

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
Wednesday, 4th December, 2019 at 6.30 pm
Council Chamber - The Guildhall

Members:

- Councillor Giles McNeill (Chairman)
- Councillor Mrs Anne Welburn (Vice-Chairman)
- Councillor Owen Bierley
- Councillor Matthew Boles
- Councillor Stephen Bunney
- Councillor David Cotton
- Councillor Michael Devine
- Councillor Ian Fleetwood
- Councillor Paul Howitt-Cowan
- Councillor John McNeill
- Councillor Mrs Mandy Snee
- Councillor Robert Waller
- Councillor Trevor Young

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 3 - 13)
To confirm as a correct record the Minutes of the previous meeting held on 7 November 2019.
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** (PAGES 14 - 16)
Setting out current position of previously agreed actions as at 26 November 2019.

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

Large Clear Print: Braille: Audio: Native Language

6. Public Reports for Approval:

- i) Customer Relationship Management (CRM) System (PAGES 17 - 26)
- ii) Enterprise Resource Planning (ERP) - Finance System (PAGES 27 - 40)
- iii) 5-7 Market Place Refurbishment (PAGES 41 - 136)
- iv) Made in Gainsborough Phase 2 (PAGES 137 - 145)
- v) Enforcement of the Domestic Minimum Level of Energy Efficiency (PAGES 146 - 150)
- vi) Maintenance Policy of Property & Physical Assets (PAGES 151 - 179)
- vii) Local Council Tax Support Scheme for 2019/20 (PAGES 180 - 186)

7. Change of meeting date - Planning

To agree to move the planned date for Planning Committee from 24 June 2020 to 17 June 2020.

8. Committee Work Plan

(PAGES 187 - 189)

9. Exclusion of Public and Press

To resolve that under Section 100 (A)(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 1, 2 and 3 of Part 1 of Schedule 12A of the Act.

- i) National Non Domestic Rates, Sundry Debtors, Council Tax and Housing Benefit Overpayments Write Offs (PAGES 190 - 218)
- ii) New Operational Depot Update (PAGES 219 - 234)

Ian Knowles
Head of Paid Service
The Guildhall
Gainsborough

Tuesday, 26 November 2019

Corporate Policy and Resources Committee- 7 November 2019
Subject to Call-in. Call-in will expire at 5pm on 26 November 2019

WEST LINDSEY DISTRICT COUNCIL

MINUTES of the Meeting of the Corporate Policy and Resources Committee held in the Council Chamber - The Guildhall on 7 November 2019 commencing at 6.30 pm.

Present:

Councillor Giles McNeill (Chairman)
Councillor Mrs Anne Welburn (Vice-Chairman)

Councillor Owen Bierley
Councillor Matthew Boles
Councillor Stephen Bunney
Councillor Michael Devine
Councillor Ian Fleetwood
Councillor Paul Howitt-Cowan
Councillor John McNeill
Councillor Mrs Mandy Snee
Councillor Robert Waller

In Attendance:

Eve Fawcett-Moralee	Executive Director of Economic and Commercial Growth
Ian Knowles	Executive Director of Resources, Head of Paid Service and S151 Officer
Ady Selby	Assistant Director Operations
Alison McCulloch	Revenues Manager
Rachel Parkin	Home Choices Team Manager
Elaine Poon	Local Development Order and Major Projects Officer
James Welbourn	Democratic and Civic Officer

Apologies:

Councillor David Cotton
Councillor Trevor Young

Membership:

Councillor Caralyne Grimble was in attendance.

33 PUBLIC PARTICIPATION PERIOD

There was no public participation.

34 MINUTES OF PREVIOUS MEETING/S

The minutes of the Corporate Policy and Resources meeting held on 19 September 2019 were approved as a correct record.

The minutes of the Joint Staff Consultative Committee held on 3 October 2019 were noted.

35 DECLARATIONS OF INTEREST

Councillor Paul Howitt-Cowan declared an interest in item 37 – Locally Defined Discount for Almshouses, as he chaired the Charles Cooper Almshouse Trust in Gainsborough. After seeking advice from the Head of Paid Service, he announced that he would leave the Council Chamber for the entirety of that item.

Councillor John McNeill declared an interest in item 37 – Locally Defined Discount for Almshouses as his father-in-law was a trustee of Market Rasen Almshouse.

Councillor Mandy Snee declared an interest in item 37 – Locally Defined Discount for Almshouses, as she was a representative on the Charles Cooper Almshouse Trust in Gainsborough. After seeking advice from the Head of Paid Service, she announced that she would leave the Council Chamber for the entirety of that item.

36 VARYING THE ORDER OF THE AGENDA AND WITHDRAWAL OF ITEM

The Chairman, with the support of Committee informed those present that the 'Proposed Fees and Charges 2020/21' item and the 'Mid-Year Treasury Management Report 2019/20' item would be swapped around, to allow the two treasury reports to be taken consecutively.

In addition, item 48 – Budget and Treasury Monitoring Mid Year Review 2019/20 Exempt Appendix was withdrawn as it was not ready in time for committee.

37 MATTERS ARISING SCHEDULE

The Assistant Director of Operations addressed committee on the matter regarding agency workers. He raised the following points:

- To the year ending 31 March 2019, Surestaff supplied 66 staff across nine service areas, undertaking the equivalent of 7410 weeks of work;
- Waste services was the biggest user of this staff, with 43 operatives used across 5520 weeks of work. Five staff were employed for the full year, mainly to cover long-term sickness, staff on training, or as an interim measure whilst service need was reviewed. The average worker stayed with Surestaff for 26 weeks;
- Most staff were employed on garden waste, which runs for eight months of the year. Turnover of staff was quite high in Waste services, especially with those assignments that were shorter in length;
- The only alternative to using agency staff would be to have casual contracts as the need was unknown in many cases, for example short-term sickness and last minute absence requests. This was trialled by Operational services some years ago, but they found that keeping a list of casual staff was difficult and time consuming to maintain;
- Less than 1 in 2 agency staff that undertake the induction process take up an assignment. If this were to be replicated with a 'casual staff' list, it would make recruitment and retention of staff time consuming and expensive. Also to be considered would be the additional cost of any corporate training and disciplinary

action;

- The cost of an agency operative was almost equivalent to the hourly rate and on-costs for permanent staff. All other councils within Lincolnshire used agencies for their short-term staffing needs; any move away from this model would result in increased costs for West Lindsey District Council (WLDC), especially with regard to supervision of staff;
- Agency staff were paid the same rate as permanent staff, and enjoyed the same rights in terms of annual leave, union membership, workwear, access to welfare facilities, training and pension auto-enrolment, and were able to apply for internal vacancies. Twelve Surestaff workers across five service areas had found permanent roles at WLDC.

The remainder of the matters arising were noted by Members.

Note: Following the conclusion of this item, Cllrs Howitt-Cowan and Mandy Snee left the Council Chamber.

38 LOCALLY DEFINED DISCOUNT FOR ALMSHOUSES

Members considered a report on a locally defined discount in respect of unfurnished and unoccupied almshouses, and whether such a discount would be appropriate.

This report had been written following a motion raised at Full Council by Councillor Jeff Summers.

Since the publication of the report, the lead officer had been informed of 5 further almshouses in Gainsborough. They were all Band A Council Tax properties that could equate to over £6,000 were a full year exemption awarded.

Following this introduction and comment from Members, further information was provided:

- There were no indicators on council tax records to say that a property was an almshouse. These properties were only found by performing an address search on council tax systems;
- All almshouses qualify for a 6 month exemption whilst unoccupied and unfurnished. If after this 6 month period had elapsed the property remained empty, the almshouse could apply for section 13a hardship relief, by filling in an application and submitting financial details. Consideration would be given to the application in accordance with policy;
- All of the almshouses discovered by the lead officer were occupied. One property had been empty, but now had a resident;

Note: Councillor John McNeill left the Council Chamber at 1841.

- If a locally defined discount was decided upon, it would be the district council rather than the county council that would have to pay in full.

Note: Councillor John McNeill returned to the Council Chamber at 1842.

The Chairman moved a recommendation from the Chair that it would not be necessary to develop a policy in respect of unfurnished and unoccupied almshouses; this was seconded, and **AGREED** by committee.

Note: Councillor John McNeill did not vote as he had previously left the Chamber.

39 PROGRESS AND DELIVERY PERIOD 2 2019/20

Members considered a report on progress and delivery for period two of 2019/20, which encompassed June to September 2019.

The Head of Paid Service reminded Members that those areas within the report that were exceeding their target were listed in green; those underperforming were in red. Whilst the Home Choices figures were not classed as exceeding their target, the Ministry of Housing, Communities and Local Government (MHCLG) fed back at a recent meeting that West Lindsey was identified as being in the top 10% of all local authorities for the number of people housed in the private sector. There was a target of having no individuals housed in bed and breakfast accommodation; officers did not want to set a target above 0 as it was felt 0 is where this figure should be.

Following this introductions, conversations between Members and officers provided further information:

- Feedback to some local Members on customer satisfaction at the West Lindsey Leisure Centre did not mirror what was mentioned in the report. Officers reported that negative feedback on the site related to the 'wet-side' of the Leisure Centre, rather than the new gym. It had been hard to retain cleaners at the site, which had led to some issues with cleanliness.

The investment by WLDC into the Leisure Centre did not include any major refurbishment of the wet side (the swimming pool). The contract did include a deep clean of the pool side of the Leisure Centre, as well as the lockers and toilets. There was a clear discrepancy between the gym and the pool.

Issues with the Leisure Centre had been raised by the Business Development Manager for Contracts and Procurement recently when she had visited the facility.

RESOLVED to note the report.

40 REVIEW OF SAFEGUARDING POLICY AND PROCEDURE

Members considered a report on a county wide safeguarding policy, which contained policy changes, information on training and internal procedures.

The Home Choices Team Manager introduced the report; it was her opinion that it made sense to have one policy across the county, and not to have seven different councils within Lincolnshire developing their own policy. The main changes were the addition of two new

chapters on:

1. County lines and cuckooing;
2. Stalking.

These chapters had been introduced as there had been emerging themes across Lincolnshire. Both of these chapters had directly affected West Lindsey as a district.

An attempt had been made to revise the referral process. The previous referral process used a list of names; now the approach was to categorise concerns. A fictional example was given of a customer owing council tax arrears flippantly saying they were going to harm themselves; a referral process would be used for such comments.

The safeguarding training programme had been reviewed; following consultation with staff, it was suggested that the training was intensive, and not necessarily relevant to all job roles within WLDC. What Home Choices were now trying to do as a team was visit other teams within WLDC and suggest the level of training that they might require.

Following this introduction, Members provided comment on the report and officers responded to this. Further information was provided:

- Enhanced Disclosure and Barring Service (DBS) checks were the responsibility of the Human Resources (HR) department, and do depend on the job role as to whether they are necessary. Enhanced DBS checks were necessary for those job roles where significant time was being spent alone with individuals;
- Part of the new Domestic Abuse Charter that had been released recommended that each district had its own domestic abuse policy. This would be available at a future committee when it had been formulated. Currently, there was an internal recording process for those staff members concerned about colleagues;
- There was an officer at WLDC that was trained to deliver domestic abuse courses. For modern slavery training, WLDC would ask specialist agencies to deliver this; the Home Choices Manager received alerts when such training was available in the county.

RESOLVED to:

- (1) Support a shared county wide safeguarding policy and the below amendments to the current policy:
 - (a) Agree to the refined safeguarding training programme;
 - (b) Agree to the amended safeguarding referral process;
 - (c) Accept the introduction of safeguarding representatives.
- (2) Delegate minor amendments and housekeeping to the Executive Director of Economic and Commercial Growth in consultation with the Chairmen of the Corporate Policy and Resources and Joint Staff Consultative Committees.

Members considered a report setting out the revenue, capital and treasury management activity from 1 April 2019 to 30 September 2019.

The highlights from the report included:

- There was a forecast net contribution to reserves of £628,000. This was after taking into account the approved carry forward of £25,000, and £170,000 of carry forward requests from services for future approval;
- £389,000 of the forecast contribution related to the interest payable on borrowing, which had previously been approved by the Corporate Policy and Resources Committee to set aside at the year end to the Valuation Volatility Risk Reserve should it be required;
- Treasury Management – an average return of 1.555% had been achieved for the quarter. Total investments at the end of the period stood at £16.2 million.
- The forecast outturn position for capital expenditure was £22.655 million.

Further information was provided by officers and Members:

- WLDCs earmarked reserves were allocated for spending, and having requirements to use those reserves. WLDC choose to earmark reserves at the earliest opportunity. WLDC was well placed compared to some other authorities;
- A Crematorium Manager was appointed in June 2019; one of the reasons for doing this well in advance of opening was to be able to review the plans for the crematorium. The level of cremations expected was around 35% of the marketplace at a previous point in time; after reviewing how many cremations were expected in year one, this level of 35% was exceeded by around 20 cremations;
- The Car Park Strategy Investment Reserve was a method of funding future car park development. Due to the way this income came forward, it would be insufficient to provide this contribution. Users of car parks on West Lindsey would be unaffected;
- The green waste service income figure target was being exceeded – however there were two different figures within the report. The correct figure of £102,000 was made up of £100,000 of additional income and £2,000 of net operational savings;
- The underspend for the viability funding capital grant for the Sun Inn of £58,000 had been retained until the restaurant underneath the Travelodge in Gainsborough had been provided;
- Negotiations were ongoing with a factory close to the riverside walkway so that the Riverside Walk could be completed. WLDC were working with ACIS to provide 130 homes at this site in Gainsborough;
- The unforeseen overspend of £547,000 at the site of the new Market Rasen Leisure Centre was due to underground pipework being discovered that had to be diverted;
- Following the meeting with the Gainsborough Investment Network on 31 October, the

next stage of the four bid process would be a visit to Gainsborough by the Access Foundation on 18 November. If the bid from WLDC was successful, there could be an award of £100,000 development grant towards the final bid process;

- The bad debt provision had dropped because of the transfer of service users in receipt of universal credit; this debt was no longer being held by WLDC;
- The CLLA - LAPF £3 million investment had generated an interest rate of 4.22%.

RESOLVED to:

- (1) Accept the forecast out-turn position of a £628,000 net contribution to reserves as at 30 September 2019;
- (2) Accept the use of Earmarked Reserves during the quarter approved by the Executive Director of Resources using delegated powers;
- (3) Approve the creation of a new earmarked reserve 'Feasibility Fund';
- (4) Approve the Capital Budget amendments as detailed in the report at 3.2.1 and approve that the current projected Capital out-turn becomes the revised Budget for future monitoring purposes;
- (5) Accept the Treasury Management and prudential indicators to 30 September 2019.

42 MID YEAR TREASURY MANAGEMENT REPORT 2019/20

Members considered the mid-year update for Treasury Management, including the revision of prudential indicators in accordance with the Local Government Act 2003.

The report reflected implications of the revised capital programme that had been presented in the Budget and Treasury monitoring mid-year report that had just been considered; in addition this report also developed the strategy for 2020/21.

There had been no changes to the Treasury Management Strategy, and no breaches of either Treasury or Prudential indicators.

The latest forecast net borrowing requirement was £40,589,000, down from the estimate of £43,184,000 from the start of the financial year. This revised estimate was mainly due to slippage on the capital programme.

Members asked questions of officers; further information was provided:

- Over 50% of the value of the asset register was due to the commercial portfolio;
- Members were reminded of the process for borrowing that had been delegated to officers. All borrowing was taken with due diligence, looking at the interest rates that WLDC would incur in accordance with the capital programme. Councillors were part

of the approval process; in addition all borrowing had to be signed off by the Section 151 Officer, with a review from the Deputy Section 151 Officer.

RESOLVED to note the report and the treasury activity and recommend the changes to prudential indicators to **Full Council**.

43 PROPOSED FEES & CHARGES 2020/21

Members considered proposed fees and charges to take effect from 1 April 2020 for the year 2020/2021.

At their meeting in October, Prosperous Communities Committee had recommended their fees and charges schedule for approval by the Corporate Policy and Resources Committee.

Since the publication of the agenda pack, there had been a change to one of the proposed charges on the crematorium in relation to the book of remembrance, which was contained within Appendix 15. The original charge had been based on the industry standard of 2, 5, or 8 lines of text within the book; the Crematorium Manager proposed making a charge for 2 lines and then an additional £10 charge for every extra line. It was also proposed to add a charge for every illustration that was requested for the book of remembrance; this would be priced on application.

There had been a full review of fees and charges by Service Managers and their Finance Business Partners, taking into account total cost recovery and benchmarking data to determine whether any increase could be applied to non-statutory charges in line with the Fees and Charges policy. Where possible, a minimum increase of inflation of 3% had been applied, and in some cases a larger increase had been allocated if it had been shown that WLDC were charging in the lower quartile.

There were 41 new charges; 34 of which related to the new crematorium, 4 related to Strategic Housing, 2 to Licensing, and there was one new charge within Planning Services.

4 charges relating to Licensing have decreased to avoid challenge as the reduced charge achieved total cost recovery and brought Licensing charges in line with benchmarking data. There was no impact on budgeted income for this service.

The base Budget for 2020/2021 had increased by £17,600, rising to £24,100 in 2024/2025.

Fees and charges for the crematorium would apply upon its opening to the public.

Following this introduction, Members and officers provided further comment:

- The Crematorium Manager had looked at benchmarking data from the local area, as well as nationally to arrive at the proposed charges. It had been felt that these charges were reasonable;
- The costs of hiring and using the Trinity Arts Centre were now seen as the market rate. This had had an impact on local groups; however officers felt that users were now receiving a more professional service as a direct result of the increased money that had been spent on the venue.

WLDC were looking to increase the amount of money that could be retained from ticket sales. However in the meantime, the market rate would continue to be charged; if groups were struggling to pay this then another method of funding their use of the Trinity Arts Centre could be through a subsidised grant;

- The issues of rates being charged by Trinity Arts Centre was considered by the Prosperous Communities Committee as well as the Community Grants Panel. One of the problems identified was groups hiring the Trinity Arts Centre for rehearsal space, which could have been done at a variety of other venues at a cheaper rate. This study also showed that the space was being hired for longer than was needed;

Finally, the Head of Paid Service agreed to feed back to officers advice from Gainsborough Town Councillors present that fees for burials of under 16s could possibly be recouped through a new fund that had been proposed by Parliament.

RESOLVED to:

- (1) **Recommend to Council** for approval the proposed fees and charges as detailed in Appendices A and B;
- (2) **Recommend to Council** for approval the proposed fees and charges at Appendices 1-3, as well as those recommended by prosperous Communities Committee detailed at Appendices 4-17;
- (3) Approve the charges for the Crematorium, which were to include those new charges for the book of remembrance, and that these charges were to apply upon the opening of the Crematorium;
- (4) Approve the introduction of the new non-statutory charge within Planning Services called 'Do I need planning permission?'; this was to be applied from 1 January 2020.

44 COMMITTEE WORK PLAN

The Democratic and Civic Officer informed those present that a new column had been added to the workplan to indicate when a forward plan item had first been added.

Following this update, the workplan was noted.

45 CHANGE OF MEETING DATES

It was **AGREED** to move the following meetings to new dates in the 2019/20 municipal year:

Corporate Policy and Resources Committee – move from April 9 2020 to a new date of April 23 2020;

Licensing and Regulatory Committees – move from December 5 2019 to a new date of December 10 2019.

46 EXCLUSION OF PUBLIC AND PRESS

RESOLVED that under Section 100 (A)(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following items of business on the grounds that they involved the likely disclosure of exempt information as defined in paragraphs 3 and 5 of Part 1 of Schedule 12A of the Act.

47 POTENTIAL COMPULSORY PURCHASE OF RIVERSIDE GATEWAY

Members considered a report on the potential compulsory purchase of the Riverside Gateway at Carr Lane, Gainsborough, subject to final approval of the Orders at a future Corporate Policy and Resource Committee.

The site had been derelict for many years.

The project at Riverside Gateway had received support from partnering organisations, and had ranked highly as an infrastructure project for the marina element. However, this proposal would not include the marina land; only the residential land.

The location of the Gateway, and its potential could have a transformational change to the South West Ward in Gainsborough. It could also support the Gainsborough Town Centre regeneration schemes. The complication of the site was the current landowner, and the scope for them to deliver a scheme of this size. There was also a disagreement between the landowner and WLDC over the valuation of the site.

It was important for Members to remember that Compulsory Purchase Orders should always be seen as a last resort.

Following comment from Councillors on certain aspects of the site, it was **RESOLVED** to:

- (1) Prepare the case in principle for a Compulsory Purchase Order under Section 226(1)(a) of the Town and Country Planning Act 1990, for the acquisition of the site at Carr Lane, Gainsborough (known as Riverside Gateway – this would specifically exclude ‘marina’ land), subject to final approval of the draft at a future Corporate Policy and Resources Committee.
- (2) Approve a capital budget of up to £1,450,000 to acquire this site;
- (3) Approve that the Executive Director of Economic and Commercial Growth and the Executive Director of Resources, in consultation with the Chairmen of Prosperous Communities and Corporate Policy and Resources Committees, with the requisite legal representation be authorised to:
 - (a) Acquire interests in the property by agreement;
 - (b) Liaise with Homes England and any funders to pursue any funding mechanism to deliver the scheme;
 - (c) Liaise with Muse as West Lindsey District Council’s Development Partner to carry forward with the development of a residential scheme;
 - (d) Procure an alternative developer or contractor to carry forward the

- development of a residential scheme;
- (e) Take all necessary actions to give effect to these recommendations;
- (f) Approve a capital budget to acquire the land.

48 BUDGET AND TREASURY MONITORING MID YEAR REVIEW 2019/20 - EXEMPT APPENDIX

This item had been previously withdrawn.

49 PROPOSED FEES AND CHARGES - EXEMPT APPENDICES

The exempt appendices were noted.

The meeting concluded at 8.18 pm.

Chairman

Corporate Policy & Resources Committee Matters Arising Schedule

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.

Meeting	Policy and Resources Committee
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Status	Title	Action Required	Comments	Due Date	Allocated To
Black	Agency workers	CPR committee on 19 September requested that the Assistant Director of Operations attend a future meeting to discuss the number of agency workers, and how long they are generally appointed for.	Ady discussed this item at the CPR meeting on 7 November.	07/11/19	Ady Selby
Black	Workplan date tracking	Cllrs at the CPR meeting on 19 September requested thta the date that items are added to the workplan be added to the committee report. This would mirror the format for matters arising.	To be trialled at CPR first and gauge feedback	07/10/19	James Welbourn
Black	Trends on safeguarding policy	Cllr Bierley asked at committee on 7 November about any trends in the operation or implementation of the safeguarding policy. Ian Knowles requested that the response be circulated to all members via the Member newsletter.	Rachel has submitted a paper for the next newsletter.	15/11/19	Rachel Parkin

Black	Under 16 burial fees	Head of Paid Service agreed to feed back to officers advice from Gainsborough Town Councillors present at the meeting on 7 November that fees for burials of under 16s could possibly be recouped through a new fund that had been proposed by Parliament.	Response from Crematorium Manager: "Thank you I am aware of the new Children's Funeral Fund that started in July 2019. The scheme can help to pay some of the costs for a funeral for a child under 18 or a baby stillborn after the 24th week of pregnancy. This is not means tested and is claimed directly by the burial or cremation provider. https://www.gov.uk/government/publications/claim-for-costs-of-a-childs-funeral-childrens-funeral-fund-for-england "	04/12/19	Deborah Balsdon
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Green	Leisure Centre Contract	<p>Members at Corporate Policy and Resources committee on 7 November asked the following questions about the Leisure Centre in Gainsborough:</p> <p>1 - how are the figures in the P and D report arrived at in terms of customer satisfaction?</p> <p>2 - Is there any feedback on the 'mystery shopper' visit that took place recently?</p> <p>3 - How is the contract managed in terms of maintaining the facility? Public concerns of late have included health and safety issues; in particular the lack of running water for two days.</p>	<p>Ellen King's response to the first part:</p> <p>"Is the P&D element relating to the comments not reflecting complaints that members are receiving? If so, the customer satisfaction figure is derived from a survey completed by users of the leisure centre. I am reliant on this information being sent to me by Anna so I wouldn't be able to comment on how the survey is compiled, how often it is sent, what the questions are etc.</p> <p>Any complaints would be dealt with by the Leisure Centre and as part of the contract monitoring meetings held with Anna. They wouldn't form part of Nat's complaints and, again, I would be reliant on feedback from Anna in terms of the commentary that is included in P&D.</p> <p>The remedial action is for monthly monitoring meetings to be held between the Council and Leisure Centre to address issues of cleanliness. I would expect that this would lead to improvements by the end of quarter three if followed through. If this proves not to be the case and the action already being taken doesn't lead to improvements, then members can request additional remedial action via the next P&D round."</p>	<p>04/12/19 Anna Grieve</p>
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**Corporate Policy and
Resources Committee**

**Wednesday 4 December
2019**

Subject: Customer Relationship Management System (CRM)

Report by:

Executive Director of Resources

Contact Officer:

Michelle Carrington
Strategic Lead Customer First

michelle.carrington@west-lindsey.gov.uk

Purpose / Summary:

To seek approval to procure a CRM system,
including drawdown of capital monies and
provision of transitional revenue monies.

RECOMMENDATION(S):

To approve:

1. That the Authority can commence a procurement of a CRM system and award to the preferred supplier.
2. Approve the draw down up-to £130,000 of monies from the existing Customer First Capital Budget to cover the cost of the implementation activities.

IMPLICATIONS

Legal: None

Financial : FIN/137/20/TJB

There is a capital budget of £355k for the implementation of the Customer First Programme, which includes provision for a CRM system. This budget is funded from the Project Investment Reserve.

The Corporate Policy and Resources Committee will be required to approve £130k of expenditure from the Customer First Programme budget for the purpose of acquiring and implementing the CRM system.

The remaining balance will be utilised to incorporate the costs of service redesign and system development but will be subject of a future report.

Over the implementation plan period there is likely to be a duplication of costs in relation to transition from one software provider to another. These costs are detailed in the table at 35 below and identify an estimate £19k and £2.6k being required in years 1 and 2 respectively. These costs will be met from the ICT Reserve which has resources available for such costs. Savings will be accrued in Years 3 and 4, with the overall saving over the contract period estimated at £8K. The ongoing implications are estimated to be a £8K savings per annum, if all Services transfer to CRM as expected.

However, an estimated shortfall of £12.8K will be accrued if the Development Management Service does not transfer, and the equivalent support and maintenance (S&M) cost is made available for any future system provision, in the contract period. Ongoing revenue costs beyond the original contract period would be £4.5K.

£5k non-cashable efficiencies of ICT staff time, have been identified through the implementation of a cloud based system as they will no longer be required to maintain and manage the software and upgrades etc.

Staffing: No direct implications from the implementation of the system.

The service redesigns and system development will involve the need for resources and this will be subject of a future report.

Equality and Diversity including Human Rights :

System will be designed to ensure that equality and diversity requirements are met through the implementation of processes within the CRM system, and the design of the various screens and layouts.

Data Protection Implications :

System will hold personal Customer Data and protection and management of that data will be a key requirement of the system. A Data Protection Assessment (DPA) has been completed for this system.

Climate Related Risks and Opportunities:

None

Section 17 Crime and Disorder Considerations:

None

Health Implications:

None

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

Procurement risk will be mitigated through the use of Government Frameworks to reduce the potential implications of system selection.

Costs are calculated on an assumed phased approach to delivery, based on estimated staff numbers and assumed service redesign approach. Changes to staff numbers or delays in service redesign may affect the by year profile of costs to be accrued.

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**x****No**☐

Introduction

1. The Council are currently undertaking a transformation programme designed to ensure that the Authority is 'putting the Customer at the centre of everything we do', known as Customer First. This programme is focussed on service redesign, ICT business systems, ICT enabling technology, and customer experience improvements.
2. This report is related to making improvements in ICT Business Systems, and in particular Systems Review and Replacement activities, in order to provide modern, fit-for-purpose business systems which support the aspirations of Customer First; and seeks approval to procure a Customer Relationship Management System.

Background

3. As a business, the Authority currently relies on a portfolio of legacy systems and the strategy for application procurement has been driven by the needs of the individual business units to deliver specific business functions.
4. This means that the Authority now has a complex matrix of systems, many of which are not integrated or have weak integration, and this impacts the ability to provide a holistic view of customers or the business. Some of these legacy systems need review and attention due to:
 - duplication of capability across multiple systems;
 - lack of modern functionality;
 - inability to integrate;
 - lack of Supplier ongoing development; or out of support;
 - end of contract term;
 - high costs.
5. Some examples of this include :
 - Some of our systems have been in place for over 10 years; and in some cases have not updated or modernised for a digital workplace or a multi-channel customer operating approach;
 - Some systems provide capabilities beyond what the Authority is utilising, and the Authority is not realising value for money from these systems
 - Systems work in Silo and there is limited integration or data sharing to develop joined up working around our Customers, in line with our ethos for Customer First;
 - There are currently a number of separate document management systems in place, associated with specific business systems. Having separate repositories of documents means that the ability for a member of staff to look for a single record of document history for a customer is not possible without

searching multiple systems. Added to this is the fact that some of these document management systems has not been indexed effectively, resulting in staff having to spend significant time searching for the document they need;

6. Through consultation undertaken with Council staff and customers, it is clear that the current environment causes inefficiencies, an inability to revise / streamline processes and frustration for all parties; the resulting impact being that customers cannot easily get multiple issues resolved via a single engagement approach as we cannot achieve a true 360-degree view of the customer. As the Authority continues to drive the digital agenda, the introduction of comprehensive self-service facilities which are fully integrated and can provide real-time end to end process realisation for customer will also be compromised.
7. At the start of 2018, the Authority developed a high-level ICT Strategic Roadmap. The roadmap was written following extensive consultation with staff and customers of the Council to ensure any reasonable requirements were incorporated into the new ICT arrangements.
8. The roadmap identified the need to consider the application portfolio at the Authority and contemplate ways of using enterprise software to deliver both more joined up end to end services in pursuit of customer excellence, and more commercially-minded business support and management functions.
9. Following the approval of the roadmap, a Soft Market Testing exercise was completed to allow the project team to understand the possibilities and opportunities available in the market and to help the scope of this project be developed.
10. The outcome of the market test was for the Authority to seek to procure a Customer Relationship Management (CRM) System, with a focus on enhanced customer management and process automation capabilities but with the potential for the solution to become a Corporate Enterprise CRM Tool, serving many of the front and back-office functions at the Council.

Enterprise CRM Vision, Philosophy and Benefits

11. Many businesses rely on Customer Relationship Management (CRM) to create efficiencies and deliver improved services in an ever-increasing multi-channel operating environment.
12. The Authority see that a CRM solution that brings together its customer-facing activity is key to our ethos of 'Putting the Customer at the Centre of everything we do'. It will be a key enabler to deliver a corporate 'single view of the Customer' across the organisation.

Core CRM Functionality

13. The Enterprise CRM solution shall be the primary solution managing customer-facing services across the Council.

14. The Solution will manage customer interactions regardless of the format or channel used. A customer will be able to contact the Council through a variety of self-service and mediated channels; and both the customer and any member of staff assisting them will have full access to the customer's history and any relevant contextual information. To facilitate this, the CRM element of the solution will become the key repository of customer data and transaction history.
15. Where possible, the solution will also manage the end to end process to support that interaction, including any service delivery completion if applicable. The Authority has an aspiration to move service processes from line of business systems to the Solution where appropriate. However, it recognises that some transactions will be more complex and require the retention of line of business systems for service processing/decision making. The enhanced CRM solution will therefore become the single view of the customer, either containing customer data and providing service functionality directly; or interfacing with systems which cannot be brought into the CRM environment.
16. The Authority has limited Customer Self-Service capabilities at this time, largely restricted to e-form based online transactions. Enhancing our Customer Self Service is a key part of any Enterprise CRM Solution.
17. The Authority are also keen to provide easy access to FAQs, information and guidance, including enhanced search capabilities, to both Employees and Customers to facilitate first time resolution. It would be desirable for this to be within a knowledgebase style solution or component, linked with or within the main CRM component. Development of this knowledge base for use through artificial intelligence virtual assistant type solutions is an aspiration.

Enhanced CRM Opportunities

18. The Authority are also seeking to augment any customer management function in the core CRM solution with a range of enhanced CRM capabilities that allow us to develop into a truly customer-centric, effective and digitally enabled organisation. These enhancements include such functionality as:
 - the use of digital technology which facilitates enhanced service provision, and better utilisation of staffing resources;
 - capabilities to support the gathering of customer feedback; to gain an understanding of their experience, satisfaction, and service expectations;
 - capabilities that support the provision of customer insight and business intelligence, which informs the Authority on how best to serve its Customers; and to operate its business in that context;
 - capabilities to support scheduling and rescheduling of work/jobs; to facilitate end-to-end processing where possible;

19. The Authority are keen to use Artificial Intelligence (or similar) capabilities to support handling and resolution of simple enquires and basic transactional processes. The use of artificial intelligence and automation is seen as a key enabler for the Authority in the future. It will improve the Customer experience, increase the opportunity for first time resolution and reduce the processing time of service requests as well as releasing capacity for the frontline staff to deal with more complex situation and customers more in need of support.
20. Seeking feedback and input from our Customers is seen as an important part of service development and continuous improvement. The Authority requires the ability to seek feedback from customers at key points of engagement as well as more ad-hoc engagements to seek insight and more general feedback.
21. The Authority also seeks improvements to its mobile working capabilities in order to deliver services out in the field, in customers' homes or in businesses, thereby adding to the overall customer experience, and service efficiency.
22. As part of the aspiration to move the end-to-end processing into the Enterprise CRM system, the Authority would like the ability to schedule or reschedule works. These may be on a scheduled appointment basis, or jobs/works allocated to happen on a particular day (usually out in the field).
23. The Authority does not currently have any ability to take insight from Customer data; and a desirable element of this exercise is to provide the ability to create Customer Insight, and support the Councils in identifying improvement opportunities and service enhancements. An added benefit to this new approach is that it will enable the Authority to use analytics to become a proactive service provider who can predict future customer demand and offer value-added service, whilst reducing costs and increasing efficiency through early intervention.

CRM Benefits

24. The Authority is anticipating that the Enterprise CRM Solution shall bring the following benefits to its customer engagement and service delivery:
 - Supporting the delivery of high quality and consistent customer service;
 - Providing a central repository for customer and corporate data;
 - Providing an immediate view of the complete interaction and transaction history of every customer;
 - Enabling a dual people and property-based view of customers and transactions;
 - Delivering improved efficiency with routine and less complex processes deployed through self-service and/or automation;
 - Delivering integration with contact management services to provide screen popping and automated services, so improving the customers' experience;

- Delivering improved customer service, and greater customer satisfaction, through more interactions being handled (and resolved where appropriate) at first point of contact;
- Reducing the time taken to handle customer interactions and requests;
- Increasing self-service capabilities;
- Allowing improved reporting of frontline effectiveness and performance;
- Supporting end-to-end service processing;
- Freeing up of back office time to deliver more specialist tasks;
- Improving mobile and field working opportunities;
- Supporting a range of role profiles for both frontline and back office processing staff;
- Use of automation, AI or other digital enablers, to reduce manual handling of processing, and decrease processing time;
- Providing process design and build capabilities for the incorporation of service processes into the solution, integrated into the Core CRM capabilities.
- Becoming a front end to any retained corporate systems where incorporation into the Solution is not possible;
- Providing a single entry of data into retained back end data stores, so preventing duplicated / inconsistent data;
- Providing progress and key information from retained systems back to the CRM solution;
- Improved effectiveness and performance reporting for customer facing services

Systems Soft Market Test

25. Following the decision to move to a corporate wide CRM system, the Authority has undertaken a soft market test on a range of systems in the market, to identify the scope of products available, and indicative cost envelope of procuring such a system.
26. In line with the Cloud First principle of the Authority's ICT strategy, the products assessed are available as Software as a Service (SaaS).
27. In line with the Authority's Procurement Strategy, the products assessed are available for procurement through a Government Framework.
28. During the soft market test, it became clear that a number of functional and technical selection criteria was emerging as differential points between the various products:
 - a) Full customer and interaction management capability;
 - b) Omni-channel support for all contact channels;

- c) Capability to include end to end processing for many Council processes, including complex processing;
- d) GDPR support;
- e) AI Capability;
- f) Field and Mobile working, with offline capabilities and job scheduling capability;
- g) Ease of development, requiring limited technical skills;

29. The Authority assessed the products against a set of functional and technical assessment criteria, and were able to identify a short list of requirements and potential products.

Financial Projections

30. During the soft market testing, the Authority were also able to identify an indicative cost envelop of the potential cost of a CRM system. Full and final costs will not be obtained until the completion of a formal procurement process.

31. Indicative costs are split into two components :

- a) Annual Charges.
These are charges related to Licensing, Subscription and Hosting of the system, payable each year of use; and are considered revenue expenditure.
- b) Implementation charges.
These are one-off charges for initial implementation of the product, and are considered capital expenditure.

32. These indicative costs were then included within the final soft market test to revise the short-list of products for selection.

33. It is not possible to definitively finalise costs of the short-listed products until a formal Procurement exercise is undertaken, however the cost envelope provided has allowed the Authority to identify the potential budget requirements, on, the basis of current staff numbers and assumed phasing of Service departments into the CRM system.

34. The costs are shown on the basis of a four year period, as procurement will be undertaken through a Government Framework.

35. The following table identifies the potential cost profile for Annual Revenue, subject to procurement.

Annual Licence, Support and Hosting	Year 1	Year 2	Year 3	Year 4	Total	Yr5 onwards
CRM System	£18,870.00	£45,180.00	£76,356.00	£89,142.00	£229,548.00	£89,142.00
<i>Dual Running Existing System Cost</i>	<i>£97,469.86</i>	<i>£54,940.80</i>	<i>£0.00</i>	<i>£0.00</i>	<i>£152,410.66</i>	<i>£0.00</i>
Total in Year Spend	£116,339.86	£100,120.80	£76,356.00	£89,142.00	£381,958.66	£89,142.00
<i>Current System Cost (if remain as is)</i>	<i>£97,469.86</i>	<i>£97,469.86</i>	<i>£97,469.86</i>	<i>£97,469.86</i>	<i>£389,879.44</i>	<i>£97,469.86</i>
Difference In Cost In Year	£18,870.00	£2,650.94	-£21,113.86	-£8,327.86	-£7,920.78	-£8,327.86
Total Difference in Cost (Saving)						-£7,920.78
<i>on assumption that licences will not start at beginning of year, and will be pro-rated in their initial year)</i>						
Total Difference in Cost			£10,363.31	£10,363.31		£10,363.31
<i>(excluding Development Management Licence Cost retention)</i>				(Shortfall)	£12,805.84	£4,477.98

36. On the assumption that all planned services can transfer to CRM, over the period of the anticipated contract, the Authority will have an estimated saving of circa £8K revenue costs against the current budget for equivalent systems. However, the Authority will need to invest during the first 2 years in the region of £19K and £2K respectively, and will then accrue savings in Year 3 and Year 4. This is as a result of the phasing of services into CRM, and the need to run some existing systems in parallel during that time.
37. Should the decision be made that the Development Management service would not transfer to CRM, then the Authority would have to allow for a shortfall of an estimated £12.8K, to enable a proportion of the original system revenue cost to be allocated to S&M of any future system. Any budget shortfalls would be met from the ICT Reserve which includes £400k to fund duplicated costs during implementation periods during the initial period and would be built into the Medium-Term Financial Plan (MTFP) from 20/21 onwards.
38. Ongoing revenue savings of £8K would be expected after the initial contract period.
39. The cost of capital investment for implementation is estimated at between £64,000 to £128,000, subject to further discussion during procurement activities.
40. The Authority have allocated £280,000 within the Customer First Capital Budget. This provides sufficient funds to cover implementation activities, whilst leaving further funding for other applications identified within the Corporate Enterprise Solution scope, including Omni-channel integrations, Artificial Intelligence, Process Automation and Customer Feedback solutions, which will be required to complete the enabling technology element of the Customer First vision and deliverables.
41. The provision of a CRM system, the ability to automate a number of manual or part-manual processes, and the ability to move simple tasks to the frontline, away from more costly specialist officers will mean cost-efficiencies will be generated from the Service-Redesign and the implementation of this system. Until Service Redesign on each service has been completed, it is not possible to identify the scale of those efficiencies, but it is expected that this will more than cover the cost of the system over its period of operation.



**Corporate Policy and
Resources Committee**

**Wednesday 4th December
2019**

Subject: Enterprise Resource Planning (ERP) - FINANCE SYSTEM

Report by:	Executive Director of Resources
Contact Officer:	Tracey Bircumshaw Strategic Finance and Business Support Manager tracey.bircumshaw@west-lindsey.gov.uk
Purpose / Summary:	To replace the current finance system with a product which will allow for future integration to provide a modern, mobile with self service functionality, informative enquiry and reporting capabilities, with the expectation of efficiencies and value adding integrations for the authority

RECOMMENDATION(S):

- 1 To approve the acquisition of a new Enterprise Resource Planning (ERP) system for Finance, and incorporating Performance Management from the Capital Budget of £270k funded from the Project Investment Reserve.**
- 2. To support the development of the ERP system to enable future integrated corporate systems to transition to ERP at a suitable time**

IMPLICATIONS

Legal: None from this report

Financial : FIN/130/20/TJB

Within the Capital Programme there is a £270k budget for the acquisition and implementation of a finance system funded from the Project Management Reserve. It is envisaged this budget is adequate to fund the implementation of both a Finance and Performance Management modules of an ERP system. All costs are estimates based on information provided by suppliers.

The Costs of project management (£45k) and backfilling staff £30,400 would require funding from the revenue project support budget.

In terms of the finance system ongoing costs can be met from the current licence and system maintenance support costs. In addition to the reduction of one Finance Business Partner (this is a 3 year fixed term post and it was anticipated that with the implementation of this system cashable efficiencies could be made)

There is the potential for a fully developed system to create the Financial Statements, and notes including which could also result in a reduced need for additional resources for the closedown process saving a further £30k, which could contribute to the wider implementation costs of future modules.

To implement the whole ERP suite could cost circa £312k in further capital expenditure and result in an estimated additional revenue cost of between £34k-£64k. A business case for this wider development will be undertaken to ascertain further efficiencies reflecting the capabilities of the system and will be reported back to this Committee.

Staffing :

There will be the need for project management resourcing in addition to staff involvement in the project which will result in back fill support being put in place.

The project will have wider implications for budget managers and other stakeholders who undertake financial transactions. Staff will be consulted, engaged in the project and fully trained prior to roll out.

Equality and Diversity including Human Rights :

This will be undertaken as part of the project plan

Data Protection Implications : None from this report, however the Data Protection officer will form part of the Project Team

Climate Related Risks and Opportunities: There may be a small reduction in electricity usage as our servers would no longer be used as the system is Cloud based.

Section 17 Crime and Disorder Considerations : None from this report

Health Implications: None from this report

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

Risk Assessment :

Procurement risk will be mitigated through the use of Government Frameworks to reduce the potential implications of system selection.

A full risk assessment will be undertaken as part of detailed project planning, and reviewed and maintained throughout the project. This will be a major project and the risks will vary as the project progresses.

A number of key overarching risks are noted below, with possible mitigations:-

Risk: The implementation project may not deliver to time, cost and/or quality.

Mitigation: A project manager with relevant experience will be engaged. Key finance and user staff will be included on the project team. The Project governance will be undertaken by the ICT board.

Risk: Approval for 'go live' may be given before the system is ready.

Mitigation: A comprehensive testing programme will be followed. An issue log will be maintained. Data will be cleansed before upload and reconciled afterwards with extensive testing undertaken before 'go live'. Advice and support for these processes will be sought from the supplier and project manager.

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

x

No

☐

1. Executive Summary

1.1 A number of key corporate systems have been identified as either requiring replacement or implementation to achieve improved customer experience, efficiencies from automation and integration in addition to business intelligence capabilities. After a process of market engagement it has been determined that our best solution would be to acquire an **Enterprise Resource Planning System (ERP)**; this is a type of software that connects day-to-day business processes including: accounting, budget planning and monitoring, human resources, payroll, procurement, performance and project management and asset management to name a few.

1.2 This report details the Business Case for such an acquisition.

2. Background

2.1 In March 2018 the Finance Team undertook a thorough review of the service, with the aid of Chartered Institute of Public Finance (CIPFA) Financial Model.

The Model used a scoring system to provide an objective measure of financial management performance including the identification of strengths, weaknesses and areas for improvement. Importantly the review measured the whole organisation's attitude to financial management not just the performance of the finance team.

2.2 The main conclusion of the review was that the team were performing well, had strong internal controls, high quality standards and commitment of staff, and assurance of existing governance arrangements. However too many resources were tied up dealing with transactional issues rather than the identification of potential efficiencies and the implementation of change programmes or other initiatives. As a consequence, the Finance function had a tendency to be reactive rather than proactive resulting in a risk that bottlenecks might arise which would lead to delays with key initiatives.

CIPFA commented "We welcome the intention to re-organise the finance function and financial system within West Lindsey DC and our recommendations are intended to feed into the consideration of such plans."

2.3 There were six areas identified for improvement including;

- Resilience of the Finance Team
- Introduce Finance Business Partners to provide a more strategic rather than transactional role.
- Improve the functionality of the Council's finance system with modern system capabilities.
- There is a lack of experience/knowledge within the Finance team of how to make the best use of the Finance system.
- Financial awareness of budget holders
- Demonstrating added value of the Finance Team

2.4 A number of initiatives have been implemented to address the improvement areas and these are identified below:

- The implementation of a new structure for the Finance and Business Support team has now been finalised.
- Redefined roles from Accountants to Finance Business Partnering with recruitment based on skills, knowledge and ability. Training and support has been delivered over the past year, and the Team Leader has recently passed the CIPFA Level 7 Accreditation in Finance Business Partnering.
- Introduction of a Principal Systems Accountant to develop and improve system capabilities.
- E-Learning and in-house training courses on Financial Management, have been developed and delivered to relevant staff.

2.5 In relation to the finance system the current legacy system, which was originally implemented in 1999 and upgraded in 2008 meets our basic accounting requirements but is no longer considered best value when taking into account the labour intensive processing resources required to undertake budget managing and forecasting, reporting, insight, reconciliations with other systems, management of the coding structure and financial reporting.

Specifically

- The coding structure does not meet our current structure needs and reporting requirements effectively. In addition it was created as a “flat” structure which does not have the functionality to drill down to lower level detail.
- Some workflow functionality has been built into the Purchasing module, but further investment would be required to widen this functionality with our suppliers for example.
- The Medium Term Budget forecast is built outside of the system, with a lot of manual intervention required and manipulation of data. This results in the need to undertake regular reconciliations on movements and is both time consuming, inefficient and prone to errors.
- All reporting from the finance system is based on downloads into excel and manual intervention before it is issued, this is extremely labour intensive.
- The preparation of the Statement of Accounts is a manual function, which could be automated with the right system capabilities
- The production of government returns are undertaken from exported data, manipulated to correspond to data requirements, rather than a structured approach
- The current system requires programming expertise in the use of Crystal Reporting. The service does not have this expertise, albeit some training to staff has been provided. Modern systems utilise a modern drag and drop functionality

- Investment is required to provide added value insight i.e. dashboards which can be created in modern systems to provide up to date business analytics in real time and at different levels of the organisation.
- As other data sources sit outside of the General Ledger reconciliations are required with other systems i.e. HR establishment, Property Asset Register, Income Management System

2.6 The Corporate Policy and Resources Committee previously approved the procurement of a replacement Finance system and a joint procurement exercise was undertaken Newark and Sherwood and Melton Councils. Unfortunately this procurement was abandoned due to the market not accepting Terms and Conditions. However, this allowed the organisation to consider the wider possibilities for a system which would better meet the ICT Strategy.

2.7 The ICT Strategy was approved in 2018 and includes the following Principles;
The Principles proposed for our ICT service, informed by staff consultation, are as follows:

- Our ICT service exists to support our strategic business objectives and Corporate Plan;
- Our ICT service and related projects will help ensure that we can deliver cost effective, efficient and excellent customer facing services;
- Our business requirements will drive the technical solutions we adopt, not the other way around;
- We will adopt Cloud and digital enabled solutions as a default position for all new investments in ICT;
- We will support business teams with up to date and reliable IT tools and facilities which will enable them to deliver excellent services, not constrain them;
- We will use technology to provide excellent communications, both internally and externally;
- We will process and secure customer data responsibly to ensure it being used in accordance with local policy and wider legislative requirements

2.8 In view of the above, a number of officers from across a variety of services, led by the Strategic Lead of Customer First have been engaging with the market to assess capabilities and applications which meet our vision for a fully integrated ERP system.

3 Supplier Engagement and Procurement Process

- 3.1 At the start of 2018, the Authority (with the support of Alysium Consulting) developed a high-level ICT Strategic Roadmap. The roadmap was written following extensive consultation with staff and customers of the Authority to ensure any reasonable requirements were incorporated into the new ICT arrangements.
- 3.2 The roadmap identified the need to consider the application portfolio at the Council and contemplate ways of using enterprise software to deliver both more joined up end to end services in pursuit of customer excellence, and more commercially-minded business support and management functions.
- 3.3 Following the approval of the roadmap, a Soft Market Testing exercise was completed to allow the project team to understand the possibilities and opportunities available in the market and to help the scope of this project be developed.
- 3.4 Since that time, as a result of other drivers, the Authority has evolved its strategy for the Corporate Enterprise Solution, to include some Business Support functions, including Finance, HR, Payroll, Asset Management, Performance and Project Planning.
- 3.5 In November 2018, the Authority undertook a Supplier Engagement Event with a range of suppliers operating in this business market, to better understand the route to market, in order to refine its procurement approach and relevant documentation.
- 3.6 On the basis of that feedback, the Authority has revised its approach and developed a Procurement Strategy to facilitate the achievement of its Corporate Enterprise Solution aspirations in light of the market capabilities, through the delivery of a CRM solution and an ERP solution.

4. Enterprise Resource Planning System (ERP)

ERP is a category of business management software – typically a suite of integrated applications that the organisation can use to collect, store, manage and interpret data from many business activities and which could replace current standalone systems such as Finance, Human Resources and Payroll, Asset Management etc. A typical ERP would include;

Financials – General Ledger, Budget Forecasting and monitoring, Debtors, Creditors, Bank Reconciliation, Procurement, contract management, risk management etc.

Asset Management – Project Management, Asset register, work programming, inventory management

Human Resources – Recruitment, Safety, Training and Development Management, Performance Management, Payroll, time sheets etc.

Corporate Services - Performance Management Reporting, Risk Management,

General: Integrated reporting, workflows, document management and mobile capability, tailored business intelligence dashboards, access and security levels.

5. OPTIONS CONSIDERED

Do Nothing	
Advantages	Disadvantages
No additional costs	Does not meet ICT Strategy
	No efficiencies can be made
	Cost of an additional Finance Business Partner from 2021/22 (current saving in Medium Term Financial Plan (MTFP) £38.5k)
	Numerous processes remain inefficient

Develop Existing System	
Advantages	Disadvantages
Improved efficiencies from reporting albeit not to the level that can be achieved through modern systems	Limited opportunity to redesign processes
	Any additional functionality will be costly to implement
	There will be no corporate benefit of integration
	Unable to amend structure - can create new but would not then link with history
	Modern and better quality systems available on the market

Standalone Finance System Replacement	
Advantages	Disadvantages
Efficiencies from processing and reporting	Does not meet corporate ICT strategy aspirations
Cashable saving through Finance Structure - 1 FTE	Ability for transformational change limited to Finance service only
Improved Financial reporting extraction	Continued inefficiencies through no integration with related systems
Improved flexibility for reporting and enquiring	
Budgeting and Forecasting system would integrate with General Ledger	
Budgeting system more automation with better controls	

ERP Finance System as replacement	
Advantages	Disadvantages
Provides opportunities for transformational change - mobile and self service	Significant one off costs to implement - external consultancy, in-house staff, project management and back fill costs
Best practice built into system	High risk project but with significant benefits if delivered
Cloud based therefore reduction in costs of storage	Significant culture change (both advantage and disadvantage (risk))
Improved resilience	
Efficiencies through integration	
Integrated reporting adding value and insight	
Dashboard monitoring for users	
Workflows all in one place for ease of manageability	
Promotes strategic planning	
Accuracy of data - one database	
Upgrades etc managed externally	
Facilitates data management	
Potential to for further cashable savings from interim closedown support	

Added Benefits of full ERP System Replacement	
Advantages	Disadvantages
Efficiencies from having one database – reconciliations, budget preparation, Budget Manager oversight for all areas	Cost and cost of change
Improved and integrated performance management reporting	Central resource may be required to manage system
Improved flexibility for reporting and enquiring	Payroll contract may be affected
Mobile capability	Significant culture change (both advantage and disadvantage)
Improved customer experience	High risk project but with significant benefits if delivered
Ease of use and access	
Efficiencies for ICT due to cloud capabilities – upgrades etc	
Standardisation and familiarity throughout for users	

- 5.1 The preferred option therefore is to acquire a Finance System with ERP capabilities and that the Council commits to future relevant corporate systems to be integrated at the most beneficial time.

6. Business Case

6.1 Strategic Case

The strategic ICT objectives to utilise technology that will add value to the Council. The solution will be cloud based with full integration, which will result in standardisation, simplicity, and efficiencies through a self service approach and through a one database approach.

6.2 Commercial Case

The procurement of an ERP Finance project will be funded from the Project Investment Reserve.

6.3 Financial Case

The Finance system was first implemented in 1999 and was upgraded in 2008. Whilst the system has had developments over time it requires significant investment to deliver our aspirations but lacks the capability to do so. This report requests approval to acquire an ERP system and implement both Financial and Performance Management modules. An indication of future costs for other corporate systems is also provided for completeness as over time further investment will be required. The implementation capital costs and annual ongoing revenue implications are detailed in the table below;

Project Cost - Estimates						
		Finance, Procurement, Contracts, Reporting, Bank Rec, Performance Management	HR and Payroll	Asset Management	Project Management	TOTAL
Capital Costs - Implementation	Funded From Reserves	252,000	150,000	85,000	25,000	512,000
Project Manager	Project Manager Finance 3 days pwk for 9 months funded from Revenue - Other systems estimate 20%	45,000	30,000	17,000	5,000	97,000
Finance Staff	Back Fill Costs - Revenue	30,400	?	?	?	30,400
TOTAL CAPITAL EXPENDITURE		327,400	180,000	102,000	30,000	639,400

Ongoing Revenue Costs - Estimates						
		Procurement, Contracts, Reporting, Bank Rec, Performance Management	HR and Payroll	Asset Management	Project Management	TOTAL
Annual Licence and Support		75,000	45,000	27,000	6,350	153,350
Less						
Current Annual Cost of existing systems		-35,500	-6,000	-10,600	0	-52,100
Less cost of 1 Finance Business Partner - Efficiencies		-38,500	?	?	?	-38,500
Service efficiencies and added value		?	?	?	?	
Management efficiencies and added value (Corporate Wide)		?	?	?	?	
Future Potential Resource saving		-30,000				-30,000
		-29,000	39,000	16,400	6,350	32,750

6.4 Operational Case

There are a number of factors which are currently inefficient;

- Reporting is undertaken through Crystal reporting which requires technical skills in SQL (a computer programming language) this is a very dated and difficult system to work with. Modern system have an easy to use drag and drop selections through any coding structure hierarchy.
- The Budget and Medium Term Financial Plan is developed on individual budget working papers, which are then input to the main spreadsheet . This process carries the risks of error, therefore time is spent on reconciliations throughout the development of the new budgets. One officer has control, all reports for annual budget setting is undertaken by a number of pivot tables and manual interventions from the main spreadsheet. A modern systems are integrated with the General Ledger, would allow multi users, self-serve capabilities, retains full audit trails, has the functionality to enable documents and notes to be attached to budgets, in addition to being able to generate reports easily and flexibly.
- The enhancement of reporting will enable managers to see their budget monitoring reports updated at the push of a button and can provide additional insight when configured – there is more enhancement if other modules are purchased which can then enable a full service performance report to be generated.

Other benefits include;

- support the achievement of savings throughout the Authority
- will empower users to take responsibility for their budgets
- enable Finance Business Partners to spend more time on value-added tasks
- enable innovation in the delivery of finance services
- up-skill finance staff
- automate / streamline processes
- provide systems resilience
- move to a software as a service basis allowing IT costs to reduce more easily

6.5 Legal Considerations

There are no legal considerations to this acquisition

7. Soft Market Engagement

Following on from the original Market Engagement, and the Procurement exercise, the Authority reached out to the majority of applicable suppliers that showed interested through the SQ procedure. A total of 3 suppliers were invited to join a further market engagement exercise in order to assess the available products on the market that would be appropriate to a Public Sector environment.

The suppliers were invited to provide a demonstration of their products; and to provide information related to the commercial envelope in which they would operate, through a recognised government framework.

This commercial envelope identified the suppliers' preferred framework, and a method of understanding the relevant components of that framework that would need to be taken into account, in order for the Authority to understand an indicative cost envelope for the product. This exercise was not designed to ask for a 'formal price' as this will be part of any framework procurement process. However the estimated pricing is within our budget envelope.

Following the demonstrations and any subsequent clarifications, the Authority has been able to consider the quality differentials, which have included functional, technical and developmental components. The indicative cost envelope included Software, Hosting and Support and indicative implementation costs or range of implementation days, with indicative costs provided by suppliers.

In addition, the Authority has also identified the scope of the product, its advantages and its disadvantages in order to come to a conclusion as to which product or products would move forward.

8. Scope of Procurement options

It is proposed that a procurement is made via an approved framework.

It would be appropriate to consider whether we should procure other elements of the system at this time.

- The Performance Monitoring reporting is currently a very labour intensive process as the process has been developed using word and excel documents. The implementation of an automated system would therefore bring benefits in standardisation, integration, data access and therefore improve efficiencies.
- The current system contract for Human Resources and Payroll expires in March 2022. The payroll function is carried out by North Kesteven DC under a Service Level Agreement. Therefore a project business case and plan for implementation needs to be developed in line with the existing contract end date. The benefit of having integration with finance and performance management modules will produce efficiencies through ease of access to information, no requirement for reconciliations to other systems, integrated reporting, strategic and service organisational and development planning.
- Project Management is currently undertaken manually and is both time consuming.
- The current Asset Management system is on an annual rolling contract. It records all our property assets and their associated records, i.e. leases, condition surveys, valuations, maintenance and compliance records etc. In addition the Finance Team have an Asset Register held on spreadsheets for the purpose of the accounts, this holds records such as depreciation, historic cost and current cost (valuation). The benefit of integration will ensure that there is one data base, therefore there would be no requirement for reconciliations between the two current registers. Officers would have improved access to property and financial data in addition to more integrated and timely reporting requirements. Inventories for other assets could also be included and managed effectively i.e. vehicles, ICT equipment etc. It is planned that this be considered as a phase 2 project in 2-4 years.

9. Project Management

It is expected that the Authority will require additional resource to support this project in the form of a client Project Manager. For the implementation of Finance and Performance specifically at this time it will also require some dedicated support from Finance and Business Support/Performance teams; this support is likely to require posts to be back filled. An amount of £75k has been estimated for both these costs and which will be funded from the Project and Business Case Development revenue budget.



**Corporate policy and
Resources Committee**

**Wednesday, 4 December
2019**

Subject: 5-7 Market Place Refurbishment

Report by:	Executive Director for Economic and Commercial Growth
Contact Officer:	Wendy Osgodby Senior Growth Strategy & Projects Officer wendy.osgodby@west-lindsey.gov.uk
Purpose / Summary:	To seek approval to proceed with the conversion of 5-7 Market Place into 3 x flats and a ground floor commercial unit.

RECOMMENDATION(S):

1. Members agree to approve the Capital Budget of up to £538,500 (includes £68,500 client owned risk register) and expenditure to obtain:

- a finalised design;
- statutory approvals; and
- to carry out the associated construction works

to convert the current building at 5-7 Market Place, Gainsborough into three flats and a ground floor commercial unit with a view to selling the flats and retaining the commercial unit as an ongoing rental stream. This scheme is to be funded from the Capital Receipts net of any grant awards received.

2. Members to note the recommendations from Overview and Scrutiny Committee.

IMPLICATIONS

Legal:

Legal Services Lincolnshire have been consulted and have advised that upon completion of the works that 4 leases would require drafting; 3 for the flats and 1 for the commercial unit. Legal Services would draft the leases and carry out the conveyancing works associated for the sales of the flats.

Planning permission would be required for the finalised proposals relating to change of use from category B1 to a mixture of A2 and C3. The process is envisaged to take 8 weeks as a standard application.

Building control will be required to approve the final layouts and the ongoing works throughout the construction process.

Fees associated with all regulatory aspects of the project have been included within the professional and legal fees and/or the design and statutory approvals fees.

Financial : FIN/114/20

Budget approval is required for capital expenditure totalling £538,500 to support the proposed scheme.

£376,500 of costs will be funded from Capital Receipts with the remaining £162,000 to be funded by grants, subject to the appropriate applications being completed and successfully awarded from WLDC for the following schemes:

£75,000 (Living Over the Shop)

£15,000 (Gainsborough Shop Fronts)

£72,000 (Townscape Heritage)

It is proposed that once completed, the three flats will be sold to generate capital receipts for future capital investment. A valuation report written by Bruton Knowles in September 2019 valued the three flats at a total of £255,000.

There is a risk that the flats may not sell and therefore, the option to rent the flats has been explored. Bruton Knowles estimated annual rental income for the three properties at circa £6,200 before taking into account void periods, inflation and net present value.

A third option has also been considered to sell both the flats and the commercial unit.

Ongoing revenue savings for utilities, insurance and maintenance costs have been factored in based on 2020/21 budgets and the current RPI to calculate payback periods of each option.

The payback period for the recommended option 1 is 15 years. Options 2 and 3 achieve payback in 26 years and 29 years respectively.

It is noted that should contingencies not be fully required that the payback period will decrease and a return on the investment will be seen earlier. Similarly there is a potential for increased rental income from the commercial unit as a result of other regeneration schemes planned for the town centre.

£10,000 of professional fees associated with selling and renting the units is recommended to be funded from existing revenue budgets.

Staffing : HR104-10-19 no staffing implications

This project is being led by the Senior Growth Strategy and Projects Officer and supported by the wider Council staff within Property Services, Finance and Procurement.

Legal advice is being provided as required via Lincolnshire Legal Services. Commercial expertise is being provided as required by Bruton Knowles. No additional staffing resources are required at this stage.

Equality and Diversity including Human Rights :

The newly created ground floor commercial unit will be designed with a level access and will integrate an accessible WC into the ground floor to enable use for all.

The flats, because of their very nature, will not be accessible to all due to the stairs and the inability to make the designs work whilst integrating both stairs and a lift. This is not unusual in this type of building.

Data Protection Implications :**Climate Related Risks and Opportunities :**

The renovation of 5-7 Market Place will incorporate energy efficient LED lighting and energy efficient heating systems. It will not be possible to increase building U values and the like due to its nature however improvements carried out will improve the overall energy rating of the building.

Section 17 Crime and Disorder Considerations :**Health Implications:****Title and Location of any Background Papers used in the preparation of this report:****Risk Assessment :**

If this building is not renovated it will fall into further disrepair, this will cause harm to the historic Market Place and entrance to the historic town centre

It is acknowledged that the project is relatively high risk in terms of both viability and financial outlook due to the nature of it being a renovation project and therefore many unknowns have to be considered. The overall project budget includes a £68,500 client owned risk register.

If the residential properties fail to sell on the open market then they will be rented.

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

☐

Overview and Scrutiny Committee, 12th November 2019

RESOLVED that Members support the progression of the report to the Corporate Policy and Resources Committee with the following suggestions:

- a) The report should be succinct with all three options clearly identified for ease of reference, for example in a table; *Actioned - See section 4*
- b) The cash flow should be simplified; *Actioned - See attached Cashflow*
- c) Opinions should be sought from local tradespeople and businesses to ensure best value for money;

Due to the specialist nature of this scheme it is proposed the refurbishment is procured using a framework agreement, this will allow the opportunity to work closely with the selected specialist contractor to share aspirations and gain clear projects outcomes.

The procurement is split into two sections (pre-construction and construction), allowing for a greater understanding of any project costs and risks before entering into a full construction agreement. For committing to the £40k pre-con fee (which includes £25k worth of external design). WLDC will effectively have a fully compliant design, market tested and fixed price.

- d) Consideration should be given to an independent valuation;

No further valuations have been gathered at this time, along with the formal Valuation Report provided by Bruton Knowles, West Lindsey officers have direct experience of a similar scheme.

- e) Members of the Overview and Scrutiny Committee recommend that a site visit be undertaken prior to any decision.

A visit will be offered to members of the Corporate Policy and Resources Committee once any works have been completed.

1 Introduction

- 1.1 5-7 Market Place was purchased by WLDC in 2013 with a view to carrying out alterations required to either sell, convert to flats, convert to a training centre or sell on in the current condition with the aim of making a commercial return.
- 1.2 To date there have been various levels of interest / offers made on the building; however due to the level of structural works required, layout of the building and conservation challenges, none of the interest has resulted in a sale. As a result the building remains empty and is slowly deteriorating.
- 1.3 The building is situated within a Conservation Area and has listed status. There are a variety of regeneration options available for the building however the procurement of a Heritage Architect will enable a realistic solution to be provided. This solution will then inform the final solution for the building.
- 1.4 The refurbishment of this building was included in a successful funding bid to The Heritage Lottery Fund for building restoration. In addition it provides a demonstration of the Council's commitment to heritage-led regeneration as outlined in the Heritage Masterplan 2017. This project will form a crucial component of a major programme of economic regeneration, helping to secure the 'historic heart' of Gainsborough at the centre of the town's future.
- 1.5 It is important to emphasise this project relates to the future of the building and does **not** cover issues regarding previous expenditure and the purchase of the building. Please refer to the Stage 4 paper relating to 5-7 Market Place.

2 Background

- 2.1 In 2016, building works commenced which had been informed by a structural report. During the period of works it was found that the frontage of the building was pulling away forcing the contractor to abandon works, and leading to the contract being settled. At that time design proposals were obtained to tie the front elevation back to the main building however a decision was made not to carry out any further works due to spiralling costs and to test the market for either rental or sale.
- 2.2 The property has received interest from various potential tenants and purchasers. Unfortunately all interest has been withdrawn due to the extensive structural costs and conversion limitations related to its listed building status. The property has fallen further into disrepair and it will not be developed without this intervention.

- 2.3 In the last financial year the property costed £4,773 to maintain, plus any urgent repair works on an ad hoc basis going forward. However the longer it is left in its existing state the further the costs will increase. There is also the ongoing risk of theft and vandalism.
- 2.4 It should be noted that the structural repairs to tie back the front elevation will be required under any circumstances at a cost of £160,000 (approx.); this is to make the building safe.
- 2.5 The timing of this project is crucial, as it will be undertaken in conjunction with a transformational programme of economic regeneration within Gainsborough town centre.
- Including:
- Market Street Renewal Limited;
 - New Hotel / restaurant;
 - Townscape Heritage Delivery phase;
 - Mayflower trail;
 - Wayfinding strategy;
 - New Cinema in the old Lindsey Centre
- 2.6 Development of this building will strengthen the success of the above projects and complement the Council's commitment to heritage-led regeneration as outlined in the Heritage Masterplan 2017.
- 2.7 Improvement proposals for the building are through a mixture of building works required for structural and maintenance purposes in addition to costs associated with conversion into flats and refurb of the ground floor premises. There will also be works required to the shop front to bring this building up to an acceptable and attractive standard suitable for the historic market place located in the Gainsborough Town Centre Conservation Area.

3. The proposal

- 3.1 The property has been on the market for three years at a value of £175,000 however a sale has not yet been secured. Numerous property investors have visited the property and made offers; none have come to fruition due to the level of structural works required, layout of the building and challenges of its listed building status.
- 3.2 As the property falls further into disrepair the costs for the building works are growing in addition to the empty commercial unit being contrary to the town centre regeneration strategy. It is vital for the regeneration of the Market Place that the property is renovated as soon as possible and brought back into use.
- 3.3 It has become evident through the interest received in the property thus far that conversion into six flats is the preferred option (by investors not WLDC) to increase commercial viability, however this option is not

possible due to the listed building status and the protection of the open plan internal spaces. As a result it is unlikely a private investor will be able to make the development commercially viable.

3.4 A range of delivery options have been considered (see Full Project Documentation);

3.4.1 **Option 1:** Conversion of the premises to 3 x residential dwellings with ground floor commercial unit managed by WLDC

Benefits

- Demonstration of the council's commitment to heritage-led regeneration which will support the £1.9m Townscape Heritage Project
- The building will be fully renovated and will complement / support the wider town centre regeneration projects
- Timeframes, design, specification etc. can be aligned with the wider town centre Regeneration Strategy
- Visual improvements will support the improvements / plans for the market
- Development of high quality unique dwellings in the town centre
- The renovation works will be completed to a high standard
- Works will be completed within an agreed timeframe
- Income generation from rental of commercial unit and sale of 3 x dwellings
- Ground floor commercial premises brought back into use.
- Reduction in maintenance and insurance costs

Constraints

- Project is high risk due to refurbishment elements therefore contingency amounts can only be assumed.
- Payback period of investment is 15 years and will be funded from capital receipts net of any grants awarded.
- If a tenant can't be found for the commercial unit the payback will not be achieved.
- Sales of the flats do not achieve the required sale value damaging the profit and lengthening the payback period.
- Sale of the flats does not take place

3.4.2 **Option 2:** Seek to identify a Joint Venture to carry out the refurbishment

Benefits

- Reduced level of risk - as risk is shared
- Some level of control is retained
- Timescales can be applied for delivery therefore property does not sit empty

- The building will be fully renovated and will complement / support the wider town centre regeneration projects
- Track record of delivery high quality regeneration schemes
- High quality accommodation opportunity at an affordable price
- Ground floor premises brought back into retail use

Constraints

- Day to day management will be led by the JV partner reducing WLDC's control of the development
- It will be difficult to secure a JV partner for a scheme of this nature due to the minimal returns and complexities of the scheme
- Would need to inject a higher level of funding into the project to gain the interest of a JV partner to enable them to see a return on their investment. This in turn results in little to no financial return to WLDC
- Listed building constraints may mean the project is not financially viable.
- If a tenant can't be found for the commercial unit the payback will not be achieved
- Sales of the flats do not achieve the required sale value damaging the profit and lengthening the payback period
- Profit is unlikely and any rental returns are shared if drawn down
- Commercial Unit could remain empty if rental price is set too high by the JV

3.4.3 Option 3: Auction the property (Sold as seen)

Benefits

- Property will be removed from WLDC's property portfolio, removing ongoing liability and associated costs
- A small return on the investment will be immediately seen
- Minimal officer involvement

Constraints

- Property is likely to remain empty
- Property could be resold quickly and then remain empty
- The property falls further into disrepair as costs of building works are not understood by buyer therefore works do not commence
- An empty and run down building in the historic Market Place contradicts all other plans / visions for the town centre and potentially reduces the likelihood of other investment in the area due to lack of developer confidence
- The urgent structural repairs remain and therefore the building will become a health and safety risk to the Market Place in time.
- This option does not demonstrate a commitment to heritage-led regeneration, it is unlikely that any solutions would fit in the Gainsborough Regeneration Vision.

3.4.4 The recommended option is Option 1: Conversion of the premises to 3 x residential dwellings with ground floor commercial unit managed by WLDC

- 3.5 Due to the specialist nature of this scheme it is proposed the refurbishment is procured using a framework agreement as this will allow the opportunity to work closely with the selected specialist contractor to share aspirations and gain clear projects outcomes.
- 3.6 The procurement is split into two sections (pre-construction and construction), allowing for a greater understanding of any project costs and risks before entering into a full construction agreement. For committing to the £40k pre-con fee (which includes £25k worth of external design), WLDC will effectively have a fully compliant design market tested, and a fixed price.

4. Benefits of the proposal

4.1 General Benefits

- Demonstration of the council's commitment to heritage-led regeneration which will support the successful funding bid (£1.9m) from National Lottery Heritage Fund.
- Improve the visual appearance of the building (new shopfront) and wider Market Place making the area more appealing.
- The building will be fully renovated and will complement / support the wider town centre regeneration projects and act as a showcase of building restoration and use of the upper for residential developments in the town centre.
- Would increase footfall in the historic town centre at different times of the day / (24hr economy in the Market Place).
- In alignment with WLDC's Corporate Plan, Economic Growth Strategy 2014-2034 and Gainsborough Town Centre Heritage Masterplan.
- The renovation works will be completed to a high standard.
- Works will be completed within an agreed timeframe.
- Timeframes, design, specification etc. can be aligned with the wider town centre Regeneration Strategy.
- Development of high quality unique dwellings in the town centre.
- Ground floor commercial premises brought back into use.
- Provide high quality commercial premises in a prime town centre location.
- Provides a new business opportunity within the Market Place widening the existing town centre offer.

5 Constraints of the proposal

5.1 General Constraints

Design solutions may not be as expected due to heritage constraints making flats and commercial unit less appealing than hoped.

5.2 Financial Constraints

- Project is high risk due to refurbishment elements therefore contingency amounts can only be assumed.
- Listed building constraints may mean the project is not financially viable, this will be confirmed following full construction drawings and listed building consent.
- If a tenant can't be found for the commercial unit the payback will not be achieved.
- Sales of the flats do not achieve the required sale value damaging the profit and lengthening the payback period.
- Sale of the flats does not occur. If the flats remain unsold we will look at the option to rent out the flats to cover the expenditure.

6.0 Project Dependencies

- 6.1 Following a successful funding bid to the National Lottery Heritage Fund, it is the vision that 5 – 7 Market place will be used as an exemplar project to demonstrate the Authority's ability to deliver high quality historic building renovation projects that show the commitment to the redevelopment of that specific area, as well as the wider district to the residents of West Lindsey.



5-7 Market Place Gainsborough

Heritage Statement

August 2018

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THE ACADEMY
OF URBANISM



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Sketch of Market Place (date unknown)

Introduction

1.1 Overview

West Lindsey District Council (WLDC) are the owners of 5-7 Market Place, Gainsborough. WLDC wish to see the building, which is currently vacant, brought back to full use as part of a wider programme of town centre renewal.

In order to establish how the building might be adapted for viable and market facing use it is recognised that the heritage significance of the building must be established. The understanding of the location of heritage significance within the building must inform any future development proposals which might impact upon its fabric and interior spaces.

Lathams have been commissioned by WLDC to carry out a rapid heritage assessment of 5-7 Market Place.

1.2 Method

The method for the heritage assessment is based upon the guidance set out within Understanding Historic Buildings, A Guide to Good Recording Practice (Historic England, May 2016).

The heritage assessment has been informed by the following:

- Room by room inspection of the building interior and associated exterior spaces (yard and passageway) with the WLDC Conservation Officer 8 August 2018
- Photographic survey of building 8 August 2018
- Archival search Lincolnshire County Archive 28 August 2018

- Gainsborough Local Studies Library 8 August 2018
- Planning Record search (by WLDC)
- Building Control Record search (by WLDC)

1.3 Legislative Background

Planning matters in England are controlled and regulated by law through Acts of Parliament.

Development proposals for the application site will need to be considered in light of:

The Planning (Listed Buildings and Conservation Areas) Act 1990, which sets out the statutory requirements relating to the protection of listed buildings and conservation areas and their settings; the Ancient Monuments and Archaeological Areas Act 1979, which sets out the framework for the designation and management of Scheduled Monuments and other archaeological remains) and the Historic Buildings and Ancient Monuments Act 1953, which provides the Statutory basis for the compilation of a Register of Historic Parks and Gardens.

The following sections of the Planning (Listing Buildings and Conservation Areas) Act 1990 are relevant to any future proposals London Mill:

Section 66 (1) states that local planning authority considering development proposals which affect a listed building or its setting shall; "have special regard to the desirability of preserving the building or its setting or any features of special architectural or historic interest which it possesses".

Section 72(1) states that for development proposals within Conservation Areas; "special attention shall be paid to the desirability of preserving or enhancing the character and appearance of that area".

1.3 National Policy Background

Section 16 of the NPPF (July 2018) Conserving and Protecting the Historic Environment set out policies which are relevant to any future works which may take place at 5-7 Market Place. Any future applicant must consider the requirements of the NPPF and Section 16 in full however paragraphs of particular note are as follows:

Paragraph 192. In determining applications, local planning authorities should take account of:

- a) the desirability of sustaining and enhancing the significance of heritage assets and putting them to viable uses consistent with their conservation;
- b) the positive contribution that conservation of heritage assets can make to sustainable communities including their economic vitality; and
- c) the desirability of new development making a positive contribution to local character and distinctiveness.

Paragraph 193. When considering the impact of a proposed development on the significance of a designated heritage asset, great weight should be given to the asset's conservation (and the more important the asset, the greater the weight should be). This is irrespective of whether any potential harm amounts to substantial harm, total loss or less than substantial harm to its significance.

Paragraph 194. Any harm to, or loss

of, the significance of a designated heritage asset (from its alteration or destruction, or from development within its setting), should require clear and convincing justification. Substantial harm to or loss of: 56 a) grade II listed buildings, or grade II registered parks or gardens, should be exceptional; b) assets of the highest significance, notably scheduled monuments, protected wreck sites, registered battlefields, grade I and II* listed buildings, grade I and II* registered parks and gardens, and World Heritage Sites, should be wholly exceptional.

1.4 Central Lincolnshire Local Plan (April 2017)

Policy LP25: The Historic Environment as set out within the Central Lincolnshire Local Plan states:

Development proposals should protect, conserve and seek opportunities to enhance the historic environment of Central Lincolnshire.

In instances where a development proposal would affect the significance of a heritage asset (whether designated or non-designated), including any contribution made by its setting, the applicant will be required to undertake the following, in a manner proportionate to the asset's significance:

- a. Describe and assess the significance of the asset, including its setting, to determine its architectural, historical or archaeological interest; and
- b. identify the impact of the proposed works on the significance and special character of the asset; and
- c. provide clear justification for the works, especially if these would

harm the significance of the asset or its setting, so that the harm can be weighed against public benefits.

Unless it is explicitly demonstrated that the proposal meets the tests set out in the NPPF, permission will only be granted for development affecting designated or non-designated heritage assets where the impact of the proposal(s) does not harm the significance of the asset and/or its setting.

Development proposals will be supported where they:

d. Protect the significance of designated heritage assets (including their setting) by protecting and enhancing architectural and historic character, historical associations, landscape and townscape features and through consideration of scale, design, materials, siting, layout, mass, use, and views and vistas both from and towards the asset;

e. Promote opportunities to better reveal significance of heritage assets, where possible;

f. Take into account the desirability of sustaining and enhancing non-designated heritage assets and their setting.

The change of use of heritage assets will be supported provided:

g. the proposed use is considered to be the optimum viable use, and is compatible with the fabric, interior, character, appearance and setting of the heritage asset;

h. such a change of use will demonstrably assist in the maintenance or enhancement of the heritage asset; and

i. features essential to the special interest of the individual heritage asset are not lost or altered to facilitate the change of use.

Listed Buildings

Permission to change the use of a Listed Building or to alter or extend such a building will be granted where the local planning authority is satisfied that the proposal is in the interest of the building's preservation and does not involve activities or alterations prejudicial to the special architectural or historic interest of the Listed Building or its setting.

Permission that results in substantial harm to or loss of a Listed Building will only be granted in exceptional or, for grade I and II* Listed Buildings, wholly exceptional circumstances.

Development proposals that affect the setting of a Listed Building will be supported where they preserve or better reveal the significance of the Listed Building.

Conservation Areas

Development within, affecting the setting of, or affecting views into or out of, a Conservation Area should preserve (and enhance or reinforce it, as appropriate) features that contribute positively to the area's character, appearance and setting. Proposals should:

j. Retain buildings/groups of buildings, existing street patterns, historic building lines and ground surfaces;

k. Retain architectural details that contribute to the character and appearance of the area;

l. Where relevant and practical, remove features which are incompatible with the Conservation Area;

m. Retain and reinforce local distinctiveness with reference to

height, massing, scale, form, materials and lot widths of the existing built environment;

n. Assess, and mitigate against, any negative impact the proposal might have on the townscape, roofscape, skyline and landscape;

o. Aim to protect trees, or where losses are proposed, demonstrate how such losses are appropriately mitigated against.

1.5 Definitions

A heritage asset is defined within the NPPF (July 2018) as follows:

A building, monument, site, place area or landscape identified as having a degree of significance meriting consideration in planning decisions, because of its heritage interest. It includes designated heritage assets and assets identified by the local planning authority (including local listing).

Significance is defined within the NPPF as:

The value of a heritage asset to this and future generations because of its heritage interest. The interest may be archaeological, architectural, artistic or historic. Significance derives not only from a heritage asset's physical presence, but also from its setting. For World Heritage Sites, the cultural value described within each site's Statement of Outstanding Universal Value forms part of its significance.



5-7 Market Place with the former NatWest Bank to the left (North)

2.0 Understanding the Site

2.1 Location



Site Location at Grid Reference: SK 81408 89922

5-7 Market Place is located on the eastern side of the Market Place, Gainsborough. This is the principle historic space located within the town centre and must be considered a heritage asset in its own right.



2.2 Statutory Designations Listed Building

The building is a designated heritage asset listed as Grade II on the National Heritage List for England. The building falls within the Gainsborough Town Centre Conservation Area and forms part of the setting for a number of other listed buildings and non-designated heritage assets located within the Market Place.

The list description of 5-7 Market Place is as follows:

Late C18th or early C19th. 4 storeys in red brick with Welsh slate roof. Moulded cornice and bands at cills. 3 windows on 3 floors, centre blocked, stone keystones, hung sashes with glazing bars, except to 1 window to first floor to left. Modern shop front. Brick stacks at gable ends.

Conservation Area

5-7 Market Place is located within the Gainsborough Town Centre Conservation Area. The building is visible from a number of other listed buildings within the Market Place (and the Conservation Area) and any external change to the fabric of 5-7 may impact upon the settings of these assets.

2.3 Historical Overview

The 1853 Ibbetson Map of Gainsborough shows 5-7 Market Place as one building with no plot sub-division. The area to the east (which also faces the internal court and which now forms part of the former NatWest Bank) appears at this time to form a rear extension to 5-7 Market Place. The 1851 map shows the covered passageway from the Market Place to the court on the current alignment and also shows a flight of external stairs located to the rear of the building

leading to a landing. There is evidence in the patched brickwork on the rear elevation of a lost first floor entrance door which would have accessed the landing and stair.

The 1886 OS shows 5-7 divided into two units separated by a cranked east west boundary line. This line traces the footprint of stair 3 (i.e. the southern stair) and it must be assumed that this was introduced at the point when the sub-division took place. It is likely, given the evidence of the lost ground to first stair on the northern internal boundary wall, that stair 2 (i.e. the northern stair) was also introduced at this time. The detailing of both stair cases is identical, although crude later repairs suggest some difference.

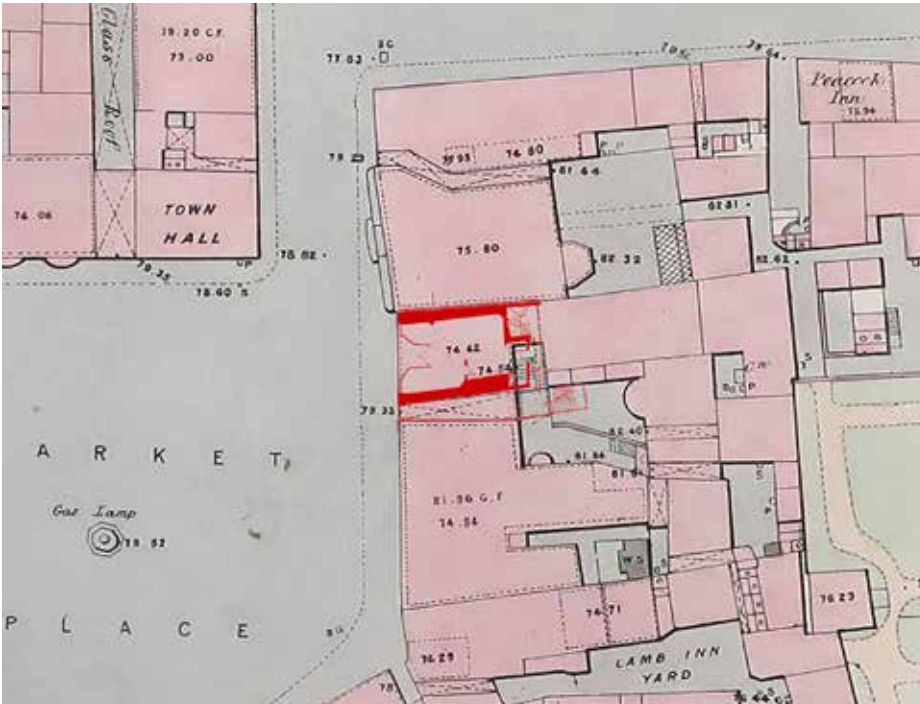
The 1885 Kellys Directory provides entries for 5-7 Market Place:

- William Mason, private resident living at 7 Market Place
- William Mason, District Manager – Retford & Gainsborough Times, 7 Market Place
- Hannah Dowman, Ladies underwear warehouse, 5 Market Place

The separation of residential from commercial uses along with the separation of the two businesses would explain the need for multiple stair cases.

Photographs from the late C19th up until the inter-war period show that the ground floor of 5-7 remained as two separate retail units for some time after the assumed reintegration of the upper floors.

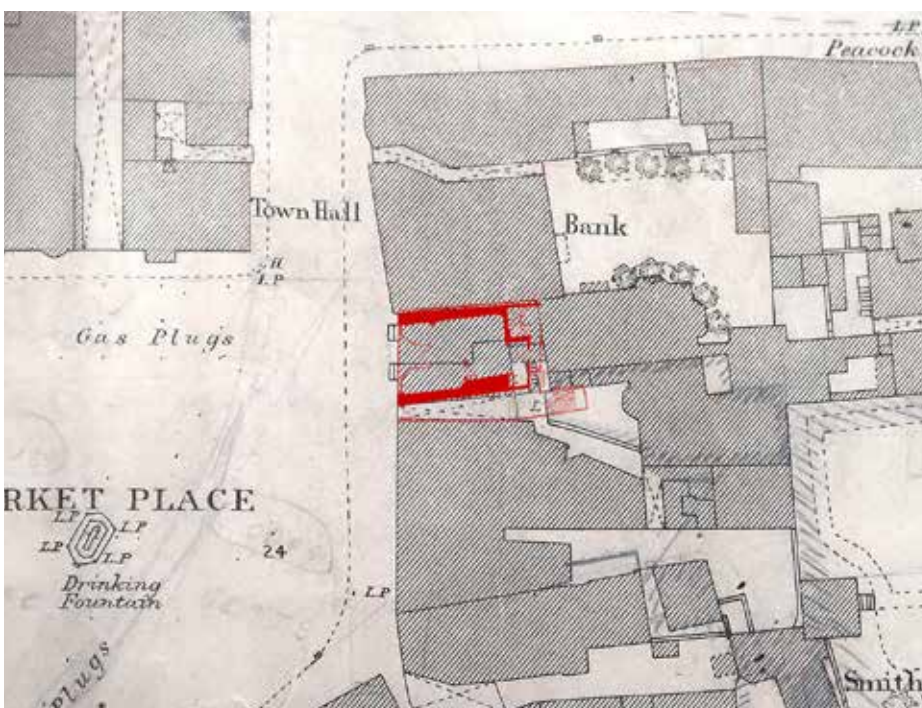
The building continued its association with newspapers until the late C20th.



1853 Historic Map Overlayed with Current Plan



1853 Historic Map



1886 OS Map Overlayed with Current Plan



1886 OS Map

2.4 Architectural Overview

Since the list description was produced the building has undergone some works to both the interior and the exterior. All the windows within the Market Place façade now have glazing bars and there is evidence that some stonework to cills, keystone and string courses has been replaced. The rear elevation has been crudely repointed. The ground floor interior appears to have had some recent building work carried out.

The first, second and third floor each have a principal room located to the west overlooking the Market Place each with three vertical sash windows. At first and second floor these rooms have had new down stand beams added which harm their character. At third floor a suspended false ceiling conceals the original. Window shutters survive within the principal rooms at first and second floor but little else of heritage value survives (no fire places, original moldings etc).

It is likely that the principal rooms were sub-divided during the mid to late C19th when the building was separated into two properties and that it was during this period that vertical circulation within the building was changed to allow private access to the separate ownerships/occupiers. The lack of detailing on the stair cases and their uniformity of design suggest that these were installed in a hurry, for utility and at the same time.

When the building was returned to a single property the multiple staircases were left with their original function lost.

2.5 Planning Record

The WLDC search of the planning history for 5-7 Market Place provided no evidence of any applications being made.

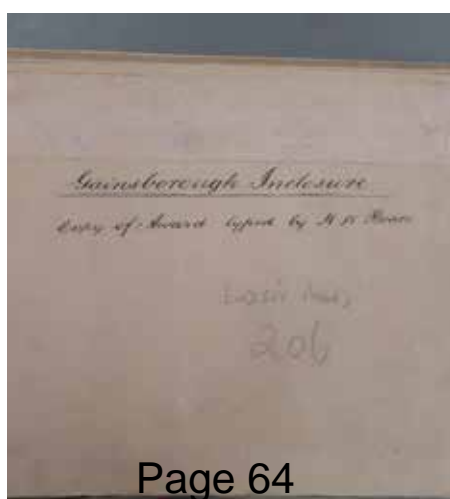
2.6 Building Control Record

The WLDC search of building control history for 5-7 Market Place provided details of the following works:

1997- Application registered for the insertion of beams to the second and third floors and the insertion of a new fire exit.

2016 – Application registered (from WLDC) for the; replacement of roof-lights and the replacement of WC windows at first floor level.

Clockwise from top:
 1853 map of the Market Place,
 Dating of the 1886 map,
 Larger view of 1886 map,
 Cover of the Tithe Award,
 Cover of the 1853 maps.



2.7 Chronology in Brief

- 5-7 constructed early C19th. Assumed to be single townhouse.
- Ground floor separated for retail use from upper floors and rear first floor access introduced. Ground floor internal access from 5-7 through to rear 'warehouse' extension. Loss of original staircase.
- 5 and 7 Market Place separated in the 1870's to 1880's into two ownerships with commercial and residential sub-division for William Mason (see above) resulting the introduction of separate staircases and loss of rear first floor access.
- By 1886 5, 7 and the rear extension are all in separate ownerships.
- From the 1920's up until the 1970's the rear extension is shown as being part 5 Market Place (the northern plot).
- It's not until the late C20th that 5-7 become one property again with all internal sub-division removed but with multiple staircases left in place.



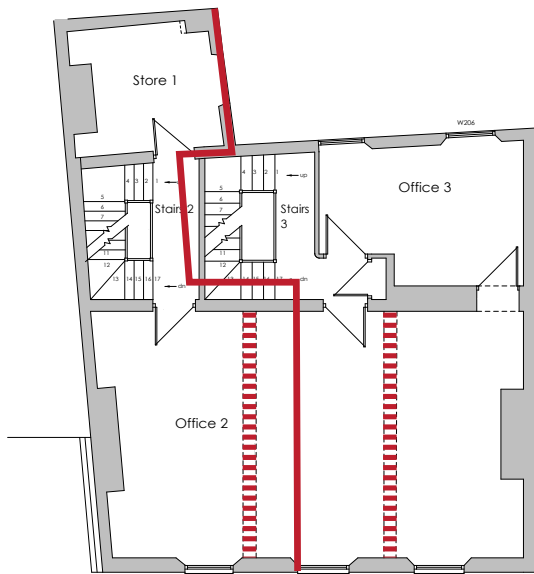
View of 5-7 Market Place from Silver Street

(late C19th)

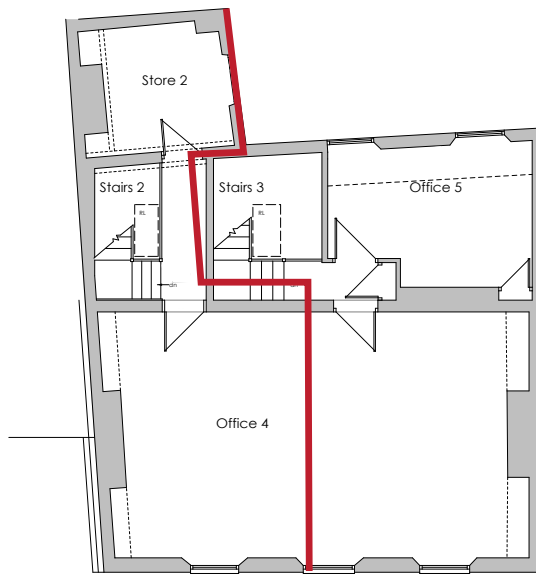


Tobacconist's shop, 5-7 Market Place, with sub-division evident

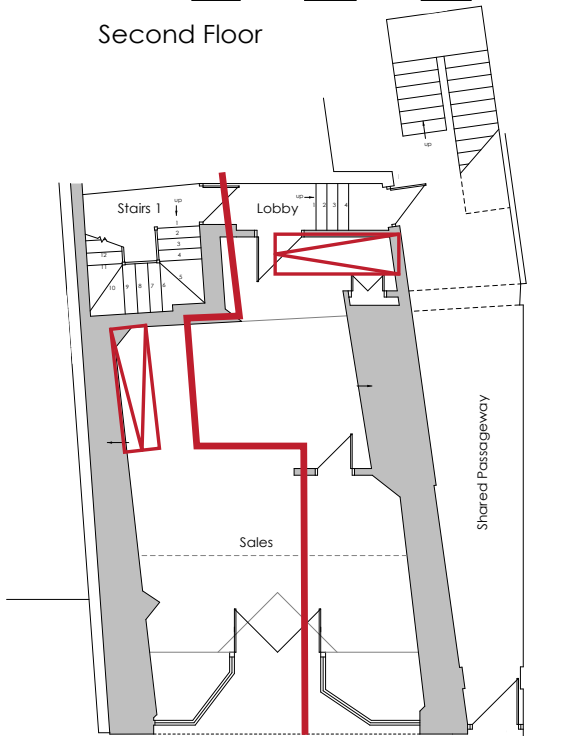
(1919)



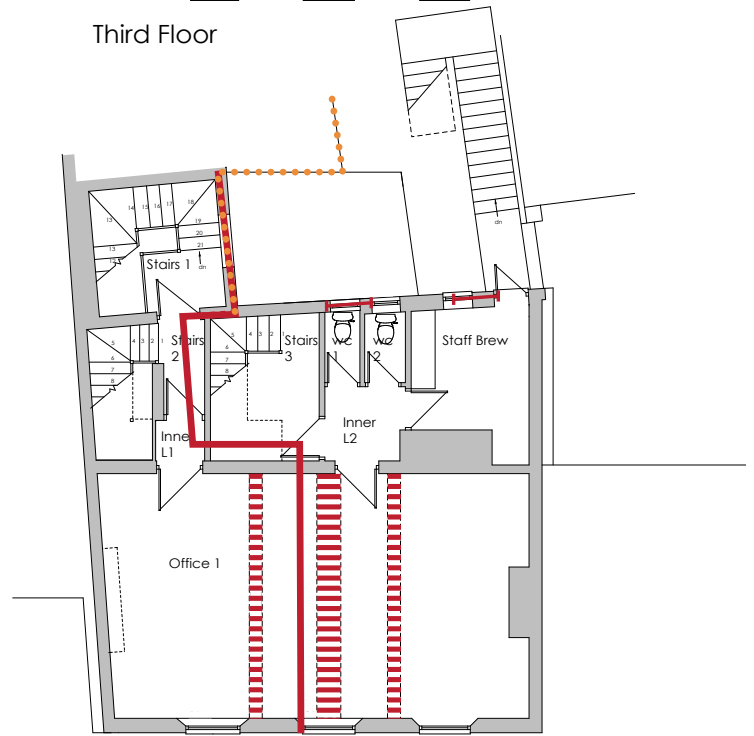
Second Floor



Third Floor



Ground Floor



First Floor



Connection of adjacent lots, >1853. 19- 1921/39
 Approximate line of 1880s sub-division
 Location of lost stairs
 Location of lost windows
 Beams added in 1997



3.0 Statement of Significance

3.1 Significance

5-7 Market Place is the only listed building located on the eastern side of the Market Place. The building makes an important contribution to the townscape quality of the Market Place as a whole and its north-eastern section in particular. The Market Place façade of 5-7 although much altered and repaired is its most significant feature. Its integrity has unfortunately been compromised by the introduction of an inappropriate and crude shop front which appears to date from the 1980's.

Internally no original features survive within the ground floor retail space. The first, second and third floor principal rooms which overlook the Market Place have had their significance reduced by the introduction of late C20th structure, false ceilings (third only) and by the loss of fireplaces, cornices, skirting's etc. The windows (probably not original) and the shutters and shutter boxes are significant. The scale and openness of these rooms appear significant however it is likely that they were sub-divided from the mid C19th to the late C20th.

The rear rooms of the building have seen much alteration. These would always have been secondary spaces. The staircases almost certainly date from the 1880's and are not part of the original house but a curious pragmatic response to sub-division. The staircases are simply detailed and are in themselves of little architectural merit.

3.2 Elements that contribute to the significance





The Market Place façade is the principal element of the building which contributes to significance. It also contributes towards the character of the conservation area and make a positive contribution towards the settings of other listed and non-designated heritage assets.

The spatial quality first and second floor principal (west) rooms is significant. However this significance has be compromised by recent structural interventions.

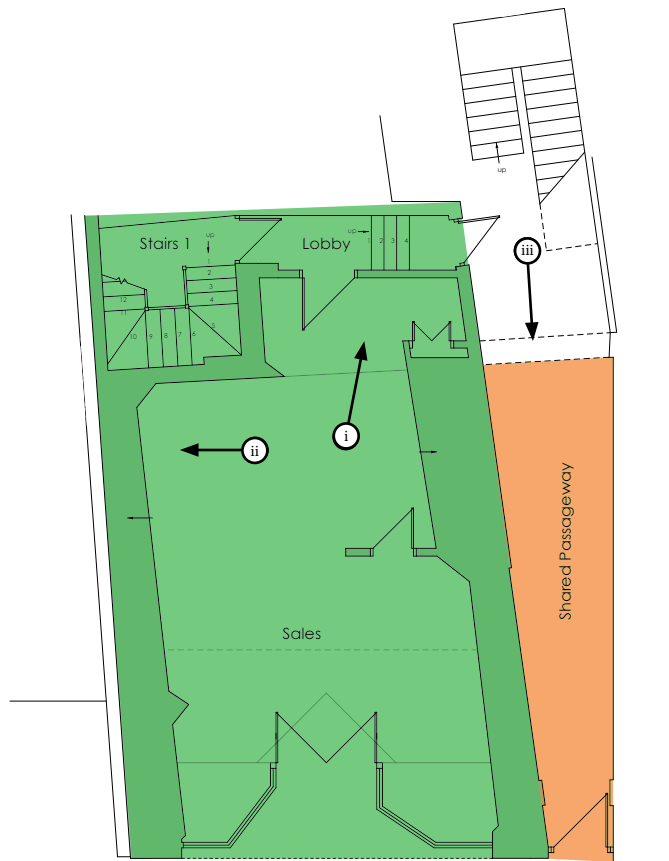
Surviving joinery items in the form of cupboards, shutters and shutter boxes are significant.

3.3 Potential for change & adaptation

The potential for change or adaptation within the building is defined on the premise of avoidance of impact on significance and the physical opportunity presented. Adaptability will be graded on a 'traffic light principle' of:

-  Original room of primary quality with little or no scope for change.
-  Substantially original room with some adaptations and scope for betterment.
-  Room with adaptations, scope for betterment and possible further adaptation to secure new use.
-  Tertiary room with adaptations and with scope for further adaptations.

Ground Floor. Heritage Significance



(i) Rear wall

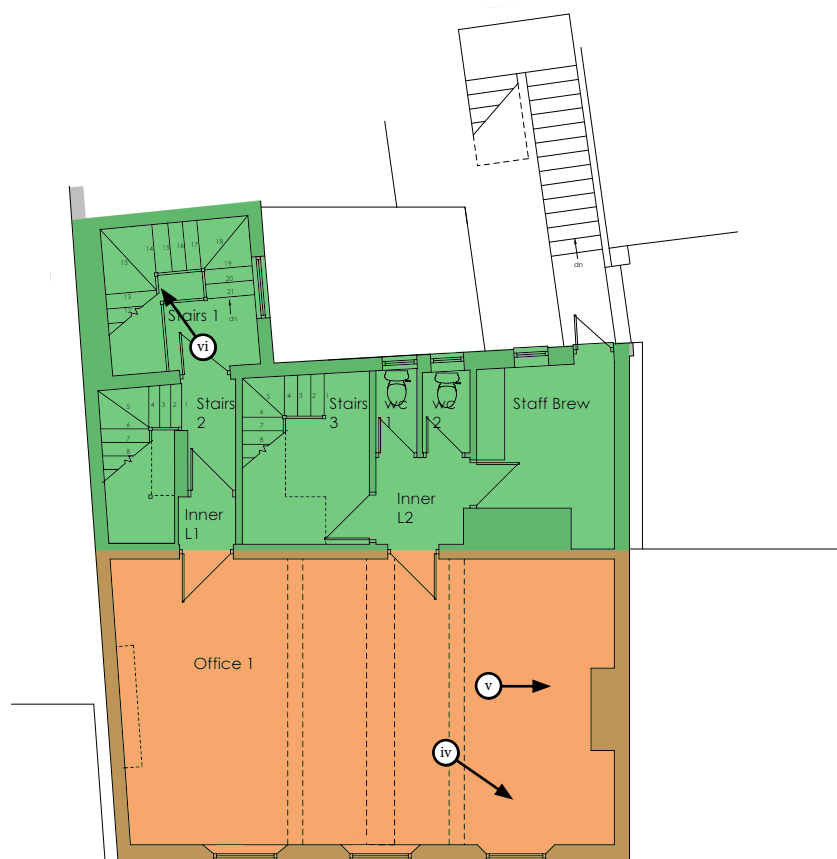


(ii) Evidence of lost stair (North)



(iii) Shared passageway

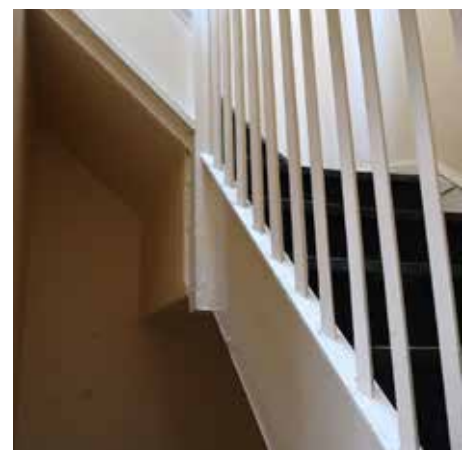
First Floor. Heritage Significance



(iv) Window to Market Place

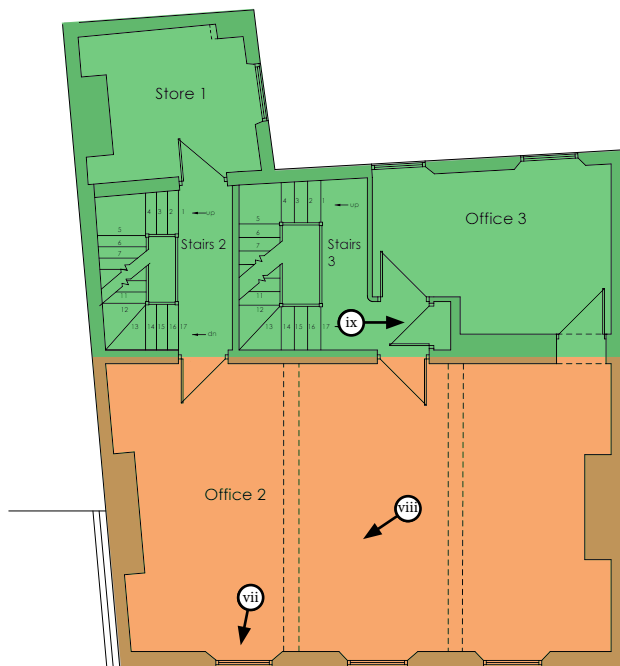


(v) Chimney breast



(vi) Stair 1

Second Floor. Heritage Significance



(vii) Window to Market Place

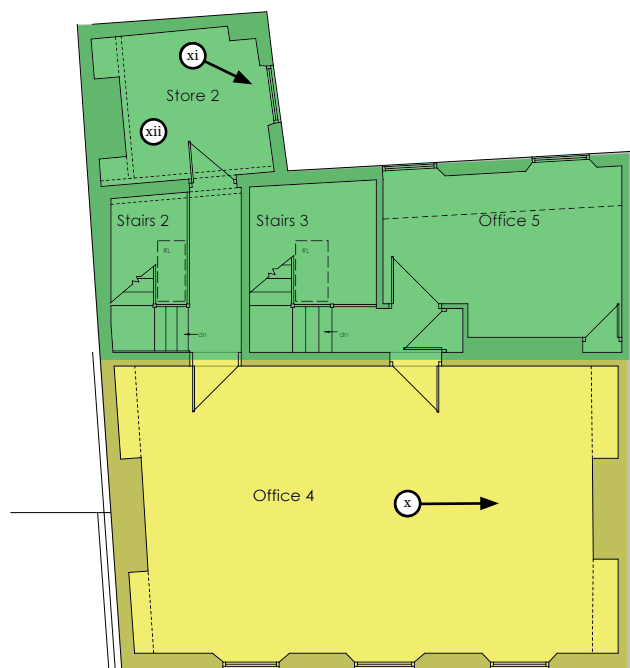


(viii) General view of principle room

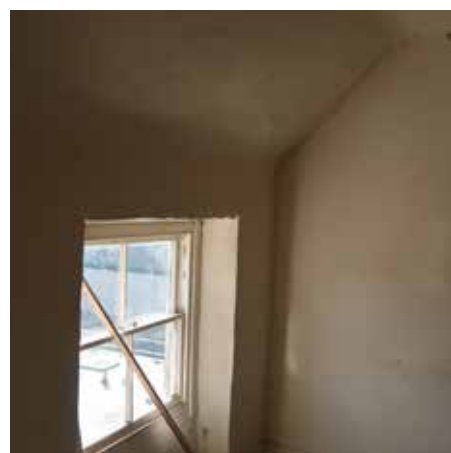


(ix) Cupboard on landing

Third Floor. Heritage Significance



(x) Southern wall



(xi) Store



(xii) New roof timber/ felt

3.4 Potential for Conversion

The default philosophy of conservation is that where existing fabric remains then ideally it should remain and be restored or repaired depending on its significance. Where fabric has been lost or is absent then replacement should be appropriate to use and form, not necessarily a copy but of 'good' design.

Each element should be subject to a detailed feasibility to show the best fit of any new use and the maximum retention of existing fabric, such retention should ideally not be to the detriment of the proposed use in terms of practicality or compliance with current standards.

3.5 Conservation Policies

The conservation policies are an attempt to address the key defining issues and establish criteria for addressing the any future development of the site. The following bullet point policies, whilst not binding, constitute a series of observations which should affect the approach to repair, retention, demolition or mitigation of impact upon the identified heritage significance of the site; any variation from these policies in a scheme of proposed development should be supported by appropriate statements of justification.

- The primary conservation concern is to retain the listed building in a form where the development of the site is conserved and its setting enhanced.
- To retain as much as practicable of the existing fabric without compromising future use.
- To recognise a preference for revealing the character of the site rather than simply retaining all fabric on the site.
- Where fabric is lost to replace it with appropriately designed new work.
- New development should have a contextual relevance to the site and the setting of the existing fabric, such that it can be seen as a good 'fit' rather than simply contemporary. It should have regard for mass and scale of existing buildings.
- Sustainability should be a key driver in the design of any development taking into account of new technologies, exploitation of thermal mass, low carbon footprints and low embodied energy.
- To identify a sustainable use and, if necessary, clear phasing to avoid piecemeal development.
- Prioritise those areas of the building most at risk for the early stages of work.



Evidence of replaced lintels



Evidence of previous openings



Evidence of past staircase (Ground Floor)

4.0 Conclusion

Future works to 5-7 Market Place should ensure that the principal features of the building which contribute to its heritage significance and which contribute towards the special character of the conservation area are enhanced. The harmful 1980's shop front should be removed and replaced with an appropriately designed shop front.

Ideally the integrity of the principal rooms at first, second and third floor should be protected but it is recognised that these rooms were sub-divided previously for what is assumed to be over a century. Any sub-division required to allow re-use to be brought forward must be minimal and must respect the position of windows.

The rear staircases are not original. It is a feature of the buildings history that as use and ownership have changed over time so has the vertical access arrangements. The staircases could be considered for loss should this allow the main elements of the building which contribute towards its heritage significance to be protected and restored.

The current vertical access arrangement is clearly inefficient with three stair wells at first floor level and two at second and third occupying a disproportionate amount of floor space. In addition the dimensions and pitch of the stairs are questionable in terms of current accessibility and means of escape requirements. Retaining the stairs in their current configuration will almost certainly ensure that a viable and sustainable scheme, which can be delivered by the market whilst protecting and enhancing the key features of heritage significance, will prove undeliverable.





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5-7 Market Place, Gainsborough

Project Description	5-7 Market Place, Gainsborough
Stage	Two: Scoping
Project Sponsor	Eve Fawcett-Moralee
Project Manager	Wendy Osgodby
Project Start Date	October 2019
Anticipated End Date	Jun-20



STAGE ONE: PROJECT INITIATION

What is the evidence of need, demand or gap?

5- 7 Market Place is a prominent building in Gainsborough's historic town centre. It is located adjacent to the grand Natwest Bank building and the newly refurbished Cooplands bakery. The property whilst a key heritage asset is currently in a state of disrepair and provides an excellent opportunity for restoration, setting the standard for the Market Place and how WLDC value the area. Leaving this building to fall into further decline is not an option due to the key links with the below regeneration projects and specifically the Townscape Heritage Project. In addition this project clearly demonstrates the Council's commitment to heritage-led regeneration as outlined in the Heritage Masterplan 2017.

Since the decision to market the property in 2016, it has received interest from various potential tenants and purchasers. Unfortunately all interest has been withdrawn due to the extensive structural costs and conversion limitations due to its listed building status. The property has fallen further into disrepair and it is unlikely it will be developed without this intervention.

The timing of this project is highly important, as it will be undertaken in conjunction with a transformational programme of economic regeneration within Gainsborough town centre. Including:

- Market Street Renewal Limited
- New Hotel / restaurant
- Townscape Heritage Initiative – Development Phase
- Mayflower trail
- Wayfinding strategy
- New mixed use leisure facility on the Riverside

This project will form a crucial component of a major programme of economic regeneration, helping to secure the 'historic heart' of Gainsborough at the centre of the town's future.

What is the idea?

There is the opportunity to regenerate the building utilising a blend of grant funding including; Townscape Heritage, Living over the Shop (LOTS) and Gainsborough Shopfront refurbishment grant. The building is situated within Gainsborough Town Centre Conservation Area and is listed for its architectural or historical interest. The focus of the regeneration of 5-7 Market Place will be on the viability of conversion into three flats with a ground floor commercial unit.

Latham's heritage architects were appointed to carry out a heritage survey/statement and have identified that whilst the property once had many valuable heritage features, the majority of these have been lost in the early life of the building and therefore further alterations are not envisaged to be an issue providing they are sympathetic to the original property and maintain the main feature, the frontage.

What outcomes and benefits are you trying to deliver?

In alignment with WLDC's Corporate Plan, Economic Growth Strategy 2014- 2034 and Gainsborough Town Centre Heritage Masterplan, the following benefits will be delivered:

External or community benefits

- Securing the future of a town heritage asset
- Creation of 3 x high quality unique dwellings in historic town centre increasing footfall / (24hr economy in the Market Place)
- Improve the visual appearance of the building (new shopfront) and wider Market Place making the area more appealing
- Attract a new business opportunity within the Market Place widening the existing town centre offer, Compliments / enhances the Town Centre Regeneration Programme
- Provide high quality commercial premise in prime town centre location
- Increase footfall in the historic town centre at different times of the day / (24hr economy in the Market Place)

Internal or organisational benefits

- Demonstrate WLDC's commitment to heritage-led / town centre regeneration
- Return on the initial investment in the building
- Provide a use for a building which without this intervention is likely to remain empty
- Provide a commercial return / income from the rental of the ground floor commercial space and sale of the dwellings

What risks are associated with this project?

Risk	L	I	Score	Rating
Risk 1. Unable to find a suitable solution for the redevelopment of the building	2	4	8	
Risk 2. THI monies potentially at risk due to the outcome of 5-7 Market Place	2	4	8	
Risk 3. Financial barrier to required works due to previous spend on building	2	4	8	

LIKELIHOOD	ALMOST CERTAIN (4)				
	PROBABLE (3)				
	POSSIBLE (2)				• Risk 1, • Risk 2 • Risk 3
	HARDLY EVER (1)				
		NEGLIGIBLE (1)	MINOR (2)	MAJOR (3)	CRITICAL (4)
IMPACT					

Who are the key stakeholders of the project?

Stakeholder	Influence
WLDC	High
Businesses operating in the town centre	Medium
Visitors	Medium
Residents	Medium
Market Stallholders	Low

Are any resources required for the scoping of this project?

Type	Reason	Finance Type	Approximate Value	Funding Source	Fin-Ref

How does the project align with the Corporate Plan?

Relevant Theme	Relevant Priority	How does the project align?
Theme 3: Asset Management	To develop and maximise the return on, and value of, our land and property.	The project will create a return from the sale of the flats and the commercial premise income. Council tax and business rates will be generated from the project in addition to the above.
Theme 3: Asset Management	Maximise the benefits of our assets for our communities.	The project will improve the Market Place both visually and for increasing footfall with the introduction of a new commercial premise with a new and enticing shop front.
Theme 3: Asset Management	Utilise our land and property to facilitate inward investment.	The project will improve the economy of the Market Place enticing new and existing customers to utilise the area as well as provide new high end dwellings.
Theme 1: Open for business	To attract inward investment	This project will support the wider regeneration plans for Gainsborough Town Centre and encourage inward investment in the area
Theme 1: Open for business	To retain, support and facilitate the growth of businesses in the district	This project will provide the opportunity for a local business to operate in the town centre



Data Protection Assessment

Question	Response
Do you plan to process personal data in any of the following ways	
Use systematic and extensive profiling or automated decision-making to make significant decisions about people.	No
Process special category data or criminal offence data on a large scale.	No
Systematically monitor a publicly accessible place on a large scale.	No
Use new technologies.	No
Use profiling, automated decision-making or special category data to help make decisions on someone's access to a service, opportunity or benefit.	No
Carry out profiling on a large scale.	No
Process biometric or genetic data.	No
Combine, compare or match data from multiple sources.	No
Process personal data without providing a privacy notice directly to the individual.	No
Process personal data in a way which involves tracking individuals' online or offline location or behaviour.	No
Process children's personal data for profiling or automated decision-making or for marketing purposes, or offer online services directly to them.	No
Process personal data which could result in a risk of physical harm in the event of a security breach.	No

If you have answered yes to any of the above then you must carry out a Data Protection Impact Assessment. Please see the Data Protection Officer for more information.

Question	Response
Do you plan to carry out any of the following?	
Evaluation or scoring	No

Question	Response
Automated decision-making with significant effects	No
Processing of sensitive data or data of a highly personal nature	No
Processing on a large scale	No
Processing of data concerning vulnerable data subjects	No
Innovative technological or organisational solutions	No
Processing involving preventing data subjects from exercising a right or using a service or contract	No

If you have answered yes to any of the above then you must consider carry out a Data Protection Impact Assessment. If you decide not to carry out a DPIA, state your reasons.

Not applicable

Data Protection Officer comments:

Not applicable



Equality Assessment

Question	Response
Improve access to public services and basic amenities for elderly and disabled people through more efficient provision of Council services to sustain and improve their quality of life	No
Improve opportunities for youth to effectively engage in the community and to develop employment skills	No
Reduce mental and physical health inequalities within the district by providing support and promoting an active and healthy population	No
Promote safe and secure communities by fostering good relations between different groups of people.	No
Ensure participation and community engagement from all sectors of society for an accessible and connected district	No

Will this project have an impact on...?

- How services are delivered to the public? No
- Human Resources Policies? No

Have any aspects of your project been covered by other EIAs? No

If yes, please indicate which ones and the dates. Also indicate which new/additional aspects would be covered under this EIA.

Not applicable



Decision Process

Due-diligence

Not applicable

Decision process

Decision level	Service decision
Decision	
Date	
Board minutes/comments	
Attendees	



STAGE TWO: PROJECT SCOPING



Scoping Information

It is important to emphasise this project relates to the future of the building and does cover issues regarding previous expenditure and the purchase of the building. Please refer to Stage 4 paper relating to 5-7 Market Place.

Development of this building will strengthen the success of the aforementioned regeneration projects and complement the Council's commitment to heritage-led regeneration as outlined in the Heritage Masterplan 2017. If this building is not renovated it will fall into further disrepair, this will cause harm to the historic market place.

At present, 5-7 Market place requires approx. £1,840 per annum to retain plus any urgent repair works on an ad hoc basis however the longer it is left in its existing state the further the costs will increase. It is important to note that the structural works must be completed as a bare minimum with a cost of £160,000 in addition to the annual running costs.

Improvement proposals for the building are through a mixture of building works required for structural and maintenance purposes in addition to costs associated with conversion into flats and refurb of the ground floor premises. In addition works are required to the shop front to bring this up to an acceptable and attractive standard suitable for the historic market place located in the Town Centre Conservation Area.

Option One: Conversion of the premises to 3 x dwellings with ground floor commercial unit managed by WLDC

As 5-7 Market Place falls further into disrepair the costs for the building works are growing in addition to the empty commercial unit being contrary to the town centre regeneration strategy. It is vital for the regeneration of the Market Place that the property is renovated as soon as possible and brought back into use.

. As a total conversion project and prior to any grants being received a decent and compliant conversion into flats and a new shop front would cost of £538,500 (includes £68,500 client owned risk register). These figures indicate commercial viability is challenging, which has led to a lack of private sector interest.

WLDC have the ability to look at the long term investment opportunity as well as the wider non-financial benefits however we should be mindful that the extent of the project will have a high financial risk in comparison to the return on the investment.

Benefits

- Demonstration of the council's commitment to heritage-led regeneration which will support The Natural Lottery Heritage fund bid (£1.9m)
- The building will be fully renovated and will complement / support the wider town centre regeneration projects
- Timeframes, design, specification etc. can be aligned with the wider town centre Regeneration Strategy
- Visual improvements will support the improvements / plans for the market
- Development of high quality unique dwellings in the town centre
- The renovation works will be completed to a high standard
- Works will be completed within an agreed timeframe
- Income generation from rental of commercial unit and sale of 3 x dwellings
- Ground floor commercial premises brought back into use.
- Reduction in maintenance and insurance costs

Constraints

- Project is high risk due to refurbishment elements therefore contingency amounts can only be assumed.
- Payback period of investment is 25 years and will be funded from capital receipts net of any grants awarded.
- If a tenant can't be found for the commercial unit the payback will not be achieved.
- Sales of the flats do not achieve the required sale value damaging the profit and lengthening the payback period.
- Sale of the flats does not take place
- Contractor interest could be low due to the complex nature of the scheme.

Financial summary

Item	rent flats /lease commercial unit -Cost
Capital Expenditure	
Pre-Construction Charge	40,660
Construction	429,340
Client owned risk register	68,500
Total	£538,500
Grants	
Living Over a Shop (LOTs)	(£75,000)
Shopfront	(£15,000)
Townscape Heritage	(£72,000)
Total	(£162,000)
Total costs after grant income	£376,500
Capital Receipts	
Sale of flats £85,000 each	(£255,000)
Rental Income	
NPV of Rental Income less 10% void period (Over 25 years)	(£97,719)
Revenue Costs/Savings	
Legal and Professional Fees (Revenue)	£10,000
NPV of revenue cost/savings	(£34,363)
Total Profit	(£582)

Assumptions and Dependencies

The financial model is reliant on successful external funding applications

With the above option the payback period will be 25 years.

Valuations have been obtained by Bruton Knowles in September 19, they don't take account of any changes in market conditions (such as a new cinema).

It is hoped the £68,500 client risk register can be reduced, decreasing payback period

It is likely construction costs will be reduced, there is a strong possibility preliminaries can be shared with a nearby development.

Void periods have been assumed at 10%.

RPI has been applied to all future year income and expenditure at the current rate as of October 2019 (2.4%)

Future year cash flows have been discounted to net present value at 6%.

Revenue savings have been calculated using 2020/21 budget estimates and prior year averages.

Non-financial Benefits

The building is located at the gateway to the Market Place which is part of the historic town centre, this project will strongly demonstrate both the Council's strategy of linking heritage to growth (as sited in the Grimsey 2 report) and the wider regeneration of the town centre. The town has embarked on an ambitious programme of development including; new hotel and restaurant, development of commercial units and conversion of the upper floors into dwellings. This project will underpin future regeneration such as the development of the Lindsey Centre and cinema / leisure offer.

As the Council is in the Delivery Phase of a Townscape Heritage Initiative this project can be used as an exemplar and demonstration of our ability to be a positive custodian of buildings with a heritage value.

Risks Assessment:

If this building is not renovated it will fall into further disrepair, this will cause harm to the historic market place and wider regeneration plans for the town centre.

Option Two: Seek to identify a Joint Venture to carry out the project

The option to transfer the scheme into a Joint Venture would be on a similar basis to the project being managed in house however the risk and profit would be shared and therefore profit is unlikely but overspend is minimised.

Benefits

- Reduced level of risk - as risk is shared
- Some level of control is retained
- Timescales can be applied for delivery therefore property does not sit empty.
- The building will be fully renovated and will complement / support the wider town centre regeneration projects
- Track record of delivery high quality regeneration schemes
- No WLDC officer time required (apart from existing resource to support (MSRL)
- High quality accommodation opportunity at an affordable price
- Ground floor premises brought back into retail use.

Constraints

Day to day management will be led by the JV partner reducing WLDC's control of the development

- It will be difficult to secure a JV partner for a scheme of this nature due to the minimal returns and complexities of the scheme.
- WLDC would need to inject a higher level of funding into the project to gain the interest of a JV partner to enable them to see a return on their investment. This in turn results in little to no financial return to WLDC.
- Listed building constraints may mean the project is not financially viable.
- If a tenant can't be found for the commercial unit the payback will not be achieved.
- Sales of the flats do not achieve the required sale value damaging the profit and lengthening the payback period.
- Profit is unlikely and any rental returns are shared if drawn down.
- Commercial Unit could remain empty if rental price is set too high by the JV

Financial summary Non-financial Benefits

Included above

Assumptions and Dependencies

The financial model is reliant on external funding which would need to be identified through an interested JV partner.

Option Three: Auction the property (sold as seen)

This option would cease our ongoing liability for the building and transfer to a third party. It has been demonstrated thoroughly that at the price current marketed price of £175,000 we will not receive a sale as outlined above.

Selling at auction could provide a quick sale and the disposal of a currently costly asset with a saving of up to £4,000 per annum in services costs. A sale is likely to generate an income of approximately £60,000-£70,000 however we need to consider that the purchaser will encounter the same issues relating to renovation as all prior interest. As a result it is likely the property will remain in disrepair and is likely to be resold.

In line with the plans for the regeneration of Gainsborough, auction must be approached with caution however we cannot ignore the fact that the return after legal fees to the council is near comparative and with less financial risk than that of in house development.

Potential profit – Estimated £50,000 immediate return

Benefits

- Property will be removed from WLDC's property portfolio, removing ongoing liability and associated costs
- A small return on the investment will be immediately seen
- Minimal officer involvement.

Constraints

- We are unable to demonstrate our ability to manage complex projects to the THI as we will be seen to have passed on the problem.
- Property is likely to remain empty
- Property could be resold quickly and then remain empty
- The property falls further into disrepair as costs of building works are not understood by buyer therefore works do not commence
- An empty and run down building in the historic Market Place contradicts all other plans / visions for the town centre and potentially reduces the likelihood of other investment in the area due to lack of developer confidence
- The urgent structural repairs remain and therefore the building will become a health and safety risk to the Market Place in time.

This option does not demonstrate a commitment to heritage-led regeneration, it is unlikely that any solutions would fit in the Gainsborough Regeneration Vision.

Recommended option

Option One

Decision level

Land and Property Forum

Project team

Title	Role	Name	Relevant qualifications/ experience?	Additional training requirement
Project Sponsor	Responsible	Eve Fawcett-Moralee	Yes	Not applicable
Project Manager	Accountable	Wendy Osgodby	Yes	Not applicable
Financial Services Business Partner	Accountable	Tracey Bircumshaw	Yes	Not applicable
Business Change Manager	Accountable	David Kirkup	Yes	Not applicable
Service Matter Expert	Accountable	David Kirkup	Yes	Not applicable
Service Matter Expert	Consulted	Liz Mayle	Yes	Not applicable

Considerations

Area of expertise	Officer Name and Organisation	Officer Comments
Assets and Facilities	David Kirkup	Agreeing the technical specification, contract and technical project management
Corporate Systems Group	Not applicable	-
Commercial/Business Development	Not applicable	-
Communications/Marketing	Not applicable	-
Customer Services	Not applicable	-
Enterprise Board	Not applicable	-
Equalities/Consultation	Not applicable	-
Health and Safety	Not applicable	-
Human Resources	Not applicable	-
Information Governance/CIGG	Not applicable	-
Legal/Insurance	Euan Gibson – Lincs Legal	Conveyancing services for the sale of the flats and leaseholds.
Member approval	Katie Coughlin/Tracey Bircumshaw (WLDC)	<p>The Financial procedure rules state that the Capital Programme is only an approval of the budget and not approval of the spend.</p> <p>A report is required to CP&R (or dependent on the value/political interest/size of the scheme a narrative in our Qtrly Budget Monitoring - Capital Update report) detailing the scheme proposals, the financial implications of the various elements of the scheme providing the total expected spend and funding options.</p> <p>The recommendation is then for the approval of the scheme and expenditure.</p>
Procurement/Contracts	Anna Grieve (WLDC)	To facilitate and monitor the procurement of the contractor and design services.

Area of expertise	Officer Name and Organisation	Officer Comments
Sundry Debtors	Not applicable	-
Development Management	TBC	Planning approval for change of use

Scoping inclusions

Section	Include	Comments
Equality Impact Assessment	No	
Privacy Impact Assessment	No	
Data Protection Impact Assessment	No	
Commercial Considerations	No	
Financial Considerations	Yes	Full financial analysis contained within project documentation

Procurement Strategy

Due to the specialist nature of this scheme it is proposed the refurbishment is procured using a framework agreement, this will allow the opportunity to work closely with the selected specialist contractor to share aspirations and gain clear projects outcomes.

The procurement is split into two sections, allowing for a greater understanding of any project costs and risks before entering into a full construction agreement. For committing to the £40k pre-con fee (which includes £25k worth of external design) WLDC will effectively have a fully compliant design, a market tested and fixed price after working through the unknown points included in the risk register and a developed programme to allow us to prepare a Delivery Agreement (build contract). The PCDA will be a formal contract with defined cost, scope & timescales purely for the pre-construction aspect of the project.

Deliverables

What are we trying to achieve?	Baseline performance	Desired performance
A return to WLDC on the investment into the Market Place Building	-	
Provide additional dwellings to the town centre	-	
Provide a new business opportunity within the Market Place	-	
Improve the frontage of the building to give better appeal to the market place	-	
Provide an income from the rental of the ground floor shop/office space	-	

Risk Management

Risk	L	I	Score	Mitigating Action
Risk 1. Unable to find a suitable solution for the redevelopment of the building	2	4		The use of a heritage architect allows identification of a suitable solution for the project.
Risk 2. Financial barrier to required works due to previous spend on building	2	4		The property will continue to fall into disrepair and become a safety hazard to the Market Place should sufficient works not take place therefore previous spends need to be discounted at this stage.
Risks of Proceeding:				
Risk 3. Flats do not sell for the values allowed for in the financial strategy	2	3		The flats have been valued by Bruton Knowles, they will be valued again at the end of the project to take account of any changes in the market. If the flats remain unsold we will look at the option to rent out the flats to cover the expenditure.
Risk 4. Build costs exceed the estimates received and therefore costs increase.	2	3		The project is envisaged to be competitively tendered with no contracts being signed until contract sums are agreed. Contingencies have been allowed for additional costs to cover unforeseen items. WLDC dedicated officer will work with the contractor to manage the project.
Risks of Not Proceeding				
Risk 5. The building falls further into disrepair with the structural issues creating a health and safety risk.	4	4		As a bare minimum the structural issues must be addressed however the costs to do this as a standalone project are £7000 higher than if they are carried out as part of a main overhaul. Without major intervention the property will require further and further urgent repairs of which we will see no benefit.
Risk 6. Reputation – The property is identified as a WLDC asset by the public and therefore is seen as we do not stick to our own promises for regeneration and Economic Growth	2	3		In proceeding with the project we demonstrate our ability to improve and regenerate the Market Place as per our corporate plan.

LIKELIHOOD	ALMOST CERTAIN (4)				• Risk 6
	PROBABLE (3)				
	POSSIBLE (2)			• Risk 4, • Risk 7	• Risk 1, • Risk 2 • Risk 5
	HARDLY EVER (1)				
		NEGLECTABLE (1)	MINOR (2)	MAJOR (3)	CRITICAL (4)
IMPACT					

Stakeholder Management

Stakeholder	Influence level	Relationship	Expectations	Communication	Action plan
WLDC	High	Process Owner	• Minimal disruption	Meet with regularly	• Build into coms plan

Stakeholder	Influence level	Relationship	Expectations	Communication	Action plan
			• Enhanced town scene		• Follow governance procedures
Neighbouring businesses	Medium	Customer	• Minimal disruption • Enhanced town scene	Informal/casual involvement	• Build into coms plan
Visitors	Medium	Customer	• Minimal disruption • Enhanced town scene	Informal/casual involvement	• Build into coms plan
Residents	Medium	Customer	• Minimal disruption • Enhanced town scene	Informal/casual involvement	• Build into coms plan
Market Stallholders	Low	Customer	• Minimal disruption • Enhanced town scene	Informal/casual involvement	• Build into coms plan

Key milestone(s)

Stage	Milestone	Proposed Delivery Date	Owner
Two	Start of pre-construction stage	Jan 20	W.Osgodby
Two	Start of Construction stage	April 20	W.Osgodby
Three	Works completed	Sept 20	W.Osgodby

Dependencies

Project/work area	Relationship	Monitoring Method
z\	Following a successful funding bid to the National Lottery Heritage Fund, it is the vision that 5 – 7 Market place will be used as an exemplar project to demonstrate our ability to deliver high quality historic building renovation projects that demonstrate to the residents of West Lindsey we are commitment to the redevelopment and of that area.	Project Team involvement in both projects

Communications/Consultation Plan

Key Messages		
Target audience	Key messages	Channels
TBA		

Resource Management

Resource type	Required activity	Resource agreed?	Built into project plan?
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Commercial Considerations- not applicable



Project Finances

Capital expenditure

Year One	Year Two	Year Three	Year Four	Year Five	TOTAL
£40,660	£497,840	£	£	£	£538,500

Financing option

Option	Applicable?	Value
Capital Receipts	Choose an item.	£376,500
Reserves	Choose an item.	£
Borrowing	Choose an item.	£
Capital grant unapplied	Choose an item.	£
Section 106	Choose an item.	£
Grants		£162,000
TOTAL		£ 538,500

Revenue Implications of Capital Programme
--

Yes

Revenue Implications of Project
--

Yes

Revenue Implications

Revenue	Year One	Year Two	Year Three	Year Four	Year Five
Income			(£6,000)	(£6,000)	(£6,000)
Expenses			£10,000		
Capital Financing					
TOTAL			£4,000	(£6,000)	(£6,000)

Cost centres affected

IN08 Investment Properties
ET02 Economic Regeneration

Reserves affected

Capital Receipts will finance the balance of capital investment after use of grant funding to the amount of £162k.

Opportunity costs

Resource	Days	Costs
-		

Commercial costs

Funding opportunities

Living Over a Shop (LOTs)	£75,000.00
Shopfront	£15,000.00
Townscape Heritage	£72,000
Total	£162,000.00

Comments

Approval of CP&R will be required for the Budget and approval to spend £538,500 to deliver this scheme



Supporting Information

Document	Included?
Detailed financial analysis	Included in documentation
Full project plan	Included in documentation
Communications Plan	Not applicable
Marketing Plan	Not applicable
Stakeholder Assessment	Not applicable
...	



Decision Process

Gate way review and recommendations

Is the project still relevant?	Yes
Does the project still align with Corporate Plan?	Yes
Recommendation	Proceed
Comments	
Date	14 Oct-19

Finance sign-off

FIN-REF	FIN/114/20
Recommendation	Proceed
Comments	Approval of CP&R will be required for the Budget and approval to spend £538,500 to deliver this scheme
Officer	Josh Alcock
Date	18/10/2019

Sponsor sign-off

Recommendation	Choose an item.
Comments	
Date	

Portfolio Board

Decision	Choose an item.
Board minutes/comments	
Date	
Attendees	



Option 1C - Sell Flats and Commercial Unit	0	1	2	...	29
Income					
External Grants (LOTS, Shop Front, TH)	(162,000)				
Capital Receipts (Sale of Flats & Commerical Unit)	-	(305,000)			
Total Income	(162,000)	(305,000)	-		-
Expenditure					
Capital Expenditure	538,500				
Revenue Cost/Savings (Professional Fees, Utilities, Insurance, Maintenance)	-	7,948	(2,101)		(3,986)
Total Expenditure	538,500	7,948	(2,101)		(3,986)
Running Balance	376,500	79,448	77,347		(3,085)

**Payback achieved in 29 years*

Assumed all units sold in year 1
 Assumed 2.4% annual inflation to rental income and revenue costs/savings (In line with RPI as at 17/10/2019)
 Insurance savings calculated using 2020/21 budget
 Utilities and Mainenance costs calculated from past 6 years averages

Valuation Report

5-7 Market Place

Gainsborough

DN21 2BP

Contact Details

Prepared by: **Bruton Knowles LLP**
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Nottingham
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Procurement Team

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Date of Inspection and Valuation: 22nd August 2019

Date of Report: 9th September 2019

BK Ref: 524518/GNS

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Appendices

Appendix One	Location and Site Plans
Appendix Two	Photographs
Appendix Three	Purchase Order
Appendix Four	Standard Terms and Conditions of Engagement
Appendix Five	Proposed Floor Plans

1 Executive Summary

Property	5-7 Market Place, Gainsborough DN21 2BP
Classification and Use	Shop with Offices above held for strategic purposes.
Location	Within the historic Market Place in the town centre.
Description	Four storey Grade II Listed building of brick and slate construction.
Planning Use	A2 Financial and Professional Services and B1(a) Offices assumed.
Floor Area	Existing NIA of 213 sq m (2,294 sq ft). Proposed areas: see 3.3.1
Tenure	Freehold with vacant possession.
Condition	The property appeared to be in a fair condition commensurate with its age, use and construction.
Specialist Reports	Specialist reports have been obtained by the client relating to the structural condition of the property with estimated costs and design solutions for remedial work.
Environmental	No obvious sign of contamination upon inspection.
Valuation	Scheme 1 – single bathroom Flats

In our opinion the Market Value of the subject property as at 22nd August 2019 on the assumption that a comprehensive conversion and refurbishment scheme has been satisfactorily completed, freehold with vacant possession throughout and subject to the assumptions and comments in this Report and Appendices was **£250,000 (Two Hundred and Fifty Thousand Pounds)**.

In our opinion the Market Value of the individual Flats as at 22nd August 2019 on the assumption that a comprehensive conversion and refurbishment scheme has been satisfactorily completed, leasehold with vacant possession throughout and subject to the assumptions and comments in this Report and Appendices was **£80,000 (Eighty Thousand Pounds) each**.

In our opinion the Market Value of the Flats as a single Lot as at 22nd August 2019 on the assumption that a comprehensive conversion and refurbishment scheme has been satisfactorily completed, leasehold with vacant possession throughout and subject to the assumptions and comments in this Report and Appendices was **£200,000 (Two Hundred Thousand Pounds)**.

In our opinion the Market Rent of the Flats as at 22nd August 2019 on the assumption that a comprehensive conversion and refurbishment scheme has been satisfactorily completed and standard Assured Shorthold Tenancies are in place for a minimum term of 6 months and subject to the assumptions and comments in this Report and Appendices was **£15,300 (Fifteen Thousand Three Hundred Pounds) per annum exclusive**.

In our opinion the Market Value of the Ground Floor Retail unit as at 22nd August 2019 on the assumption that a comprehensive conversion and refurbishment scheme has been satisfactorily completed, freehold with vacant possession throughout and subject to the assumptions and comments in this Report and Appendices was **£50,000 (Fifty Thousand Pounds)**.

In our opinion the Market Rent of the Ground Floor Retail unit as at 22nd August 2019 on the assumption that a comprehensive conversion and refurbishment scheme has been satisfactorily completed and a lease is in place for a minimum term of 6 months and subject to the assumptions and comments in this Report and Appendices was **£6,000 (Six Thousand Pounds) per annum exclusive**.

Scheme 2 – bathroom and ensuite shower room Flats

In our opinion the Market Value of the subject property as at 22nd August 2019 on the assumption that a comprehensive conversion and refurbishment scheme has been satisfactorily completed, freehold with vacant possession throughout and subject to the assumptions and comments in this Report and Appendices was **£265,000 (Two Hundred and Sixty Five Thousand Pounds)**.

In our opinion the Market Value of the individual Flats as at 22nd August 2019 on the assumption that a comprehensive conversion and refurbishment scheme has been satisfactorily completed, leasehold with vacant possession throughout and subject to the assumptions and comments in this Report and Appendices was **£85,000 (Eighty Five Thousand Pounds) each**.

In our opinion the Market Value of the Flats as a single Lot as at 22nd August 2019 on the assumption that a comprehensive conversion and refurbishment scheme has been satisfactorily completed, leasehold with vacant possession throughout and subject to the assumptions and comments in this Report and Appendices was **£215,000 (Two Hundred and Fifteen Thousand Pounds)**.

In our opinion the Market Rent of the Flats as at 22nd August 2019 on the assumption that a comprehensive conversion and refurbishment scheme has been satisfactorily completed and standard Assured Shorthold Tenancies are in place for a minimum term of 6 months and subject to the assumptions and comments in this Report and Appendices was **£16,200 (Sixteen Thousand Two Hundred Pounds) per annum exclusive**.

Comment

The uncertainties surrounding the UK's departure from the European Union ("Brexit") could have significant effects on the subject property in the form of inflated development costs (in the case of the UK reverting to WTO trading rules with the European Union). The ongoing uncertainty could also cause the market for the completed apartments to fluctuate. The Market Value reported herein reflects the situation and the associated market sentiment as at the valuation date. As the subject property comprises a development opportunity for which planning consent is in place, and the anticipated development timescale to leave the European Union has already been extended and may be extended further. Any change in the UK's relationship with the European Union from the status quo has the potential to disrupt the development process. This risk goes two ways. Anecdotal evidence suggests that the uncertainty since the Brexit referendum in July 2016 has already impacted on inflation and the wider economy. If Brexit were to be cancelled or significantly delayed, or if Brexit were to be very soft (with the trading relationship between the UK and European Union largely unaffected) then this could counteract these effects to some degree.

Note

The above is merely a summary of the valuation report and reference should be made to the remainder of the document for a more detailed report of the property.

2 Terms of Instruction

- 2.1 In accordance with your email instruction and Purchase Order dated 19th August 2019 (copy at Appendix Three), the agreed scope and details of which are set out in our Standard Terms and Conditions of Engagement (copy at Appendix Four), we have inspected the subject property in order to advise you of our opinion of the market value] of the freehold interest in the property to assist in determining the preferred disposal strategy.
- 2.2 The subject property was inspected by and this report is prepared by **Geoff Solman BSc MRICS** who has sufficient current local and regional knowledge of the particular market and the skills and understanding to undertake this valuation competently.
- 2.3 The Valuation Date is 22nd August 2019, being the date of inspection. The extent of our inspection was limited by the presence of fitted floorcoverings.
- 2.4 We confirm that this valuation is prepared in accordance with the RICS Valuation – Global Standards 2017, which incorporates the International Valuation Standards, published by the Royal Institution of Chartered Surveyors and we are acting as external valuers as defined therein.
- 2.5 We confirm that, we have had prior involvement with the subject property and we are retained to provide valuation services to the client, but we consider that we do not have any material conflict of interest in providing this valuation and report with the required level of independence and objectivity.
- 2.6 You have also requested that we provide additional valuations on the following Special Assumptions:

Scheme 1 and Scheme 2

- a) Market Value following satisfactory completion of comprehensive conversion and refurbishment work.
- b) Market Value of individual Flats following satisfactory completion of comprehensive conversion and refurbishment work.
- c) Market Value of Flats as a single Lot following satisfactory completion of comprehensive conversion and refurbishment work.
- d) Market Rent of Flats following satisfactory completion of comprehensive conversion and refurbishment work.

- e) Market Value of the Retail unit following satisfactory completion of comprehensive conversion and refurbishment work.
- f) Market Rent of the Retail unit following satisfactory completion of comprehensive conversion and refurbishment work.

- 2.7 We have considered these special assumptions in accordance with Valuation Technical & Performance Standard 4 of the RICS Valuation – Global Standards 2017 and consider that they can reasonably be regarded as realistic, relevant and valid in connection with the particular circumstances of the valuation.
- 2.8 We have valued the property using information provided to us by Wendy Osgodby including proposed floor plans and an indicative brief specification of works. If any of the information upon which we have relied is subsequently found to be incorrect, this may affect the valuation figure, which would need to be reconsidered.
- 2.9 Our Standard Terms and Conditions of Engagement forms an integral part of this valuation report. They should be read in full as they contain important caveats and conditions relevant to this valuation including limits of liability, non-publication restrictions, condition and contamination. Full definitions of the basis of valuation are also included.
- 2.10 This Report and Valuation has been prepared on the basis that there has been full disclosure of all relevant information and facts which may affect the valuation. It is provided for the stated purposes and only for the use of the party whom it is addressed. It is confidential to West Lindsey District Council and may not be disclosed to any other third party without our prior written consent. In breach of this condition, no responsibility can be accepted to third parties for the comments or advice contained in this report.
- 2.11 Any transferee, successor or assignee relying upon the Report shall be deemed to be bound by the terms of our engagement letter and our liability shall be no greater in either amount or duration as a result of extending reliance to those third parties. The number of assignments shall be no more than two.

3. Property Report

3.1 Location

- 3.1.1 The property is located on the east side of Market Place, close to the junction of Market Street with Lord Street and Church Street in the heart of the town centre. The surrounding properties are primarily retail in character and there are some residential upper parts.
- 3.1.2 The property is within walking distance of Marshalls Yard, on street and municipal parking, bus and train services. Gainsborough offers affordable housing in a national context and provides opportunities for commuters.
- 3.1.3 A Location Plan and an Ordnance Survey extract are attached at Appendix One. Our understanding of the extent of the subject property is outlined in red on the extract which is provided for identification purposes only.

3.2 Description

- 3.2.1 The property is Grade II Listed with brick main walls, sash windows to the majority of the upper floors with stone window heads and cills, a modern aluminium shopfront and slate roof covering. It appears to date from the late 18th or early 19th Century.
- 3.2.2 The existing accommodation comprises a retail shop with inset entrance door and rear access to the upper floors via two separate staircases. Office accommodation is on each of the upper floors with welfare facilities and a rear fire escape staircase.
- 3.2.3 The property accommodation (see Appendix Five) will comprise the ground floor retail shop with small kitchen and disabled toilet facility. A separate side access from the yard will lead to the self contained two bedroom Flats on the first, second and third floors.
- 3.2.4 There are two alternative configurations for the Flats which will broadly comprise Scheme 1 with a single bathroom and Scheme 2 with an ensuite shower room and bathroom with larger floor areas.
- 3.2.5 We are advised that the internal finishes, fixtures and fittings will be in line with the peer group.
- 3.2.6 There is a side pedestrian access beneath the upper floors, leading to a rear yard area. The fire escape is within this area and we understand a neighbour may also have a fire escape route across this land.

- 3.2.7 Photographs of the main elevations and interior of the subject property are attached at Appendix Two.

3.3 Accommodation

- 3.3.1 We have been provided with scale floor plans by the client and have taken check measurements on site to confirm their accuracy and can therefore report the following approximate gross and net internal floor areas for the proposed configurations calculated in accordance with the RICS' Code of Measuring Practice (6th Edition):-

Retail			
Floor	Use	Net Internal Area Sq M	Approx Sq ft
Ground	Retail	45.93	494
Ground Floor Sales ITZA		36.60	394

Residential – Scheme 1 – single bathroom Flats			
Floor	Use	Gross Internal Area Sq M	Approx Sq ft
First		56.95	613
Second		68.41	736
Third		68.23	734
Total		193.59	2,083

Residential – Scheme 2 – bathroom and ensuite shower room Flats			
Floor	Use	Gross Internal Area Sq M	Approx Sq ft
First		70.00	754
Second		69.90	753
Third		70.30	757
Total		210.20	2,264

- 3.3.2 Using Promap software we calculate that the site extends to approximately 177 sq m (212 sq yards).

3.4 Services

- 3.4.1 We understand that the property is connected to electricity, drainage and water services, but have not carried out any tests in this regard.
- 3.4.2 We have assumed that thermostatically controlled electric heating will be installed throughout.

3.5 Condition

- 3.5.1 Your attention is directed to our Standard Terms and Conditions of Engagement contained at Appendix Four. We confirm that we have not carried out a building condition survey.
- 3.5.2 During the course of our inspection we noted that the property generally appeared to have been maintained to a fair standard only having regard to its age, use and construction.
- 3.5.3 We are instructed to assume that the property will be converted and refurbished to a satisfactory standard and we are valuing on this basis.
- 3.5.4 The extent of our inspection was limited by the presence of fitted floorcoverings.
- 3.5.5 The age and style of construction of the subject property is such that materials such as high alumina cement concrete, woodwool shuttering, calcium chloride or asbestos are likely to have been used in its original construction or subsequent alteration. We are valuing on this basis.
- 3.5.6 Our valuation is based on the assumption that the building and its services will be in a good working order and no allowance has been made for any outstanding wants of repair or defects.

3.6 Environmental Matters

- 3.6.1 Your attention is directed to our Standard Terms and Conditions of Engagement contained in Appendix Four.

Contamination

- 3.6.2 We noted no obvious signs of contamination during our inspection, but we are not qualified to give assurances on environmental issues. Our valuation has been undertaken on the basis that the property is not contaminated. Should it be established subsequently that contamination exists on the subject property or any neighbouring land, this might reduce the values now reported.

3.6.3 **Flooding**

The site lies within Flood Zone 3 which benefits from flood defences. The Environment Agency website indicates that this location has a medium risk of flooding taking into account the effect of any flood defences. Medium means that each year this area has a chance of flooding of between 1 in 100 (1%) and 1 in 30 (3.3%). Flood risk in this area is significant as per the definition in the Statement of Principles Agreement between the Government and the Association of British Insurers. We assume that for valuation purposes, buildings insurance is and will continue to be available on standard terms and at standard premium levels. We value on this basis.

Radon

- 3.6.4 Reference to the *ukRadon* online resource suggests that the site is not within an area directly affected by radon gas. For the purposes of this report we have assumed that there are no additional development costs necessary to deal with radon gas.

Coal Mining

- 3.6.5 Reference to the Coal Authorities online interactive mapping service suggests that the whole of Gainsborough and beyond is within a Surface Coal Resource Area but is not within a coal mining area. We value on this basis.

Invasive Species

- 3.6.6 Japanese Knotweed can block footpaths and damage concrete, tarmac, flood defences and the stability of river banks and Giant Hogweed can cause harm to human health. Injurious weeds are native species, which cause problems for farming as they are harmful to livestock and must not be allowed to spread to agricultural land.
- 3.6.7 During the course of our inspection in August 2019 we did not note the presence of any invasive vegetation, however we are not qualified to give such assurances and cannot guarantee that the land is entirely free from the same. For the purpose of this report, we are valuing on the basis that there is no invasive vegetation present including Japanese Knotweed.

Archaeological Remains

- 3.6.8 We are unaware of the presence, or likely presence, of any archaeological remains on or adjacent to the subject property and have assumed there are none in arriving at our opinion of value.

3.7 Local Authority & Statutory Enquiries

3.7.1 Your attention is directed to our Standard Terms and Conditions of Engagement contained at Appendix Four.

3.7.2 We have assumed that the property and its value are unaffected by any matters which would be revealed by a Local Search and replies to the usual enquiries or statutory notice and that neither the property, nor its condition, nor its use, nor its intended use is or will be unlawful. It is recommended that verification is obtained from acting solicitors that

- ☐ The position is correctly stated in this Report;
- ☐ The property is not adversely affected by any other decisions made or conditions prescribed by local authorities; and
- ☐ That there are no outstanding statutory notices

3.7.3 The valuation is prepared on the basis that the premises comply with all statutory regulations.

Planning

3.7.4 We have reviewed the Local Planning Authority's website regarding town planning matters that may affect the valuation. The property lies within the planning jurisdiction of West Lindsey District Council where planning decisions are governed by The Central Lincolnshire Local Plan 2012 – 2036 adopted in 2017.

3.7.5 The property is within Gainsborough Town Centre Conservation Area (GTCCA). The Draft GTCCA Character Appraisal (2019) has recently been published and will be subject to a formal consultation process before it is adopted.

3.7.6 5 -7 Market Place is a Grade II Listed Building under List Entry Number 1063521.

3.7.7 We have been unable to find any planning history for the property on the Council website.

3.7.8 In terms of neighbouring and nearby properties, we are not aware of any proposals for the former NatWest Bank next door. Planning consent was granted in March 2018 for change of use at 9 Market Place from retail to Class A3 for café use and Cooplands are in occupation for the sale of takeaway bakery products and eating in. We note that a planning application was submitted on 10th July 2019 for change of use at 4 Silver Street to convert the three upper floors into 4 x 1 bedroom and 1 x 2 bedroom Flats ranging in size from 428 sq ft to 715 sq ft. This is currently under consideration.

- 3.7.9 We have not made specific enquiries to verify this information, which is assumed to be correct. We do not accept liability for either incorrect information or for material omissions in the information obtained, including statutory notices or contraventions of statutory requirements.

Highways

- 3.7.10 We have been unable to establish whether there are any highway or major development proposals in the immediate area that may impact upon the value of the subject property. We assume there are none, but your solicitors should confirm as part of their normal Local Search enquiries. Given the nature and surfacing of Market Place we have assumed that it is a highway adopted and maintainable at public expense. Your solicitors should confirm in the normal way.

Fire Safety Order and Fire Risk Assessment

- 3.7.11 The Fire Safety Order applies to owners, occupiers, landlords, employers and anyone else with control of the premises, e.g. a facilities manager, building manager and managing agent of a business, or other non-domestic premises.
- 3.7.12 We have not made any enquiries in this regard and we have not been provided with a copy of the risk assessment, but in preparing our valuation have assumed that all necessary measures are in place and that no additional costs would be incurred in order to comply.
- 3.7.13 We recommend that your solicitor checks that the responsible party has fulfilled their obligations, including:
- carry out a fire risk assessment of the premises and review it regularly;
 - tell staff or their representatives about the risks you've identified;
 - put in place, and maintain, appropriate fire safety measures;
 - plan for an emergency;
 - provide staff information, fire safety instruction and training.

Smoke & Carbon Monoxide Alarm (England) Regulations 2015

- 3.7.14 These regulations came into effect on 1st October 2015. Premises occupied under an Assured Shorthold Tenancy (AST) must have:
- A smoke alarm on each storey of the premises on which there is a room used wholly or partly as living accommodation (including bathrooms and w.c.'s).
 - A carbon monoxide alarm in any room of the premises which is used wholly or partly as living accommodation and contains a solid fuel burning combustion appliance.

- 3.7.15 These alarms must be checked by or on behalf of the landlord to ensure that each prescribed alarm is in property working order on the day the AST begins if it is a new tenancy (as opposed to a renewal). Landlord are recommended to instruct the tenants (to include a reference within the AST) to check the alarms on a regular basis during their tenancy.

Equality Act 2010

- 3.7.16 The Equality Act encompasses the previous Disability Discrimination Act which deals with accessibility of premises and the workplace and seeks to limit discrimination in the terms of race, religion or physical ability. The Act seeks to ensure that disabled persons can access and acquire premises and that they are suitably adapted if for public workplace access. The Act places a Duty of Care on owners and physical changes to premises may be required for compliance purposes.
- 3.7.17 Whilst not experts in this field, the premises do not appear to comply with the above Act – but we make no provision within our valuation calculation for non-compliance.

Office, Shops & Railway Premises Act

- 3.7.18 We assume that, where appropriate, the property complies with this legislation.

Control of Asbestos At Work Act

- 3.7.19 We have not had sight of a written record in respect of the presence or otherwise of asbestos at the subject property. We presume that there are no costs outstanding in this regard.

Energy Performance Certificates (EPC)

- 3.7.20 The Energy Act 2011 provides for EPC minimum standards such that from 1 April 2018 it is unlawful to let residential or business premises that do not meet minimum energy efficiency standards. It is expected that the minimum threshold will be an EPC rating in Band E (i.e. it will be unlawful to let premises with an F or G rating).
- 3.7.21 From April 2020 privately rented residential properties will be affected (including where a lease is already in place and the property is occupied by a tenant) and from April 2023 all commercial properties let on existing leases will be similarly affected, subject to a number of exemptions.
- 3.7.22 We have consulted the online Non-Domestic Energy Performance Register and confirm there is no EPC lodged for the property. Listed Buildings are exempt from the legislation.

Sustainability

- 3.7.23 As the property market adjusts to new legislative requirements and the drive for more sustainable property assets, it is possible, in the future, that there will be an increasing divergence of values between those buildings which are considered to be compliant or "sustainable" and those which are not. Property investors and occupiers are becoming increasingly sensitive to a building's environmental and sustainability performance (e.g. BREEAM rating) with consequent implications for both rental and capital values.

- 3.7.24 At present, however, there is little consensus in market evidence or meaningful analysis of investment performance to enable any firm conclusions on to be drawn from the impact on capital and rental values of the various legislative initiatives and "sustainability" generally, but this may change.

Business Rates

- 3.7.25 Our enquiries with <https://www.tax.service.gov.uk/view-my-valuation/search> confirm that, as at the date of this report, the subject property has the following 2017 list entry:-

Address	Description	Rateable Value
5 – 7 Market Place Gainsborough Lincs DN21 2BP	Shop and Premises	£15,000

- Vacant Listed Buildings are not subject to a void rating charge.

- 3.7.26 In England the standard Uniform Business Rate (UBR) for the rating year 2019/2020 is 50.4 pence per £1.00 of rateable value and 49.1 pence per £1.00 for smaller businesses.
- 3.7.27 The actual rating liability may be subject to upwards/downwards transitional adjustment in accordance with regulations, which are made from time to time. We have not investigated the amount actually payable in respect of the subject property. In addition, some properties may benefit from a lower rate in the Pound if they are in receipt or are eligible for additional rates relief.

Council Tax

- 3.7.28 If the property is converted to provide residential accommodation on the upper floors, assessments will be required for Council Tax purposes and we assume these will be in line with the peer group.

3.8 Tenure

- 3.8.1 We have not been provided with any Title documentation. We understand that the property is owned freehold and we have assumed that the Title is unencumbered and free from any unusual or especially onerous or restrictive covenants, easements, restrictions, encumbrances, outgoings or rights of way which could affect value. This should be verified by your solicitors.
- 3.8.2 There is pedestrian access leading to the rear of the property. We understand that a neighbouring property benefits from a fire escape route across the land and this should be verified by your solicitors.

3.9 Occupation

- 3.9.1 We are valuing on the basis of vacant possession and can confirm that there was no indication of any part of the subject property being let out to a third party.

4. The Valuation

4.1 Factors Affecting Value

- 4.1.1 The property is situated in the historic Market Place within the town centre.
- 4.1.2 The building is Grade II Listed and it may be possible to retain/incorporate some period features into a conversion of the upper floors.
- 4.1.3 Structural repairs need to be undertaken in addition to the reconfiguration and refurbishment work. we have assumed the property will be in good mortgageable condition following completion of the work.
- 4.1.4 The property is freehold. If sales of individual parts are pursued, appropriate leasehold interests and a Management Company will need to be created. We assume that any leaseholds created will restrict the ground rents and possibly fix them at a peppercorn in line with anticipated Government intervention and the terms will be for 125/150 years minimum.
- 4.1.5 There is usually a new build premium for purpose built flats and conversions which is unlikely to be maintained after they have been occupied for the first time.
- 4.1.6 A sale of the entirety and of the three flats together will in our opinion attract a discount to reflect risk.

4.2 Market Conditions & Demand

Retail Market

- 4.2.1 The Q2 2019 RICS UK Commercial Property Market Survey results show the retail sector continuing to display firmly negative sentiment in the face of the structural shift towards increased online spending.
- 4.2.2 In the occupier market, the tenant demand indicator remained in negative territory for a fifth quarter in succession at the headline level, with the net balance reading of -59% in the retail sector being again responsible for pulling the all-sector average below zero.
- 4.2.3 In terms of availability, unsurprisingly, the retail sector posted the most significant rise compared to other sectors of the market, with a net balance of +52% of survey participants reporting an increase (the most elevated figure since Q2 2009). As a result, retail landlords raised the value of incentive packages on offer to tenants and expectations are for a decline in rental levels. Over the next 12 months, prime and secondary retail rents are anticipated to be falling by around 3.5% and 7% respectively.
- 4.2.4 The supply of available retail property increased in this quarter and over the next 12 months retail capital value projections remain in negative territory.
- 4.2.5 The national retail property market remained subdued throughout 2018 and the start of 2019. This is a likely reflection of the political, financial and cultural challenges the UK faces in the medium to long-term future. Uncertainty continues to be a catalysis for retailers' cautiousness.
- 4.2.6 The high street in many places has continued to decline, with out of town retail parks/shopping outlets, continuing to draw a bigger pull.
- 4.2.7 We have seen, over the past 12 months, the collapse of several retailers such as House of Fraser, L K Bennett, Bathstore and Debenhams to name a few, with many of the larger retailers such as M & S and Mothercare announcing closures of many of their stores during 2019. It has been reported that footfall has been decreasing by 1% per year, The Chancellor's budget has included a tax on digital/technological companies functioning in the UK by an extra 2%, which is set to start in April 2020.
- 4.2.8 Occupiers remain cautious with regards to new leases, often opting to 'stay put' at competitive terms rather than relocate. Where new occupancies have been agreed terms are tenant friendly, with tenant options to break and longer rent-free periods.
- 4.2.9 In terms of the subject property, over the medium to long term we consider that tenant demand is likely to remain static. This unit is situated in a good secondary location within Gainsborough, but due to the limited floor area it is likely to attract mainly independent retailers. Should the property be marketed to let, we consider that it would take 6-12 months to secure a new tenant.

Demand would likely be for a lease of 3-5 years, or longer subject to tenant break options, and we consider that a maximum rent-free period of 6-9 months is likely to apply in the current market. In terms of the marketing period, we have reflected the fact that the landlord is likely to be aware the tenant is vacating before possession is obtained. For a sale of the retail unit, we consider that a marketing period of 6-9 months will be required to secure a disposal.

Residential Market

- 4.2.10 The July 2019 RICS Residential Market Survey results show some of the improvement seen in near term expectations series last month has been partly reversed this time out. In particular, the outlook for prices three months ahead has turned slightly negative once more, while respondents envisage sales remaining flat over the same time frame. That said, new buyer enquiries picked up slightly for the second consecutive month, although this has yet to feed into any meaningful increase in agreed sales.
- 4.2.11 Starting with new buyer demand, a headline net balance of +8% of contributors reported an increase in enquiries during July. This marks the second report running in which a small increase has been cited (net balance was +10% in June), with the disaggregated data showing a slightly positive trend in the majority of UK regions.
- 4.2.12 Despite the modest improvement in demand, newly agreed sales edged down a fraction across the UK over the month. Indeed, the national net balance slipped to -6%, from +3% in June. Notwithstanding this, some regions saw a stronger sales trend, with respondents across the North East and the West Midlands in particular reporting a reasonably solid pick-up during July.
- 4.2.13 Looking ahead, near term sales expectations eased back into neutral territory, posting a net balance of -2% (down from +6% in June). What's more, sentiment is now only modestly positive regarding the twelve month outlook, with a national net balance of just +12% of respondents expecting sales to rise over the year ahead. When broken down, survey participants across the North East, North West, Wales and the West Midlands are more optimistic than the national average, as each area displays comfortably positive sales projections for the next twelve months.
- 4.2.14 Alongside this, new instructions to sell were seen as unchanged for the second successive report. This follows a string of eleven consecutive monthly declines in fresh listings beforehand. Even so, respondents continue to report that the volume of market appraisals undertaken over the month was down on the same period of last year. Accordingly, it seems there is little prospect of a sustained rise in supply coming onto the market in the immediate future.
- 4.2.15 Meanwhile, the survey's headline price indicator pulled back into negative territory in July, with the national net balance falling to -9% (having edged up to -1% in June). Nevertheless, contributors report that prices are rising at a solid pace in Northern Ireland, Scotland and Wales. By way of contrast, prices continue to fall in London, the South East and East Anglia.

- 4.2.16 Back at the national level, feedback from contributors is still suggesting that higher priced tiers of the market are facing a more challenging environment. 69% of respondents note that, for properties marketed at over £1m, sales prices are coming in below asking prices (up from 66% in April). However, for properties listed at up to £500k and below, 59% of survey participants report sales prices have been at least level with asking (albeit this is slightly down on 62% three months ago).
- 4.2.17 When it comes to the outlook for prices, near term expectations deteriorated over the month, as the headline net balance fell to -12% from zero in June. Further out, at the twelve month horizon, projections remain marginally positive in net balance terms, with the latest reading coming in at +9%. That said, this latest figure is noticeably softer than +25% returned previously. At the regional level, the current downward trend in prices is now expected to persist over the coming twelve months in London, the South East and East Anglia. At the other end of the scale, respondents envisage strong annual growth in prices across Scotland, Northern Ireland and Wales.
- 4.2.18 In the lettings market, the headline tenant demand indicator (quarterly seasonally adjusted data) picked-up to post the strongest reading since the closing stages of 2016. At the same time, landlord instructions fell once again, extending a run of continuous decline stretching back over the past thirteen quarters. Given the current imbalance between supply and demand, near term rental growth expectations were driven higher, with the headline net balance of +25% in July representing the most elevated reading in twelve quarters.
- 4.2.19 In our opinion it will be necessary to allow a marketing period of 6-9 months to secure sales of the flats individually and as a single lot. For lettings, we consider that a marketing period of 2-3 months will be sufficient to achieve lettings.
- 4.2.20 The uncertainties surrounding the UK's departure from the European Union ("Brexit") could have significant effects on the subject property in the form of inflated development costs (in the case of the UK reverting to WTO trading rules with the European Union). The ongoing uncertainty could also cause the market for the completed apartments to fluctuate. The Market Value reported herein reflects the situation and the associated market sentiment as at the valuation date. As the subject property comprises a development opportunity for which planning consent is in place, and the anticipated development timescale to leave the European Union has already been extended and may be extended further. Any change in the UK's relationship with the European Union from the status quo has the potential to disrupt the development process. This risk goes two ways. Anecdotal evidence suggests that the uncertainty since the Brexit referendum in July 2016 has already impacted on inflation and the wider economy. If Brexit were to be cancelled or significantly delayed, or if Brexit were to be very soft (with the trading relationship between the UK and European Union largely unaffected) then this could counteract these effects to some degree.

4.3 Comparable Evidence

Capital Value Evidence and Analysis

Retail

4.3.1 11 Church Street, Gainsborough

Ground floor retail of 384 sq ft and first floor ancillary space of 313 sq ft. Relatively modern property. Freehold sold July 2017 for £77,500.

4.3.2 27 Market Place, Gainsborough

Ground floor retail of 446 sq ft and ancillary upper floors of 725 sq ft. Freehold sold May 2016 for £75,000 subject to a tenancy to SFL (Yorkshire) Ltd for 5 years from August 2012 at a rent of £10,000 per annum.

4.3.3 33 Market Street, Gainsborough

Ground floor retail of 317 sq ft plus ancillary space of 80 sq ft and ancillary upper floors of 879 sq ft. Freehold sold in August 2016 for £57,500.

4.3.4 35 Lord Street, Gainsborough

Vacant public house extending to 2,064 sq ft over three floors and including rear car park. Offered for sale at The Allsop auction on 9th July 2019 at a guide price of £60,000 plus. Sale agreed post auction at an undisclosed price.

4.3.5 11-13 Market Street, Gainsborough

Former Santander branch with ground floor retail of 705 sq ft plus ancillary space of 837 sq ft and first floor office of 1,081 sq ft. Offers invited in excess of £135,000 with SKA occupying the first floor at a rent of £4,750 per annum (holding over) and subletting part to Riverside Training Services. A sale of the property has been agreed at a confidential price.

Residential

4.3.6 Flat 2, Granary Wharf, Bridge Street, Gainsborough

Purpose built two bedroom third floor flat with ensuite and bathroom, roof terrace and lift access. 580 sq ft approximately. Sold 27th November 2018 at £108,000.

4.3.7 Flat 2, Furleys Wharf, Bridge Street, Gainsborough

Ground floor conversion. Two bedrooms, kitchen, lounge/dining room and bathroom with parking space. 535 sq ft approximately. Sold 19th October 2018 for £71,000.

4.3.8 Flat 20, Granary Wharf, Bridge Street, Gainsborough

Purpose built two bedroom second floor flat with ensuite, bathroom, lift access and parking space. 667 sq ft approximately. Sold 12th April 2019 for £77,000.

4.3.9 24 Peacock Place, Gainsborough

Purpose built two bedroom second floor flat with lounge/kitchen/dining room, bathroom and parking space. 617 sq ft approximately. Sold 20th July 2018 for £69,000.

Rental Value Evidence and Analysis

Retail

4.3.10 9 Market Place, Gainsborough

Ground floor retail of 3,000 sq ft plus ancillary storage of 273 sq ft let to Cooplands in February 2018 on confidential terms. The asking rent was £23,000 per annum.

4.3.11 38 Market Place, Gainsborough

Ground floor retail of 685 sq ft, plus upper floor ancillary space of 1,167 sq ft. Let to Vapetropolis in October 2017 at a rent of £17,950 per annum with 6 months rent free.

4.3.12 WLDC Church Street Portfolio, Gainsborough

We are aware that the following rents are payable:

10 Church Street	£14.18 ITZA from May 2016
14 Church Street	£17.14 ITZA (441 sq ft)
26 Church Street	£15.70 ITZA from April 2017

4.3.13 4a Church Street, Gainsborough

Slightly smaller ground floor than 14 Church Street with additional first and second floor accommodation. Let in July 2018 at £8,120 per annum.

4.3.14 4 Silver Street, Gainsborough

Ground floor retail of 1,367 sq ft plus ancillary space of 253 sq ft (former Cooplands). Asking rent £19,500 per annum.

Residential

4.3.15 Furleys Wharf, Gainsborough

Two bedroom ground floor flat in a warehouse conversion with lounge/dining room, kitchen, Jack and Jill bathroom, electric heating, double glazing and a parking space. Let in July 2019 at £450 pcm.

4.3.16 Granary Wharf, Bridge Street, Gainsborough

Purpose built two bedroom second floor flat with lounge/kitchen/dining room, ensuite shower room, bathroom and lift access. 667 sq ft approximately. Let in July 2019 at £440 pcm.

4.3.17 Bridge Street, Gainsborough

Two bedroom third floor flat in a Mill conversion with lounge/kitchen, Jack and Jill bathroom and parking space. Let in April 2019 at £425 pcm.

4.4 Valuation Methodology

- 4.4.1 We are valuing the property using the comparable method of valuation.
- 4.4.2 We have considered sales and lettings of similar property types in Gainsborough together with details of properties which are still on the market.
- 4.4.3 Due to the compact nature of the town centre and market conditions over rent years, there are a limited number of comparables, particularly for flats over shops and for lock up shop sales. We have therefore made appropriate adjustments to some of the more historic evidence and reflected details of accommodation, location and availability of onsite parking to inform our opinion of value. Our valuation should therefore be regarded as subjective to some extent.
- 4.4.4 The available floorspace in the retail shop is compromised to some extent by the location of the disabled toilet and the floor area is also reduced. The floor area utilised by us, includes the area for the inset entrance door which is customary as the shopfront could be level with the façade if desired. We have applied a rent of £15 psf to the ITZA figure.
- 4.4.5 In our opinion the proposed flats without ensembles, would command a rent of £425 pcm each and those with ensembles would command a rent of £450 pcm each.
- 4.4.6 For a sale of the entire property and the flats as a single lot, we have applied a discount of approximately 15% to the aggregate values, to reflect risk, acquisition and holding costs for a purchaser.
- 4.4.7 No allowance has been made for costs of acquisition or realisation of the property, nor for any liability for taxation which may arise on disposal whether actual or notional, e.g. VAT, Inheritance Tax or Capital Gains Tax. Unless stated to the contrary it is assumed that where there is an imposition or otherwise of VAT on the rent that the lessee will be able to fully reclaim the VAT paid.

4.5 Verification

- 4.5.1 This report has been based, to some extent, on information provided verbally which should be checked by your solicitors. In particular, this applies to tenure and planning. Their searches may also reveal whether any historical use of the property is likely to have resulted in contamination or whether there are any encumbrances or other third party rights affecting the title or use of the property. If any assumption we have made proves incorrect the matter should be referred back to us as it may have an impact on the value of the property and its suitability as loan security.

4.6 Valuation Definitions

Market Value

- 4.6.1 “The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”

Market Rent

- 4.6.2 “The estimated amount for which an interest in real property should be leased on the date of valuation between a willing lessor and a willing lessee on appropriate lease terms, in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”

4.7 Valuation

Scheme 1 – single bathroom Flats

- 4.7.1 In our opinion the Market Value of the subject property as at 22nd August 2019 on the assumption that a comprehensive conversion and refurbishment scheme has been satisfactorily completed, freehold with vacant possession throughout and subject to the assumptions and comments in this Report and Appendices was **£250,000 (Two Hundred and Fifty Thousand Pounds)**.

- 4.7.2 In our opinion the Market Value of the individual Flats as at 22nd August 2019 on the assumption that a comprehensive conversion and refurbishment scheme has been satisfactorily completed, leasehold with vacant possession throughout and subject to the assumptions and comments in this Report and Appendices was **£80,000 (Eighty Thousand Pounds) each**.

- 4.7.3 In our opinion the Market Value of the Flats as a single Lot as at 22nd August 2019 on the assumption that a comprehensive conversion and refurbishment scheme has been satisfactorily completed, leasehold with vacant possession throughout and subject to the assumptions and comments in this Report and Appendices was **£200,000 (Two Hundred Thousand Pounds)**.

- 4.7.4 In our opinion the Market Rent of the Flats as at 22nd August 2019 on the assumption that a comprehensive conversion and refurbishment scheme has been satisfactorily completed and standard Assured Shorthold Tenancies are in place for a minimum term of 6 months and subject to the assumptions and comments in this Report and Appendices was **£15,300 (Fifteen Thousand Three Hundred Pounds) per annum exclusive**.

- 4.7.5 In our opinion the Market Value of the Ground Floor Retail unit as at 22nd August 2019 on the assumption that a comprehensive conversion and refurbishment scheme has been satisfactorily

completed, freehold with vacant possession throughout and subject to the assumptions and comments in this Report and Appendices was **£50,000 (Fifty Thousand Pounds)**.

- 4.7.6 In our opinion the Market Rent of the Ground Floor Retail unit as at 22nd August 2019 on the assumption that a comprehensive conversion and refurbishment scheme has been satisfactorily completed and a lease is in place for a minimum term of 6 months and subject to the assumptions and comments in this Report and Appendices was **£6,000 (Six Thousand Pounds) per annum exclusive**.

Scheme 2 – bathroom and ensuite shower room Flats

- 4.7.7 In our opinion the Market Value of the subject property as at 22nd August 2019 on the assumption that a comprehensive conversion and refurbishment scheme has been satisfactorily completed, freehold with vacant possession throughout and subject to the assumptions and comments in this Report and Appendices was **£265,000 (Two Hundred and Sixty Five Thousand Pounds)**.
- 4.7.8 In our opinion the Market Value of the individual Flats as at 22nd August 2019 on the assumption that a comprehensive conversion and refurbishment scheme has been satisfactorily completed, leasehold with vacant possession throughout and subject to the assumptions and comments in this Report and Appendices was **£85,000 (Eighty Five Thousand Pounds) each**.
- 4.7.9 In our opinion the Market Value of the Flats as a single Lot as at 22nd August 2019 on the assumption that a comprehensive conversion and refurbishment scheme has been satisfactorily completed, leasehold with vacant possession throughout and subject to the assumptions and comments in this Report and Appendices was **£215,000 (Two Hundred and Fifteen Thousand Pounds)**.
- 4.7.10 In our opinion the Market Rent of the Flats as at 22nd August 2019 on the assumption that a comprehensive conversion and refurbishment scheme has been satisfactorily completed and standard Assured Shorthold Tenancies are in place for a minimum term of 6 months and subject to the assumptions and comments in this Report and Appendices was **£16,200 (Sixteen Thousand Two Hundred Pounds) per annum exclusive**.
- 4.7.11 The uncertainties surrounding the UK's departure from the European Union ("Brexit") could have significant effects on the subject property in the form of inflated development costs (in the case of the UK reverting to WTO trading rules with the European Union). The ongoing uncertainty could also cause the market for the completed apartments to fluctuate. The Market Value reported herein reflects the situation and the associated market sentiment as at the valuation date. As the subject property comprises a development opportunity for which planning consent is in place, and the anticipated development timescale to leave the European Union has already been extended and may be extended further. Any change in the UK's relationship with the European Union from the status quo has the potential to disrupt the development process. This risk goes two ways.

Anecdotal evidence suggests that the uncertainty since the Brexit referendum in July 2016 has already impacted on inflation and the wider economy. If Brexit were to be cancelled or significantly delayed, or if Brexit were to be very soft (with the trading relationship between the UK and European Union largely unaffected) then this could counteract these effects to some degree.

We trust that this report is satisfactory for your immediate purposes but, should any matter require further clarification, we shall be pleased to hear from you. We would reiterate that neither the whole nor any part of this Valuation Report may be included in any published document, circular or statement nor published in any way without our written approval of the form and context in which it may appear.

Valuer:



**Geoff Solman BSc MRICS
RICS Registered Valuer
For and on behalf of
Bruton Knowles LLP**

Approving Officer:

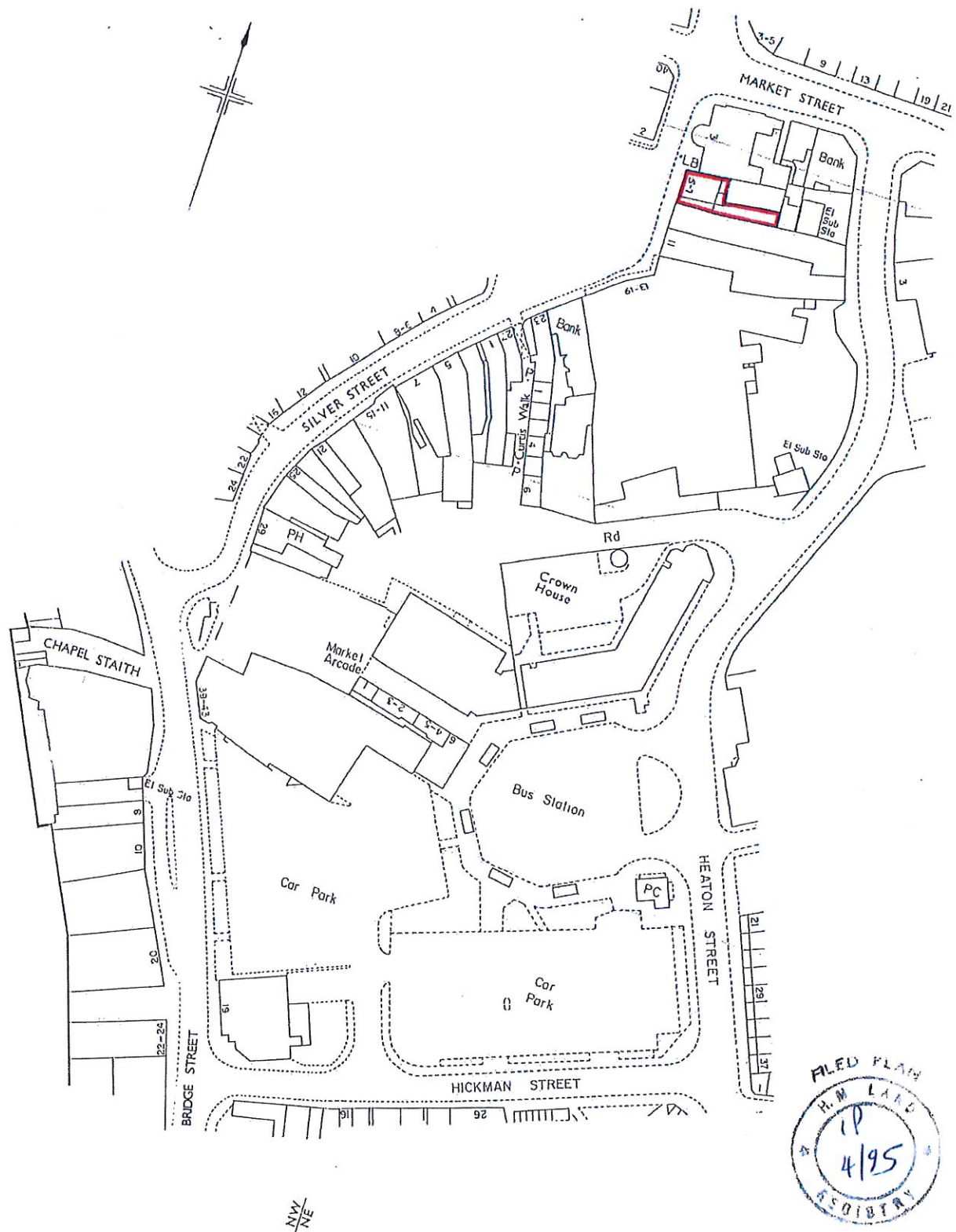


**James Bailey BSc (Hons) FRICS
RICS Registered Valuer
For and on behalf of
Bruton Knowles LLP**

Appendix One

Location and Site Plans

H.M. LAND REGISTRY		TITLE NUMBER	
		LL 114833	
ORDNANCE SURVEY PLAN REFERENCE	SK 8189	SECTION P	Scale 1/1250
COUNTY LINCOLNSHIRE	DISTRICT WEST LINDSEY	© Crown copyright 1987	

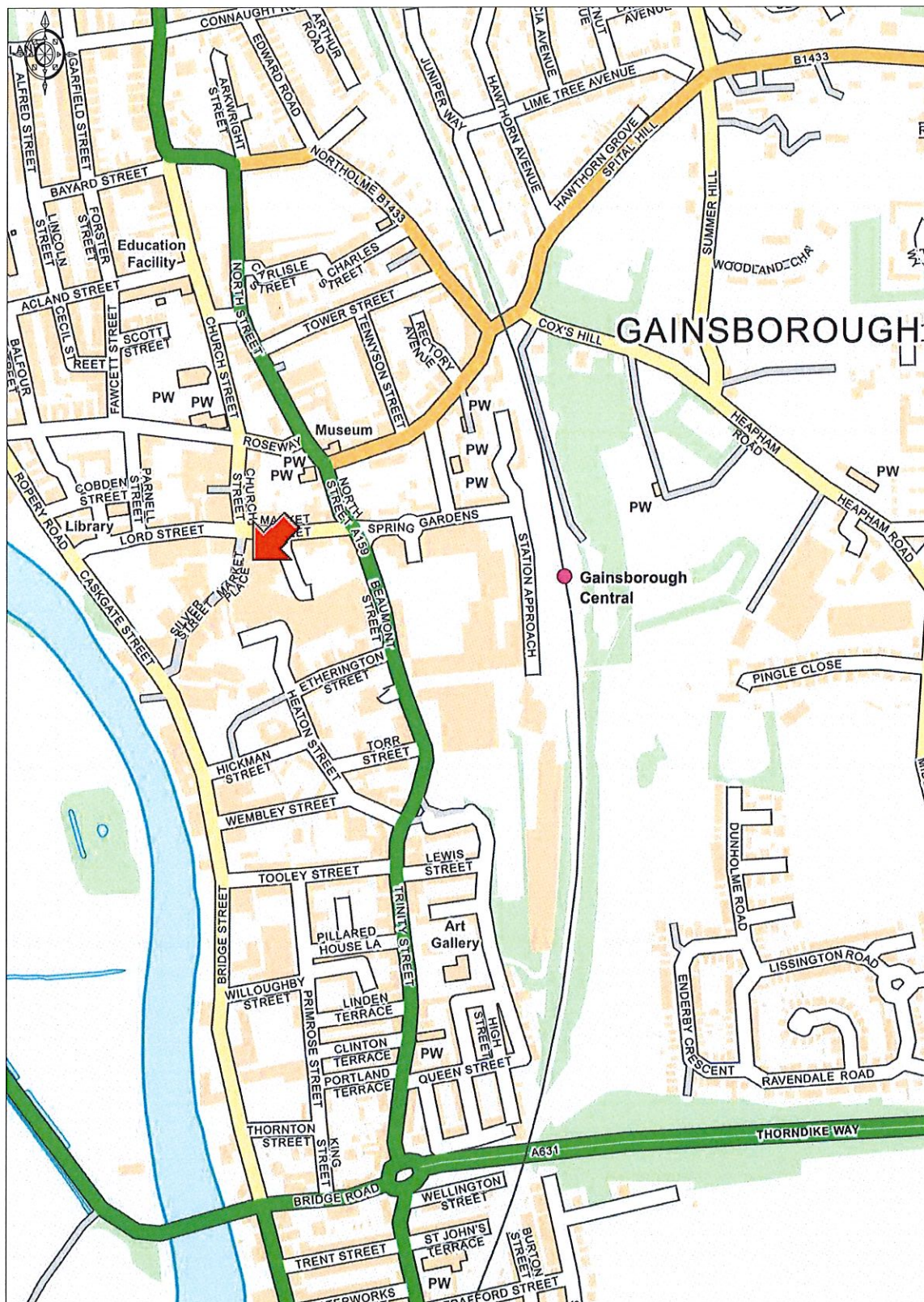


LOCATION MAP

5-7 Market Place, Gainsborough.

BK Bruton Knowles

est.1862



Ordnance Survey © Crown Copyright 2019. All rights reserved.
Licence number 100022432. Plotted Scale - 1:7500

Promap
LANDMARK INFORMATION GROUP

Prepared by Bruton Knowles,
for Identification Purposes Only

Appendix Two

Photographs

PHOTOGRAPHS

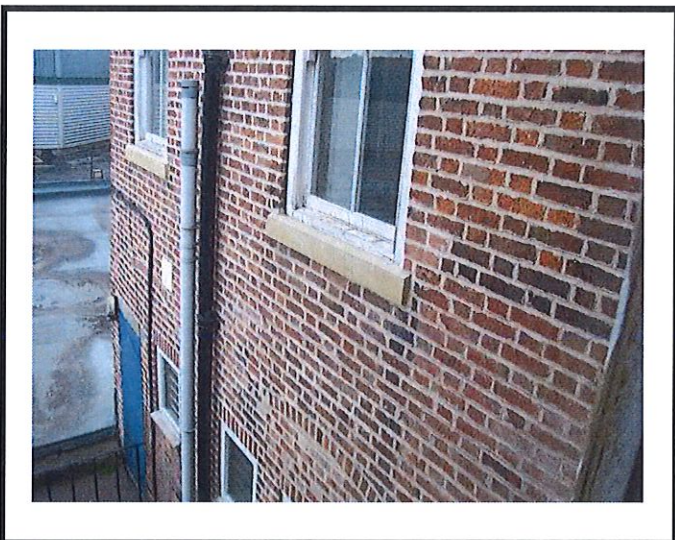
5-7 Market Place, Gainsborough, DN21 2BP



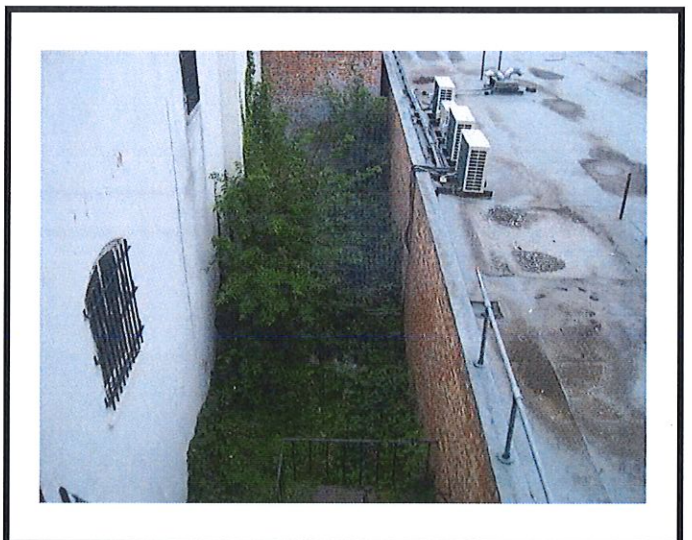
Front Elevation



Rear Elevation



Rear Elevation



Rear Land

PHOTOGRAPHS

5-7 Market Place, Gainsborough, DN21 2BP



Ground Floor



First Floor



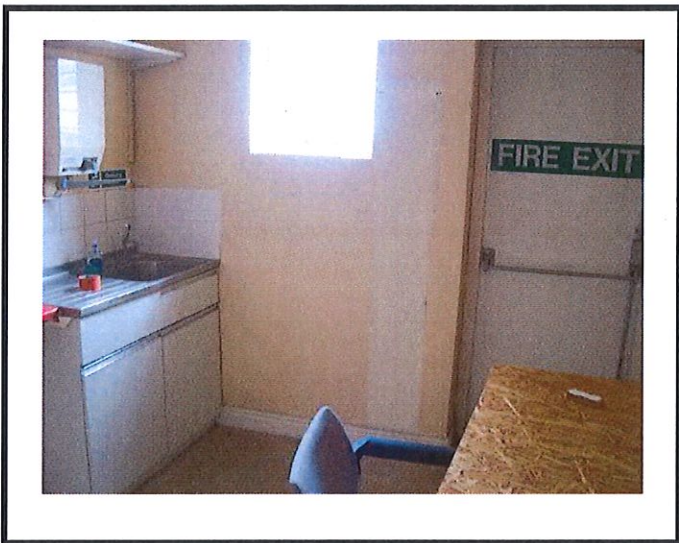
Second Floor



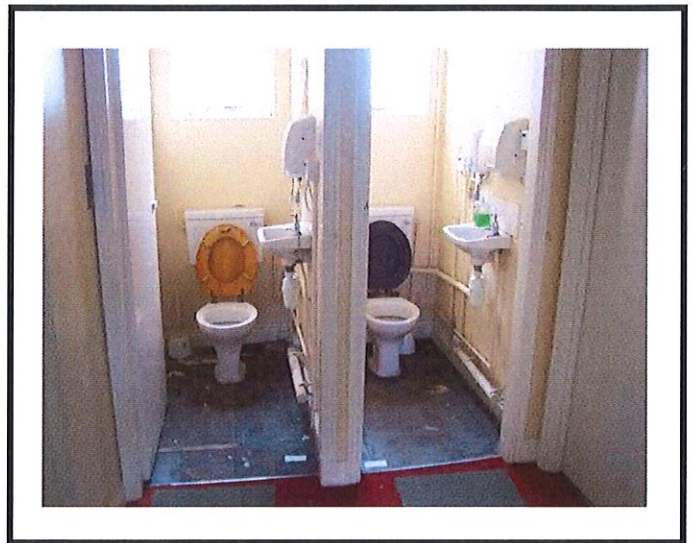
Third Floor

PHOTOGRAPHS

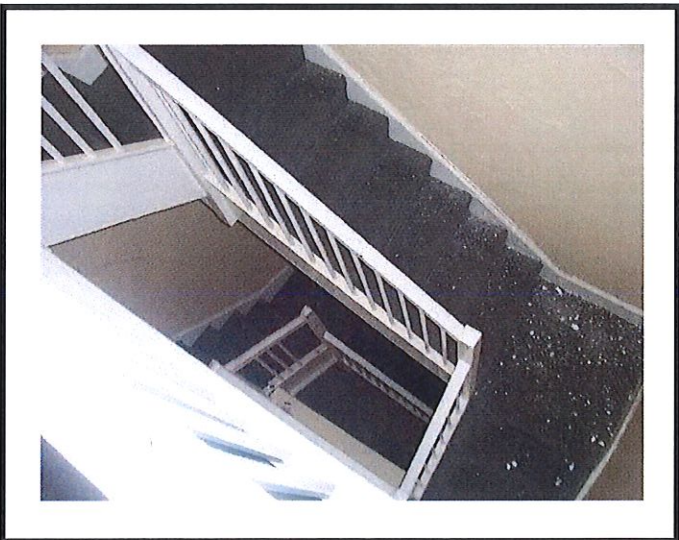
5-7 Market Place, Gainsborough, DN21 2BP



Kitchen



Toilets



Main Stairwell



Second Stairwell

Appendix Three

Purchase Order



PURCHASE ORDER

West Lindsey District Council
Guildhall, Marshalls Yard, Gainsborough, Lincs DN21 2NA

www.west-lindsey.gov.uk

Supplier BRUTON KNOWLES BISLEY HOUSE GREEN FARM BUSINESS PARK BRISTOL ROAD GLOUCESTER GL2 4LY Supplier Number : 701718	Order No: SG00006738 Required by: Reference Number Date: 19/08/2019
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Invoice Address West Lindsey District Council Procurement Team Guildhall Marshalls Yard Gainsborough Lincs, DN21 2NA 01427 676539 Procurement.Team@West-Lindsey.gov.uk	Delivery Address Attention of Wendy Osgodby Procurement Team West Lindsey District Council Guildhall, Marshalls Yard Gainsborough Lincolnshire DN21 2NA
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Notes	Contact Details Wendy Osgodby Tel: 01427 676636 Email: wendy.osgodby@west-lindsey.gov.uk
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Line No.	Qty	UOM	Product code	Description	Unit Cost (£)	Order Value (£)
1	1.00		Service Item	Valuations for 5-7 Market Place, Gainsborough		

Issued By: Wendy Osgodby	Authorised By: Diane Leslie	Total Order Value
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Please refer to our website for the Council's terms and conditions of purchase and any special terms and / or instructions therein. All invoices MUST quote the purchase order number.

Appendix Four

Standard Terms and Conditions of Engagement

Standard Terms & Conditions of Engagement

1 R.I.C.S. Valuation Standards

Our valuation has been made in accordance with the RICS Valuation – Global Standards 2017, this firm being independent Valuers as defined in the manual.

2 Basis/Bases of Valuation

In accordance with your instructions, our valuation has been prepared under one or more of the following bases of valuation.

Market Value (MV) is :-

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The interpretative commentary contained within Valuation Technical and Performance Standard 4 (VPS4) of the RICS Valuation – Global Standards 2017 forms an integral part of this definition.

Market Rent (MR) is :-

"The estimated amount for which an interest in real property should be leased on the date of valuation between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion."

The interpretative commentary contained within VPS4 of the RICS Valuation – Global Standards 2017 forms an integral part of this definition.

Existing Use Value (EUV) is :-

"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause its Market Value to differ from that needed to replace the remaining service potential at least cost."

Fair Value (FV) is :-

The definition adopted by the International Accounting Standards Board (IASB) in IFRS 13:

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The interpretative commentary contained within VPS4 of the RICS Valuation – Global Standards 2017 forms an integral part of this definition.

Market Value having regard to Trading Potential is :-

Defined in VGPA4 of RICS Valuation – Global Standards 2017 and a trade related property is considered to be an individual trading entity and is typically valued on the assumption that there will be a continuation of trading.

3 Scope & Title

We have not carried out formal searches of Local Authority Registers or on Title and it has therefore been assumed that no onerous or restrictive covenants attach to Title. You should rely on your solicitor in these matters and we reserve the right to amend our valuation should any encumbrance be shown to materially affect the value of the property. For owner occupied properties, our valuation assumes vacant possession would be given by the vendor upon completion of a disposal. For tenanted premises, our valuation is subject to the information on tenancies contained within our Report unless otherwise stated. Our valuation is made on the assumption that information given to us, either verbally or in writing by the Bank, your representatives or from any official sources (including, where relevant, the Borrower, the vendor, the selling agents and the Local Authority), is capable of formal substantiation. Our valuation also assumes that the property is free from any borrowings or encumbrances, unless otherwise stated.

4 Condition

We have not carried out a building survey or tested services, nor have we inspected those parts of the property which are covered, unexposed or inaccessible and such parts have been assumed to be in good repair and condition. We cannot express an opinion about, or advise upon, the condition of uninspected parts and our Report should not be taken as making any implied representation or statement about such parts. We have not arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous material has been used in the construction of the property, or has since been incorporated, and we are therefore unable to report that the property is free from risk in this respect. For the purpose of our valuation we have assumed that such investigation would not disclose the presence of any such material to any significant extent.

With specific regard to the Control of Asbestos Regulations 2006, we will reflect the content of any written risk assessment provided, however where a risk assessment has not been carried out or is not available, we will assume that a risk assessment would not reveal any matters which could affect value.

We are under no duty to and have not a) moved anything; b) used a moisture detecting meter; c) arranged for the testing of electrical, heating or other service installations; or d) carried out an environmental audit. We have also assumed that no radon gas is present at the property. Unless stated to the contrary, no investigations have been carried out to determine whether the site has a history of instability and we are, therefore, unable to report that the property is free from risk in this respect. We have assumed, for the purpose of the valuation, that such investigation would not disclose the presence of any such problems

5 Contamination

We will not identify the existence of contamination unless either reports have been made available to us in this respect or, during the course of our inspection, we conclude that there may be material contamination at the property or on any neighbouring land. In the latter case we will report this possible contamination immediately with a view to a decision being taken as to whether the valuation instructions are to be amended. Otherwise, our valuation has been undertaken on the assumption that no contaminative or potentially contaminative uses have ever been carried out on the property. Should it be established subsequently that contamination does exist at the property or on any neighbouring land, or that the premises have been or are being put to any contaminative use, this might reduce the values reported.

6 Local Authority Enquiries

Where appropriate, verbal enquiries have been made of the local authority and unless otherwise stated, we have assumed that there are no planning proposals, highway improvements or compulsory acquisition schemes likely to affect value. We have also assumed planning consent and all other statutory requirements have been obtained and complied with for the erection and occupation of the building. Formal searches have not been made and we reserve the right to amend our valuation should information at variance to these assumptions be forthcoming. No allowance has been made for rights, obligations or liabilities arising from the Defective Premises Act 1972 or the Disability Discrimination Act 1995.

7 Fixtures & Fittings and Plant and Machinery

Unless stated to the contrary, our valuation has excluded any element of goodwill, trade equipment and moveable fixtures and fittings attached to the property. We have also excluded any stock associated with the business. Our valuation includes only such items as form part of the normal building services installations and any items in the nature of specialist or the present occupiers process plant and machinery have been excluded. No equipment or fixtures and fittings have been tested in respect of Electrical Equipment Regulations and Gas Safety Regulations and we assume that where appropriate all such equipment meets the necessary legislation.

8 Sources, Extent and Non-Disclosure of Information

In preparing our valuation we have relied upon such information as has been provided by the client or building occupier in respect of tenure, tenancies, planning consent and any other relevant information. Where leases or other documents have been produced to us, our Report so states. Otherwise, such information should be verified and in the event of significant variation from the information initially given to us, our valuation could require adjustment.

9 VAT, Taxation and Costs of Acquisition or Realisation

No allowance has been made for costs of acquisition or realisation of the property, nor for any liability for taxation which may arise on disposal whether actual or notional, e.g. VAT, Inheritance Tax or Capital Gains Tax. Unless stated to the contrary it is assumed that where there is an imposition or otherwise of VAT on the rent that the lessee will be able to fully reclaim the VAT paid.

10. Reinstatement Cost

Where we have been requested to provide our opinion of the buildings' reinstatement cost, we confirm that we have not carried out a formal estimate of the reinstatement value of the premises. The figure provided is for guidance purposes only and we recommend that a formal assessment is obtained from a specialist insurance valuer if insurance cover is to be effected. However, our informal estimate is inclusive of site clearance, demolition, statutory and professional fees but excludes VAT, loss of rent, the cost of alternative accommodation for the reinstatement period and inflation during the policy year or the rebuilding period.

11. Future Prospects

Where our Report contains any statement as to the prospect of future growth in rental and/or capital values, it should be appreciated that such growth may not occur and that the values can fall as well as rise.

12. Disclaimer

Our valuation is provided only for the purpose agreed with the instructing client and will be for the sole use of the client. As such, it is confidential to the client and his professional advisers. We accept responsibility to the client alone that the report has been prepared with the skill, care and diligence which may reasonably be expected of a competent valuer but accept no responsibility whatsoever to any other person who relies upon the report at his own risk. Neither the whole nor any part of the Valuation Report may be included in any published document, circular or statement nor published in any way without our written approval of the form and context in which it may appear. We undertake all services only on the basis of these terms which shall apply to the exclusion of any other terms and conditions which the client may seek to impose. No variation of these terms shall be binding unless agreed in writing by an authorised representative of BK and the client.

Where we are providing one or more valuations of a property or properties ("the Property"), in circumstances where you have already made a loan secured (whether wholly or partially) against the Property, and you make further loan or loans secured on the Property in reliance of our valuation(s), our liability to you for any loss that you incur arising from our valuation(s) will be limited to the lesser of: (1) the further sum (if any) that you lend in reliance of our valuation(s); or (2) the difference between our valuation(s) and the true value of the Property at the date of our valuation(s). This limitation of liability applies irrespective of whether, in making a loan based on our valuation(s), you have released the original charge and executed a new charge, or lent additional sums against the original charge. We will not be liable for any loss arising from the original loan (including any extensions to that loan prior to our valuation(s)) that you made, secured by the Property, unless: (1) We carried out the original valuation(s) of the Property; (2) You made the original loan in reliance of our valuation(s); and (3) Our original valuation(s) was negligent.

Appendix Five

Proposed Floor Plans


 1-800-393-6643
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Red lines denote furthest point in flat to protected stair

Query on compliance
Bathrooms on second and third floor could be considered
linner, inner rooms with escape via the kitchens. This does
not accord with Part B 3.17 and 3.8



Alternative option removes existing stair core to consolidate vertical circulation to rear of the building. This allows circulation spaces to be removed from front portion of building and relocated within tertiary green space of lower significance.

Note.—floor plans and arrangements are indicative and taken from existing PDF plans. Measure Building survey required to check dimensions and viability of options. floor heights have been assumed as above.



NAME	CONCEPT
Verity	<p> Marketing Knight + Nishikawa Holman 4 Carlton Street Newburgh NY 12550 tel 516 878 9422 </p> <p> Architecture 3rd-5th floors 44 10332 269 777 </p>
London	<p> 2 Commercial Street London EC2A 3EL 44 2037 7491362 </p>

Lathams
ARCHITECTURE • URBANISM

7 Market Place
Leeds LS1 2BT

West Lindsey District Council

Working Title
Proposed Floor Plan Assessment

Ranking Number	Rankings
007_03_01	A

Lab	Date
100 @ A1	02/09/2019

Item	Checked	Checked By
C	SC	

327 A1



**Corporate Policy &
Resources Committee**

**Wednesday 4th December
2019**

Subject: Made in Gainsborough Phase 2

Report by:	Executive Director for Economic and Commercial Growth
Contact Officer:	Amanda Bouttell Senior Project and Growth Officer amanda.bouttell@west-lindsey.gov.uk
Purpose / Summary:	Proposal for Phase 2 delivery of a Level 2 & 3 Engineering Apprenticeship Programme within Gainsborough and in partnership with Lincoln College Group and the Made in Gainsborough Engineering Consortium

RECOMMENDATION(S):

1. That Members support the proposal for officers to seek external funding for the project as a priority.
2. That Members approve the request to re-allocate up to £75k of the Investment for Growth Earmarked Reserve designated for Phase 1 to gap fund Phase 2 of the project. This will only be utilised should the project be unsuccessful in securing external funds as outlined in 1 above and subject to the project meeting required due diligence outlined within the Gainsborough Growth Fund (GGF) process.
3. That Members agree to delegate the signing of any funding agreement to the Executive Director of Resources in consultation with the Chairman of the Corporate Policy and Resources Committee.

IMPLICATIONS

Legal:

Lincolnshire Legal Services will advise WLDC on the terms of any funding agreement to ensure compliance and to protect the interests of the Council in respect of this project. It is proposed to use the application process and contract documents already in place and approved by this Council (and Lincolnshire Legal Services) as part of the Gainsborough Growth Fund for this project.

Financial : FIN/115/20/SL

Approval is required to re-allocate £75k of the Investment for Growth Earmarked Reserve originally designated for Phase 1 of 'Made in Gainsborough' (FIN-5-19) to gap fund capital expenditure for Phase 2 of the project. The budget allocated to Phase 1 of the project remains unspent due to successfully securing an external grant from Gainsborough Development Trust.

In conjunction with WLDC officers, the College is seeking further external funding for Phase 2 of the project. The College has requested Local Enterprise Partnership (LEP) funding of £14,492. Financial contributions and materials will also be requested from local employers who contributed to the scheme in Phase 1. Any external funding and contributions will reduce the gap funding required by WLDC but the extent of which is unknown at this time.

As a last resort approval is required for a Capital Budget of £75k enabling WLDC to Grant Fund this project, and expenditure up to this amount. This will be funded by utilising up to £75k of the gain from the Business Rates retention Pilot scheme, which is held within the Investment for Growth Reserve.

The scheme has been subject of an Economic Impact Assessment resulting in a gross economic benefit of £1.3m.

This Grant award will be subject to meeting required due diligence and will be assessed, managed and monitored in accordance with the Gainsborough Growth Fund scheme.

Staffing :

None. This project will be dealt with internally by the Projects and Growth Team as part of their existing remit. Management of the project will be carried out by the Lincoln College Group and consortium partners, subject to agreement of terms.

Equality and Diversity including Human Rights :

This project will deliver new jobs in Gainsborough and is designed to be accessible to anyone over the age of 16. Whilst the project initially features a limited number of engineering businesses, the short term aim is to encourage other West Lindsey employers (that fall within the relevant sector SIC) to participate.

Data Protection Implications :

None

Climate Related Risks and Opportunities:

The College will seek advice to ensure the adaption of the premises and installation of equipment meet the required regulation and take into account climate change.

Section 17 Crime and Disorder Considerations:

None

Health Implications:

None

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

Engineering UK – State of the Nation Report 2017

<http://www.engineeringuk.com/media/1355/enguk-report-2017.pdf>

National Careers Strategy 2017

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/664319/Careers_strategy.pdf

Risk Assessment :

Risk of employer disengagement: The project needs to be well organised and timely in order to meet the requirements of local employers.

Risk of poor take up by learners: Recruitment has been exceptional in Year 1 and a full cohort is in place for Year 2. By successfully utilising various communication and media channels it is expected that recruitment will continue into Year 3 and beyond. Delivery of training locally is commercially competitive with providers from further afield, however evidence is suggesting that the above is meeting local demand.

Risk to quality of provision: Options to seek alternative providers in Year 2 if preferred provider is unable to deliver the outcomes outlined within the project.

Risk of outcomes not being delivered: Clawback provisions to be included in the grant terms and conditions.

Risk of Value for Money (VFM) not being achieved: Clawback provision if assets sold within 5 years

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

“Made in Gainsborough” is currently a partnership between West Lindsey District Council, Lincoln College Group and a consortium of Gainsborough based engineering businesses. The project aims to create up to 20+ Apprenticeship opportunities per year for the next 3-5 years with the training element delivered from the Gainsborough College campus.

Match funding has already been secured for delivery of Phase 1 from both the Greater Lincolnshire LEP (GLLEP) (c. £15k) and the Gainsborough Development Trust (c. £75k) which has been used to adapt the College facilities and purchase the necessary equipment for delivery of two thirds of the programme. In addition, local employers have also committed some funds and equipment in order to reduce overall project costs and to ensure delivery in a timely manner.

Both the Council and the LEP agreed that following successful delivery of Phase 1 and the associated outcomes, there could be further gap funding available to develop Phase 2 which would see the final third of the programme (Milling & Turning) delivered in Gainsborough.

On 12th April 2018, through Corporate Policy and Resources Committee Members agreed to ring-fence up to £75k (FIN-5-19) of the Investment for Growth Earmarked Reserve and thereby utilise some of the gain from Business Rates to gap fund Phase 1 of the project. This would only be utilised should the project be unsuccessful in securing external funds as outlined above and subject to the project meeting required due diligence outlined within the Gainsborough Growth Fund (GGF) process.

Due to a number of unforeseen circumstances, the College have been unable to fully complete Phase 1 of the project on time and within budget. Issues with power supply and significant adaptations to the building has resulted in a

delay to the installation of Welding and Fabrication equipment. This has not affected the learning outcomes for students as this was mitigated by transporting students to Lincoln for part of the course.

Council officers and employers have been briefed on project delivery through regular steering group meetings. Measures have been put in place to get the project back on track and the College are committed to delivering the outcomes set out by the employers. However, some of the funds earmarked for delivering Phase 2 will now be required to complete Phase 1 leaving a revised shortfall in Phase 2 of c. £150k.

In order to complete the project and to safeguard the programme for the future, the College are seeking additional gap funding from West Lindsey District Council and the LEP for the completion of the project up to c. £75k. The LEP have pledged a further £14.5k but have stated that this is for Phase 2 delivery only and is subject to the College providing evidence of how this funding will be used.

Members are asked to consider a request to re-allocate up to £75k of Investment for Growth Earmarked Reserve designated for Phase 1 to gap fund Phase 2 of the project. This will only be utilised should the project be unsuccessful in securing external funds and subject to due diligence (as set out above) and implementation of a funding agreement

1 Context:

- 1.1 Apprenticeship starter numbers have fallen in Greater Lincolnshire since 2014/15, from just over 10,000 in 2014/15 to 7,870 in 2017/18, in part due to changes in the funding mechanism. This trend can also be seen at the national level. In West Lindsey Apprenticeship starters fell by 27% between 2016/17 and 2017/18. (GLLEP Skills Analysis 2019)
- 1.2 Engineering continues to be a key sector for employment within West Lindsey and in Gainsborough in particular. Despite the decline in this sector at a national level, the District has maintained an engineering base with around 16% of total employment within manufacturing, and 6% in agriculture equating to almost 1 in 4 people.
- 1.3 Engineering UK have forecast that nationally, 265,000 skilled people are needed in engineering annually through to 2024 in order to meet the demand within the sector. (State of the Nation Report: Engineering UK 2017)
- 1.4 In April 2017, the government introduced an Apprenticeship Levy on UK employers to fund new apprenticeships. In England, control of apprenticeships funding has been put in the hands of employers through the Digital Apprenticeship Service. The Levy will be paid by employers with a payroll bill in excess of £3m.

2 Project Background:

- 2.1 The “Made in Gainsborough” project aims to:
 - Provide 20+ Apprenticeship opportunities per year for the next 3-5 years.
 - Specifically showcase the engineering businesses that are operating successfully within the Gainsborough area.
 - Raise the general profile of the local manufacturing/engineering sector and the range of careers opportunities that are available for people over the age of 16.
 - Ensure that engineering training provision is delivered in Gainsborough.
 - Engage more effectively with schools and Colleges by linking them into the local engineering/manufacturing industry
 - Attract investment and economic growth to the town.
- 2.2 The Engineering Consortium agreed to provide an annual number of paid Apprenticeship opportunities. By September 2020 it is expected that the project will secure up to 60 learners starting Apprenticeships with a further 25 on a full time study programme.

- 2.3 The Lincoln College Group will work with the Engineering consortium to develop a two year engineering apprenticeship programme to meet the varied needs of the consortia. The level 2 Apprenticeship would be delivered at Gainsborough College with employer input 1 day per week to build the required knowledge, skills and behaviour necessary to work safely in an engineering environment. Year 2 would be reversed with Apprentices full time with their employer and attending College 1 day per week.
- 2.4 The purpose of the course will be to provide young people and adults with an introduction into general engineering, to cover the varied disciplines identified by the employers, including: machining (turning and milling), mechanical and electrical maintenance, and fabrication and welding. This course is available to all learners over the age of 16.
- 2.5 West Lindsey District Council has produced some bespoke marketing materials including a Made in Gainsborough brochure which features each of the employers within the consortium. These will be used to target schools and careers events as part of a wider promotion.

3 Project Monitoring:

- 3.1 As previously mentioned unforeseen circumstances have hampered the project and Council officers monitoring it have advised that the following measures are implemented by the College before further funding is considered:
- An open and honest discussion with senior College staff, West Lindsey District Council (WLDC) and the employers to understand the future of the project.
 - A full financial report is required for Phase 1 of Made in Gainsborough (MIG), with details of income and expenditure. Details of where the project has fallen short, and how the College intends to mitigate against any further shortfall by combining Phase 1 and Phase 2.
 - A detailed project plan is required with the accurate costs for completing Phase 1 and the further costs for Phase 2. This should include details of financial contribution from the College and any other funders. We expect WLDC and GLLEP to be funders of last resort and will therefore require evidence that other funding sources have been explored.
 - A College marketing & communications plan which sets out a commitment to push resource and time into the project.
 - Evidence that the employers are satisfied with the College's long term plan for MIG in Gainsborough.
 - Confirmation in writing that the LEP will support a variation to their funding agreement in order to support completion Phase 1 and Phase 2.

- The College will work with WLDC and other partners to develop a long term strategy and estate management plan for the Gainsborough site. (inc. other commercial opportunities)

4 Other funding options:

4.1 The Made in Gainsborough project team have explored alternative sources of funding to help “plug” the £150k shortfall. These are outlined below:

- **Gainsborough Development Trust** – this no longer exists as an entity and the remainder of funds c. £70k were entrusted to WLDC to develop a number of smaller growth projects in the town of Gainsborough.
- **Greater Lincolnshire LEP** – the LEP agreed “in principle” gap funding of £29k to the project. c £14.5k was allocated to Phase 1 with a provisional £14.5k for Phase 2 (subject to LEP variation of their funding agreement)

5 Project Timeline:

Date	Action	Responsible
Oct 2019	Secure funding for completion of Phase 1 & 2	Lincoln College Group
Nov 2019-Dec 2019	Completion of all works at Gainsborough Campus	Lincoln College Group

6 Project Outcomes to date:

- **£90k external funding secured**
- **20 learner starts in Year 1 with 94% retention**
- **20 learner starts in Year 2 currently 100% retention**
- **3 additional employers joined the consortium at the end of Year 1**
- **Over 60 applications received by the College for Year 2**
- **Increase in applications to other programmes including Construction, Automotive and Property Maintenance**
- **4 additional jobs created – 2 x tutors, 1 x administrator, 1 x office manager**

7 Economic Impact Assessment

An initial Economic Impact Assessment has been carried out on this scheme and the total net outputs or benefit to West Lindsey are shown below. The scheme will deliver 24 net new jobs in manufacturing in West Lindsey and contribute an additional £1.3m to the local economy.

	Total FTE jobs	Total GVA
--	-----------------------	------------------

Net	24	£1,314,546
-----	----	------------

Footnote: Economic Impact Assessment allows a factor for 'deadweight' (outputs that would occur anyway), 'leakage' (outputs benefiting those outside of the District) and 'displacement' (outputs accounted for by reduced outputs elsewhere in the District)

Agenda Item 6e



**Corporate Policy and
Resources**

**Wednesday 4 December
2019**

**Subject: Enforcement of the Domestic Minimum Level of Energy
Efficiency**

Report by:

Executive Director of Resources

Contact Officer:

Andy Gray
Housing and Enforcement Manager

andy.gray@west-lindsey.gov.uk

Purpose / Summary:

To request that elected Members approve the introduction of the penalty charge as outlined within the report.

RECOMMENDATION(S):

Elected Members are asked to:

- a) Approve the introduction of the penalty charge of up to £5,000 relating to Minimum Level of Energy Efficiency Regulations 2015.**

IMPLICATIONS

Legal:

The legal background for the provision of this penalty charge and the regulatory standards are found here:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/824037/Domestic Private Rented Property Minimum Standard - Landlord Guidance.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/824037/Domestic_Private_Rented_Property_Minimum_Standard_-_Landlord_Guidance.pdf)

Financial : FIN/140/20JT

There are no financial implications in regards to this paper, other than the ability to recover the penalty charges issued as additional income.

Staffing :

N/A

Equality and Diversity including Human Rights :

Data Protection Implications :

N/A

Climate Related Risks and Opportunities :

Increasing the energy efficiency of our domestic rental stock can help:

- manage the energy costs of tenants, including those of some of the most vulnerable to the cold;
- improve the condition of properties and help reduce maintenance costs;
- lower demand for energy thereby smoothing seasonal peaks in energy demand, and as a result increase our energy security;
- reduce greenhouse gas emissions.

Section 17 Crime and Disorder Considerations :

Health Implications:

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

Risk Assessment :

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 Authority is responsible for the Enforcement of the Domestic Minimum Level of Energy Efficiency under the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015
- 1.2 As a result this means that the Authority can require landlords to meet certain standards within their rental properties relating to energy efficiency.
- 1.3 The Regulations set out the minimum level of energy efficiency for private rented properties in England and Wales. In relation to the domestic private rented sector (PRS) the minimum level is **EPC E**. EPC F and G rated properties are the most energy inefficient of our housing stock. They impose unnecessary energy costs on tenants and the wider economy and can lead to poor health outcomes, with a resulting resource pressure on health services. These properties also contribute to avoidable greenhouse gas emissions.

2 Enforcement

- 2.1 The Authority are responsible for enforcing compliance with the domestic minimum level of energy efficiency. Under the regulations the Authority may check whether a property meets the minimum level of energy efficiency and may issue a compliance notice requesting information where it appears to them that a property has been let in breach of the Regulations (or an invalid exemption has been registered in respect of it).
- 2.2 Where a Local Authority is satisfied that a property has been let in breach of the Regulations it may serve a notice on the landlord imposing financial penalties. The Authority may also publish details of the breach on the PRS Exemptions Register. The landlord may ask the Local Authority to review the penalty notice and can appeal to the First – Tier Property Tribunal.
- 2.3 The Housing Enforcement Policy has made provision for this power since 2018, however the penalty amount has not been added to the fees and charges schedule. There are currently a pipeline of cases in which the penalty notice could be considered and it is requested that approval is sought for this charge to be implemented as soon as possible.
- 2.4 This will ensure that those cases for which the penalty applies are not delayed. The guidance above is very detailed and provides a very clear process for the implementation of penalties, which will be followed accordingly.

3 The Penalty Amount

- 3.1 Where the Local Authority decides to impose a financial penalty, they have the discretion to decide on the amount of the penalty, up to

maximum limits set by the Regulations. The maximum penalties are as follows:

- (a) Where the landlord has let a sub-standard property in breach of the Regulations for a period of less than 3 months, the Local Authority may impose a financial penalty of up to £2,000 and may impose the publication penalty.
 - (b) Where the landlord has let a sub-standard property in breach of the Regulations for 3 months or more, the Local Authority may impose a financial penalty of up to £4,000 and may impose the publication penalty.
 - (c) Where the landlord has registered false or misleading information on the PRS Exemptions Register, the Local Authority may impose a financial penalty of up to £1,000 and may impose the publication penalty.
 - (d) Where the landlord has failed to comply with the compliance notice, the Local Authority may impose a financial penalty of up to £2,000 and may impose the publication penalty.
- 3.2 The total penalty for any offence cannot exceed £5,000. On that basis in regards to the Fees and Charges Schedule it is proposed that a fee of “up to £5,000” is stated.

4 Process and Debt Recovery

- 4.1 The Authority already has an established process when dealing with matters such as this, as demonstrated by the charge for Civil Penalties that is already in place. The process for approving these charges and assessing the level any penalty should be set at will be adopted for this penalty.
- 4.2 As above, the process for debt recovery is also already established and will be used for the recovery of these penalties where they are left unpaid.



**Corporate Policy and
Resources Committee**

**Wednesday 4 December
2019**

Subject: Maintenance Policy of Property & Physical Assets

Report by:	Executive Director for Economic and Commercial Growth
Contact Officer:	Gary Reeve Property & Assets Manager gary.reeve@west-lindsey.gov.uk
Purpose / Summary:	This Policy has been written to provide the principle of actions to be adopted by the West Lindsey District Council with regards to maintenance of all of its physical assets.

RECOMMENDATION(S):

That Corporate Policy and Resources Committee note the requirements of managing and maintaining public assets and approve the Maintenance Policy.

IMPLICATIONS

Legal:

Legislative & Statutory

Financial : FIN/128/20

There are no financial implications associated with this report. It is not expected that implementation of this policy will lead to any additional costs.

There is the potential for implementation of this policy to benefit the budgeting process as it will inform better budget setting in future years.

Staffing :No Staffing Implications

Equality and Diversity including Human Rights :

No impact upon Equality and Diversity

Data Protection Implications :

None known

Climate Related Risks and Opportunities:

Opportunities to improve building performance

Section 17 Crime and Disorder Considerations:

No considerations

Health Implications:

No Health Implications

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

Risk Assessment :

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

This Policy has been written to provide the principle of actions to be adopted by the West Lindsey District Council with regards to maintenance of all of its physical assets [buildings; premises; supporting infrastructure & associated assets].

The Maintenance Policy and supporting Maintenance Strategy & Planning Guidance identify the overriding principles to be applied to maintenance in order to achieve the Authority's objectives for quality property assets and a sustainable and safe portfolio.

These principles will apply to all property assets which are held and/or controlled by the 'Council' and for which the 'Council' has or may have a direct or implied obligation to maintain.

In conjunction with the guidance document the maintenance objectives and the strategic approach to maintenance methodology (systems, procedures, processes and protocols) are considered including aligning the methodology to British Standards for Facilities Maintenance Management.

This policy and subsequent approach to maintenance will support and be supported by specific policy statements in respect of 'Compliance'; 'Health & Safety'; 'Strategic Asset Management' and the 'Strategic Asset Management Plan'.

In implementing this policy the Property Assets team will review their current maintenance methodology, identify any procedural and/or process changes/gaps. On conclusion of the review the service will then implement a delivery plan that will introduce maintenance weighting mechanisms, scoring methodology and classifications that will use industry standard indices.

Applying this approach will assist the service with the ability to manage finite financial resources better by allocating monies in most appropriate order of priority and need.

1. Maintenance of Property & Land - Current Reality

At present West Lindsey District Council has 267 Property & Land assets on its asset register that vary in nature from multi-million pound freehold operational facilities to small grass verges and property for which the 'Authority only' interest is the burden of repair.

The duty of meeting legislative/statutory obligations, managing and maintaining the majority of these assets falls to West Lindsey District Council's Property & Assets Team with a small amount of money being charged to individual responsible persons outside of the team.

These works fall into two distinct categories being reactive and planned maintenance, both of which may contain compliance, servicing and/or emergency works.

Planned maintenance is presently undertaken by the Property & Assets team who either identify works from common knowledge (i.e. re-occurring repairs) or conducts and/or procures surveys to establish the condition of assets either via undertaking a 5 yearly asset condition survey or a dilapidation survey as and when required. Conducting these surveys provides the Authority with intelligence on backlog maintenance levels, current repair requirements, estimated costs of works, categorised assessment on condition and the degree of urgency for each work item identified. Collecting and storing this data enables the service to determine future year's repairs plans. In establishing such plans, the service is able to perform works before the occurrence of failure in order to both protect the asset and to prevent, eliminate or minimise degradation and downtime.

Day-to-day repairs/reactive (unplanned) maintenance being after the occurrence of a failure is by its very nature is disruptive. Managing breakdowns emergency and/or incident maintenance works relies on the Property & Assets Team having sound contractual arrangements in place and good relations with their preferred contractors. Although sometimes unavoidable reactive unplanned maintenance can be expensive in both direct and indirect costs, can cause failure in other assets or associated components and cannot be scheduled.

2. Property & Assets Service Maintenance Objectives

The Authority is both obligated and committed to ensuring that the momentary and operational value of their asset base is protected and where possible enhanced. Here there is a will within the service to further develop a proactive maintenance regime that would reduce the risk of unforeseen major defects, and potential disruption to Council Services and building users. This involves to understand what the requirement are for its short, medium and long term maintenance plans particularly in relation to key Mechanical and Electrical components.

In obtaining survey data, prioritising our property assets and developing our maintenance methodology, the service believes it will be able to make best use of available funding. The creation of informed maintenance plans which consider prioritisation, performance requirements and maintenance identification would provide the opportunity to perform planned maintenance works at the lowest optimum cost, increase/optimize useful life, reduce energy use, reduce failure and maintain high quality and safety standards.

By implementing such strategies it is hoped that the Property & Assets Team can improve on the current planned/reactive maintenance ratio key performance indicator target of 70/30 to a ratio level of around 80/20.

3. New Maintenance Policy and Maintenance Strategy & Planning Guidance

To achieve this it will be necessary to further develop the Authorities/Services approach to proactive works. The recent adoption of policies along with the development of management plans supports the process but does not focus in detail on maintenance.

The approval and inclusion of a Maintenance Policy and Maintenance Strategy & Planning Guidance into a suite of documents including;

- Asset Management Policy
- Compliance Policy
- Strategic Asset Management Plan and
- Asset Utilisation Strategy (to be reviewed)

will assist in the Authority's objectives in respect of maintenance i.e. consistent performance, value and reliability. In line with more recent Property & Assets policy documents the Maintenance Policy has been captured as a high level, broad ranging one page document with supporting guidance. The Policy and supporting guidance has been written with the intention of embedding current practices and further developing the services maintenance methodology, systems, procedures and processes.

4. Delivering the Policy aims

Although the Property & Assets Team currently work in principle to the proposed Maintenance Policy Statement a review of current practices and further consideration will have to be given as to how it will achieve the policy aims.

It will be important for the Service to consider the maintenance planning process [as defined in BS 8210:2012] review and agree each property assets (building/land) required performance, scope of maintenance requirement and selecting the preferred maintenance method.

It is noted (and is contained as an action in the strategic asset management plan) that there is a requirement to survey key M&E components in order to obtain and record data on their current condition, functionality, obsolescence,

expected remaining life, and future replacement costs. Obtaining this data will allow the development of long term future replacement, refurbishment or potentially disposal plans. In conjunction with these works it will also be necessary to determine the preferred maintenance method for these key components and recording this on the services computerised asset management system.

The new policy also recognises emergency maintenance activities and although there is a retained list of emergency contractors and a current emergency plan the new policy Strategy & Planning guidance requires a fresh look at this, particularly regarding communications and the implementation of a Communication Plan for Emergency Works.

5. Conclusion

As part of a small portfolio of asset policy documents, the new Maintenance Policy and Maintenance Strategy & Planning guidance will provide both the Authority and Property Assets Team with a clear Maintenance Policy Statement upon which they can reflect.

To meet the requirements of this document and attain the services future maintenance objectives, the Property Assets service will conduct a review of their current maintenance methodology, identify any procedural and/or process changes/gaps and then implement a delivery plan in order to achieve the Policy Statement.

Whilst implementing any resultant plans, the service will seek to fully utilise the Authorities Computerised Asset Management System to assist in achieve its maintenance decision objectives and to ensure a transparent consistent approach.

MAINTENANCE POLICY of Property & Physical Assets

MAINTENANCE POLICY

(Statement of Intent)

Property and Physical Assets

WEST LINDSEY DISTRICT COUNCIL

August 2019

This document highlights the principal objectives of West Lindsey District Council in its delivery of an effective, strategic and disciplined, approach to the maintenance of its physical property assets.

The document defines maintenance, makes reference to supporting documentation essential to planning; delivery and due diligence and acknowledges the close relationship between maintenance and other critical activity such as 'Compliance' and 'H&S at Work' Legislation [as it applies to physical property assets] and property condition surveys.

It confirms the Councils commitment to effective 'Property Maintenance' by delivering its formal 'Maintenance Policy' and its commitment to the delivery and ongoing management of a safe, effective and value focused property portfolio.

West Lindsey District Council

Forward

The following policy establishes West Lindsey's formal (strategic) approach to the maintenance of its buildings and physical assets and represents a crucial element in the ongoing development of a structured; strategic and systematic approach to asset management.

Representing one of a suite of documents, the policy will clearly indicate the intentions of the Authority in respect of property and asset maintenance and demonstrate its commitment to addressing backlog; current and future maintenance issues. We aim to deliver a safe environment to all who use the facilities over which we have authority and control and deliver our objectives in a cost effective and financially prudent manner by aligning our strategic decisions with valid 'real' data and information, allied to 'best practice' building management.

We are committed to the application of quality standards; codes of practice and prudent procurement (of services) supporting our maintenance objectives and base our management decisions on the facts relating to facility use; condition; life cycle; location and cost.

The policy as presented, demonstrates a clear relationship between it [the Policy] and the overall 'Corporate' objectives of the 'Council' and its suite of strategic policies.

Signed.

Date.

Introduction.

Our Commitment

West Lindsey District Council [the Council], has a responsibility [October 2019] for a portfolio of 267 identified land and property assets; assets which range from operational; investment; community and residential use through to surplus land and other miscellaneous physical property interests.

Notwithstanding our embraced moral and social obligations, the Council has continuing legislative and statutory obligations designed to ensure that all physical assets [buildings; premises; supporting infrastructure & associated assets] are operationally safe and secure, fully compliant and offer no danger or risk to members of the public; employees or any third party visiting or using our facilities.

As a public authority, we are both obligated, and committed, to ensuring that the monetary and operational value of our asset base is protected (enhanced where possible) by a transparent policy of maintenance suitable to the location; age and use of each [individual] asset and is relevant to its expected useful functional life.

Application

The 'Policy' and supporting 'Guidance Documentation' and 'Plans' will apply to all property assets [fixed and mobile] which are held and/or controlled by the 'Council' and for which the 'Council' has or may have a direct or implied obligation to maintain. This will include: -

- ◇ All operational properties, whether owned or leased, from which the services provided by the 'Council' are delivered.
- ◇ All property assets held for commercial gain for which the 'Council' may have, by way of statute or contract [implied or direct] responsibility for safe operation and use.
- ◇ Structures which support the operation and use of the asset/facility and the delivery of services from that asset/facility.

Maintenance

Defined within British Standard BS 3811-1993 (now formally withdrawn as a single standard), maintenance is: -

"the combination of all technical and administrative actions, including supervision, intended to retain an item or restore it, to a state in which it can perform a required function".

For the purpose of this statement and accompanying policy, the term "item" refers to a property asset which is its self, defined as: -

"any roofed structure [fixed or mobile] enclosing space and intended for use as a shelter (for people, animals or property) or for recreational, educational, industrial, commercial or other functions and includes services and external infrastructure within the curtilage of the site".

In developing an effective approach to maintenance, the council and its officers acknowledge that any policy; system and approach must, to be effective, cover all the elements necessary to meet the definition and this will include the effort; strategy; systems employed and essential finance and financial planning.

Financial planning and budget requirements must be based on the 'real' and 'factual' data secured via a programme of co-ordinated surveys; inspections and building monitoring.

Alignment with Existing Policies & Objectives

In developing its strategic and operational approach to maintenance, the 'Council' and its officers will align maintenance activity to existing policies [appertaining to asset and property management]; corporate objectives; standards; approved codes of practice and guidance notes developed by and for the 'Council'.

The policy and subsequent approach to maintenance will support and be supported by 'inter-alia' specific policy statements in respect of 'Compliance'; 'Health & Safety'; 'Strategic Asset Management' and the 'Strategic Asset Management Plan'.

The maintenance policy should be seen as one element of the 'Councils' systematic and co-ordinated approach to Asset and Property Management.

Maintenance Objectives

The principal 'Strategic' objectives of the 'councils' approach is to increase and maintain the facilities/asset's, availability at the lowest optimum cost whilst maintaining the highest quality and safety standards, reducing the failure rate (of the facility and its elements) and minimising the rate of unscheduled or unplanned shutdowns.

Adoption of the policy will underpin short; medium and long-range planning and support our further objectives of: -

- ◇ Optimisation and utilisation of our assets.
- ◇ Reduction in down time.
- ◇ Improvement in management & control through data collection; risk management and condition assessment.
- ◇ Improvement in asset efficiency and waste reduction by predicting and preventing failure [minimising scrappages] and/or reducing the cost of elemental failures through pre-planned actions.
- ◇ Minimise energy use through the continued development of sustainability when applied to our building maintenance programme.
- ◇ Increase and optimise useful life.
- ◇ Improve budget control and reduce unplanned costs.
- ◇ Identify and implement cost reductions utilising real property data and maintenance improvements.

Our strategic approach to maintenance [supported by a schedule of dedicated planned surveys] will enhance our ability to develop operational plans which will allow us to: -

- ◇ Prioritise work
 - Emergency repairs; Backlog; User requests; Turnover (short term investment assets) & Miscellaneous.

- ◇ Deliver an appropriate maintenance strategy and programme based on best practice approaches (see maintenance methodology below)
- ◇ Develop consistent [Authority wide] quality [of work]; standards and procedures.

Operationally, the strategic objectives translate into day to day activity which focuses on identifiable and tangible outcomes: -

- ◇ To retain the asset in a condition in which it can perform its intended function
- ◇ To prevent deterioration; failure and extend the useful life of the asset
- ◇ To maintain and/or restore physical condition and performance to a level acceptable to the 'Council' and stakeholders
- ◇ Recover from any structural and/or service failure
- ◇ Maintain (for individual assets) a database of works performed; costs and asset performance
- ◇ Reduce both capital spend and revenue costs

Maintenance Methodology. [Methods; System; Procedures; Processes & Protocols]

The councils overriding objectives in respect of maintenance i.e. consistent performance; value and reliability, can best be achieved by the development and maintenance of a robust management methodology which aligns to BS 8210 : 2012 (Guide to Facilities Maintenance Management). This methodology encompasses a robust system defining methods; procedures; processes; protocols and responsibilities. West Lindsey District Council will adopt best practice in relation to these elements and they are detailed in the "Guidance Notes; Methodology; Methods; Procedures; Processes and protocols" which accompany this Policy.

The guidance will identify the core operational elements within maintenance along with definitions and our approach to strategic and operational plans along with actual action plans. Individual maintenance plans should carry indicative costs as they are developed, and this will further support budget management for immediate; short; medium and long-term activity.

The methodology and process for maintenance will be managed in a fully integrated manner and follow a structured process which observes a number of key stages: -

- Assets required to support primary/core business activity and services will be identified and the services defined.
- All secondary assets will be identified along with their function.
- The required level of asset performance will be identified.
- The condition of all assets will be audited.
- The scope of maintenance required will be identified.
- Appropriate maintenance methods (more than one may apply) available will be determined and applied along with resource requirements.
- Maintenance plans and budgets should be prepared to address immediate; short; medium and long-term requirements.
- A strategic plan for delivery should be agreed.
- Plans and programmes implemented.
- Performance monitoring; plan review and programme control should be assessed.

Date

WEST LINDSEY DISTRICT COUNCIL BUILDINGS and PREMISES MAINTENANCE POLICY

Policy Statement

West Lindsey District Council is committed to providing buildings; premises and facilities which, (for employees; visitors; contractors and all user groups) are safe; well maintained; clean; accessible and which will provide a comfortable and secure environment.

Our buildings and facilities will be reliable; fit for purpose; compliant with current legislation and will fully support the delivery of the council's service obligations and corporate goals. We will maintain our buildings and facilities in a manner which protects and/or enhances their monetary, or strategic, value for the duration of our ownership.

To achieve this, we will: -

- Periodically survey all facilities comprising our property estate in order to verify structural condition, levels of safety and compliance and identify any gaps in relation to our prescribed policy goals and objectives.
- Continually monitor the physical condition of our buildings and facilities and factually record the results of all surveys; incidents and failures.
- Ensure that we maintain a robust and transparent system of maintenance which includes 'Executive'; 'Officer' and 'Contractor' responsibilities along with robust financial reporting, planning and procurement procedures and protocols.
- Base our maintenance programme and spend on survey data and prioritise works around identified requirements.
- Ensure that maintenance services [however procured] are professional in delivery and make the best use of available funding.
- Develop an effective 'Emergency' response within our maintenance system.
- Through planned interventions, minimise the risk of unforeseen major defects which may compromise or adversely affect the core business of the 'Council'.
- Ensure that the maintenance system and processes facilitate the prioritisation of maintenance contracts and programmes by identifying business critical facilities and works relating to compliance and Health & Safety.
- Ensure that, where reasonably practical, maintenance projects are co-ordinated with other construction projects/works to minimise operational and financial impact.

Scope of the Policy. Applies to all the Councils physical property assets for which they have maintenance obligations, direct or implied.

Responsibilities. A schedule of delegated responsibilities is printed in the Guidance document accompanying this policy.

Policy Review. This 'Policy' will be reviewed every three years.

Date.

Maintenance Strategy and Planning

GUIDE to THE POLICY; STRATEGY and MAINTENANCE of PHYSICAL PROPERTY ASSETS

Aug 2019

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Maintenance Methods

Introduction

This document references West Lindsey District Council's formal and agreed approach to the development and management of maintenance activity across its administrative area, its approved 'Maintenance Policy' and strategic approach.

The guide contains the principal elements of our maintenance strategy i.e. structure and methods of assessment allied to performance objectives and scope of maintenance.

The guide should be regarded as a point of reference, to be read by those who seek further clarification in respect of the Authority's formal, corporate, approach to maintenance i.e. the 'Maintenance Policy', and by officers and staff of the Authority who are involved, directly or indirectly, in the provision of maintenance services or who seek clarification in respect of the maintenance system; principal processes and strategic approach adopted by the Authority.

The guide is not intended to cover aspects of day to day maintenance e.g. individual processes; protocols, nor day to day maintenance activity, but it will indicate the core principles applied and the objectives and approach to property maintenance along with the identification of responsible persons and individual responsibilities.

The guide will note appropriate reference material e.g. standards; codes of practice and best practice which are current at the time of writing.

The guide, particularly reference material, should be reviewed annually in order to ensure that the reader is aware of current information; statutory requirements; and best practice.

Strategic Approach.

Context

The Authority's approach to property maintenance will follow the agreed and approved structured approach [and methodology] as applied to 'Asset Management' whereby strategy, planning and lower order actions will cascade down from a principal policy statement.

The overall strategic approach will be identified in this "Guidance" document along with the approach to strategic level action planning leading to individual action plans and maintenance programmes.

Maintenance

Definition

Defined within British Standard BS 3811-1993 (now formally withdrawn as a single standard), maintenance is: -

"the combination of all technical and administrative actions, including supervision, intended to retain an item or restore it, to a state in which it can perform a required function".

Maintenance Policy

Identifies the overriding principles applied to maintenance in order to achieve the Authority's objectives for quality property assets and a sustainable and safe portfolio.

Policy Statement

West Lindsey District Council is committed to providing buildings; premises and facilities which, (for employees; visitors; contractors and all user groups) are safe; well maintained; clean; accessible and which will provide a comfortable and secure environment.

Our buildings and facilities will be reliable; fit for purpose; compliant with current legislation and will fully support the delivery of the council's service obligations and corporate goals. We will maintain our buildings and facilities in a manner which protects and/or enhances their monetary, or strategic, value for the duration of our ownership.

March 2019

Maintenance Strategy

Identifies the approach to delivering the 'Policy' objectives through controls; quality standards; plans; processes and responsibility.

Maintenance Strategy

Principles

West Lindsey District Council has adopted a strategy of full compliance and total maintenance in respect of its property portfolio. The strategy will apply to all property assets for the duration of the Authority's ownership. Property will be held by the Authority either as an operational, community, residential or investment asset and maintained to the agreed standard.

Property assets which do not or cannot add value to the Authority and support its corporate objectives will be maintained to a 'safe' level and scheduled as either miscellaneous or surplus for disposal; refurbishment or demolition thus minimising capital/revenue costs and risk.

The Authority will execute a programme of audits to establish the current [and on-going] condition of assets [physical and service infrastructure] along with levels of compliance. Repair and maintenance planning will focus initially on the requirements of business-critical assets and on those assets where compliance failure is reported, or urgent repair is prudent to good management.

The overall approach will centre on knowledge-based decisions; planning; pre-planning; quality and identifiable & robust control mechanisms.

Standards and Legislation

The principal standard applied by the Authority in its approach to the development (and delivery) of an effective and robust system of maintenance is: -

‘BS 8210 – 2012 Guide to Facilities Maintenance Management’

This standard is supported by relevant elements of **BS 3811 – 1993** (see above) in conjunction with applicable British Standards and Codes of Practice relevant to specific practice and requirements.

At all times and in respect of all elements of maintenance activity [planning & delivery], the appropriate standards and codes of practice should be referenced and adhered to.

A summary of the most relevant standards and codes is appended to this guide.

In developing and maintaining a system of maintenance management and maintenance activity, the Authority emphasises the need to continually cross reference existing policy requirements [within the Authority], and the Authority’s published ‘Corporate Plan’.

All executive officers; officers and operational staff should reference the requirements and guidance within BS 8210-2012 [as a minimum] when carrying out any maintenance planning; activity or function along with specific statutory requirements.

Health and Safety

Throughout the development of the overall approach to maintenance and maintenance planning, the Authority should/will, continually reference the applicable requirements of H&S legislation and HSE codes of practice as they apply to any identified works. This applies to the contractor(s) and their levels of compliance and approach to H&S (for employees and all third parties) as well as a recognition of the Authority’s own responsibility as direct and indirect employers and agents. As an element of the maintenance planning process, the Authority must consider and develop a schedule of core procedures to ensure contractor compliance with national standards and with the council’s own standards. A process of jointly agreed (Authority & Contractor) procedures is advocated.

The Authority is recommended to consider, in particular, the use of ‘Permits to Work’. **HSE – HSG: 250** provides guidance on ‘Permit to Work’ systems.

The permit to work is a system which should state, in precise terms, the work to be done, when and which parts (of the work) are safe. The permit should not be regarded as a permission to carry out a potentially dangerous job, nor does it make a job safe. The permit should be framed within the ‘Risk Assessment’ procedure and regarded as a formal recording process identifying potential hazards and controlling work which is potentially hazardous. It is ‘risk mitigation’.

Permits to work are not mandatory and should be considered only where potential hazards or risks to work are identified e.g. through the ‘Risk’ assessment process.

Structure and Responsibilities. –



Maintenance Objectives, Methodology and the Maintenance Planning Process. -

In order to meet the principle strategic objectives of the Councils approach officers involved in the maintenance planning process at all levels, will take into account and employ the 11 stage process model contained in BS 8210:2012 - maintenance planning process which is discussed later in this guidance and the model is shown as Appendix 1.

The Executive Director of Economic and Commercial Growth will sponsor, approve and provide support to the whole process. They will provide corporate direction and work with the Property & Assets Team Manager to develop maintenance objectives and identify resource requirements.

The Property & Assets Team Manager, Senior Property Strategy and Projects Officer and Senior Facilities Officer will be responsible for establishing asset definition, performance requirements, maintenance identification and prioritisation, the development of delivery maintenance audits, assessment of resource requirements and preparation of plans (stages 1 to 9).

The Building Maintenance Technician will be responsible for the implementation of maintenance plans, procurement of works, programme monitoring (time, cost & quality) review, and control and reporting of performance.

The whole process will be supported by the Property & Assets Support Officer who will ensure that the Authorities CAAM system is maintained, updated and remains fit for purpose.

Communication; Reporting & Emergency Actions –

As part of the planning process the service will develop a communication plan that will consider the giving and receiving of asset planned and unplanned maintenance information. The plan will clearly explain why the plan exists, detail what the service aims to achieve, identify who will need to know (identify the stakeholders), when we shall communicate, what messages we shall seek to get across and identify the tools, means and methods of distribution.

As part of the process consideration will be given to the differing scenarios ie planned maintenance, unplanned maintenance, maintenance reporting and emergency reporting processes and protocols.

The plan will contain a communication plan template for which a typical example is shown below. Adopting this approach will provide consistency and clarity to both the user and recipients.

Communication Plan : Emergency Works				
What Information	Target Audience	When?	Method of Communication	Provider
Guildhall 2 nd floor disabled wc not working	WLDC staff based at the Guildhall Tenants located in the Guildhall	Immediate	e-mail	Property Services

Maintenance (Strategic Planning) Process

BS 8210:2012 advises that maintenance planning should adhere to the following (structured) approach. This will be adopted by the Authority.

1. The facility [property & infrastructure] assets required to support the business and the delivery of services should be **identified** and **defined**. (Scheduled in the Authorities CAAM system)
[All other physical property assets should be recorded [and similarly defined] pending any decision relating to their future].

Note.

For the Authority, this includes both operational, community, residential and investment assets [property]. For investment property, the extent of the Authority's obligations should be identified. Where no direct responsibility exists e.g. where tenants are in occupation, the tenant's performance obligations under the terms of the lease must be monitored on a regular and pre-determined basis. Infrastructure refers to building services i.e. electrical and mechanical & engineering. All property assets will be recorded on the Authorities CAAM system.

2. The required level of facility asset performance, including any performance indicators, should be agreed and recorded.

Note.

The level of performance should reflect the facilities required availability followed by the occupational requirements; cost in use; sustainability and agreed secondary factors.

3. The condition and sufficiency of facility assets for their intended purpose should be audited.

Note.

The requirement will be met through a process of scheduled inspections for physical condition; mechanical; electrical and engineering services and compliance. Facilities inspections [e.g. space; location and infrastructure performance] should be programmed.

4. The scope of the maintenance required should be identified through GAP analysis.

Note.

This requirement will be met having regard to the results of the surveys listed in 3 above. Surveys will identify current urgent, backlog and future maintenance requirements. Legal and corporate requirements can be assessed against actual recorded condition and performance.

5. An appropriate maintenance method from those available should be selected.

Note.

Resulting from the surveys, immediate / critical maintenance should be identified, and the appropriate action taken, this will include emergency and failure maintenance / repair. The extent of any backlog maintenance can be quantified.

On completion of a full analysis of the survey results a strategic approach may be determined comprising the approach to 'Reactive Maintenance' and its sub categories [e.g. unintended failure] and pre-determined 'Planned Maintenance' comprising for example, 'run to failure'; 'time based'; 'age based'; 'condition based'.

6. The resources required for the chosen maintenance method(s) should be assessed.
7. Short; medium & long-term plans & budget estimates should be prepared.
8. Tactical and individual facility plans should be prepared.

Note.

This should include individual plans for backlog maintenance (deferred planned and unplanned repairs) and agreed (where this approach should not materially and substantially have a negative impact on operational and capital value).

Tactical plans should have reference to ongoing and planned maintenance of critical assets with planning cascading down through to less critical facilities.

9. Resources required and identified in (6) above should be confirmed.
10. Begin plan implementation and programming.
11. Performance monitoring; plan and deliver review.

The standard suggests that the information secured as a result of the process should be used to re-inform the Authority of the value, need for and use of individual assets i.e. a possible re-evaluation of facilities comprising the asset base and their ability to satisfy corporate needs; objectives and requirements.

This approach should be applied across the operational portfolio as a minimum.

Documented Plans. [Strategic & Action]

Strategic

At the highest level, the maintenance system and strategic approach should align with the principles of asset management identified in the Authority's 'Asset Management Policy' and 'Strategic Asset Management Plan' and specifically those strategic initiatives which align with, support and inform the overall maintenance of the property portfolio and the retention of a safe; compliant and value driven estate.

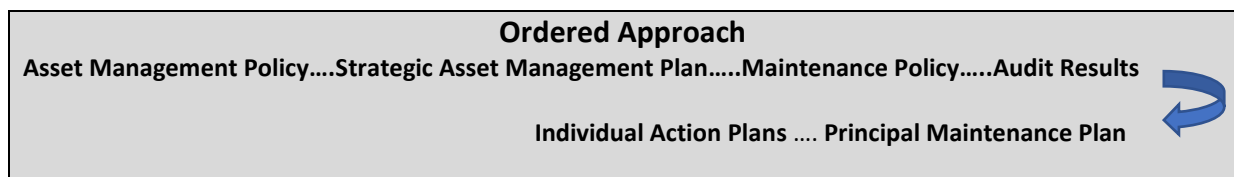
Specific strategic initiatives (within the Strategic Asset Management Plan) which support, and direct maintenance activity are: -

1. Building condition audit; Physical condition [structure]
2. Physical condition [M&E] audit
3. Compliance audit; buildings and facilities
4. Sustainability audit.
5. Facilities capability audit

The results of the initiatives (audits) will form the basis of an overriding maintenance (action) Plan leading to subsidiary (Individual Action) plans.

Asset Management Action (subsidiary) Plans are defined (ISO 55000) as “*Documented information that specifies the activities; resources and timescales required for an individual asset or group of assets to achieve the organisations [asset management] objectives*”.

Maintenance (action) plans should develop from the ‘ordered approach’ below: -



The activities in the (action) plan(s) fulfil the primary objectives of maintaining the asset.

Secondary [action] Plans; Maintenance

Secondary level action plans [defined above] contain the detailed objectives [work required] applicable to specific assets e.g. individual buildings or groups of assets or specific elemental works (e.g. roof repairs; H&V etc applied across the whole or part of the portfolio). For each plan, the resources required should be assessed against the resources available and a balanced approach agreed.

An iterative approach to the resource assessment (requirement and availability) is recommended as this will help in the balancing requirements i.e. ‘Optimisation’.

As with Strategic Initiatives, the plans should contain schedules of resource requirements, reasons for action, timeframes and agreed performance outcomes. Where possible, the value added, as a result of maintenance interjection, should be identified and reported.

The principal objective of the action plan(s) should be to document and define the requirements and communicate these to: -

- Internal staff who need to complete the actions
- External / contracted staff involved in delivering the maintenance activity
- Management, who need to agree the resource’s e.g. finance; staff etc.
- Identified stakeholders e.g. members and other stakeholders.

As prescribed in other (West Lindsey) approved documents, individual plans must, in order to succeed as communication tools, be as clear in content as practicable, be easy to read and be as short and concise as practicable.

Base detail and data (applicable to any specific plan) should be referenced and not repeated in every plan. This approach will reduce the size and complexity of the plan document itself and reduce the risk of incorrect; inappropriate or out-of-date data being applied.

Sources of good / best practice and interpretation of ISO 55000 indicates that the following format for action plans could be utilised.

- **Asset & Plan Information.** A description of the scope of the subject plan; the criticality [level of importance] and value of the assets covered and any interdependencies with other assets (either to maintain the subject value or maintain the value of other assets)

- **Owners and Stakeholders.** A schedule of roles; responsibilities and stakeholders relevant to the asset(s) covered by the plan should be identified.
- **Current and Desired Levels of Performance.** Relates to the asset management (maintenance) objectives specific to the plan. This requires a 'level of Service' statement [target] which is then assessed against historic [audit] data. The 'GAP' identifies the work to be done and the rationale supporting the work.
- **Life Limiting Factors.** A description of the factors which could or are expected to impact on the assets ability to function according to plan or requirements. Factors could include cost; obsolescence; wear & tear, accelerated deterioration or demand changes. This information could more clearly justify the level of 'spend' on maintenance or, indicate action beyond maintenance e.g. major refurbishment or disposal.
- **Life Cycle Factors.** Identify the current approach to maintenance and the existing maintenance programme. Identify any requirement to change the programme and the reasons for change.
- **Health; Safety and Environment.** Outline which, if any, of the issues have any impact on the asset and the planned activity.
- **Budget.** A summary of any detailed budget showing the required and allocated resources for the delivery of the plan. The summary should be segmented into elemental spend.
- **Risks.** A summary of the key risks applicable to the Asset as well as the proposed works. The full 'Risk Register' is not required but it should be referenced. Note the comments in respect of 'Permit to Work' above.
- **Actions.** List the prioritised and resourced actions [maintenance] activity
 - For individual assets [buildings] this should be restricted to direct and planned maintenance activity. It may [as part of medium-term planning – (advised)] identify revised maintenance schedules or replacement of elements due to obsolescence (time based or technical).
 - For asset groups, the above may apply.
 - For elemental maintenance across the portfolio (or part of the portfolio) e.g. services; roof; windows etc, revised service schedules should be identified.
- **Beyond Maintenance Activity.** For individual assets (buildings / facilities), actions and proposals, where known, *could* be appended to the plan. Such actions may fall beyond the agreed scope [action & budget] of maintenance (see note below), but their inclusion may be advantageous and support/inform future activity. '*Beyond maintenance activity*' actions should be noted [not necessarily detailed] in the principal maintenance plan but should also be referenced [again when known] in the facilities 'Building Manual'.

Note.

The above format represents a robust approach to any action plan relative to an identified [single] asset or wider group asset maintenance plan or any asset class. It can be tailored to meet the specific requirements of the Authority and its particular objectives.

The elements identified highlight core elements and their inclusion will serve to offer the highest level of communication; information and plan requirements.

Work Not Regarded as Maintenance

In order to effectively 'ring fence' maintenance activity and balance and control dedicated budgets, work beyond a certain level and scope should be specifically excluded from maintenance operations (and their associated budgets). The scope of such works should be clearly identified within the Authority [Strategic Asset Management Plan] and may include: -

1. Improvements and upgrading to meet new service capacity or functions
2. Major works of refurbishment
3. Capital replacement of major components to extend the capacity or useful life of the asset e.g. works that can be capitalised in accordance with WLDC & Government accounting policy
4. Upgrading to meet new statutory requirements
5. Day to day operational tasks to enable occupancy and use e.g. cleaning; security and waste services
6. Supply of utilities
7. Construction (re-construction) of assets and / or major restoration required as a result of out of course events (total or partial loss)

Note.

The above list is not exhaustive, a more complete schedule should be agreed and compiled in order to avoid uncertainty and inappropriate budget claims.

Maintenance System [Plan] Hierarchy.



Maintenance: Strategic Approach [Strategy]

The core principles of the Authority's strategic approach to maintenance is noted in the statement at beginning of this document '**Maintenance Strategy; Principles**' and clearly states the overriding objectives to be met. Similarly, the '**Structure; Responsibilities**' and '**Decision Process**' is noted above as is the '**Primary Reporting Methodology**'. These elements are central to the Authority's strategy.

To complete the strategic approach, the following is required: -

- Risk approach,
- Immediate maintenance issues
- Property classification models
- Maintenance methods available for medium and long-term management

Addressing the following elements will further support the requirements of the strategic approach.

Risk Management

Risks associated with maintenance will be managed in the following order of priority;

1. Assets requiring immediate maintenance to prevent injury and/or financial loss.
2. Maintenance in respect of H&S issues.
3. Statutory maintenance requirements; security, fire, gas, electrical and water.
4. Structural maintenance and structural integrity including building fabric.
5. Elements within the curtilage of any facility for which the Authority has responsibility.
6. Maintenance of unoccupied assets identified for disposal; demolition or other purpose.

Immediate Maintenance Programme

Following the structural; compliance; H&S and M&E surveys, any defects or maintenance issues identified as urgent or critical (see priority rating below) will be rectified through a planned programme of urgent work. The urgent work programme / plan should be regarded as a priority initiative within the principal maintenance plan.

Property Classification Models

In order to ensure a balanced programme of immediate and planned maintenance and optimise the available resources, the Authority will classify physical property assets according to the following models. These models will set the direction & timeframe for maintenance activity.

Property Rating

Classifies properties by order of their functional corporate importance. Decisions in respect of importance & service delivery will be made and approved by the Authority's 'Property Group'.

S1	Critical to core service or high-profile asset to be in the best possible condition, maximum availability required.
S2	Important to core service, asset to be in good condition operationally and aesthetically, minimum downtime.
S3	Core service, asset to be in compliant and in reasonable condition, able to meet operational and statutory requirements.
S4	Non-core service operational facility. Meets minimum acceptable statutory and operational requirements.
S5	Non-core service, non-operational property maintained to meet minimum statutory requirements only. Unoccupied and considered to be ancillary to requirements subject to asset review.

Condition Rating

The table categorises the condition of an identified building or facility by applying a Government approved rating system. Condition assessment will be based on the real time data collected [initially] from the programmed condition surveys.

A	Good. Facility performing as intended and operating efficiently
B	Satisfactory. Facility performing as intended but showing signs of minor deterioration.
C	Poor. Facility not operating as intended and showing signs of major deterioration or defects.
D	Bad. Facility demonstrates serious risk of imminent failure. Requires critical and urgent review.

Priority Rating

Government approved rating system.

Identifies the degree of urgency [and level of importance] attached to identified defects.

1	Urgent. Work required to prevent immediate closure. Addresses a [potentially] serious failure of structure; breach of legislation and/or poses a general risk to health & safety.
2	Essential work required [within 2 years] to prevent serious deterioration of fabric or building services or remedy minor breach of legislation or H&S and which can be managed until full maintenance effected.
3	Desirable work required within 3 to 5 years which will prevent the deterioration of fabric or service and/or address low risk minor breaches (legislation and/or H&S).
4	Long term work required beyond a five year window.

Reason Rating

Identifies the nature of the defect reported. Where any defect covers more than one of the identified definitions, the most serious definition will determine the priority level. Where there are competing facilities, with the same priority ratings, additional reason ratings should be considered.

Reason ratings should always be recorded as they can provide a history of individual or group asset failures and an indication of (any) emerging patterns of failure. Any identified patterns may serve to inform and subsequently re-direct planned maintenance activity.

R1	Statutory or Health & Safety breach
R2	Total or partial loss of service
R3	Deterioration of fabric; structure or services
R4	Security implications
R5	Disabled access implications

Maintenance Methods

The approach to maintenance should be considered under two principal headings; Reactive and Planned (programmed). For each heading a number of operational approaches can be applied with consideration being given to the possibility of a mixed approach for individual or group assets.

Reactive Maintenance

“The required repair, replacement or restorative action performed on an asset, after the occurrence of a failure, in order to bring the asset to at least its minimum acceptable condition”.

Can form the basis of a strategic approach across the asset portfolio, where it is described as ‘Run to Failure’ but, for all but the most specific circumstances, its application as a formal cross (all) asset, core approach, it is not advocated.

It may be applied to certain asset elements, but the ‘Reactive’ element should (generally) be restricted to the circumstances as noted in the table below.

Reactive Maintenance	Emergency or Incident Maintenance	Unplanned maintenance action carried out as quickly as possible, in order to restore an asset to a safe and operationally efficient condition. May be a result of fire; storm; collision; civil commotion; accident or other negative third-party activity.
	Breakdown Maintenance	Unplanned and reactive maintenance performed to restore an asset to a safe and operationally safe condition following an unforeseen structural or mechanical failure

Disadvantages	Advantages [Useful Where]
Expensive in both direct & indirect costs.	Failure is unpredictable but anticipated
Element failure may cause failure in other assets or Associated components.	Cost of performing RTF is lower than other types of maintenance
Difficult to schedule.	The failure is too low in priority to include it within a planned regime.

Planned (Preventative) Maintenance

“Maintenance carried out at pre-determined intervals or according to prescribed criteria and intended to reduce the probability of failure or the degradation of the functioning, and the effects, limited”.

BS 3811:1993

Preventative maintenance thus comprises pre-planned actions performed on assets before the occurrence of a failure in order to protect them and to prevent; eliminate or minimise degradation and downtime.

The overriding advantage of planned (preventative) maintenance, for both buildings and their supporting M&E installations, is that it's adoption will satisfy most maintenance objectives.

Applicable to facilities and/or assets whose failure or interruption could have serious implications.	It maintains facilities and assets in such a condition that breakdowns and emergency repairs are minimised.	Activities include replacement; adjustments; major overhauls and inspections
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The most relevant Planned (Preventative) maintenance methods applicable to the Authority include: -

- Preventative Maintenance
 - Programmes of work developed from planned; periodic inspections. Designed to address major maintenance issues where significant failure or deterioration has been identified and maintenance input is required to restore the asset to its intended level of condition and performance.
 - Routine Maintenance. Activity, which is planned, repetitive and periodic such as minor adjustments, painting, cleaning, lubrication, service interval maintenance.
 - Running maintenance. Minor routine maintenance carried out prior to planned maintenance and not impacting on the occupation or use of the facility.
 - Opportunity (preventative) Maintenance. Performed in a window of opportunity and having positive cost implications.
- Term Maintenance (Preventative, Cyclical, Servicing or Time Based). Used to comply with statutory or manufacturer's requirements and for building services. Undertaken at predetermined time intervals as required by statutory, technical or operational reliability considerations. This may be applied to building structures, fabric, services and site improvements but is used predominantly for the maintenance of mechanical and electrical services.
- Deferred [Backlog] Maintenance. Comprises corrective maintenance activity not immediately initiated following the occurrence or identification of a failure but deliberately delayed due to resource or other operational issues.
- Predictive Maintenance. The most advanced approach to maintenance, predictive maintenance is based on a set of activities that detect changes in the physical condition of assets (signs of

failure) in order to carry out maintenance work. It maximises service life whilst reducing the risk of actual failure. There are two recognised classes of predictive maintenance.

- Condition Based. Centres on continuous and/or periodic condition monitoring to detect early signs of failure.
- Statistical Based. Focuses on statistical data from meticulous recording of performance and failure data. Predictions are constructed from the data.

Predictive maintenance is a complex system to establish but it may be possible for the Authority to begin to apply it through the use of Technology Forge CAAM system, the Authorities financial system and officer knowledge. It is an effective approach.

Overview of Maintenance Methods

Reactive maintenance is generally unavoidable, but it should be reserved for 'Emergency'; 'Incident' and/or 'Breakdown' only and should not constitute the primary approach for the Authority. A programme of planned (preventative) maintenance should be developed, a system which should minimise the need for reactive maintenance and limit it to 'Emergency and Incident' responses.

In developing the planned programme, an appropriate mix of all methods should be considered.

Accompanying WLDC Documents and schedules.

1. Maintenance Policy
2. Compliance Policy
3. Asset Management Policy
4. Strategic Asset Management Plan
5. Asset Utilisation Strategy

Schedule of the principal standards referenced.

1. The Health and Safety at Work Act 1974 (abbreviated to "HSA 1974", "HASWA" or "HASAWA") is an Act of the Parliament of the United Kingdom that as of 2011 defines the fundamental structure and authority for the encouragement, regulation and enforcement of workplace health, safety and welfare within the United Kingdom. The Act defines general duties on employers, employees, contractors, suppliers of goods and substances for use at work, persons in control of work premises, and those who manage and maintain them, and persons in general.
2. BS 3811:1993; provides guidance and definitions on maintenance, technical and administrative actions intended to retain an item in, or restore it to, a state in which it can perform a required function.
3. BS 8210:2012; Guide to Facilities Maintenance Management is for those with responsibility for facilities maintenance in most types of building-related facilities assisting those responsible for ensuring that facility assets continue to perform as intended.
4. ISO 55000, 55001 & 55002 are a suite of standards created to provide guidance in asset management practice. ISO 55001 focuses on helping you develop a proactive lifecycle asset management system. This supports optimization of assets and reduces the overall cost of ownership while helping you to meet the necessary performance and safety requirements. ISO 55002 provides the specific guidelines for the application of this system, in accordance with the principles set out in BS ISO 55000.
5. CIBSE Guide M – Maintenance engineering and management
6. BSRIA Guide BG35/2012 – Condition surveys and asset data capture



Agenda Item 6g



Corporate Policy and
Resources

Wednesday 4 December
2019

Subject: Local Council Tax Support Scheme for 2020/21

Report by:

Executive Director of Resources

Contact Officer:

Alison McCulloch
Revenues Manager

alison.mcculloch@west-lindsey.gov.uk

Purpose / Summary:

Report to adopt Local Council Tax Support
scheme for 2020/21.

RECOMMENDATION(S):

1. Note the contents of the report and;
2. Recommend that **Full Council** adopt Option 1 of the report for the Local Council Tax Support Scheme for West Lindsey District Council for 2020/21.

IMPLICATIONS

Legal:

The Council has to determine a local scheme for council tax reduction by 31 January 2020.

Financial : FIN/62/20

The cost of the Local Council Tax Support scheme (LCTS) is shared between Lincolnshire County Council (75%), West Lindsey District Council (12.5%) and Lincolnshire Police (12.5%).

- If Option 1 is approved, no additional costs are forecast for the LCTS scheme for 20/21. This does not take into account any adjustments such as any new legislation affecting the default/pension age scheme and the uprated non-dependent deductions, applicable amounts and allowances as per the Department for Works and Pensions annual 'Up-ratings'.
- To comply with the Council budget guiding principles, a scheme has to be designed that aims to fit the level of available government grant. The Local Council Tax Support Grant has now been rolled into the Revenue Support Grant and it is no longer possible to identify the funding which directly relates to this area. It is therefore desirable that the financial impact is cost neutral or can demonstrate financial savings.
- The scheme that is chosen by the Council will need to be monitored to ensure the level of council tax collection remains comparable with previous years

Staffing :

If, as suggested, no changes are made to the council tax support scheme from last year this should now be embedded with staff.

Equality and Diversity including Human Rights :

Data Protection Implications :

None arising from this report.

Climate Related Risks and Opportunities :

None arising from this report.

Section 17 Crime and Disorder Considerations :

None arising from this report.

Health Implications:

None arising from this report.

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

Local Government Finance Act 2012 -
<http://www.legislation.gov.uk/ukpga/2012/17/section/11>

Risk Assessment :**Risk Assessment :**

- a. If Council Tax Support caseloads rise or fall then WLDC and the other major precepting authorities will have to absorb those expenditure variations through the Collection Fund. It is therefore vital that the financial implications of the scheme decisions made are realistic in terms of bridging the funding gap.
- b. If there is a downturn in the local economy, or where there has been major redundancies if a major company ceases trading, Council Tax Support caseloads could rise significantly.
- c. Each Council must approve their local Council Tax Support scheme by 31st January otherwise a default scheme similar to the current Council Tax Benefit scheme will be imposed which will cause funding gaps between the amount of grant received and the amount of council tax support entitlement.
- d. The amount of council tax support awarded last year was just over £6 million but forecasts indicate this will be slightly lower this year. Whilst this is not a budget saving it will contribute towards the savings required by 2021.

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

☐

Executive Summary

Council Tax Benefit was a national scheme providing means-tested financial help to households to pay their Council Tax liability. This was abolished on 31 March 2013 and every Local Authority was tasked with designing a local scheme of financial support to replace Council Tax Benefit.

West Lindsey District Council consulted with the residents of the district and the precepting authorities and adopted a local scheme approved by Full Council in January 2013. This scheme was re-adopted for 2014/15 and for 2015/16 and, following further consultations in 2015, minor amendments to the scheme were agreed for 2016/17.

No changes were made to the scheme in 2017/18 but amendments were made in 2018/19 in anticipation of Universal Credit implementation and again in 2019/20. Data available shows that it has been effective and that the collection rate for Council Tax Support claimants last year was just over 70%, an increase of 1.5% on the previous year.

At the end of October this financial year the collection rates for council tax support claimants is 46.52% an increase on the same period last year of 3.22%.

In view of this it would therefore seem appropriate to continue to embed the current scheme with both staff and council tax support claimants for at least a further year taking this scheme through to 2021.

The finalised local council tax support scheme must be approved and adopted by Full Council by 31st January 2020.

1 Introduction

- 1.1 The Local Government Finance Act 2012 replaced Council Tax Benefit with a Council Tax Support scheme. Unlike Council Tax Benefit (CTB) which is set by Central Government, the new Council Tax Support scheme must be defined by individual Local Authorities (albeit with much central prescription).
- 1.2 Pensioners are protected by Government which means 'local schemes' must give the same level of assistance to pensioners awarded to them as that under the old Council Tax Benefit scheme. West Lindsey District Council also made the decision, since 2013/14, to protect those in receipt of a War Pension and those claimants receiving a Disability Benefit and the proposal is not to change this decision.

2. Options

There are 2 options for consideration for the 2020/21 scheme as detailed below and Appendix A details the cost of the scheme for each precepting authority.

Both the Lincolnshire Police and Crime Commissioner and Lincolnshire County Council have been consulted on this matter and both support the proposal of option 1 below.

2.1 Option 1

To make no change to the current scheme, adapted from the scheme applied to people of pension age, for another 12 months but to apply any new legislative requirements and the uprating of the non-dependent charges, applicable amounts and household allowances and deductions, used in the calculation of the reduction in accordance with the Department for Works and Pensions (DWP) annual up-ratings.

Advantages	Disadvantages
There has been a slight reduction in the number of households claiming LCTS which has reduced the costs of the scheme. In October 2018 we had 6,644 claimants and in October 2019 there were 6,416 claimants.	Very small saving to the council
Collection rates are being maintained under the current scheme.	
This option ensures the LCTS rules stay consistent with the DWP rules which avoids confusion for claimants.	

2.2 Option 2

To make no changes to the current scheme i.e. do not apply the up-rate household allowances and deductions:

Advantages	Disadvantages
	The Council would have three sets of rules to apply for families applying for financial help, this would cause confusion for the claimants, will lead to increased modification to IT and training for the Benefits Team and an additional set of regulations.

3. Recommendation

It is recommended that the Members consider both options and agree Option 1 being to adopt the scheme based on the 2019/20 scheme with adjustments to include any new legislation affecting the default/pension age scheme and the uprated non-dependent deductions, applicable amounts and allowances as per the Department for Works and Pensions annual 'Up-ratings'.

4. Local Council Tax Support Scheme 2020/21

It is recognised that whatever decision is reached, this would only be a scheme for 2020/21. A review of the scheme is undertaken annually when more knowledge of the impact of that year's scheme and collection rates are available. Monitoring will also take place to analyse the impact and any unintended consequences it has had on council taxpayers and benefit recipients.

Appendix A – Forecast Cost of 2020/21 Scheme

	Total Cost	LCC – 75%	WLDC – 12.5%	LPA – 12.5%
Cost of 2018/19 Scheme	£6,035,312	£4,526,484	£754,414	£754,414
Forecast cost of the 2019/20 LCTS scheme at 30.9.19	£6,248,772	£4,686,580	£781,096	£781,096
Forecast cost of 2020/21 LCTS scheme at 30.9.19	£6,511,220	£4,883,416	£813,902	£813,902

CPR Forward Plan 4 December 2019

Purpose:

This report provides a summary of items to be noted by Committee.

Recommendation:

1. That members note the workplan

Date	Title	Lead Officer	Purpose of the report	Date First Published
9 JANUARY 2019				
9 Jan 2020	Whistleblowing Policy	Emma Redwood, People and Organisational Development Manager	To review the council's Whistleblowing Policy	17 July 2019
19 Jan 2020	Review of Earmarked Reserves and Revenue Grants Unapplied	Sue Leversedge, Business Support Team Leader	To consider the proposals informed through the annual review of reserves process.	17 July 2019
19 Jan 2020	Approval of the Council's Proposed Performance Measures	Ellen King, Senior Performance Officer	This report presents the following for approval by Members: 1. The Council's proposed Progress and Delivery performance measures for 2020/21; 2. The Council's proposed Corporate Plan performance measures for 2020-2023	07 October 2019
6 FEBRUARY 2020				
6 Feb 2020	Review and rationalise information security policies	Steve Anderson, Data Protection Officer	A proposal for reviewing and rationalising the authorities information security policy set.	30 October 2019
6 Feb 2020	Review of Recruitment & Selection Policy	Emma Redwood, People and Organisational	To review the council's recruitment & selection policy and update as required	17 July 2019

Development Manager

6 Feb 2020	Corporate Policy & Resources Committee Draft Budget 2020/21 & estimates to 2024/25	Sue Leversedge, Business Support Team Leader	draft budget for PC & CPR budgets 2020/21 - 2024/25	03 April 2019
6 Feb 2020	Progress and Delivery Report - Period 3 2019/20	Ian Knowles, Executive Director of Resources, Head of Paid Service and S151 Officer	To present performance of the Council's key services against agreed performance measures and indicate where improvements should be made, having regard to the remedial action set out in the report.	03 April 2019
6 Feb 2020 (for Council on 2 Mar 2020)	Executive Business Plan, Medium Term Financial Strategy and Plan 2020/21 - 2024-25	Tracey Bircumshaw, Strategic Finance and Business Support Manager	To present financial the plans and strategies to deliver Corporate Plan objectives and quality services over the medium term, whilst managing financial risks to ensure our future resilience.	30 October 2019
6 Feb 2020	Compassionate Leave Policy	Emma Redwood, People and Organisational Development Manager	To write a Compassionate Leave Policy for the council	17 July 2019
6 Feb 2020	Budget and Treasury Monitoring Period 3 2019/20	Tracey Bircumshaw, Strategic Finance and Business Support Manager, Sue Leversedge, Business Support Team Leader	forecast outturn position as at 31st December 2019	03 April 2019
23 APRIL 2020				
23 Apr 2020	Caistor Southdale Development	Karen Whitfield, Communities & Commercial Programme Manager	To approve plans for GP and residential development	03 April 2019
23 Apr 2020	Budget and Treasury Monitoring Period 4 2019/20	Tracey Bircumshaw, Strategic Finance and	to report final outturn position 2019/20	03 April 2019

Business Support
Manager, Sue
Leversedge, Business
Support Team Leader

23 Apr 2020	Stress Management Policy	Emma Redwood, People and Organisational Development Manager	To review the council's stress management policy and update as required	17 July 2019
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23 Apr 2020	Officer Code of Conduct	Emma Redwood, People and Organisational Development Manager	To review the officer code of conduct and update as required	17 July 2019
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11 JUNE 2020

11 Jun 2020	Hemswell Cliff Managed Estate Contract	Shayleen Towns, Senior Community Action Officer	WLDC contract, which commenced July 2018, is due for review at 2.5 years. This report is to review options for the future of this work	
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11 Jun 2020	Capability Policy	Emma Redwood, People and Organisational Development Manager	To review the council's capability policy and update	
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11 Jun 2020	Progress and Delivery Report - Period 4 2019/20	Mark Sturgess, Executive Director of Operations	To present performance for the Council's key services against agreed performance measures and indicate where improvements should be made, having regard to the remedial action set out in the report.	
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Agenda Item 9a

By virtue of paragraph(s) 1,2,3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

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

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