

Guildhall Gainsborough

Lincolnshire DN21 2NA

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AGENDA

This meeting will be recorded and the video archive published on our website

Corporate Policy and Resources Committee

Thursday, 28th July, 2016 at 6.30 pm

Council Chamber - The Guildhall, Marshall's Yard, Gainsborough, DN21 2NA

Members:

Councillor Jeff Summers (Chairman)
Councillor Mrs Anne Welburn (Vice-Chairman)
Councillor Owen Bierley
Councillor Matthew Boles
Councillor David Cotton
Councillor Michael Devine
Councillor Adam Duguid
Councillor Steve England
Councillor Ian Fleetwood
Councillor John McNeill
Councillor Tom Regis
Councillor Reg Shore

1. Apologies for Absence

2. Public Participation Period

Up to 15 minutes are allowed for public participation. Participants are restricted to 3 minutes each.

3. Minutes of Previous Meeting

(PAGES 1 - 16)

To confirm as a correct record the Minutes of the previous meetings.

For Approval

- i) Minutes of the Corporate Policy and Resources Committee of 16 June 2016 (previously circulated)
- ii) Minutes of the Special Corporate Policy and Resources Committee of 14 July 2016 (previously circulated)

For Noting

- i) Minutes of the Joint Staff Consultative Committee meeting held 2 June 2016

Agendas, Reports and Minutes will be provided upon request in the following formats:

Large Clear Print: Braille: Audio: Native Language

- ii) Minutes of the Joint Staff Consultative Committee meeting held 7 July 2016

4. **Declarations of Interest**

Members may make declarations of Interest at this point or may make them at any point in the meeting.

5. **Matters Arising Schedule**

Setting out current position of previously agreed actions as at 20 July 2016

(PAGES 17 - 18)

6. **Public Reports for Approval:**

- a) Carbon Management Plan (PAGES 19 - 66)
- b) Leisure Contract Reprourement (PAGES 67 - 72)
- c) Progress & Delivery Period 1 (PAGES 73 - 96)
- d) Annual Treasury Management (PAGES 97 - 112)
- e) Budget and Treasury Management Monitoring Q1 (PAGES 113 - 150)
- f) Members Update on ICT Related Matters (PAGES 151 - 170)
- g) West Lindsey Trading Company (PAGES 171 - 236)
- h) Committee Work Plan (PAGES 237 - 238)

M Gill
Chief Executive
The Guildhall
Gainsborough

Wednesday, 20 July 2016

WEST LINDSEY DISTRICT COUNCIL

MINUTES of a Meeting of the Joint Staff Consultative Committee held in the Council Chamber at the Guildhall, Gainsborough on Thursday 2 June 2016 commencing at 4.00pm.

Present: Councillor Matthew Boles
Councillor David Cotton
Councillor Jessie Milne

Representatives of Union members: Karen Lond (Vice-Chairman)
Paul Key

Representatives of Non union staff: Rachel Parkin

In attendance:
Alan Robinson Strategic Lead for Democracy and Business Support
Michelle Howard Team Manager – Home Options
Katie Coughlan Governance and Civic Officer

Apologies: Councillor Jackie Brockway
Kate Hearn

1 APPOINTMENT OF CHAIRMAN FOR THE 2016/17 CIVIC YEAR.

The Strategic Lead for Business and Democratic Support opened the meeting and sought nominations for the position of Chairman.

RESOLVED that Councillor David Cotton be appointed as Chairman for the 2016/17 Civic Year.

Councillor David Cotton thereupon took the chair and thanked the Committee for nominating him as Chairman.

2 APPOINTMENT OF VICE-CHAIRMAN FOR THE 2016/2017 CIVIC YEAR.

Nominations were sought and received for the position of Vice-Chairman.

RESOLVED that Karen Lond be appointed as Vice-Chairman for the 2016/17 Civic Year.

3 MINUTES (JSCC.01 16/17)

(a) Meeting held on 31 March 2016

RESOLVED that the Minutes of the meeting of the Joint Staff Consultative Committee held on 31 March 2016 be confirmed and signed as a correct record subject to the word “home” being included at the end of the second sentence of the third paragraph on page 21.

(b) Extraordinary Meeting held on 20 April 2016

RESOLVED that the Minutes of the Extraordinary meeting of the Joint Staff Consultative Committee held on 20 March 2016 be confirmed and signed as a correct record.

4 MEMBERS’ DECLARATIONS OF INTEREST

There were no declarations of interest made.

5 MATTERS ARISING SCHEDULE (JSCC.03 16/17)

Members gave consideration to the Matters Arising Schedule which set out the current position of all previously agreed actions as at 24 May 2016.

It was noted that all actions had been completed.

RESOLVED that progress on the matters arising schedule as set out in report JSCC.03 16/17 be received and noted.

6 TO VARY THE ORDER OF THE AGENDA

A request had been received to revise the order of agenda, taking Paper E as the first item for consideration, after which time the agenda would be discharged as published. Having been moved and seconded it was : -

RESOLVED that the order of the agenda be revised as detailed above.

7 REVIEW OF THE CRB POLICY CHANGING IT TO THE DBS POLICY (JSCC.05 16/17)

Members were asked to give consideration to a report which reviewed the CRB Policy in order to bring it into line with the new DBS Regulations. By way of background and context the Committee noted that the DBS had been created with the merger of the Criminal Records Bureau (CRB) and the Independent Safeguarding Authority (ISA). The ISA had been created to prevent unsuitable people from working with children and adults.

The Disclosure and Barring Service (DBS), an Executive Agency of the Home Office, provided wider access to criminal record information through its Disclosure service.

The service enabled organisations in the public, private and voluntary sectors to make safer recruitment decisions by identifying candidates who may be unsuitable for certain work, especially that which involved children or vulnerable adults.

It was noted the DBS held two separate lists of individuals: those who were barred from working with children and those who were barred from working with vulnerable adults, known as 'barred lists'. The Protection of Freedoms Act 2012 states all those who will be working in 'regulated activity' with either children or vulnerable adults, must be checked against the relevant barred list.

The council had had a CRB Policy for a number of years but this was now out of date and needed bringing into line with the new DBS Regulations.

It was noted that work would take place with all Team Managers to assess the roles within the council in order to decide which if any roles needed a DBS check and at what level.

Managers would assess all roles and complete the DBS check assessment form, to evidence if a check was required for a role or not. Meetings would be arranged with managers on a priority basis to work collaboratively to complete the assessment process.

It was stressed that this work was about assessing the requirements of a 'job role' to be checked and not about whether an individual person needed assessing. In light of this the Policy would not be a requirement of all elected Members.

The policy had been revised following research and consultation with the internal Safeguarding working group. The policy had also been sent to Unison and Staff representatives for comments. Since publication, as a result of further comments received, it was noted that a further revision to Section 11 of the policy was required namely that it be amended to read

"Employees supervising young people during work experience and apprenticeships

If, as part of an employee's duties they are asked to supervise young people (under 18's) on work experience or through an apprenticeship, an enhanced DBS with Children's Barred list may be required. Advice should be sought from the HR team prior to agreeing to any supervision of young people"

RESOLVED that it be **RECOMMENDED** to the Corporate Policy and Resources Committee that: -

- (a) the revised CRB Policy changing into DBS Policy be approved for formal adoption subject to Section 11 being amended as detailed above; and
- (b) delegated authority be granted to the Director of Resources to make minor house-keeping amendments to the Policy in the future, in consultation with the Chairmen of the Corporate Policy and Resources Committee and Joint Staff Consultative Committee.

8 STAFF SURVEY ENGAGEMENT GROUP – UPDATE/PROGRESS

The Strategic Lead for Democracy and Business Support provided a verbal update to the Committee on the work of the Staff Survey Engagement Group.

As opposed to re-running the Staff Survey, the engagement Group had been established in the first instance to undertake proactive work with the workforce. Having reviewed the results of the last survey the Group had identified two areas to focus on, these being “The Council Communicates Well” and “I feel Valued and Recognised”. The Membership of the Group comprised representatives from a number of Teams including the Depot and whilst not all teams were covered Group Members had given a commitment to engage wider than their own personal team.

At the last meeting the Group had selected communication as the first priority to be addressed and had devised a number of mini-projects aimed at helping to improve communication across the organisation, examples being providing staff an opportunity to set an element of the Corporate Update agenda, and regularising Senior Officer Blogs. The next area to be addressed by the Group was Reward and Recognition.

It was noted that further updates would be submitted to the Committee as the Group’s work progressed.

The Joint Staff Consultative Committee welcomed the work that was being undertaken.

RESOLVED that the verbal update be noted.

9 ABSENCE UPDATE REPORT – 15/16 YEAR END POSITION (JSCC.04 16/17)

The Committee gave consideration to a report which presented an update on levels of sickness absence for West Lindsey District Council employees for the 15/16 year end position. The report also provided comparative figures from previous years and comparative benchmarking data

Debate ensued and all were in agreement that this was a fantastic year end position with the best attendance record achieved since data had been collected (2009).

Furthermore the organisation had out performed those it benchmarked against achieving only 6.07 days lost per FTE.

The Joint Staff Consultative placed on record their thanks to all employees for their hard work and dedication shown throughout the year. It was proposed and seconded that a formal communication be sent from the Committee to all staff expressing thanks. It was further suggested that this could be communicated via Minerva and the new TV screens / noticeboards.

In light of the positive attendance statistics and continued improvement in this area, UNISON, representatives made reference to the Managing Attendance Policy, in particular the trigger points contained therein, and suggested that it was maybe time that these were reviewed. These trigger points had never been supported by UNISON as there was a view that they were too stringent for manual, labouring and driving jobs (operational services functions). It was also suggested that they were not being used or applied fairly.

Officers confirmed that this matter had been raised previously and if UNISON were seeking a change in Policy they should make a formal request to the Human Resources Team Leader in the first instance for a formal discussion.

The statistical data contained within the report was discussed at length. The Committee were reminded of how misleading statistics could be, particularly in a small organisation; 1 or 2 long term sick cases could result in a significant impact on the percentages.

Referring back to the trigger points the staff representative present did not view the managing attendance meetings as a disciplinary matter or something negative but rather part of the pastoral care offered by the organisation and considered communicating them in such a way may be of assistance.

It was confirmed that staff achieving 100% did receive a thank you letter from the Chief Executive / relevant Director.

RESOLVED that

- (a) the levels of sickness absence for the year to date, April 2015 – March 2016 be noted; and
- (b) a formal communication be sent from the Committee to all staff expressing thanks for their hard work and dedication shown throughout the year.

10 HOME WORKING POLICY – POLICY REVIEW (JSCC.06 16/17)

Members were asked to give consideration to a report which reviewed the current Homeworking Policy and recommended a number of changes to be adopted subsequently by the Corporate Policy and Resources Committee.

It presenting the report it was noted that the council had had a Home Working Policy in place for a number of years, however the working environment and IT infrastructure had changed considerably to enable staff to work from other locations, including working at home.

The old policy had been reviewed and it had been agreed that a thorough rewrite of the policy would be required to bring it up-to-date and to provide a clear and manageable procedure for the council.

The Authority had recognised the importance of providing a flexible working environment, which maintained high quality services whilst enabling staff to improve their work life balance.

As with other forms of flexible working there is no automatic right to be able to work from home, nor was all work suited to working from home so availability would be based on:

- The needs of the service and the council
- Suitability of the employment and person to be able to work from home
- Demonstrable benefits and measurable outcomes for the service
- The nature of the post involved
- The suitability of the proposed work place
- Access to an adequate broadband connection
- The completion and suitability of the working from home self assessment

Whilst the policy would apply to all staff regardless of length of service, it was recognised that some roles would be more suitable to allow working from home than others, as outlined in section 2 of the report and included in the policy.

Finally the policy had been developed by the People and OD Team Manager in partnership with Team managers. Consultation had also taken place with the Health and Safety Co-ordinator and Unison and staff representatives.

This Policy had been deferred by the Joint Staff Consultative Committee at its meeting on 31 March 2016 due to disagreement over sections 11 and 12. UNISON sought and received clarification as to which elements of the Policy had now been amended. It was confirmed that Section 11 had been amended to now read “when an employee is working at or from home they must claim any mileage / journeys in line with the Travel and Subsistence Policy”. This Policy was the subject of a separate report due for consideration by the Committee. No amendments had been made to Section 12 of the Policy (Specialist Equipment) for the reasons cited at the previous meeting.

In response to concerns Officers confirmed house-keeping amendments were such matters as a change in job title for example. All housekeeping amendments had to be made in consultation with the two Chairmen specified in the recommendation and no fundamental change to Policy could or would be made without Committee approval.

RESOLVED that it be **RECOMMENDED** to the Corporate Policy and Resources Committee that: -

- (a) the Homeworking Policy be approved for formal adoption; and
- (b) delegated authority be granted to the Director of Resources to make minor house-keeping amendments to the Policy in the future, in consultation with the Chairmen of the Corporate Policy and Resources Committee and Joint Staff Consultative Committee.

11 TRAVEL POLICY – POLICY REVIEW (JSCC.07 15/16)

Members were presented with a revised Travel and Subsistence Policy in which a number of changes were being proposed.

This Policy had been deferred by the Committee at their meeting on 31 March 2016 when information, namely guidance from the HMRC, had been tabled at the meeting which some were of the view challenged the Policy's interpretation regarding mileage claims when working from home. There were some that expressed the view that ordinary return to work miles should not be deducted before submitting a travel claim as stated in the Policy.

The Human Resources Team Leader at the time had indicated that she was not comfortable in trying to interpret tabled information and would welcome further opportunity to consider the information outside of the meeting. It had been acknowledged that HRMC rules and guidance could be extremely difficult to interpret and information had previously been sought from the HMRC website in developing the Policy.

Discussion had ensued with both UNISON and Officers citing reasons as to why they considered their interpretation to be correct.

Since the report's deferral further consideration had been given to this area and further negotiations had taken place, however no general consensus had been reached and no amendments had been made to the Policy as a result. The staff representatives had confirmed that the Policy as presented was their understanding of the Policy and how they currently claimed. However the UNISON view differed and UNISON were not of the belief that this was how the Policy was intended. Management's view was that the Policy presented had been intended to provide more clarity to staff and not to change the principles that were already in place.

Both management and UNISON had provided other local authorities schemes as evidence to support their view. Discussion again ensued with both UNISON and Officers again citing reasons as to why they considered their interpretation to be correct.

Elected Members were not comfortable with the confusion that still remained and had been provided with evidence to support both interpretations. It was suggested

an options paper would be of assistance, in further determining the matter and on that basis it was

RESOLVED that in light of the comments expressed during consideration of the Travel Policy it be deferred with a view to an options paper being re-submitted to a future meeting.

12 WORK PLAN (JSCC.08 16/17)

Members gave consideration to their future work plan as set out in report JSCC.08 116/17. It was noted that if any Committee Member wished to see a report on a particular issue, this could also be raised.

Officers undertook to populate the Work Plan further following completion of Human Resources Team's Service Plan.

A Committee Member requested that future absence update report data be broken down into operational staff and office based staff.

RESOLVED that the Work Plan, as set out in report JSCC.08 16/17 be received and noted.

13 TO NOTE THE MEETING AND BRIEFING DATES FOR THE 2016/17 CIVIC YEAR

RESOLVED that the meeting and briefing dates for the 2016/17 civic year be noted as follows: -

Meeting Date	Briefing Date
• Thursday 2 June 2016	-
• Thursday 7 July 2016	27 June
• Thursday 8 September	25 August
• Thursday 6 October 2016	22 September
• Thursday 24 November 2016	10 November
• Thursday 19 January 2017	6 January
• Thursday 30 March 2017	16 March

The meeting closed at 5.21 pm.

Chairman

WEST LINDSEY DISTRICT COUNCIL

MINUTES of a Meeting of the Joint Staff Consultative Committee held in the Council Chamber at the Guildhall, Gainsborough on Thursday 7 July 2016 commencing at 4.00pm.

Present: Councillor David Cotton (Chairman)
Councillor Jessie Milne

Representatives of Union members: Paul Key

Representatives of Non union staff: Kate Hearn

In attendance:

Ian Knowles	Director of Resources
Alan Robinson	Strategic Lead for Democracy and Business Support
Michelle Howard	Team Manager – Home Options
Emma Redwood	Team Manager – People and Organisational Development
Kim Leith	Health and Safety Co-ordinator
Jo Brown	HR and Organisational Development Officer
Katie Coughlan	Governance and Civic Officer

Apologies: Councillor Matthew Boles
Karen Lond – UNISON Representative (Vice-Chairman)
Rachel Parkin - Staff Representative)

14 MINUTES (JSCC.01 16/17)

(a) Meeting held on 2 June 2016

RESOLVED that the Minutes of the meeting of the Joint Staff Consultative Committee held on 2 June 2016 be confirmed and signed as a correct record.

15 MEMBERS' DECLARATIONS OF INTEREST

There were no declarations of interest made.

16 MATTERS ARISING SCHEDULE (JSCC.10 16/17)

Members gave consideration to the Matters Arising Schedule which set out the current position of all previously agreed actions as at 29 June 2016

It was noted that all actions had been completed.

RESOLVED that progress on the matters arising schedule as set out in report JSCC.10 16/17 be received and noted.

17 STAFF ENGAGEMENT GROUP – VERBAL UPDATE/PROGRESS

The Team Manager, People and Organisational Development, provided a verbal update to the Committee on the work of the Staff Engagement Group.

As previously advised, as opposed to re-running the Staff Survey, the engagement Group had been established in the first instance to undertake proactive work with the workforce. Having reviewed the results of the last survey the Group had identified two areas to focus on, these being “The Council Communicates Well” and “I feel Valued and Recognised”. The Membership of the Group comprised representatives from a number of Teams including the Depot and whilst not all teams were covered Group Members had given a commitment to engage wider than their own personal team.

With regard to communication, which had been selected as the first priority to be addressed, as previously reported the Group had devised a number of mini-projects aimed at helping to improve communication across the organisation, examples being, providing staff an opportunity to set an element of the Corporate Update agenda, ask questions and provide feedback post the event; regularising the Chief Executive’s Blog and the introduction of Senior Officer Blogs; making use of newly installed monitors around the Guildhall, to show important and key corporate messages. A number of these had now been implemented and appeared to have been received positively. These mini projects had a formed an action plan and this would be kept under review.

The next area to be addressed by the Group was Reward and Recognition, and the group would again be asked to devise mini-projects for implementation with a view to creating an action plan.

It was noted that further updates would be submitted to the Committee as the Group’s work progressed.

The Joint Staff Consultative Committee welcomed the work that was being undertaken.

RESOLVED that the verbal update be noted.

18 SAFEGUARDING POLICY (JSCC.11 16/17)

Members were asked to give consideration to a report which presented the revised safeguarding policy.

The revised policy provided a framework to ensure that West Lindsey District Council met its statutory responsibilities in relation to safeguarding and promoting the wellbeing of:

- Safeguarding children and young people (Children Act, 2004)
- Safeguarding adults at risk (Care Act, 2014)
- Preventing people from being drawn into violent extremism (Prevent Duty, 2015)
- Domestic Abuse (Housing Act 1996, Homelessness Act 2002, Crime & Disorder Act 1998, Coercive Control Law 2015, Ending Violence Against Women and Girls Strategy 2016 – 2020, Protection from Harassment Act 1997)
- Hate Crime and Mate Crime (Equality Act, 2010)

The Council's safeguarding policy had been reviewed by the Corporate Safeguarding Working Group in response to a number of legislative changes, to ensure that West Lindsey District Council could effectively meet its safeguarding responsibilities. The changes also reflected recommendations made in the 'Vulnerable People Audit' (Internal Audit, 2015).

The policy document provided a reference point for Council staff, elected members, volunteers, key contractors, consultants and directly commissioned providers acting on behalf of the Council in order to protect anyone from failing to keep people safe. The policy and procedures sought to provide practical guidance and sought to ensure that the Council played its full part in safeguarding and promoting the wellbeing of its communities at all times.

Broadly speaking, the Council's safeguarding responsibilities included:

- Having effective safeguarding policies in place
- Knowing how to identify concerns
- Having a knowledgeable and capable workforce
- Referring to partners
- Working with partners such as the police, social services, health agencies and other local authorities
- Regular auditing and scrutiny

It was important that a consistent and effective approach was adopted across the Council to ensure it met its statutory responsibilities, protected the community and protected the reputation of the Council.

The scope of the safeguarding policy had been expanded to include each of the policy areas which impacted on supporting and protecting vulnerable people.

The combined policy and associated procedures were split into distinct chapters.

- Chapter 1: 'Safeguarding is Everyone's Business'
- Chapter 2: Safeguarding Children & Young People
- Chapter 3: Safeguarding Adults at Risk
- Chapter 4: Domestic Abuse
- Chapter 5: Prevent
- Chapter 6: Hate Crime & Mate Crime

Throughout the policy, there were links to internal and external guidance and policies and to associated procedures.

It was noted that it had been intended to include a 7 Chapter, entitled Training, Governance and Audit, as indicated in the covering report, however on reflection this matter had now been integrated throughout the whole document.

The policy would be reviewed on an annual basis, and updated where appropriate, however if a weakness was identified in procedures or national guidelines changed, the policy would be reviewed and revised immediately. Any amendments to national or local guidelines and legislation would be recorded within the policy and signed off by the Core Management Team. Staff, Elected Members, volunteers and anyone working for and / or on behalf of the council would be notified of any changes to the policy or associated procedures.

The policy was supported by procedural guidance, training and awareness action plan and an audit programme (led by the respective safeguarding boards). Delivery of the policy objectives and actions were coordinated by the Corporate Safeguarding Working Group. The group's terms of reference and membership were shared with the Committee.

Debate ensued and it was suggested that an Elected Member Representative should be sought to attend the Corporate Safeguarding Working Group.

In responding to questions, it was noted that Elected Members had received training on Safeguarding as part of their induction. All were of the view that refresher training should be held for Members and it was noted that this had been included in the Member Development Plan and would likely take the form of on-line training.

At the request of the Committee the nature of "mate crime" was outlined.

Mr Key, outlined certain scenarios, which street operatives, might be likely to witness, and enquired as to whether these would be safeguarding issues. The Team Manager for Home Options, indicated that anything that caused a person concern should be reported and it would be for the responsible person to determine whether action needed to be taken. The Home Options Team Manager, indicated that she would welcome the opportunity to work more closely with street operatives to ensure they knew the processes by which to report concerns.

RESOLVED that it be **RECOMMENDED** to the Prosperous Communities Committee that: -

- (a) the revised Safeguarding Policy be approved for formal adoption; and
- (b) delegated authority be granted to the Director of Resources to make minor house-keeping amendments to the Policy in the future, in consultation with the Chairmen of the Prosperous Communities Committee and Joint Staff Consultative Committee.

19 ANNUAL HEALTH AND SAFETY REPORT (JSCC.12 16/17)

The Committee gave consideration to a report which provided a summary of performance of the Health and Safety Service throughout the Authority.

The report aimed to:

- Give members and leadership team reassurance and confidence that health, safety and welfare was being properly managed within the organisation by sharing of information on progress and delivery;
- Provide an auditable trail of engagement with Members and senior leadership that would contribute to demonstrating compliance to external enforcement agencies
- Maintain health, safety and welfare at the front and centre of the organisation as a corporate priority; and
- Demonstrate the transparent, proactive management and control of corporate risk, legal compliance and reputation.

The Committee placed on record their thanks to the Health and Safety Co-ordinator and all of the Safety Champions for the work they undertook throughout the year. It was suggested that a formal message be communicated via the newly installed TV monitors.

Discussion ensued during which Mr Key raised concerns that managers were undertaking the role of Safety Champs at the Depot and questioned whether this gave rise to a conflict of interest. He further advised that this caused concern amongst some of the work force. In responding to further questions, the Committee were advised that the Health and Safety Co-ordinator, had a role in selecting safety champions, in the event that there was more than 1 expression of interest. In response to a direct question, Mr Key confirmed that he had not raised concerns at the time the Safety Champs had being appointed

The Chairman sought and received confirmation that the report would be proceeding to the Corporate Policy and Resources Committee and on that basis it was:-

RESOLVED that the update be received, supported, noted and **RECOMMENDED** to the Corporate Policy and Resources Committee.

Note: Mr Key abstained from voting on the above decision.

20 MATERNITY POLICY – POLICY REVIEW (JSCC.13 16/17)

Members were asked to give consideration to a report which reviewed the current Maternity Policy and recommended a number of changes arising from updated legislation to be adopted subsequently by the Corporate Policy and Resources Committee.

It presenting the report it was noted that all of the proposed changes had been listed out in Appendix A to the report for clarity and ease.

The Policy had been developed by the HR and OD Officer and in doing so feedback had been obtained from 11 employees who were currently pregnant or had taken maternity leave within the last 4 years. The Policy had also been sent to Unison and Staff Reps for comment.

The Policy would be made available on Minerva and clear communication would be sent to all Managers to make them aware that the Policy had been reviewed and to update them on their responsibilities. Training and support would also be offered by the HR Team on the implementation and application of this policy.

In responding to questions it was confirmed that no instances of Shared Parental Leave had been applied for. It was further noted that this reflected the national picture.

RESOLVED that it be **RECOMMENDED** to the Corporate Policy and Resources Committee that: -

- (a) the Maternity Policy be approved for formal adoption; and
- (b) delegated authority be granted to the Director of Resources to make minor house-keeping amendments to the Policy in the future, in consultation with the Chairmen of the Corporate Policy and Resources Committee and Joint Staff Consultative Committee.

21 WORK PLAN (JSCC.14 16/17)

Members gave consideration to their future work plan as set out in report JSCC.14 16/17. It was noted that if any Committee Member wished to see a report on a particular issue, this could also be raised.

Mr Key sought and received clarification on the content of both the “introduce a leaving the authority procedure” and “Introduce a fixed term contract procedure” work items.

It was further noted that the deferred travel policy would now likely be re-submitted in October 2016.

RESOLVED that the Work Plan, as set out in report JSCC.14 16/17 be received and noted.

22 TO NOTE THE DATE OF THE NEXT MEETING

- 8 September 2016 at 4.00 pm.

The meeting closed at 4.40 pm.

Chairman

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Corporate Policy & Resources Committee Matters Arising Schedule (CPR.11 16/17)

Purpose:

To consider progress on the matters arising from previous Corporate Policy & Resources Committee meetings.

Recommendation: That members note progress on the matters arising and request corrective action if necessary.

Matters arising Schedule

Status	Title	Action Required	Comments	Due Date	Allocated To
Black	DBS Policy	The CP&R Committee suggested that if the DBS policy applied to volunteers in the same way as to staff this should be specified within the policy for clarity	Completed	28/07/16	Emma Redwood
Green	Progress and Delivery - Projects	Minutes Extract 12/05/16 It was acknowledged that not all projects reached stage 2 or 3, and it would also be useful to see information on those projects taken off the list either due to completion or non-pursuance. The Director of Resources agreed to provide Members with a half yearly update on projects which reached stage 3.		10/11/16	Ian Knowles
	Revised P&D format	The CPR cttee suggested that the chart setting out when improvements were needed by, should also include an officer's name for accountability	IK verbal response to July meeting	28/07/16	Ian Knowles

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CPR.12 16/17

**Corporate Policy and
Resources Committee**

Date 28 July 2016

Subject: Carbon Management Plan 2016-2021

Report by:

Mark Sturgess
Chief Operating Officer

Contact Officer:

Karen Lond
Energy & Climate Change Officer
01427 676618
karen.lond@west-lindsey.gov.uk

Purpose / Summary:

For members to receive the updated Carbon Management Plan and approve.
The Carbon Management Plan sets out strategically how the Council can reduce its Carbon Dioxide emissions over the next 5 years and embed carbon management across the council.

RECOMMENDATION(S):

- 1. That members agree and endorse West Lindsey's Carbon Management Plan**
- 2. That Members approve the Capital budget and release of £130,000 from Carbon Reduction Earmarked Reserve for the identified Carbon Management Projects over a 5 year period.**
- 3. FITS receipts will contribute towards the corporate savings target from 2018/19 onwards (once £130K is achieved in Carbon Reduction Earmarked Reserve).**

IMPLICATIONS

Legal: none

Financial : FIN/33/17

A capital budget of £50k is included in the current 2016/17 capital programme, however, upon approval of these proposals, the programme will be updated to include £130k over the next 5 years, and revenue budgets provided as detailed at paragraph 5. These costs will be met from the Carbon Reduction Earmarked Reserve.

Previous carbon reduction measures, have resulted in revenue savings within the utilities budgets and have generated an ongoing income stream of circa. £22k per annum from solar panel electricity which is sold back to the grid. This income has been set-aside each year to support further carbon reduction measures, however, due to the significant savings target required by 2020/21, this income will be utilised to support the revenue budget from 2018/19 onwards.

The plan identifies savings of £7,815 as a result of carbon reduction measures.

Any future carbon reduction projects after 2020/21 will be subject of Capital Bids in accordance with the Capital Strategy.

Staffing :

Equality and Diversity including Human Rights :

Risk Assessment :

Climate Related Risks and Opportunities : This plan supports our commitment to reduce carbon emissions from our own estate and put measures in place to mitigate future rises, therefore supporting and assisting with our progress to addressing and adapting to climate change.

Title and Location of any Background Papers used in the preparation of this report:

West Lindsey's District Council Carbon Management Plan – 11/1/10
<https://www.west-lindsey.gov.uk/my-services/refuse-recycling-and-your-environment/energy-and-sustainability/carbon-management/carbon-management-plan/>

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

No

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

No

1 Background

- 1.1 In 2010 West Lindsey District Council approved our first Carbon Management Plan (ref:CW33 09/10); this plan was for five years and ran out in 2014. The council still considers reducing energy usage and carbon as important and an updated Carbon management plan will help us to continue to monitor energy usage and consider ways we can reduce this.
- 1.2 The Updated Carbon Management Plan shows our current emissions and a planned route on how to reduce our carbon emissions for the next five years. Within the plan are carbon reducing projects and timed action plans. To ensure that carbon management is embedded into the Council the plan details how it will be managed, reviewed and updated. The updated Carbon Management Plan is attached as Appendix A.

2. Baseline CO_{2e}

- 2.1 In 2008/2009 (our baseline year) West Lindsey District Council emitted 2036 tonnes of CO_{2e}, two thirds of these emissions were from our buildings and one third was from our transport. In 2014/15 we emitted 1671t of CO_{2e} with the split between buildings and transport now being nearly half and half.
- 2.2 If we put no plans in place to reduce the Council's energy consumption then emissions of CO₂ will rise year on year and whilst energy prices are currently relatively low they may rise again in the future and adversely impact on our ever reducing and limited budgets.
- 2.3 Greenhouse gas emissions is the industry standard for measuring CO_{2e} and we have measured, recorded and reported our emissions in this format since the withdrawal of Local Area agreements and NI185.

3. Target

- 3.1 No target relating to CO₂ is currently in place: this plan updates the expired Carbon Management Plan and sets new targets.
- 3.2 The council has achieved a total reduction in its CO_{2e} emissions since 2008/09 of 365t which is 18%: we originally set a target to reduce our

emissions by 25% over 5 years from the baseline year of 2008/2009. In 2021 we want our emissions to be 35% less than our baseline year of 2008/09, which means we need to achieve an additional 17% on top of the 18% that has been achieved so far.

- 3.3 West Lindsey continues to have a low carbon footprint compared to similar councils in Lincolnshire and nationally; which means further reductions will again be challenging. To achieve this will require a strategic approach to carbon management across the authority.

Target: To reduce the Council's CO₂e emissions by 35% from the baseline year of 2008/2009

- 3.4 If we achieve this target we will:-
- make further reductions of our Greenhouse Gas emissions
 - reduce our energy consumption
 - contribute to Theme 6 of the Corporate Plan
 - show a positive lead to the community
 - be mitigating against the risks of climate change
 - manage and limit the effects of future potential rises in energy costs on the Council

4. Carbon Projects Identified

- 4.1 Possible projects were selected based on their carbon and financial savings. The final, substantiated target is in the Carbon Management Plan (CMP) for your approval.

Identified projects include:-

- Effective Office Space Utilization (Guildhall)
- Voltage Optimisation (TAC)
- Replacement energy efficient lighting (Leisure Centre)

For a full list of projects see Definition of Projects – Appendix A of Carbon Management Programme, page 25.

5. Finance

	1.4.2016	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Carbon reduction EMR at year end	£104,415	£82,915	£85,415	£92,175	£96,175	£84,415	£84,415
Capital Investment		£20,000	£19,500	£9,240	£18,000	£33,760	£100,500
Revenue investment		£23,500	£0	£6,000	£0	£0	£29,500
Total Investment		£43,500	£19,500	£15,240	£18,000	£33,760	£130,000
Estimated Revenue Savings (p.a)		£5,765	£5,765	£7,815	£7,815	£7,815	£34,975

- 5.1 In financial terms, the energy market is somewhat volatile and predictions in future energy costs are uncertain: some reliable sources predict a fall in energy prices and others predict a rise over the next five years. With such uncertainty it is sensible to take a cautious approach based on the assumption there may be modest rises in energy over the next five years and therefore by reducing our energy consumption we can limit or reduce our energy costs.
- 5.2 Value at Stake projections; if we continue with business as usual (i.e. take no planned action to reduce our energy consumption and cut carbon) it is predicted our energy consumption and carbon emissions would rise and dependant on the energy market there may be an increase in cost to the council. We are unable to make any accurate predictions on financial savings that could be achieved from carbon savings due to the current volatility of the energy market.
- 5.3 To fund the Carbon Projects identified in the Carbon Management Plan (see Appendix A of Carbon Management Plan) a budget of £130,000 (taken from remaining Carbon pot and FITS payments accrued now and in the future) over the five years has been proposed: potential savings from reductions in energy usage will be a saving to the council. Please note some projects identified are already funded, this is stated clearly in the appropriate Project Definition of the Carbon Management Plan.

6. Conclusion

- 6.1 The updated West Lindsey Carbon Management Plan will assist the Council to reduce our CO_{2e} emissions by a further 17% to achieve a total reduction of 35% since our baseline year and could reduce or limit our future energy costs. The Carbon Management Plan will be reviewed and reported on annually.

Carbon Management Plan 2016-2021





**West Lindsey District Council
Carbon Management Plan
2016-2021**

WLDC Carbon Management Plan
Version: Final
Dated: 29th April 2016
Report Author: Karen Lond

Forward

In these times of austerity, it is vital that WLDC continues to consider ways to reduce its energy consumption across all its estate. This carbon management plan takes a strategic approach to understanding our carbon emissions corporately and prioritizing the most effective actions.

This second Carbon Management Plan updates our previous one and sets new ambitious carbon reduction targets for the next five years; new Carbon Management projects have been identified that will need to be implemented to achieve our target reduction. Progress towards our target will be measured and reported on annually.

All West Lindsey employees need to take reducing energy seriously and should understand this plan supports theme 6 of the Corporate Plan.

We are committed to reducing our carbon emissions as an authority and look forward to the challenges ahead.



Chief Executive
Manjeet Gill



Leader of the Council
Jeff Summers

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Overview of the main document highlighting the key messages

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Current carbon emissions and reductions achieved

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5. Carbon management projects

Planned projects and predicted potential savings.

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7. Embedding Carbon Management

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8. Governance

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Appendices

A. Carbon projects

More detailed explanation of each proposed carbon project

1. Executive Summary

Background

It is vital that the Council manages the risks and opportunities related to Climate change for example by controlling carbon emissions from our own operations.

West Lindsey District Council signed the Nottingham Declaration in January 2007 which set out the Council's acknowledgment of the impacts that Climate Change has and the commitment to tackle the causes and effects on the District; (the Nottingham Declaration has been superseded by Climate Local which as yet we have not signed up to). We subsequently committed to drawing up a Carbon Management Plan through the East Midlands Carbon Action Programme supported by the Carbon Trust in 2009 and launched this plan on 11th January 2010. This was a five year plan which committed the council to a target of reducing CO₂ by 25% by 2014 and underpinned potential financial savings to the council of around £0.2 million. This plan has now expired so a new updated carbon management plan has been developed that details achievements in carbon reduction to date and plans how to achieve further reductions.

Vision

WLDC Corporate Plan – Theme Six – Excellent, Value for Money services
we are conscious of our social and environmental responsibilities and therefore will endeavour to conduct our business while simultaneously looking to reduce our carbon footprint.

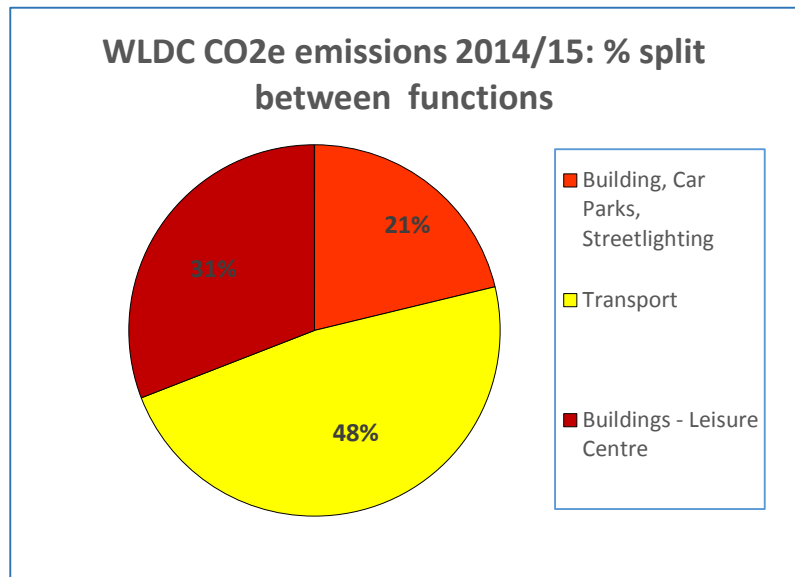
This plan supports our corporate plan to reduce our carbon footprint and maps out how we can reduce the Council's CO_{2e} emissions and reduce our carbon footprint. Despite our modest CO_{2e} emissions we have set an ambitious target of reducing our emissions by **35%** from our baseline year of 2008/2009 which means we need to achieve an additional **17%** on top of the 18% that has been achieved so far. This shows our determination as a council to lead on addressing climate change. This plan supports our commitment through Greenhouse Gas emissions to reduce our CO_{2e} emissions and assist with our progress to addressing and adapting to climate change.

To achieve the 35% target from our baseline we will need to reduce carbon emissions by a further 346 Tonnes by March 31st 2021.

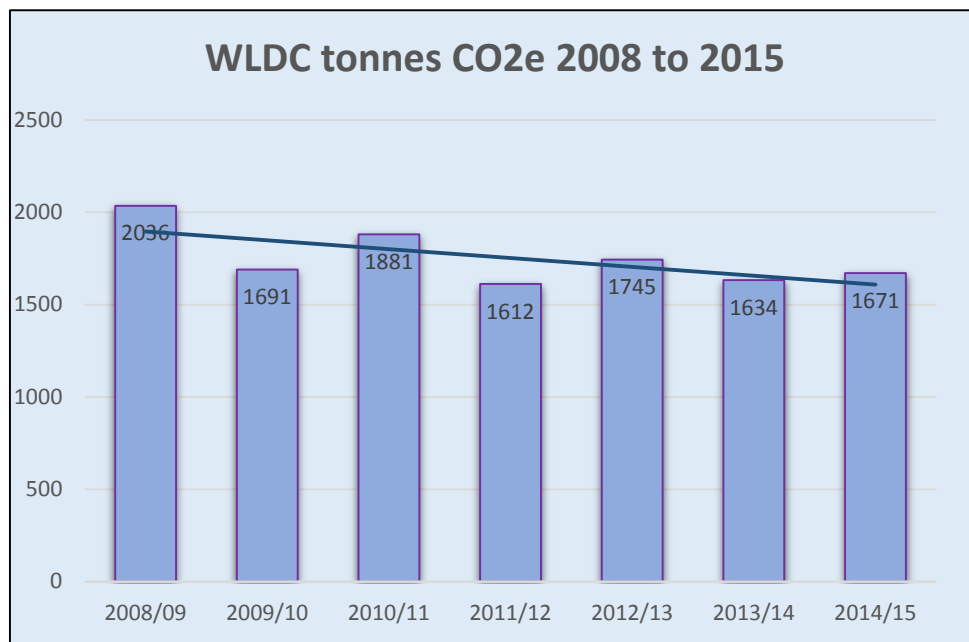
We have set a target in this carbon management plan to reduce our emissions by 35% by 2021 at a cost of approximately £130,000.

Baseline

Our current CO₂e emissions are **1671t** for 2014/15; the pie graph opposite shows the split between emissions emitted from our buildings (includes car parks and lighting) Leisure Centre and transport (fleet and grey fleet). The split is now nearly half and half compared to our baseline year of 2008/09 when roughly two thirds of our emissions were from buildings and just one third from transport and reflects the considerable reductions in energy use in our buildings we've made since 2008/09.

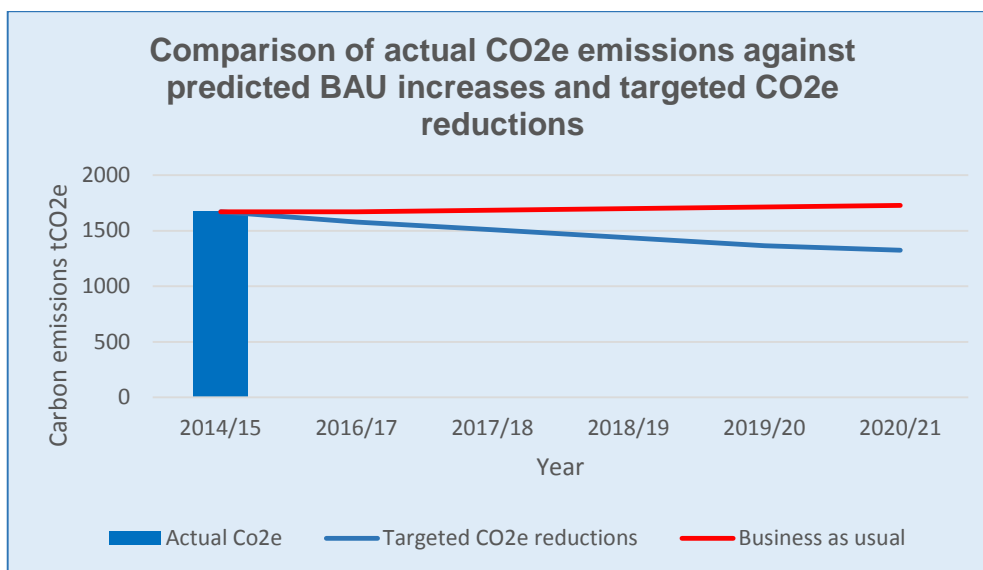


The graph below shows actual WLDC Greenhouse gas emissions from the baseline year of 2008/09 to 2014/15 measured in tonnes of CO₂e with the trend line demonstrating reductions achieved so far.



If we don't invest in further carbon reduction projects then this trend would gradually start to increase again as we use more energy and emit more Greenhouse gas emissions.

The business as usual line (BAU) on the graph below shows that if we do nothing over the next 5 years emissions would start to rise again by an estimated 0.7% a year. The target line shows the emissions based on achieving a further 17% reduction over the next 5 years.



In financial terms, the energy market is somewhat volatile and predictions in future energy costs are uncertain: some reliable sources predict a fall in energy prices and others predict rises over the next five years. With such uncertainty it is sensible to take a cautious approach based on the assumption there may be modest rises in energy over the next five years and therefore by reducing our energy consumption we can limit or reduce our energy costs.

We are proposing a budget of £130,000 to form the Carbon pot for the next 5 years this will be taken from the balance and accrued payments received from our FITs payments (as solar PV at the Leisure Centre and Festival Hall was originally paid for out of the original £200K carbon pot) to finance the carbon saving projects identified in this plan. So far we have identified projects that could produce about half of the carbon savings needed to achieve our 17% target. Some of the identified projects have yet to be developed to show costs and potential CO₂e savings. The Carbon Management Programme is a rolling programme, so as projects are developed the figures will be added towards our target. Some of the identified projects may not be progressed as the cost benefit or other factors may make them unviable. In order to address the shortfall members of the Carbon Management Team will be tasked with bringing forward new projects to be evaluated and included in the programme. Careful consideration will need to be given to any future purchases and projects that could potentially increase our carbon emissions above our 2008/2009 baseline: such projects will need to include mitigation measures from the outset in order for us to achieve our target.

Identified projects include:-

- Roof insulation, replacement energy efficient lighting, replacement energy efficient convector heaters (Trinity Arts Centre)
- Replacement LED energy efficient lamps and dimming street lighting
- Replacement energy efficient lighting (Leisure Centre)

(For all identified projects see Appendix A page 25.)

To achieve this ambitious target will require senior management buy in and the whole council getting behind the saving energy ethos; the principles will need to be embedded across all departments.

2. Introduction

Why does West Lindsey District Council need a Carbon Management Plan?

It is vital that the council manages the risks and opportunities related to climate change for example by controlling carbon emissions from our own operations; cutting carbon emissions is part of the fight against climate change and a priority for the council, it's about getting our own house in order and leading by example. If the council does not monitor and manage its energy usage and subsequent carbon emissions then both are likely to increase year on year subjecting the council to potentially increasing fuel costs and carbon taxes. By reducing our energy consumption we also reduce our carbon emissions making a positive contribution to the environment and limiting the council's vulnerability to future increases in fuel costs.

If we don't continue to reduce our energy consumption we could incur additional costs that will need to be met out of existing budgets.

No target relating to CO₂e is currently in place: this plan updates the Carbon Management Plan and sets new targets. West Lindsey continues to have a low carbon footprint compared to similar councils in Lincolnshire and nationally; which means further reductions will be challenging. The council has achieved a total reduction in its CO₂e emissions since 2008/09 of **365t** which is **18%**.

This plan sets out how we will achieve a total **35%** reduction in CO₂e by 2021, since our baseline year of 2008/09.

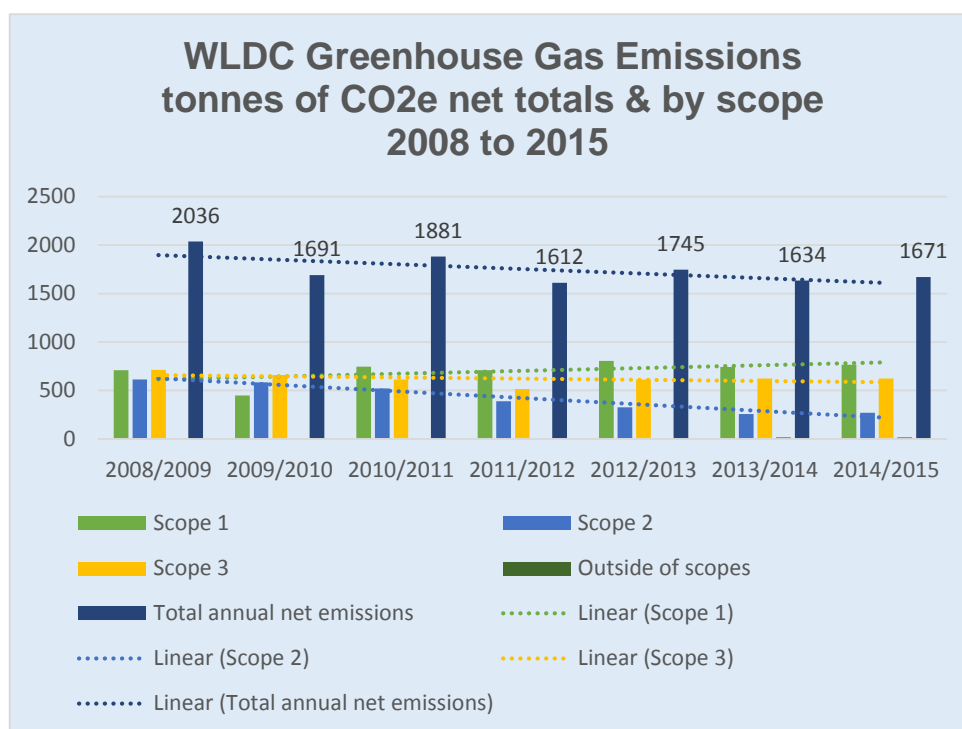
To achieve this the plan identifies potential carbon saving projects which can achieve a further CO₂e reduction of **346t** which is **17%**.

There are those that can and those that do; Local authorities can contribute significantly to reducing CO₂ emissions.

This carbon management plan update takes a strategic approach to understanding our carbon emissions corporately and prioritizing the most effective actions to achieve further savings. Whilst this is initially a 5 year programme this plan will be updated and reviewed annually and is expected to carry on delivering carbon and financial savings beyond the initial 5 years.

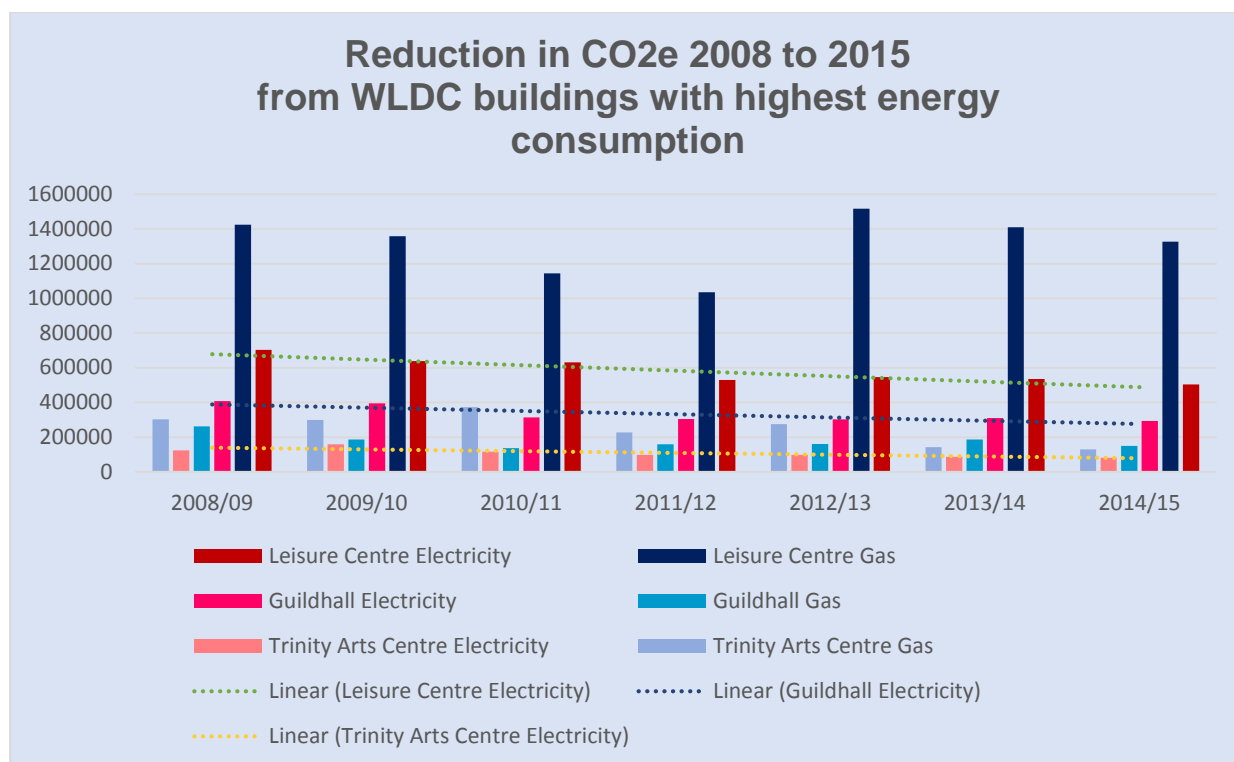
3. Where are we now?

The graph below shows our total Greenhouse gas emissions in tonnes of CO₂e from our baseline year of 2008/2009 up till 2014/2015; it also shows this per scope and the linear trend of emissions reducing since our baseline year. CO₂e for 2014/2015 is 1671 tonnes this is 365t less than our baseline of 2008/2009 and means we have achieved an 18% reduction in emissions to date. All our Greenhouse Gas Emissions report can be viewed online by following this link <http://www.west-lindsey.gov.uk/residents/refuse-recycling-and-your-environment/energy-and-sustainability/greenhouse-gas-emissions/>



- 3.1 Since the first Carbon Management Plan was formulated in 2009 the reporting criteria for carbon emissions has changed vastly. NI 185 was one of the main drivers for the original plan: NI185 was withdrawn in 2011 when the National Indicator set was reviewed and the Local Area Agreements withdrawn. Since then we have reported annually on our Greenhouse Gas emissions following the DEFRA guidelines <https://www.gov.uk/government/publications/environmental-reporting-guidelines-including-mandatory-greenhouse-gas-emissions-reporting-guidance>
- 3.2 We converted all our previous NI185 emissions to GHG emissions using the conversion factors supplied annually from DECC. In 2013 DECC modified the calculation for GHG reporting so we again recalculated right back to the baseline year of 2008/2009. We now have the most accurate data on our corporate emissions we have ever had.
- 3.3 Greenhouse Gas emissions are environmental KPIs so: by setting targets to reduce our GHG emissions and measuring and reporting on these, we will not only reduce our energy consumption and associated costs, we can capture the link between environmental and financial performance, gaining a better understanding of our exposure to climate change, demonstrating leadership and strengthening our green credentials.

3.4 Significant reductions in emissions have been achieved from our buildings. The graph below shows the buildings with the largest energy requirements: from 2008 to 2015 there has been a reduction of 247tonnes of carbon in these three buildings this equates to a significant 12% of our total emission reductions. The linear trend lines demonstrate how all three buildings have reduced their electricity and that the trend is downwards, see graph below; you can also see that gas consumption has reduced at both TAC and Guildhall.

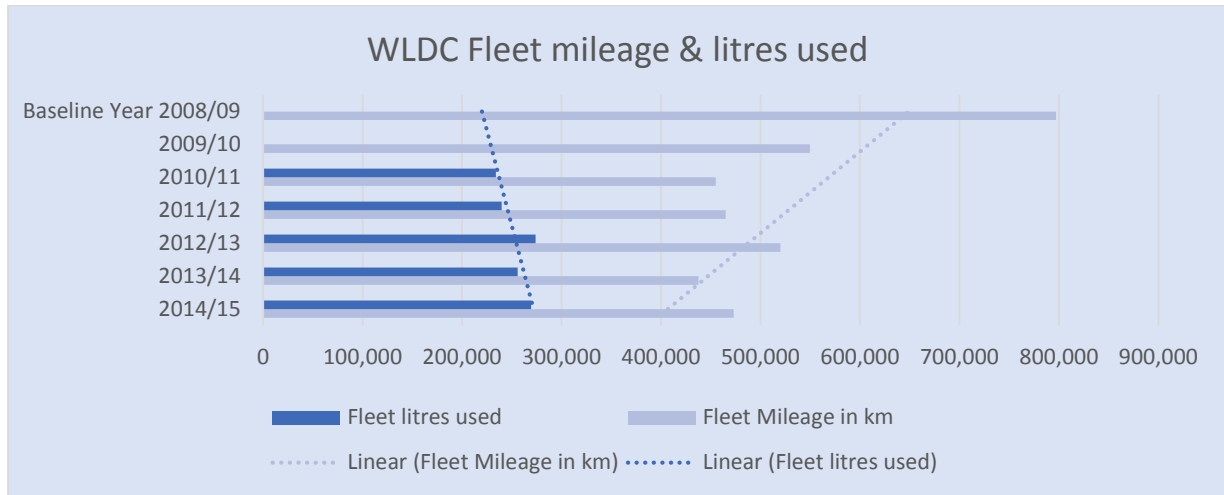


3.5 In the original Carbon Management Plan projects were not identified for Trinity Arts Centre as at the time its future ownership was uncertain: since then with its future secured we have identified energy efficiency measures at TAC following an energy audit of the building. Projects completed have included draught proofing its many exterior doors, new gas central heating boiler and new controls. We also identified the need for insulation in the roof voids to be installed when the roof was replaced: this will now be occurring in May 2016.

3.6 Numerous projects were identified for the Leisure Centre which have all been completed these included cavity wall insulation to two of the pool hall walls, lagging of CH pipes in boiler house, voltage optimisation, bowls hall refurbishment which included roof insulation, upgraded heating and energy efficient lighting.

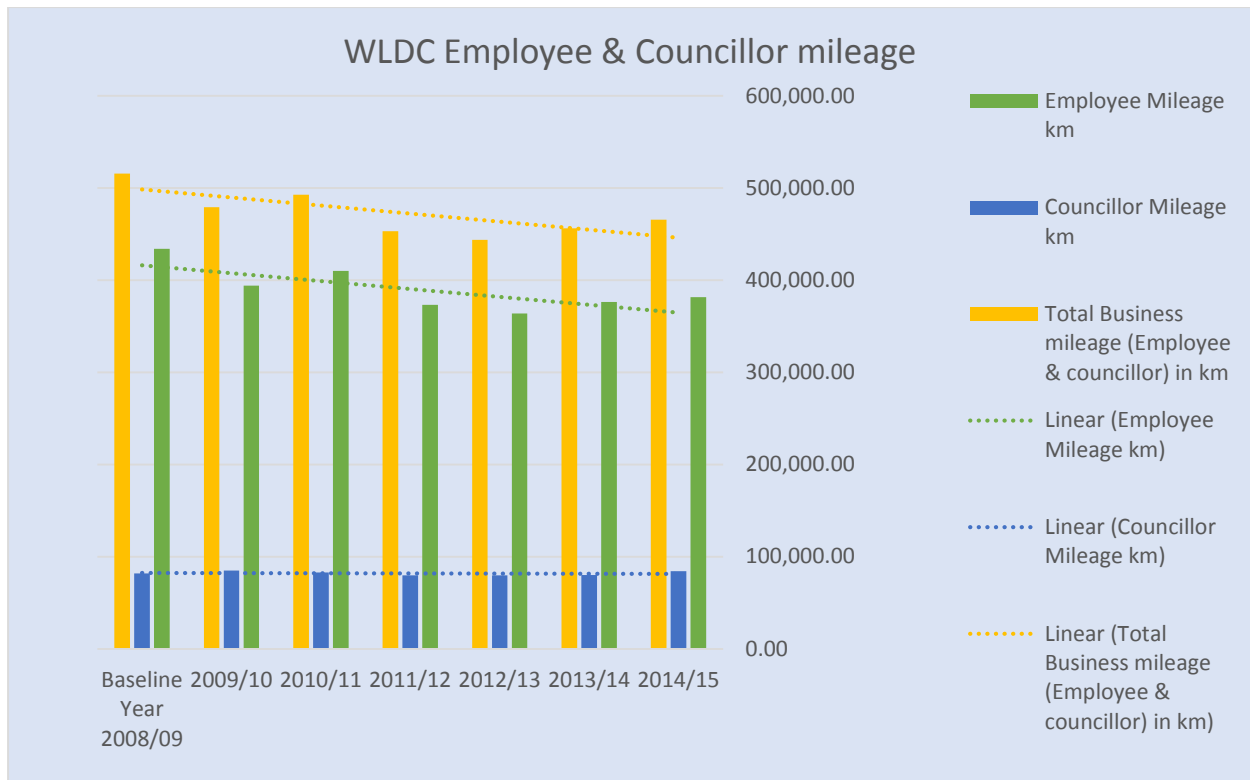
3.7 In 2011 we saw the opportunity to install photovoltaic solar panels to our council buildings; after survey and financial approval two sites were found suitable: a 49kWp system was installed on the Leisure Centre, Gainsborough and a 4kWp system on West Lindsey's Area Office at Festival Hall, Market Rasen: both of these systems have benefitted from FITs payments. Payments so far have totalled over £60,000.

3.8 Fleet mileage has reduced overall by a significant 40.6% since 2008/09. Graph below shows fleet mileage and litres of fuel used since our baseline year; the trend lines show that whilst mileage has reduced substantially there has been an increase of 35270litres of fuel used which is an increase of 97.6t CO₂e since 2010/11 (when litres were first measured). It should be noted litres used is a more accurate measure.



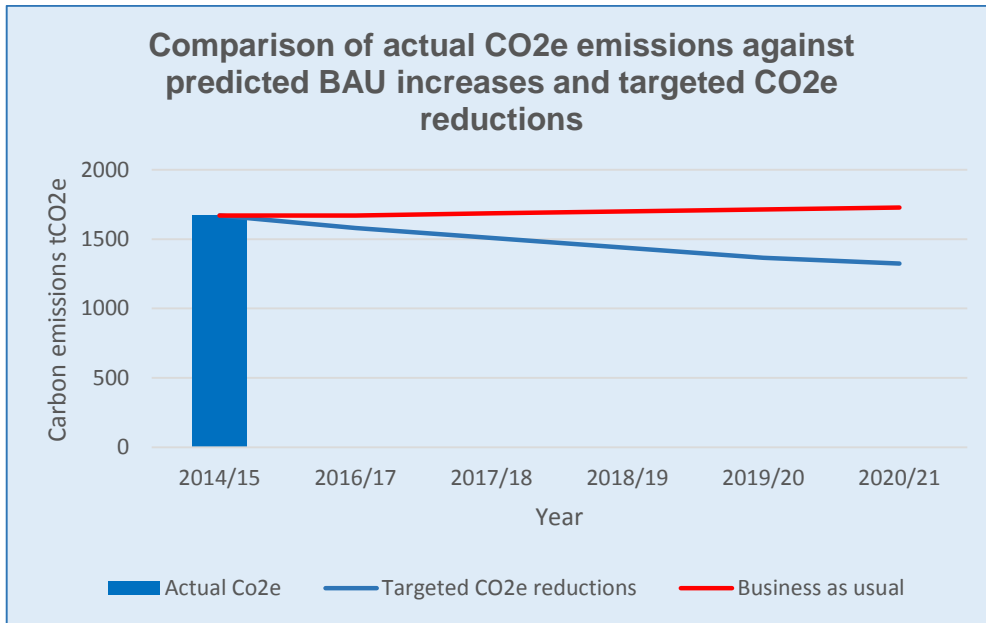
3.9 Employee mileage has reduced by 12.1% and there has been a reduction in CO₂e of 17.4t from 2008/09 to 2014/15 (this is a scope 3 emission). Graph below shows the trend downwards of employee mileage.

3.10 Councillor mileage from 2008/09 to 2014/15 has increased by 3% however the CO₂e has reduced by 1.8t since the baseline year of 2008/09. (This is a scope 3 emission)



3.11 Projections

The business as usual line (BAU) on the graph below shows that if we do nothing over the next 5 years emissions would start to rise again by an estimated 0.7% a year. The target line shows the emissions based on achieving a further 17% reduction over the next 5 years.



In financial terms, the energy market is somewhat volatile and predictions in future energy costs are uncertain: some reliable sources predict a fall in energy prices and others predict rises over the next five years. With such uncertainty it is sensible to take a cautious approach based on the assumption there may be modest rises in energy over the next five years and therefore by reducing our energy consumption we can limit or reduce our energy costs.

4. Where do we want to be?

We want to be an exemplar council in terms of carbon management, we aspire to be carbon neutral. We want to ensure our energy costs don't increase and ideally reduce them; (although the latter is dependent on energy prices not rising significantly which we have no control over). We want to significantly reduce our carbon emissions. We want to mitigate some of our vulnerabilities to climate change. It is important we minimise our energy costs through energy efficiency so that we're not diverting money from our customer focused services.

4.1 Targets and Objectives

In 2021 we want our emissions to be 35% less than our baseline year of 2008/09, which means we need to achieve an additional 17% on top of the 18% that has been achieved so far: for a small rural district council this is an ambitious but achievable target.

West Lindsey District Council is committed to reducing its carbon emissions and will reduce the CO_{2e} emissions from its activities by 35% from the 2008/2009 baseline by the end of March 2021.

Table 4.1 – Shows CO_{2e} targeted annual savings to achieve 35% target reduction

Targeted savings 2016-21				
	Year	Annual tCO _{2e} target	Targeted Annual total tCO _{2e}	Annual % reduction
Baseline Year	2008/09		2036	
Achieved so far	2014/15	365	1671	18%
	2016/17	91.6	1579.4	4.50%
	2017/18	71.3	1508.1	3.50%
	2018/19	71.3	1436.8	3.50%
	2019/20	71.3	1365.5	3.50%
	2020/21	40.7	1324.8	2.00%
		346.2		17%
Total targeted savings 2008-2021		711	1325	35%

4.2 Scope

The operational scope mirrors our Greenhouse gas reporting scope and includes all CO₂ emissions from the delivery of our local authority functions and includes our own operations and outsourced services, i.e. energy used in our buildings, car parks, street lighting and transport used for delivering the functions of a local authority, but not the embedded emissions in the goods procured by the authority.

- Council owned buildings energy use
- Building energy use for outsourced council functions
- Council owned fleet fuel use

- Fleet fuel use for outsourced council functions
- Council owned business travel
- Business travel for outsourced council functions

The above includes mileage claimed by councillors whilst on West Lindsey District Council business.

There are a number of additional scope areas that could have been included for a more complete baseline, as detailed below. They have been excluded as data is currently unavailable or the cost of collecting the data outweighs any potential savings.

- Council employees commuting – no data available currently. May consider adding this to the scope in the future when more data becomes available.
- Waste produced by council buildings and operations – no data available. May consider adding this to the scope in the future when a method of capturing this data is devised.
- Water used in council buildings and operations – only data for Guildhall readily available. May capture this data in the future.
- Refrigerant gas loss, if applicable (e.g. for air conditioning systems) – No data currently available but will consider capturing in the future.

4.3 Current Local Drivers

WLDC Corporate Plan – Theme Six – Excellent, Value for Money services

Additionally we are conscious of our social and environmental responsibilities and therefore will endeavour to conduct our business while simultaneously looking to reduce our carbon footprint.

- ***Carbon reduction will be reported in Scorecard 16-17***

WLDC Property and Land Management Strategy – Energy efficiency of buildings and saving carbon is an asset management objective and therefore objectives and actions of the Carbon Management Plan feed into the Property and Land Management Strategy.

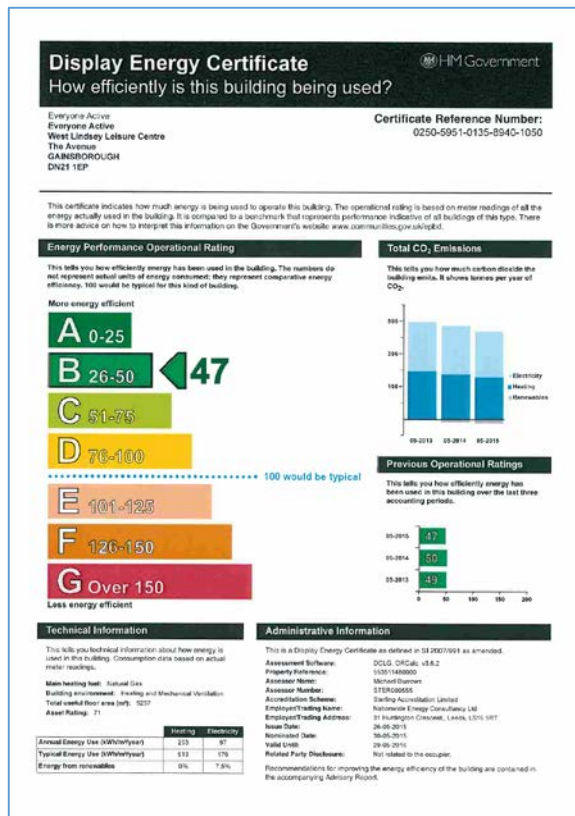
Promote Sustainability – There is a strong national drive to reduce carbon emissions. This is an imperative for the Council both in terms of supporting sustainability and in reducing future liabilities under the carbon trading regime. The number, type and location of buildings as well as use of energy within buildings can help to reduce the Council's carbon footprint and act as an exemplar to other organisations to do the same.

Asset Management Objective – To embed sustainability principles and deliver enhanced performance from property to meet Energy Performance and Carbon

WLDC Commercial Plan – *Commercial Plan objective is to be financially self-sufficient by maximising incomes and minimising costs; the Carbon Management Plan supports this ethos by considering our current energy usage and ways we can reduce this so as to minimise costs now and in future years.*

4.4 Current National Drivers

- **2008 Climate Change Act** – UK aims to reduce GHG emissions by at least 80% from the baseline year of 1990 by 2050 and by at least 34% by 2020.
- **Energy Act 2013** – government currently reviewing some energy policies within this act.
- **Greenhouse Gas Emissions** – Local authorities were requested to report on GHG emissions annually to DECC instead of its predecessor NI185.
- **Climate Local** – (succeeded Nottingham Declaration) - voluntary commitment by councils – signing up shows commitment to taking action on climate change. By signing councils set locally owned and determined commitments, publish these commitments and progress towards them, share their experiences with other councils, review and update commitments and actions.
- **CRC Energy Efficiency Scheme** - WLDC currently does **not** need to report on this as our electricity consumption is below the qualifying amount of 6000MWh or more of qualifying electricity, supplied through settled half hourly meters. **This scheme is now being phased out and will close in 2019.**
- **Climate Change Levy** – CCL is an energy tax which aims to increase energy efficiency by incentivising big energy users with the greatest potential to save energy. This is set to increase from 2017 to 2020 as the CRC Energy Efficiency Scheme is phased out; whilst we were exempt from CRC we are not from CCL and this will impact on some of our energy bills.
- **EU Directive Energy Performance of Buildings**
 - Display Energy Certificates (DEC) – required on all corporate buildings with a useful floor area above 500m² that are frequently visited by the public.
 - Energy Performance Certificates (EPC) – required on all our corporate and commercial properties.



- **ESOS – Energy Savings Opportunity Scheme** – we are **not** required to participate in ESOS as our organisation is defined as a contracting authority by regulation 3 of The Public Contracts Regulations 2006 in England, Wales and Northern Ireland. Public sector organisations are not covered by this new scheme as other parts of the EU Energy Efficiency Directive require public sector action on energy efficiency.

4.5 Current Global Drivers

Paris Agreement - new Climate Change Agreement adopted by 195 countries in Paris December 2015 and signed by the EU in New York on 22nd April 2016 – expected to be ratified by EU in the summer of 2016. Commitment to reduce carbon emissions in an attempt to prevent climate change below 2°C and ideally to keep below 1.5°C.

EU – Energy Union Strategy

The Energy Union is a forward-looking climate policy based on the Commission's framework strategy; there are five main strands which are closely interrelated and mutually reinforcing, these are energy security; a fully integrated European energy market; energy efficiency contributing to moderation of demand; decarbonising the economy; and research, innovation and competitiveness. Progress towards the Energy Union is at its early stages.

5. Carbon Management Projects

In order to achieve our ambitious carbon reduction target we need to identify potential carbon projects: the carbon projects identified in the tables below are taken from some existing projects that will make carbon savings, planned projects and future projects. Staff have been consulted so that we identify all future energy saving projects and future energy consuming projects: it is imperative that we capture all these to ensure we set an achievable target that takes account of all our services and activities, now and in the future.

5.1 Existing projects

These are projects that had already started or been planned prior to or since we started to update our current plan in autumn 2015; some of these projects may not have been specifically about carbon management but have been included as they reduce our carbon emissions significantly.

Ref	Project	Lead	Cost £			Annual Saving		Pay back (yrs)	% of Target	Year
			Cap'l	Rev'ue	Oper'	Fin £	CO ₂ Tonnes			
WL1	Insulating all the roofs - TAC	DK	£0	£5,957	£0	£778	4.8t	7.6	1.4%	2016
WL 2	Double Glazing, Entrance Lobby – TAC	KL	£0	£7,000	£0	£117	0.7t	-	0.2%	2016
WL 3	Energy Awareness Campaign for staff – Offices and Depot	KL	£0	£0	£0	£860	5.6t	0	1.6%	2016
WL 11	Effective Office Space Utilization	GR	£0	£0	£0	£2906	12.6t	0	3.6%	Ongoing
Totals			£0	£7000		£4661	23.7t		6.8%	

Boxes highlighted in yellow above and below denote actual costs and predicted savings provided by suppliers or manufacturers; boxes marked in pink indicate funded from another source. All other are estimated costs and CO₂ savings: as projects are worked up these estimates will be replaced with actual costs.

5.2 Planned / funded projects

These are planned projects that have funding identified or approved.

Ref	Project	Lead	Cost £			Annual Saving		Pay back	% of Target	Year
			Cap'l	Rev'ue	Res'ce	Fin £	CO ₂ Tonnes			
WL 4	Lighting - TAC	KL	£tbc			TBC	0	-	0	2016
WL 15	Effective data collection fleet		£tbc			£0	-	-	0%	2016
Totals			£tbc			£0	0t		%	

5.3 Near term projects

Ref	Project	Lead	Cost £			Annual Saving		Pay back	% of Target	Year
			Cap'l	Rev'ue	Res'ce	Fin £	CO ₂ Tonnes			
WL 5	Voltage Optimisation – TAC	KL	£0	£7337		£1104	6t	6.65	1.73%	2016
WL 8	Street lighting – LED energy efficient replacement bulbs		£27000	£0		TBC	TBC	-	TBC	2016/2021
WL 9	Street lighting – switch off/dimming		£19200	£0		TBC	TBC		TBC	2016/2021
WL 12	Replacement convector radiator heaters - TAC		£0	£8892		TBC	TBC	-	TBC	2016/17
WL 14	Replacement energy efficient lighting and sensors – Leisure Centre (except Pool Hall)		£tbc	£tbc		£		-	%	2016
Totals			£46200	£16229		£1104	6t		1.73%	

5.4 Medium to long term projects

Ref	Project	Lead	Cost £			Annual Saving		Pay back	% of Target	Year
			Cap'l	Rev'ue	Res'ce	Fin £	CO ₂ Tonnes			
WL 7	Travel Plan	?	£0	£2190		£2050	4.6	1.1	1.3%	TBC
WL 6	Round optimisation – fleet	AS	£0	£3000		TBC	-	-	-	TBC
WL 10	Electric Vehicle & Charging Station – fleet	KL	£tbc	£tbc		TBC	TBC	-	%	TBC
WL 13	Replacement energy efficient lighting – Pool Hall, Leisure Centre		£25000	£0		TBC	TBC	-	TBC	2018
WL16	Replacement energy efficient LED lighting - Depot		TBC			TBC	TBC			
Totals			£25000	£5190		£2050	4.6t		1.3%	

5.5

We will need to identify further carbon saving projects on top of these and resource and complete them if we are to achieve our target. We particularly need to identify more projects that look at reducing the carbon from our fleet as this currently accounts for 42% of our emissions and is also a scope 1 emission. (All WLDC fleet vehicles, which include HGV and vans used as refuse collection vehicles, both owned and leased, are classed in Scope 1 as their emissions are direct.) It is also anticipated that now that carbon is identified in business plans this might help to identify more potential carbon saving projects.

6. Carbon Management Plan Financing

6.1 ***The sum of £130,000 will be ringfenced specifically to fund carbon management projects over a five year period.*** This fund will be re-plenished with the monies accrued from FITs payments for solar pv installed previously: financial savings from carbon projects will be taken as a saving for the council. We will access applicable grant funding when opportunities arise, for specific carbon projects. Finance will send regular updates of the budget to the Lead officer.

6.2 Assumptions

The cost of gas is calculated at 3p/kWh, the cost of electricity is calculated at 12p/kWh, and the estimated costs for medium and long term projects will need further more accurate assessments as the projects are progressed.

Table 6.2 shows the planned Carbon Reduction Earmarked Reserve budget

	1.4.2016	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Carbon reduction EMR at year end	£104,415	£82,915	£85,415	£92,175	£96,175	£84,415	£84,415
Capital Investment		£20,000	£19,500	£9,240	£18,000	£33,760	£100,500
Revenue investment		£23,500	£0	£6,000	£0	£0	£29,500
Total Investment		£43,500	£19,500	£15,240	£18,000	£33,760	£130,000
Estimated Revenue Savings (p.a)		£5,765	£5,765	£7,815	£7,815	£7,815	£34,975

6.3 Unquantified benefits:

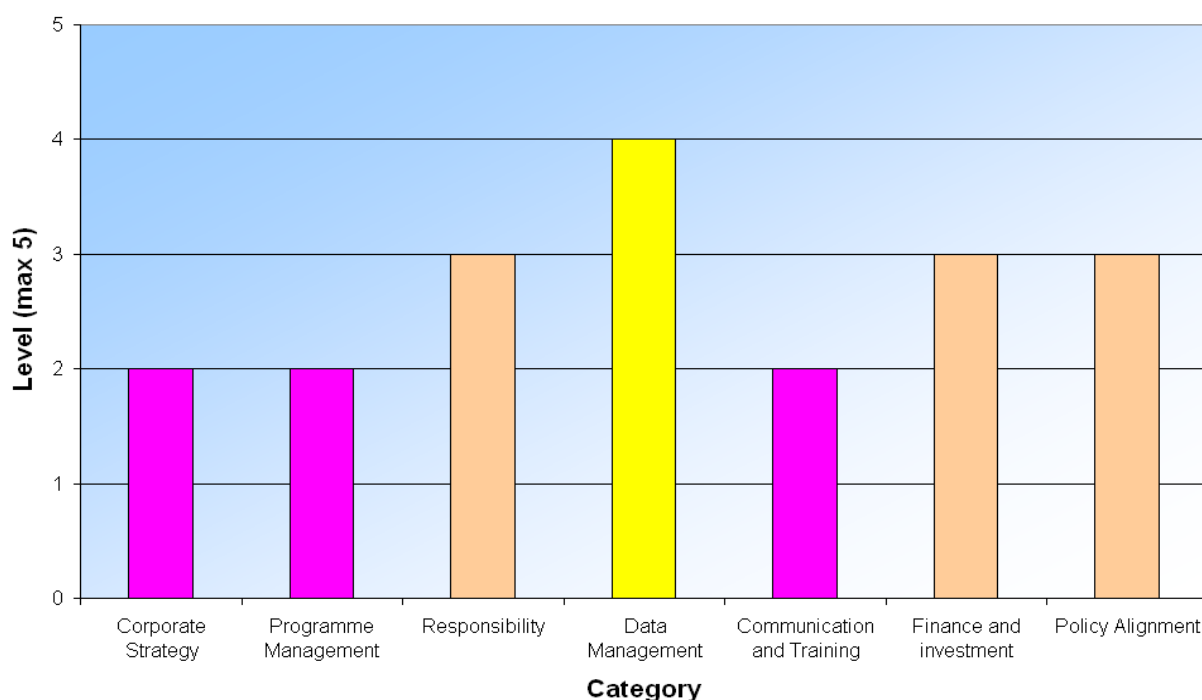
The bullet points below detail some of the additional benefits of carrying out these projects that have not already been quantified.

- Enhanced value of asset
- Improved longevity of electrical equipment
- Improved efficiency in collecting waste
- Reduction in ongoing revenue for repair/replacement of equipment
- Improved performance against GHG emissions
- Provides opportunity for council good news stories
- Better council profile
- Improved comfort in some of our buildings, benefitting customers and staff
- Improved council reputation locally at county and regional level
- Employee energy awareness raising campaign may have a knock on positive effect to staff, whereby they take on board some of the energy saving ideas and use these in their own homes which will assist with reducing domestic carbon emissions.

7. Actions to Embed Carbon Management

Figure below illustrates where we were in 2010 in terms of embedding carbon management into our organisation. (The Carbon Management Embedding Matrix is included in full at Appendix A). This was broadly similar to the other Lincolnshire and Leicestershire councils participated in the East Midlands Carbon Management Programme. This will need to be updated to see where we are now. **We aspire to achieve level 5 in all areas.**

Figure Self-assessment of WLDC status



7.1 Corporate Strategy – embedding CO₂ saving across our organisation

This Carbon Management Plan has been endorsed by West Lindsey’s Chief Executive and the Council Leader and will be published on West Lindsey’s website.

Carbon reduction and addressing climate change is identified as a priority for the Council in the Corporate Plan. We have introduced the Updated Carbon Management Plan to the Strategic Leaders Team and invited them to input possible carbon projects and consider how their current service or future projects may impact on our carbon footprint both positively and negatively. We plan to follow this up with some training for managers which will consider possible future projects for carbon reduction and also climate change adaptation commencing June 2016 onwards.

We plan to introduce a section in business plans that will consider the energy usage and carbon footprint of projects.

We plan to write an Energy and Climate Change strategy for West Lindsey District Council; this strategy will sit above the Carbon Management Plan.

We are also considering setting specific targets for carbon reduction to service areas but at the moment the data collection necessary to action this may outweigh the benefit.

7.2 Programme Management – bringing it all together effectively

This factor of embedding Carbon Management is covered in section seven of this Plan.

7.3 Responsibility – being clear that saving CO₂ is everyone's job

Managers will be responsible for considering carbon management in their service developments and projects. Since April 2010 Climate Change risks and opportunities have been considered as part of our committee reports: we will highlight this again to Area Team Managers as it is still rarely considered. It is planned to have carbon management as a standing item for all team meetings commencing June 2016. It is proposed that all Business Plans will include a section addressing possible impacts on carbon reduction.

We could include reducing carbon into new employment contracts for all staff to address reducing their environmental impact whilst carrying out of their duties. We may formulate some carbon questions to be asked at interview. We will also investigate the potential for embedding saving carbon into the existing staff appraisal system.

The council's commitment to Carbon Management will be announced to all staff via Minerva. We plan to run an Energy Awareness Campaign and we will be seeking Carbon/Energy Champions in each service area and will initially seek to recruit these by producing another article for Minerva and through service team meetings. These Champions will be an integral part of present and future Energy Awareness Campaigns.

7.4 Data Management – measuring the difference, measuring the benefit

Currently baseline data has only been measured in its entirety for Greenhouse Gas Emissions reporting on an annual basis. Our main office (Guildhall) has half hourly metering and a Building Management System (BMS) which enables us to analyse and manage our energy use on a zoned basis. We have AMRs at The Depot and Trinity Arts Centre, other buildings have monthly meter reads for gas and electric. Solar meters are read quarterly in line with FITs reporting requirement.

Business mileage forms are completed monthly by employees but CO_{2e} from mileage is currently only calculated annually.

Fleet mileage and litres of fuel used is calculated annually; recording methods are currently under review.

7.5 Communication and Training – ensuring everyone is aware

Plan to include environmental issues into corporate updates in 2016 for all staff.

Considering recruiting energy champions who could be recruited and trained commencing in June 2016 and will pass on energy saving ideas and advice to staff in their areas.

An Energy Awareness campaign is planned using Carbon/Energy Champions, newsletters, intranet and team meetings; initially we have publicised our update of the carbon management plan and the potential for our carbon savings corporately on Minerva news pages.

The updated Carbon Management Plan will be published on West Lindsey's website as the previous one is. <http://www.west-lindsey.gov.uk/residents/refuse-recycling-and-your-environment/energy-and-sustainability/carbon-management/carbon-management-plan/>

We could also ask some questions relating to climate change and carbon savings in the next staff survey and analyse the results to ascertain our progress in embedding climate change and carbon savings into our council.

Further Carbon Management Plan successes and milestones will be released to the press.

7.6 Finance and Investment – the money to match the commitment

There is earmarked budget to deliver Carbon Management Projects for the next 5 years.

7.7 Policy Alignment – saving CO₂ across our operations

Pending the Carbon Management Plan being agreed by Corporate Policy and Resources Committee, then the process of policy alignment will begin.

Any measurement of our carbon footprint will be included in the 'corporate' scorecard to be drawn together for 2016/17.

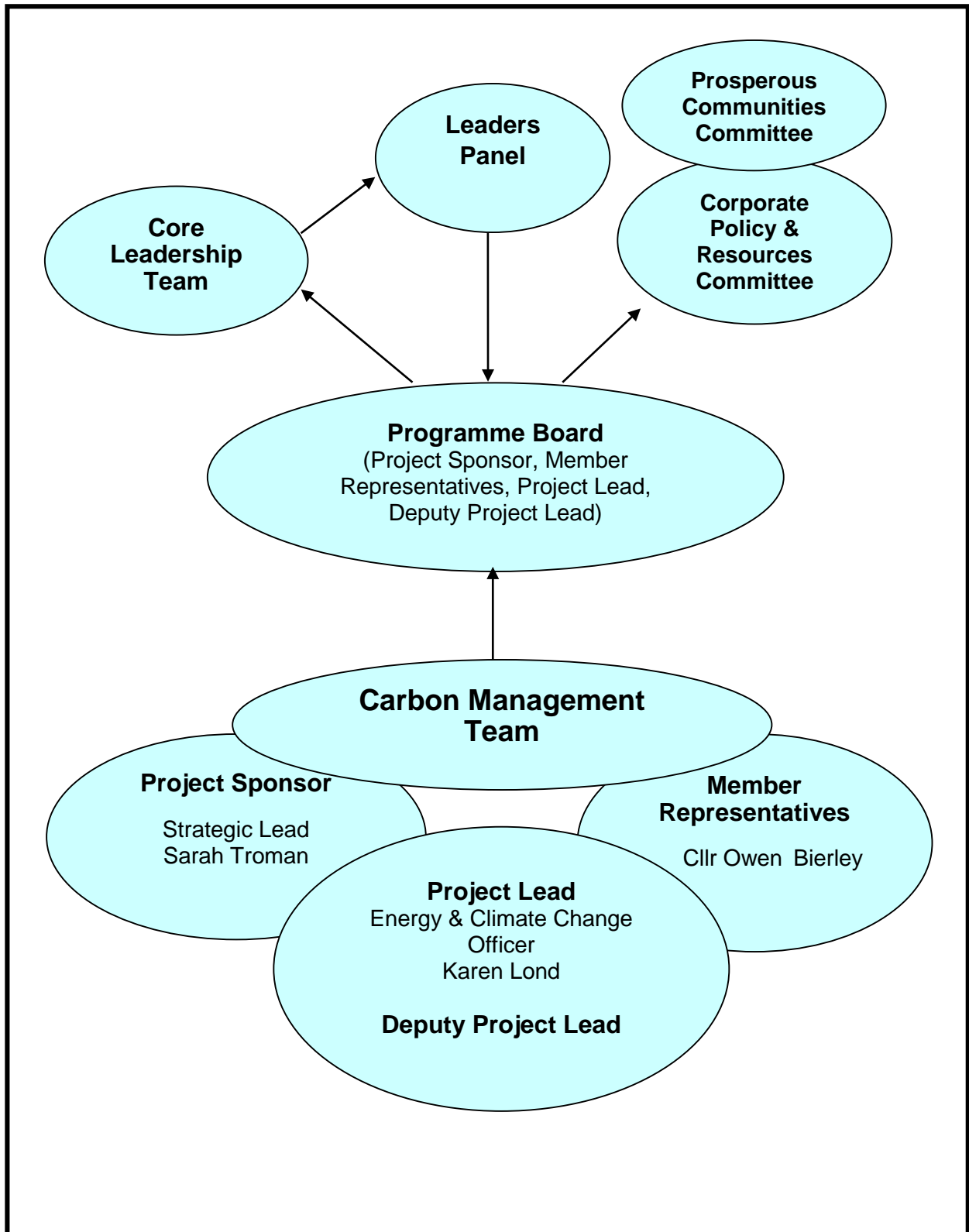
The Carbon Management Plan supports theme 6 of the Corporate Plan. The action of reducing the Council's CO₂ emissions and reducing our carbon footprint supports Property and Land Management Strategy objective.

7.8 Engagement of your Suppliers – working with suppliers to reduce our carbon footprint

All purchases above £75,000 have to go through Procurement Lincolnshire (a shared service for Lincolnshire). Procurement Lincolnshire has a sustainability policy in place. Procurement Lincolnshire also has a banned list of products/materials that are not permitted for environmental reasons.

In any procurement exercise that is being conducted sustainability will be taken into consideration (dependent on requirements). Consideration should be given to carbon reduction when specifying.

8. Governance



8.1 The Carbon Management Team – delivering the projects

The team is a virtual team, comprising of staff who can take accountability for the delivery of actions. Initially officers have been asked to join the team where their service area has a direct impact on the corporate emissions (Property Services, Waste) or where their input will be necessary (such as Finance and Human Resources) to ensure the programme is financed and embedded. Members of the team will be responsible for gathering information and championing projects. The team will meet regularly, report progress against actions, discuss the mitigation of risks and most importantly take ownership and accountability for projects in their areas. The team will meet at least 4 times a year. A Terms of Reference will be drawn up and agreed by the Carbon Management Team.

8.2 Succession planning for key roles

Project Lead

The Project Lead is the Energy & Climate Change officer if this officer leaves or is on long term sick then the Deputy Lead the Technical & Contract Services Manager would lead this project to ensure the Programme runs smoothly. On recruiting a new or temporary replacement The Project Lead role will be taken up by the Energy & Climate Change Officer.

Project Sponsor

The role of Project Sponsor is currently a Strategic Lead, should this post become vacant another Project Sponsor would be sought from senior management ideally at Director level.

Member Representative

The role of member representative provides an important link to the committee process so it is essential that there is always member representation. Currently we have one member representative; if they leave or stand down we would request that a successor is recruited.

Carbon Management Team

The success of this programme relies on a functioning Carbon Management Team; where members of this team leave or roles change it will be the responsibility of their service manager to ensure a suitable substitute or replacement attends who is able to represent their service area.

8.3 Ongoing stakeholder management

Progress towards our carbon reduction targets will be measured annually following the GHG emissions protocol and reported annually to DECC and published on our website.

We will report our GHG emissions annually through WLDC progress and delivery reports. Progress towards our Carbon reduction target will be reported to Members annually.

Residents will be informed of progress towards our Carbon reduction target through press releases, an up to date web page and through articles on our pages of the County News.

8.4 Annual progress review

The plan will be reviewed annually after data has been collected for purpose of reporting to DECC on GHG.

The annual progress review will show carbon and financial savings for the year: progress towards the target will be reviewed and new projects will be included and their potential impact on our targeted carbon savings.

Appendix A: Definition of Projects

Project: Reference:	Insulation to roofs (Trinity Arts Centre) WL 1 Carbon Project – existing
Owner	David Kirkup
Department	Property and Asset team
Description	Installation of insulation to all the roof voids at Trinity Arts Centre.
Benefits	<ul style="list-style-type: none"> • Annual savings £778 • Payback 7.6 years • Reduction in energy usage – CO₂ saving 4.8t annually • % of CO₂ target = 1.4% • Improved comfort for staff and customers • Improves asset
Funding	<ul style="list-style-type: none"> • Project cost = £5957 +VAT • Funded through WREN funding
Resources	Property Services Team to deliver
Ensuring Success	<ul style="list-style-type: none"> • Secure funding – funding secured through WREN • Accurate assessment pre-installation • No dramatic increase in future peak load
Measuring Success	<ul style="list-style-type: none"> • Carbon emissions from gas use at the TAC • Measured via AMR and reported on annually
Timing	Planned for May 2016 as part of roof replacement
Notes	Actual costs and projected savings provided by surveyor. Insulation is being installed as part of the roof replacement project at TAC with grant funding secured from WREN.

Project: Reference:	Replacement Double Glazing (Trinity Arts Centre) WL 2 Carbon Project – near term project
Owner	Gary Reevell
Department	Technical and Contract Services
Description	Install double glazing to entrance lobby at TAC; to include plastisol panels to single glazed entrance doors (lower panels only).
Benefits	<ul style="list-style-type: none"> • Cost = £7000 • Annual savings = £117 • Reduction in energy usage at Trinity Arts Centre – CO₂ saving 0.7t annually • % of CO₂ target = 0.2% • Reduction in draughts and condensation • More comfortable for paying customers on arrival • Addition of plastisol panels to entrance doors will have a security benefit. • Improves asset
Funding	<ul style="list-style-type: none"> • Funding through WLDC Carbon Pot
Resources	Property and Asset Team to deliver
Ensuring Success	<ul style="list-style-type: none"> • Secure funding • Accurate assessment pre-installation • Approval from Conservation Officer as TAC is grade 2 listed building
Measuring Success	<ul style="list-style-type: none"> • Carbon emissions from gas use at TAC • Measured and reported on annually
Timing	July 2016: after roof works have been completed as no one will be allowed on site during roof project and also to avoid accidental damage to new glazing.
Notes	Projected costs are taken from contractors written quotes. Savings are estimated using the Carbon Trust's RAP tool.

Project: Reference:	Energy saving awareness campaign for WLDC staff WL 3 Carbon Saving - Existing
Owner	Karen Lond
Department	
Description	Organisation wide campaign to save energy and reduce our Carbon Dioxide emissions, using a network of energy champions, posters, email, Minerva, newsletters etc.
Benefits	<ul style="list-style-type: none"> • Annual savings = £860 • Reduced energy use in our offices – CO₂ savings 5.6t annually • % of CO₂ target = 1.6% • Reduced electricity and gas consumption in our buildings • Will assist with embedding Carbon Management corporately and could trigger some more potential carbon saving projects
Funding	<ul style="list-style-type: none"> • Project cost = unknown • Within existing service budget
Resources	<ul style="list-style-type: none"> • Energy & Climate Change Officer to organise campaign and events • Staff time for Energy Champions
Ensuring Success	<ul style="list-style-type: none"> • Project requires support from senior managers • Project requires buy-in from employees • Will need Energy Champion in each service area • Project will need to be maintained to ensure it continues to deliver carbon reductions
Measuring Success	<ul style="list-style-type: none"> • Should contribute to corporate annual reductions in carbon dioxide • GHG measured and reported on annually
Timing	<ul style="list-style-type: none"> • Commenced December 2015 • Ongoing
Notes	Projected savings were estimated using the Carbon Trust's RAP tool. Could piggy back onto Lincolnshire County Councils SAGE scheme (if this is still live) and participate/contribute to SAGE newsletter.

Project: Reference:	Lighting- Trinity Arts Centre WL 4 Carbon Saving – near term
Owner	Karen Lond
Department	
Description	Replacement and upgrade of existing lamps to energy efficient in auditorium i.e. bulkhead lighting and lighting up the stairs in auditorium. Replacement lamps to T5 and sensors throughout rest of Trinity Arts Centre where practical, subject to survey.
Benefits	<ul style="list-style-type: none"> • Reduction in electricity used • More efficient use of lighting • Improved access to change lighting in auditorium • Safer lighting in auditorium for both public and staff • Improved lighting levels • Increased longevity of lamps • Reduced maintenance (lamps should require less frequent changing) • Improves asset
Funding	<ul style="list-style-type: none"> • Potential funding from WLDC Carbon Pot
Resources	<ul style="list-style-type: none"> • Property and Asset Team to deliver
Ensuring Success	<ul style="list-style-type: none"> • Secure funding • Careful assessment of appropriate lighting; specification to be agreed with TAC, property services and contractor
Measuring Success	<ul style="list-style-type: none"> • Carbon emissions from electricity use at TAC • Measured and reported on annually
Timing	<ul style="list-style-type: none"> • 6-12months
Notes	<p>Changing bulkhead lighting in auditorium is quite difficult so changing fittings and installing longer lasting lamps could be a solution; installing motion sensitive lighting in parts of the building could limit lights being left on accidentally. Full lighting survey to be carried out to include consideration of most practical and energy efficient way to light this mixed use building.</p> <p>Costings and potential energy savings will be included once lighting survey has been completed.</p>

Project: Reference:	Voltage Optimisation (TAC) WL 5 Carbon Project – new
Owner	
Department	Property and Asset team
Description	Installation of a voltage optimisation device to the Trinity Arts Centre, Gainsborough.
Benefits	<ul style="list-style-type: none"> • Annual savings £1,104 • Payback 6.67 years • Reduction in energy usage – CO₂ saving 6t annually • % of CO₂ target = 1.73% • Annual kWh saving = 10,425kWh • Increased longevity of electrical equipment and reduced maintenance
Funding	<ul style="list-style-type: none"> • Project cost = £7,337 • Funded through existing Carbon Pot
Resources	Property Services Team to deliver
Ensuring Success	<ul style="list-style-type: none"> • Accurate assessment pre-installation • No dramatic increase in future peak load
Measuring Success	<ul style="list-style-type: none"> • Carbon emissions from electricity use at TAC • Measured and reported on annually
Timing	Proposed for 2016
Notes	Actual costs and projected savings provided by supplier Power Perfector 13/6/2012

Project: Reference:	Round Optimisation WL 6 Not Carbon Saving – near term
Owner	Adrian Selby
Department	Operational Services
Description	Reduce operational services fleet travel mileage: reduce the travel distance on vehicles to the optimum minimum level by re-evaluating refuse rounds and EPA routes such that fuel use is minimised and therefore carbon emissions are reduced.
Benefits	<ul style="list-style-type: none"> • Potential reduction in fleet mileage • Reduced fuel costs • More efficient service
Funding	There will be a cost of publicising new refuse and recycling rounds and in managing the change process, cost and funding are yet to be determined.
Resources	<ul style="list-style-type: none"> • Use of round management tool and staff time in modelling the rounds. • Existing service team with some assistance from Business Improvement.
Ensuring Success	<ul style="list-style-type: none"> • Secure funding • Effective communication • Customer Services Support • Publicity and Promotion
Measuring Success	<ul style="list-style-type: none"> • Reduction of fleet mileage • Measured and reported on annually • Reduction of number of fleet vehicles
Timing	<ul style="list-style-type: none"> • ?
Notes	Success will be achieved by the monitoring of existing rounds and identifying spare capacity within the existing rounds. A decision will have to be taken on how such issues as missed bins, properties not able to have wheeled bins and service provision to isolated properties are handled.

Project: Reference:	Travel Plan WL 7 Carbon Project – medium to long term project
Owner	Karen Lond
Department	To be confirmed
Description	Devise travel plan for West Lindsey District Council
Benefits	<ul style="list-style-type: none"> • Annual savings = £2,050 • Payback 1.1 years • Reduction in business and fleet mileage – CO2 savings 4.6t annually • % of target = 1.3%
Funding	<ul style="list-style-type: none"> • Project costs = £2,190 • Potential funding through ring fenced Invest to Save scheme
Resources	To be confirmed
Ensuring Success	<ul style="list-style-type: none"> • Secure funding • Effective communication with staff
Measuring Success	<ul style="list-style-type: none"> • Reduction in Carbon emissions from transport • Measured and reported on annually
Timing	To be confirmed
Notes	Projected costs and savings are estimated using the Carbon Trust's RAP tool.

Project: Reference:	Replacement LED energy efficient bulbs for Street-lighting WL 8 Carbon Project – medium to long term project
Owner	Sarah Troman
Department	????
Description	<ul style="list-style-type: none"> • Installation of LED energy efficient replacement bulbs to street-lighting at 90w or above subject to survey
Benefits	<ul style="list-style-type: none"> • Annual savings = £tbc • Payback years - tbc • Reduction in energy usage – CO2 savings annually - tbc • % of target = tbc • Increased longevity of lamps and reduced maintenance • Reduction in electricity used for street lighting
Funding	<ul style="list-style-type: none"> • Project costs = £27,000 (based on 108 x £250 capital costs and assumes all are suitable) • Potential funding through WLDC Carbon Pot
Resources	Which team delivering?
Ensuring Success	<ul style="list-style-type: none"> • Secure funding • Confirm ownership? • Up to date records of current status of WLDC street lighting • Accurate assessment pre-installation
Measuring Success	<ul style="list-style-type: none"> • Reduction in Carbon emissions from street-lighting • Measured and reported on annually
Timing	To be confirmed
Notes	<p>To investigate jointly tendering and procuring with other Lincolnshire Councils LCC has only used LED technology where the lamps were 90w or above as the LED units cost £200-£300 each – LED lamps could be dimmed after midnight. WLDC has 1068 street lights and 108 of these are 90w or above. Fully survey of street lighting would need to be carried out to assess suitability and potential savings.</p>

Project: Reference:	Switching off or dimming Street-lighting WL 9 Carbon Project – medium to long term project
Owner	Sarah Troman
Department	???
Description	<ul style="list-style-type: none"> Investigate potential for switching off Parish street lighting after midnight or switching off alternate lights or dimming them
Benefits	<ul style="list-style-type: none"> Annual savings = £tbc Payback years - tbc Reduction in energy usage – CO2 savings t annually - tbc % of target = tbc
Funding	<ul style="list-style-type: none"> Project costs = £19,200 (based on 960 x 20 capital costs and assumes all are suitable) Part night lighting - Photo sensors £20 per unit (can be used to switch off at midnight) Potential funding through carbon pot
Resources	Public Protection Team to deliver?
Ensuring Success	<ul style="list-style-type: none"> Survey to assess the need for street lighting Secure resource to investigate Communicate intentions to public Get the community on board
Measuring Success	<ul style="list-style-type: none"> Reduction in Carbon emissions from street-lighting Measured and reported on annually
Timing	To be confirmed
Notes	<p>LCC has already commenced a programme of dimming and switching off street lighting it is responsible; following a survey that assessed the need for lighting in these areas. It has communicated its intentions to the public.</p> <p>WLDC has 1068 street lights (based on 2011 data); installing part night lighting photo sensors to some of our street lighting would enable lighting to be switched off at midnight. Fully survey of street lighting would need to be carried out to assess suitability and potential savings.</p> <p>To investigate jointly tendering and procuring with other Lincolnshire Councils</p>

Project: Reference:	Electric Vehicle and Charging Station WL 10 Carbon Project – medium to long term
Owner	Karen Lond
Department	?
Description	Electric car/ city van/pick up type for local waste collections and charging unit. Each vehicle could be branded with district logos and carbon message (to be agreed).
Benefits	<ul style="list-style-type: none"> • Reduction in energy use of fleet • Positive publicity for green vehicles
Funding	<ul style="list-style-type: none"> • ? Any grant funding? • Could match fund from existing WLDC budget so that we can procure additional electric vehicle
Resources	
Ensuring Success	<ul style="list-style-type: none"> • Secure funding
Measuring Success	<ul style="list-style-type: none"> • Carbon emissions from fuel use by fleet • Measured and reported on annually • Annual cost of fuel
Timing	
Notes	Project costs and savings to be established from supplier.

Project: Reference:	Effective Office Space Utilization WL 11 Carbon Project – existing
Owner	?
Department	Property and Asset team
Description	Optimise space occupied by West Lindsey District Council in main Guildhall to enable collaborative working with other partners.
Benefits	<ul style="list-style-type: none"> • Annual savings = £2906 • Payback years - tbc • Reduction in energy usage – CO2 savings 12.6t annually • % of target = 3.6% • Reduction in WLDC energy usage of gas and electricity at Guildhall
Funding	<ul style="list-style-type: none"> • From existing service revenue budget
Resources	Property and Asset Team to deliver
Ensuring Success	<ul style="list-style-type: none"> • Effective communication with staff managers and partners • Effective partnership working
Measuring Success	<ul style="list-style-type: none"> • Carbon emissions from electricity use at the Guildhall • Measured and reported on annually
Timing	Ongoing
Notes	Currently 1722ft ² of Guildhall floor space is available for let; the costs and savings above are based on this.

Project: Reference:	Replacement Convectur radiator heaters - Trinity Arts Centre WL 12 Carbon Saving – near term
Owner	Karen Lond
Department	
Description	Replacement of 7 existing convectur radiators that are part of the existing wet central heating system. The existing 7 convectur radiators were highlighted on a recent condition survey as being inefficient and in need of replacing.
Benefits	<ul style="list-style-type: none"> • Reduction in gas and electricity used • More controlled and efficient use of central heating • Improved comfort for staff and users of TAC
Funding	<ul style="list-style-type: none"> • Project costs = £8892 (includes installation costs) • Potential funding from WLDC Carbon Pot
Resources	<ul style="list-style-type: none"> • Property and Asset Team to deliver
Ensuring Success	<ul style="list-style-type: none"> • Secure funding • Careful assessment of appropriate replacement energy efficient convectur radiators that will fit best with the existing controls; specification to be agreed with TAC, property services and contractor
Measuring Success	<ul style="list-style-type: none"> • Carbon emissions from gas and electricity use at TAC • Measured and reported on annually
Timing	<ul style="list-style-type: none"> • 6-12months
Notes	Condition survey of TAC on 13/8/15 noted that the existing 7 convectur radiators were inefficient and in need of replacement. An estimated price has been obtained from a supplier; energy efficiency savings have not been calculated yet.

Project: Reference:	Replacement energy efficient lighting in Pool Hall - Leisure Centre WL 13 Carbon Saving – medium to long term
Owner	Karen Lond
Department	
Description	Replace pool hall lighting with an energy efficient lighting installation using T5 or LED technology as recommended in 2012 Condition Survey.
Benefits	<ul style="list-style-type: none"> • Reduction in electricity used for lighting • Improved energy efficiency of lighting • Improved lighting for users of Pool hall • Less maintenance due to increased longevity of bulbs.
Funding	<ul style="list-style-type: none"> • To be secured in part/or full through Leisure Centre contract – to be confirmed • Potential match funding from WLDC Carbon Pot – to be confirmed
Resources	<ul style="list-style-type: none"> • Property and Asset team to deliver or oversee Leisure Centre contractor
Ensuring Success	<ul style="list-style-type: none"> • Secure funding • Careful assessment of appropriate replacement energy efficient lighting that will fit best with the use and maintenance; specification to be agreed with Leisure Centre contractor, property services and lighting contractor
Measuring Success	<ul style="list-style-type: none"> • Carbon emissions from electricity use at leisure centre • Measured and reported on annually
Timing	<ul style="list-style-type: none"> • 6-12months
Notes	<p>Condition survey of Leisure Centre in 2012 noted lighting in the pool hall in a bad condition and in need of replacement. The recommendation was to replace with an energy efficient lighting installation using T5 or LED technology.</p> <p>The financial onus for this project could be placed on the Leisure centre winning contractor; this could be stipulated as a condition in the contract when it goes out for procurement?</p>

Project: Reference:	Replacement energy efficient lighting (excluding Pool Hall) and automated lighting controls - Leisure Centre WL 14 Carbon Saving – near term
Owner	Karen Lond
Department	
Description	Install energy efficient lighting throughout Leisure Centre (except pool hall area, as covered in separate project) and automated lighting controls where practical.
Benefits	<ul style="list-style-type: none"> • Reduction in electricity used for lighting • More energy efficient lighting • Improved lighting for users of leisure centre • Less wastage from unnecessary lighting of unused areas • Reduced maintenance?
Funding	<ul style="list-style-type: none"> • Potential funding from WLDC Carbon Pot • Potential match funding from Contractor?
Resources	<ul style="list-style-type: none"> • Property and Asset team to deliver or oversee Leisure Centre contractor
Ensuring Success	<ul style="list-style-type: none"> • Secure funding • Careful assessment of appropriate replacement energy efficient lighting that will fit best with the use and maintenance; specification to be agreed with Leisure Centre, property services and contractor
Measuring Success	<ul style="list-style-type: none"> • Carbon emissions from electricity use at leisure centre • Measured and reported on annually
Timing	<ul style="list-style-type: none"> • 6-12months
Notes	Condition survey of Leisure Centre in 2012 noted, lighting in various parts of the Leisure Centre was not the most energy efficient and recommended replacing with energy efficient lighting system; it was also recommended that installing automated lighting controls where practical could make significant energy saving. This project picks up all these areas identified on the condition survey excepting Pool Hall area which will be picked up in another project.

Project: Reference:	Improved data collection of litres of fuel and mileage - fleet WL 15 Carbon Saving – existing
Owner	Karen Lond
Department	Operational services
Description	Current measuring and recording system for litres of fuel used by the fleet is able to be circumvented by users and therefore there is uncertainty on the current recorded and reported figures. Work with depot staff to ensure there is an accurate system in place that is impossible to circumvent.
Benefits	<ul style="list-style-type: none"> • Accurate record of litres of fuel used by fleet. • Can measure accurately GHG emissions from this sector. • An accurate record of fuel used by the fleet, will enable us to work up projects that target a reduction in litres of fuel used by the fleet.
Funding	<ul style="list-style-type: none"> • Resourced by Depot • Potential funding from WLDC Carbon Pot
Resources	<ul style="list-style-type: none"> • Depot staff
Ensuring Success	<ul style="list-style-type: none"> • Buy in from all staff operating at the Depot. • Training provided to staff to ensure compliance with recording requirements. • Careful assessment of appropriate way to measure and record litres of fuel used by each fleet vehicle and there mileage.
Measuring Success	<ul style="list-style-type: none"> • Accurate fleet data for litres of fuel and mileage • Measured and reported on annually
Timing	<ul style="list-style-type: none"> • 6-12months
Notes	Based on currently recorded fleet data of litres of fuel used the fleet accounts for 42% of our greenhouse gas emissions. Last year saw a rise in emissions from this sector an enquiry as to reasons for this flagged up uncertainty about the accuracy of the data previously supplied. Additional data subsequently supplied is incomplete mileage only records of the fleet. The most accurate way to measure emissions from the fleet is by the litres of fuel used by each vehicle. Fleet vehicles fill up at the Depot from our own pump and this should be recorded at this point. Need to understand why this doesn't always happen and how it is possible to circumvent the existing system.

Project: Reference:	LED Lighting- Depot WL 16 Carbon Saving – near term
Owner	Karen Lond
Department	
Description	Replacement and upgrade of existing lamps to energy efficient LED on depot site and buildings. Replacement lamps to T5 and sensors throughout Depot buildings where practical, subject to survey.
Benefits	<ul style="list-style-type: none"> • Reduction in electricity used • More efficient use of lighting • Safer lighting on site for staff • Improved lighting levels • Reduced maintenance (bulbs should require less frequent changing) • Improves asset
Funding	<ul style="list-style-type: none"> • Potential funding from WLDC Carbon Pot • Potential match funding from maintenance pot
Resources	<ul style="list-style-type: none"> • Property and Asset team to deliver
Ensuring Success	<ul style="list-style-type: none"> • Secure funding • Careful assessment of appropriate lighting; specification to be agreed with Depot, Property and Asset team and contractor
Measuring Success	<ul style="list-style-type: none"> • Carbon emissions from electricity use at Depot • Measured and reported on annually
Timing	<ul style="list-style-type: none"> • 6-12months
Notes	

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CPR.13 16/17

**Corporate Policy &
Resources Committee**

Date 28th July 2016

Subject: Leisure Contract Reprourement

Report by:

Manjeet Gill
Chief Executive
Manjeet.gill@west-lindsey.gov.uk

Contact Officer:

Karen Whitfield
Leisure & Cultural Services Team Manager
01427 675140
Karen.whitfield@west-lindsey.gov.uk

Purpose / Summary:

For Members to consider the forthcoming procurement exercise and approve the Procurement Timetable.

RECOMMENDATION(S):

- 1) That Members note the procurement exercise and approve the Procurement timetable.
- 2) That a further report be brought to Corporate Policy and Resources Committee once a preferred supplier has been identified.

IMPLICATIONS

Legal: Legal/procurement advice will be sought from Legal Services Lincolnshire and Procurement Lincolnshire

Financial : FIN/38/17

The budget for the current leisure management contract is £262,100. It is envisaged that any new contract will achieve savings of at least this amount, as it is anticipated that a positive management fee could be realised if capital investment in the facilities is made.

The Capital Programme 2016/17-2020/21 includes the provision of £7.8m for the investment in Leisure Facilities.

Staffing : Staff employed by the current contractor would be transferred under a TUPE arrangement

Equality and Diversity including Human Rights :

Risk Assessment :

Climate Related Risks and Opportunities :

Title and Location of any Background Papers used in the preparation of this report:

Review of Leisure Provision in West Lindsey (PR.59 12/13)

Future Leisure Options Review (PRCC.32 15/16)

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

No

x

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

No

x

1 Introduction

- 1.1 The Council's current leisure contract with Everyone Active (previously SLM Ltd) is due to expire on the 31st May 2018.
- 1.2 The Council wishes to take the opportunity of the impending contract end to assess future leisure provision within the District and identify a value for money solution to secure the leisure service going forward.

2 Background

- 2.1 The original contract was due to expire on the 31st May 2014. Policy and Resources Committee agreed in April 2013 to extend the contract for a period of four years and provide £269,000 of capital funding to reconfigure parts of the leisure centre in Gainsborough. In return the Council received £1.1 million in revenue savings over the final 4 ½ years of the contract and customer satisfaction of the facility in Gainsborough is very high.
- 2.2 The Council have conducted a thorough options appraisal seeking to identify the best value for money solution for leisure provision post the end of the current contract. As a result Prosperous Communities have received several reports in connection with future leisure provision and in December 2015 they agreed the preferred option was for the Council to reprocure it's leisure contract. However, this should be on the basis that the new contract should provide the Council with a surplus or, as a minimum, the contract should be cost neutral.

3 Procurement

- 3.1 In July this year Prosperous Communities Committee considered a report and agreed the key high level principles and outcomes upon which a procurement exercise to secure a new contract should be based.
- 3.2 Attached at Appendix One is a project timeline which details the key milestones between inception of the procurement project in May 2016 to the commencement of a new contract on the 1st June 2018.
- 3.3 To support the project and possible facility development/improvements £7.8million of capital funding has been set aside within the Council's capital budget. Whilst this sum has been secured it is the Council's intention to test the market for the most competitive and commercial proposal, therefore not all of the allocated funding may be required. The Council has a vision that any capital used should be repaid via a positive management fee.

4 Recommendation

- 4.1 That Members note the procurement exercise and approve the Procurement Timetable.
- 4.2 That a further report be brought to Corporate Policy and Resources Committee once a preferred supplier has been identified.

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CPR.14 16/17
Corporate Policy and Resources Committee
Date: 28 July 2016

Subject: Progress and Delivery – Period 1 (April and May)

Report by:	Director of Resources
Contact Officer:	Ian Knowles Director of Resources 01427 676500 ian.knowles@west-lindsey.gov.uk
Purpose/Summary:	

RECOMMENDATION(S):

1. Members are asked to review the attached Progress and Delivery Report and comment on the performance and proposed responses to that performance.

IMPLICATIONS

Legal: None

Financial: FIN/57/17 – no financial implications

Staffing: None

Equality and Diversity including Human Rights: None

Risk Assessment: None

Climate Related Risks and Opportunities: None

Title and Location of any Background Papers used in the preparation of this report:

P & D Review May 2016

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

No

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

No

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Introduction

Councillors have received progress and delivery reports since 2012. They have sought to give councillors information on how the council is performing through its services, project delivery and finances. This has given councillors the opportunities to question officers on performance and ensure that any rectification measures proposed to remedy poor performance are sufficient to tackle the issues identified.




This report is about the services the council is delivering in order to meet the objectives it has set itself in the corporate plan.

For clarity this report will provide information on those services that are either performing below their target level or have exceeded the performance expected of them. This will be done within certain tolerance levels therefore services which are just below their target performance will not be reported at this stage, but will be monitoring through the council's services leadership team. Generally explanations and rectifications are given where an aspect of a service is performing below the required standard.

In addition the report will contain information on services which were included in the last period's exceptions report, but have subsequently improved to the extent that they are not included in this report. This is to demonstrate to members that remedial measures which have been put in place are working.

How to use this report

RAG Performance Indicators

	Performance against this indicator is better than the set target
	Performance is in line with its target
	Performance is lower than predicted

Direction of Travel

↑	Performance is improving
→	Performance is remaining static
↓	Performance is declining

Executive Summary

Overview of performance

This report is based on the first two months of the 2016/17 financial year in order to be able to report in the July cycle.

Corporate Health

Customer – The measures used to assess this perspective are currently showing as performing worse than target however there is a debate around whether we should indeed have a target for customer comment and complaints. We should be encouraging customers and residents to provide feedback and a target could be counter-productive in that respect. However we are analysing the complaints and taking appropriate action where necessary. It is a positive matter that we are also receiving increasing compliments at this time

Financial – The financial reporting is picked up in detail as part of the budget monitor elsewhere on this agenda. However from a performance viewpoint it should be noted we are already predicting a 1.9% underspend for the year due to an adjustment to our pension deficit contribution for this year. This will ensure that we do not need to use reserves to balance our budget as provided for in the MTFP in March 2016.

Process – This perspective looks at service delivery and the measure being used is about channel optimisation. We are currently below our target for digital access. Our customer focus strategy will provide the basis on which to develop our approach to digital access. It should be noted that under **Systems Development** in the Service section the number of people signing up for a **self-service account** on the new website is ahead of expectations.

Quality – This perspective has a mixed outcome so far with staff absenteeism continuing to improve against expectations whilst the number of calls answered is a cause for concern. We continue to support managers to deliver improved staff absenteeism and are working with team managers to establish why phones are not being answered in a timely manner.

Programme Delivery

Whilst this section reflects that all projects are currently on track, however we feel members should be aware of the following:

Hemswell Cliff – In the period 4 report in 2015/16 this project was shown as amber as there had been delays in developing the action plan for the area. This has been overcome and the plans are now in place and being initiated.

Surestaff Lincs Ltd. – This was a commercial project where we were seeking to acquire a staffing agency that had supplied the Authority for some years but was looking to close for personal reasons for the owner. We are pleased to report that this acquisition is complete and we secured the support of the previous

owner for a three month period within the purchase price. The payment will be paid in instalments based on the company hitting our forecast figures for turnover and supply to our own Operational Services.

Trade Waste – This was our first commercial venture and is now well established in the local market place. Income for 2015/16 exceeded expectations and we are now building into our financial forecasts increasing returns from this venture.

Service Exceptions

I trust that members will find the new narrative on each service helpful and the commentary on both red and green performance measures informative. I will only reference in the summary those measures considered noteworthy. The measures included in this report are on an exceptions basis.

In year **collection rates** (Council Tax and NNDR) are favourable for Business Rates but is lower than expected for Council Tax. Recovery action for the 206/17 Council Tax is being taken in May and this is expected to improve the collection rate going forward.

Land Charges response rate has again seen a dip in performance due to a change in the resourcing available to the service. Action is being taken to increase the resource available.

Development Management continues to improve its performance against the nationally set targets. Most measures are currently above expectation accept the level of invalid submissions. We will ensure this performance is appropriately scrutinised.

Enforcement continues to be a concern. A large caseload of **Planning** Enforcement means the target is exceeded and a number of long standing cases coming to an end means the **time to closure** is exceeding target. However, **Housing** Enforcement is delivering well below the expected timescales.

Licensing is receiving less income than expected due to the budget being established before we were able to assess the impact of the reduced frequency for Taxi licensing. This will be remedied in the next iteration of the MTFP.

Street Cleansing experienced reduced demand for its services and therefore income is significantly below expectations. However, **Volunteer Litter** picks are well ahead of target.

Waste Collection has seen an increase in **missed bins**. It is believed this is as a result of new staff coming into the Green Waste teams. Work is ongoing to remedy this situation.

Markets continues to deliver below expected income levels. Action is being taken to reduce expenditure where possible for the immediate future and reports are being prepared for Prosperous Communities Committee in September.

The delivery of **DFG's Spend** has increased over the first two months and whilst this is ahead of target this should not be seen as poor performance at this stage. We await to see how the profile of DFG's over the year develops. The average time from a **DFG Request** to completion is well below expectations and this may be contributing to the higher spend profile.

The **time to rehouse a band 1 person** significantly exceeds our target. This reflects the impact of a number of individual cases that have been particularly difficult including properties being in disrepair when offered. The **Home Choices Team** continues to monitor this situation and is working with partners to make improvements.

The **Healthy District** range of indicators are all ahead of target and reflects the hard work of the team involved.

Overview of performance (Total RAG ratings)

Measure Category	Red	Amber	Green
Corporate Health	4	0	3
Service	24	22	27
TOTAL	28	22	30

Section 1: Corporate Health Measures

West Lindsey District Council performance against key performance metrics.

Performance Measure	Frq	Current Period				Previous Period		YtD Per	What is affecting performance?	What do we need to do to improve and by when?
		Act	Tar	Per	DoT	Act	Per			
Perspective: Customer										
Complaints	Mth	37	14	●	↓	24	●	●	A total of 32 new complaints were received in April and May, with 1 informal, 28 formal Stage 2; and 3 escalated to the final Stage 3. Of those, 8 were for Development Control, 5 for Planning Enforcement Issues and 6 were Waste related issues; and the remaining spread across a range of services. There are no obvious factors for the increase in complaints in this period. However analysis shows that 4 were a dissatisfaction with the decision, 8 dissatisfaction with process, 4 dissatisfaction with staff behaviour or time of response, 4 missed bin or bins replacement and 2	Officers will continue to monitor the reasons for complaints to identify if there are any trends emerging; and will be discussing the issues around the dissatisfaction with process and staff responses with the relevant departments.

									were MP or Councillor enquiries.	
Compliments	Mth	21	18	●	↓	42	▲	●		
Councillor satisfaction	Ann	Data expected Period Four 2016/17								
Employee satisfaction	Ann	Data expected Period Four 2016/17								
Perspective: Financial										
Position against budget %	Qtr	-1.9		★	-	-	-	★	Pension deficit contribution 2015/16 overpaid reduced from 16/17 required amount.	
Perspective: Process										
Service requests received through digital channels	Mth	29%	35%	●	↑	26%	●	●	Demand caused by other services/tenants that we have no control over	Work with services/tenants to try to promote use of digital channels
Perspective: Quality										
Service and system availability	Mth	100%	98%	★	→	100%	★	★	Proactive monitoring ensures standards are maintained.	Continue to monitor.
Staff absenteeism	Mth	0.55	0.70	★	↓	0.38	★	★	Staff absence remains lower than target and we continue to work with managers to actively support this area.	
Percentage of calls answered	Mth	72%	90%	●	↓	92%	★	●	Need to discuss with Team Managers to identify issues affecting performance	Work with the Team Managers is underway to improve this performance.
Energy consumption	Ann	Data expected Period Four 2016/17								
Health and Safety incidents	Mth	16	NTS1	-	-	-	-	-		

Table 1: Corporate Health measures

¹ NTS: no target set

Section 2: Project and Programme Delivery

Identification of Council programmes and projects that are not progressing as anticipated.

Project Name	Description	RAG	Reason
Commercial Board			
All projects are currently on track			
Growth Board			
All projects are currently on track			
Transformation Board			
All projects are currently on track			

Table 2: Project and Programme delivery

Section 3: Service Exceptions

Service performance metrics that are performing better or worse than agreed tolerances.

Cluster: Customer First

Customer Satisfaction

Overview of performance

Benefits

Housing Benefit and Council Tax Support has a 'seasonal' nature to it in that demand for the service is affected when the Housing Benefit year starts on 1 April and the Council Tax demands are sent in March. Existing customers contact the department with queries or changes to their circumstances prompted by receiving their new-year bill and entitlement letters. Once these enquiries have tapered off, the team seasonally have a period where demand remains acceptable and annual leave does not affect the team adversely. Housing Benefit demand is also affected by changes in national legislation and media hype, with the introduction of Universal Credit in West Lindsey in December 2015, the workload of the benefits team assessing Council Tax Support for Universal Credit claimants has been extremely difficult due to the lack of information coming from the customer and the Department for Works and Pensions – this is not isolated to West Lindsey as other Local Authorities are reporting an increase in administration time for Council Tax Support due to Universal Credit. The team have coped well with demand since April and performance is good.

Performance Measure	Frq	Current Period				Previous Period		YtD Per	What is affecting performance?	What do we need to do to improve and by when?
		Act	Tar	Per	DoT	Act	Per			
Perspective: Quality										
End to end processing times for Housing benefit and Council Tax Support	Mth	4.6 days	6 days	★	↓	2.5 days	★	★	After a very busy February and March send New Year benefit letters and receiving new claims and changes to existing claims, April and May has seen better processing times due to having more staff available after Easter holidays and experiencing a lull in annual leave.	

Table 3: Benefits measure exceptions

Council Tax and NNDR

The Council Tax and Business Rate bills for 2016/17 were successfully issued in March 2016 and recovery of unpaid instalments commenced in May 2016 which resulted in an increase in receipts. More council taxpayers are opting to pay by 12 monthly instalments which affects the collection rate at the beginning of the year however, this should still result in collection rates being maintained by the end of the financial year.

Business rateable values continue to reduce as the Valuation Office Agency finalises more appeals many of which are nationwide changes and these continue to be closely monitored as although rateable value reductions affect income this is not something WLDC can influence.

Performance Measure	Frq	Current Period				Previous Period		YtD Per	What is affecting performance?	What do we need to do to improve and by when?
		Act	Tar	Per	DoT	Act	Per			
Perspective: Financial										
Total rateable value - business rates	Mth	£42,139,777	£42,700,000	●	↓	£42,141,527	-	●	Reduction in RV relating to oil fields	VOA is responsible for determining rateable values leading to the reduced figure. However, the Economic Development team are developing the Growth Strategy for the district which will improve this position.
Perspective: Process										
Council Tax in year collection rate	Mth	20.11%	20.55%	●	↓	20.55%	★	●	More customers paying by 12 instalments hence reduction in sum being collected each month but more payments due in Feb and March	Recovery action for new years council tax commenced in May which increases performance
NNDR in year collection rate	Mth	27.37%	23.22%	★	↑	23.22%	●	★	Net liability has increased by £39,994 from April but	

Performance Measure	Frq	Current Period				Previous Period		YtD Per	What is affecting performance?	What do we need to do to improve and by when?
		Act	Tar	Per	DoT	Act	Per			
Perspective: Quality										
Time taken to process a search	Mth	13 days	10 days		↓	6 days			Resources available to undertake searches is reduced. Service experienced a spike in searches again in the middle of the month and whilst the average for the month is 14 days searches to the end of the month are being completed in around 10 days again	There have been a number of improvements undertaken to the existing process and system which has made the process more efficient. Work is also being undertaken to ensure all existing records are digitised ready for the implementation of the new IT system which will ultimately provide greater resilience for processing searches.

Table 6: Local Land Charges measure exceptions

Performance Measure	Frq	Current Period				Previous Period		YtD Per	What is affecting performance?	What do we need to do to improve and by when?
		Act	Tar	Per	DoT	Act	Per			
Perspective: Quality										
Rate of invalids	Mth	64%	50%		↓	54%				
'Majors' determined within national targets	Qtr	65%	65%		↓	75%				
'Minors' determined within national targets	Mth	82%	75%		↑	67%				
'Others' determined within national targets	Mth	96%	85%		↓	97%				

Table 7: Development Management measure exceptions

Enforcement

The demand on enforcement based services continues to remain at a high level and additional resources have been agreed to address areas where there are specific issues. Formal action continues to be taken in regards to the most serious cases and the service is putting processes and procedures in place in order to be ready for the commencement of selective licensing in July 16.

Performance Measure	Frq	Current Period				Previous Period		YtD Per	What is affecting performance?	What do we need to do to improve and by when?
		Act	Tar	Per	DoT	Act	Per			
Perspective: Process										
Housing enforcement requests received	Mth	29	40	★	↓	14	★	★		
Open planning enforcement cases	Mth	130	100	●	↓	112	NTS	●	A large and ongoing caseload	The team will continue to monitor and review cases
Perspective: Quality										
Time taken to resolve a housing enforcement request	Mth	58 days	90 days	★	↑	88 days	●	★		
Time taken to resolve a planning enforcement request	Mth	146 days	100 days	●	↑	191 days	●	●	During April a number of long standing cases were closed resulting in a high figure	

Table 8: Enforcement measure exceptions

Environmental Protection

The demand coming in to the team remains high. Enforcement action is taken when necessary and this will include prosecution proceedings as an option.

Performance Measure	Frq	Current Period				Previous Period		YtD Per	What is affecting performance?	What do we need to do to improve and by when?
		Act	Tar	Per	DoT	Act	Per			
Perspective: Quality										
Nuisance complaints completed within timescales	Mth	100%	95%	★	→	100%	★	★		

Table 9: Environmental Protection measure exceptions

Food Safety

The food team continue to perform well. The number of inspections are not evenly spread throughout the year and due to this some months we will achieve more than the targeted inspections. Work is ongoing to try to ensure that all businesses are in compliance with legislative requirements.

Performance Measure	Frq	Current Period				Previous Period		YtD Per	What is affecting performance?	What do we need to do to improve and by when?
		Act	Tar	Per	DoT	Act	Per			
Perspective: Process										
Percentage of registered food premises receiving a pro-active inspection	Mth	106%	95%	★	↑	91%	●	★	Performance achieved by completing more inspections than scheduled.	

Table 10: Food Safety measure exceptions

Community Safety

Community Safety is currently being reviewed.

Performance Measure	Frq	Current Period				Previous Period		YtD Per	What is affecting performance?	What do we need to do to improve and by when?
		Act	Tar	Per	DoT	Act	Per			
Perspective: Process										
Percentage of cases completed within six months	Mth	100%	95%	★	-	-	-	★		

Table 11: Community Safety measure exceptions

CCTV

CCTV performance will start to be recorded from Period Two. This is due to the system upgrade that is currently being undertaken on the CCTV system which will not be live till July 2016.

Licensing

Whilst licensing income does not align with agreed performance tolerances it is still higher than income received at this time last year. Further work needs to be undertaken to intelligent profile income and expenditure targets (to reflect seasonal changes) and this will be undertaken during the next period. Volumes of application remain consistent with previous years and 100% are processed within the agreed timescales.

Performance Measure	Frq	Current Period				Previous Period		YtD Per	What is affecting performance?	What do we need to do to improve and by when?
		Act	Tar	Per	DoT	Act	Per			
Perspective: Financial										
Income received	Mth	£18,465	£22,782	●	↓	£29,468	●	●	This is not a performance matter as the income received is demand led & beyond our control.	The profile of the income needs amending to reflect seasonal variations and the change in frequency of Taxi Licensing.

Table 12: Licensing measure exceptions

Street Cleansing

All measures in line with predicted performance apart from income and volunteer litter picks. There has been a general downturn in requests for the mechanical road sweeping service, at this time it isn't a cause for concern as demand tends to be dynamic. The team continue to promote this service. Volunteer litter picks are well ahead of expectation mainly as a result of some events being organised as part of the national 'Clean for the Queen' campaign. We hope to continue to engage with this new set of volunteers.

Performance Measure	Frq	Current Period				Previous Period		YtD Per	What is affecting performance?	What do we need to do to improve and by when?
		Act	Tar	Per	DoT	Act	Per			
Perspective: Financial										
Income generation	Mth	£3,849	£8,000	●	-	£11,158	↓	●	Downturn in mechanical road sweeping demand	Continue to promote
Perspective: Quality										
Volunteer litter picks	Mth	21	10	★	↑	18	★	★	Clean for the Queen events	Continue to engage with voluntary groups

Table 13: Street Cleansing measure exceptions

Waste Collection

All measures on target apart from recycling rate and missed collections. The recycling rate is currently 8% ahead of target, it will come back into line when garden waste collections are suspended in the winter months. There remain concerns about levels of reported contamination since a new disposal contractor was appointed, officers continue to work with colleagues from around the county to resolve. Missed collections have increased since April, this tends to happen every year as new staff are inducted to work on the garden waste service and they learn the collection rounds. However, significant progress was achieved last year and we will work with crews to support continual improvement.

Performance Measure	Frq	Current Period				Previous Period		YtD Per	What is affecting performance?	What do we need to do to improve and by when?
		Act	Tar	Per	DoT	Act	Per			
Perspective: Process										
Recycling rates	Mth	58%	50%	★	↑	38%	●	★	In line with target, will reduce during winter months	Continue education/enforcement work
Perspective: Quality										
Missed collections	Mth	324	260	●	↑	357	●	●	New staff at start of garden waste season, improvement expected	Work with crews to resolve

Table 14: Waste Collection measure exceptions

Trinity Arts Centre
Overview of performance

Performance Measure	Frq	Current Period				Previous Period		YtD Per	What is affecting performance?	What do we need to do to improve and by when?
		Act	Tar	Per	DoT	Act	Per			
Perspective: Financial										
Received surplus	Mth	£7,221	£9,490	●	↓	£20,458	★	●	Reduction in programme due to roofing works	
Perspective: Process										
Audience figures	Mth	2,326	1,400	★	↓	5,220	★	★	Reduction in programme due to roofing works and less customers attending due to disruption	Audience figures
Perspective: Quality										
Event occupancy	Mth	45%	55%	●	↓	64%	★	●	Roof works causing disruption and making centre unattractive to users	

Table 15: Trinity Arts Centre measure exceptions

Cluster: Democratic and Business Support

Democratic Services

There are currently a number of projects to be delivered in this area which are being managed within the team. A number of processes are currently being reviewed to ensure that work is being carried out in the most efficient way and in the right areas.

Cluster: Economic Development and Neighbourhoods

Localism

Overview of performance

Markets

Income is below target, there is a general downturn in demand. Some changes have been implemented to address operational issues such as improving the availability of officers to answer enquiries. Market Review underway and future delivery options presented to Committee in September with proposals to reduce the subsidy substantially.

Performance Measure	Frq	Current Period				Previous Period		YtD Per	What is affecting performance?	What do we need to do to improve and by when?
		Act	Tar	Per	DoT	Act	Per			
Perspective: Financial										
Income received		£6,321	£7,500	●	-	-	-	●	Downturn in demand	Improvements being made to operational delivery, future provision is to be considered by Members

Table 16: Markets measure exceptions

Cluster: Housing and Regeneration

Assets and Facilities Management

Overview of performance

Performance Measure	Frq	Current Period				Previous Period		YtD Per	What is affecting performance?	What do we need to do to improve and by when?
		Act	Tar	Per	DoT	Act	Per			
Perspective: Financial										
Rental income- Assets	Mth	£64,919	£76,358	●	-	-	-	●	Income comparable with previous years slight delay in getting service charge setting resolved	
Rental income- Car Parks	Mth	£44,136	£34,163	★	-	-	-	★	Income is up over previous year's first two months	
Planned and responsive maintenance	Mth	80%/16%	70%/30%	★	↑	65%/35%	●	★		
Perspective: Process										
Void management	Mth	2%	12%	★	↑	5%	★	★		
Perspective: Quality										
Two year backlog maintenance reduction	Mth	2%	10%	●	-	-	-	●	209 pieces of work have been identified during survey for completion in the next 2 years	Staff shortages are limiting ability to tender works, Restructure planned for the summer should help address this.

Table 17: Assets measure exceptions

Housing

The number of long term empty properties remains at a stable level and the focus within this area is now on the “worst” properties, which require more formal enforcement type action. A number of proposals for Compulsory Purchase Orders are being developed, which will be presented to the relevant committee. The average spend on Disabled Facilities Grants has increased slightly, mainly due to larger, more complex cases where more work has been required. This has not affected the delivery timescales for works and customers continue to be very satisfied with the service provided.

Performance Measure	Frq	Current Period				Previous Period		YtD Per	What is affecting performance?	What do we need to do to improve and by when?
		Act	Tar	Per	DoT	Act	Per			
Perspective: Financial										
The average spend per disabled facilities grants	Mth	£4,394	£3,500	●	↑	£4,624	●	●	Complex and larger cases. Satisfied that grant award is correct.	Ongoing case reviews
Total spend on completed disabled facilities grants	Mth	£107,185	£56,166	●	↑	£254,033	●	●		
Perspective: Process										
Number of affordable homes delivered	Mth	17	20	●	↑	0	●	●		
Perspective: Quality										
Average days from DFG approval to completion	Mth	43 days	60 days	★	↑	68 days	●	★	No performance issues	

Table 18: Housing measure exceptions

Home Choices

During Period one work has been undertaken to further enhance the on-going relationship with ACIS and in particular performance surrounding the nominations process. To support this a Home Choices Advisor is receiving an honorarium to deliver specific monitoring outcomes which is being jointly funded by WLDC and ACIS.

Work on the Housing Strategy is underway with the commissioning of a data collection exercise being awarded and it is envisaged that the adoption of this Strategy will greatly enhance future service planning and joint work with the Growth team.

Performance Measure	Frq	Current Period				Previous Period		YtD Per	What is affecting performance?	What do we need to do to improve and by when?
		Act	Tar	Per	DoT	Act	Per			
Perspective: Process										
Number of nights verified rough sleepers	Mth	1	0	●	-	-	-	●	Individual with no local connection and not approaching WLDC	Currently working with P3 to resolve this
Perspective: Quality										
Average time for a person in "band 1" to be rehoused	Mth	73 days	28 days	●	↓	43 days	-	●	Individual cases have been having a detrimental impact on performance. These cases include properties being in disrepair and applicants not accepting specific properties.	Home Choices to monitor and to offer property when available
Homeless prevention	Mth	18	20	★	-	38	▲	★		

Table 19: Home Choices measure exceptions

Performance Measure	Frq	Current Period				Previous Period		YtD Per	What is affecting performance?	What do we need to do to improve and by when?
		Act	Tar	Per	DoT	Act	Per			
Perspective: Customer										
Customer satisfaction of leisure facilities & activities	Mth	98%	80%	★	↑	96%	★	★	Customer satisfaction remains high across the contract	
Perspective: Financial										
Cost of Leisure Management fee per service user	Mth	£0.78	£1.20	★	↓	£0.74	★	★	Good usage across facilities and reduced management fee	
Perspective: Process										
New participants at West Lindsey Leisure facilities	Mth	484	400	★	-	-	-	★	Good marketing activity and range of new activities which are proving attractive and popular	

Table 20: Healthy District measure exceptions

Cluster: Organisational Transformation

ICT

Overview of performance

Performance Measure	Frq	Current Period				Previous Period		YtD Per	What is affecting performance?	What do we need to do to improve and by when?
		Act	Tar	Per	DoT	Act	Per			
Perspective: Quality										
Service and System availability: Secure Network	Mth	100%	98%	★	→	100%	★	★	Proactive monitoring ensures standards are maintained.	Continue to monitor.

Table 21: ICT measure exceptions

Systems Development

Overview of performance

Performance Measure	Frq	Current Period				Previous Period		YtD Per	What is affecting performance?	What do we need to do to improve and by when?
		Act	Tar	Per	DoT	Act	Per			
Perspective: Process										
Percentage of street naming and numbering requests dealt with	Mth	0%	50%	●	-	-	-	●	Pending info from developer re plots above foundation level.	Some developments take a long time to complete, but we can provide numbers on request.
Number of online customers signing up to the self-service accounts	Mth	510	132	★	-	-	-	★	Launch of new website and promotion to ensure customers are fully aware of new functionality.	Keep promoting the new initiatives
Number of electronic forms developed and integrated into the website	Mth	2	64	●	-	-	-	●	Development of new forms has been suspended to ensure successful delivery of the website project	Keep working with departments to encourage channel optimisation
Number of electronic forms completed and submitted on the website	Mth	1,918	146	★	-	-	-	★	Launch of new website and promotion to ensure customers are fully aware of new functionality.	Keep promoting the new initiatives
Perspective: Quality										

Website availability	Mth	100%	98%	★	→	100%	★	★	Proactive monitoring ensures standards are maintained.	Continue to monitor
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Table 22: Systems Development measure exceptions

Contracts Management

The Corporate Governance service is keen to forge close working relationships with WLDC officers to ensure that visibility is applied to the contracts management process. The key to this relationship is the timely acknowledgement of contracts that are due to expire and the assurance that subsequent work is completed to either renew or re-negotiate the contract. During Period One this relationship has led to the service meeting the agreed tolerances of two contract related measures and performing 'better' than agreed tolerances in the below measure.

Work will continue to ensure that performance continues to improve and that Contract Management is given the visibility that it requires.

Performance Measure	Frq	Current Period				Previous Period		YtD Per	What is affecting performance?	What do we need to do to improve and by when?
		Act	Tar	Per	DoT	Act	Per			
Perspective: Process										
Percentage of contracts that have expired and continued with no extension arrangement in place	Mth	0%	20%	★	-	-	-	★	The majority of contracts that have expired are specific 'one-off' projects therefore they will not need to be procured	Continue to work with officers responsible for contracts
Percentage of supplier enquiries regarding evaluation feedback	Qtr	0%	10%	★	-	-	-	★	Performance is on track	-

Table 23: Contract Management measure exceptions



CPR.15 16/17

**Corporate Policy and
Resources Committee**

28 July 2016

Subject: Annual Report on the Treasury Management Service and Actual Prudential and Treasury Indicators 2015/16

Report by:

Financial Services Team Manager (Deputy S151)
Tracey Bircumshaw

Contact Officer:

Tracey Bircumshaw
Financial Services Team Manager (Deputy S151)
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Purpose / Summary:

This annual treasury report is a requirement of the Council's reporting procedures. It covers the treasury activity during 2015/16 and the actual Prudential Indicators for 2015/16.

RECOMMENDATION(S):

That Members accept the Annual Treasury Management Report for 2015/16 and recommend to Council the approval of the actual 2015/16 Prudential and Treasury Indicators contained therein.

IMPLICATIONS

Legal: None arising as a result of this report.

Financial: FIN/47/17: None arising from this report.

Staffing: None arising as a result of this report.

Equality and Diversity including Human Rights: None arising as a result of this report.

Risk Assessment: This is a monitoring report only.

Climate Related Risks and Opportunities: This is a monitoring report only.

Title and Location of any Background Papers used in the preparation of this report:

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

No

x

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

No

x

Background

The Council is required by regulations issued under the Local Government Act 2003 to produce an Annual Treasury Management review of activities and the actual prudential and treasury indicators for 2015/16. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (The Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

During 2015/16 the minimum reporting requirements were that the full Council should receive the following reports:

- an Annual Treasury Strategy in advance of the year - Council meeting held 3 March 2015
- a Mid-Year (minimum) Treasury Update Report – Council meeting held 27 October 2015
- an Annual Treasury Management Report following the year describing the activity compared to the strategy (this report).

In addition, the Corporate Policy and Resources Committee has received quarterly Treasury Management update reports on 30 July 2015, 27 October 2015, 11 February 2016 and 12 May 2016.

The regulatory environment places responsibility on Members for the review and scrutiny of treasury management policy and activities. The report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by Members.

The Council confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Governance and Audit Committee (Annual Investment Strategy) and Policy and Resources Committee (Capital Programme, Mid-Year and Annual Report) before they were reported to the full Council. Member training on treasury management issues was undertaken during the year in January 2016 in order to support Members' scrutiny role.

Executive Summary

During 2015/16, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

Prudential and treasury indicators	2014/15 Actual £'000	2015/16 Original £'000	2015/16 Revised £'000	2015/16 Actual £'000
Capital expenditure	1,711	9,689	4,144	962
Capital Financing Requirement:				
	1,631	6,260	1,429	1,403
Gross Borrowing (Finance Leases)	570	608	364	346
Gross Investments				
• Longer than 1 year	2,000	2,000	2,000	2,000
• Under 1 year	16,600	16,887	22,600	18,200
Total	18,600	18,887	24,600	20,200
Net borrowing/ (investments)	(18,030)	(18,279)	(24,236)	(19,954)

Other prudential and treasury indicators are to be found in the main body of this report. The S151 Officer also confirms that borrowing was only undertaken for a capital purpose and the statutory borrowing limit (the Authorised Limit) was not breached.

The financial year 2015/16 continued with a challenging investment environment of previous years, namely low investment returns.

1. Introduction and Background

1.1 This report summarises the following:

- Capital activity during the year
- Impact of this activity on the Council's underlying indebtedness (the Capital Financing Requirement)
- The actual prudential and treasury indicators
- Overall treasury position identifying if the Council has borrowed in relation to this indebtedness, and the impact on investment balances
- Summary of interest rate movements in the year
- Detailed debt activity; and
- Detailed investment activity

2. The Council's Capital Expenditure and Financing 2015/16

- 2.1 The Council undertakes capital expenditure on long-term assets. These activities may either be:
- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
 - If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.
- 2.2 The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

General Fund	2014/15 Actual £'000	2015/16 Original £'000	2015/16 Revised Estimate £'000	2015/16 Actual £'000
Capital expenditure	1,711	9,689	4,144	962
Resourced by:				
Capital receipts	244	1,249	900	560
Capital grants / Contributions	362	743	680	356
Revenue	932	2,797	2,460	46
Leases	69	0	0	0
S106	104	0	104	0
Unfinanced capital expenditure	0	4,900	0	0

3. The Council's Overall Borrowing Need

- 3.1 The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2015/16 unfinanced capital expenditure (see table 2.2), and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.
- 3.2 Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, through the Public Works Loan Board [PWLB] or the money markets), or utilising temporary cash resources within the Council.

- 3.3 **Reducing the CFR** – The Council’s underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision (MRP), to reduce the CFR. This is effectively a repayment of borrowing need. This differs from the treasury management arrangements, which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.
- 3.4 The total CFR can also be reduced by:
- the application of additional capital financing resources (such as unapplied capital receipts); or
 - charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).
- 3.5 The Council’s 2015/16 MRP Policy (as required by CLG Guidance) was approved as part of the Treasury Management Strategy Report for 2015/16 on 3 March 2015.
- 3.6 The Council’s CFR for the year is shown below, and represents a key prudential indicator. It is made up of £1.065m resulting from changes in capital financing regulations, this effectively represents capital expenditure funded from cash under previous capital financing regulations) and will remain within the CFR for the foreseeable future. As this is a technical accounting adjustment, there is no requirement to repay this amount through the MRP regulations. In addition it includes leasing schemes held on the balance sheet, which increase the Council’s borrowing need. No borrowing is actually required against these schemes as the borrowing facility is included in the contract.

Capital Financing Requirement	31 March 2015 Actual £'000	31 March 2016 Budget £'000	31 March 2016 Revised £'000	31 March 2016 Actual £'000
Opening balance	1,745	1,631	1,636	1,631
Adj for previous year financing	0	0	0	0
Add adjustment for the inclusion of on-balance sheet leasing arrangements	69	0	0	4
Less Finance Lease repayments/MRP	(183)	(207)	(207)	(228)
Closing balance	1,631	1,424	1,429	1,407

- 3.7 Borrowing activity is constrained by prudential indicators for net borrowing and the CFR, and by the authorised limit.
- 3.8 **Gross borrowing and the CFR** – in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2015/16) plus the estimates of any additional capital financing requirement for the current year (2016/17) and the next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allowed the Council some flexibility to borrow in advance of its immediate capital needs in 2015/16. The table below highlights the Council’s gross borrowing position against the CFR. The Council has complied with this prudential indicator with the gross borrowing position reflecting outstanding finance leases on vehicles and equipment.

	31 March 2015 Actual £'000	31 March 2016 Original £'000	31 March 2016 Revised £'000	31 March 2016 Actual £'000
Gross borrowing position	570	6080	364	346
CFR	1,631	6,260	1,429	1,407

- 3.9 **The Authorised Limit** – the authorised limit is the “affordable borrowing limit” required by section 3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2015/16 the Council has maintained gross borrowing within its authorised limit.
- 3.10 **The Operational Boundary** – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached.
- 3.11 **Actual financing costs as a proportion of net revenue stream** – this indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

	2015/16 £'000
Authorised Limit	12,500
Maximum gross borrowing position	346
Operational Boundary	608
Average gross borrowing position	0
Financing costs as a proportion of net revenue stream	1.27%

4. Treasury Position as at 31 March 2016

4.1.1 The Council's debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through Member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices. At the beginning and the end of 2015/16 the Council's treasury position (excluding finance leases) was as follows:

Actual borrowing position	31 March 2015		31 March 2016	
	Principal £'000	Average Rate	Principal £'000	Average Rate
Fixed Interest Rate Debt	0	0%	0	0%
Variable Interest Rate Debt	0	0%	0	0%
Total Debt	0	0%	0	0%
Capital Financing Requirement £'000	1,631		1,403	
Finance lease liabilities £'000	570		346	
Over/(under) borrowing £'000	(1,517)		(1,065)	
Bank and Money Market deposits	31 March 2015		31 March 2015	
	Principal £'000	Average Rate	Principal £'000	Average Rate
Fixed Interest money market and bank deposits	10,500	0.92%	13,500	0.94%
Variable Interest money market and bank deposits	8,100	1.49%	6,700	2.10%
Total Investments/Cash Equivalents	18,600	2.41%	20,200	3.04%
Net borrowing position	(18,030)		(19,854)	

The maturity of the investment portfolio was as follows:

	31 March 2015 Actual £'000	2015/16 Original limits £'000	31 March 2016 Actual £'000
Investments/Cash Equivalents			
Longer than 1 year	2,000	2,000	2,000
Under 1 year	16,600	14,887	18,200
Total	18,600	16,887	20,200

Note: Excludes bank current account balance.

5. The Strategy for 2015/16

5.1 The expectation for interest rates within the treasury management strategy for 2015/16 anticipated low but rising Bank Rate, (starting in quarter 1 of 2016), and gradual rises in medium and longer term fixed borrowing rates during 2016/17. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.

In this scenario, the treasury strategy was to postpone borrowing to avoid the cost of holding higher levels of investments and to reduce counterparty risk.

The actual movement in gilt yields meant that the general trend in PWLB rates during 2015/16 was an increase in rates during the first quarter followed by marked bouts of sharp volatility since July 2015 but with an overall dominant trend for rates to fall to historically low levels by the end of the year.

6. The Economy and Interest Rates

6.1 Market expectations for the first increase in Bank Rate moved considerably during 2015/16, starting at quarter 3 2015 but soon moving back to quarter 1 2016. However, by the end of the year, market expectations had moved back radically to quarter 2 2018 due to many fears including concerns that China's economic growth could be heading towards a hard landing; the potential destabilisation of some emerging market countries particularly exposed to the Chinese economic slowdown; and the continuation of the collapse in oil prices during 2015 together with continuing Eurozone growth uncertainties.

These concerns have caused sharp market volatility in equity prices during the year with corresponding impacts on bond prices and bond yields due to safe haven flows. Bank Rate, therefore, remained unchanged at 0.5% for the seventh successive year. Economic growth (GDP) in the UK surged strongly during both 2013/14 and 2014/15 to make the UK the top performing advanced economy in 2014. However, 2015 has been

disappointing with growth falling steadily from an annual rate of 2.9% in quarter 1 2015 to 2.1% in quarter 4.

The Funding for Lending Scheme, announced in July 2012, resulted in a flood of cheap credit being made available to banks which then resulted in money market investment rates falling materially. These rates continued at very low levels during 2015/16.

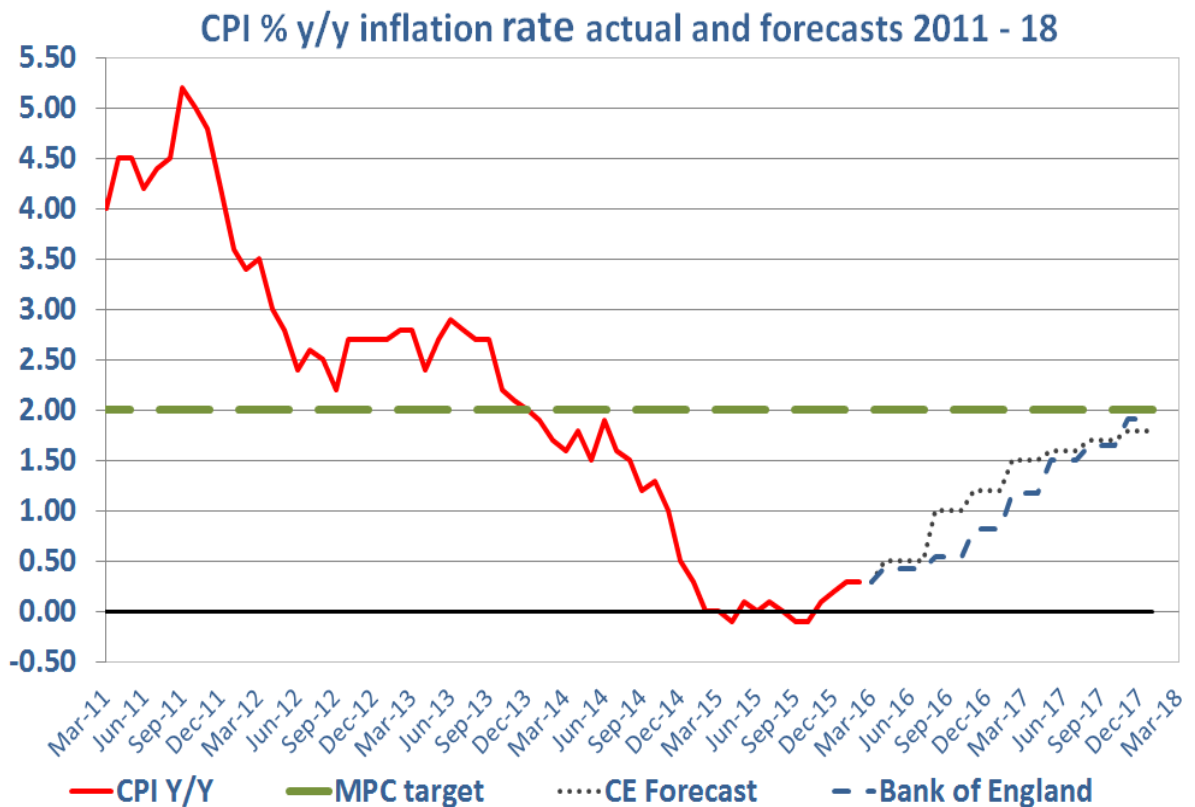
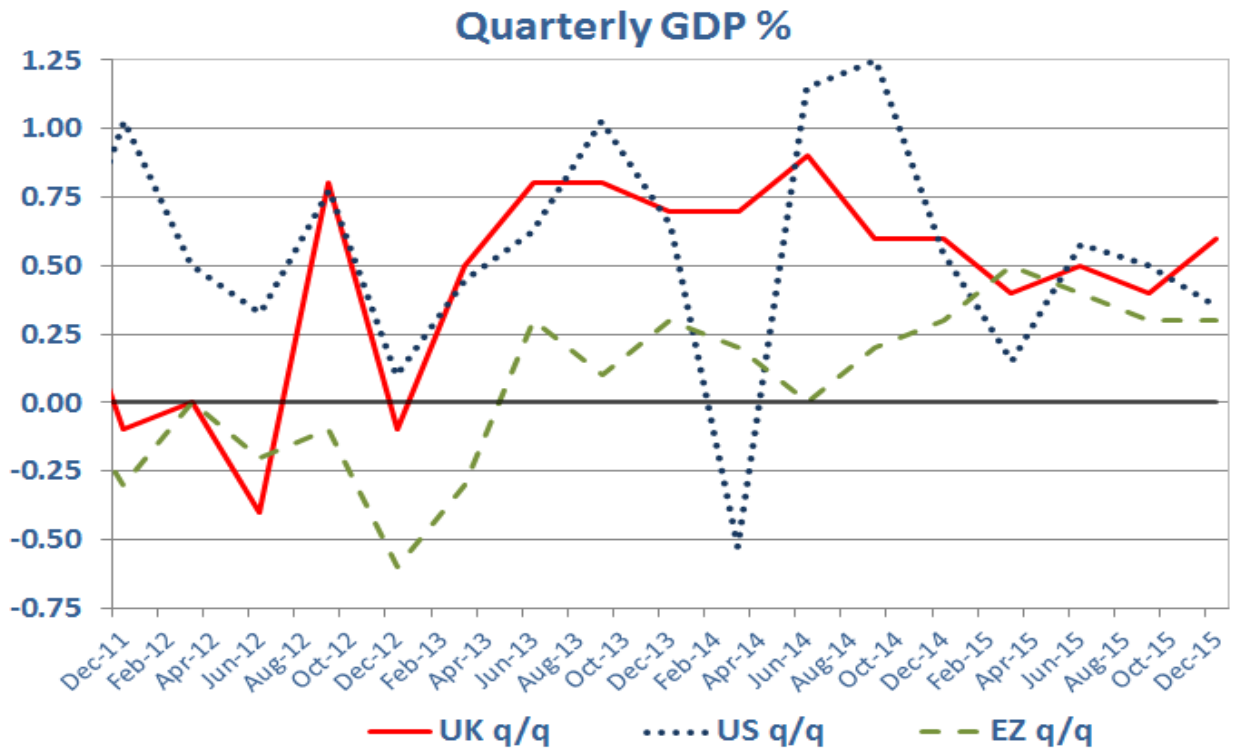
The sharp volatility in equity markets during the year was reflected in sharp volatility in bond yields. However, the overall dominant trend in bond yields since July 2015 has been for yields to fall to historically low levels as forecasts for inflation have repeatedly been revised downwards and expectations of increases in central rates have been pushed back. In addition, a notable trend in the year was that several central banks introduced negative interest rates as a measure to stimulate the creation of credit and hence economic growth.

The ECB had announced in January 2015 that it would undertake a full blown quantitative easing programme of purchases of Eurozone government and other bonds starting in March at €60bn per month. This put downward pressure on Eurozone bond yields. There was a further increase in this programme of QE in December 2015. The anti-austerity government in Greece, elected in January 2015 eventually agreed to implement an acceptable programme of cuts to meet EU demands after causing major fears of a breakup of the Eurozone. Nevertheless, there are continuing concerns that a Greek exit has only been delayed.

As for America, the economy has continued to grow healthily on the back of resilient consumer demand. The first increase in the central rate occurred in December 2015 since when there has been a return to caution as to the speed of further increases due to concerns around the risks to world growth.

On the international scene, concerns have increased about the slowing of the Chinese economy and also its potential vulnerability to both the bursting of a property bubble and major exposure of its banking system to bad debts. The Japanese economy has also suffered disappointing growth in this financial year despite a huge programme of quantitative easing, while two of the major emerging market economies, Russia and Brazil, are in recession. The situations in Ukraine, and in the Middle East with ISIS, have also contributed to volatility.

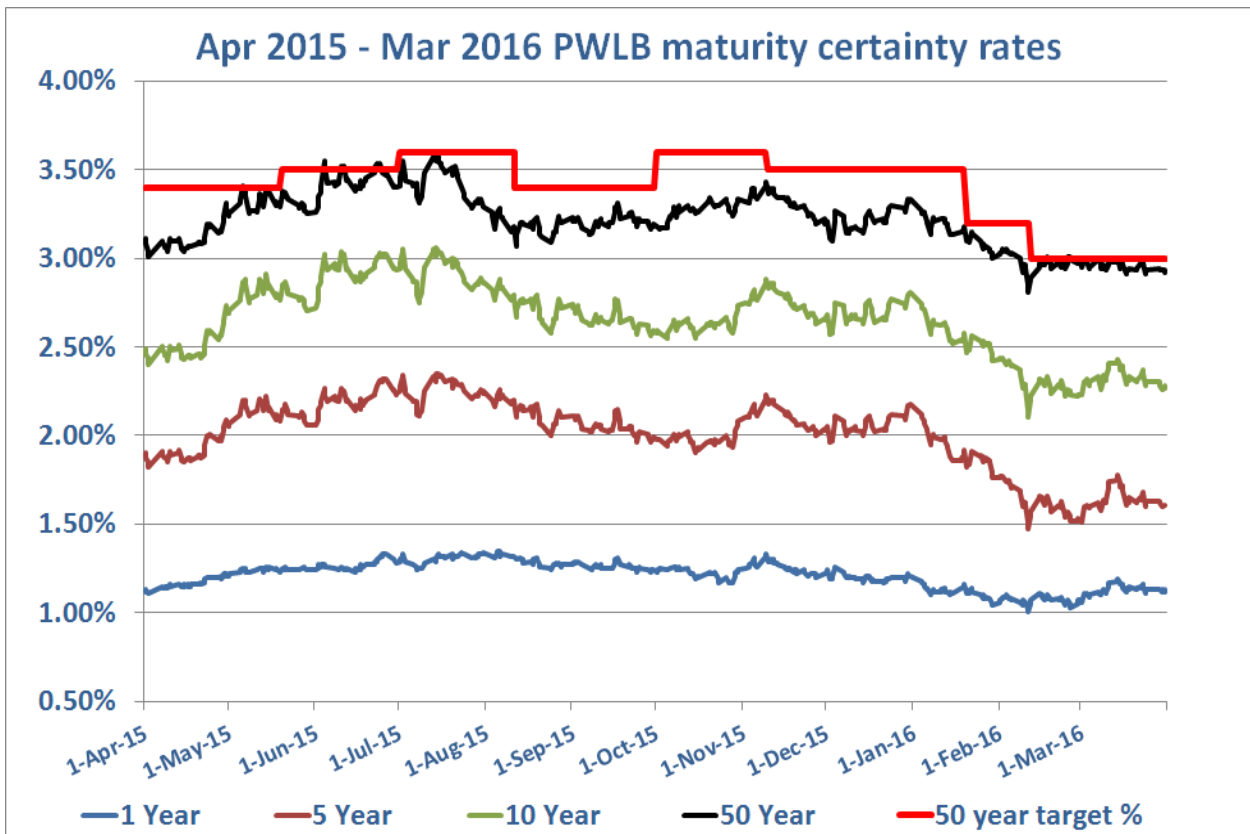
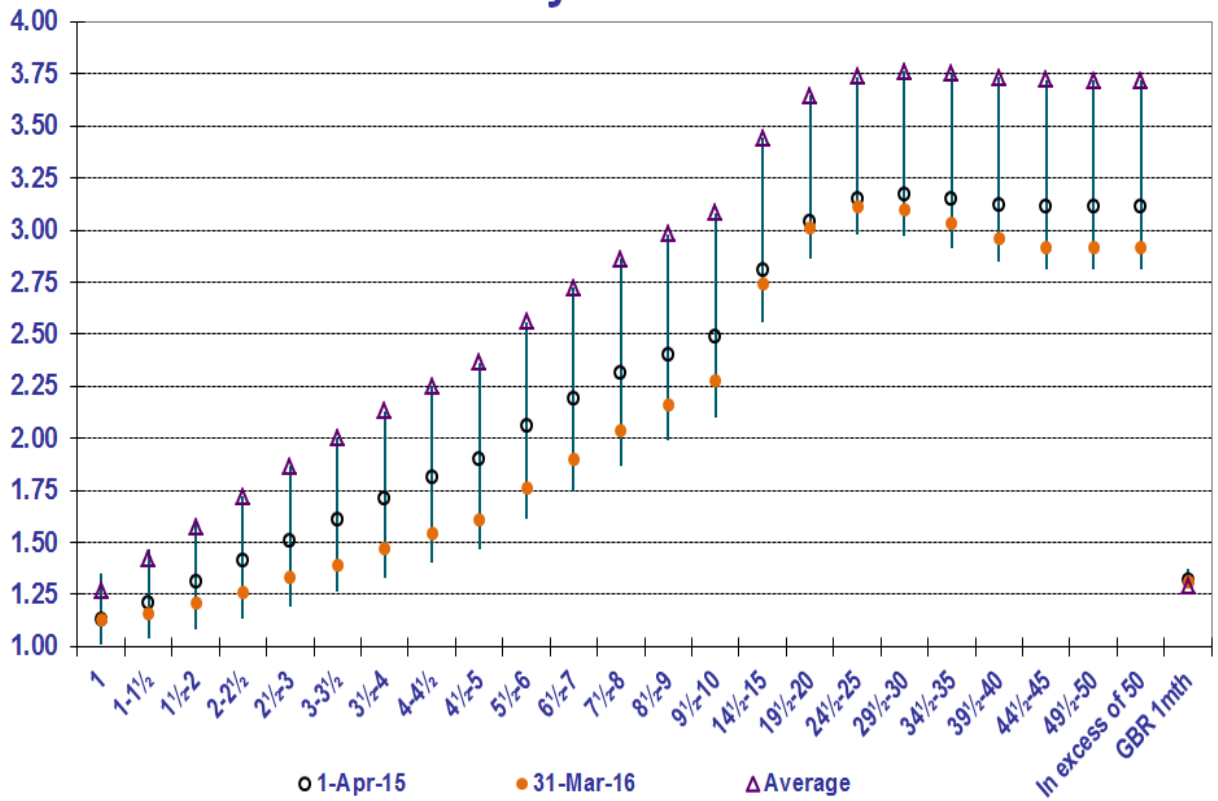
The UK elected a majority Conservative Government in May 2015, removing one potential concern but introducing another due to the promise of a referendum on the UK remaining part of the EU. The government maintained its tight fiscal policy stance but the more recent downturn in expectations for economic growth has made it more difficult to return the public sector net borrowing to a balanced annual position within the period of this parliament.



7. Borrowing Rates in 2015/16

7.1 **PWLB certainty maturity borrowing rates** – the graph and table for PWLB rates below show, for a selection of maturity periods, the average borrowing rates, the high and low points in rates, spreads and individual rates at the start and the end of the financial year.

PWLB certainty rate variations in 2015-16

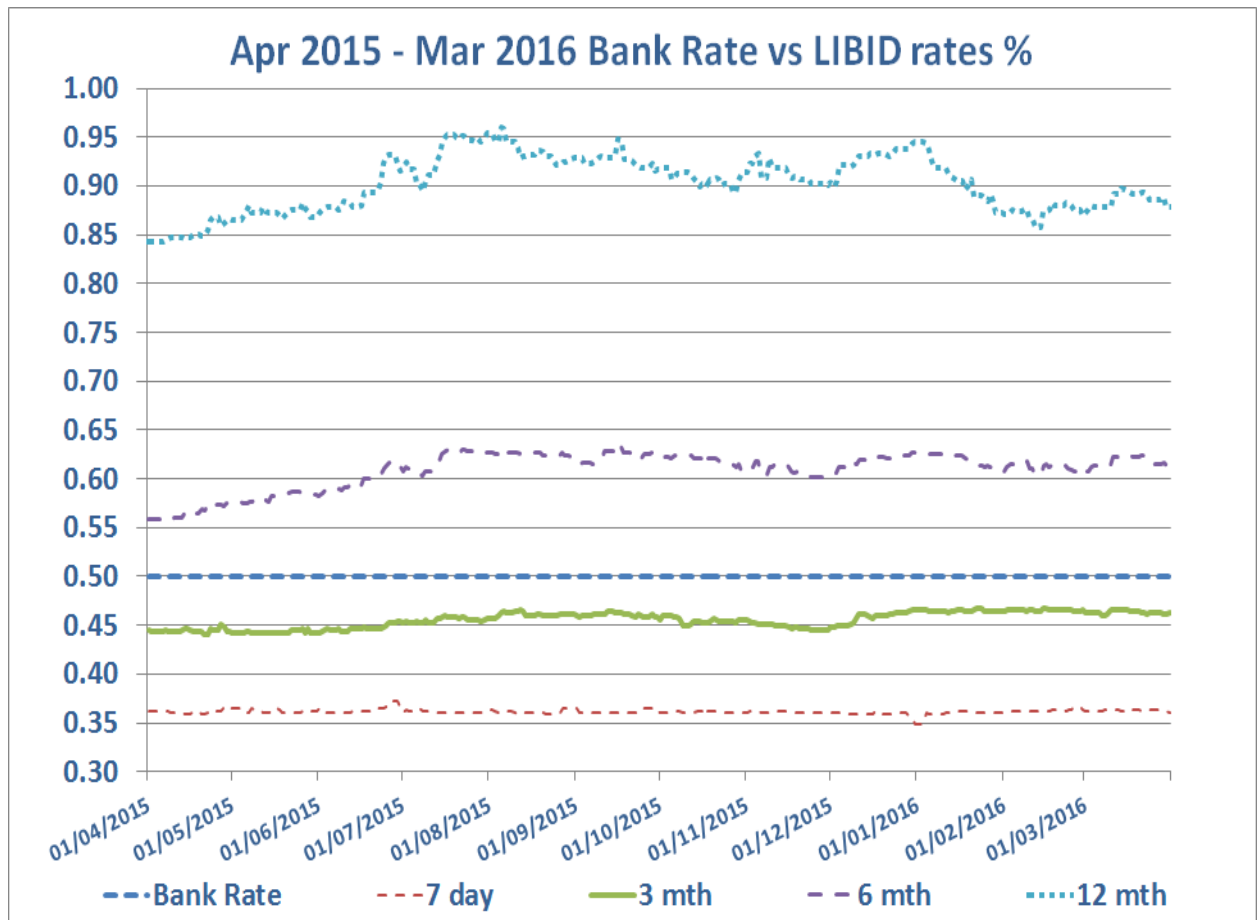


	1	1-1.5	2.5-3	3.5-4	4.5-5	9.5-10	24.5-25	49.5-50	1 month variable
1/4/15	1.130%	1.210%	1.510%	1.710%	1.900%	2.490%	3.150%	3.110%	1.320%
31/3/16	1.130%	1.160%	1.330%	1.470%	1.610%	2.280%	3.110%	2.920%	1.310%
High	1.350%	1.470%	1.860%	2.120%	2.350%	3.060%	3.660%	3.580%	1.370%
Low	1.010%	1.040%	1.190%	1.330%	1.470%	2.100%	2.980%	2.810%	1.310%
Average	1.212%	1.302%	1.608%	1.814%	2.004%	2.653%	3.348%	3.216%	1.336%
Spread	0.340%	0.430%	0.670%	0.790%	0.880%	0.960%	0.680%	0.770%	0.060%
High date	05/08/2015	06/08/2015	02/07/2015	15/07/2015	14/07/2015	14/07/2015	02/07/2015	14/07/2015	30/10/2015
Low date	11/02/2016	11/02/2016	11/02/2016	11/02/2016	11/02/2016	11/02/2016	11/02/2016	11/02/2016	21/03/2016

	1 Year	5 Year	10 Year	25 Year	50 Year
1/4/15	1.13%	1.90%	2.49%	3.15%	3.11%
31/3/16	1.13%	1.61%	2.28%	3.11%	2.92%
Low	1.01%	1.47%	2.10%	2.98%	2.81%
Date	11/02/2016	11/02/2016	11/02/2016	11/02/2016	11/02/2016
High	1.35%	2.35%	3.06%	3.66%	3.58%
Date	05/08/2015	14/07/2015	14/07/2015	02/07/2015	14/07/2015
Average	1.21%	2.00%	2.65%	3.35%	3.22%

8. Investment Rates in 2015/16

- 8.1 Bank Rate remained at its historic low of 0.5% throughout the year; it has now remained unchanged for seven years. Market expectations as to the timing of the start of monetary tightening started the year at quarter 1 2016 but then moved back to around quarter 2 2018 by the end of the year. Deposit rates remained depressed during the whole of the year, primarily due to the effects of the Funding for Lending Scheme and due to the continuing weak expectations as to when Bank Rate would start rising.



9. Investment Outturn for 2015/16

9.1 **Investment Policy** – the Council’s investment policy is governed by CLG guidance, which has been implemented in the annual investment strategy approved by Council on 3 March 2015. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies supplemented by additional market data (such as rating outlooks, credit default swaps and equity prices).

The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

9.2 **Resources** – the Council’s cash balances comprise revenue and capital resources and cash flow monies. The Council’s core cash resources comprised as follows:

Balance Sheet Resources	31 March 2015 £'000	31 March 2016 £'000
Balances	4,160	3,715
Earmarked reserves	10,658	13,847
Provisions	379	1,012
Usable capital receipts	2,407	2,984
Total	17,604	21,558

- 9.3 **Investments held by the Council** – the Council held £20.2m of investments as at 31st March 2016 (£24.8m Qtr. 3, £24.6m Qtr.2 and £23.7m Qtr. 1) and the investment portfolio yield for the period was 1.19% (1.08% Qtr. 3, 1.09% Qtr. 2 and 1.14% Qtr. 1), the improvement reflects the investment in the Local Authority Property Fund.

The annualised weighted average rate of interest for Q4 was 1.13% and the comparable performance indicator is the average 7-day LIBID rate, which was 0.36%. This compares with a budget assumption of £0.2m investment balances earning an average rate of 1.00%.

10. Performance Measurement

- 10.1 One of the key requirements in the Code is the formal introduction of performance measurements relating to investments, debt and capital financing activities. Whilst investment performance criteria have been well developed and universally accepted, debt performance indicators continue to be a more problematic area with the traditional average portfolio rate of interest acting as the main guide. The Council's performance indicators were set out in the Annual Treasury Management Strategy.
- 10.2 The following performance indicator is measured
- **Investments – Internal returns above the 7 day LIBID rate**
- 10.3 Security and liquidity benchmarks are being developed and were introduced for 2015/16. See below:

Security Benchmarking (Supplementary Per Capital Watch 4 August 2009)

Today's Date	31/03/2016	PUT THIS TO TODAY'S DATE
	Prudential Indicators & Liquidity Limits	Credit Risk Maximum
Liquidity	£2,000,000	
1 year		0.00%
2 years		0.00%
3 years		0.00%
4 years		0.03%
5 years	£2,000,000	0.06%

Date (not needed for the analysis)	Counterparty	Principal	Maturity Date	(not needed for the credit analysis)	Country	Sector Limits	Current Long Term rating (Fitch or equivalent)	Long Term Rating for Table	Remaining Life in Years	Life Per table Equivalent	Historic Risk of default	Weighting L = B*K*I/J
A	B	C	D	E	F	G	H	I	J	K	L = B*K*I/J	
Page 112	Investment Position											
					UK	MMF	AAA	AAA	0.00	1	0.000%	£0
		£1,000,000	19-Aug-16	0.750%	UK	Banks - UK	A+	A	0.39	1	0.089%	£344
					UK	Banks - UK	BBB+	BBB	0.00	1	0.212%	£0
		£1,000,000	26-Sep-16	1.150%	UK	Banks - UK	A	A	0.49	1	0.089%	£436
					UK	MMF	AAA	AAA	0.00	1	0.000%	£0
		£2,000,000	21-Nov-16	0.840%	UK	Building Societies - Term	A	A	0.64	1	0.089%	£1,145
		£500,000	12-Sep-16	1.000%	UK	Banks - UK	A+	A	0.45	1	0.089%	£201
		£1,000,000	08-Feb-17	1.050%	UK	Banks - UK	A+	A	0.86	1	0.089%	£765
					UK	Banks - UK	A+	A	0.00	1	0.089%	£0
					UK	MMF	AAA	AAA	0.00	1	0.000%	£0
		£700,000	01-Apr-16		UK	MMF	AAA	AAA	0.00	1	0.000%	£0
		£2,000,000			UK	Property		CCC	0.00	1		
		£2,000,000	30-Mar-17	1.300%	UK	Banks - UK	A	A	1.00	1	0.089%	£1,774
		£2,000,000	28-Jul-16	1.050%	UK	Banks - UK	A	A	0.33	1	0.089%	£580
		£2,000,000	15-Apr-16	0.725%	UK	Banks - UK	A	A	0.04	1	0.089%	£73
		£4,000,000	06-Apr-16		UK	MMF	AAA	AAA	0.02	1	0.000%	£0
				UK	MMF	AAA	AAA	0.00	1	0.000%	£0	
	£1,000,000	03-May-16	0.750%	UK	Banks - UK	A+	A	0.09	1	0.089%	£80	
	£1,000,000	03-May-16	0.660%	UK	Building Societies - Term	A	A	0.09	1	0.089%	£80	
Total	£20,200,000					LIQUIDITY - Weighted Average Life		0.31	RISK Factor:	0.027%	£5,479	
						Added by RG	WLCDC Benchmarks	0.25		0.03%		
						Risk Weighting per year						
						Total weighting per £m					0.027%	
						Weighting for investment maturing < 1 year					0.027%	
						Weighting for investments maturing 1 to 2 years					0.000%	
						Weighting for investments maturing 2 to 3 years					0.000%	
						Weighting for investments maturing 3 to 4 years					0.000%	
						Weighting for investments maturing 4 to 5 years					0.000%	



CPR.16 16/17

Corporate Policy and
Resources Committee

28 July 2016

**Subject: Budget and Treasury Management Monitoring – Period 1 2016/17
(and Final Out-turn Position 2015/16)**

Report by:

Financial Services Manager (Deputy S151)
Tracey Bircumshaw

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Purpose / Summary:

This report sets out the revenue, capital and treasury management activity from 1 April 2016 to 31 May 2016.

RECOMMENDATION(S):

- a) That Members accept the forecast out-turn position as at 31 May 2016. (1.1)**
- b) Members accept the use of Earmarked Reserves approved by the Director of Resources using Delegated powers (2.3)**
- c) Members approve the use of Earmarked Reserves of £230k (£93.5k in 2016/17) (2.1 & 2.2)**
- d) Members approve the reduced Pension Deficit payment of £170.8k be returned to General Fund balances. (1.2)**
- e) Members grant approval to incur Capital expenditure. (7.2)**
- f) Members approve the amendments to the Capital and Revenue budget, including creating budgets for projects funded by grants and not included in the original Capital Programme.**
- g) That Members accept the Treasury Management Report and Treasury position to 31 May 2016.**

IMPLICATIONS

Legal: None arising as a result of this report.

Financial FIN/12/17

The current forecast surplus totals £177k as at 31 May 2016, work will continue throughout the year to monitor the situation and to identify ongoing impacts on the Medium Term Financial Plan as part of the Budget Process.

The capital forecast out-turn position for 2016/17 is estimated to be £16,870k with an out-turn variance against the capital programme revised budget of £24k saving.

The Treasury Management activities during the reporting period are disclosed in the body of this report.

There have been no breaches of Treasury or Prudential Indicators to report and we again out-perform our benchmark in relation to investment yields.

Staffing: None arising as a result of this report.

Equality and Diversity including Human Rights: None arising as a result of this report.

Risk Assessment: This is a monitoring report only.

Climate Related Risks and Opportunities: This is a monitoring report only.

Title and Location of any Background Papers used in the preparation of this report:

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

No

x

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

No

x

Executive Summary

1. REVENUE BUDGET MONITORING – Forecast out turn for 2016/17

- 1.1 The forecast Revenue Budget out-turn for the 2016/17 financial year is a surplus position of £177k as at Period 1 (31 May 2016). The significant variances are;

EXPENDITURE	£000	Direction of Travel
BUDGET UNDERSPENDS		
Salary savings.	-£62	NEW
Reduction in Pension Deficit payable to Pension fund due to overpayment during 2015/16.	-£171	NEW
PRESSURES		
Various forecast outturn variances <£10k	£36	NEW
	-£197	

INCOME	£000	Direction of Travel
BUDGETED INCOME NOT ACHIEVED		
Licence income reduced due to anticipated reduction in applications (Hackney Carriage licences £8k).	£10	NEW
Market stallage income not expected to meet budgeted target based on current take up- review of market service in progress.	£10	NEW
	£20	

TOTAL VARIANCE	-£177
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- 1.2 Included within the forecast surplus is £170.8k which relates to overpaid employer contributions during 2015/16 which have been treated as an early payment of the Pension Deficit due in 2016/17, as agreed with the Lincolnshire Pension Fund.

This was reported to Members within the Budget and Treasury Management Monitoring – Quarter 4 2015/16 report on 12 May 2016.
It is proposed that this one-off surplus in 2016/17 be returned to General Fund balances.

2. Use and Contribution to Reserves 2016/2017

- 2.1 Investment for Growth reserve - £100k budget provision for the Hemswell Cliff Masterplan implementation – salary and revenue costs. £50k required in 16/17.
- 2.2 Carbon Reduction Reserve - £130k budget provision, over 5 years for the implementation of the Carbon Management Plan, as detailed elsewhere on this agenda. £43.5k required in 16/17 (£20k capital investment, £23.5k revenue investment).
- 2.3 The Director of Resources has used delegated powers to approve the use of earmarked reserves in 2016/17 under £50k, totalling £145.9k;
 - £11k - Investment for Growth Fund. This is a 25% contribution towards road improvements at the Newtoft Business Park to ensure fit for purpose to serve the business park situated there. This project was approved in 2013/14 to be released annually.
 - £19.5k - Business Improvement & Transformation Reserve. Business Plan Investment proposals – small value investments.
 - £20.4k - Invest to Save Reserve to support additional resources for the development of the Leisure contract renewal specification.
 - £30k - Supporting Vulnerable Communities Reserve, a grant funding agreement over 2 years.
 - £25k - Invest to Save Reserve. To extend the post Volunteer and Employability Lead up to 31 March 2017.
 - £40k - Invest to Earn Reserve. Leisure projects – funding for associated costs to support the project plan.
 - £37k p.a. – General Fund Balances – funding for a 2 year fixed term contract for a Health Manager to support the Healthy Living programme

3. Grants

As at 1st April 2016 we had an amount of £420k relating to grants received which had yet to be expended. Budget provision will be created throughout the financial year as required to deliver projects in accordance with grant terms.

3.1 Successful Grant Bids

FERIS (Fraud and Error Reduction Incentive Scheme) Grant – £14,525 received from the DWP to be used to support this initiative for Housing Benefit.

FCC WREN Grant - £42,316 awarded for site access and improvements at Mercer Wood, Gainsborough. Funding to be used for site clearance, footpaths, steps, ramps, entrance gates, benches and a notice board.

4. Other Items for information

4.1 Planning Appeals

In period 1 2016/17 there were 12 appeals determined, as follows;
April 2016 – 6 appeals, 1 was allowed
May 2016 – 6 appeals, 2 were allowed
None of these appeals resulted in an award of costs against the Council.

5. Fees and Charges

Members were presented with the 2016/17 Fees and Charges report on 17 December 2015. It was agreed that in future, budget monitoring would incorporate monitoring income reporting on volume and price variances.

The data for Period 1 is included in this report at Appendix B.

6. CAPITAL BUDGET MONITORING - Forecast out turn for 2016/17

6.1 The capital programme spend for the year is £16,870k, which is a variance against revised budget of £24k.

6.2 Capital Programme 2016/17 - Update

6.3 During the past few months a number of new schemes have come forward and members are asked to approve the budget, financing and the expenditure as detailed below:

6.4 Approval to incur Capital Expenditure

Within the capital programme there is £1,200k for the acquisition of a property to facilitate to support the regeneration of Gainsborough. Members are requested to approve upto £1,200k for the acquisition of the site

The site is valued at up to £1,200k for investment purposes and has been optioned to a private individual. This individual has approached the Council to buy the existing building and part of the carpark, with the intention that the remaining carpark area be retained and promoted for restaurant development.

There is currently a restrictive covenant on the site which is under negotiation.

Valuation advice has been taken by Lambert Smith Hampton who will act on our behalf to acquire this site for between £800k up to a maximum of £1,200k. Vacant possession of the site is expected by mid-2017. This site

would then form part of the Competitive Dialogue process to select a WLDC Development partner Officers advise that the acquisition of this site is warranted on the following basis:

- Strategic acquisition to assist in the creation of a “western anchor” along with sites already in the Council’s ownership within Gainsborough town centre
- Provision of an alternative unit to enable the redevelopment of this site to and to support the development of the former Guildhall
- Provision of contingency car parking to enable the development the former Guildhall and Bridge Street car park and maintain a satisfactory level of car parking throughout the development period
- Medium to long term (circa 5-10 years) to enable redevelopment of this prominent riverside site.

Resurfacing car park at Bridge Street – £50k, as included within the Car Parking Strategy, this will also create additional spaces in the town centre

7. TREASURY MANAGEMENT UPDATE – Forecast Out Turn for 2016/17

There have been no breaches of Prudential Indicators.

Interest received has been in excess of the 7 day libid benchmark (0.36%) with an average yield of 1.30%

8. FINAL REVENUE OUT-TURN 2015/2016

- 8.1 Members will recall the Q4 position being reported to this Committee on 12 May 2016. The table below reflects the final revenue out-turn 2015/2016, for information. The difference to the Q4 report related to the year end accounting entries for NNDR retention and final accounting adjustments, which resulted in an amount of £350k being transferred to the Business Rate Volatility Reserve. This statement is stated within the Narrative Report to the Statement of Accounts 2015/16.

	2015/16 Original Budget £	2015/16 Revised Budget £	2015/16 Actual To 31 March £	2015/16 Variance to Budget £
INCOME				
Government Grants		0	0	0
Service Specific Government Grants	(23,735,000)	(23,969,700)	(24,375,552)	(405,852)
Other Grants and Contributions	(7,000)	(7,000)	(164,304)	(157,304)
Customer and Client Receipts	(2,483,600)	(2,971,270)	(3,429,885)	(458,615)
Total Income	(26,225,600)	(26,947,970)	(27,969,741)	(1,021,771)
EXPENDITURE				
Employees	9,202,400	9,565,770	9,501,540	(64,230)
Premises	803,000	876,100	793,427	(82,673)
Transport	917,100	902,500	849,405	(53,095)
Supplies and Services	1,812,900	2,280,250	2,275,839	(4,411)
Third Party Payments	1,810,200	2,006,820	1,641,578	(365,242)
Transfer Payments	22,843,100	23,049,600	23,396,311	346,711
Total Expenditure	37,388,700	38,681,040	38,458,101	(222,939)
BUSINESS UNITS TOTAL (Surplus)/Deficit	11,163,100	11,733,070	10,488,360	(1,244,710)
CORPORATE ACCOUNTING				
Interest and Investment Income	(210,600)	(210,600)	(387,140)	(176,540)
Interest Payable	37,400	41,100	47,187	6,087
Parish Precepts	1,551,200	1,551,200	1,551,438	238
Drainage Board Precept	331,700	331,700	334,736	3,036
STATUTORY ACCOUNTING				
Capital Expenditure Charged to General Fund	2,947,300	4,933,130	46,389	(4,886,741)
Support Services	5,292,600	5,423,700	125,496	(5,298,204)
Recharges	(5,292,600)	(5,423,300)	(125,496)	5,297,804
MOVEMENT IN RESERVES				
Transfer To / (From) General Fund	712,900	(2,834,900)	171,219	3,006,119
Transfer To / (From) Specific Reserves	(1,518,800)	(337,900)	1,704,000	2,041,900
NET REVENUE EXPENDITURE	15,014,200	15,207,200	13,956,189	(1,251,011)
FUNDED BY				
Revenue Support Grant	(2,198,100)	(2,198,100)	(2,198,141)	(41)
Capital Grants and Contributions	(62,000)	(178,800)	(98,213)	80,587
Other Government Grants	(178,600)	(254,800)	(301,324)	(46,524)
Business Rate Retention Scheme	(3,460,600)	(3,460,600)	(3,460,600)	0
New Homes Bonus	(1,986,000)	(1,986,000)	(1,995,298)	(9,298)
Council Tax	(5,400,400)	(5,400,400)	(5,400,401)	(1)
Parish Council Tax Requirement	(1,551,200)	(1,551,200)	(1,551,228)	(28)
Council Tax Freeze Grant	(61,600)	(61,600)	(60,875)	725
Collection Fund Surplus-Council Tax	(115,700)	(115,700)	(115,726)	(26)
TOTAL FUNDED BY	(15,014,200)	(15,207,200)	(15,181,806)	25,395
				0
(SURPLUS) / DEFICIT FOR THE YEAR	0	0	(1,225,617)	(1,225,617)
Carry forwards approved by GCLT				287,800
Less grants not fully expended in year				139,854
CIES Outturn position				(797,963)
New Earmarked Reserves: Members Grants,				108,000
Carry Forward approved by Governance and Corporate Leadership team				176,300
Movement to/from reserves				176,463
Returned to General Fund Balance				337,200
				0

9. INTRODUCTION

- 9.1 This is the first in a series of reports for the financial year 2016/17 that gives Members information on differences between the approved budgets and forecast outturn income and expenditure for the year ended 31 March 2017. The financial information has been presented in an income and expenditure layout.
- 9.2 The capital programme is presented within the body of the report.
- 9.3 Compared to the approved budget for 2016/17 the Council's forecast outturn revenue position as at 31st March 2017 is a surplus of £177k.

10. REVENUE FORECAST OUT-TURN (April 2016 to March 2017)

- 10.1 The forecast revenue out-turn as at 31 March 2017 income and expenditure variances are shown in the table below.

Revenue Budget Monitoring May 2016	2016/17 Original Budget	2016/17 Revised Budget	2016/17 Budget Profile to 31 May	2016/17 Actual to 31 May	2016/17 Variance to Budget	2016/17 Forecast Outturn	2016/17 Outturn Variance
	£	£	£	£	£	£	£
Income							
Service Specific Government Grants	(23,429,100)	(23,519,560)	(3,897,186)	(4,163,329)	(266,143)	(23,519,560)	0
Other Grants and Contributions	(622,200)	0	0	(2,671)	(2,671)	0	0
Customer and Client Receipts	(2,985,400)	(3,599,820)	(724,239)	(566,668)	157,571	(3,584,462)	15,358
Total Income	(27,036,700)	(27,119,380)	(4,621,425)	(4,732,667)	(111,242)	(27,104,022)	15,358
Expenditure							
Employees	9,666,100	9,865,250	1,649,743	1,675,097	25,354	9,635,073	(230,177)
Premises	1,010,100	1,021,800	142,412	155,564	13,152	1,029,782	7,982
Transport	919,100	926,000	145,641	286,410	140,769	927,374	1,374
Supplies and Services	1,857,900	2,177,530	554,226	1,005,314	451,088	2,189,475	11,945
Third Party Payments	1,595,000	2,027,900	315,639	514,271	198,632	2,045,550	17,650
Transfer Payments	23,213,400	23,362,900	4,028,174	3,868,256	(159,918)	23,361,900	(1,000)
Total Expenditure	38,261,600	39,381,380	6,835,835	7,504,912	669,077	39,189,154	(192,226)
Business Units Controllable Total	11,224,900	12,262,000	2,214,410	2,772,244	557,834	12,085,132	(176,868)
Corporate Accounting							
Interest and Investment Income	(214,500)	(214,500)	14,764	14,764	0	(214,500)	0
Interest Payable	192,500	192,500	0	0	0	192,500	0
Parish Council Tax Requirement	1,610,050	1,610,050	1,610,050	1,610,050	0	1,610,050	0
Drainage Board Precept	338,300	338,300	169,150	169,451	301	338,300	0
Statutory Accounting							
Capital Expenditure Charged to General Fund	2,888,700	2,888,700	0	0	0	2,888,700	0
Support Services	5,689,600	5,689,600	0	0	0	5,643,400	0
Recharges	(5,689,600)	(5,689,600)	0	0	0	(5,689,600)	0
Movement in Reserves							
Transfer To / From General Fund	(109,615)	(315,015)	42,900	42,593	0	2,219,685	0
Transfer To / From Specific Reserves	(706,100)	(1,541,600)	0	0	0	(4,030,100)	0
Net Revenue Expenditure	15,224,235	15,220,435	4,051,274	4,609,103	558,136	15,043,567	(176,868)
Funded By							
Revenue Support Grant	(1,387,300)	(1,387,300)	(124,861)	(124,861)	0	(1,387,300)	0
Capital Grants and Contributions	0	3,800	0	0	0	3,800	0
Other Government Grants	(565,900)	(565,900)	0	0	0	(565,900)	0
Retained NNDR	(3,309,700)	(3,309,700)	646,752	646,752	0	(3,309,700)	0
New Homes Bonus	(2,480,600)	(2,480,600)	(620,146)	(620,146)	0	(2,480,600)	0
Council Tax	(5,668,602)	(5,668,602)	0	0	0	(5,668,602)	0
Parish Council Tax requirement	(1,610,050)	(1,610,050)	0	0	0	(1,610,050)	0
Share of Council Tax Surplus	(202,083)	(202,083)	0	0	0	(202,083)	0
Total Funded By	(15,224,235)	(15,220,435)	(98,255)	(98,255)	0	(15,220,435)	0
(Surplus) / Deficit for the Year	0	0	3,953,019	4,510,848	558,136	(176,868)	(176,868)

10.2 The forecast revenue out-turn as at 31 March 2017 variances by Strategic Clusters of Services are shown in the table below. Further analysis by Business Unit is included in this report at Appendix A.

CLUSTER	2016/17 Revised Budget £	2016/17 Forecast Outturn £	2016/17 Forecast Outturn Variance £
Chief Executive / Directors	562,400	562,400	0
Commercial Development	2,382,600	2,382,600	0
Customer First	1,479,300	1,423,995	(55,305)
Democratic and Business Support	3,467,400	3,283,690	(183,710)
Economic Development and Neighbourhoods	1,967,000	1,977,000	10,000
Housing and Regeneration	1,227,600	1,270,847	43,247
Organisational Transformation	1,175,700	1,184,600	8,900
Controllable Total	12,262,000	12,085,132	(176,868)
Corporate Accounting Total	1,926,350	1,926,350	0
Statutory Accounting Total	2,888,700	2,888,700	0
Movement in Reserves Total	(1,856,615)	(1,856,615)	0
Net Revenue Expenditure	15,220,435	15,043,567	(176,868)
Funding Total	(15,220,435)	(15,220,435)	0
(SURPLUS)/DEFICIT FOR THE YEAR	0	(176,868)	(176,868)

10.3 The major variances of note are detailed below.

INCOME

Customer and Client Receipts - £15k deficit

Taxi Licence Income – a reduction in the number of applications, partly due to recent policy changes, and the impact of a change in Government policy to issue licences for 3 years rather than annually has resulted in a forecast reduction in income of £8k. The profiled budget implications of the policy changes will be built into the MTFP for future years.

Market Stallage Fees – cancelled markets and lower stall numbers has resulted in a forecast reduction in income of £10k. A review of the market service is in progress.

EXPENDITURE

Employees - £230k surplus

Salary costs are (£62k) less than revised budget. This variance is due to a reduction in costs arising from vacancies and future recruitment to vacant posts.

(£171k) relates to overpaid employer contributions during 2015/16 which have been treated as an early payment of the Pension Deficit due in 2016/17, as detailed in this report at 1.2.

11. Aged Debt Summary

Aged Debt Summary Period 1 Monitoring Report

At the end of May 2016 there was a total of £227,067 outstanding debt over 90 days. The majority of this debt was over 150 days old and mainly comprised of:

Trade Waste of £7,421

Waste £5,758

Licencing of £8,282

Public Protection of £35,406 which is currently in dispute

Housing Benefits £48,103

Housing of £45,862

Property and Assets of £50,964

Month	90 – 119 days	120 – 149 days	150+ days	Total
April	4,746	5,319	211,130	221,196
May	5,566	5,354	216,147	227,067

12. CHANGES TO THE ORGANISATION STRUCTURE

Changes to the establishment are made under Corporate Delegation by the Chief Executive and S151 Officer.

12.1 Spatial and Development Management Team

The Spatial Development Team Manager post was deleted from the structure in April in tandem with a revision to the Economic Development cluster to include Development Management. The existing growth programme has been expanded to include the Housing Zone activity with the benefit of £165k capacity funding from HCA which pays the salary of a Housing Zone Programme Manager and a proportion of the Strategic Leads salary over 3 years.

12.2 Electoral Registration

Electoral Registration team is a small team and this can have an impact in terms of resilience. This has been demonstrated during the ill health of the senior Elections officer in recent months. This affect has been mitigated by a long standing succession plan involving the training of the Assistant Elections officer.

The revised structure will provide 2 senior roles to mitigate the risk of single point of failure in staffing terms, plus a reduction in support officers from 1 FTE to 0.5FTE to reflect the work on individual electoral *registration*.

13. Capital Programme Forecast Out turn

13.1 The Capital Programme 2016/17 was approved at Council on 3 March 2016 and totalled £15,109k, and carry forwards of £1,785k approved at its meeting in 12 May 2016 giving a revised budget of £16,894k.

13.2 The forecast capital programme spend for the year is £16,870k, with significant schemes planned over the medium term, which is a variance against revised budget of £24k.

13.3 Property Acquisitions to Period 1

There have been no property acquisitions during period 1.

13.4 Capital Receipts to Period 1

There has been one capital receipt during period 1.

£119k has been received from ACIS in accordance with our housing stock transfer agreement.

The capital out-turn as at 31st March 2017 and capital programme variances are shown in the table below.

Capital Investment Programme 2016/17

Corporate Priority / Scheme	Actuals to 31/05/2016	Original Budget	Revised Budget 2016/17	Forecast Outturn	Forecast Variance	Comments
		£	£	£	£	
Open for Business						
WLDC Business Loans	0	500,000	500,000	500,000	0	Business case currently being developed
Broadband	0	0	555,000	555,000	0	Negotiations continue with LCC
People First						
Disabled Facilities Grants	51,760	472,500	629,000	629,000	0	Demand suggests budget will be fully expended
Prosperous & Enterprising						
Independent Living	30,551	0	24,200	24,200	0	Demand suggests budget will be fully expended
Strategic Housing - Empty homes	0	0	74,100	74,100	0	Budget is for works to purchased houses, work ongoing
Asset Management						
Capital Enhancements to Council Owned Assets	916	655,000	774,300	774,300	0	Carparking Machines £30k
Market Street	0	150,000	150,000	150,000	0	Scheme under development
Henswell Masterplan	0	250,000	250,000	250,000	0	Proposals to be subject to approval in June Committee cycle
Commercial Investment - Property Portfolio	0	5,000,000	5,000,000	5,000,000	0	Potential properties currently being evaluated
Commercial Investment - Other	0	2,165,000	2,165,000	2,165,000	0	Business case approved and project ongoing
Central Lincolnshire Local Plan						
Gainsborough Growth	0	3,225,000	3,225,000	3,225,000	0	Significant regeneration programme - work ongoing to procure development partner
Acquisitions	0	1,200,000	1,200,000	1,200,000	0	Approval for a property acquisition included in this paper
Gainsborough Growth Fund	105,459	125,000	392,000	392,000	0	Awarded grant monies expected to be claimed by August. Three applications are currently being developed and scheduled to be discussed at the June Panel.
Food Enterprise Zone infrastructure	0	250,000	250,000	250,000	0	Proposals to be subject to approval in June Committee cycle

Capital Investment Programme 2016/17

Corporate Priority / Scheme	Actuals to 31/05/2016	Original Budget	Revised Budget 2016/17	Forecast Outturn	Forecast Variance	Comments
Excellent, VFM Services						
Replacement Refuse Freighters	0	930,000	1,069,100	1,069,100	0	Vehicles will be replaced throughout the year as leases expire
Desktop Refrsh/SAN and SQL replacment	0	10,000	10,000	10,000	0	Hardware replacement/upgrades required for 2016/17 will be expended during year
Update Job Evaluation System	0	10,000	10,000	10,000	0	Systems being identified for evaluation
Replace IDOX Scanner	0	10,000	10,000	10,000	0	Considering supplier options
Meeting Room management software	0	15,000	15,000	0	-15,000	Not to be progressed
CRM System	0	50,000	50,000	50,000	0	Systems being identified for evaluation
Redupbishment Interior Trinity Arts Centre	0	40,000	40,000	40,000	0	Quotes received for new screen and curtains, to be procured June
Meeting Room Chairs	0	0	22,000	15,000	-7,000	Chairs have been received at below original quote from an alternative supplier
Website Replacement	0	0	38,300	38,300	0	Ongoing costs of website development
Replacement Building Control/Land Charges/Planning System	0	0	200,000	198,000	-2,000	Procurement ongoing
CCTV System upgrade	0	0	180,000	180,000	0	Contract awarded, phase 1 upgrades completed, should be fully implemented by July
Replacement Financial Ledger suite	10,395	0	10,395	10,395	0	Intelligent scanning system now fully implemented
Civic Services Investment	0	51,000	51,000	51,000	0	Considerations ongoing
Total Capital Programme Gross Expenditure	199,081	15,108,500	16,894,395	16,870,395	-24,000	

14. Treasury Management Quarter 1 April – May 2017

The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management recommends that members be updated on treasury management activities regularly (TMSS, annual and midyear reports). This report, therefore, ensures this Council is implementing best practice in accordance with the Code.

14.1 Economic Background

UK GDP growth rates in 2013 of 2.2% and 2.9% in 2014 were the strongest growth rates of any G7 country. However, the 2015 growth rate finally came in at a disappointing 1.8% so this shows that growth had slowed down, though it still remained one of the leading rates among the G7 countries. Growth improved in quarter 4 of 2015 from +0.4% to 0.7% but fell back again to +0.4% (2.0% y/y) in quarter 1 of 2016. During most of 2015, the economy had faced headwinds for exporters from the appreciation during the year of sterling against the Euro, and weak growth in the EU, China and emerging markets, plus the dampening effect of the Government's continuing austerity programme and uncertainty created by the Brexit referendum. However, since the peak in November 2015, sterling has fallen against the Euro by 14% which will help to make British goods and services much more competitive and will increase the value of overseas earnings by multinational companies based in the UK. In addition, the Chancellor has announced that the target of achieving a budget surplus in 2020 will have to be eased in order to help the economy recover from the expected slowing of growth during the second half of 2016.

The Bank of England May Inflation Report included a forecast for growth for 2016 of 2.0% and 2.3% for 2017 on the assumption that the referendum result was a vote to remain. The Governor of the Bank of England, Mark Carney, warned that a vote for Brexit would be likely to cause a slowing in growth, particularly from a reduction in business investment, due to the uncertainty of whether the UK would have continuing full access, (i.e. without tariffs), to the EU single market. In his 30 June and 1 July speeches, Carney indicated that the Monetary Policy Committee (MPC), would be likely to cut the Bank Rate and would consider doing further quantitative easing purchasing of gilts, in order to support growth. However, he did also warn that the Bank cannot do all the heavy lifting and suggested that the Government will need to help growth by increasing investment expenditure and possibly by using fiscal policy tools (taxation).

The May Bank of England Inflation Report forecast was notably subdued with inflation barely getting back up to the 2% target within the 2-3 year time horizon. However, the falls in the price of oil and food twelve months ago will be falling out of the calculation of CPI during 2016 and in addition, the recent 10% fall in the value of sterling is likely to result in a 3% increase in CPI over a time period of 3-4 years. There is therefore likely to be an acceleration in the pace of increase in inflation which could make life interesting for an MPC which wants to help promote growth in the economy by keeping Bank Rate low.

14.2 Interest Rate Forecast

The Council's treasury advisor, Capita Asset Services, has provided the following forecast:

Capita Asset Services undertook a quarterly review of its interest rate forecasts on 4 July 2016 after letting markets settle down somewhat after the Brexit result of the referendum on 23 June. It is generally agreed that this outcome will result in a slowing in growth in the second half of 2016 at a time when the Bank of England has only limited ammunition in its armoury to promote growth by using monetary policy. We therefore expect that Bank Rate will be cut by 0.25%, probably at the 14 July MPC meeting but possibly at its quarterly Inflation Report meeting on 4 August when it has a greater opportunity to report in depth on its research and findings. Bank Rate could even be cut to 0% or 0.10% over this period. Thereafter, we do not expect the MPC to take any further action on Bank Rate in 2016 or 2017 as we expect the pace of recovery of growth to be weak during a period of great uncertainty as to the final agreement between the UK and the EU on arrangements after Brexit. However, the MPC may also consider renewing a programme of quantitative easing; the prospect of further purchases of gilts in this way has already resulted in 10 year gilt yields falling below 1% for the first time ever. We do not expect Bank Rate to start rising until quarter 2 2018 and for further increases then to be at a slower pace than before. The Governor of the Bank of England, Mark Carney, has repeatedly stated that increases in Bank Rate will be slow and gradual after they do start. The MPC is concerned about the impact of increases on many heavily indebted consumers, especially when the growth in average disposable income is still weak and for some consumers, who have had no increases in pay, could be non-existent (other than through some falls in prices).

	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19
Bank rate	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.50%	0.50%	0.50%
5yr PWLB rate	1.00%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.20%	1.20%	1.20%	1.30%	1.30%
10yr PWLB rate	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.70%	1.80%	1.80%	1.80%	1.80%	1.90%
25yr PWLB rate	2.40%	2.40%	2.40%	2.50%	2.50%	2.50%	2.50%	2.50%	2.60%	2.60%	2.70%	2.70%
50yr PWLB rate	2.20%	2.20%	2.20%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%

14.3 Annual Investment Strategy

The Treasury Management Strategy Statement (TMSS) for 2016/17, which includes the Annual Investment Strategy, was approved by the Council on 3 March 2016. It sets out the Council's investment priorities as being:

- Security of capital;
- Liquidity; and
- Yield

The Council will also aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with highly credit rated financial institutions, using our suggested creditworthiness approach, including a minimum sovereign credit rating, and Credit Default Swap (CDS) overlay information.

Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the quarter ended 31st May 2016.

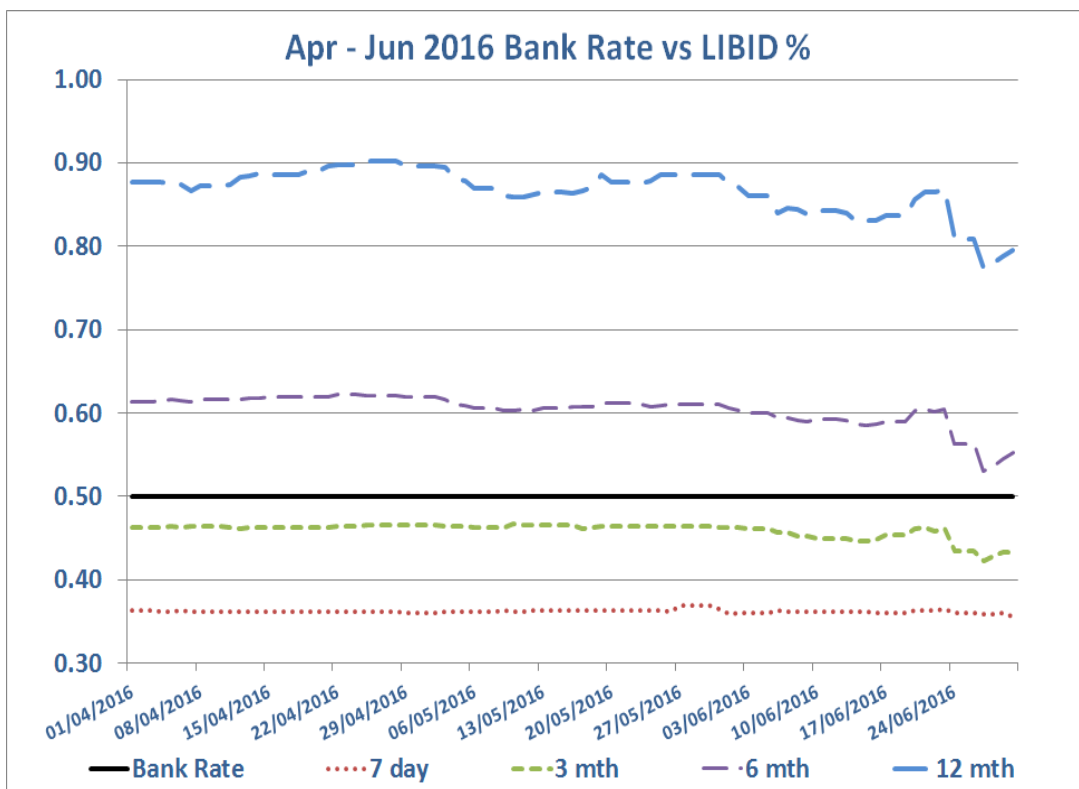
Whilst the result of the EU Referendum was not during this reporting period, there has been a subsequent downgrading of the UK rating to AA from AAA and a number of UK banks have also seen a reduction. We are keeping a close review on the situation, all our current investments are still held in approved counterparties.

Investment rates available in the market were broadly stable during the first half of the quarter but then took a slight downward path in the second half concluding with a significant drop after the referendum on a sharp rise in expectations of an imminent cut in Bank Rate and lower for longer expectations thereafter.

The average level of funds available for investment purposes during the quarter was £22.5m. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the Capital Programme. The Council holds £21m core cash balances for investment purposes (i.e. funds available for more than one year).

Investment performance for period ended 31 May 2016

Benchmark	Benchmark Return	Council Performance	Investment Interest Earned
Overnight	0.36%	0.47%	3,487
7 day	0.36%	0.73%	7,576
1 month	0.38%	-	-
3 month	0.46%	0.55%	2,190
6 month	0.60%	0.75%	8,477
9 month	-	0.84%	2,808
12 month	0.87%	1.12%	6,936
Other	-	5.29%	17,680
Total			49,154



As illustrated, the Council continues to outperform the benchmark. The Council’s budgeted investment return for 2016/17 is £0.196m, and performance for the year to date is in line with the budget.

The Council held £19.1m of investments as at 31st May 2016 and the investment portfolio yield for the period is 1.30%, the improvement reflects the investment in the Local Authority Property Fund.

The annualised weighted average rate of interest for P1 is 1.30% has been achieved and compares to the benchmark 7 day libid of 0.36%.

Investment in Local Authority Property Fund

The Council has £2m invested in the CCLA Property Fund. Interest is receivable on a quarterly basis. Interest received can be seen in the table above in the section marked 'other'.

Investment Counterparty criteria

The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function.

The Chief Financial Officer confirms that the approved limits within the Annual Investment Strategy were not breached during the financial year 2015/16.

Treasury Officers continue to mitigate investment risk in accordance with Treasury Management Practices.

14.4 Borrowing

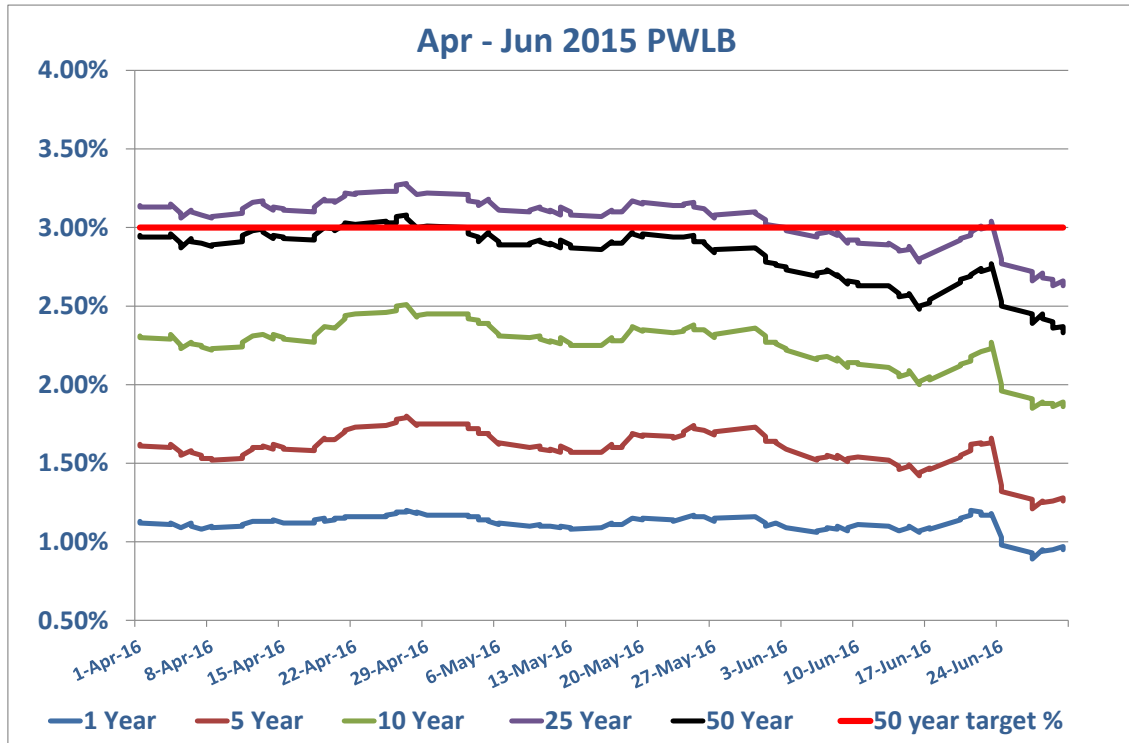
As depicted in the graph(s) below, there has been significant volatility in PWLB rates during quarter 1 culminating in a progressive fall in rates during the first three weeks in June as confidence rose that the polls were indicating an 'IN' result for the referendum, followed by a sharp rise in the run up to the referendum day as the polls swung the other way, followed by a sharp fall to the end of the month in anticipation that there is likely to be further quantitative easing purchases of gilts in the coming months.

During the quarter ended 30 June 2016, the 50 year PWLB target (certainty) rate for new long term borrowing remained at 3%. *(However, the target rate was cut to 2.20% on 4 July 2016 due to the sharp fall in gilt yields after the referendum.)*

During the first financial period to 31 May, no borrowing was undertaken. However, credit arrangements such as finance leases are classified as borrowing under the capital control arrangements for local authorities. The Council procures replacement vehicles and certain other assets (telephone system, fuel tanks) through finance lease arrangements which count as credit other long term liabilities in the Council's accounts. The operational limit that has been approved for 2016/17 is £10.411m.

PWLB certainty rates quarter ended 30 June 2016

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	0.89%	1.21%	1.85%	2.63%	2.33%
Date	27/6/16	27/6/16	27/6/16	29/6/16	30/6/16
High	1.20%	1.80%	2.51%	3.28%	3.08%
Date	27/4/16	27/4/16	27/4/16	27/4/16	27/4/16
Average	1.11%	1.59%	2.25%	3.05%	2.83%



Borrowing in advance of need

The Council has not borrowed in advance of need during the period ending 31 May 2016.

14.5 Compliance with Treasury and Prudential Limits

It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. The Council’s approved Treasury and Prudential Indicators (affordability limits) are included in the approved TMSS.

During the financial year to date the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement and in compliance with the Council's Treasury Management Practices. The prudential and treasury Indicators are shown below.

The Council's Capital Position (Prudential Indicators)

This part of the report is structured to update:

- The Council's capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

Prudential Indicator for Capital Expenditure

This table shows the revised estimates for capital expenditure and the changes since the capital programme was agreed at the Budget and draws together the main strategy elements of the capital expenditure plans (above), highlighting the original capital programme, and the expected financing arrangements of this capital expenditure. Any borrowing need increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR).

Capital Expenditure	2016/17 Original Estimate £'000	2016/17 Actual £'000
Total Unsupported spend	15,109	16,870
Financed by:		
Capital receipts	806	1,364
Capital grants	898	1,370
Revenue	3,115	3,846
S106	0	0
Leases	0	0
Total financing	4,819	6,680
Borrowing need	10,290	10,290

There have been no changes to the Treasury or Prudential Indicators.

The Director of Resources reports that no difficulties are envisaged for the current or future years in complying with prudential indicators.

	Original £'000	P1 £'000
Treasury Indicators		
Authorised limit for external debt	22,931	22,931
Operational boundary for external debt	10,411	10,411
External Debt	10,290	0
Long term Leases	342	342
Investments	-16,882	-22,584
Net Borrowing	-6,250	-22,242
Prudential Indicators		
Capital Expenditure	15,109	16,970
Capital Financing Requirement (CFR)*	11,476	11,476
Annual change in CFR*	10,069	10,069
In year borrowing requirement	10,290	10,290
Under/(over)borrowing	3,960	3,960

Ratio of financing costs to net revenue stream*	0.49%	0.51%
Incremental impact of capital investment decisions:		
Increase in Council Tax (band change per annum)	£0.99	£1.02

West Lindsey District Council

Monthly Economic Summary

General Economy

With less than a month to go until the UK's European Union membership referendum, a raft of data released through May showed signs of the impact brought about by the uncertainty. This was corroborated by the Bank of England stating there were growing signs that the referendum is weighing on the British economy. These comments came at the press conference for the Bank's May Inflation Report, in which it tweaked some of its forecasts.

The Purchasing Manager's Index (PMI) activity surveys disappointed, as all three indicators showed a slowdown in the pace of expansion or a shift into contraction in April. Manufacturing dropped below the 50 mark, which separates expansion from contraction, to 49.2 in April. This was a three-year low, resulting from an ailing global economy and a slowdown in the oil and gas industry in particular. Construction PMI slowed to 52 in April, from 54.2 in March, well below forecasts as activity in commercial property plummeted. Services PMI added to the gloom as it fell to 52.3 on the month in April, its lowest rate in more than three years. This suggested that the new quarter had got off to a sluggish start. Meanwhile, other data confirmed that first quarter growth in the UK had registered a slowdown to 0.4% on the quarter and 2% on the year. Business investment, a key driver of UK growth, fell drastically, with many commentators citing the uncertainty surrounding the upcoming referendum as a key reason behind the fall.

April's public sector borrowing for the UK furthered the run of disappointing economic news. It came in higher than expected, at £7.2bn as corporation tax revenues fell by 5.1% compared with April 2015 along with weaker than expected national insurance contributions. Revisions to previous figures also showed that George Osborne, the Chancellor of Exchequer, missed his target for the budget deficit by more than initially believed in 2015-16. The trade deficit continued the downbeat tone to UK data releases, as it widened to levels last seen in the financial crisis in the first quarter of the year as exports fell by 0.1% and imports rose by 1.5%. Nevertheless, figures for March alone showed some improvement, as the deficit narrowed to £11.204bn.

It was not all bad news for the UK as the number of unemployed people fell by 2,000 in three months to March despite the general sluggishness of the economy. Though the number of unemployed fell, the unemployment rate held steady at 5.1% in the three months to March. On an annual basis, total earnings including bonuses rose by 2% whilst earnings excluding bonuses rose by 2.1%. Inflation did not follow the same course as earnings as the Consumer Price Index (CPI) dropped to 0.1% in April from 0.4% in March as the Easter air fare rise dissipated and clothing prices weakened in light of unexpected weather. Headline CPI also slowed on the year to 0.3% from 0.5% in the previous month, while Core CPI, which excludes food and energy, dropped to 1.2%, from 1.5% in March.

At its May policy meeting, all nine members of the Monetary Policy Committee voted to keep policy unchanged, as expected. At the same time, the Bank released its latest Inflation Report. In this, the Bank lowered its forecast for economic growth due to weaker productivity and higher household savings due to global economic weakness rather. It kept its inflation forecasts unchanged from the February Report, with inflation expected to reach its 2% target in two years' time.

Elsewhere, Eurozone GDP grew by 0.5% in the first quarter, revised down from its initial estimate, and by 1.5% on annual basis. GDP grew in all Eurozone countries apart from Greece and Latvia whilst the larger economies such as Germany, France and Italy grew by 0.7%, 0.8% and 0.3% respectively. Eurozone unemployment held steady at 10.2% in April for the second consecutive month, the lowest level since August 2011 with Germany (4.2%) at one end of the spectrum, while Spain was the highest at 20.1%.

Across the pond, US Non-Farm Payrolls made their smallest gain in seven months rising by 160,000 in April, a sharp slowdown for March's figure of 208,000. While construction employment rose a touch, the retail sector saw jobs cut. Unemployment however, held steady at 5% as people dropped out of the labour force. The lacklustre jobs report was seen by some commentators as enough to hold the Federal Reserve back from any policy tightening at its June meeting.

These comments also took account of the minutes of the Fed's April meeting, which suggested that an interest rate hike could be justified if there are improvements in US GDP in the second quarter along with employment and solid inflation. Growth in the second quarter will have to impress as GDP growth in the first quarter slowed, though not as sharply as expected, rising by 0.8% year-on-year as a result of greater spending on home building as well as steady growth in business investment and inventories.

Housing

Mortgage lender Halifax reported a fall in house prices in April of 0.8% as the introduction of a new tax on the purchase of rental properties took its toll. However, house

prices rose by 9.2% in the three months to April as purchasers rushed to beat the new tax. Nationwide house prices showed much of the same rising by a mere 0.2% in May and by 4.7% year-on-year, slowing from April's figure of 4.9%.

Forecast

Capita Asset Services did not alter its forecast this month. Capita Asset Services expects the first rate hike to come in the first quarter of 2017. Capital Economics left their forecast unchanged in May. They expect the first Bank Rate increase to come in Q4 2016.

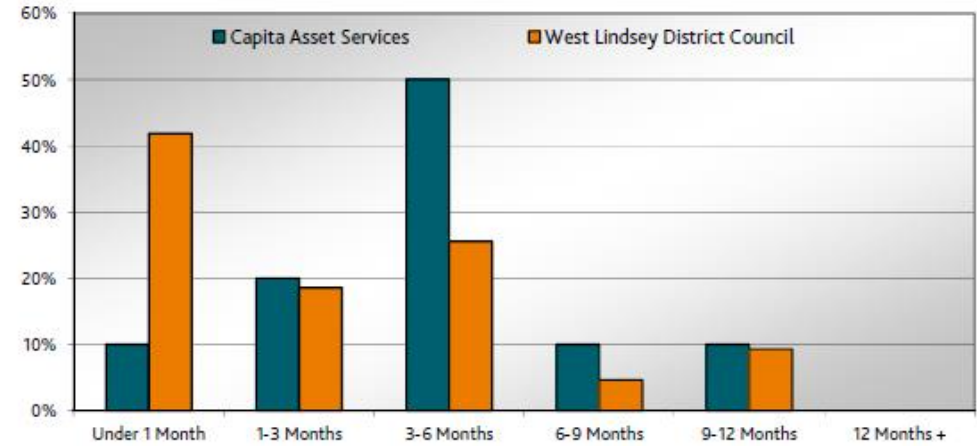
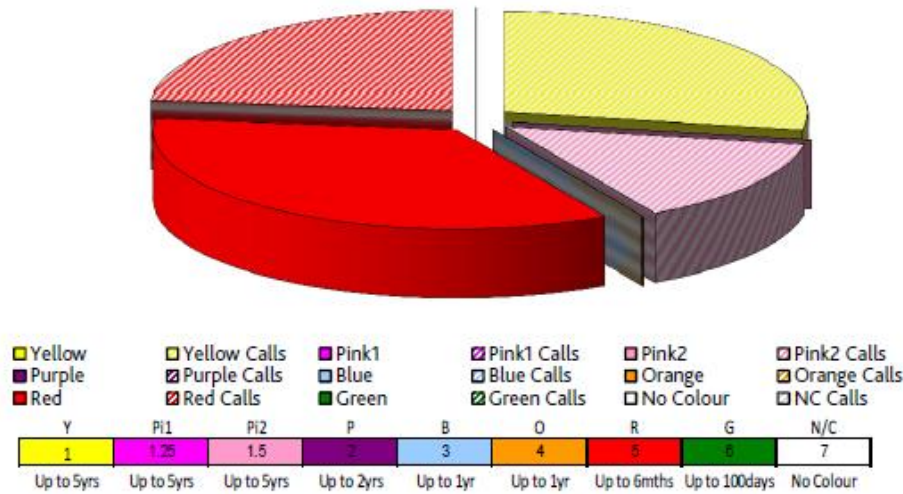
Bank Rate	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17
Capita Asset Services	0.50%	0.50%	0.50%	0.75%	0.75%
Capital Economics	0.50%	0.50%	0.75%	0.75%	1.00%

West Lindsey District Council

Current Investment List

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest Long Term Rating	Historic Risk of Default
MMF Insight	4,000,000	0.51%		MMF	AAA	0.000%
EMMF Insight Liquidity Plus	3,000,000	0.73%		EMMF	AAA	0.000%
MMF CCLA	2,000,000	0.47%		MMF	AAA	0.000%
Lloyds Bank Plc	2,000,000	0.65%	15/04/2016	15/07/2016	A	0.008%
Lloyds Bank Plc	1,000,000	0.65%	03/05/2016	03/08/2016	A	0.011%
Lloyds Bank Plc	1,000,000	0.75%	19/02/2016	19/08/2016	A	0.014%
Lloyds Bank Plc	500,000	1.00%	10/09/2015	12/09/2016	A	0.018%
Santander UK Plc	2,000,000	1.05%		Call120	A	0.020%
Nationwide Building Society	2,000,000	0.84%	19/02/2016	21/11/2016	A	0.030%
Santander UK Plc	1,000,000	1.15%		Call180	A	0.031%
Lloyds Bank Plc	1,000,000	1.05%	10/02/2016	08/02/2017	A	0.043%
Santander UK Plc	2,000,000	1.30%		Call365	A	0.062%
Total Investments	£21,500,000	0.79%				0.016%

Portfolio Composition by Capita Asset Services' Suggested Lending Criteria



Portfolios weighted average risk number = 3.40

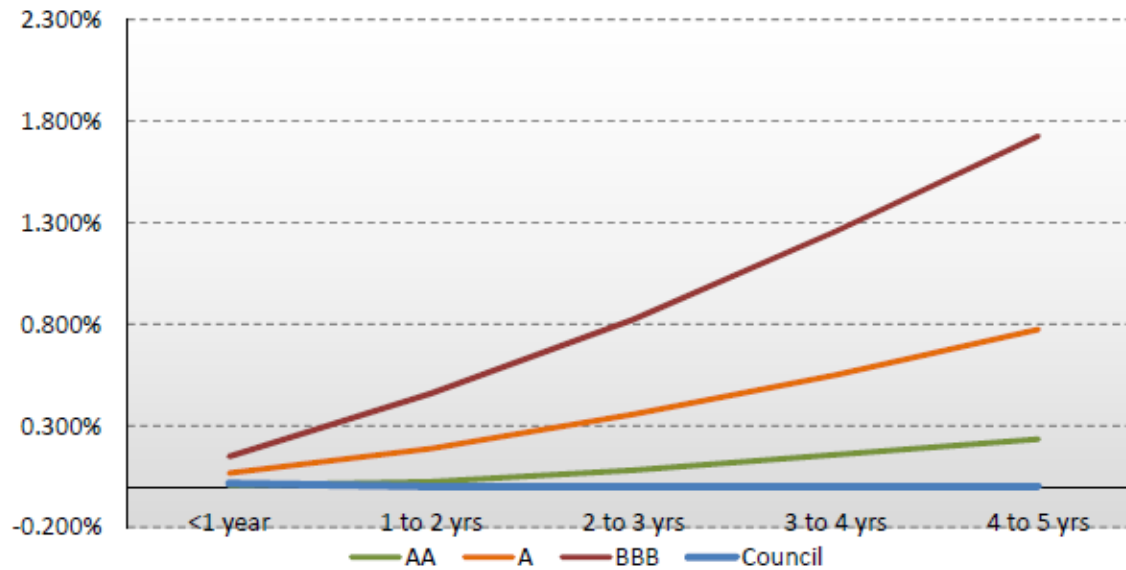
WARoR = Weighted Average Rate of Return
 WAM = Weighted Average Time to Maturity

	% of Portfolio	Amount	% of Colour in Calls	Amount of Colour in Calls	% of Call in Portfolio	WARoR	WAM	WAM at Execution	Excluding Calls/MMFs/EMMFs	
									WAM	WAM at Execution
Yellow	27.91%	£6,000,000	100.00%	£6,000,000	27.91%	0.49%	0	0	0	0
Pink1	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Pink2	13.95%	£3,000,000	100.00%	£3,000,000	13.95%	0.73%	0	0	0	0
Purple	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Blue	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Orange	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Red	58.14%	£12,500,000	40.00%	£5,000,000	23.26%	0.94%	163	216	118	207
Green	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
No Colour	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Total	100.00%	£21,500,000	65.12%	£14,000,000	65.12%	0.79%	95	126	118	207

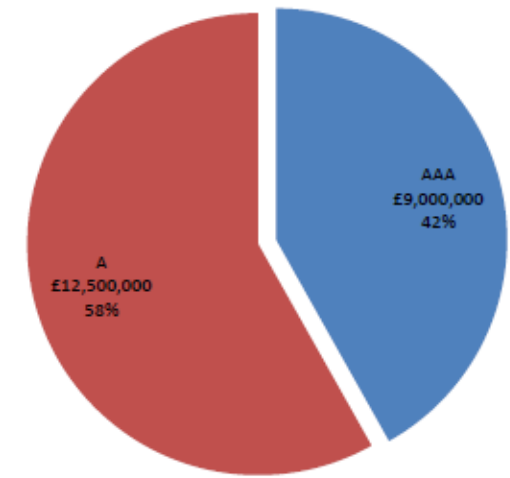
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Investment Risk and Rating Exposure

Investment Risk Vs. Rating Categories



Rating Exposure



Historic Risk of Default

This is a proxy for the average % risk for each investment based on over 30 years of data provided by Fitch, Moody's and S&P. It simply provides a calculation of the possibility of average default against the historical default rates, adjusted for the time period within each year according to the maturity of the investment.

Chart Relative Risk

This is the authority's risk weightings compared to the average % risk of default for "AA", "A" and "BBB" rated investments.

Rating Exposures

This pie chart provides a clear view of your investment exposures to particular ratings.

Historic Risk of Default

Rating/Years	<1 year	1 to 2 yrs	2 to 3 yrs	3 to 4 yrs	4 to 5 yrs
AA	0.007%	0.024%	0.081%	0.158%	0.234%
A	0.067%	0.189%	0.356%	0.551%	0.775%
BBB	0.150%	0.460%	0.824%	1.257%	1.726%
Council	0.016%	0.000%	0.000%	0.000%	0.000%

West Lindsey District Council

Monthly Credit Rating Changes FITCH

Date	Update Number	Institution	Country	Rating Action
13/05/2016	1440	BayernLB	Germany	Long Term Rating affirmed at 'A-', Short Term Rating affirmed at 'F1', Viability rating upgraded to 'bbb' from 'bb+' and Support Rating affirmed at '1'.
13/05/2016	1440	Landesbank Baden Wuerttemberg	Germany	Long Term Rating affirmed at 'A-', Short Term Rating affirmed at 'F1', Viability rating upgraded to 'bbb+' from 'bbb' and Support Rating affirmed at '1'.
25/05/2016	1445	Credit Suisse AG	Switzerland	Long Term Rating affirmed at 'A', Outlook changed to 'Stable' from 'Positive'. Short Term Rating affirmed at 'F1', Viability Rating downgraded to 'a-' from 'a' and Support Rating affirmed at '5'.
25/05/2016	1445	Credit Suisse International	U.K.	Long Term Rating downgraded to 'A-' from 'A', Short Term Rating affirmed at 'F1' and Support Rating affirmed at '1'.
25/05/2016	1446	Nationwide Building Society	U.K.	Long Term Rating affirmed at 'A', Outlook changed to 'Positive' from 'Stable'. Short Term Rating affirmed at 'F1', Viability Rating affirmed at 'a' and Support Rating affirmed at '5'
26/05/2016	1447	Skandinaviska Enskilda Banken AB	Sweden	Long Term Rating upgraded to 'AA-' from 'A+', Outlook changed to 'Stable' from 'Positive'. Short Term Rating upgraded to 'F1+' from 'F1', Viability Rating upgraded to 'aa-' from 'a+' and Support Rating affirmed at '2'.
26/05/2016	1447	Swedbank AB	Sweden	Long Term Rating upgraded to 'AA-' from 'A+', Outlook changed to 'Stable' from 'Positive'. Short Term Rating upgraded to 'F1+' from 'F1', Viability Rating upgraded to 'aa-' from 'a+' and Support Rating affirmed at '2'.
26/05/2016	1447	Svenska Handelsbanken AB	Sweden	Long Term Rating upgraded to 'AA' from 'AA-', Short Term Rating affirmed at 'F1+', Viability Rating upgraded to 'aa' from 'aa-' and Support Rating affirmed at '2'.
27/05/2016	1448	Skipton Building Society	U.K.	Long Term Rating upgraded to 'A-' from 'BBB+', Short Term Rating upgraded to 'F1' from 'F2', Viability Rating upgraded to 'a-' from 'bbb+' and Support Rating affirmed at '5'.

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Monthly Credit Rating Changes MOODY'S

Date	Update Number	Institution	Country	Rating Action
09/05/2016	1438	Coventry Building Society	U.K.	Long Term Rating affirmed at 'A2', Outlook changed to 'Stable' from 'Positive'. Short Term Rating affirmed at 'P-1'.
10/05/2016	1439	Yorkshire Building Society	U.K.	Long Term Rating affirmed at 'A3', Outlook changed to 'Stable' from 'Positive'. Short Term Rating affirmed at 'P-2'.
16/05/2016	1441	Abu Dhabi Sovereign Rating	Abu Dhabi	Sovereign Rating affirmed at 'Aa2', removed from 'Negative Watch' and placed on 'Negative Outlook'
16/05/2016	1441	Qatar Sovereign Rating	Qatar	Sovereign Rating affirmed at 'Aa2', removed from 'Negative Watch' and placed on 'Negative Outlook'
17/05/2016	1442	National Bank of Abu Dhabi	Abu Dhabi	Long Term Rating affirmed at 'Aa3' removed from 'Negative Watch' and placed on 'Negative Outlook'
17/05/2016	1442	Qatar National Bank	Qatar	Long Term Rating affirmed at 'Aa3' removed from 'Negative Watch' and placed on 'Negative Outlook'
20/05/2016	1443	ABN AMRO Bank N.V.	Netherlands	Long Term Rating upgraded to 'A1' from 'A2' and the Short Term Rating was affirmed at 'P-1'
24/05/2016	1444	Deutsche Bank AG	Germany	Long Term Rating downgraded to 'A3' from 'A2', removed from 'Negative Watch' and placed on 'Stable Outlook'. Short Term Rating downgraded to 'P-2' from 'P-1' and removed from 'Negative Watch'

West Lindsey District Council

Monthly Credit Rating Changes S&P

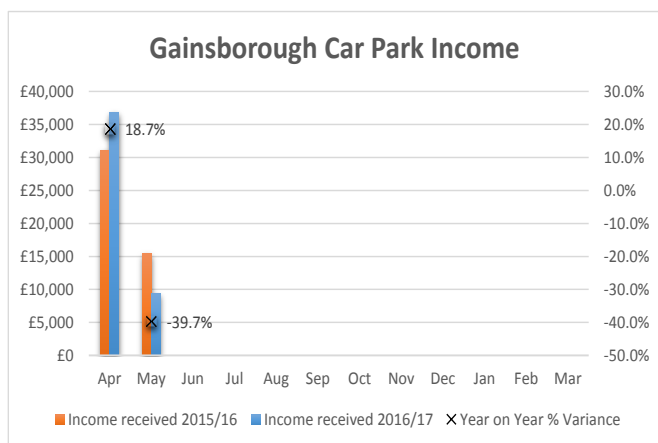
Date	Update Number	Institution	Country	Rating Action
No Changes		No Changes	No Changes	No Changes

REVENUE FORECAST OUTTURN AS AT 31ST MARCH 2017

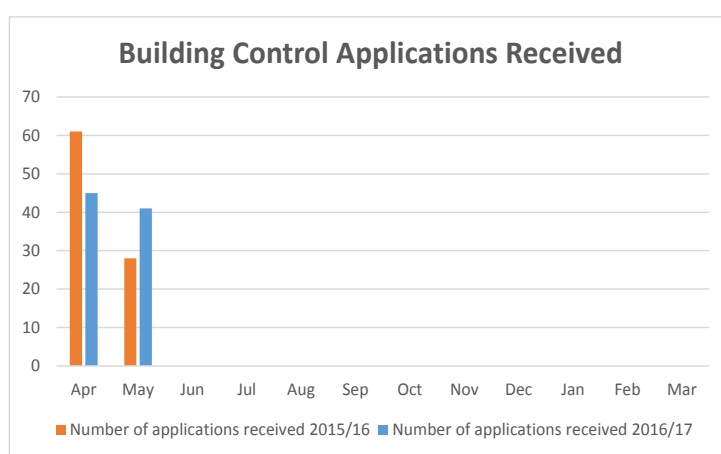
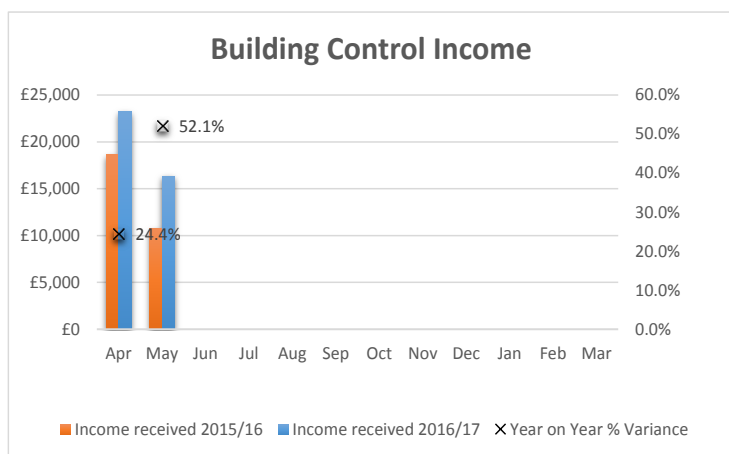
REPORT BY CLUSTER AND BUSINESS UNIT

Cluster	Business Unit	2016/17 Revised Budget £	2016/17 Forecast Outturn £	2016/17 Forecast Outturn Variance £
Chief Executive / Directors	Chief Executive	153,500	153,500	0
	Chief Operating Officer	109,300	109,300	0
	Commercial Director	188,000	188,000	0
	Director of Resources	111,600	111,600	0
Chief Executive / Directors Total		562,400	562,400	0
Commercial Development	Public Conveniences	65,100	65,100	0
	Street Cleansing	438,400	438,400	0
	Trade Waste	(57,700)	(57,700)	0
	Waste Management	1,936,800	1,936,800	0
Commercial Development Total		2,382,600	2,382,600	0
Customer First	Building Control	66,100	66,100	0
	Corporate Management - Apprentices	44,600	44,600	0
	Customer Services	525,300	490,700	(34,600)
	Debtors	23,800	23,800	0
	Emergency Planning	19,000	19,000	0
	Food Safety	132,700	132,700	0
	Fraud	14,250	14,250	0
	Health and Safety	71,100	71,100	0
	Housing Benefits Admin	238,750	248,450	9,700
	Housing Benefits Payments	(195,300)	(195,300)	0
	Housing Benefits Projects	50,800	51,827	1,027
	Land Charges	5,400	12,400	7,000
	Licences - Community	(24,500)	(7,500)	17,000
	Local Tax Collection	247,700	229,368	(18,332)
	Parish Lighting	54,700	54,700	0
	Pest and Dog Control	26,700	26,700	0
	Pollution Control	112,600	112,600	0
	Support Services - Admin	65,600	28,500	(37,100)
Customer First Total		1,479,300	1,423,995	(55,305)
Democratic and Business Support	Communications	121,600	99,600	(22,000)
	Corporate Management - Finance	1,334,600	1,169,900	(164,700)
	Democratic Representation	529,300	529,300	0
	Financial Services	557,300	565,690	8,390
	Human Resources	288,700	279,000	(9,700)
	Legal Services	130,700	130,700	0
	Precepts	177,000	177,000	0
	Register of Electors	127,900	132,200	4,300
	Support Services - Corporate	200,300	200,300	0
Democratic & Business Support Total		3,467,400	3,283,690	(183,710)
Economic Development and Neighbourhoods	Community Action & Community Safety	470,500	470,500	0
	Development Management	(258,000)	(258,000)	0
	Economic Development	960,400	960,400	0
	Environmental Initiatives	91,000	91,000	0
	General Grants etc	501,800	501,800	0
	Parks & Open Spaces	62,000	62,000	0
	Planning Policy - Forward Planning	71,700	71,700	0
	Tourism	28,700	28,700	0
	Town Centre Markets	38,900	48,900	10,000
Economic Development Total		1,967,000	1,977,000	10,000
Housing and Regeneration	Admin Buildings	243,700	250,582	6,882
	Car Parks	(140,400)	(139,450)	950
	Cemeteries and Churchyards	59,900	59,900	0
	Commercial Properties	(371,700)	(370,900)	800
	Culture, Heritage & Leisure	542,400	552,015	9,615
	Homelessness/ Housing Advice	342,600	356,600	14,000
	Housing Strategy	185,600	185,600	0
	Other Council Properties	(13,200)	(11,200)	2,000
	Private Sector Housing Renewal	150,100	150,100	0
	Property Services	228,600	237,600	9,000
Housing Strategy Total		1,227,600	1,270,847	43,247
Organisational Transformation	Business Improvement & Commercial Development	434,900	443,800	8,900
	ICT Services	223,300	223,300	0
	Systems Development	517,500	517,500	0
Organisation for Transformation Total		1,175,700	1,184,600	8,900
BUSINESS UNIT CONTROLLABLE GRAND TOTAL		12,262,000	12,085,132	(176,868)
	Corporate Accounting Total	1,926,350	1,926,350	0
	Statutory Accounting Total	2,888,700	2,888,700	0
	Movement in Reserves Total	(1,856,615)	(1,856,615)	0
	Net Revenue Expenditure	2,958,435	2,958,435	0
	Funding Total	(15,220,435)	(15,220,435)	0
	(SURPLUS)/DEFICIT FOR THE YEAR	0	(176,868)	(176,868)

FEES AND CHARGES ANALYSIS – BY INCOME & VOLUME PER MONTH

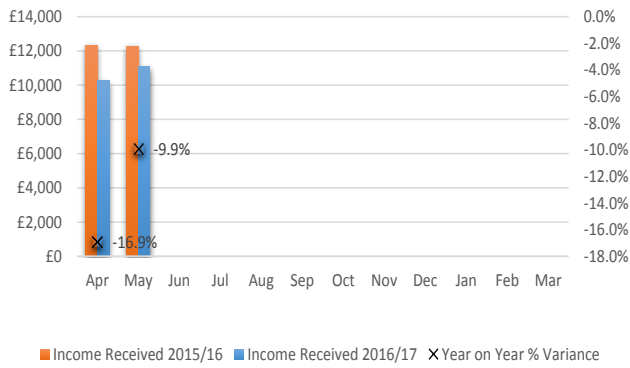


The figures at the start of each year are typically affected by when we receive the first payments for permits, particularly those paid for on a quarterly basis. This drives much of the variance. Overall we would expect the income to be down, as in 15/16 we still had the multi storey cp. Income is down across the two years it is actually exceeding the revised budget indicating that we retained more of the customers than we expected to do

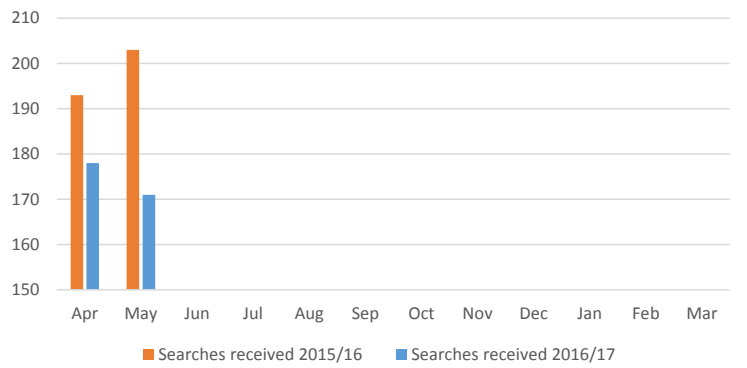


The Council have made significant investment in the Building Control service. For the past 3yrs West Lindsey Building Control have been focusing on improving & developing its services, through building relationships, improving reputation & raising the profile of the team. Whilst this is a slow process with many objectives still to be achieved, such as the provision of additional services, some small successes are starting to emerge. This can be seen in the comparison between income levels for this year & last. There must however be caution in this, whilst the team is exceeding last year's income levels the construction industry can be fickle & volatile & there is still much work to be done in ensuring this trend continues. Within the last month a new business plan for Building Control has been adopted by the Council. This provides the next steps in the team's development, giving a framework & an implementation plan for the provision of future additional services & income generation potential.

Land Charges Income



Land Charges - searches received

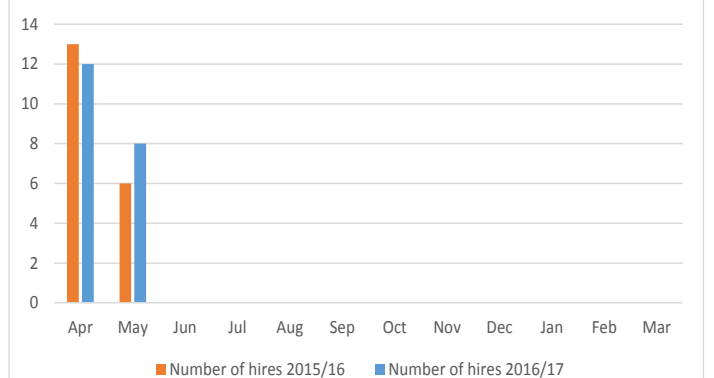


Local Land Charges continues to maintain average income levels of approximately £10k a month which has been consistent month on month for some time. The service still has a good reputation for quality and because of this preserves a core customer base. There are a number of service development challenges in Local Land Charges which means that growing the service cannot be a priority in the short term. A project for delivering a new system for Local Land Charges has been developed and is in the final stages of approval within the Authorities governance structure. It is anticipated that once this system is in place opportunities for growth and efficiencies in the service will be explored.

Trinity Arts Centre Income

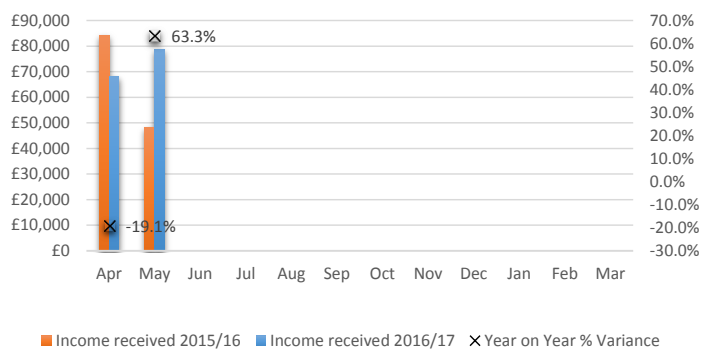


Trinity Arts - Number of hires

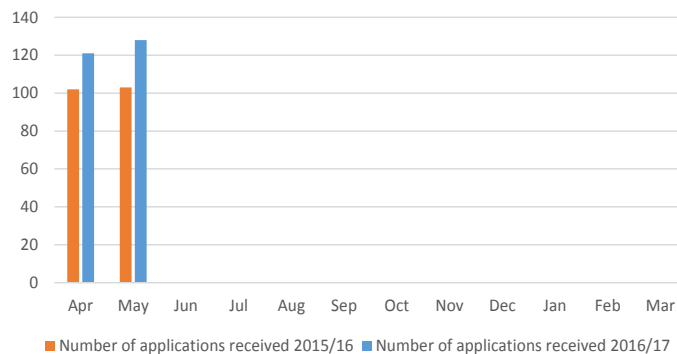


This is not a true reflection of the performance of Trinity Arts Centre as the fees and charges element relates to a small percentage of the overall business. Performances are booked on the most advantageous terms possible, sometimes this is on a hire basis and sometimes on a split of income. The programme is put together on the best offer at the time and the important information to collect and monitor is the surplus generated by the performances ensuring a positive effect on the bottom line rather than a loss. Year to date cumulative income shows TAC ahead of budget for April and May with a performance of £23188 against a budget of £22868.

Planning Income



Planning applications received

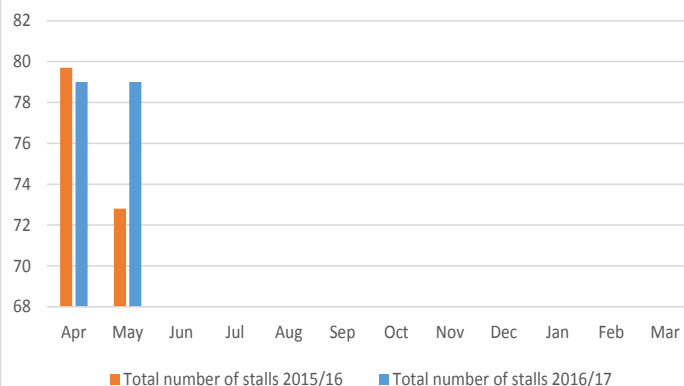


The overall number of applications received this year to date is higher than the number received during the same period in the last financial year, resulting in an overall increase in fee income. However, this is not an indicator that can be directly controlled by the council and monthly income from planning fees remains entirely subject to the type and scale of development applied for. At this stage it is anticipated that the volume of applications, and also income from fees, is likely to remain higher in 2016/17 than was the case in 2015/16.

Gainsborough Markets Income



Gainsborough Market Number of Stalls



The information shows a year on year reduction in income.

The reasons for the downturn are:

- Less traders this year
- Incentivised rentals meaning lower income
- One market was cancelled due to bad weather in April 2016

The market function is being reviewed with a paper due to go to Committee in September. Control of the market has recently moved to Operational Services and some immediate action has been taken to increase income-e.g. new Terms and Conditions are being implemented and there's new governance in place around the cancelling of markets due to bad weather.



CPR.17 16/17

**Corporate Policy &
Resources Committee**

Date: 28th July 2016

Subject: Members Update on ICT related matters; specifically:

***Progress against ICT Action Plan**

***Development of ICT Strategy**

(Incorporating considerations and options with regard to ICT Hardware & Operating Systems Upgrades)

Report by:

Director of Resources.

Contact Officer:

Ian Knowles
Director of Resources
Telephone
ian.knowles@west-lindsey.gov.uk

Purpose / Summary:

To present to Members:
1. Progress against the ICT Action Plan which was presented to Members in Nov '15
2. Current position in relation to the development of the ICT Strategy
3. The considerations taken into account when upgrading ICT hardware and operating systems

RECOMMENDATION(S): Members support the approach taken and note associated developments

IMPLICATIONS

Legal: None

Financial: FIN- 35/17 Capital Budget in place for renewal of ICT desktop

Staffing: None

Equality and Diversity including Human Rights: None

Risk Assessment: None

Climate Related Risks and Opportunities: None

Title and Location of any Background Papers used in the preparation of this report:

[10th November 2015 Paper C relates](#)

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

No

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

No

1 Introduction

1.1 In November 2015, Members were presented with a Strategic Overview of ICT for the period 2015-2020 and an associated action plan. Members were asked to agree that:

- The actions set out would support the Corporate Plan and could be implemented subject to development with the Service Leadership Team.
- An update report be presented back to the Committee within six months.

1.2 This report provides Members with

1. The current position re completion of actions contained within the action plan
2. An update on the development of the Council's ICT Strategy
3. The considerations taken into account when upgrading ICT hardware and operating systems (see Appendix One)

2 ICT Action Plan Update

2.1 The Action Plan that was presented to Members in November 2015 was broad in its scope. It included the following themes:

- 1) Customer Self-Service
- 2) Modern Working Practices
- 3) Governance Arrangements
- 4) Information & Data Security
- 5) Budgetary Considerations
- 6) Future Thinking
- 7) Organisational Issues

2.2 Since its production, a great deal of work has been undertaken to develop out many of the actions. The current position is illustrated within the document available at Appendix Two.

2.3 Highlights include:

- The implementation of the Council's new web-site incorporating self-serve and improved design/layout
- The appointment of a replacement ICT Shared Services Manager
- The creation of the role of Intelligent Client to support systems development
- The implementation of 'Enterprise Architecture' and associated principles to facilitate consistent yet robust ICT related decision making
- Identification and reporting of relevant ICT related performance metrics
- Implementation of a shared ICT help-desk across both WLDC & NKDC with improved automation and reporting facilities
- Consideration paid to the Council's ICT refresh approach
- Revised ICT Incident Management Policy produced
- Commencement of review of telephony requirements

3. ICT Strategy

- 3.1 In addition to the activity detailed above, officers have also focused on the production of an ICT Strategy (2016-2020). This will build on the ICT Strategic Overview document and the good work underway against the action plan.
- 3.2 The strategy is in draft format at present and is in the process of being shared among stakeholders to ensure it meets with requirements and also supports the Council in the delivery of its Corporate Plan.
- 3.3 It is intended that the ICT Strategy will be made available for this Committee in September 2016/October for review and adoption.

4. Conclusion

- 4.1 From within the organisation there is much activity underway in relation to ICT and systems development. The work to implement the ICT Action Plan and to develop out of this the ICT Strategy provide evidence of this.
- 4.2 It is anticipated that such activity provides Members with a high degree of assurance that ICT issues are being effectively addressed. Members are therefore asked to note the work undertaken and the approaches that have been adopted and support their intentions.

Appendix One: ICT Hardware & Operating Systems

1. Introduction

1.1 The ICT Action Plan referenced at points 2.2 and 5.2 that we would look to review our current thinking around the purchase of equipment – PC's, laptops and printers to ensure that we are:

- using facilities that are flexible and as future proofed as possible
- maintaining our position with regards to the most modern and appropriate technology whilst maximising the lifespan of existing equipment

1.2 Para 6.2 of the overview paper advised that the purchase of such equipment is made from a centralised contract using a corporate revenue budget. This contains circa £150k.

1.3 Just over three years ago the Council decided to adopt a 'one device fits all' user device policy on a five year device refresh cycle. The policy supported the Council's ambitions to create a flexible working environment where staff could work from any work station, safe in the knowledge that each work station would be setup in exactly the same way. This gave staff a consistent approach to docking and using their device. Additionally it minimised the number of different devices that required support.

1.4 From a business standpoint the policy was robust. The Council were early adopters of such technology and in the main its performance has been acceptable. However, from the technology angle some challenges have materialised:

- As with any device new models are soon released to the market. Some of these have had to be purchased to fill the supply required for new officers/starters.
- There are some incompatibility issues with the latest model and the docking stations.
- After three years we are experiencing a slight degree of failure in regard to peripheral devices such as docks and detachable keyboards.

1.5 To mitigate these issues, the Council has recently approved a number of new devices to be procured to help create a 'stock' of working devices. The new devices complement the working practises enabled via the introduction of the existing devices. The new devices are held by the ICT Team and are preconfigured to supply members of staff with a device in the following situations:

- New starters

- Lost or stolen device
- A broken device that is not financially worth fixing

1.6 Currently our device 'stock' stands at approximately 15 devices.

1.7 It is felt that from experience of this situation, the business should re-examine whether the 'en masse' replacement policy is the best option and whether it effectively meets business, technical and financial requirements.

2 Proposal

2.1 To ensure that we maximise the use of our assets, consideration has been paid to moving to a rolling refresh approach as opposed to the current 'en masse' replacement approach which occurs every five years.

2.2 To inform such considerations, due attention must be paid to a number of integral factors:

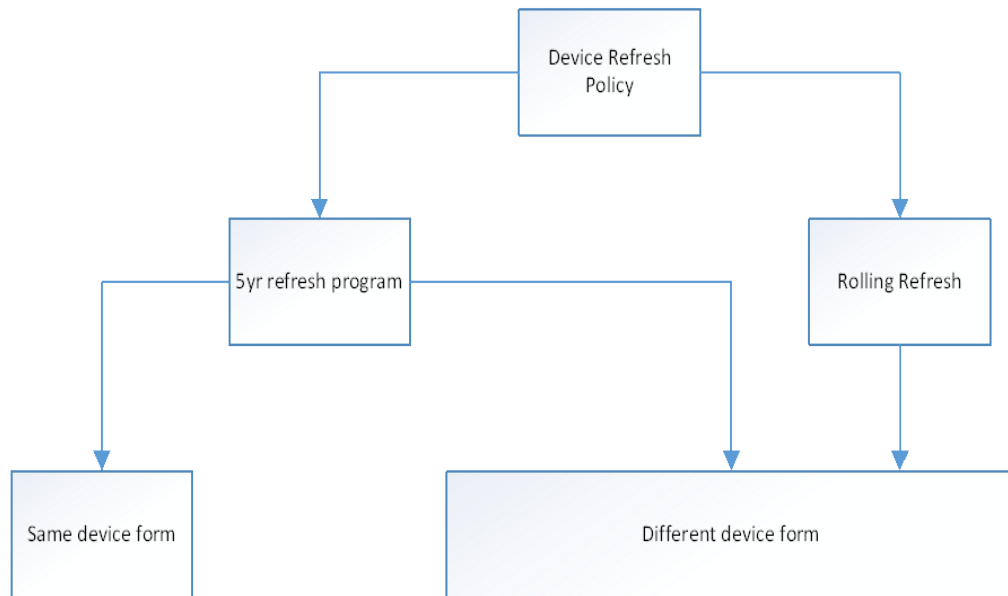
- Assessment of Business Need
- Agile Working
- Operating Systems
- Trialling of Devices
- Deployment and Business Continuity
- Governance and Change Management

3 Meeting Business Need

3.1 To ensure that any devices purchased are fit for purpose, we will assess business need (both present and future). Additionally any potential devices would be assessed for compatibility against our current IT architecture. This information will be fed into the refresh programme. Regular meetings between the services and the 'Intelligent Client' (acting as the conduit between the business and ICT Team), will enable this. During such reviews, a business area's agile working approach will be reviewed which may be enabled by either thin client desktop provision, laptop or tablet device, depending on their requirements.

4 Refresh Approach and Agile Working

4.1 Because the device refresh policy is linked to elements of the agile working policy it is felt one cannot be examined without the other. The diagram below shows the relationship between the device refresh policy and agile working program; which to re-emphasise introduced the benefit (among others) of officers being able to work from any work station within the Guildhall.



- 4.2 The implication of addressing our agile requirements as part of the rolling refresh, is that we must acknowledge that at any one time we will be supporting a limited number of devices (one thin client, two types of tablet/laptops) and a maximum of two operating systems. We must take account of capacity and service continuity issues to ensure we can effectively support business development.

5 Operating Systems

- 5.1 To ensure that the current operating systems meet the users' business needs and requirements to fulfil their roles effectively, consideration is paid to the current supported specification of 3rd party systems. As a principle we have adopted a position whereby we deploy current versions of operating systems and support the previous version, thereby ensuring compatibility is maintained. Prior to the end of life support of previous versions of operating systems we will have already migrated to a newer version, thereby ensuring business continuity.
- 5.2 In terms of 3rd party systems, we also ensure that new releases are managed within the agreed release schedule and our supporting operating systems remain compatible.

6 Trialling of Devices

- 6.1 Our approach to this is to test the specification of any device e.g. number of USB ports, camera functionality, and physical characteristics. If a new device is built upon a new operating system we test the backwards compatibility against a system testing schedule. A decision can then be made re the procurement of a supply of devices.
- 6.2 Upon completion of trials and the decision being made to procure, then a base image would be created and used to support deployment of the device to the rest of the organisation.

7 Deployment and Business Continuity

- 7.1 To ensure that service delivery is maintained we work to a schedule agreed with service areas to take ownership of a new device. Training and support are provided at this point.
- 7.2 If an individual device is damaged beyond repair, then a replacement device will be provided that meets and supports business need and is compatible with the current technology architecture.

8 Governance

- 8.1 Any decisions made in relation to the purchase of devices follow the standard governance procedure. Any upgrades in connection with operating systems/software are overseen by the Corporate Systems Group.

9 Refresh Options

- 9.1 Option 1 – Five Year Device Refresh Policy

This is our current position and is in line with industry norms. Most staff members will have the same device and the docking procedure at each desk will be identical.

Advantages	Disadvantages
All devices have the same operating system	Much larger rollouts, with potentially more business disruption
More likely to be built to a standard image	Larger single hit on Capital budget
Achieve the financial benefit of bulk purchase	Would need to procure as much as 15% more devices than required to provide 'stock' cover for new starter, lost/stolen or 'broken beyond financial repair' scenarios
Easier to achieve a standard desk setup	
Fully supports the agile working concept of being able to sit at any desk (assuming a proprietary dock is used)	
An additional resource can be brought in for a temporary period to allow smooth rollout of devices	

9.2 Option 2 – Rolling Device Refresh Policy

9.3 There is no formal refresh period for devices. Instead a decision taken to replace a device is based on one of the following triggers:

- The device is no longer fit for purpose – performance or form
- The device is faulty and out of manufacturer’s warranty (financially written off)
- The device is lost or stolen – unlikely scenario
- New member of staff
- The operating system is not supported.
- User applications do not support the operating system

Advantages	Disadvantages
Allows organisation to ‘sweat assets’ by extending usage of device beyond the five year manufacturer warranty	Financially more difficult to budget forecast; some years may see larger budget increases than others
Enables easier change of device should business and/or function requirements change	Lose any potential discount for bulk purchase
Smaller deployments needed so potentially easier to plan	ICT team could be supporting many versions of operating systems and device types
	Makes it more complicated to create a standard work station desk setup without incurring additional cost
	To support agile working, the use of a generic docking station which would dock using USB over a propriety connection would be necessary
	ICT team would need to absorb this work within current limits, as an additional temporary source would not be available
	Compatibility risks with existing devices and/or software.

9.4 Option 3 – Adopt a ‘Mixed Economy’ Approach

9.5 This option is in reality our current approach. Within this method, the flexibility exists to trial new devices/technologies and/or take advantage of system developments. Within this methodology a limited number of a new device would be purchased, built and delivered to the most appropriate staff members for effective trials and feedback to take place.

Advantages	Disadvantages
Allows organisation to be early adopters of new technology and/or working practices	Effectiveness of trialling compromised if unsuitable roles undertake testing.
No significant capital spend incurred	
No impact on service delivery	
Smaller deployment so easier to plan and not time critical	
Control environment created to enable test and review	
Limited risk of compatibility issues arising	

10 Conclusion

- 10.1 Considering the most appropriate means of refreshing hardware and upgrading operating systems, ensures that we continue to assess the value for money we achieve in respect of ICT related matters. However, any benefits of moving to a rolling refresh approach have not been evidenced based on the analysis undertaken so far. As set out above: Financial savings may not necessarily materialise and budget planning becomes difficult to forecast; pressures on the ICT team to support a number of differing devices and potential incompatibility issues may arise; work station genericity would be compromised without additional costs in the form a generic based USB docks; adding approximately £20k to the refresh budget.
- 10.2 It is acknowledged that at any one time, more than one device may be in deployment across the Council for reasons connected to replacement or trialling purposes. For reasons previously stated it is intended to attempt to keep the number of different devices in issue to a minimum (two).
- 10.3 It is concluded therefore that the Council continues with its limited 'mixed economy' approach underpinned by a five year refresh policy. This allows the Council to keep abreast of technological developments. From experience, this approach has worked satisfactorily and is the industry norm. However, if on-going monitoring identifies an ICT hardware asset that is repeatedly problematic, causing a break in service, the equipment would be considered for replacement 'en masse' before its scheduled five year life-span.

Appendix Two: ICT Action Plan

IT Action Plan					
Outcome	Action	Position	Owner	Timescale	Status
1. Customer Self Service					
1.1 To be successful in encouraging citizens to use the web access to services and information	To procure and implement a new Content Management System (CMS) and develop a new website to encourage and increase online usage by citizens and businesses.	New web site launched 01/04/2016	J Anderson – web. ----- M Carrington - CRM	Gone live 31/3/16 ----- Planned Mar 2017	Closed ----- Underway
1.2 All access channels need to be supported by a 'single customer view'	(Appendix A – Activity 4) Following the introduction of the new website, a single customer view should be developed that captures an individuals or businesses activity with West Lindsey District Council. We will also work with the County Council to see how we might provide a single view across a resident's engagement with both organisations.	New web site implemented	J Anderson – federated search with NK, CoL, LCC currently being developed.	By July 2017	Under way
2. Modern Working Practices					
2.1 All new ICT projects will be based on whole of life	Develop a whole life costing approach that is applicable and	Enterprise Architecture	Enterprise Architect - J	31/7/16	Under way

costing with benefits and efficiency savings identified in advance.	sufficiently flexible for the range of activities undertaken by the Council.	developed, which could incorporate this template.	Anderson ----- Template - ?	----- ?	----- Not started
2.2 We are using facilities that are flexible and as future proofed as possible, reducing the number of devices that someone needs to carry.	Develop a project to integrate our telephony systems (mobile and desktop) to reduce the range of numbers available and ensure availability of individuals.	Project underway	D Mellors & L Marlow leading	December 2017	Under way
	Consider a rolling refresh of mobile ICT kit to ensure regular updating and developing the benefits of a mobile and agile workforce.	Paper produced outlining options	J O'Shaughnessy	December 2017	Under way
2.3 The ICT Service will embed ITIL (Information Technology Infrastructure Library) to improve the quality and efficiency of the service	Establish a project within ICT to introduce ITIL and provide appropriate training for members of the team.	Qualification requirement of new Shared ICT Manager	J Anderson – waiting on approval from HR	30/6/16	Under way
2.4 We will embed best practices Programme and Project Management processes and standards.	The programme and project management processes now in use, are becoming normalised and good habits are being developed. The organisation is still at an early maturity stage with regards to programme and project management and the quality and completeness of documentation continues to improve. A review of	Work to improve maturity of project management in development. Introduction of Enterprise Architecture principles will govern ICT	Enterprise Architect - J Anderson	31/5/16	Completed just needs signing off

	the current processes will be undertaken and a further level of maturity will be introduced over the next twelve months.	development decision making.			
2.5 We will drive the Council towards a 'paper light' policy.	The organisation has already reduced expenditure on paper and printing by £77k over the last three years. Future ICT developments will ensure that all systems are designed to be 'paper light'.		?	?	?
<u>3. Governance</u>					
3.1 We will ensure we align our ICT policy with our Corporate Plan.	This document has been developed using the 2014-18 Corporate Plan and will need to be aligned with any changes made during the current Corporate Plan renewal.	Corporate Plan for 2016-2020 approved. ICT strategy to support	J O'Shaughnessy	30/09/16	Under way
	Develop a set of metrics to assess the performance of the ICT teams, Development and Support.	Measures in place for 2016/17	J Anderson – P&D Report & monitoring in place. Customer satisfaction survey within helpdesk included.	01/04/16	Closed
3.2 We will introduce Architecture Governance into West Lindsey ... and an	The current collection of systems and processes has been developed over time without a consistent set of	Intelligent Client role established and work on	Enterprise Architect - J Anderson	30/6/16	Closed

Architecture Board to oversee the governance.	policies and principles to underpin what is appropriate for the organisation as well as the individual services. By creating such principles and introducing a Board to oversee how those principles are applied the organisation will have a better understanding of what is an appropriate system for the organisation and this can form part of the specification when inviting bids from suppliers.	Enterprise Architecture underway			
Page 164	A proposed set of principles are attached and these need to be shared with team managers and an understanding of the implications developed.	Present to SLT June/July	Enterprise Architect - J Anderson	31/7/16	Closed
	An architecture board needs to be established to become the 'Guardians' of the West Lindsey ICT Architecture.	CSG, CIGG & IC/ICT Manager meetings form the board	Enterprise Architect - J Anderson	31/7/16	Closed
3.3 An Enterprise Architect will be nominated.	An officer role will be created (this is not expected to be additional post but nomination of an existing post) that will understand the council's operations and business and be able to dive deeply into technology issues. This role will take the Corporate Plan and define the IT	Intelligent Client will take on this function	Enterprise Architect - J Anderson	31/7/16	Closed

	systems that support that strategy.				
4. Information and Data Security					
4.1 Roles and Responsibilities	In February 2015, the Director of Resources was nominated as SIRO (Senior Information Risk Officer). The first task in that role was to establish the Corporate Information Governance Group. This group will be tasked with ensuring the actions set out in 5.4 of the document are enacted.	CIGG in place and meeting regularly	J O'Shaughnessy		Under way
5. Budgetary Considerations					
5.1 Early in the lifetime of this document a review will be undertaken to verify the effectiveness of current budgetary arrangements.	The Head of Finance will be asked to review these budgets and discuss with the Corporate Systems Group (CSG) how this might be improved.	Review of applications architecture taken place, and analysis of all 3624 & 3625 budgets underway	Enterprise Architect - J Anderson	31/7/16	Under way
5.2 Purchase of Equipment – PC's, Laptops and printers	(Appendix A – activity 1) A rolling refresh policy should be introduced that ensures we are maintaining our position with regards to the most modern and appropriate technology whilst	Options paper re refresh of desktop ICT has been produced	J O'Shaughnessy	31/07/16	Under way

	maximising the lifespan of existing equipment.				
5.3 ICT Shared Services	Over the last two years West Lindsey has been working in Partnership with North Kesteven to introduce a shared infrastructure. This project was completed in September of this year and we are now exploring options with NK on the best structure to support the shared infrastructure. Proposal are expected to be finalised by the final quarter of 2016/17 financial year.	ICT Shared manager appointment process underway. Review of SLA and partnership arrangement in process with ER/JOS taking lead	J O'Shaughnessy	31/03/17	Under way
6. Future Thinking					
6. The Council needs to keep abreast of ICT developments and future proofs its investments	The document considers a range of current developments that are being discussed and considered by the IT industry. WLDC needs to establish a mechanism for ensuring that new technology is considered at the appropriate time and that we are constantly looking for improvement in the way we serve our residents and customers.	Intelligent Client in place and a schedule of support with service areas in development	Enterprise Architect - J Anderson	31/7/16	Closed
7. Organisational Issues					
7.1 Review of systems	(Appendix A – Activity 6) The legacy systems (61) will need	Corporate Systems Group	Enterprise Architect - J	31/7/16	Closed

	to be systematically reviewed with the service to ensure they are operating to an appropriate standard for the organisation and established opportunities for future efficiencies. This will be undertaken by the CSG along with Strategic Leads.	overview this and IC work with service areas looks to rationalise systems. Baseline position requested to inform ICT Strategy	Anderson		
7.2 Audit & Governance	(Appendix A – Activity 7) A regular series of tests and audit will be implemented by the CSG/CIGG in order to ensure compliance with government standards and the security of our systems and data. This will include regular assessment of our Business Continuity arrangements.	Disaster Recovery Procedures in place – require testing. Annual PSN Compliance	J Anderson & ICT Manager <hr/> ICT Manager	31/12/16	Under way
Page 167					
<u>Delivery of the Proposed principles</u> (Appendix A)					
Deployment of the latest operating systems and desktop applications	Our current approach is to ensure that every laptop and pc has a standard 'image', we need to ensure this is constantly reviewed and have a managed approach to how new formats are adopted i.e. Windows 10		J Anderson & ICT Manager	BAU	Closed
Further infrastructure	The shared service with NK will be	Potential of	J Anderson &	BAU	Closed

modernisation including further virtualisation	required to ensure that we maximise efficiency within the infrastructure and managed by our Enterprise Architect we will explore the opportunities provided by virtualisation of servers and the use of hosted systems.	Cloud hosting assessed in all cases.	ICT Manager		
Further development usability of Minerva	Minerva has grown and developed over the last two years and whilst it has its issues it has become our central repository for all documentation and internal communications. It is now timely to review the way Minerva is used and developed and establish appropriate frameworks and templates for how we make the greatest use of such an asset going forward. We will therefore create a Minerva Improvement plan that will set out the principles for future development and standardise the current operation of Minerva and engage stakeholders in making it more user friendly.	Training undertaken by officers on Sharepoint 2016 and plan to be drawn up to implement new version	J Anderson	31/12/16	Under way
Improve Help Desk responsiveness by introducing new structure, electronic self-service and e-forms	The shared Infrastructure with NK will require that we establish arrangements for a shared Helpdesk this will form part of the new shared service currently being	ICT helpdesk improvements underway. Common telephone	J Anderson & ICT Manager	31/05/16	Closed

	discussed with NK and improvements will be part of the SLA with the shared service.	number, new incident reporting facility on intranet with self-help advice, ability to produce performance reports and analysis of workload share between NK and WL.			
Review service performance and benchmark our performance internally and externally	Both our Systems Development Team and the ICT Operational team will establish criteria by which they can be monitored and assessed in terms of year on year performance and benchmarked with appropriate comparators.	Performance measures in place across both teams. Included in P&D Reports	J Anderson & ICT Manager	30/04/16	Closed
Leverage the benefit of Cloud solutions	Cloud solutions are becoming increasingly the norm in terms of offers from software suppliers. We need to explore the opportunities for maximising, in a secure way, the full benefit of cloud based computing. This will include exploring options for 'software as a service' (SAAS) e.g. Office 365, and the potential for online storage in preference to	Cloud benefits assessed in each case. Cloud ITT Due Diligence Document is being reviewed with a view to adopting a formal	Enterprise Architect - J Anderson	31/07/16	Closed

	hosting our own data. NB – Given the recent European ruling with regards the data agreement between the EU and USA we need to undertake a review of any currently cloud hosted software and ensure that until a new agreement is in place any data we store in the 'cloud' is not held in the USA.	approach.			
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CPR.18 16/17

Corporate Policy and Resources Committee

Date: 28 July 2016

Establishing a Group Trading Company for West Lindsey District Council

Report by:

Commercial Director

Contact Officer:

Penny Sharp

Commercial Director

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Purpose / Summary:

The purpose of this report is to consider establishment of a group of trading companies to support the Council's commercial activities.

RECOMMENDATION(S):

- (1) That Corporate Policy and Resources Committee recommends to Council approval the proposed group structure for trading companies (the trading arm) to facilitate the return of profits to the Council which can be used to ensure the sustainable delivery of front line services.**
- (2) That Corporate Policy and Resources Committee recommends that Council delegates authority to the Committee for approval of annual business plans and accounts for the Group Holding Company and its individual subsidiaries.**
- (3) That Corporate Policy and Resources Committee recommends to Council that it approves the Shareholder Agreement for the Group Holding Company and its associated subsidiaries.**

- (4) That Corporate Policy and Resources Committee recommends to Council that it approves the Articles of Association for the Group Holding Company and its associated subsidiaries.
- (5) That Corporate Policy and Resources Committee recommends to Council the nomination of the Commercial Director as Company Director and Chief Executive as Non-Executive Director for the Group Holding Company (WLDC Trading Ltd) and its Sure Staff subsidiaries (Sure Staff Lincs Ltd and WLDC Staffing Services Ltd).
- (6) That Corporate Policy and Resources Committee recommends to Council the nomination of the S151 Officer, (the Director of Resources) as the Council's Shareholder representative.
- (7) The members delegate authority to the Council's Section 151 Officer and the appointed Director of the SureStaff subsidiaries to agree the format and content of a Resourcing Agreement for the supply of services by the Council.

IMPLICATIONS

Legal:

The Council has the legal power to establish and operate trading companies. These can be wholly owned by West Lindsey District Council in order to enable the Council to take advantage of the powers to trade for profit introduced under the Local Government Act 2003, where opportunities to do so arise and it is appropriate to use the company as a vehicle for the trading activity proposed.

In addition, under the "general power of competence" introduced by Section 1 of the Localism Act 2011 local authorities now have a general power that enables them to do anything that a private individual is entitled to do, subject to certain statutory limitations.

It should be noted that things done for a commercial purpose even under the Localism Act 2011 must be done through a company.

Financial: FIN/58/17

A business case has been produced (and will be produced) for each company which forms part of the trading arm. These forecast the potential cost and revenue implications for the Council of developing and operating each specific commercial activity.

The establishment of the trading arm, including the costs of specialist advice (legal, taxation) and company incorporation will be met from existing Invest to Earn funds. Any working capital requirements and/or cashflow subsidies will be provided to each company by the Council on commercial terms.

Each company within the trading arm will operate as a separate legal and commercial entity and distributable profits will be returned to the Council by way of dividend payments. The Council may also benefit from ownership of these companies by way of payments under a Resourcing Agreement and via interest charges on loans.

Staffing:

In most cases, the creation of the trading arm will represent the commercialisation of existing Council activities. Where this is the case, it is anticipated that existing staff will be used to deliver the service.

In the case of other commercial activity where the Council does not currently have an offer, the business plan includes provision for the creation of an appropriate staffing structure.

The acquisition of SureStaff Lincs Ltd has created the requirement to recruit a qualified professional to operate the company. Provision for this is again included in the specific business case.

Equality and Diversity including Human Rights:

There are no equality and diversity issues arising directly from this report

Risk Assessment:

The development of a trading arm represents a significant step forward for WLDC as it develops a range of commercial activities. Although this course of action presents opportunities, there are a number of potential risks.

In summary, the key risks are:

Failure to comply with legislation or trade *ultra vires* – the Council has engaged commercial support on an interim basis and is also commissioning legal advice (from specialists Bevan Brittan LLP) to guide it through the process of establishing a trading arm.

Possibility of State Aid challenge – Council support for any trading entities will be provided under a Resourcing Agreement and a set of Service Level Agreements that will ensure that market rates are used to set the relevant fees and payments.

Failure to comply with prevailing taxation laws/regulations – specialist advice has been commissioned from KPMG to provide guidance in relation to meeting the requirements in respect of both Corporation Tax and VAT.

Failure to trade successfully – each ‘business’ will be/has been developed using a market driven business plan which identifies and evaluates the market opportunity alongside the commercial and competitive landscape. In addition, the business plans identify relevant performance targets and the indicators for success/failure. Each reports monthly to Commercial Board in this respect, as well as holding their own monthly Board meetings to review activity and performance.

Poor investment/acquisition – the Council has developed a comprehensive due diligence checklist for a range of investment/acquisition scenarios; from property and land purchases to company acquisitions and market lending.

Conflict of interest with Council priorities and resources – each business case evaluates the resourcing requirements needed to trade in the context of the Council’s statutory duties. Where a conflict occurs, the business plan will need to support any additional resources that are needed.

Climate Related Risks and Opportunities:

There are no direct climate related risks arising from this report

Title and Location of any Background Papers used in the preparation of this report:

None

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

No

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

No

1 Background

- 1.1 A number of local authorities have identified that setting up a trading company – wholly owned by the Council, but operated as a separate legal entity – offers a way to develop services beyond their existing focus.

According to Localis, 58% of local authorities had trading companies in 2015¹ - based on a survey of 150 leaders in local government (e.g. chief executives, council leaders, finance). If representative of the sector as a whole, this would translate to around 189 English local authorities at the district/unitary level, indicating that the concept of the council-owned/run trading company is widely accepted. There is also significant evidence to suggest that trading companies are either under consideration or in active development by many other local authorities

- 1.2. West Lindsey District Council is developing a portfolio of commercial propositions based on both existing and new activities. Currently these activities are generating a modest level of income, but there is an ambition to build a number into significant revenue generating operations.

- 1.3 The Council has identified the need to establish a trading vehicle and has reviewed the options available to provide support for anticipated future activities by providing:

- Strategic direction
- Business opportunity development
- Support services

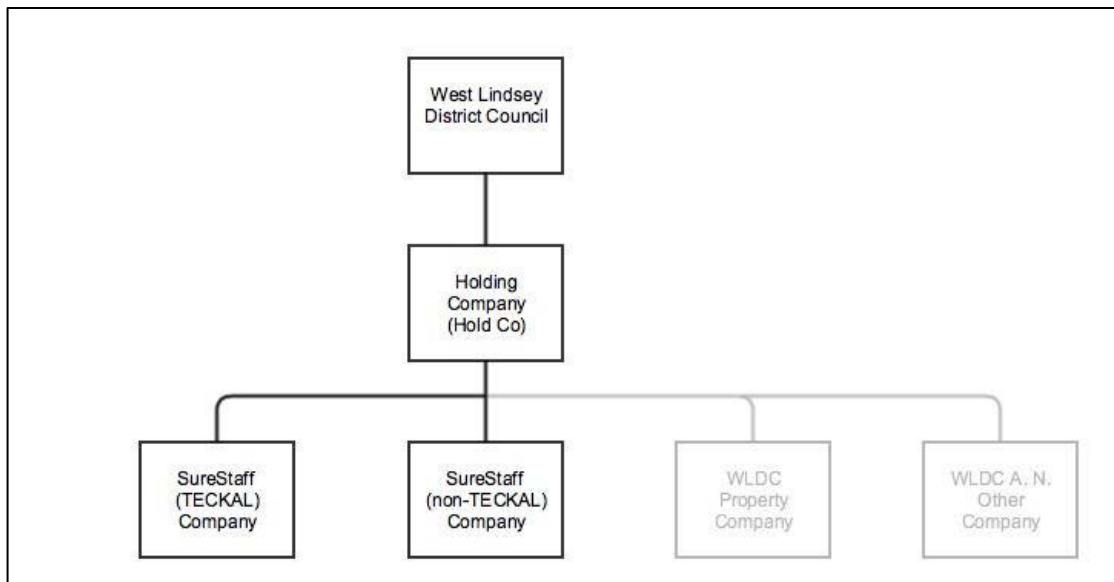
- Governance arrangements
- Financial planning

1.4 As well as establishing a vehicle to allow a range of trading activities, setting up a trading arm will support a number of WLDC's wider objectives:

- Service Quality
- Customer Focus
- Workforce Quality
- Innovation
- Cultural
- Sustainability
- Reputation.
- Retention of control and benefits

2 Group structure

2.1 It is likely that the Council will want to consider establishing a series of Companies Limited by Shares for those operations which have a commercial character. It is believed that a group structure, similar to the example shown in the diagram below, would be the most appropriate to support the Council's commercial ambitions.



2.2 A group structure of this type will offer WLDC a number of advantages:

- Assets – usually property and intellectual property - can be ring-fenced to protect against claim if the trading company is subject to litigation.
- The operation of separate companies for different areas of the business of the company can be helpful if one part of a business is regulated or has a higher risk profile.

- To allow the operation of employee share schemes which are limited to the business in which the particular employees work.
- If there is potential to sell the business avoiding some of the legal issues that can arise with a sale of assets.
- A group company structure can be tax efficient.

2.3 Initially one the companies in this group structure will be configured as a 'Teckal' company (WLDC Staffing Services Ltd). This enables the company to trade directly with the council, and potentially other public sector bodies. A Teckal company will provide:

Services to the Council and other legal persons controlled by the Council (within the meaning of regulation 12 of the Public Contracts Regulations 2015) in accordance with any business plan then in force and on terms agreed between the Teckal Co and the Council

2.4 Once a group holding company is established with approved Articles of Association and Shareholder agreement, any future subsidiaries that the Council be created through a 'Deed of Adherence'. In essence, this means that any subsidiary companies will be bound by the approved Articles and Shareholder agreement. This does not preclude the Council from establishing other companies or Special Purpose Vehicles outside this structure.

3 Shareholding

3.1 The Council will be the sole (100%) member of a group holding company which in turn will be the sole member of each of the subsidiaries, thereby creating a "flat" subsidiary structure underneath the holding company.

The Council will be named as the sole member of each subsidiary, but will exercise its rights (as owner or contract counterparty) through one or more authorised representatives.

4 Governance

4.1 As the sole owner of the Group Holding Company and its subsidiaries, the Council will ultimately govern the operations of the companies.

The Shareholders Agreement (Appendix 1) is a legally binding document that sets out the Council's expectations of its companies. The Council must approve the annual business plan and accounts for the Group Holding Company and its subsidiaries. The Shareholder Agreement also details a list of *Reserved Matters*, issues that must revert to the Council, as sole Shareholder, for decision-making.

4.2 The Articles of Association (Appendix 2) set out the purpose and operational requirements of the Group Holding Company and its individual subsidiaries. These govern the way that the individual companies must operate.

- 4.3 Apart from the reserved matters, decisions which the Council (as member) is required to approve under the Companies Act 2006, and any matters which the Council directs a company's board to undertake (or not undertake), the day to day running of each subsidiary will be left to the company directors.

5 Council appointments:

- 5.1 The Council will appoint one or more directors to each subsidiary Board and, depending on the composition, may appoint a majority of directors. Legal advice recommends that the Council's nominated directors should be officers rather than elected members to avoid potential conflicts of interest and given that it is the Council (ie all elected members) which is the shareholder and owner.
- 5.2 It is recommended that the Commercial Director is appointed as Director and Manjeet Gill as Non-Executive Director for WLDC Staffing Services Ltd, SureStaff Lincs Ltd and the Group Holding Company (WLDC Trading Ltd).
- 5.3 It is recommended that the Council's Section 151 officer, the Director of Resources be nominated as the Council's shareholder representative.

6 Tax Implications

- 6.1 The Council commissioned specialist advice from KPMG, the Council's external auditors, in relation to both Corporation Tax and VAT. The advice focused on high level considerations in relation to Local Authority Trading Companies (LATC) and also provided detailed analysis in relation to SureStaff Lincs Ltd.
- 6.2 KPMG advised that it is common for local authorities to establish a group company structure:
"Often a company is incorporated which sits between the Local Authority and the Local Authority Trading Company. This is commonly referred to as a holding company. There are various reasons why a holding company structure is utilised however a major reason includes; facilitating management charges for services and mitigating tax on a future sale by way of substantial shareholding exemption relief" KPMG April 2016.
- 6.3 It is proposed that any profits generated by subsidiary companies will be returned to the Council through a dividend payment and will only be distributed in accordance with approved business plans and with Council approval.
- 6.4 It may be necessary to obtain more detailed advice about tax implications for each specific subsidiary. This advice will be commissioned as and when required.

6. Update on Sure Staff

- 6.1 The acquisition of SureStaff was completed on 30th May 2016. The company, now formally owned by West Lindsey District Council, has moved into a start-up office in The Plough Business Hub. The company held its first formal Board meeting on 7th June.
- 6.2 Under the terms of the acquisition the previous owner has been working full-time in the business and will continue to do so until 31 July 2016. He has successfully set up the office and configured all the systems to operate as before. In addition, he has made a number of calls to both worker suppliers (Job Centre, employment services) and former clients with promising outcomes.
- 6.3 The business has successfully recruited and appointed a Manager who is now in place and is rapidly gaining knowledge of Sure Staff. The Manager has previous staffing agency experience and is ambitious to develop the business. The Council's Finance team member has also been trained and are now provides the payroll administration service under the Resourcing Agreement.
- 6.4 Preparations to transfer the Council's Operational Services contract (Garden Waste) over to SureStaff are progressing well. A reduced handover period has been negotiated with the incumbent agency supplier (Essential Recruitment) and this contract will 'go live' with SureStaff at the end of July. This will produce revenue for the business one month earlier than projected in the business plan. In addition, the Council has placed additional requirements with Sure Staff after only two weeks of operation, generating non-forecast revenue in June and July.

7 Conclusions

- 7.1 The creation of a trading arm, configured as described above, offers the Council the opportunity to develop a suite of commercial activities and optimise its financial position in order to help fund front line services.
- 7.2 It is proposed that members approve and recommend to Council the establishment of a Group Holding Company, the proposed Articles of Association and Shareholder agreement. In addition, it is recommended that the Council's nominated representatives are approved and recommended to Council.

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COMPANY NUMBER 06476932

**THE COMPANIES ACT 2006
PRIVATE COMPANY LIMITED BY SHARES**

**ARTICLES OF ASSOCIATION
OF
SURESTAFF LINCS. LIMITED**

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THE COMPANIES ACT 2006
PRIVATE COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
OF
SURESTAFF LINCS. LIMITED

PART 1 – INTERPRETATION

1 DEFINED TERMS

1.1 In these Articles, unless the context requires otherwise:

Articles means the Company's articles of association as amended from time to time

bankruptcy includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy

Chair has the meaning given in Article 11

Chair of the Meeting has the meaning given in Article 41

Companies Acts means the Companies Acts (as defined in section 2 of the Companies Act 2006), in so far as they apply to the Company

Company means the company governed by these Articles

Conflict has the meaning given in Article 13

Council means West Lindsey District Council, of Guildhall, Marshall's Yard, Gainsborough, Lincolnshire DN21 2NA and any statutory successor

Council Director has the meaning given in Article 17.1

Council Representative means the person nominated by the Council from time to time to act as or as the authorised representative of the Council which shall be determined by the Council in accordance with its constitution from time to time and notified to the Company

Director means a director of the Company, and includes any person occupying the position of director, by whatever name called

Distribution Recipient has the meaning given in Article 32.2

Document includes, unless otherwise specified, any Document sent or supplied in Electronic Form

Electronic Form has the meaning given in section 1168 of the Companies Act 2006

Eligible Director means a Director who would have been entitled to vote on the matter had it been proposed as a resolution at a meeting of the Directors

fully paid in relation to a Share, means that the nominal value and any premium to be paid to the Company in respect of that Share have been paid to the Company

Group Company means, in relation to a company:

- (a) any subsidiary of the Company;
- (b) any parent undertaking or undertakings of the Company; and
- (c) any subsidiary of any such parent undertakings

Hard Copy Form has the meaning given in section 1168 of the Companies Act 2006

Holder in relation to Shares means the person whose name is entered in the register of members as the holder of the Shares

Instrument means a Document in Hard Copy Form

ordinary resolution has the meaning given in section 282 of the Companies Act 2006

paid means paid or credited as paid

participate, in relation to a Directors' meeting, has the meaning given in Article 9

Proxy Notice has the meaning given in Article 47

Shareholder means a person who is the Holder of a Share.

Shares means shares in the Company

special resolution has the meaning given in section 283 of the Companies Act 2006

Transmittee means a person entitled to a Share by reason of the death or bankruptcy of a Shareholder or otherwise by operation of law

writing means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in Electronic Form or otherwise

- 1.2 Unless the context otherwise requires, other words or expressions contained in these Articles bear the same meaning as in the Companies Act 2006 as in force on the date when these Articles become binding on the Company.
- 1.3 A reference to a **person** shall include a reference to an individual, firm, company, corporation, partnership, unincorporated body of persons, government, state or agency of a state or any association, trust, joint venture or consortium (whether or not having separate legal personality) and that person's personal representatives, successors, permitted assigns and permitted transferees.
- 1.4 Unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular.
- 1.5 Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.
- 1.6 A reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time.
- 1.7 A reference to a statute or statutory provision shall include all subordinate legislation made from time to time under that statute or statutory provision.

- 1.8 A reference to a **regulation** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation.
- 1.9 A reference to **writing** or **written** includes email but not fax.
- 1.10 A reference to any agreement or document (or any provision of it) referred to in these Articles is a reference to that agreement or document (or the relevant provision of it) as varied, amended or supplemented (in each case, other than in breach of the provisions of that agreement or document) from time to time.
- 1.11 Any words following the terms **including**, **include**, **in particular**, **for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- 1.12 A reference to an **amendment** includes a novation, re-enactment, supplement or variation (and amended shall be construed accordingly).
- 1.13 A reference to **determines** or **determined** means, unless the contrary is indicated, a determination made at the absolute discretion of the person making it.
- 1.14 references to a **month** shall be construed as a reference to a period starting on one day in a calendar month and ending on the day immediately preceding the numerically corresponding day in the next calendar month or, if there is no numerically corresponding day in the next calendar month, the last day in the next calendar month; and
- 1.15 The expressions **body corporate**, **holding company**, **subsidiary**, **parent undertaking**, **subsidiary undertaking** and **parent company** shall have the respective meanings given in the Companies Act 2006, and, for the purposes of sections 1159(1) and 1162(2)(b) and (d) of that Act, a company or undertaking (the **first person**) shall be treated as a member of another company or undertaking if:
- 1.15.1 any of the first person's subsidiaries or subsidiary undertakings is a member of that other company or undertaking; or
- 1.15.2 any shares or capital interests in that other company or undertaking are held by a person acting on behalf of the first person or any of its subsidiaries or subsidiary undertakings; or
- 1.15.3 any shares or capital interests in that other company or undertaking are registered in the name of a person (or its nominee) by way of security or in connection with the granting of security over those shares or capital interests by the first person.

In the case of a limited liability partnership which is (or might constitute) a subsidiary or subsidiary undertaking of a company or another limited liability partnership, sections 1159 and 1162 of the Companies Act 2006 shall be amended so that:

- (a) references in sections 1159(1)(a) and (c) and 1162(2)(a) and (d) to "voting rights" are to the members' rights to vote on all or substantially all matters which are decided by a vote of the members of the limited liability partnership; and
- (b) references in sections 1159(1)(b) and 1162(2)(b) to the "right to appoint or remove a majority of its board of directors" is to the right: (i) to appoint or remove a majority of the directors (or equivalent) of that limited liability partnership; or (ii) if no such directors (or equivalent) exist by virtue of the constitution of that limited liability partnership, members holding a majority of the voting rights,

and unless the context otherwise requires, the application of the definitions of body corporate, holding company, subsidiary, parent undertaking, subsidiary undertaking and parent company shall apply as to the relevant company or undertaking as it is at that time.

PART 2 - DIRECTORS

DIRECTORS' POWERS AND RESPONSIBILITIES

2 DIRECTORS' GENERAL AUTHORITY

Subject to the Articles, the Directors are responsible for the management of the Company's business, for which purpose they may exercise all the powers of the Company.

3 SHAREHOLDERS' RESERVE POWER

- 3.1 The Shareholders may, by special resolution, direct the Directors to take, or refrain from taking, specified action.
- 3.2 No such special resolution invalidates anything which the Directors have done before the passing of the resolution.

4 DIRECTORS MAY DELEGATE

- 4.1 Subject to the Articles, the Directors may delegate any of the powers which are conferred on them under the Articles as follows:
- 4.1.1 to such person or committee;
 - 4.1.2 by such means (including by power of attorney);
 - 4.1.3 to such an extent;
 - 4.1.4 in relation to such matters or territories; and
 - 4.1.5 on such terms and conditions,
- as they think fit.
- 4.2 If the Directors so specify, any such delegation may authorise further delegation of the Directors' powers by any person to whom they are delegated.
- 4.3 The Directors may revoke any delegation in whole or part, or alter its terms and conditions.

5 COMMITTEES

- 5.1 Committees to which the Directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the Articles which govern the taking of decisions by Directors.
- 5.2 The Directors may make rules of procedure for all or any committees, which prevail over rules derived from the Articles if they are not consistent with them.

DECISION-MAKING BY DIRECTORS

6 DIRECTORS TO TAKE DECISIONS COLLECTIVELY

- 6.1 The general rule about decision-making by Directors is that any decision of the Directors must be either a majority decision at a meeting or a decision taken in accordance with Article 7.
- 6.2 If only one Director is eligible to vote on any authorisation required under Article 13, the general rule does not apply and the Eligible Director may take decisions in relation to the relevant matter without regard to any of the provisions in these Articles relating to Directors' decision-making.

- 6.3 Each Director shall be entitled to cast one vote on any resolution put to the Directors. However, if at any meeting of the Directors one or more Directors appointed by the Council are absent, the Director(s) appointed by the Council who are participating in the meeting may cast the votes of all absent Directors appointed by the Council, provided that:
- 6.3.1 the maximum number of votes able to be cast by those participating Directors (including their own votes) shall not exceed the number of Directors which the Council may at that time appoint (whether or not the Council has appointed all such Directors);
 - 6.3.2 those participating Directors may not cast a vote in relation to a Director who was not an Eligible Director; and
 - 6.3.3 if two or more participating Directors appointed by the Council are participating in the Directors' meeting, they may only cast the votes of the absent Directors appointed by the Council if those participating Directors agree on how the vote(s) of those absent Directors should be cast.
- 6.4 If the numbers of votes for and against a proposal are equal, the Chair shall not have a casting vote.

7 UNANIMOUS DECISIONS

- 7.1 A decision of the Directors is taken in accordance with this Article when all Eligible Directors indicate to each other by any means that they share a common view on a matter.
- 7.2 Such a decision may take the form of a resolution in writing, copies of which have been signed by each Eligible Director or to which each Eligible Director has otherwise indicated agreement in writing.
- 7.3 A decision may not be taken in accordance with this Article if the Eligible Directors would not have formed a quorum at such a meeting.

8 CALLING A DIRECTORS' MEETING

- 8.1 Any Director may call a Directors' meeting by giving notice of the meeting to the Directors and the Council in accordance with Article 8.2 or by authorising the company secretary (if any) to give such notice.
- 8.2 A meeting of the Directors must be called by at least 7 days' notice unless either:
- 8.2.1 the Directors and the Council unanimously agree otherwise; or
 - 8.2.2 urgent circumstances require shorter notice.
- 8.3 Notice of any Directors' meeting must include:
- 8.3.1 its proposed date and time;
 - 8.3.2 where it is to take place;
 - 8.3.3 if it is anticipated that persons participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting;
 - 8.3.4 an agenda specifying in reasonable detail the matters to be raised at the meeting or the committee meeting; and
 - 8.3.5 copies of any papers to be discussed at the meeting or the committee meeting.
- 8.4 Notice of a Directors' meeting need not be given to Directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the Company not more than 7 days after the date on

which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

9 PARTICIPATION IN DIRECTORS' MEETINGS

9.1 Subject to the Articles, Directors **participate** in a Directors' meeting, or part of a Directors' meeting, when:

9.1.1 the meeting has been called and takes place in accordance with the Articles; and

9.1.2 they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.

9.2 In determining whether Directors are participating in a Directors' meeting, it is irrelevant where any Director is or how they communicate with each other.

9.3 If all the Directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

9.4 The Council Representative shall have the right to attend (but not vote at) any meetings of the Directors.

10 QUORUM FOR DIRECTORS' MEETINGS

10.1 At a Directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.

10.2 Subject to Article 6.2, the quorum for Directors' meetings may be fixed from time to time by a decision of the Directors, but it must never be less than two, and unless otherwise fixed it is two.

10.3 If the total number of Directors for the time being is less than the quorum required, the Directors must not take any decision other than a decision:

10.3.1 to appoint further Directors; or

10.3.2 to call a general meeting so as to enable the Shareholders to appoint further Directors.

10.4 If a quorum is not present with half an hour from the time appointed for the meeting, or during a meeting a quorum ceases to be present, the meeting shall be adjourned to such time and place as the Directors may determine in accordance with these Articles.

11 CHAIRING OF DIRECTORS' MEETINGS

11.1 At each meeting of the Directors the participating Directors may appoint a Director present to chair that meeting. The person so appointed for the time being shall be known as the **Chair**.

11.2 The Directors may terminate the Chair's appointment at any time during the meeting at which he is appointed.

12 CONFLICTS OF INTEREST – TRANSACTIONS OR ARRANGEMENTS WITH THE COMPANY

12.1 The relevant provisions of the Companies Act 2006 (including, without limitation, sections 177 and 182) shall apply in relation to declarations of interest in proposed and existing transactions or arrangements with the Company.

12.2 Provided that he has disclosed to the Directors the nature and extent of any interest of his in accordance with and to the extent required by the Companies Act 2006, a Director notwithstanding his office:

- 12.2.1 may be a party to, or otherwise interested in, any contract with the Company or a Group Company of the Company or in which either or both of them is/are otherwise interested;
 - 12.2.2 may be an elected member, director or other officer of, employed by, a party to any contract with, or otherwise interested in, the Council, any Group Company of the Company or in any body corporate promoted by the Company, the Council, or a Group Company of the Company, or in which any of them is/are interested; and
 - 12.2.3 may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor).
- 12.3 For the purposes of this Article 12.3:
- 12.3.1 a Director shall be deemed to have disclosed the nature and extent of an interest which consists of him being an elected member, director, officer or employee of the Council or any Group Company of the Company; and
 - 12.3.2 a general notice given to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any contract in which a specified person or class of persons is interested shall be deemed to be a disclosure that the Director has an interest in any such contract of the nature and extent so specified.
- 12.4 Where a Director is an elected member, director officer, or employee of the Council or a Group Company of the Company; he:
- 12.4.1 may in exercising his independent judgment take into account the success of the Council or Group Company as well as the success of the Company; and
 - 12.4.2 shall in the exercise of his duties have a duty of confidentiality to the Council or Group Company in relation to confidential information of that Shareholder or Group Company, but he shall not be restricted by any duty of confidentiality to the Company from providing information to the Council or Group Company except as may be imposed under Article 13.5.

13 CONFLICTS OF INTEREST REQUIRING BOARD AUTHORISATION

- 13.1 The Directors may authorise any matter which would otherwise involve a Director (a **Relevant Director**) breaching his duty under section 175 of the Companies Act 2006 to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company (a **Conflict**).
- 13.2 Any Director (including the Relevant Director) may propose that the Relevant Director be authorised in relation to any matter the subject of a Conflict. Such proposal and any authority given by the Directors shall be effected in the same way that any other matter may be proposed to and decided upon by the Directors under these Articles save that the Relevant Director (and any Director) shall not count towards the quorum nor vote on any resolution giving such authority.
- 13.3 Where the Directors give authority in relation to a Conflict:
- 13.3.1 the terms of the authority shall be recorded in writing (but the authority shall be effective whether or not the terms are so recorded); and
 - 13.3.2 the Directors may revoke or vary such authority at any time but this will not affect anything done by the Relevant Director prior to such revocation in accordance with the terms of such authority.
- 13.4 A Conflict in relation to a Director arising solely as a result of him being an elected member, director, officer or employee of the Council or any Group Company of the Company shall be deemed to have been authorised for the purposes of this Article 13 and section 175 of the Companies Act 2006.

- 13.5 Where Article 13.4 above applies or the Directors otherwise gives authority in relation to a Conflict, or where any of the situations referred to in Article 12 (a **Permitted Situation**) applies:
- 13.5.1 the Directors may (whether at the relevant time or subsequently) (i) require that the Relevant Director is excluded from the receipt of information, the participation in discussion and/or the making of decisions (whether at Directors meetings or otherwise) related to the Conflict or Permitted Situation; and (ii) impose upon the Relevant Director such other terms for the purpose of dealing with the Conflict as they may determine;
 - 13.5.2 the Relevant Director will be obliged to conduct himself in accordance with any terms imposed by the Directors in relation to the Conflict or Permitted Situation; and
 - 13.5.3 the Directors may provide that where the Relevant Director obtains (otherwise than through his position as a Director of the Company) information that is confidential to a third party, the Director will not be obliged to disclose that information to the Company, or to use or apply the information in relation to the Company's affairs, where to do so would amount to a breach of that confidence.
- 13.6 A Director shall not, by reason of his office or of the fiduciary relationship thereby established, be liable to account to the Company or the Shareholders for any remuneration, profit or other benefit realised by reason of his having any type of interest in a Conflict authorised under this Article or in any Permitted Situation and no contract shall be liable to be avoided on the grounds of a Director having any such interest.

14 EFFECT OF DIRECTORS' INTERESTS ON QUORUM AND VOTING

- 14.1 Subject where applicable to disclosure in accordance with these Articles and subject to any terms imposed by the Directors in relation to any Conflict or Permitted Situation, a Director shall be entitled to vote in respect of any matter in which he is interested directly or indirectly (where that interest arises by virtue of a Conflict which has been authorised or a Permitted Situation) and if he shall do so his vote shall be counted and, whether or not he does, his presence at the meeting shall be taken into account in ascertaining whether a quorum is present.
- 14.2 However, a Director shall not be entitled to vote in respect of any other matter in which he is interested directly or indirectly and his presence at the meeting shall not be taken into account in ascertaining whether a quorum is present.
- 14.3 Subject to Article 14.4 below, if a question arises at a meeting of Directors or of a committee of Directors as to the right of a Director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the Chair whose ruling in relation to any Director other than the Chair is to be final and conclusive.
- 14.4 If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the Chair, the question is to be decided by a decision of the Directors at that meeting, for which purpose the Chair is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

15 RECORDS OF DECISIONS TO BE KEPT

The Directors must ensure that the Company keeps a record, in writing, for at least ten years from the date of the decision recorded, of every unanimous or majority decision taken by the Directors.

16 DIRECTORS' DISCRETION TO MAKE FURTHER RULES

Subject to the Articles, the Directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to Directors.

APPOINTMENT OF DIRECTORS

17 METHODS OF APPOINTING DIRECTORS

17.1 Unless otherwise agreed by the Council, the board of Directors shall comprise of a minimum of two Directors and a maximum number as agreed by the Council from time to time, all of which shall be appointed by the Council (the **Council Directors**).

18 TERMINATION OF A DIRECTOR'S APPOINTMENT

18.1 A person ceases to be a Director as soon as:

18.1.1 in the case of a Council Director, the Council notifies the Company that the individual is to be removed as a Director;

18.1.2 that person ceases to be a Director by virtue of any provision of the Companies Act 2006 or is prohibited from being a Director by law;

18.1.3 a bankruptcy order is made against that person;

18.1.4 a composition is made with that person's creditors generally in satisfaction of that person's debts;

18.1.5 a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a Director and may remain so for more than three months; or

18.1.6 notification is received by the Company from the Director that the Director is resigning from office, and such resignation has taken effect in accordance with its terms.

19 DIRECTORS' REMUNERATION AND EXPENSES

19.1 Any remuneration of the Directors shall require the prior approval of the Council.

19.2 Any policy regarding expenses of Directors (and alternate Directors) shall be determined by the Council.

PART 3 - SHARES AND DISTRIBUTIONS

SHARES

20 APPOINTMENT OF SHAREHOLDERS

20.1 The subscribers to the Memorandum are the first Shareholders.

20.2 No person shall be admitted as a Shareholder unless they are approved unanimously by the Shareholders.

20.3 The Directors must keep a register of names and addresses of the Shareholders.

21 LIABILITY OF SHAREHOLDERS

The liability of the Shareholders is limited to the amount, if any, unpaid on the Shares held by them.

22 ALL SHARES TO BE FULLY PAID UP

22.1 No Share is to be issued for less than the aggregate of its nominal value and any premium to be paid to the Company in consideration for its issue.

22.2 This does not apply to Shares taken on the formation of the Company by the subscribers to the Company's Memorandum.

23 POWERS TO ISSUE DIFFERENT CLASSES OF SHARE

23.1 Subject to the Articles, but without prejudice to the rights attached to any existing Share, the Company may issue Shares with such rights or restrictions as may be determined by ordinary resolution.

23.2 The Company may issue Shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the Holder, and the Directors may determine the terms, conditions and manner of redemption of any such Shares.

24 COMPANY NOT BOUND BY LESS THAN ABSOLUTE INTERESTS

Except as required by law, no person is to be recognised by the Company as holding any Share upon any trust, and except as otherwise required by law or the Articles, the Company is not in any way to be bound by or recognise any interest in a Share other than the Holder's absolute ownership of it and all the rights attaching to it.

25 SHARE CERTIFICATES

25.1 The Company must issue each Shareholder, free of charge, with one or more certificates in respect of the Shares which that Shareholder holds.

25.2 Every certificate must specify:

25.2.1 in respect of how many Shares, of what class, it is issued;

25.2.2 the nominal value of those Shares;

25.2.3 that the Shares are fully paid; and

25.2.4 any distinguishing numbers assigned to them.

25.3 No certificate may be issued in respect of Shares of more than one class.

25.4 If more than one person holds a Share, only one certificate may be issued in respect of it.

25.5 Certificates must be executed in accordance with the Companies Act 2006.

26 REPLACEMENT SHARE CERTIFICATES

26.1 If a certificate issued in respect of a Shareholder's Shares is:

26.1.1 damaged or defaced; or

26.1.2 said to be lost, stolen or destroyed,

that Shareholder is entitled to be issued with a replacement certificate in respect of the same Shares.

26.2 A Shareholder exercising the right to be issued with such a replacement certificate:

26.2.1 may at the same time exercise the right to be issued with a single certificate or separate certificates;

26.2.2 must return the certificate which is to be replaced to the Company if it is damaged or defaced; and

26.2.3 must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the Directors decide.

27 SHARE TRANSFERS

27.1 Shares may be transferred by means of an Instrument of transfer in any usual form or any other form approved by the Directors, which is executed by or on behalf of the transferor.

27.2 No fee may be charged for registering any Instrument of transfer or other Document relating to or affecting the title to any Share.

27.3 The Company may retain any Instrument of transfer which is registered.

27.4 The transferor remains the Holder of a Share until the transferee's name is entered in the register of members as Holder of it.

27.5 The Directors may refuse to register the transfer of a Share, and if they do so, the Instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.

28 TRANSMISSION OF SHARES

28.1 If title to a Share passes to a Transmittree, the Company may only recognise the Transmittree as having any title to that Share.

28.2 A Transmittree who produces such evidence of entitlement to Shares as the Directors may properly require:

28.2.1 may, subject to the Articles, choose either to become the Holder of those Shares or to have them transferred to another person; and

28.2.2 subject to the Articles, and pending any transfer of the Shares to another person, has the same rights as the Holder had.

28.3 However, Transmittrees do not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of Shares to which they are entitled, by reason of the Holder's death or bankruptcy or otherwise, unless they become the holders of those Shares.

29 EXERCISE OF TRANSMITTEES' RIGHTS

29.1 Transmittrees who wish to become the holders of Shares to which they have become entitled must notify the Company in writing of that wish.

29.2 If the Transmittree wishes to have a Share transferred to another person, the Transmittree must execute an Instrument of transfer in respect of it.

29.3 Any transfer made or executed under this Article is to be treated as if it were made or executed by the person from whom the Transmittree has derived rights in respect of the Share, and as if the event which gave rise to the transmission had not occurred.

30 TRANSMITTEES BOUND BY PRIOR NOTICES

If a notice is given to a Shareholder in respect of Shares and a Transmittree is entitled to those Shares, the Transmittree is bound by the notice if it was given to the Shareholder before the Transmittree's name has been entered in the register of members.

DIVIDENDS AND OTHER DISTRIBUTIONS

31 PROCEDURE FOR DECLARING DIVIDENDS

- 31.1 The Company may by ordinary resolution declare dividends, and the Directors may decide to pay interim dividends.
- 31.2 A dividend must not be declared unless the Directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the Directors.
- 31.3 No dividend may be declared or paid unless it is in accordance with Shareholders' respective rights.
- 31.4 Unless the Shareholders' resolution to declare or Directors' decision to pay a dividend, or the terms on which Shares are issued, specify otherwise, it must be paid by reference to each Shareholder's holding of Shares on the date of the resolution or decision to declare or pay it.
- 31.5 If the Company's share capital is divided into different classes, no interim dividend may be paid on Shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear.
- 31.6 The Directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.
- 31.7 If the Directors act in good faith, they do not incur any liability to the holders of Shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on Shares with deferred or non-preferred rights.

32 PAYMENT OF DIVIDENDS AND OTHER DISTRIBUTIONS

- 32.1 Where a dividend or other sum which is a distribution is payable in respect of a Share, it must be paid by one or more of the following means:
- 32.1.1 transfer to a bank or building society account specified by the Distribution Recipient either in writing or as the Directors may otherwise decide;
 - 32.1.2 sending a cheque made payable to the Distribution Recipient by post to the Distribution Recipient at the Distribution Recipient's registered address (if the Distribution Recipient is a Holder of the Share), or (in any other case) to an address specified by the Distribution Recipient either in writing or as the Directors may otherwise decide;
 - 32.1.3 sending a cheque made payable to such person by post to such person at such address as the Distribution Recipient has specified either in writing or as the Directors may otherwise decide; or
 - 32.1.4 any other means of payment as the Directors agree with the Distribution Recipient either in writing or by such other means as the Directors decide.
- 32.2 In the Articles, the **Distribution Recipient** means, in respect of a Share in respect of which a dividend or other sum is payable:
- 32.2.1 the Holder of the Share; or
 - 32.2.2 if the Share has two or more joint holders, whichever of them is named first in the register of members; or
 - 32.2.3 if the Holder is no longer entitled to the Share by reason of death or bankruptcy; or
 - 32.2.4 otherwise by operation of law, the Transmitter.

33 NO INTEREST ON DISTRIBUTIONS

33.1 The Company may not pay interest on any dividend or other sum payable in respect of a Share unless otherwise provided by:

33.1.1 the terms on which the Share was issued; or

33.1.2 the provisions of another agreement between the Holder of that Share and the Company.

34 UNCLAIMED DISTRIBUTIONS

34.1 All dividends or other sums which are:

34.1.1 payable in respect of Shares; and

34.1.2 unclaimed after having been declared or become payable,

may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed.

34.2 The payment of any such dividend or other sum into a separate account does not make the Company a trustee in respect of it.

34.3 If:

34.3.1 twelve years have passed from the date on which a dividend or other sum became due for payment; and

34.3.2 the Distribution Recipient has not claimed it,

the Distribution Recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the Company.

35 NON-CASH DISTRIBUTIONS

35.1 Subject to the terms of issue of the Share in question, the Company may, by ordinary resolution on the recommendation of the Directors, decide to pay all or part of a dividend or other distribution payable in respect of a Share by transferring non-cash assets of equivalent value (including, without limitation, Shares or other securities in any Company).

35.2 For the purposes of paying a non-cash distribution, the Directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution:

35.2.1 fixing the value of any assets;

35.2.2 paying cash to any Distribution Recipient on the basis of that value in order to adjust the rights of recipients; and

35.2.3 vesting any assets in trustees.

36 WAIVER OF DISTRIBUTIONS

36.1 Distribution Recipients may waive their entitlement to a dividend or other distribution payable in respect of a Share by giving the Company notice in writing to that effect, but if:

36.1.1 the Share has more than one Holder; or

36.1.2 more than one person is entitled to the Share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,

the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the Share.

CAPITALISATION OF PROFITS

37 AUTHORITY TO CAPITALISE AND APPROPRIATION OF CAPITALISED SUMS

37.1 Subject to these Articles, the Directors may, if they are so authorised by an ordinary resolution:

37.1.1 decide to capitalise any profits of the Company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the Company's share premium account or capital redemption reserve; and

37.1.2 appropriate any sum which they so decide to capitalise (a **capitalised sum**) to the persons who would have been entitled to it if it were distributed by way of dividend (the **persons entitled**) and in the same proportions.

37.2 Capitalised sums must be applied:

37.2.1 on behalf of the persons entitled; and

37.2.2 in the same proportions as a dividend would have been distributed to them.

37.3 Any capitalised sum may be applied in paying up new Shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct.

37.4 A capitalised sum which was appropriated from profits available for distribution may be applied in paying up new debentures of the Company which are then allotted credited as fully paid to the persons entitled or as they may direct.

37.5 Subject to these Articles, the Directors may:

37.5.1 apply capitalised sums in accordance with Articles 37.3 and 37.4 partly in one way and partly in another;

37.5.2 make such arrangements as they think fit to deal with Shares or debentures becoming distributable in fractions under this Article (including the issuing of fractional certificates or the making of cash payments); and

37.5.3 authorise any person to enter into an agreement with the Company on behalf of all the persons entitled which is binding on them in respect of the allotment of Shares and debentures to them under this Article.

PART 4 - DECISION-MAKING BY SHAREHOLDERS

ORGANISATION OF GENERAL MEETINGS

38 GENERAL MEETINGS

38.1 The Council and the person admitted as a Shareholder in accordance with these Articles shall appoint and may remove or replace, a Council Representative and a Shareholder representative (as the case may be), in each case by notice in writing to the Company, in accordance with section 323 of the Companies Act 2006, to act as the representative of the Council or the Shareholder in accordance with these Articles.

- 38.2 Notice of a general meeting shall be given in Hard Copy Form, in Electronic Form or by means of a website, provided that the Company complies with any requirements relating to the giving of notice under the Companies Act 2006.
- 38.3 Notice of a general meeting shall be sent to the Council Representative, the Shareholder, every Director and any other person required by law to be sent such notice.
- 38.4 Notice of a general meeting shall:
- 38.4.1 state the time, date and place of the meeting;
 - 38.4.2 specify the general nature of the business to be dealt with at the meeting and set out the text of any special resolution to be voted upon at the meeting; and
 - 38.4.3 be accompanied by a proxy form;
- notice of a general meeting need not be in writing.
- 38.5 The accidental omission to give notice of a general meeting to, or the non-receipt of notice by, any person entitled to receive the notice; or a technical defect in the timing or manner of giving such notice of which the Directors are unaware shall not invalidate the proceedings of that meeting.

39 ATTENDANCE AND SPEAKING AT GENERAL MEETINGS

- 39.1 A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.
- 39.2 A person is able to exercise the right to vote at a general meeting when:
- 39.2.1 that person is able to vote, during the meeting, on resolutions put to the vote at the meeting; and
 - 39.2.2 that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.
- 39.3 The Directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.
- 39.4 In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.
- 39.5 Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

40 QUORUM FOR GENERAL MEETINGS

No business other than the appointment of the Chair of the Meeting is to be transacted at a general meeting unless an authorised representative of each Shareholder (or in the case of the Council a member of the Shareholder Board) is present.

41 CHAIRING GENERAL MEETINGS

- 41.1 The Chair shall chair general meetings if present and willing to do so.
- 41.2 If the Chair is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start:

- 41.2.1 the Directors present; or
- 41.2.2 (if no Directors are present) the meeting,

must appoint a Director or Shareholder to chair the meeting, and the appointment of the Chair of the meeting must be the first business of the meeting.

41.3 The person chairing a meeting in accordance with this Article is referred to as the **Chair of the Meeting**.

42 ATTENDANCE AND SPEAKING BY DIRECTORS AND NON-SHAREHOLDERS

42.1 Directors may attend and speak at general meetings, whether or not they are Shareholders.

42.2 The Chairman of the meeting may permit other persons who are not:

- 42.2.1 Shareholders; or
- 42.2.2 otherwise entitled to exercise the rights of Shareholders in relation to general meetings, to attend and speak at a general meeting.

43 ADJOURNMENT

43.1 If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the Chairman of the meeting must adjourn it.

43.2 The Chair of the meeting may adjourn a general meeting at which a quorum is present if:

- 43.2.1 the meeting consents to an adjournment; or
- 43.2.2 it appears to the Chairman of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.

43.3 The Chair of the meeting must adjourn a general meeting if directed to do so by the meeting.

43.4 When adjourning a general meeting, the Chair of the meeting must:

- 43.4.1 either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the Directors; and
- 43.4.2 have regard to any directions as to the time and place of any adjournment which have been given by the meeting.

43.5 If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the Company must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given):

- 43.5.1 to the same persons to whom notice of the Company's general meetings is required to be given; and
- 43.5.2 containing the same information which such notice is required to contain.

43.6 No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

VOTING AT GENERAL MEETINGS

44 VOTING: GENERAL

- 44.1 A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with these Articles.

45 ERRORS AND DISPUTES

- 45.1 No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.
- 45.2 Any such objection must be referred to the Chairman of the meeting, whose decision is final.

46 POLL VOTES

- 46.1 A poll on a resolution may be demanded:
- 46.1.1 in advance of the general meeting where it is to be put to the vote, or
 - 46.1.2 at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.
- 46.2 A poll may be demanded by:
- 46.2.1 the Chairman of the meeting;
 - 46.2.2 the Directors;
 - 46.2.3 two or more persons having the right to vote on the resolution; or
 - 46.2.4 a person or persons representing not less than one tenth of the total voting rights of all the Shareholders having the right to vote on the resolution.
- 46.3 A demand for a poll may be withdrawn if:
- 46.3.1 the poll has not yet been taken; and
 - 46.3.2 the Chairman of the meeting consents to the withdrawal.
- 46.4 Polls must be taken immediately and in such manner as the Chairman of the meeting directs.

47 CONTENT OF PROXY NOTICES

- 47.1 Proxies may only validly be appointed by a notice in writing (a **Proxy Notice**) which:
- 47.1.1 states the name and address of the Shareholder appointing the proxy;
 - 47.1.2 identifies the person appointed to be that Shareholder's proxy and the general meeting in relation to which that person is appointed;
 - 47.1.3 is signed by or on behalf of the Shareholder appointing the proxy, or is authenticated in such manner as the Directors may determine; and
 - 47.1.4 is delivered to the Company in accordance with the Articles and any instructions contained in the notice of the general meeting to which they relate.

- 47.2 The Company may require Proxy Notices to be delivered in a particular form, and may specify different forms for different purposes.
- 47.3 Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.
- 47.4 Unless a Proxy Notice indicates otherwise, it must be treated as:
- 47.4.1 allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting; and
 - 47.4.2 appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

48 DELIVERY OF PROXY NOTICES

- 48.1 A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid Proxy Notice has been delivered to the Company by or on behalf of that person.
- 48.2 An appointment under a Proxy Notice may be revoked by delivering to the Company a notice in writing given by or on behalf of the person by whom or on whose behalf the Proxy Notice was given.
- 48.3 A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.
- 48.4 If a Proxy Notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

49 AMENDMENTS TO RESOLUTIONS

- 49.1 An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:
- 49.1.1 notice of the proposed amendment is given to the Company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the Chairman of the meeting may determine); and
 - 49.1.2 the proposed amendment does not, in the reasonable opinion of the Chairman of the meeting, materially alter the scope of the resolution.
- 49.2 A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if:
- 49.2.1 the Chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed; and
 - 49.2.2 the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
- 49.3 If the Chairman of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the Chairman's error does not invalidate the vote on that resolution.

PART 5 - ADMINISTRATIVE ARRANGEMENTS

50 MEANS OF COMMUNICATION TO BE USED

- 50.1 Subject to the Articles, anything sent or supplied by or to the Company under the Articles may be sent or supplied in any way in which the Companies Act 2006 provides for Documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the Company.
- 50.2 Subject to the Articles, any notice or Document to be sent or supplied to a Director in connection with the taking of decisions by Directors may also be sent or supplied by the means by which that Director has asked to be sent or supplied with such notices or Documents for the time being.
- 50.3 A Director may agree with the Company that notices or Documents sent to that Director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

51 COMPANY SEALS

- 51.1 Any common seal may only be used by the authority of the Directors.
- 51.2 The Directors may decide by what means and in what form any common seal is to be used.
- 51.3 Unless otherwise decided by the Directors, if the Company has a common seal and it is affixed to a Document, the Document must also be signed by at least one authorised person in the presence of a witness who attests the signature.
- 51.4 For the purposes of this Article, an authorised person is:
- 51.4.1 any Director;
 - 51.4.2 the company secretary (if any); or
 - 51.4.3 any person authorised by the Directors for the purpose of signing Documents to which the common seal is applied.

52 RIGHT TO INSPECT ACCOUNTS AND OTHER RECORDS

- 52.1 The Shareholders and their authorised representatives or the Council Representative (in the case of the Council) shall have the right on giving to the Company reasonable advance notice, during normal business hours to inspect the books and records of the Company.

53 APPOINTMENT OF COMPANY SECRETARY

The Council may appoint (and remove) the company secretary by notice in writing to the Company.

54 PROVISION FOR EMPLOYEES ON CESSATION OF BUSINESS

The Directors may decide to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries (other than a Director or former Director or shadow Director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the Company or that Subsidiary.

DIRECTORS' INDEMNITY AND INSURANCE

55 INDEMNITY

- 55.1 Subject to Article 55.2, a relevant Director of the Company or an associated Company may be indemnified out of the Company's assets against:

- 55.1.1 any liability incurred by that Director in connection with any negligence, default, breach of duty or breach of trust in relation to the Company or an associated Company;
 - 55.1.2 any liability incurred by that Director in connection with the activities of the Company or an associated Company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006); and
 - 55.1.3 any other liability incurred by that Director as an officer of the Company or an associated Company.
- 55.2 This Article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.
- 55.3 In this Article:
- 55.3.1 companies are **associated** if one is a Subsidiary of the other or both are subsidiaries of the same body corporate; and
 - 55.3.2 a **relevant Director** means any Director or former Director of the Company or an associated Company.

56 INSURANCE

- 56.1 The Directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant Director in respect of any relevant loss.
- 56.2 In this Article:
- 56.2.1 a **relevant Director** means any Director or former Director of the Company or an associated Company;
 - 56.2.2 a **relevant loss** means any loss or liability which has been or may be incurred by a relevant Director in connection with that Director's duties or powers in relation to the Company, any associated Company or any pension fund or employees' share scheme of the Company or associated Company; and
 - 56.2.3 companies are **associated** if one is a Subsidiary of the other or both are subsidiaries of the same body corporate.

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Dated

2016

**WEST LINDSEY DISTRICT COUNCIL
SURESTAFF LINCS. LIMITED
WLDC STAFFING SERVICES LIMITED**

SOLE SHAREHOLDER'S AGREEMENT

M-15355429-1© Bevan Brittan LLP

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PARTIES

- (1) **WEST LINDSEY DISTRICT COUNCIL**, of Guildhall, Marshall's Yard, Gainsborough, Lincolnshire DN21 2NA (**Council**)
- (2) **SURESTAFF LINCS. LIMITED** (company number 06476932) whose registered office is at Guildhall, Marshall's Yard, Gainsborough, Lincolnshire DN21 2NA (**SSL**)
- (3) **WLDC STAFFING SERVICES LIMITED** (company number 10276205) whose registered office is at Guildhall, Marshall's Yard, Gainsborough, Lincolnshire, DN21 2NA (**WLDCSSL**)

BACKGROUND

- (A) As at the date of this Agreement, the Council is the sole member of SSL and WLDCSSL. It is envisaged that at some point the Council will incorporate a group holding company (**Group HoldCo**) transfer the shares it holds in each of SSL and WLDCSSL in exchange for shares in Group HoldCo. The Group HoldCo will be required (prior to that share exchange) to enter a Deed of Adherence.
- (B) At the date on which SSL and WLDCSSL enter into this Agreement, it is intended that SSL is a Trade Company and WLDCSSL is a Teckal Company.
- (C) In relation to each Teckal Company from time to time and for the purposes of compliance with the Teckal control test as defined in Regulation 12(3) of the Public Contracts Regulations 2015, it is intended that the Council shall exercise a decisive influence over both the strategic objectives and the significant decisions of that Teckal Company.
- (D) In relation to each Trade Company from time to time, pursuant to section 95 of the Local Government Act 2003, the Secretary of State may by order authorise best value authorities (as defined in the Local Government Act 1999) to do for a commercial purpose anything which they are authorised to do for the purpose of carrying on any of their ordinary functions. The Secretary of State has by way of the Local Government (Best Value Authorities (Power to Trade) England) Order 2009 so authorised the Council.
- (E) The parties have entered into this Agreement (i) to regulate the manner in which Group Holdco carries out Group Holdco Business, and each Teckal Company and Trade Company carries out its Teckal Company Business or Trade Company Business (as the case may be) and (ii) to ensure that the Council retains decisive influence over both the strategic objectives and significant decisions of Group Holdco and each Teckal Company.

AGREED TERMS

1 DEFINITIONS AND INTERPRETATION

In this Agreement:

Accounting Reference Date means 31 March

Articles means the articles of association of any party to this Agreement other than the Council, where such party is a company (as defined in section 1.1(1) of the Companies Act 2006)

Boards means the Group Holdco Board, each Teckal Company Board and each Trade Company Board (and **Board** means any one of them)

Business Day means a day (other than a Saturday, a Sunday or a public holiday in the United Kingdom) on which banks in the United Kingdom are ordinarily open to effect transactions of the kind contemplated in this Agreement and, if a payment is to be made in euros, on which such payment system as the Council chooses is operating for the transfer of funds for the same day value

Business Plan means the operational business plan and budget of a Company as adopted in accordance with clause 2 from time to time

Companies means Group Holdco, the Teckal Companies and the Trade Companies and **Company** means any one of them

CEDR means the Centre for Effective Dispute Resolution

Confidential Information means, in relation to a person, all technical, commercial, financial or other information of whatever nature relating to that person's business, products, developments, services, trade secrets, know-how, personnel, supplies or historic current or potential customers, whether or not designated as confidential and whether disclosed orally, pictorially, in writing, by demonstration, by viewing, in machine readable form or by any other means

Consolidated Business Plan means the operational business plan and budget of Group Holdco which incorporates the Business Plans of each Company

Council Directors means the Directors appointed to a Company by the Council in accordance with that Company's Articles

Council Representative means the person nominated by the Council from time to time to act as or as its authorised representative which shall be determined by the Council in accordance with its constitution from time to time and notified to each Company in writing

Deed of Adherence means a deed in the form or substantially in the form set out in Schedule 3

Directors means the Group Holdco Directors, the Teckal Company Directors (in relation to a Teckal Company) and the Trade Company Directors (in relation to a Trade Company) and **Director** means any one of them

EIR means the Environmental Information Regulations 2004 and any subordinate legislation made under the Regulations from time to time, together with any guidance and/or codes of practice issued by the Information Commissioner or relevant government department in relation to such legislation

Encumbrance means:

- (a) a mortgage, charge, pledge, lien or other encumbrance securing any obligation of any person; or
- (b) any arrangement under which money or claims to, or the benefit of, a bank or other account may be applied, set-off or made subject to a combination of accounts so as to effect payment of sums owed or payable to any person; or
- (c) any other type of preferential arrangement (including title transfer and retention arrangements) having a similar effect

Financial Year means each accounting reference period of 12 months ending on the Accounting Reference Date other than:

- (a) in relation to SSL, for which the first accounting reference period shall run on and from the current financial year end to and including the Accounting Reference Date in the calendar year following the date of the Agreement;
- (b) in relation to WLDCSSL for which the first accounting reference period shall run on and from the date of incorporation of the relevant Company to and including the Accounting Reference Date in the calendar year following the date of this Agreement; and

- (c) in relation to any Company incorporated after the date of this Agreement, for which the first accounting reference period of the relevant Company shall run on and from the date of incorporation of the relevant Company to and including the Accounting Reference Date in the following calendar year

or such longer or shorter period as the Shareholder Board, subject to clause 4.1, shall from time to time determine

FOIA means the Freedom of Information Act 2000 and any subordinate legislation made under the Act from time to time, together with any guidance and/or codes of practice issued by the Information Commissioner or relevant government department in relation to such legislation

Group Holdco Board means the Group Holdco Directors or such of them as are present at a duly convened and quorate meeting of the Group Holdco Directors

Group Holdco Business has the meaning given in clause 2.1

Group Holdco Director means a director of Group Holdco and includes any person occupying the position of director of Group Holdco, by whatever name called

Intellectual Property means present and future patents, trade marks, service marks, trade names, designs, copyrights, inventions, topographical or similar rights, confidential information and know-how and any interest in any of these rights, whether or not registered, including all applications and rights to apply for registration and all fees, royalties and other rights derived from, or incidental to, these rights

Law means:

- (a) any Act of Parliament;
- (b) any subordinate legislation within the meaning of section 21(1) of the Interpretation Act 1978;
- (c) any exercise of the Royal Prerogative; and
- (d) any enforceable community right within the meaning of section 2 of the European Communities Act 1972,

in each case in force in the United Kingdom

Prohibited Act means any of the following acts:

- (a) to directly or indirectly offer, promise or give any person working for or engaged by the Council a financial or other advantage to:
 - (i) induce that person to perform improperly a relevant function or activity; or
 - (ii) reward that person for improper performance of a relevant function or activity;
- (b) to directly or indirectly request, agree to receive or accept any financial or other advantage as an inducement or a reward for improper performance of a relevant function or activity in connection with this Agreement;
- (c) committing any offence:
 - (i) under the Bribery Act 2010;
 - (ii) under legislation creating offences concerning fraudulent acts;

- (iii) at common law concerning fraudulent acts relating to this Agreement or any other contract with the Council; or
- (iv) defrauding, attempting to defraud or conspiring to defraud the Council

Reserved Matters means the matters specified in Schedule 1

S.151 Officer means the Council's Chief Financial Officer with responsibilities under the section 151 of the Local Government Act 1972 and/or any deputy officer authorised to carry out the Chief Financial Officer's functions under the Council's constitution.

Teckal means the codified rule of EU procurement law as set out within Directive 2014/24/EU and Regulation 12 of the Public Contracts Regulations 2015, deriving from the Teckal case (*Teckal Srl v Comune de Viano and Azienda Gas-Acqua Consorziale (AGAC) di Reggio Emilia (C-107/98)* [1999] ECR I-8121) pursuant to which the requirement for open advertisement and tendering for public contracts in accordance with the Public Contracts Regulations 2015 does not apply

Teckal Company means any direct or indirect subsidiary of the Council which is a Teckal-compliant body

Teckal Company Board means, in relation to a Teckal Company, its Directors or such of them as are present at a duly convened and quorate meeting of its Directors

Teckal Company Business has the meaning given in clause 2.2

Teckal Company Director means a director of a Teckal Company and includes any person occupying the position of director of a Teckal Company, by whatever name called

Trade Company means any direct or indirect subsidiary of the Council which is not a Teckal Company

Trade Company Board means, in relation to a Trade Company, its Directors or such of them as are present at a duly convened and quorate meeting of its Directors

Trade Company Business has the meaning given in clause 2.4

Trade Company Director means a director of a Trade Company and includes any person occupying the position of director of a Trade Company, by whatever name called

Working Hours means 9.00 a.m. to 5.00 p.m. on a Business Day

1.2 In this Agreement:

1.2.1 clause, Schedule and paragraph headings shall not affect the interpretation of this Agreement;

1.2.2 unless the context otherwise requires, a reference to a clause or Schedule is to a clause of, or Schedule to, this Agreement and a reference to a paragraph is to a paragraph of the relevant Schedule;

1.2.3 a reference to a **person** shall include a reference to an individual, firm, company, corporation, partnership, unincorporated body of persons, government, state or agency of a state or any association, trust, joint venture or consortium (whether or not having separate legal personality) and that person's personal representatives, successors, permitted assigns and permitted transferees;

1.2.4 unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular;

- 1.2.5 unless the context otherwise requires, a reference to one gender shall include a reference to the other genders;
- 1.2.6 a reference to a **party** or the **parties** are to a party or the parties to this Agreement from time to time and any person who agrees to be bound by the provisions of this Agreement from time to time by executing a Deed of Adherence but, for the avoidance of doubt, shall not refer to any person who has ceased to have any obligations under this Agreement from time to time. A reference to a party shall include that party's successors, permitted assigns and permitted transferees;
- 1.2.7 a reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time and shall include all subordinate legislation made from time to time under that statute or statutory provision;
- 1.2.8 a reference to a **regulation** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
- 1.2.9 a reference to **writing** or **written** includes email but not fax;
- 1.2.10 an obligation on a party not to do something includes an obligation not to allow that thing to be done;
- 1.2.11 any requirement upon the Council or Group Holdco to procure a particular matter or thing does or does not occur in relation to a Company shall be deemed to include an obligation to exercise its powers as a member of Group Holdco or the relevant Company (so far as the same is lawful and reasonable) to seek to ensure that the particular matter or thing occurs or does not occur (as the case may be);
- 1.2.12 a reference to **this Agreement** (or any provision of it) or to any other agreement or document referred to in this Agreement is a reference to this Agreement, that provision or such other agreement or document as varied, amended or supplemented (in each case, other than in breach of the provisions of this Agreement) from time to time;
- 1.2.13 any words following the terms **including, include, in particular, for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms;
- 1.2.14 a reference to an **amendment** includes a novation, re-enactment, supplement or variation (and amended shall be construed accordingly);
- 1.2.15 a reference to **determines** or **determined** means, unless the contrary is indicated, a determination made at the absolute discretion of the person making it;
- 1.2.16 references to a **month** shall be construed as a reference to a period starting on one day in a calendar month and ending on the day immediately preceding the numerically corresponding day in the next calendar month or, if there is no numerically corresponding day in the next calendar month, the last day in the next calendar month; and
- 1.2.17 the expressions **body corporate, holding company, subsidiary, parent undertaking, subsidiary undertaking** and **parent company** shall have the respective meanings given in the Companies Act 2006, and, for the purposes of sections 1159(1) and 1162(2)(b) and (d) of that Act, a company or undertaking (the **first person**) shall be treated as a member of another company or undertaking if:
- (a) any of the first person's subsidiaries or subsidiary undertakings is a member of that other company or undertaking; or

- (b) any shares or capital interests in that other company or undertaking are held by a person acting on behalf of the first person or any of its subsidiaries or subsidiary undertakings; or
- (c) any shares or capital interests in that other company or undertaking are registered in the name of a person (or its nominee) by way of security or in connection with the granting of security over those shares or capital interests by the first person.

In the case of a limited liability partnership which is (or might constitute) a subsidiary or subsidiary undertaking of a company or another limited liability partnership, sections 1159 and 1162 of the Companies Act 2006 shall be amended so that:

- (i) references in sections 1159(1)(a) and (c) and 1162(2)(a) and (d) to "voting rights" are to the members' rights to vote on all or substantially all matters which are decided by a vote of the members of the limited liability partnership; and
- (ii) references in sections 1159(1)(b) and 1162(2)(b) to the "right to appoint or remove a majority of its board of directors" is to the right: (i) to appoint or remove a majority of the directors (or equivalent) of that limited liability partnership; or (ii) if no such directors (or equivalent) exist by virtue of the constitution of that limited liability partnership, members holding a majority of the voting rights,

and unless the context otherwise requires, the application of the definitions of body corporate, holding company, subsidiary, parent undertaking, subsidiary undertaking and parent company shall apply as to the relevant company or undertaking as it is at that time.

1.3 The Schedules form part of this Agreement and shall have effect as if set out in full in the body of this Agreement. Any reference to this Agreement includes the Schedules.

2 THE BUSINESSES AND BUSINESS PLANNING

2.1 The **Group Holdco Business** shall be to act as a holding company of each Teckal Company and Trade Company. Group Holdco shall not exercise any rights it may have as a shareholder of any Teckal Company otherwise than as directed by the Council.

2.2 **Teckal Company Business**, in relation to a Teckal Company, shall be to:

- 2.2.1 provide services to the Council and other legal persons controlled by the Council (within the meaning of regulation 12 of the Public Contracts Regulations 2015) in accordance with its Business Plan and the Consolidated Business Plan then in force and on terms agreed between the Teckal Company and the Council;
- 2.2.2 provide services to any person not otherwise covered by clause 2.2.1 in accordance with its Business Plan and the Consolidated Business Plan then in force and on terms agreed between the Teckal Company and that person; and
- 2.2.3 provide such other services as the Council may from time to time determine and on terms agreed between the Teckal Company and the relevant counterparty/ies.

2.3 The Group Holdco Business (in each case, to the extent it ultimately relates to Teckal Company Business) and the relevant Teckal Company Business shall be pursued, and the relevant Teckal Company shall be governed, in a manner which ensures that the relevant Teckal Company:

- 2.3.1 is and remains controlled (both by way of ultimate membership of the Teckal Company and decisive influence over both its strategic objectives and significant decisions) by the Council;

- 2.3.2 carries out the essential part of its activities for the Council and other legal persons controlled by the Council;
- 2.3.3 carries out those activities in furtherance of the Council's public service tasks; and
- 2.3.4 is not market orientated.

2.4 **Trade Company Business**, in relation to a Trade Company, shall be to:

- 2.4.1 provide services to the Council in accordance with its Business Plan and the Consolidated Business Plan then in force and on terms agreed between the Trade Company and the Council;
- 2.4.2 provide services to any person not otherwise covered by clause 2.4.1 in accordance with its Business Plan and the Consolidated Business Plan then in force and on terms agreed between the Trade Company and that person; and
- 2.4.3 provide such other services as the Council may from time to time determine and on terms agreed between the Trade Company and the relevant counterparty/ies.

2.5 Each Company shall prepare in respect of each Financial Year a Business Plan to include such content as the Council may require from time to time and notify to the Company in writing.

2.6 Each Company's Business Plan for a given Financial Year shall be:

- 2.6.1 prepared by that Company in accordance with the timetable agreed under the relevant governance arrangements of that Company from time to time; and
- 2.6.2 considered and, if though fit, approved by the Council (unless the Council delegates the ability to approve a Company's Business Plan to Group Holdco).

2.7 Group Holdco shall prepare in respect of each Financial Year a Consolidated Business Plan which shall include the Business Plan of each Company as drafted in accordance with clause 2.5 and approved in accordance with clause 2.6, together with any other content required by the Council from time to time and notified to the Company in writing.

2.8 The Consolidated Business Plan for a given Financial Year shall be:

- 2.8.1 prepared by Group Holdco in accordance with the timetable approved by the Council from time to time; and
- 2.8.2 considered and, if thought fit, approved by the Council.

2.9 The parties agree to work both together and with any third parties where required in good faith, to procure that each Business Plan is prepared and approved in accordance with clause 2 and that the business of each Company is carried out to interface as seamlessly as possible with the operations and services of the Council.

2.10 If at any time there is a requirement for a corporate vehicle to be established other than a private company limited by shares, such as a private company limited by guarantee or a limited liability partnership, the Council intends that such vehicle shall be governed as far as possible in the manner in which a Company is governed, subject always to any necessary changes to reflect the Law relating to such alternative vehicle.

3 COUNCIL'S ROLE AS ULTIMATE SHAREHOLDER

3.1 The Council will monitor and control the business and operations of each Company.

3.2 The Council:

- 3.2.1 shall, upon request, have unlimited, unrestricted and prompt access to any Company information and documents;
- 3.2.2 will not be a part of any Board;
- 3.2.3 will not usurp the functions of any Board but will monitor the activities of each Company to ensure that they are acceptable and accountable to the Council as ultimate owner of each Company; and
- 3.2.4 may, in addition to those matters requiring Council consent pursuant to clause 4:
 - (a) make recommendations from time to time to any Board; and/or
 - (b) give directions by notice in writing from time to time to any Board.

3.3 Any notice to or from the Council shall be sent to or from the Council Representative. Where a consent or approval is expressed in this Agreement to be required of the Council, it shall be given by the Council Representative. Such consent or approval shall be given in writing in advance of the decision or matter requiring consent or approval and the Council shall use its reasonable endeavours to communicate any such decision, consent or approval (including any decision not to give consent or approval) to the Company within a period of 30 days from receipt of the requests provided that the Council shall not be deemed to have made a decision or given its consent or approval by virtue of the fact that it has not communicated the same within that time limit. Where the Company requires the Council to make any decision or provide any consent or approval, the Company shall provide such material information as the Council may require to enable it to consider the decision, consent or approval in question.

3.4 Once a consent or approval is given in accordance with clause 3.3 then, to the extent a special or an ordinary resolution is required pursuant to the Companies Act 2006 or otherwise, the relevant Company shall prepare and circulate to its member a draft resolution for consideration and, if thought fit, approval by that member. The Company's member shall approve any resolution which is in line with a consent or approval of the Council.

3.5 Each Company shall ensure that the Board chair and and/or any employees of each Company as requested by the Council shall attend such meetings or parts of meeting(s) of the Council as the Council may require and shall answer questions put by the Council and provide information regarding the activities of each Company as reasonably requested.

4 DECISION-MAKING

4.1 Except as set out in clause 4.2, insofar as a matter is a Reserved Matter relating to a Company, the Company shall not make any decision in relation to, or undertake, that Reserved Matter except with the prior written consent of the Council and such consent shall be sought with the intention to facilitate decisions being given by the Council as quickly as reasonably practicable.

4.2 Clause 4.1 shall not apply in connection with any decision or action relating to a Reserved Matter:

- 4.2.1 approved in the Consolidated Business Plan then in force;
- 4.2.2 which has been properly delegated in accordance with this Agreement to a particular Board or person; or
- 4.2.3 to the extent the same decision has been taken by the Council in accordance with an agreement between the Council and the relevant Company,

and in those circumstances only, any reference in this Agreement to the approval of the Council (or similar wording) shall be amended so that it is a reference to the approval of the relevant Board or the approval of that other person, as the case may be.

- 4.3 Any variation to the list of Reserved Matters must be approved by the Council in writing. For the avoidance of doubt, the Reserved Matters may be varied and/or replaced in part or entirely, by the Council at its absolute discretion.
- 4.4 If any agreement between the Council and a Company is validly varied in accordance with its terms, the relevant sections of the Consolidated Business Plan shall be deemed amended on and with effect from the date of the variation of the agreement to the extent (but only to the extent) such amendment is necessary to ensure that the Consolidated Business Plan is fully consistent, and does not conflict, with the terms of that agreement.
- 4.5 With the exception of the Reserved Matters:
- 4.5.1 the Group Holdco Business and all affairs of Group Holdco shall be managed by the Group Holdco Board;
 - 4.5.2 each Teckal Company Business and all affairs of each Teckal Company shall be managed by the respective Board of each Teckal Company Board; and
 - 4.5.3 each Trade Company Business and all affairs of each Trade Company shall be managed by the relevant Trade Company Board.

To that end and with the exception of the Reserved Matters, the relevant Board shall have full and complete authority, power and discretion to direct, manage and control the Group Holdco Business, or the relevant Teckal Company Business or Trade Company Business (as the case may be) and the affairs and properties of that Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incidental to the management of the Group Holdco Business, or the relevant Teckal Company Business or Trade Company Business (as the case may be).

- 4.6 The Council and Group Holdco shall procure that each Company, and, in so far as it may legally do so, each Company, agrees that it, shall:
- 4.6.1 carry on and conduct its business and affairs in accordance with:
 - (a) the Consolidated Business Plan then in force;
 - (b) its Business Plan then in force;
 - (c) its Articles;
 - (d) all laws relating to companies as amended from time to time;
 - (e) sound governance and good business practice; and
 - (f) in a proper and efficient manner, for its own benefit; and
 - 4.6.2 use all reasonable endeavours to obtain and, if necessary, maintain in full force and effect all licences (including statutory licences), consents and authorities necessary to own and operate its assets and to carry on its business properly and effectively and in accordance with the Consolidated Business Plan and Business Plan then in force.

5 BOARDS

- 5.1 The Board of each Company shall be composed of such persons and shall conduct their dealings in accordance with their Articles and this Agreement provided that the Council may by notice in writing nominate any person as a Director and, if so nominated, the relevant Company shall appoint the nominee as a Director.

- 5.2 Each Company shall review its Board every year to ensure that the composition and membership of the Board is such that it has the ability to sufficiently understand the Company's obligations and make sufficiently robust decisions in relation to those obligations.
- 5.3 On the nomination of a Director to the Board of a Company (whether by the Council or otherwise), the Board of that Company shall issue to that person the Letter of Appointment of a Nominated Director in the form or substantially in the form contained in Schedule 2 together with a summary of a Director's duties in relation to the Company.
- 5.4 The Council Representative shall have the right to attend (but not vote at) any Board meetings and receive papers in relation to such meetings at the same time as those papers are given to the Directors.
- 5.5 The Council may from time to time direct a Company by notice in writing to establish one or more committees of the Board of that Company for particular purposes and may also from time to time direct a Company by notice in writing to terminate the existence of such a committee.

6 POLICIES AND PROCEDURES

- 6.1 In respect of policies and procedures of each Company (**Policies and Procedures**):
- 6.1.1 each Company shall adopt necessary Policies and Procedures that enable it to act legally, efficiently and appropriately as a wholly owned subsidiary of a local authority. In the absence of any such Policies and Procedures, each Company shall adopt the relevant Policies and Procedures of the Council as the case may be;
- 6.1.2 Policies and Procedures shall be approved by the respective Company's Board;
- 6.1.3 the Policies and Procedures shall be subject to an internal audit and audit by the Council when requested by the Council.
- 6.2 The employment terms and conditions of a Company shall be approved by its Board. The Board shall not implement such terms without prior written approval from the Council.
- 6.3 The Board shall adopt and apply an agreed policy as to how conflicts of interest are to be dealt with both in recruitment and in carrying out its Teckal Company Business or Trade Company Business (as the case may be). This agreed policy shall be approved by the Council for use by the Company and may thereafter be revised as required by the Council. Any such revisions shall be implemented by the Board.
- 6.4 Each Company specifically confirms that no arrangement or contract has already been entered into which would require the approval of the Council under this Agreement if it were entered into after the date on which it becomes a party to this Agreement.

7 PROVISION OF INFORMATION

- 7.1 The Council may from time to time specify by notice in writing a Company's proposed obligations in respect of the provision of information.
- 7.2 If no notice is given to a Company pursuant to clause 7.1 then:
- 7.2.1 before 5pm on the 28th day after the end of each half year, that Company shall deliver to the Council or such other officer of the Council nominated by the Council in writing and notified to the Company (which may be for subsequent formal presentation to the Council):
- (a) a balance sheet (based on trial balance without timing adjustments such as accruals and prepayments) for the Company as at close of business on the last

day of the month of the half year just ended (including comparatives from previous month);

- (b) a profit and loss account (based on trial balance i.e. excluding timing adjustments) for the Company covering the period from the start of the Financial Year to the end of the month of the half year just ended;
- (c) a statement of cash flow for the Company covering the period from the start of the Financial Year to the end of the month of the half year just ended;
- (d) forecast profit and loss account for the Company for the period to the end of the current Financial Year on an accruals basis;
- (e) an assurance statement from a Director of the Company that all core account reconciliations have been carried out, with exceptions listed if necessary; and

7.2.2 before 5pm on the 28th day after the end of each half year, the Company shall deliver to the Council or such other officer of the Council nominated by the Council in writing and notified to the Company (which may be for subsequent formal presentation to the Council) a report setting out in respect of that half year such financial monitoring information as the Council may reasonably specify which shall include the following:

- (a) for each business division, profit and loss performance against Business Plan and Business Plan targets;
- (b) a completed proforma setting out in respect of that half year such other monitoring information as the Council may specify but to include the following:
 - (i) a complete list of contracts for new business where the aggregate annual value is greater than any threshold set in respect of the Council's own contracts from time to time, which were entered into during that half year with details of subject matter of the contract, parties to the contract, duration and estimated total value of the contract;
 - (ii) a note of all timed out freedom of information requests and reasons;
 - (iii) without prejudice to clause 7.7 below, a note of all matters in respect of which legal action (potential or actual) has been commenced by or against the Company and an update on ongoing legal action; and
 - (iv) if required by the Council (by further notice in writing to the Company), a record of all invoices where the aggregate monthly value is greater than any threshold set in respect of the Council's own invoices, to an officer nominated by the Council in order to publish details on the Council's website in accordance with the Council's required timescales.

7.3 The following shall apply in respect of the information provided under clauses 7.2 above:

7.3.1 the information shall have been provided and certified as accurate and complete by an executive Director (or if none exists, any Director);

7.3.2 the Company shall respond promptly to all reasonable requests from the Council for clarification of any parts of the information and shall forthwith upon such request supply any additional information and/or evidence that the Council may in its absolute discretion require to satisfy itself as to the financial and trading position of the Company; and

7.3.3 all such information and/or evidence (whether supplied originally or upon request) shall be supplied in such format or formats as the Council may in its absolute discretion consider is most appropriate for its purposes.

- 7.4 Each Company shall deliver to the Council Representative in writing the annual accounts of that Company, audited if that is a requirement, as soon as practicable and at the latest by six months after the end of the relevant Financial Year.
- 7.5 Each Company agrees that it shall give notice of any Directors' meeting to the Council Representative at the same time as it gives notice to the Directors.
- 7.6 Without prejudice to the above, each Company shall within 10 Business Days after any decision made by or meeting of the Directors send to the Council a copy of the minutes of that meeting and/or of that decision (as the case may be).
- 7.7 The Company shall immediately notify the Council of any legal action (potential, threatened or actual) of which it becomes aware which has been commenced by or against each Company.

8 AUDIT AND FRAUD

- 8.1 Where the Council discharges a Company's internal audit function, clauses 8.4, 8.5 and 8.7 shall not apply but other provisions in this clause 8 shall remain in force. For the avoidance of doubt, where the Council does not discharge the Company's internal audit function this entire clause 8 shall apply.
- 8.2 References in this clause to a Company's **Designated Person** are to any of that Company's Directors or any other person designated by the Company to act on behalf of the Company in respect of its audit and fraud obligations pursuant to this clause.
- 8.3 Without prejudice to the foregoing, no external auditors shall be appointed whose appointment at that time has not been approved in advance by the Council. If at any time the Council informs a Company that the S.151 Officer in his absolute discretion considers the current external auditors of the Company to be no longer appropriate, the Company shall without delay call a general meeting of the Company or otherwise circulate a resolution in writing to appoint replacement auditors approved by the S.151 Officer.
- 8.4 The Company shall afford the Council's internal audit function (and/or any external audit firm appointed by the Council to investigate on its behalf) during Working Hours (except in the event of an emergency, in which case access can be at any time) immediate and full access to all information regarding the activities and finances of the Company whenever (at the absolute discretion of the S.151 Officer) this shall be required and the Company shall ensure that all Directors, and all employees, contractors and/or agents of the Company shall provide all explanations required by the persons investigating on the Council's behalf. This may include requests to obtain regular downloads of system data used to perform data analysis in line with the Council's audit strategy and plan. This access shall normally be expected to be required during Working Hours but the Council may in its absolute discretion require access to be given outside Working Hours if in the opinion of the Council this is reasonably necessary and/or appropriate.
- 8.5 Each Company shall comply with all material provisions of appropriate codes including public sector internal audit standards with a declaration accompanying the annual audit opinion.
- 8.6 A Company's Designated Person shall before the start of each Financial Year provide to the Board of that Company the Company's proposed audit plan.
- 8.7 If requested by the Council from time to time by notice in writing to a Company, that Company's Designated Person shall provide audit files at random on request by the Council for review and for determining whether reliance can be placed on its conclusions. If the Council is not satisfied that the Council can place reliance on the Company's internal audit work, then the Council may commission additional audits in order to obtain the necessary assurance. The Company shall provide all information and explanations required in order for the Council's auditors to undertake this work.
- 8.8 If requested by the Council from time to time by notice in writing to a Company, that Company's Designated Person shall provide an annual audit opinion, accompanied by a report supporting that opinion, in relation to the adequacy and effectiveness of the Company's governance, risk

management arrangements and system of internal controls in accordance with the Council's defined assurance levels.

- 8.9 Each Board shall prepare an annual statement regarding internal audit and controls, which shall include a summary of the work done by each Company's internal audit function, the controls and good governance practice adopted in the period covered by the statement, the terms of reference for the Board and any committees of the Board, and such other or additional information as the Council may require in writing from time to time.
- 8.10 The documents referred to in clauses 8.8 and 8.9 shall be provided to the S.151 Officer within 3 months of the end of the Financial Year.
- 8.11 If requested by the Council from time to time by notice in writing to a Company, that Company's Designated Person shall include the Council in the distribution of its assurance and advisory reports. The Company's Designated Person shall present periodic progress reports to the Company's Board including summaries of audits undertaken during the period in question.
- 8.12 Each Company shall ensure that after the Company or any of its respective Directors or employees becoming aware of any allegations of fraud potentially involving the respective Company or any of its respective Directors, employees or contractors, the respective Company shall give notice of this to the Council's Counter Fraud Manager who shall consider this on the basis of the same criteria as are used for Council investigations. The Council's Head of Internal Audit and the S.151 Officer shall determine the most appropriate response to the allegation in accordance with the Council's anti-fraud and corruption strategy.
- 8.13 Each Company shall participate in national and the Council's proactive fraud detection exercises, providing data if required to do so by the Council.

9 PREVENTION OF BRIBERY

- 9.1 Each Company:
- 9.1.1 shall not, and shall procure that any Director, officer, employee, adviser or representative of any of them shall not, in connection with this Agreement commit a Prohibited Act;
- 9.1.2 warrants, represents and undertakes that it is not aware of any financial or other advantage being given to any person working for or engaged by the Council, or that an agreement has been reached to that effect, in connection with the execution of this Agreement, excluding any arrangement of which full details have been disclosed in writing to the Council before execution of this Agreement.
- 9.2 Each Teckal Company and each Trade Company shall:
- 9.2.1 if requested, provide the Council with any reasonable assistance, at the Council's reasonable cost, to enable the Council to perform any activity required by any relevant government or agency in any relevant jurisdiction for the purpose of compliance with the Bribery Act 2010; and
- 9.2.2 within 10 Business Days of the date of this Agreement, and annually thereafter, certify to the Council in writing (such certification to be signed by an officer of such company) compliance with this clause 9 by such company and all persons associated with it or other persons who are supplying goods or services in connection with this Agreement. Such company shall provide such supporting evidence of compliance as the Council may reasonably request.
- 9.3 Each Company shall have an anti-bribery policy (which shall be disclosed to the Council) to prevent any of its Directors, officers, employees, advisers or representatives of the company from committing a Prohibited Act and shall enforce it where appropriate.

- 9.4 If any breach of clause 9.1 is suspected or known, the party in breach must notify the Council immediately.
- 9.5 If any Company notifies the Council that it suspects or knows that there may be a breach of clause 9.1, such company must respond promptly to the Council's enquiries, co-operate with any investigation, and allow the Council to audit books, records and any other relevant documentation.
- 9.6 The Council may terminate this Agreement or any other agreement with the Company concerned by written notice with immediate effect if any such Company or Director, officer, employee, adviser or representative of such Company (in all cases whether or not acting with such Company's knowledge) breaches clause 9.1.
- 9.7 Any notice of termination under clause 9.6 must specify:
- 9.7.1 the nature of the Prohibited Act;
- 9.7.2 the identity of the party whom the Council believes has committed the Prohibited Act; and
- 9.7.3 the date on which this Agreement shall terminate.
- 9.8 Any dispute relating to:
- 9.8.1 the interpretation of this clause 9; or
- 9.8.2 the amount or value of any gift, consideration or commission;
- shall be determined by the Council and its decision shall be final and conclusive.
- 9.9 Any termination under clause 9.6 shall be without prejudice to any right or remedy which has already accrued or subsequently accrues to the Council.

10 FINANCE AND RETURNS

- 10.1 Each Teckal Company shall be funded primarily through payments received from the Council for the delivery of services to the Council and other legal persons controlled by the Council (within the meaning of regulation 12 of the Public Contracts Regulations 2015).
- 10.2 Each Trade Company shall be funded primarily through receipts from trading.
- 10.3 If any Company requires debt or grant funding, it shall endeavour to seek and obtain such funding from the Council on such terms as the Company may agree with the Council. If the Council is unable or unwilling to provide such funding, then the Company may seek third party funding.
- 10.4 Subject to the terms of the Consolidated Business Plan and the Business Plan relating to a Company, the terms of any contract between the Council or other legal person controlled by the Council (within the meaning of regulation 12 of the Public Contracts Regulations 2015) and a Teckal Company, and Law, income and receipts of that Company shall be utilised in the following order of priority:
- 10.4.1 first, in payment of amounts owed to creditors;
- 10.4.2 second, in payment of amounts owed to senior debt providers (if any), including principal, interest accrued thereon and any other associated costs such as interest breakage costs and premature pre-payment fees (save as determined by the terms of any senior creditor agreement);
- 10.4.3 third, in repayment of any loans made by the Council and any interest accrued thereon;
- 10.4.4 fourth, by way of retention to the Company's reserves; and

10.4.5 fifth, to the Council by way of distribution of profit.

10.5 A distribution of profits to the Council shall require the approval of the Council:

10.5.1 where the distribution of profits is a final dividend, within 10 Business Days of the draft annual accounts for the Financial Year in question being agreed in accordance with clause 7.4; and

10.5.2 where the distribution of profits is not a final dividend, within 10 Business Days of the Board recommending the same to the Council.

An **Approved Distribution** is a distribution which has received Council approval within that time period and the date on which that approval is given shall be the **Approval Date**.

10.6 The Company shall credit an Approved Distribution to the Council within 10 Business Days of the Approval Date. Payments will be in cash, unless a distribution was expressly approved by the Council in specie.

11 PENSIONS

11.1 Each Company agrees that if it is an "Admitted Body" for the purposes of the Local Government Pension Scheme (**LGPS**), it shall provide to the LGPS's actuary promptly on demand all information reasonably required by that actuary to enable the actuary to calculate the new contribution rates.

11.2 Having been provided with any adjustments to the recommended contribution rate by the actuary the respective Company shall:

11.2.1 if an increase in contribution rate is recommended, pay the increased rates in line with the actuarial recommendation, notifying the Council on each occasion.

11.2.2 if a decrease in contribution rate is allowed, make only such decrease in payment rate as is approved by the Council.

12 CONTRACTS

12.1 Each Company shall retain a contracts register into which every contract entered into with an aggregate annual value which is greater than the threshold set on an annual basis under the Business Plan of each respective Company.

12.2 Subject to the terms of any agreement between the Council and a Company, where the Company manages contracts on behalf of the Council:

12.2.1 those contracts must be entered into by an authorised officer of the Council after an appropriate procurement and decision process fully in accordance with the Council's rules, standing orders and its Constitution where applicable;

12.2.2 those contracts shall be on standard terms approved by the Council's legal department, except that where standard terms are not appropriate then the Council's legal department shall be engaged to prepare a bespoke contract;

12.2.3 unless expressly authorised by the Council, no officer or employee of the Company shall be impliedly authorised to enter into any contract in the name of the Council or shall hold him or herself out as so authorised;

12.2.4 no contract shall be entered into by or on behalf of the Company which purports to bind the Council as principal without the prior written consent of the Council; and

12.2.5 where required, all contracts to be entered into by the Council must be submitted to the Council for it to make arrangement for their execution/signing and the decision as to

which contracts are to be entered into under seal shall rest with the Council's Director of Governance and Law in accordance with the Council's Constitution.

13 DEALINGS IN SHARES AND NEW SHAREHOLDERS

- 13.1 No Company shall create any Encumbrance over, transfer, or otherwise dispose of or give any person any rights in or over any share in its capital unless it is:
- 13.1.1 permitted under this Agreement (and in particular Schedule 1) and its Articles; and/or
 - 13.1.2 carried out in accordance with the terms of this Agreement and its Articles.
- 13.2 Admitting a person as a new shareholder or member of any Company is a Reserved Matter and shall also be subject to such person executing a Deed of Adherence. Should a Company wish to admit a new shareholder or new member, the Board of such Company must procure that Deed of Adherence is signed and the prior written consent of the Council is obtained, prior to such new shareholder or member being admitted.
- 13.3 The Council shall procure that any new Company shall execute a Deed of Adherence to this Agreement as soon as reasonably practicable following incorporation of that Company and in any event prior to it starting business operations.

14 DISPUTE RESOLUTION

- 14.1 In the event of any disagreement or dispute arising between two or more of the parties in connection with this Agreement (a **Dispute**), the parties to the Dispute shall use all reasonable endeavours to resolve the matter on an amicable basis.
- 14.2 If one party to the Dispute serves formal written notice on one or more of the others that a Dispute has arisen and the parties are unable to resolve the Dispute within a period of 20 Business Days from the service of such notice, then the Dispute shall be referred to the respective Chief Executives or Managing Directors (as the case may be) of each of the parties who shall attempt to resolve the dispute within the next following 20 Business Days. No recourse to arbitration or litigation by any party against any other under this Agreement shall take place unless and until such procedure has been followed.
- 14.3 If the Chief Executives or Managing Directors (as the case may be) of the parties are unable to resolve a Dispute within two months of such Dispute being referred to them (**Initial Consideration Date**), then a **Deadlock** shall be deemed to have arisen on the date either two months after the Initial Consideration Date or the date on which the parties agree that Deadlock has arisen, if earlier (the **Deadlock Date**). Any Deadlock shall be dealt with in accordance with clause 14.4.
- 14.4 In the event that a Deadlock has arisen, then any party shall be entitled to refer the Dispute to a third party expert who shall, unless otherwise agreed, be an independent expert with knowledge of and experience in matters relating to the subject matter of the Dispute (**Expert**). The identity of the Expert shall be agreed between the parties within ten (10) Business Days of the Deadlock Date or, failing such agreement, shall be appointed by the President from time to time of the Institute of Chartered Accountants in England and Wales or any successor thereto and the fees and expenses of the Expert in making his determination shall be borne in such proportions as the Expert shall determine.
- 14.5 The parties shall co-operate with each other and with the Expert in an attempt to resolve the Dispute and Deadlock amicably. The decision of the Expert (appointed as aforesaid) as to the Dispute or Deadlock shall (save in the case of manifest error) be final and binding on all the parties for all purposes and (subject only to their fiduciary duties as Directors) the parties and their respective appointees on the Board shall execute all such documents and do and take all such action as may be necessary or reasonably desirable to give effect to and/or implement the said decision as promptly as reasonably practicable after the date of the same being so determined. For the purposes of this clause 14, any consent required from any party to implement the decision of the Expert made in accordance with the above provisions shall be deemed to have been given.

15 TERMINATION

- 15.1 Subject to clauses 15.2 and 15.3 this Agreement may be terminated by the Council serving no less than six months' written notice on all other parties or, if termination is in respect of one Company only, six months' written notice on that Company.
- 15.2 The Council may terminate this Agreement immediately where required in accordance with any Law.
- 15.3 The Council shall, on the fifth anniversary of the date of this Agreement, or at such other times as determined by the Council, review the requirement for this Agreement.
- 15.4 Termination of this Agreement shall not affect any accrued rights or liabilities of any person or any liability or obligation arising under or pursuant to this Agreement or any other agreement or arrangement between any of the parties hereto or, except where this Agreement expressly provides to the contrary, affect the provisions of:
- 15.4.1 clause 1 (*Definitions and Interpretation*);
 - 15.4.2 this clause 15 (*Termination*);
 - 15.4.3 clause 15.7 (*Confidentiality*);
 - 15.4.4 clause 17 (*Freedom of Information*);
 - 15.4.5 clause 21 (*Assignment and Subcontracting*);
 - 15.4.6 clause 22 (*Waivers and Consents*);
 - 15.4.7 clause 23 (*Rights and Remedies*);
 - 15.4.8 clause 27 (*Notices*);
 - 15.4.9 clause 28 (*Entire Agreement*);
 - 15.4.10 clause 29 (*Variation*);
 - 15.4.11 clause 30 (*Conflict with the Articles*);
 - 15.4.12 clause 31 (*Costs and Expenses*);
 - 15.4.13 clause 32 (*Set-off*);
 - 15.4.14 clause 33 (*No Partnership or Agency*); and
 - 15.4.15 clause 34 (*Governing Law and Jurisdiction*);
- which shall continue in full force and effect after termination.
- 15.5 Where a Company is to be wound up and its assets distributed, the parties shall endeavour to ensure that:
- 15.5.1 all existing contracts of such company or companies are performed to the extent that there are sufficient resources;
 - 15.5.2 the company or companies shall not enter into any new contractual obligations;
 - 15.5.3 the company or companies is dissolved and its assets are distributed as soon as practical in accordance with clauses 15.6 or 15.7 as applicable; and

15.5.4 any other proprietary information or Intellectual Property Rights belonging to or originating from a party shall be returned to it by the other party or the company or companies and all such proprietary information or Intellectual Property Rights shall be erased from the computer systems (to the extent possible) of the company or companies and the party who is/are returning it.

15.6 Subject to clause 15.7, in the event of any Teckal Company or any Trade Company being wound up, the assets of such company remaining after payment of all debts and liabilities of such company and of all costs, charges and expenses of winding up the same, shall be distributed amongst the current shareholders or members of such company.

15.7 In the event of any Company whose business is to provide housing services to the Council is being wound up, the assets of such subsidiary remaining after payment of all debts and liabilities shall be paid or transferred to either the Council's Housing Revenue Account of the Council (as defined under the Local Government and Housing Act 1989) or the General Fund of the Council, in each case as determined by the Council.

16 CONFIDENTIALITY

16.1 Each party undertakes that they shall not at any time hereafter use or disclose (in each case except for the purpose of exercising its rights and fulfilling its obligations under this Agreement) to any person any Confidential Information of any other party which may have or may in future come to its knowledge or possession, provided that any party may share such information:

16.1.1 with its professional advisers or to those of its directors, members, officers, employees, advisers and representatives who are directly concerned with the relevant party or its business;

16.1.2 as may be required by any applicable law or by any supervisory or regulatory body with whose rules it is necessary for that party to comply;

16.1.3 in connection with any proceedings arising out of or in connection with this Agreement; or

16.1.4 once it enters the public domain otherwise than by reason of a breach of this clause 16.1.

16.2 All parties shall use its reasonable endeavours to prevent the use or disclosure of any such Confidential Information otherwise than in accordance with this clause 15.7.

16.3 Notwithstanding the restrictions in clauses 15.7, any party may use such Confidential Information for the purpose of the promotion of the Group Holdco Business, or Teckal Company Business or Trade Company Business.

16.4 Each Director shall be entitled to disclose to the Council, all information to which the Council is entitled pursuant to clause 7 from time to time.

16.5 The parties shall use their reasonable endeavours to procure that any of their officers, employees, advisers and representatives coming into receipt of such Confidential Information shall be informed upon receipt that such information is confidential and (so far as such party is able to procure the same) shall comply with the provisions of this clause 16.5 in respect of such Confidential Information as if they were parties.

16.6 Where any party is required by any law, regulation or governmental or regulatory authority to retain any information (or copies of such information) of any other party, it shall notify the other party in writing of such retention giving details of the information that it is required to retain.

17 FREEDOM OF INFORMATION

17.1 The parties acknowledge that the parties are subject to the requirements of the FOIA and the EIR and the parties shall, where reasonable, assist and co-operate (at their own expense) with the other

parties for information to enable the other parties (where required) to comply with their information disclosure obligations.

17.2 Subject to clause 17.1, where a Company receives a request for information under either the FOIA or the EIR which it is holding on behalf of any other party, it shall:

17.2.1 transfer the request for information to the relevant party (or such other party as it is otherwise agreed between the parties is the best person to deal with such request) as soon as practicable after receipt and in any event within two Business Days of receiving a request for information;

17.2.2 provide the relevant or other party with a copy of all information in its possession or power in the form that the relevant or other party requires within ten Business Days (or such longer period as the relevant or other party may specify) of the relevant or other party requesting that information; and

17.2.3 provide all necessary assistance as reasonably requested by the relevant or other party to enable the relevant or other party to respond to a request for information within the time for compliance set out in the FOIA or the EIR.

17.3 Where the Council receives a request under FOIA or EIR which relates to the operations of a Company, it shall notify the relevant Company and afford them an opportunity to make any comments or representations in respect of the disclosure of the information sought. The relevant Company shall respond within five Business Days of receipt of this notification. The Council shall take into account any such comments or representations in so doing and shall not respond to the request until the five Business Days response period referred to above has passed.

17.4 Each party shall be responsible for determining in its absolute discretion whether any information requested under the FOIA and EIR:

17.4.1 is exempt from disclosure; or

17.4.2 is to be disclosed in response to a request for information.

17.5 Each party acknowledges that the other party may be obliged under the FOIA and EIR to disclose information:

17.5.1 without consulting with the other parties where it has not been practicable to achieve such consultation; or

17.5.2 following consultation with the other parties and having taken their views into account.

18 DATA PROTECTION

The parties shall comply with Law relating to data protection at all times when carrying out their respective obligations pursuant to this Agreement and any other agreement to which it is a party.

19 UNLAWFUL FETTER ON A COMPANY'S POWERS

Notwithstanding any other provision contained in this Agreement, a party which is a Company shall not be bound by any provision of this Agreement to the extent that it would constitute an unlawful fetter on any of its statutory powers, but any such provision shall remain valid and binding as regards all other parties to which it is expressed to apply.

20 FURTHER ASSURANCE

Each party shall at its own cost and expense, on being required to do so by another party now or at any time in the future, do or procure the doing of all such acts and things and/or execute or procure

the execution of all such deeds and documents in a form satisfactory to such other party which such other party may reasonably consider necessary for giving effect to this Agreement.

21 ASSIGNMENT AND SUB-CONTRACTING

21.1 This Agreement is personal to the parties and no party shall assign, transfer, subcontract or deal in any other manner with any of its rights and obligations under this Agreement without the prior written consent of the Council. Each party hereby undertakes and represents to the other parties that it is entering into this Agreement only for its own benefit.

21.2 This Agreement shall be binding on and shall endure for the benefit of each party's successors.

22 WAIVERS AND CONSENTS

22.1 A waiver of any right or remedy under this Agreement or by Law, or any consent given under this Agreement, is only effective if given in writing by the waiving or consenting party and shall not be deemed a waiver of any other breach or default. It only applies in the circumstances for which it is given and shall not prevent the party giving it from subsequently relying on the relevant provision.

22.2 A failure or delay by a party to exercise any right or remedy provided under this Agreement or by law shall not constitute a waiver of that or any other right or remedy, prevent or restrict any further exercise of that or any other right or remedy or constitute an election to affirm this Agreement. No single or partial exercise of any right or remedy provided under this Agreement or by law shall prevent or restrict the further exercise of that or any other right or remedy. No election to affirm this Agreement by the Council shall be effective unless it is in writing.

23 RIGHTS AND REMEDIES

The rights and remedies provided under this Agreement are cumulative and are in addition to, and not exclusive of, any rights and remedies provided by law.

24 SEVERANCE

If any provision (or part of a provision) of this Agreement is or becomes invalid, illegal or unenforceable, it shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision (or part of a provision) shall be deemed deleted. Any modification to or deletion of a provision (or part of a provision) under this clause shall not affect the legality, validity and enforceability of the rest of this Agreement.

25 COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall constitute a duplicate original, but all the counterparts shall together constitute one Agreement.

26 THIRD PARTY RIGHTS

Except as expressly provided elsewhere in this Agreement, a person who is not a party to this Agreement shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce, or enjoy the benefit of, any term of this Agreement. This does not affect any right or remedy of a third party which exists, or is available, apart from that Act.

27 NOTICES

27.1 Delivery

Any notice or other communication required to be given to a party under or in connection with this Agreement shall be:

27.1.1 in writing;

27.1.2 delivered by hand, by pre-paid first-class post or other next working day delivery service or sent by electronic mail; and

27.1.3 sent to:

(a) the Council at:

Guildhall
Marshall's Yard
Gainsborough
Lincolnshire
DN21 2NA

Email: ian.knowles@west-lindsey.gov.uk
Attention: Mr Ian Knowles

(b) any other party

Guildhall
Marshall's Yard
Gainsborough
Lincolnshire
DN21 2NA

Email: penny.sharp@west-lindsey.gov.uk
Attention: Ms Penny Sharp

or to any other address or email address as is notified in writing by one party to the other from time to time.

27.2 Receipt

Any notice or other communication shall be deemed to have been received:

27.2.1 if delivered by hand, at the time it is left at the relevant address;

27.2.2 if posted by pre-paid first-class post or other next working day delivery service, on the second Business Day after posting; and

27.2.3 if sent by electronic mail, upon receipt by the party to which it is given.

A notice or other communication given as described in clause 27.2.1 or clause 27.2.3 on a day that is not a Business Day, or after normal business hours, in the place it is received, shall be deemed to have been received on the next Business Day.

27.3 Receipt by Council

Any notice or other communication given to the Council shall be deemed to have been received only on actual receipt.

28 ENTIRE AGREEMENT

28.1 This Agreement and the documents referred to in it (including the Articles and any Deed of Adherence) constitute the entire agreement between the parties relating to its/their subject matter and supersede all previous agreements between the parties relating to such matters.

28.2 Each of the parties acknowledges that in agreeing to enter into this Agreement it has not relied on any representation, warranty, collateral contract or other assurance (except those set out in this Agreement and/or the documents referred to in it) made by or on behalf of any other party before the signature of this Agreement. Each of the parties waives:

28.2.1 all rights and remedies which, but for this clause 28.2, might otherwise be available to it in respect of any such representation, warranty, collateral contract or other assurance; and

28.2.2 all rights and remedies, other than remedies for breach of contract available in respect of a breach of this Agreement and/or the documents referred to in it, which, but for this clause 28.2, might otherwise be available to it in respect of the falsity of any representation or warranty set out in this Agreement and/or the documents referred to in it,

provided that nothing in this clause 28.2 shall limit or exclude any liability for fraud or dishonesty on the part of any party.

29 VARIATION

No variation to the terms of this Agreement shall be effective unless made in writing and signed by each of the parties and any person who agrees to be bound by this Agreement.

30 CONFLICT WITH THE ARTICLES

If any provision of this Agreement is inconsistent with a provision of the Articles of any Company, then the terms of this Agreement shall prevail and the member(s) of such Company agree to procure the making of any amendment to the Company's Articles as soon as reasonably practicable which is required in order to make the Articles consistent with the provisions of this Agreement and the Council hereby consents to any such changes to the Company's Articles.

31 COSTS AND EXPENSES

All costs and expenses in relation to the negotiation, preparation, execution and carrying into effect of this Agreement and all other documents referred to in it shall be borne by the Council, save for any private advice sought by any party which shall be for the cost of that party.

32 SET-OFF

All amounts falling due under this Agreement shall be paid in full without any set-off or counterclaim.

33 NO PARTNERSHIP OR AGENCY

Nothing in this Agreement is intended to or shall operate to create a partnership between the parties or any of them, or to authorise any party to act as agent for any other party, and no party shall have authority to act in the name or on behalf of or otherwise to bind any other party in any way.

34 GOVERNING LAW AND JURISDICTION

34.1 This Agreement is governed by and shall be construed in accordance with the laws of England and each party submits to the exclusive jurisdiction of the courts of England for all purposes relating to this Agreement.

34.2 Each party irrevocably consents to any process in any legal action or proceedings arising out of or in connection with this Agreement being served on it in accordance with the provisions of clause 14. Nothing contained in this Agreement shall affect the right to serve process in any other manner permitted by law.

This Agreement has been executed as a deed and has been entered into on the date stated at the beginning of it.

AS WITNESS the hands of the parties or their duly authorised representatives the day and year first before written

Executed as a deed by affixing) Seal
the common seal of)
WEST LINDSEY DISTRICT COUNCIL)
)
)
in the presence of)
)
.....)
Authorised signatory)

Executed as a deed by)
SURESTAFF LINCS. LIMITED)
acting by,)
a director, in the presence of) **Director**

Signature:

Name of witness:

Address:
.....
.....

Occupation of witness:

Executed as a deed by)
WLDC STAFFING SOLUTIONS LIMITED)
)
acting by,)
a director, in the presence of) **Director**

Signature:

Name of witness:

Address:
.....
.....

Occupation of witness:

SCHEDULE 1 – RESERVED MATTERS

Reference to a "Company" shall be to the relevant Company (as appropriate).

Number	Reserved Matter	Group HoldCo	Teckal Company	Trade Company
	Constitution of the Company			
1	Varying in any respect the articles or the rights attaching to any of the shares or memberships (as applicable) in the Company.	✓	✓	✓
	Officers and shareholders of the Company			
2	The appointment and the appointment terms (including any remuneration terms) of any directors other than Council appointed directors.	✓	✓	✓
3	The removal of any directors (including any terms on which such directors are removed from their office as directors) other than Council appointed directors.	✓	✓	✓
4	The admission of further shareholders or members to the company or agreeing any rights or restrictions attaching to any shares or memberships allocated to such new shareholders or members as applicable).	✓	✓	✓
5	The appointment or removal of the chair of the board (except where the chair is absent in which case the board will appoint an alternate chair).	✓	✓	✓
	Future direction and development of the Company			
6	Forming any subsidiary or acquiring shares in any other company or participating in any partnership or incorporated joint venture vehicle	✓	✓	✓
7	Amalgamating or merging with any other company or business undertaking.	✓	✓	✓
8	Selling or disposing of any part of the business of the Company.	✓	✓	✓
9	Adopting or amending the Business	✓	✓	✓

Number	Reserved Matter	Group HoldCo	Teckal Company	Trade Company
	Plan of each respective Company and any in-year changes.			
10	Undertaking any business or action which is inconsistent with the Business Plan then in force or omitting to undertake any action which is required by that Business Plan except with the prior written consent of the Council	✓	✓	✓
11	Passing any resolution for its winding up or presenting any petition for its administration (unless it has become insolvent).	✓	✓	✓
12	Agreeing or approving any other material services the total value of which exceeds 15% of the respective Company's projected annual turnover per annum to be provided by the Company to a third party not approved under the Business Plan.	✓	✓	✓
13	Appoint any agent (not being a subcontractor) to conduct the whole or any part of the business of the Company.	✓	✓	✓
14	Apply for the listing or trading of any shares in its issued capital or debt securities on any stock exchange or market (where applicable).	✓	✓	✓
	Management of the business of the Company			
15	Changing the Company's registered office.	✓	✓	✓
16	Changing the Company's name.	✓	✓	✓
17	Creating or agreeing to create a charge, security or Encumbrance over the Company's assets, shares or income	✓	✓	✓
18	Approving any matter that is reasonably likely to have an adverse effect on the reputation of the Council.	✓	✓	✓
19	Changing the nature of the business or commencing any new business which is not ancillary or incidental to the business of the Company.	✓	✓	✓

Number	Reserved Matter	Group HoldCo	Teckal Company	Trade Company
20	Agreeing to enter into or entering into any acquisition or disposal of any material assets by the Company the total value of which exceeds £75,000 per annum	✓	✓	✓
21	Giving notice of termination of any arrangements, contracts or transactions the total value of which exceeds £100,000 per annum or materially varying any such arrangements, contracts or transactions and such termination or variation is likely to have an adverse impact on the financial status of a Company.	✓	✓	✓
22	Granting rights (by licence or otherwise) in or over any intellectual property owned or used by the Company.	✓	✓	✓
23	Changing the Company's auditors.	✓	✓	✓
24	Make any borrowing.	✓	✓	✓
25	Agree to make or making any loan (otherwise than by way of a deposit with a bank or other institution, the normal business of which includes the acceptance of deposits or in the ordinary course of business) or granting any credit (other than in the normal course of trading or the granting of trade credit to a Company which has been approved under the Business Plan) or giving any guarantee or indemnity (other than in the normal course of trading).	✓	✓	✓
26	Changing the Financial Year of the Company.	✓	✓	✓
27	Increase or reduce the amount of its issued share capital, grant any option over or in its share capital, redeem or purchase any of its own shares or otherwise alter, or effect any reorganisation of, its share capital (where applicable).	✓	✓	✓
28	Declare or pay any end of year dividend of the Company (where applicable).	✓	✓	✓

Number	Reserved Matter	Group HoldCo	Teckal Company	Trade Company
29	Establishing or amending any pension scheme or granting any pension rights to any Director, officer, employee, former director, officer or employee, or any member of any such person's family.	✓	✓	✓

SCHEDULE 2 - – LETTER OF APPOINTMENT OF A NOMINATED DIRECTOR

[on the headed notepaper of relevant Company]

To: [Name and address of Nominated Director]

[Date]

Dear ●

● Limited (the **Company**)

This letter contains the terms which we have discussed and agreed for your appointment as a director of the Company, as [a][the] Nominated Director of West Lindsey District Council (the **Council**). Your appointment is made pursuant to and is subject to the terms and conditions set in the Sole Shareholder's Agreement dated ● (**Agreement**).

You shall not be entitled to any fees or remuneration save as paid to you by your appointer or as otherwise expressly agreed in writing.

You shall be expected to attend Board meetings and general meetings (where requested) of the Company. You shall receive details of all such meetings in advance.

You shall not, whether during the appointment or after its termination, except in the proper course of your duties or as required by law, use or divulge, and shall use all reasonable endeavours to prevent the use or disclosure of, any trade or business secrets or any information concerning the business or finances of the Company or of any dealings, transactions, or affairs of the Company or any client, customer or supplier of the Company which comes to your knowledge during the course of this appointment and shall comply with the provisions of clause 15.7 (*Confidentiality*) of the Agreement as if it applied to you. You shall, however, be entitled to disclose information to the shareholder appointing you as permitted under the Agreement.

The appointment shall automatically cease in relation to the Company in the event that: (a) you resign as a director; or (b) upon the delivery of a notice from the Council in accordance with the Company's Articles of Association removing you from office in relation to the Company. Without limitation to (a) and (b) above, in signing this letter, you acknowledge that your office is subject to the terms of the Agreement and the Company's Articles of Association and may be determined as permitted under the terms of the Agreement and the Articles and that upon such termination you shall vacate office in relation to the Company forthwith without raising any claim whatsoever against the Company.

On termination of your appointment, you agree that you shall promptly return to the Company all papers and property of the Company which are in your possession or under your control.

Please indicate your acceptance and acknowledgement of these terms by signing the attached copy and returning it to me. I look forward to seeing you at our next Board meeting.

Yours sincerely

.....
Signatory, duly authorised
for and on behalf of the Company

I agree to and acknowledge the terms and conditions set out above relating to my appointment as director of the Company.

Signed

Dated

SCHEDULE 3 – DEED OF ADHERENCE

THIS DEED is made on

BY ● of ● (company number ●) whose registered office is at Guildhall, Marshall's Yard, Gainsborough, Lincolnshire DN21 2NA (the **Covenantor**) in favour of the persons whose names are set out in the schedule to this deed and is supplemental to the Sole Shareholder's Agreement dated ● made by (1) West Lindsey District Council, (2) ● and (3) ● (the **Agreement**)

THIS DEED WITNESSES as follows:

- 1 The Covenantor confirms that it has been given and read a copy of the Agreement and covenants with each person named in the schedule to this deed to perform and be bound by all the terms of the Agreement and to perform the obligations contained in the Agreement which are expressed to be performed by a [Group HoldCo] [[Teckal] [Trade] Company] (as defined in the Agreement), as if the Covenantor were a party to the Agreement.

- 2 This deed is governed by the laws of England and Wales.

IN WITNESS WHEREOF this deed has been executed by the Covenantor and is intended to be and is hereby delivered on the date first above written.

[Insert correct execution block]

Executed as a deed by)	
●)	
acting by a director and a director/ Secretary)
)	Director
)	
)
)	Director/Secretary

SCHEDULE – List of parties to Shareholder's Agreement including those who have executed earlier deeds of adherence

Corporate Policy & Resources Committee Work Plan

Purpose:

This report provides a summary of reports that are due on the Forward Plan over the next 12 months for the Corporate Policy & Resources Committee.

Recommendation:

1. That members note the schedule of reports.

Date	Title	Lead Officer	Purpose of the report	
22/09/2016	Health and Safety Report	Kim Leith	To provide all throughout the Authority with information how health and safety is developing	
	Review of Maternity Policy	Emma Redwood	To review the current Maternity Policy in line with legislation.	
	Introduce a Leaving the Authority Procedure	Emma Redwood	To introduce a new leaving the authority procedure that captures the processes we currently have and give clarity on responsibilities.	
	Review the Paternity, Parental and Adoption Policy	Emma Redwood	to review the current policies for Adoption, parental and paternity	
	Debt Collection	Ian Knowles	Report setting out the process undertaken to collect outstanding debts	
	Sun Inn redevelopment	Eve Fawcett-Moralee	The report will seek approval of a grant with a requisite development agreement to enable and ensure the development of a 64 bed hotel with a ground floor restaurant.	
	Market St Regeneration Ltd	Eve Fawcett-Moralee	The report will seek approval to the Council entering a JV agreement to regenerate Market St. Approval is sought to transfer £20k from the THI/Heritage masterplan project approved by PC committee in May.	
27/10/2016	Four Year Agreement	Ian Knowles	The MTFP made reference to being based on the assumption of a four year deal but did not at that time seek explicit agreement.	
	Policy Review - Travel Policy	Emma Redwood	To review, update and agree the Travel Policy	
	Progress and Delivery Period 2	Ian Knowles	To present Progress and Delivery (Projects and Services) monitoring information to the end of Period 2	
	Budget Monitoring Q2	Tracey Bircumshaw	To present budget monitoring information as at the end of period 2	
	Treasury Management Q2	Tracey Bircumshaw	To present the Treasury Management monitoring report for quarter 2	
	Introduction of Information Governance Policies	Steve Anderson	To obtain approval for the introduction 3 new IG policy documents: 1. Legal Responsibilities Policy 2. Information Governance Policy 3. Information Sharing Policy	
	Housing Allocations Policy & Partnership ToR	Michelle Howard	1. To seek approval of the revised housing register/ choice based letting allocations policy. Referred to as CBL policy. This is a joint policy for WLDC, CoLC, NKDC and Acis Group. 2. To seek approval of the revised terms of reference and governance arrangements for the CBL strategic partnership.	
	15/12/2016	Fees and Charges 2017-18	Tracey Bircumshaw	To present the proposed fees and charges for 2017-18
		Local Council Tax Support Scheme	Alison McCulloch	To agree the Local Council Tax Support Scheme for WLDC for 2017-18
		NNDR Write Offs	Alison McCulloch	Exempt report to present irrecoverable NNDR accounts and Benefits overpayments for write off

	Introduce a Fixed Term Contract Procedure	Emma Redwood	To introduce a fixed term contract procedure for the council
12/01/2017	Collection Fund Surplus and Council Tax Base	Tracey Bircumshaw	To present the declaration of estimated surplus on the Council's Collection Fund relating to Council Tax at the end of March 2017 and to set out the Council Tax Base calculation for 2017-18
	Review the Flexible Working Policy	Emma Redwood	to review the flexible working policy
09/02/2017	MTFP	Tracey Bircumshaw	To present the Medium Term Financial Plan
	Corporate Plan	Manjeet Gill	To present the refreshed Corporate Plan
	Progress and Delivery Q3	Ian Knowles	To present Progress and Delivery (Projects and Services) monitoring information to the end of Period 3
	Revenue Base Budgets 2017-18	Tracey Bircumshaw	To present the proposed revenue base budgets for 2017-18
	Budget and Treasury Management Q3	Tracey Bircumshaw	To present the Budget and Treasury Management monitoring report for period 3
13/04/2017	Budget and Treasury Management Monitoring Q4	Tracey Bircumshaw	To present budget monitoring and Treasury Management information as at the end of period 4 and the outturn position
	Progress and Delivery Q4	Ian Knowles	To present Progress and Delivery (Projects and Services) monitoring information to the end of Period 4