%	61%		Partial
<p>The occupancy rate has improved since the end of 2012-13 and exceeded the target of 55% with a maintained result of 61% for the first two quarters; this reflects the seasonal variances that more occasional trading occurs in the dry summer months.</p>										

Quarter 1 2013-14

Priority 3 : A healthy and Active Community

Overall Progress Report

Overall our progress with our outcomes for this priority is positive. A combination of monitoring and target driven indicators are measured to give context to the work undertaken by services. The performance for this quarter is shown where possible for the monitoring indicators where a comparison or previous results are known.

Unfortunately the targets are not yet available for the indicators (3.3.2 and 3.3.3) measuring progress of people to the GP referral programme but current information on the programme is detailed. A positive result is the number of visitors to the museum which is over the target of 37,000 and shows good progress in 2013-14. The number of leisure facility users this quarter was 143,481 with a target of 167,500 and is off target but it should be noted that the target for this indicator has been increased by 100,000 for the year. Positive results for the measures relating to the Parks and Open Spaces, linked to this priority and outcome 3.1, were reported in the last quarter, and are to be noted with 9 Green Flag awards and an improved satisfaction result by users

Outcome 3.1 People who live, work, visit or study in the borough will have access to high quality facilities– Lead Member Cllr Ann Beech , Lead Officer(s) Roger Tait

Ref	Indicator	2012-13/ Baseline (year)	2012/13 Target	Good is	How often reported	Target Qtr 2 2013- 14	Result Qtr 1	How have we performed ?	Control Full/ Partial/ None
3.1.1	Number of parks which have Green Flag status	9	9	High	Annual	9	9		Partial
A total of nine green flags have been awarded for 2013-14. Newcastle is the top performer in Staffordshire for these awards.									
3.1.2	Level of satisfaction with Council run parks and open spaces	70.2	-	High	Annual	70.2%	78.2%		Partial
Satisfaction with Council run parks has improved over the last year.									

Outcome 3.2 Levels of cultural activity and participation in the arts will have increased– Lead Member Cllr Elsie Bates , Lead Officer - Rob Foster

Ref	Indicator	2012-13/ Baseline (year)	2012/13 Target	Good is	How often reported	Result Qtr 2	Target Qtr 2 2013-14	Result Qtr 1	How have we performed ?	Control Full/ Partial/ None
3.2.2	Number of people visiting the museum	51,364	63,000	High	Quarterly	37,196	37,000	15225	↑	Partial
<p>Quarterly targets have been profiled this year to allow for the seasonal nature of the service. Marketing and raising awareness of the service to maintain and increase visitor numbers is a key objective for the museum during 2013/14</p> <p>During the Summer holidays a series of family friendly events and exhibitions both within the museum and on the park resulted in 15,000 people over 6 weeks.</p> <p>We are aware of the need to attract audiences throughout the winter – this is being addressed by looking at additional events/initiatives that attract new audiences. Training courses related to this are planned.</p>										
3.2.3	Number of people attending the local theatre	106,398	N/A	High	Quarterly	30,954	Monitoring Indicator	21,717	↑	Partial
<p>The New Vic Theatre is the main theatre serving the residents of Newcastle and the surrounding area. Council support for the theatre is through an annual funding stream and partnership working on a number of projects. The total attendances for the year to date are around 20% ahead of last year results.</p> <p>These figures are for theatre visits only and do not include visits to the Café, shop, meeting rooms or exhibitions.</p>										
3.2.6	Impact of community-run cultural events and people attending	£14,327.50	£14,360	High	Quarterly	£5,400	Monitoring Indicator	£2,000	↑	Partial
<p>In 2012-13, a total of 20 Community groups and organisations applied for Cultural Grants for funding totalling £29,277 and 14 groups were awarded grants totalling £14,327.50 out of an annual budget of £14,360.</p> <p>For 2013-14, 4 applications for Cultural Grants were received in the second quarter with all 4 being awarded a total of £5,400.</p>										

Outcome 3.3 There will be a range of healthy lifestyle choices, resulting in an increase in participation – Lead Member Cllr John Williams, Lead Officer - Rob Foster

Ref	Indicator	2012-13/ Baseline (year)	2012/13 Target	Good is	How often reported	Result Qtr 2	Target Qtr2 2013-14	Result Qtr 1	How have we performed?	Control Full/ Partial/ None
3.3.2	Number of referrals from GPs to organised sporting activity	Baseline – New indicator	N/A	High	Quarterly	64	To be agreed	101	-	Partial
The GP referral programme is led by the County and the targets will be set by December. Last year Newcastle had a total of 391 referrals with 61 people improving their health at the end of the 12 week programme. In the first quarter 16% of referrals completed the course and improved their health.										
3.3.3	Percentage of people referred for exercise by GPs whose health improves	Baseline – new indicator	N/A	High	Quarterly	32.8%	To be agreed	16%	-	Partial
See comment for 3.3.2.										
3.3.4	Number of people accessing leisure and recreational facilities	579,575	570,000	High	Quarterly	143,481	167,500	148,206	↓	Partial
The breakdown of users is as follows in Qtr 2: Jubilee 2 – 115,324, Kidsgrove Sports Centre – 15,475, Knutton Recreation Centre – 1,070, Sports & Events Team -11,612. There has continued to be short term closures at Kidsgrove Swimming Pool due to electrical faults and mechanical failure which has impacted on meeting the target set. , however Jubilee 2 continues to perform well. The data is currently being challenged and verified and an update will be provided when completed.										


Priority 4 : A co-operative Council, delivering high –value, community-driven services

Overall Progress Report


Overall our progress with our outcomes for this priority is positive. A combination of monitoring and target driven indicators are measured with two indicators (4.2.3 and 4.2.4) introduced for 2013-14 for which it will be the baseline year. The performance for this quarter is shown where possible for the monitoring indicators where a comparison or previous results are known.

The result for the Customer Service indicator - Percentage of requests resolved at first point of contact (4.4.8) continues to do extremely well with a high result of 99.29% , increased from 96.41% in the last quarter. Added to this the Skills and Competencies of Staff indicator result collated in Qtr 1 is excellent with a 96.4% achieved against a high target of 95%. However the result for staff sickness -Average number of days per employee lost to sickness has started 2013-14 off target but is being pro-actively managed as detailed in the report.

Outcome 4.1 The council will have increased the capacity and skills of its workforce– Lead Member Cllr Gareth Snell , Lead Officer - Richard Durrant

Ref	Indicator	2012-13/ Baseline (year)	2012/13 Target	Good is	How often reported	Result Qtr 4	Target Qtr 4 2014-15	How have we performed?	Control Full/ Partial/ None
4.1.5	Percentage of staff who feel they have the necessary skills/ competencies to do their job effectively	96.4%	95%	High	Biennial	-	95%		Full
The result for this indicator, which is collected biennially, has now been collated for 2012-13 and available to be reported in Qtr 1. It is a very good result and is over the high target set of 95%.									

Outcome 4.2 Councillors will be community champions and powerful community advocates– Lead Member Cllr. Gareth Snell, Lead Officer - Mark Bailey


Ref	Indicator	2012-13/ Baseline (year)	2012/13 Target	Good is	How often reported	Result Qtr 2	Target Qtr 2 2013-14	Result Qtr 1	How have we performed ?	Control Full/ Partial/ None
4.2.3	Percentage attendance at planned meetings by members	Baseline – new indicator	-	High	Quarterly	84.79%	Monitoring Indicator	87.78%		Partial
This indicator is calculated using the information from Modern.gov and is available for public viewing on the website after each meeting. From a total of 401 possible attendances for the second quarter the result was 340.										

Ref	Indicator	2012-13/ Baseline (year)	2012/13 Target	Good is	How often reported	Result Qtr 2	Target Qtr 2 2013-14	Result Qtr 1	How have we performed?	Control Full/ Partial/ None
4.2.4	Items raised by members on the Scrutiny Work programme.	Baseline – new indicator	-	High	Quarterly	4	Monitoring Indicator	To be updated in Qtr 2	-	Partial
Due to the nature of how topics are identified for scrutiny, there may be a decrease in the number of items identified by Members during quarters 2-4. This is because the committee's work programme for the forthcoming year is considered at the first meeting of the municipal year in quarter 1, where the majority of scrutiny topics for the forthcoming year will be identified.										

Outcome 4.3 The Council will have delivered further efficiencies – Lead Member Cllr Mike Stubbs, Lead Officers - Dave Roberts/Richard Durrant

Ref	Indicator	2012-13/ Baseline (year)	2012/13 Target	Good is	How often reported	Result Qtr 2	Target Qtr2 2013-14	Result Qtr 1	How have we performed?	Control Full/ Partial/ None
4.3.2	Percentage projected variance against full year council budget	0%	No variance	Low	Quarterly	0.1%	No variance	0%	↑	Full-Partial
Council Revenue Budget shows a small favourable variance at Quarter 2.										
4.3.3	Average number of days per employee lost to sickness	8.06 days (long term 5.08 and short term 2.98 days)	6.9	Low	Quarterly	4.05 days (long term 2.53 and short term 1.52 days)	3.75 days	2.16 days (long term 1.48 and short term 0.68 days)	↔	Partial
The cumulative Quarter 2 result is above target and as the intervention point (3.95 days for Quarter 2) remains active, both short term and long term sickness statistics are continuing to be monitored monthly at Executive Management Team and Departmental meetings. This is to ensure that managers are consistent and proactive in their approach and that early Occupational Health referrals are made in all cases of long term absence.										

Outcome 4.3 cont'd The Council will have delivered further efficiencies – Lead Member Cllr Mike Stubbs, Lead Officers - Dave Roberts/Richard Durrant

Ref	Indicator	2012-13/ Baseline (year)	2012/13 Target	Good is	How often reported	Result Qtr 2	Target Qtr2 2013-14	Result Qtr 1	How have we performed?	Control Full/ Partial/ None
4.3.7	Net income collected from Council assets	85.6%	No variance	High	Quarterly	97.1%	No variance	95.6%		Partial
Income still affected by economic downturn.										

Outcome 4.4 Local communities are engaged and able to shape and deliver services which impact on their lives – Lead Member Cllr John Williams , Lead Officer Jeanette Hilton


Ref	Indicator	2012-13/ Baseline (year)	2012/13 Target	Good is	How often reported	Result Qtr 2	Target Qtr2 2013-14	Result Qtr 1	How have we performed?	Control Full/ Partial/ None
4.4.8	Percentage of requests resolved at first point of contact	95.20	75.00	High	Quarterly	99.29	80	96.41		Partial
Our performance continues to be above target.										

Table of indicators to be collected and reported at later dates

Ref	Indicator	Frequency
1.1.4	Percentage of Category 1 housing disrepair hazards concerns brought to the attention of the Council that are investigated and addressed	Annual
1.2.1	Level of satisfaction with the support provided to vulnerable citizens	Annual
1.2.2	Support given to vulnerable citizens and victims of crime (narrative)	Annual
1.3.3	The amount of carbon emissions by the Council	Annual
1.3.4	Number of non-residential collections covered by the trade waste recycling scheme – includes Council properties and schools	Annual
1.4.3	Satisfaction with cleanliness of streets and green spaces	Annual
2.2.1-3	Number of people/ volunteers gaining NVQ/additional educational qualifications/employment (narrative) .	Annual
2.2.4	Narrative on the impact of the Council's role as employer of volunteers	Annual
2.2.5	Number of organisations working with the council to take on volunteers	Annual
2.3.1	The number of affordable homes provided as a result of partnership working with Registered Providers and the Homes and Communities Agency	Annual
2.3.2	The net number of additional homes provided	Annual
2.3.3	Number of empty properties brought back into use	Annual
2.4.1	Economic health across the borough (Narrative)	Annual
2.4.2	Buildings within the built heritage asset register improved and no longer at risk (narrative)	Annual
3.1.3-5	Level of satisfaction with Council-run leisure, cultural and bereavement services	Annual
3.1.6	Level of service equality of the two main Council information centres	Annual
3.1.7	Percentage of town centres public toilets that meet the Council's minimum standard for quality and cleanliness	Annual
3.2.1	Visitor satisfaction	Annual
3.2.4	Economic impact of visitors to museums (narrative)	Annual
3.2.5	Impact of volunteer development programme (narrative)	Annual
3.3.1	Percentage of primary school children who are categorised as obese	Annual
3.3.5	Number of teenage pregnancies	Annual

3.3.6	Number of premature deaths	Annual
4.1.1	Number of apprenticeships/shared apprenticeship placements offered	Annual
4.1.2	Percentage of workforce with completed learning and development plans	Annual
4.1.3	Percentage of staff who have completed accredited training courses	Annual
4.1.4	Number of e-learning modules completed-	Annual
4.2.1	Percentage of elected members who have a personal development plan	Annual
4.2.2	Impact of actions from the workplans (narrative)	Annual
4.2.5	Percentage of candidates and agents satisfied/very satisfied with the electoral service	Annual
4.3.1	Percentage of planned procurement efficiencies achieved	Annual
4.3.4	Percentage of residents who feel that the Council is providing VFM	Annual
4.3.5	Percentage return on council investments	Annual
4.3.6	Ratio of planned versus responsive maintenance expenditure on all Council owned buildings	Annual
4.3.7	Net income collected from Council Assets	Annual
4.4.1-2	Level of satisfaction with the role of the council in supporting communities	Annual
4.4.3	Impact of the Council's support in empowering communities to solve specific local problems (narrative)	Annual
4.4.4	Overall level of satisfaction with the Council as a provider of services	Annual
4.4.5	Percentage of people who feel that they can influence Council decisions	Annual
4.4.6	Level of satisfaction with the support provided to LAPs and other community group	Annual
4.4.7	Increase the number of residents, community and voluntary groups engaged with LAPs (narrative)	Annual

SCRUTINY COMMITTEE WORK PLAN



Committee Name:	Transformation and Resources Overview and Scrutiny Committee
Chair:	Cllr Elizabeth Shenton
Vice-Chair:	Cllr Sylvia Burgess
Portfolio Holder(s) Covering the Committee's Remit:	Cllr Gareth Snell – Communications, Policy and Partnerships Cllr Mike Stubbs – Finance and Resources Cllr Terry Turner – Economic Development, Regeneration & Town Centres
Work Plan Correct As At:	24 October 2013

Date of Meeting	Item	Reason for Undertaking
6 November 2013 (Agenda dispatch 25 October 2013)	Capital Strategy	Received annually by the Committee as part of the budget setting process.
	Medium Term Financial Strategy	Received annually by the Committee as part of the budget setting process.
	Financial and Performance Management Report Quarter 2 2013/14	To continue to monitor and scrutinise performance alongside finances.
3 December 2013 (Agenda dispatch 22 November 2013)	The Budget Consultation Process	As considered the previous year, to receive information relating to the outcomes of the budget consultation process.
	Portfolio Holder(s) Question Time	An opportunity for the Committee to question the Portfolio Holder(s) on their priorities and work objectives for the next six

Date of Meeting	Item	Reason for Undertaking
		months and an opportunity to address any issues or concerns that they may currently be facing. It's also an opportunity for the Portfolio Holder(s) to flag up areas within their remit that may benefit from scrutiny in the future e.g. policy development.
	First Draft Savings Plans 2014/15	To consider the First Draft of the Savings Plans for 2014/2015
	Treasury Management Strategy	Received annually by the Committee as part of the budget setting process.
	Asset Management Strategy	To look at the financial implications of the Asset Management Strategy.
	Council Plan	To receive an update on the Council Plan
14 January 2014	Scrutiny Café – date for information, there will be no agenda published.	
22 January 2014 (Agenda dispatch 10 January 2014)	Revenue and Capital Budget 2014/15	To consider the final version of the Revenue and Capital Budget 2014/15 before it is considered by Council on 26 February 2014.
	Scale of Fees and Charges	Received annually by the Committee as part of the budget setting process.
	Financial and Performance Management Report Quarter 3 2013/14	To continue to monitor and scrutinise performance alongside finances.
26 March 2014 (Agenda dispatch 14 March 2014)	Annual Review of the Scrutiny Committee's Work	To evaluate and review the work undertaken during 2013/14.

Task and Finish Groups:	Review of the Constitution Working Group – action to look at scrutiny committee remits
Future Task and Finish Groups:	
Suggestions for Potential Future Items:	Modernisation of the Post Office Network Council Plan Universal Credit

This page is intentionally left blank