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HAMBLETON

DISTRICT COUNCIL

AGENDA

Committee Administrator: Democratic Services Officer (01609 767015)

Monday, 30 October 2017

Dear Councillor

NOTICE OF MEETING

Meeting **CABINET**
Date **Tuesday, 7 November 2017**
Time **9.30 am**
Venue **Council Chamber, Civic Centre, Stone Cross, Northallerton**

Yours sincerely

J. Ives.

Dr Justin Ives
Chief Executive

To:

Councillors	Councillors
M S Robson (Chairman)	Mrs I Sanderson
P R Wilkinson (Vice-Chairman)	S Watson
Mrs B S Fortune	D A Webster

Other Members of the Council for information

AGENDA

Page No

1. MINUTES

To confirm the decisions of the meeting held on 10 October 2017 (CA.24 - CA.31), previously circulated.

2. APOLOGIES FOR ABSENCE

Resources Management

3. BUSINESS RATES RETENTION PILOT IN 2018/19

1 - 4

This report seeks confirmation for Hambleton District Council to be part of an application to the Department for Communities and Local Government (DCLG) for a North Yorkshire and East Riding 100% Business Rates Retention Pilot in 2018/19.

In accepting the recommendation, Hambleton District Council will be part of the North Yorkshire submission to the Department for Communities and Local Government to become a 100% Business Rates Pilot in 2018/19.

Relevant Ward(s): All Wards

4. MAKING A DIFFERENCE GRANTS

5 - 10

This report seeks approval of the applications for the Making a Difference Grants.

In accepting the recommendation the grants proposed in Annex A of the report will be approved; the retrospective amendment to the timescales reported in the Cabinet report of 9 June 2016 will be approved as stated in paragraph 1.5 of the report and future Making a Difference grant programme timescales will be considered and aligned with the fiscal year.

Relevant Ward(s): All Wards

5. SOWERBY SPORTS VILLAGE

11 - 20

This report provides an update on the present position with and proposed steps for the Sowerby Sports Village development. The report outlines the suggested phased approach for delivery of the village and proposes recommendations in order to achieve this.

In accepting the recommendations, Cabinet will approve the submission of a grant application to the European Regional Development Fund for Sowerby Environmental Space Project (phase 1 detailed in 1.11); the waiving of Council procurement rules to allow the continued appointment of Glenrate Project Management Limited to provide technical and design advice and support including project management to completion of phase 1; that tenders are sought for phase 1 works subject to the award of sufficient external grant funds; to include Sowerby Sports Village in the capital programme to fund expenditure for grants that have to be claimed retrospectively or to meet costs should the developer contribution thresholds not be met in a timely fashion; and that further reports are submitted for Cabinet consideration with regards to subsequent phases and project progress in June 2018.

Relevant Ward(s): Sowerby and Topcliffe Ward

Policy Implementation

6. COMMERCIAL STRATEGY 21 - 40

This report seeks approval of a Commercial Strategy for the Council.

In accepting the report, Cabinet will approve and recommend to Council the Commercial Strategy and the approach to generating income; the increase in the establishment to employ a Head of Service – Commercial and Programme Manager and a supporting graduate officer as detailed in paragraph 9.1 of the report and that the Financial Strategy 2018/19 to 2027/28 report will identify budgets associated with the Commercial Strategy as detailed in paragraph 9.2 of the report.

Relevant Ward(s): All Wards

7. PUBLIC OPEN SPACE SPORT AND RECREATION ACTION PLAN - CRAKEHALL 41 - 44

This report seeks endorsement of the refreshed Public Open Space, Sport and Recreation Action Plan for Crakehall.

In accepting the recommendation, the refreshed Public Open Space, Sport and Recreation Action Plan for Crakehall attached at Annex B of the report will be endorsed.

Relevant Ward(s): Bedale Ward

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HAMBLETON DISTRICT COUNCIL

Report To: Cabinet
7 November 2017

Subject: BUSINESS RATES RETENTION PILOT IN 2018/19

All Wards

Portfolio Holder for Economic Development and Finance: Councillor P R Wilkinson

1.0 PURPOSE AND BACKGROUND:

- 1.1 To seek Member confirmation for Hambleton District Council to be part of an application to the Department for Communities and Local Government (DCLG) for a North Yorkshire and East Riding 100% Business Rates Retention Pilot in 2018/19.
- 1.2 The Government through the Department for Communities and Local Government has extended the opportunity to all local authorities to become 100% Business Rates Retention Pilots in 2018/19. An invitation was issued in early September with a deadline for submission of 27 October 2017. The pilot would be for one year only.
- 1.3 100% pilots will retain all locally-collected business rates and will receive additional responsibilities in return. As a minimum, authorities will forego Revenue Support Grant and Rural Services Delivery Grant (this will be adjusted for from the rates retained). Any difference between the increase in business rate retention and new responsibilities will be offset by an adjustment to top-ups or tariffs. The creation of the pilots will be “fiscally neutral” at baseline, but authorities will gain from retaining 100% of any above-baseline growth; the Council currently retains 50%.
- 1.4 The Department for Communities and Local Government is looking for a wide spread of different types of pilot. There will be a particular focus on applications from rural areas and from two-tier areas. This is a major opportunity for authorities in these areas.
- 1.5 It is very unlikely that all applications for pilot status will be successful because of affordability constraints. There is likely to be a competitive process, with applications measured against the following criteria:
 - **Applications should cover a functional economic area.** The invitation talks about covering a “functional economic geography”. This might be a current pool area or county, but could also extend further than this (for instance, to include counties and contiguous unitaries, or potentially even two or more counties).
 - **Preference for applications from two-tier areas.** Pilots will not be limited to two-tier areas, although the split between counties and districts is something the Department for Communities and Local Government wants to explore.
 - **Proposals would promote financial sustainability.** The Department for Communities and Local Government is proposing that the safety net will apply at the pilot level rather than individual authority level. Importantly, the Department for Communities and Local Government has confirmed that pilots will have a “no detriment” clause which will support financial sustainability.
 - **Evidence of how pooled income from growth will be used across the pilot area.** The Department for Communities and Local Government wants to see how financial gains will be used. Of principal concern, is that gains are used within the pilot to mitigate risk and to reduce the reliance of individual authorities on the national safety net.

Applications for pilot status will need to demonstrate that there would be arrangements in place to share risk and reward. Additionally, the Department for Communities and Local Government wants to see how pilots would invest some retained income from growth to encourage further growth across the area.

- 1.6 Pilots will have a safety net at 97% of Baseline Funding Level, we currently have 92.5% as an individual authority. No levy will be payable by the pilot or the individual authorities. The Department for Communities and Local Government has decided that the 100% business rate pilots in 2018/19 will have a “no detriment” clause whereby the pilot as a whole cannot be worse-off than under the existing 50% scheme. This ensures that pilots in in two-tier areas are treated with parity with other pilots that were approved previously in 2017/18 and are not exposed to undue risks.
- 1.7 All authorities covered by the proposed pilot will have to give their agreement. This has implications for how the pilot is developed by a group of authorities: every authority needs to have an incentive to join the pilot. Governance is also important to the Department for Communities and Local Government because they will want to ensure that prospective candidates will deliver.
- 1.8 Decisions about successful pilots will be announced in December, which is also when the Provisional Settlement information is expected. If our application is unsuccessful then we will continue with the North Yorkshire rates pool (under the current 50% system) and those arrangements will be made in parallel.

2.0 THE PROPOSED SUBMISSION

- 2.1 The North Yorkshire Chief Finance Officers decided at their meeting on 29 September 2017 that the opportunity and benefits of applying to be a Pilot should be investigated with a view that if it was beneficial then an application should be made.
- 2.2 The services of Pixel Financial Management were commissioned to provide advice and also to undertake the financial modelling required. Pixel already provides advice to the North Yorkshire Rates Pool and is well placed to understand the complexities that we have. They are also advisors to the Rural Services Network (SPARSE).
- 2.3 The proposed submission would cover the existing members of the North Yorkshire Business Rates Pool (North Yorkshire Count Council, Craven, Hambleton, Richmondshire, Ryedale, and Scarborough) plus Selby and East Riding but not Harrogate Borough Council. Harrogate and City of York are currently part of the Leeds City region pool and they will be submitting a separate proposal.
- 2.4 This proposed pilot offers the Government an opportunity to explore the risks associated in the business rate tax base; in particular the valuations for the large power stations in Selby, as well as the opportunities of a pilot including two-tier authorities and a unitary.
- 2.5 Participating pools will be treated as one entity for the purposes of business rates retention and one calculation will be made regarding top-up/ tariff and the safety net payment. Therefore, the pool must nominate a Lead Authority to receive payments from and make payments to the Department on behalf of the entire pool. Applications must state which authority will be acting as the Lead Authority for the duration of the pilot. For North Yorkshire this will be Scarborough Borough Council.

- 2.6 The financial appraisal calculations have taken a worst case scenario and a best case scenario. The figures are based on the 2017/18 Non Domestic Rates Returns (NNDR1) that each district billing authority completed in January 2017.
- 2.7 The best case scenario shows that the Council could be £190,000 better off with the 100% rates retention pilot in 2018/19.
- 2.8 At the time of writing the report the Department for Communities and Local Government has confirmed that 100% Pilots will have a “no detriment” clause whereby the pilot as a whole cannot be worse-off than under the existing 50% scheme which means that the worst case scenario for Hambleton is the current risk position the Council has accepted in previous years being in the North Yorkshire Rates Pool.
- 2.9 It is estimated that the 100% business rate pilot could generate additional resources for the region of £5m which would be invested in projects throughout North Yorkshire and the East Riding of Yorkshire.
- 2.10 There are two potential projects for this investment: funding improvements in internet coverage and connectivity by expanding access to superfast broadband and reliable mobile phone coverage; and to improve housing delivery by providing resources for a team to help unblock the delivery of strategic housing sites which may also attract Homes and Communities Agency funding. Both projects require further development.

3.0 LINK TO COUNCIL PRIORITIES:

- 3.1 Business rates income is an important contribution to support all the priorities of the Council. The outcome of the 100% Business Retention Rates Pilots will inform how this major income receipt for the Council is shaped in the future to help sustain our financial resilience

4.0 RISK ASSESSMENT:

- 4.1 There are no strategic risks associated with this report.

5.0 FINANCIAL IMPLICATIONS:

- 5.1 The financial implications are dealt with in the body of the report. However, the precise implications will not be available until the Non Domestic Rates Returns_ for 2018/19 are prepared in January 2018.

6.0 LEGAL IMPLICATIONS:

- 6.1 The offer for the pilots from the Department for Communities and Local Government for 2018/19 is made on the understanding that agreement has been secured locally from all relevant authorities to be designated as a pool (in accordance with Part 9 of Schedule 7B to the Local Government Finance Act 1988) and that local arrangements are put in place to pool the additional business rates income.
- 6.2 Pools are required to submit a governance agreement setting out how the pooling arrangements will work in terms of financial distribution and service provision and evidencing how business rates income growth will be shared. The governance agreement should also include how balances and liabilities will be treated if the pool were to be dissolved.

- 6.3 The Section 151 Officer of each authority has to sign off the proposal before it is submitted. The Department will work closely with all successful applicants to support the implementation and running of the pilot.
- 6.4 At Hambleton District Council, in accordance with the Constitution for a key decision of this nature it is necessary to obtain Cabinet approval, with the next available opportunity being 7 November 2017. The Section 151 Officer obtained agreement from the Chief Executive, Leader and Deputy Leader of the Council to progress the proposal on 27 October 2017 at the required deadline subject to Cabinet approval on 7 November 2017.

7.0 EQUALITY/DIVERSITY ISSUES:

- 7.1 There are no specific equality implications to this report.

8.0 RECOMMENDATION:

- 8.1 That Hambleton District Council is part of the North Yorkshire submission to the Department for Communities and Local Government to become a 100% Business Rates Pilot in 2018/19.

LOUISE BRANFORD-WHITE
DIRECTOR OF FINANCE (S151 OFFICER)

Background papers: Department for Communities and Local Government prospectus and supporting documents for 2018/19 pilots.
<https://www.gov.uk/government/publications/100-business-rates-retention-pilots-2018-to-2019-prospectus>

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HAMBLETON DISTRICT COUNCIL

Report To: Cabinet
7 November 2017

Subject: **MAKING A DIFFERENCE GRANTS**

All Wards
Portfolio Holder for Leisure : Councillor Mrs B S Fortune

1.0 PURPOSE AND BACKGROUND:

- 1.1 In July 2017 Cabinet agreed to re-invest £125,000 of windfall revenue savings back into the community and create another one-off 'Making a Difference' community grants scheme. £25,000 was allocated directly to the five community libraries in Bedale, Easingwold, Great Ayton, Stokesley and Thirsk. The remaining £100,000 was allocated to finance the 2017/18 Making a Difference Grants Fund.
- 1.2 Applications to the fund were to be considered by elected members from each of the five sub-areas and prioritised against a £20,000 budget allocation (£100,000 across all five areas).
- 1.3 The grant scheme was launched on 17 July 2017 with a closing date of 30 September 2017. Overall 51 applications were received requesting a total of £338,600.
- 1.4 Five decision making panels made up of elected members from each of the sub-areas convened in October to consider the applications and to assess their merit against the grant criteria (Annex B). Each decision has been documented and a final set of recommendations is presented at Annex A.
- 1.5 On 9 June 2016 Cabinet approved a Making a Difference grants scheme for 2016/17. In Annex A of the report it was stated that the projects must be delivered between 1 July 2016 and 31 March 2017. This statement was inaccurate and should have reported that the projects must be delivered between 1 November 2016 and 31 July 2017. The purpose of this notation is to formally record this correction.

2.0 LINK TO COUNCIL PRIORITIES

- 2.1 The Making a Difference grant criteria stipulate that all projects must contribute to at least one of the Council priorities.

3.0 RISK ASSESSMENT:

- 3.1 The risks associated with this scheme are minor. However it is essential that the agreed decisions are documented in the event that they are challenged – although there is no appeals process against the decisions taken.
- 3.2 Where there is a recommendation to award less than the amount of grant funding requested, each panel has considered the impact of this to ensure the project, or the funded element of the project, is still viable.

4.0 FINANCIAL IMPLICATIONS AND EFFICIENCIES:

- 4.1 Grant allocations have not exceeded the £100,000 budget for Making a Difference grants.

- 4.2 All the grants awarded will be to legitimate, constituted bodies with their own bank accounts and they will be required to submit proof of expenditure before payments are released.
- 4.3 All grant holders are informed that the grant cannot be increased under any circumstances and terms and conditions are signed to this effect.
- 4.4 In order to ensure good accounting practice it is proposed that any future Making a Difference grants scheme is aligned to the fiscal year.

5.0 LEGAL IMPLICATIONS:

- 5.1 Each grant holder must adhere to a set of terms and conditions. This ensures the grant is spent correctly, that any legal requirements are met, that the grant is properly publicised and Hambleton District Council is acknowledged accordingly, and that the grant is closely monitored.

6.0 EQUALITY/DIVERSITY ISSUES:

- 6.1 The Making a Difference grants are open to all eligible organisations that are not-for-profit, formally constituted, possess a bank account and whose proposed projects will benefit the community in Hambleton.
- 6.2 The awarded grants take into account equality and diversity to ensure that the schemes and their benefits are open to all members of the community.

7.0 RECOMMENDATIONS:

- 7.1 It is recommended that:-
- 1) the grants proposed in Annex A of the report are approved;
 - 2) the retrospective amendment to the timescales reported in the Cabinet report of 9 June 2016 is approved as stated in paragraph 1.5 of the report;
 - 3) future Making a Difference grant programme timescales are considered and aligned with the fiscal year.

PAUL STAINES
DIRECTOR OF LEISURE AND ENVIRONMENT

Background papers: Making a Difference Grant application process and criteria 2017

Author ref: SL

Contact: Steven Lister
Head of Service for Leisure and Environment
Direct Line No: 01069 767033

MAKING A DIFFERENCE GRANT – PANEL RECOMMENDATIONS FOR APPROVAL

Bedale

Project Name	Organisation	Amount requested	Amount recommended
Church roof repairs	St John the Baptist Church Leeming	£10,000	£2,500
Ground-care equipment	Thornton Watlass Cricket Club	£3,228	£2,500
Village Hall refurbishment	Crakehall Village Hall	£4,100	£2,500
Play area provision	Crakehall with Langthorne Parish Council	£16,000	£2,500
Playing field regeneration	Snape with Thorpe Parish Council	£5,600	£2,500
Refurbishment project	Leeming Bar Community Hub	£3,675	£2,500
Town signage	Bedale and Villages Community Forum	£5,400	£2,500
Vibrant Bedale	Bedale and Villages Community Forum	£3,000	£2,500
Total			£20,000.00

Easingwold

Project Name	Organisation	Amount requested	Amount recommended
Easingwold Outdoor Centre	First Easingwold (Forest of Galtres) Scout Group	£3,500	£3,500
Helperby Village Hall Phase II works	Helperby Village Hall CIO	£10,750	£2,500
Boundary works	Alne Cricket Club	£3,722	£3,722
Moor End Nature Reserve	Sutton on the Forest Parish Council	£13,000	£2,778
Play park improvements	Raskelf Parish Council	£2,500	£2,500
Facilities development	Easingwold Cricket Club	£10,000	£5,000
Total			£20,000.00

Northallerton

Project Name	Organisation	Amount requested	Amount recommended
Purchase of new floodlights	Northallerton Town Football Club	£9,204	£4,700
'Be Active Be Healthy'	Northallerton & Dales Mencap	£3,800	£3,800
Cowtons Community Enterprise	East Cowton Parish Council	£13,000	£8,000
Northallerton 880 Community Festival	Northallerton & Village Community Forum	£3,500	£3,500
Total			£20,000.00

Stokesley

Project Name	Organisation	Amount requested	Amount recommended
Storage and outside equipment	Great Ayton Bowls Club	£2,512	£2,500
Activity equipment	Battersby Junction Community Association	£4,834	£2,500
Watson Scout Centre	North Yorkshire County Scout Council	£3,299	£3,000
Clubhouse refurbishment	Stokesley Sports Club	£7,500	£6,500
Accessible hall door	Ingleby Cross Village Hall	£3,300	£3,000
Potto Village Signs	Pride in Potto	£2,625	£2,500
Total			£20,000.00

Thirsk

Project Name	Organisation	Amount requested	Amount recommended
Ground-care equipment	Hillside Rural Activities Park	£2,700	£2,500
Making Time at the Clock	The Clock (Yorkshire) Ltd	£13,261	£10,000
Dementia Day Care Service	Thirsk, Sowerby and District Community Care Association	£3,450	£2,500
Accommodation renewal at Carlton Lodge	North Yorkshire Youth Ltd	£3,824	£2,500
Thirsk and Sowerby Festival	Thirsk Town Council	£3,000	£2,500
Total			£20,000.00



Making a Difference Grant 2017-2018: Guidance Notes

The following guidance notes are designed to help assess each grant application on its relative merits, identify how well each project helps support the Council's four priorities and how each project demonstrates value for money. The principal of the grants programme is that it makes a genuine difference to the quality of life for residents of Hambleton. These notes help determine which applications will make the most difference.

Factors to consider

- **Impact on the community**

Each applicant has been asked to explain what difference their project will make. Consider which project(s) will have the greatest impact to the quality of life for residents.

- **Evidence of need.**

Applicants have been asked to demonstrate a genuine community need for the project. This could be evidenced in a Parish Plan, an Area Partnership Community Plan or through user group consultation.

- **Council priorities**

Each application must meet at least one of the Council's priorities:

- Driving economic vitality
- Enhancing health and wellbeing
- Caring for the environment
- Providing a special place to live

- **The percentage of the total project cost applied for**

The maximum grant available is 75% of the total project cost with the expectation that the applicant will secure *at least* 25% of the project cost from other fundraising activity. Those with a smaller percentage may represent better value for money.

- **The number of beneficiaries supported per Council £1**

Each applicant has been asked to estimate how many people will benefit should the application be successful. The lower the cost per beneficiary, the greater the community benefit per capita and may offer greater value for money depending on the type of project.

- **The long term impact of each project**

Some projects are short term pilots that provide an immediate response to an acute need, whilst others are capital projects that that will bring long term benefit beyond the lifespan of the grant programme. Consider which project(s) will have the biggest long term impact.

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HAMBLETON DISTRICT COUNCIL

Report To: Cabinet
7 November 2017

Subject: **SOWERBY SPORTS VILLAGE**

Sowerby and Topcliffe Ward
Portfolio Holder for Leisure: Councillor B Fortune

1.0 PURPOSE AND BACKGROUND:

- 1.1 This report informs Cabinet as to the position with and proposed steps for the Sowerby Sports Village development. The report outlines the suggested phased approach for delivery of the village and proposes recommendations in order to achieve this.
- 1.2 The proposed sports village is an integral part of the broader Sowerby Gateway development scheme. This scheme encompasses retail, hospitality, education, care provision, employment land and residential development, with an allocation for 920 new homes 173 of which are built and occupied.
- 1.3 The Hambleton Local Development Framework (LDF) 2010 includes a land allocation adjacent to Gravel Hole Lane in Sowerby for community facilities as part of the wider Sowerby Gateway development master plan. There are aspirations for these facilities to include an extensive array of formal and informal recreation provision, referred to as the Sowerby Sports Village. The Council's role with this project is to provide community leadership in facilitating the scheme's development and to bring together stakeholders to deliver the project, as well as oversee the transfer to a community operator.
- 1.4 Prior to submitting a planning application for the sports village in 2015, work was undertaken to produce a master plan for the site in order to provide more detail to the LDF proposals and reflect the needs of the community. This included consultation with local sports clubs, voluntary groups and residents. In 2015 reserved matters planning permission was granted for the Sowerby Sports Village development, with the revisions being made to the masterplan as the project progresses. By December 2016 all the required land had been transferred into Council ownership.
- 1.5 The Section 106 Agreement for Sowerby Gateway has supplied the land and also a £1.5 million contribution to develop the site which will be paid to the Council when 250 dwellings have been occupied.
- 1.6 The revised master plan (Appendix 1) incorporates 11 football and rugby grass pitches, a full size all-weather 3G pitch, a sports pavilion including changing facilities, a 1km fitness trail, allotments, a youth facility, BMX track and an extension to the existing all-weather pitch (on the school site) to be used as a warm-up area for the hockey clubs; as well as car parking and other infrastructural amenities.
- 1.7 A stakeholder group was established to keep interested partners engaged in the long term development of the scheme. Membership includes representation from the three key sports clubs (football, rugby and hockey), Sowerby Parish Council, Thirsk School and Sixth Form College, Thirsk and Sowerby Harriers, The Clock and North Yorkshire Sport.

- 1.8 Further consultation has also been undertaken with the community as an integral element in the preparation of three key sport and leisure strategies. Produced over the previous 12 months to underpin the Local Plan these plans, the Sports Facilities Strategy; the Playing Pitch Strategy; and the Open Spaces Plan, help identify the strategic needs for the Hambleton district area and are vital in facilitating funding; without such a strategic platform the sports village will not receive funding from national organisations. Sport England, the Football Association, the Rugby Football Union and England Hockey have been involved with the production of these strategies and support the strategic direction for development of a Sports Village in Sowerby. Their support does not, however, necessarily mean that they will provide financial grant aid.
- 1.9 As part of the site is former landfill, an assessment as to its suitability had to be undertaken. Surveys have identified that significant remedial works are required to make the site safe and useable. The intention is to remediate and landscape the area so that it is suitable for informal recreation, prior to progressing to the phases that will provide the pitches, facilities and infrastructure.

Implementation and Phasing of the Development

- 1.10 The scale and reliance on external funding provision for this scheme will mean that it needs to be delivered in phases, subject to funding availability. The intention is therefore to deliver the scheme in discrete phases that are well timed and provide measured access for the community. The estimated cost for phases 1 and 2 of the scheme is £5,235,035 (see 4.0), with the aim being to maximise external funding in order to bridge the gap between developer's contributions and overall scheme costs. Work is ongoing with external organisations to secure funds to match fund the developer contribution.
- 1.11 Table 1 below provides a summary of each phase, the outcomes that each will achieve and the approximate timescales which are subject to change as they will be determined by external funding availability:

Table 1

Phase	Development details	Outcome	Approximate Timescale
1	Land remediation, sustainable drainage, allotments and small car park, fitness trail and soft landscaping	Access to public open space for informal sport and recreation	2018/19
2	Pitches (grass and artificial), access road, utilities, pavilion, main car park, pedestrian entrance and square	Access to formal sport and facilities	2019/20
3	BMX pump track, hockey warm up area and youth facility	Individual projects providing enhanced sport and recreation provision	To be determined

- 1.12 In order to deliver phase 1, which will provide safe and accessible open space, and the platform for future developments, £1,491,561 is required in 2018/19. The intention therefore is to submit an application to the European Regional Development Fund (ERDF) whose European Structural and Investment Fund (ESIF) provides for such works for £643,000. An initial expression of interest has been submitted, with a positive response received and an invitation to submit a full application given. A response to this bid is expected by March 2018. Whilst discussions are ongoing with other potential funders, a positive response from the ERDF is fundamental to getting phase 1 achieved.

- 1.13 Phase 2 is a significant stage, turning an informal open space into formalised leisure provision. This is also the most expensive phase as external funders will only provide grants if the pitches are serviced by suitable infrastructure such as changing rooms and car parking. Similarly the income generated by a pavilion equipped with bar and social facilities will be necessary to attract a community operator. The provision of potential external grants for this phase is most likely to come from the key sport's National Governing Bodies (NGB's), however the commitment and scale of their contribution is by no means certain. Should significant funds be made available, co-ordination of these across NGB's would need to take place. It is feasible that, once the Council knows of the position with external funding, the delivery of elements of phase 2 may need to be sequenced at different times.
- 1.14 Phase 3 represents further enhancements of the scheme, elements of which could be undertaken at any stage should funding be available.
- 1.15 Glenrate Project Management Ltd was appointed at an early stage through a tender process to support the Council with the feasibility, technical and design elements of the scheme and they are currently in the process of completing the detailed designs in preparation for procurement. They are an integral partner in the scheme, with unique knowledge of the project. The existing contract with Glenrate extends to March 2018. It is therefore proposed that the Council's procurement rules are waived so that the contract with Glenrate can be extended to include the delivery and project management of phase 1. This is permissible within Council policy.

2.0 LINK TO COUNCIL PRIORITIES:

- 2.1 The sports village is a key component part of the Sowerby Gateway scheme. This project will make a significant contribution to the 'Enhancing Health and Wellbeing' and 'Providing a Special Place to Live' priorities and has been identified as a key project in the Council Plan 2015-19.
- 2.2 Outcomes from the project will include an increase in the number of people participating in physical activity which will contribute to improved health and wellbeing, as well as a reduction in health threatening conditions.

3.0 RISK ASSESSMENT:

- 3.1 Risks in approving the recommendations:

Risk	Implication	Prob*	Imp*	Total	Preventative action
Not obtaining sufficient external funding to complete the overall project, or phases of it, within a timely manner	Additional funding would have to be obtained to fund any shortfalls. Only individual phases, or elements of these, could be completed. Project delivery could take a long time	3	5	15	Manage project to identify issues early. Work closely with funders/partners. Apply to less traditional sources of funding. Consider a revision of the masterplan.
Difficulties in establishing a community based operator(s) to manage the facility	The Council would be left with operational and revenue responsibilities.	3	5	15	Comprehensive engagement and early, with the key stakeholders.

Risk	Implication	Prob*	Imp*	Total	Preventative action
The commuted sum thresholds are not met by the developers in a timely fashion	A shortfall in the funding could delay the project and result in external funding opportunities being missed due to lack of match funding.	4	3	12	Budgets are managed through the Council's capital programme so that funds are released and returned when grant claims are processed. Appropriate legal agreements are upheld with the developers
Capital costs increase, especially if the scheme takes a long time to deliver	Additional funding would have to be identified or elements/phases reduced.	3	4	12	Manage project to identify issues early and identify parts of project that can be adapted. Deliver in a phased programme

3.2 The key risks in not approving the recommendations are as shown below:-

Risk	Implication	Prob*	Imp*	Total	Preventative action
The site remains undeveloped	The Council will have possession of an unrealised asset that will require maintenance. The stakeholders and residents will have a negative view which will have a reputational impact. The Section 106 agreement will be breached.	5	5	25	Planning permission has been secured; a funding strategy is in development; a detailed master plan has been produced; stakeholders and residents are engaged.
The vision for providing a holistic, integrated residential development is not achieved	The potential for the overall quality of development is not achieved	5	5	25	Look to deliver a holistic scheme
The recreational and health and well-being needs of the Sowerby, Thirsk and local areas are not met	Local sports club requirements cannot be met, resulting in diminishing member numbers and participants. The quality of health and well-being of local residents is not supported	4	4	16	Engage with residents and sports/health and well-being representatives to identify alternative actions

Prob = Probability, Imp = Impact, Score range is Low = 1, High = 5

3.3 Overall the risks of agreeing with the recommendations outweigh the risks of not agreeing them and are considered acceptable.

4.0 **FINANCIAL IMPLICATIONS:**

- 4.1 The intention is to deliver a scheme that is funded through developer contributions and external grant funds, with no reliance upon Council capital funds. The provision of adequate external grants will be reliant upon a number of factors but particularly upon the regional availability and cyclical nature of funding streams and the attractiveness of the scheme to meet funder's outcomes; these are often based upon increasing participation, for example, with specific sports. Based on the detailed master plan the estimated costs are shown below. At this stage these can only be approximate until requisite specifications are completed and procurement exercises are undertaken.
- 4.2 The aim of the scheme once built is for it to be operated by a community facilitated group, such as a charity and/or non-profit making entity, entirely independent of the Council. This organisation will retain all of the income generated from bookings, hires, catering finance streams etc. They will also meet all of the expenditure associated with the operation of the facilities, with any surpluses being re-invested into the sports village. At this stage of the project there are no revenue implications for consideration, however as the scheme develops revenue costs will be incurred. It is estimated that these will be incidental in 2018/19 with no formal budget necessary. After the delivery of phase 1 a report will be submitted to Cabinet detailing any future requirements.

Capital Expenditure	2017/18 £	2018/19 £	2019/20 £	2020/21 £	Total £
<u>Master planning and oversight</u> Design, planning fees, planning condition discharges, professional and project management fees	129,082	68,900	161,155	0	359,137
<u>Phase 1</u> Land remediation, landscaping, allotment and fitness track	0	1,422,661	0	0	1,422,661
<u>Phase 2:</u> Pitches (grass and artificial), access road, utilities and main car park; pavilion, entrance and square	0	0	3,453,237	0	3,453,237
<u>Phase 3:</u> BMX track; hockey warm up area and youth facility	0	0	TBC	TBC	TBC
Total expenditure	129,082	1,491,561	3,614,392	TBC	5,235,035
<u>Financed by:</u>					
Section 106	129,082	848,561	522,357	0	1,500,000
European Regional Development Fund	0	643,000	0	0	643,000
Football Foundation*	0	0	500,000*	0	500,000
Rugby Football Union*	0	0	350,000*	0	350,000
Sport England*	0	0	150,000*	0	150,000

Capital Expenditure	2017/18 £	2018/19 £	2019/20 £	2020/21 £	Total £
Other external funding to be identified			2,092,035	0	2,092,035
Total income	129,082	1,491,561	3,614,392		5,235,035
Balance	0	0	0	0	0

*These are potential funding partners presently engaged with the project with indicative capital grants

4.3 Costs related to phase 3 are not yet known but these elements of the project will be developed independently of phases 1 and 2 as external funding is secured.

5.0 LEGAL IMPLICATIONS:

5.1 There is an extensive range of issues with this project that will have legal implications. At this stage these will include advice and guidance:

- to ensure that the terms and conditions of the Section 106 agreement are adhered to.
- to ensure that Council procurement policies and procurement regulations (including OJEU regulations) are adhered to.
- to ensure all planning conditions in the Reserved Matters application ref 14/01945/REM are met and duly discharged.
- to ensure all external funding terms and conditions are attainable and met.
- related to land ownership to ensure all legal requirements are adhered to.

5.2 As the scheme progresses further legal issues will require consideration, for example, the operation of the site by a community group once the facilities are developed.

6.0 EQUALITY/DIVERSITY ISSUES

6.1 Equality and diversity issues have been considered and an Equality Impact Assessment has been completed to ensure that the facility will be fully inclusive for all sections of the community regardless of their protected characteristic.

7.0 HEALTH AND SAFETY ISSUES

7.1 There will be health and safety issues related to the works required to develop the site. All health and safety requirements will be detailed in tender specifications and managed by the appointed project manager.

8.0 RECOMMENDATIONS:

8.1 That Cabinet approves:

- (1) submission of a grant application to the European Regional Development Fund for the Sowerby Environmental Space Project (phase 1 detailed in 1.11);
- (2) the waiving of Council procurement rules to allow the continued appointment of Glenrate Project Management Limited to provide technical and design advice and support including project management to completion of phase 1;
- (3) that tenders are sought for phase 1 works subject to the award of sufficient external grant funds;

- (4) Phase 1 of Sowerby Sports Village in the Capital Programme to fund expenditure for grants that have to be claimed retrospectively or to meet costs should the developer contribution thresholds not be met in a timely fashion; and
- (5) that a further report is submitted for Cabinet consideration with regards to subsequent phases and project progress in June 2018.

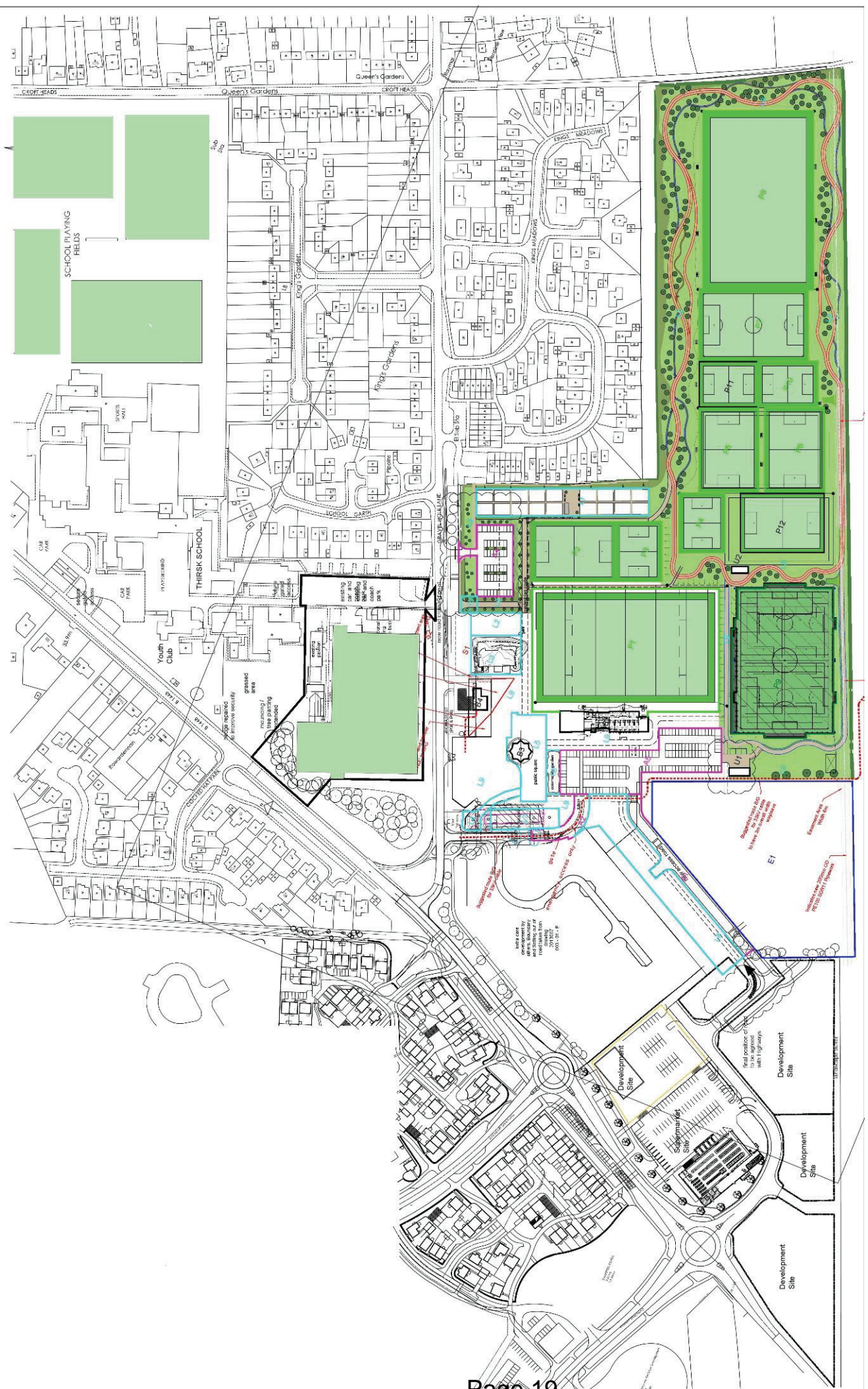
PAUL STAINES
DIRECTOR OF LEISURE AND ENVIRONMENT

Background papers: Sports Facility Strategy; Playing Pitch Strategy; Open Space Plan

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HAMBLETON DISTRICT COUNCIL

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HAMBLETON DISTRICT COUNCIL

Report To: Cabinet
7 November 2017

Subject: **COMMERCIAL STRATEGY**

All Wards
Portfolio Holder for Economic Development and Finance: Councillor P R Wilkinson

1.0 PURPOSE AND BACKGROUND:

- 1.1 Local Authorities are currently operating in an extremely challenging financial environment with increasing pressures from reduced Government support, increasing demand for services and reduced resources.
- 1.2 With the removal of Government grant funding in 2020/21, further to the four year settlement provided by the Government in 2016/17, the Council will have reduced its Government funding by £2.9m. The Council recognises the importance of maintaining a financially sustainable position in the long term which is demonstrated by the 10 Year Financial. The Council therefore needs to generate other sources of income to support the services it provides and one approach to this is for the council to become more commercial focused in its operations to generate income.
- 1.3 The purpose of this Commercial Strategy is to address the income generating financial challenge, focus on improved efficient and effective ways of working, and concentrate on the capability and capacity of the organisation, the deployment of resources and doing things differently. The Commercial Strategy is attached at Annex A.
- 1.4 The Council will adopt a new commercial version to
Become Self-Sufficient by 2020/21 – Review processes, streamline activities, engage with digital technology, enable economic growth and increase sustainable income streams to minimise the impact of the loss of central government grant on services whilst reshaping Hambleton District Council
- 1.5 By embracing a more commercial culture the Council will seek out new opportunities to create income, invest in people and projects that provide a good rate of return, support the Council's priorities and values whilst ensuring the rewards generated are balanced with the required level of risk.
- 1.6 It is recognised that a high priority to move to a commercial approach is to engage with all staff across the authority and develop the value that the staff can contribute. Therefore, there is a need to invest in skills and training, provide and equip staff with use of digital technology to operate in a more flexible and agile way to enable staff to act more commercially. All will be actively encourage to consider more innovative ways of working to reduce costs, generate income and improve customer satisfaction.
- 1.7 The Commercial Strategy aims to unite projects, schemes and initiatives that are currently on going across the Council under one focussed area with a range of ambitious new activity to ensure the Commercial Strategy is both relevant and aspirational; it will provide leadership and coordination in all income generating activities.

- 1.8 In order to support the cultural change across the authority, upskill and train staff and ensure that this area is developed sufficiently to generate the level of income that is required a Head of Service – Commercial & Programme Manager will be employed, along with a supporting officer which will be a graduate.
- 1.9 In addition to the costs detailed in paragraph 1.8 above, to embrace the financial challenge of generating income as detailed in Annex A section 4, the Commercial Strategy refers to the Financial Strategy to identify the budgets for:
1. the amount of income to be generated or savings to be made every year;
 2. increased investment in staff to be funded from increased income generated over the next 5 years
 3. a commercial reserve to provide up front funding to projects to yield a return in the longer term
 4. a finance cost revenue budget to support projects in the initial years.
- 1.10 The Commercial Strategy once approved will be further developed to produce an implementation plan which will assist the authority to better understand how assets and resources will be utilised to best effect. There is not a one size fits all model in terms of how land and property can be used to support commercial practice, the creation of strategic and pipeline projects which underpin economic growth and generate income will be developed. Each scheme and project will be considered and evaluated using the business case methodology as laid down in the Commercial Strategy.
- 1.11 We shall continuously seek new opportunities to generate income for the Council and encourage and enable our staff, partners, businesses and residents to suggest ideas and concepts which can be appraised using our business case methodology. We shall invest in projects which provide a good return on investment whilst recognising the social and community value of the district's natural, built and historic environment
- 1.12 This Commercial Strategy aligns closely with other key strategies across the Council including the Council Plan, Economic Development Strategy, the 10 Year Financial Strategy and Efficiency Plan, the 10 Year Capital Programme, the Local Plan and the Asset Management Plan. Together these strategies support the vision in the Council Plan and contribute to the Council's ambition of community leadership and working with partner organisations.
- 1.13 The Commercial Strategy supports the Council's future to ensure that the Council remains an affordable and sustainable organisation whilst working with the community and partners to deliver the Council's priorities.

2.0 LINK TO COUNCIL PRIORITIES:

- 2.1 The income generated through the commercial strategy will support the finances of the Council through the financial budget and 10 year plan which assists in ensuring the Council's services are effective and efficient whilst it contributes to the achievement of the priorities set out in the Council Plan.

3.0 **RISK ASSESSMENT:**

3.1 The risk in approving the recommendations are detailed in the table below:

Risk	Implication	Prob*	Imp*	Total	Preventative action
Increased costs associated with the Commercial Strategy exceed the income generated	There is insufficient funding to support the ongoing revenue budget and the sustainability of the 10 year Financial Strategy	3	5	15	Manage and monitor the income generated from projects to identify issues early and identify parts of projects that can be adapted.

3.2 The key risk in not approving the recommendations are as shown below:-

Risk	Implication	Prob*	Imp*	Total	Preventative action
There are no alternative funding sources to support the service delivery of the Council	Increased costs would result in reduced Council Services and a reduction in employees.	5	5	25	Agree the Commercial Strategy and associated budgets to be included in the Financial Strategy 2018/19 to 2027/28 report

Prob = Probability, Imp = Impact, Score range is Low = 1, High = 5

3.3 Overall the risk of agreeing with the recommendations outweighs the risks of not agreeing them and is considered acceptable

4.0 **FINANCIAL IMPLICATIONS:**

4.1 To provide leadership and coordination in all income generating activities to support the Commercial Strategy a Head of Service – Commercial & Programme Manager will be employed, along with a supporting officer which will be a graduate. The costs associated with these posts are £96,430 subject to changes in the pay award, national insurance and superannuation rises.

4..2 To embrace the financial challenge of generating income as detailed in Annex A section 4, the Commercial Strategy refers to the Financial Strategy to identify the budgets for:

1. the amount of income to be generated or savings to be made every year;
2. increased investment in staff to be funded from increased income generated over the next 5 years;
3. a commercial reserve to provide up front funding to projects to yield a return in the longer term;
4. a finance cost revenue budget to support projects in the initial years.

4.3 The financial strategy is approved prior to the beginning of every financial year and the Commercial Strategy costs listed in paragraph 9.2 above will be stated in the Financial Strategy 2018/19 to 2027/28.

5.0 LEGAL IMPLICATIONS:

5.1 The legal implications are set out in the Commercial Strategy Annex A, section 10 – Regulation and Delivery Models.

6.0 EQUALITY/DIVERSITY ISSUES:

6.1 There are no specific equality implications to this report.

7.0 RECOMMENDATIONS:

7.1 That Cabinet approves and recommends to Council:

- (1) the approval of the Commercial Strategy and the approach to generating income;
- (2) the increase in the establishment to employ a Head of Service – Commercial & Programme Manager - and a supporting graduate Officer as detailed in paragraph 9.1 of the report; and
- (3) that the Financial Strategy 2018/19 to 2027/28 report will identifies budgets associated with the Commercial strategy as detailed in paragraph 9.2 of the report.

LOUISE BRANFORD-WHITE
DIRECTOR OF FINANCE (S151 OFFICER)

Background papers: None

Author ref: LBW

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Director of Finance
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COMMERCIAL STRATEGY

Section 1 - Background and Purpose

Section 2 – Underlying Principles

Section 3 - Objectives

Section 4 – Income Generating Financial Challenge

Section 5 – Organisational Responsibility

Section 6 - Assets and Resources

Section 7 - Risk and Reward

Section 8 - Delivery Plan Approach

Section 9 – Regulation and Delivery Models

Section 10- Links to other Strategies

Glossary - Commercial definitions

Section 1 - Background and purpose

Public service organisations are currently operating in an extremely challenging financial environment with increasing pressures from reduced Government support, increasing demand for services and reduced resources.

With the removal of Government grant funding in 2020/21, the Council needs to generate other sources of income by becoming more commercial focused. By 2020/21, further to the four year settlement provided by the Government in 2016/17, the Council will have reduced Government funding of up to £2.9m

The Council recognises the importance of maintaining a financially sustainable position in the long term which is demonstrated by the 10 Year Financial Strategy approved at Full Council prior to the beginning of each financial year. The four year longer term funding information improves the Council's financial planning and supports the medium term financial stability of the Council.

The purpose of this Commercial Strategy is to address the income generating financial challenge, focus on improved efficient and effective ways of working, and concentrate on the capability and capacity of the organisation, the deployment of resources and doing things differently.

By embracing a more commercial culture the Council will seek out new opportunities to create income, invest in people and projects that provide a good rate of return, support the Council's priorities and values whilst ensuring the rewards generated are balanced with the required level of risk.

This Commercial Strategy aligns closely with other key strategies across the Council including the Council Plan, Economic Development Strategy, the 10 Year Financial Strategy and Efficiency Plan, the 10 Year Capital Programme, the Local Plan and the Asset Management Plan. Together these strategies support the vision in the Council Plan and contribute to the Council's ambition of community leadership and working with partner organisations.

The Commercial Strategy aims to unite projects, schemes and initiatives that are currently on going across the Council under one focussed area with a range of ambitious new activity to ensure the Commercial Strategy is both relevant and aspirational; it will provide leadership and coordination in all income generating activities.

The Commercial Strategy supports the Council's future to ensure that the Council remains an affordable and sustainable organisation whilst working with the community and partners to deliver the Council's priorities.

Section 2 – Underlying Principles

The council will use the following principles to guide the identification and selection of investment opportunities:

1. Commercial opportunities will accord with the Council's values and contribute towards the delivery of its priorities as set out in the Council Plan.
2. Investment opportunities should not have a negative impact on the Council's reputation.
3. At all times the council will act prudently with public funds ensuring opportunities adopted are affordable and sustainable.
4. Primarily the Council will look to generate new sources of income from in the district of Hambleton, but will also explore opportunities further afield.
5. A broad set of success criteria will be established in which to evaluate schemes and projects providing and understanding of the required direction of the council.
6. A full risk assessment will be undertaken on each project individually.
7. Acceptance that not all schemes will succeed and that it is the value of the commercial programme as a whole that is vital.
8. Projects that require initial investment support to generate future income streams will be evaluated for the payback period, level of risk and reward.
9. A full business case will be provided for all projects which will consider skills, performance, efficiency and productivity levels, finance costs, market analysis, staff turnover and morale, stakeholder views, levels of investment, demand, risk, capacity and capability to deliver.
10. Appropriate external professional advice will be taken.

Section 3 - Objectives

The Council Plan 2015-2019 includes four strategic priorities of **Driving Economic Vitality, Enhancing Health and Wellbeing, Caring for the Environment** and **Providing a Special Place to Live**, to ensure Hambleton continues to be a place to grow.

The Council's Commercial Vision is:

Become Self-Sufficient by 2020/21 –

Review processes, streamline activities, engage with digital technology, enable economic growth and increase sustainable income streams to minimise the impact of the loss of central government grant on services whilst reshaping Hambleton District council

These **commercial strategy objectives** are a key enabler to realise the Council's 4 priorities:

- **Generate new income** – to enable the Council to become self-sufficient by 2020/21.
- **Generate different sources of income** – become more creative to maintain financial sustainability whilst balancing the level of risk and reward.
- **Improve efficient and effective ways of working** - by innovative, digital transformation and resourceful approaches. Invest in schemes that reduce costs, improve productivity, use digital technology, make savings, utilise the Council's assets to best effect and collaborate with partners.
- **Community Leadership for a commercial culture** - retain and build strong business relationships and work closely with partners and the public who share the Council's values.
- **Deliver increased income** - through clear prioritisation, policy alignment, effective governance, sustainable resources and the commitment required to enable implementation
- **Encourage entrepreneurialism and commercial ideas** – from staff sharing initiatives and learning from other local authorities. Staff will be valued for their contribution on new commercial initiatives and will receive training and development to increase commercial awareness and associated skills for the benefit of the Council and the District as a whole.
- **Adopt a robust monitoring system** - to ensure the use of public money provides best value and can be accounted for in a transparent way. Governance, management and performance review are key to the Council's commercial culture when engaging in new commercial enterprises, partnerships, contracts and agreement.

Section 4 – Income Generating Financial Challenge

The **purpose of generating income** through fees and charges or trading is:

1. a viable way to continue to provide the vital public services that the council has always offered to the community even when Government funding is falling;
2. a way of supplying services that the market does not currently supply, supporting services at risk to remain feasible or offering an affordable alternative for people if a lack of competition has inflated local prices. New, discretionary services provide residents with more choice;
3. to set up trading companies or investments to bring revenue back into the council and also into the area when trading is at a regional or national level; it is not to be seen as a move away from the core purpose of the Council;
4. to protect the council's VAT position, future income generating potential and associated partial exemption calculation;
5. to support local businesses and grow the economy.

To **embrace the financial challenge of generating income** the council:

1. refers the Commercial Strategy to the Financial Strategy, which is approved by Council prior to the beginning of every financial year, to identify the amount of income to be generated or savings to be made every year;
2. includes in the Financial Strategy the increased investment in staff to recognise the Commercial agenda which will ultimately be funded from increased income generated over the next 5 years;
3. creates a commercial reserve and a finance cost budget in the Financial Strategy to support schemes that need up front funding to yield return in the longer term, where each scheme will be reviewed on its own merit;
4. needs to establish credible baseline costs of services to ensure the level of income generated exceeds costs; benchmark information is also required to fully understand the delivery costs of services and schemes as well as anticipated income; robust financial modelling highlights the financial impact over the short, medium and long term;
5. recognises that some schemes will take time to generate income and it will be necessary to invest to obtain savings and a return over the 10 year Financial Strategy

Section 5 - Organisational Responsibility

To succeed in generating new income across the Council a dedicated resource will be established to provide leadership and co-ordination for commercial and innovative ideas; along with the programme management of all key Corporate Projects.

All levels of the organisation will support and recognise the responsibility towards the commercial agenda, be accountable for decisions that are made and co-operate by:

At an individual level

- Use our skills - to operate more commercially
- Use technology -to deliver a commercial service
- Use ideas - to generate revenue income or make existing services more efficient and effective.

At a team level

- Communicate – improve within teams and share ideas
- Redesign services - ensure they provide value for money
- Develop ideas – to generate revenue income or make existing services more efficient and effective.
- Engage – listen to the team, help develop ideas, understand the process of change.

At an organisational level

- Facilitate new ideas and income generation options
- Be clear about why we are doing things and what the outcome will be
- Investigate opportunities to work with others
- Use evidence to make decisions on service delivery and prioritisation of resources.

The approach taken to the Commercial Agenda affects the whole organisation to acquire a new way of thinking and this will be created via the development of a commercial skills programme to be introduced across the Council.

This will engage with a range of influential staff at many levels through a module commercial training programme over an 18 month period which recognises the investment required to be put into the workforce to create and adopt a new cultural aspiration to commercially generate income.

Section 6 - Assets and Resources

Recognise the Council's assets and resources to be utilised to the best effect to generate new income streams.

Resources

- Make the best use of the Council's assets
- **Budget prioritisation** to ensure funding is aligned to priority areas
- Maximise the use of **existing resources**
- **Reward people** new or innovative ideas that generate income and are adopted

Skills and behaviours

- Provide **training, development and coaching** that supports a more commercial approach and efficient use of time
- Ensure employees have the **skills** to deliver services and **adapt to changes**

Digital Innovation

- Make **better use of existing systems** to make sure that they are operating efficiently and effectively
- Use **technology and software** to support the Council to be more commercial and to improve the efficiency of working practices used to undertake the Council's business

Knowledge and data

- Use **data held across the Council** to identify customer needs and opportunities for improvements in service delivery and commercial ventures
- **Research opportunities** identified by other Local Authorities
- Ensure **evidence** is in place to inform decision making and prioritise the use of resources to deliver value for money

Marketing and Communications

- Ensure effective **marketing** is in place to maximise income from existing services and promote new services
- **Communicate** the outcome of initiatives and celebrate success
- Identify **income generating advertising opportunities** utilising our assets to promote our own and other services
- Forge relationships with **external partners** to promote our services
- Work with private and public sector organisations where **joint marketing campaigns** would be mutually beneficial

Section 7 – Risk and Reward

Risk is a key component of commercialism with some areas of the Council being less exposed than others.

Level of risk - All commercial ventures have an element of risk; it is the balance of risk that is important and the level of risk that the Council is willing to accept for the income that is generated.

Assessment of risk – In order to evaluate risk you need to understand the Council’s risk boundary. Communication is key across all areas of the Council; involve senior management to take responsibility but also utilise skills from across the whole Council.

Accepting risk / Risk appetite – undertaking more risk for commercial projects does mean that projects may not necessarily succeed. All commercial organisations accept a certain level of risk and it is important to understand the level of acceptable risk. The Council will need to understand its risk appetite as foremost it is not a commercial organisation by nature.

Balance of risk / Quantifying Risk - If no risks are taken then commercially viable projects will never be realised. The Council recognises that not all ventures will be successful; however the risk and return needs to be balanced with the council’s duty to ‘look after the public purse’.

Mitigating Risk - A risk register is essential for all projects undertaken to identify, score and have a plan of action to reduce risk. Undertaking due diligence is also essential to obtaining a better understanding of the risk involved.

Approaching risk for each individual Commercially Income Generating Activity:

1. Utilise the experience and knowledge of other local authorities and organisations but always review it in respect of Hambleton District Council. .
2. Identify what you want to achieve and communicate it across the Council.
3. Recognise the level of risk which the council has an appetite for whilst balancing risk and reward all the while considering actions to reduce risk.
4. Use external experts to carry out due diligence and identify risks, since no individual employee have sufficient expertise in developing commercialism across the Council.

Section 8 - Delivery Plan Approach

The Commercial Strategy provides a framework to support all areas of the Council in adopting a consistent, comprehensive and robust approach to commercial activity and income generating schemes whilst encouraging long-term strategic planning.

To deliver commercial plans, the Council's Project Methodology approach will be adopted:

1. Identify new commercial income generating, cost reduction, saving ideas
2. Use the commercial income generating criteria to evaluate and assess all initial ideas of the project
3. Communicate widely across the Council and consult with all relevant Departments in relation to risk levels, scope, objectives, constraints, etc
4. Develop a Project Mandate with initial outline approach and identify the Senior Responsible Officer
5. Obtain confirmation that the project is a viable proposition via a Management Team report
6. Portfolio Holders /Members updated as appropriate by the relevant Director
7. Project Team formed - input obtained from Finance, Legal, ICT and Asset Manager as required
8. Project Initiation Document prepared – finalise costs, business model, income to be generated , cost benefit analysis etc
9. Sign off by Management Team
10. Approval at Cabinet
11. Commencement of project

Further details on the Delivery Plan can be found in the supporting Implementation Plan documentation. (yet to be formed)

The project methodology will include a robust monitoring system and performance review on a quarterly basis. Performance Indicators will be created to ensure that outcomes and budgets are achieved as well as identifying that customer needs are met and service delivery meets the community needs.

Section 9 – Regulation and Delivery Models

Legal regulations when considering if income generating schemes are possible are listed below. However these are the basic legal powers and further review work will be required for each individual project.

<p>Local Authorities (Goods and Services) Act 1970</p>	<ol style="list-style-type: none"> 1. Power to provide goods and services to other local authorities and public bodies 2. Requirement to keep separate accounts 3. No prohibition against profit making 4. No limit to surplus capacity 4. Procurement rules likely to apply in full 5. No requirement to set up a company or alternative vehicle
<p>Power to Trade - s95 Local Government Act 2003</p>	<ol style="list-style-type: none"> 1. Must be done through a company 2. Authorities must prepare and approve a business case 3. Support services from the authority must be charged at full cost 4. Cannot be use where this is a duty of the authority to provide this services 5. No longer limited to better performing authorities 6. Definition of a company is 'limited' - no use of Limited Partners or Limited Liability Partners
<p>Trading under the General Power of Competence - S1 Localism Act 2011</p>	<ol style="list-style-type: none"> 1. A local authority has power to do anything that individuals generally may do 2. S1(4) - general power of competence includes power to do something for a commercial purpose or otherwise for a charge 3. S4 - if exercising power from a commercial purpose, must do so through a company 4. This is similar to the powers provided from s95 LGA 2003

State aid - When setting up a new company it is important that state aid and specialist advice in this area is recommended for your unique circumstance. Under EU legislation public authorities are forbidden to provide subsidies or other aid to private entities in order that there is fair competition across the whole of the EU. There are exceptions and some exemptions may apply.

Delivery models - When considering the legal model to use for commercial activity there is one main rule - form should always follow function. It is important to recognise what you're trying to achieve and then see which model fits; the following will form part of the decision making process:

strategic fit, partnership opportunities, ownership distribution, control and influence, procurement regulations, tax considerations, risk allocation, sources of additional investment, whether private sector capabilities are desirable, exit strategies and competitive advantage.

There are a growing number of delivery models and legal arrangements available with no one approach gaining dominance. While such choice can allow you to tailor make your design to your unique circumstance, it can be difficult to navigate through all of the options.

Tax and business advice - When considering which legal form is the most appropriate, in addition to obtaining legal advice it is important to also obtain tax and business advice. A common pitfall is to seek legal advice alone. A legal expert may be able to advise on the technical implications of each model but they may not be in a position to provide the business expertise which you will require to maximise the opportunities available.

An overview of the most commonly used delivery models is included in the table below.

Commonly Use Delivery Models

<p>Shared services or joint working</p>	<p>A number of bodies come together to deliver services to each other that they previously provided separately. The main driver is achieving efficiency; bringing independent departments and resources together can release efficiency without a reduction in standards, however, the financial benefits are limited. Developing and implementing shared services arrangements still takes time to design and plan while relationships can have a significant impact on the outcomes. Other key considerations for shared services are being able to directly employ expertise that individual authorities couldn't afford and providing resilience in service continuity.</p>
<p>Joint ventures</p>	<p>A commercial arrangement where two or more organisations establish a new entity for a specific purpose. When between the private and public sector it can provide advantages over traditional contractual arrangements. Shared ownership, risk and reward creates a different dynamic and can build more positive, collaborative relationships than traditional contracting. A typical driver is to attract private sector investment and joining up the different knowledge and skills from the two sectors. Robust governance and contractual arrangements that suit both parties are vital.</p>
<p>Local authority trading company</p>	<p>These are 100 per cent owned by a local authority but can operate commercially therefore can participate in a much wider market than a council could. A key benefit is that financial return comes directly back into the council while the council can maintain a high level of control as the parent organisation. This in turn makes it easier to retain a public service ethos and have the company share the goals of the local authority. However, too much control can stifle the innovation and entrepreneurialism that the trading company was set up to take advantage of.</p>

Mutual	<p>There are many different types of mutual but in short, they are owned and run by and for the benefit of their members who can be employees, customers, suppliers, investors or other organisations. They fit well with a public sector ethos and benefits include employee control which in turn can improve productivity, staff morale and innovation as staff are active agents.</p> <p>Enterprising councils Supporting councils' income generation activity 31 Limited company These can be limited by shares, by guarantee or public limited and provide limited liability to the members/owners for the activities and debts of the company. A memorandum and articles of associate are the governing documents outlining the objectives of the organisation along with powers, duties and responsibilities, in line with the Companies Act. Charites and CICs can take a limited form, adding additional legal and regulatory requirements.</p>
Community interest company (CIC)	<p>A company must satisfy several criteria to become a CIC. They must then comply with CIC law and the CIC regulatory framework. Everything that it does should contribute towards benefit for the community. This focus provides greater access to funding, albeit not to the same level as a charity. There are restrictions on how assets and profits can be used to safeguard their use for the community; these restrictions are outlined in the articles of the company.</p> <p>Trusts As a non-profit-distributing organisation, trusts are an effective way of managing an asset or resource for the benefit of a third party. Councils can transfer responsibilities and functions to other organisations through a trust, for example, transferring a local park to a town council.</p>
Charity	<p>A charity must comply with charity law and the charity regulatory framework. The main aim of a charity is to provide benefit to the public and a key attraction is the ability to increase access to different funding streams such as grants and donations as well as benefit from tax advantages. Charities have the freedom to trade but do have restrictions on what they can do with their profit.</p>

Section 10– Links to other Strategies

Constitution – all commercial activity is in line with the legal legislative requirements as detailed in the constitution

Council Plan – sets out the vision to ensure the district is a place to grow. It aims to provide high quality, cost effective services which are valued by, and help the lives of, residents, communities and businesses.

10 Year Financial Strategy - The Financial Strategy informs the Council's estimated financial position and includes the Government funding four year settlement, other resources, service pressures and priorities. It shows the Council's financial resilience over the next 10 years and that the Council will be self-sufficient relying only on council tax, business rates, externally funding and commercially generated income as its funding streams.

10 Year Capital Programme – sets out the expenditure on the Council's assets whilst ensuring at the end of the 10 year programme sufficient reserve funds – grants, contribution and capital receipts – remain available so that the Council's capital plans are affordable, sustainable and prudent. In addition to reserves being maintained the Council can also use borrowing to support the Capital programme.

Economic Development Strategy - plays a key role in the support of the Commercial Strategy and has been allocated £5,000,000 of reserves to progress economic projects across the District

Asset Management Plan – utilise the Council's assets to best effect to ensure that the Council Plan has the effective infrastructure to support its aims and priorities.

Local Plan - The Local Plan sets out local planning policies and identifies how land is used, determining what will be built where. Adopted local plans provide the framework for development and local peoples' views are vital in shaping this and helping determine how their community develops. The Local Plan is being finalised for 2018 and contributes to the Commercial Strategy in ensuring the growth to the Council tax base and attracting developers to the area.

Glossary - Commercial definitions

Commercialism – is a greater understanding of the organisation working in a more efficient, effective and ‘business like’ manner to generate income. The commercial decisions made need to incorporate an understanding of the risk appetite involved, the resource utilised and the investment made.

There will be a cultural change throughout the organisation which will require strong leadership and management across the Council to empower staff to be innovative, embrace new flexible and agile working to move towards running services on a cost neutral basis and, where applicable, ‘trading’ and selling services.

Due diligence – is an investigation of a business, contract or person which contributes significantly to informed decision making by enhancing the amount and quality of information available to decision makers and by ensuring that this information is systematically used to deliberate in a reflexive manner on the decision at hand and all its costs, benefits, and risks.

Entrepreneurialism - Entrepreneurship is the capacity and willingness to develop, organise and manage a business venture along with any of its risks in order to make a profit or generate new sources of income.

Income generate - is the consumption and saving opportunity gained by an entity within a specified timeframe, which is generally expressed in monetary terms.

Innovative – is the application of better solutions that meet new requirements, unarticulated needs, or existing market needs which is accomplished through more-effective products, processes, services, technologies, or business models that are readily available to markets, governments and society. The term "innovation" can be defined as something original and more effective and, as a consequence, new, that "breaks into" the market or society.

Investment - to allocate money (or sometimes another resource, such as time) in the expectation of some benefit in the future

Invest to Save - to allocate money (or sometimes another resource, such as time) in the expectation of some benefit in the future which results in reduced income being spent or deferred consumption in the future that pays back the initial money allocated and generates more.

Resource – is a source or supply from which benefit is produced; Typically resources are materials, energy, services, staff, knowledge, or other assets that are transformed to produce benefit and in the process may be consumed or made unavailable. Benefits of resource utilisation may include increased wealth or wants, proper functioning of a system, or enhanced well being

Risk - is the potential of gaining or losing something of value. Values (such as physical health, social status, emotional well-being, or financial wealth) can be gained or lost when taking risk resulting from a given action or inaction, foreseen or unforeseen. Risk can also be defined as the intentional interaction with uncertainty. Uncertainty is a potential, unpredictable, and uncontrollable outcome; risk is a consequence of action taken in spite of uncertainty.

Trading - involves the transfer of goods or services from one person or entity to another, often in exchange for money. A network that allows trade is called a market.

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HAMBLETON DISTRICT COUNCIL

Report To: Cabinet
7 November 2017

Subject: **PUBLIC OPEN SPACE, SPORT AND RECREATION ACTION PLAN –
CRAKEHALL**

Bedale Ward
Portfolio Holder for Leisure: Councillor Mrs B S Fortune

1.0 PURPOSE AND BACKGROUND:

- 1.1 The Council's policy is to consider and where appropriate endorse Public Open Space, Sport and Recreation Sub Area Action Plans to provide a more strategic and efficient process for allocating future Section 106 monies (see Annex A) for public open space, sport or recreation.
- 1.2 The purpose of this report is to endorse the refreshed Public Open Space, Sport and Recreation Action Plan for Crakehall.
- 1.3 During the transition period between Section 106 fund allocations for public open space and the implementation of the Community Infrastructure Levy, action plans will continue to be submitted for the purpose of allocating remaining Section 106 developer contributions and to identify community priorities for open space, sport and recreation that can be shared with Parish Councils to help forward plans for spending CIL contributions that they receive.
- 1.4 The Council's policy states that each Action Plan must:
 - Include details of what public open space, sport and recreation is already provided in the parish
 - Have given consideration to any public open space, sport and recreation projects that are included in the local Community or Parish Plan (if available)
 - Include details of any consultation with community groups that manage public open space, sport or recreation facilities that has helped identify future need
 - Meet the obligations of Public Open Space, Sport and Recreation Supplementary Planning Document
 - Have been consulted with the Elected Members for the parish concerned
 - Be signed off by the Director (Leisure and Environment)

The Action Plan detailed in 1.2 meets these criteria.

- 1.5 A copy of the Action Plan detailed in 1.2 is available at Annex B.

2.0 LINK TO COUNCIL PRIORITIES:

- 2.1 The projects listed in the Action Plan link primarily to the enhancing health and wellbeing priority of the Council but will also help deliver outcomes under the caring for the environment and providing a special place to live priorities.

3.0 RISK ASSESSMENT

3.1 Risk has been considered as part of this report and there are no major risks identified as a result. The monies are managed using a robust system to ensure that funds are spent in line with the terms and conditions of the award which each organisation has to sign prior to any funds being released.

4.0 FINANCIAL IMPLICATIONS:

4.1 The main method of delivery of Section 106 allocations is to passport external funding from developers to community groups. Funds will not be committed or released to organisations until the Council has received the monies from the developer.

4.2 Action Plans will be subject to a yearly review to determine progress and to ensure that the projects are still relevant and viable.

5.0 LEGAL IMPLICATIONS:

5.1 There is a legal responsibility upon the Council to ensure this funding is used in a way consistent with the individual Section 106 Agreements. The terms and conditions of the offer ensure that third party organisations meet their legal obligations of the award.

6.0 EQUALITY/DIVERSITY ISSUES:

6.1 Equality and Diversity Issues have been considered however there are no issues associated with this report.

7.0 RECOMMENDATION:

7.1 It is recommended that the Public Open Space, Sport and Recreation Action Plan in Annex B be approved.

PAUL STAINES
DIRECTOR OF LEISURE AND ENVIRONMENT

Background papers: Hambleton Local Development Framework – Open Space, Sport and Recreation Supplementary Planning Document

Author ref: SL

Contact: Steven Lister
Head of Service, Leisure and Environment
01609 767033

Process for approving Sub Area Action Plan and Section 106 thresholds for Public Open Space, Sport and Recreation schemes

An individual Public Open Space, Sport and Recreation Area Action Plan is submitted to Community Leisure

Individual Area Action Plan projects are checked by the Communities Team to ensure they meet the Section 106 criteria, strategic priorities and offers value for money

Communities Team consult local Ward Member

Action Plan is presented to Cabinet for approval

Action Plan schemes approved

Yes

No

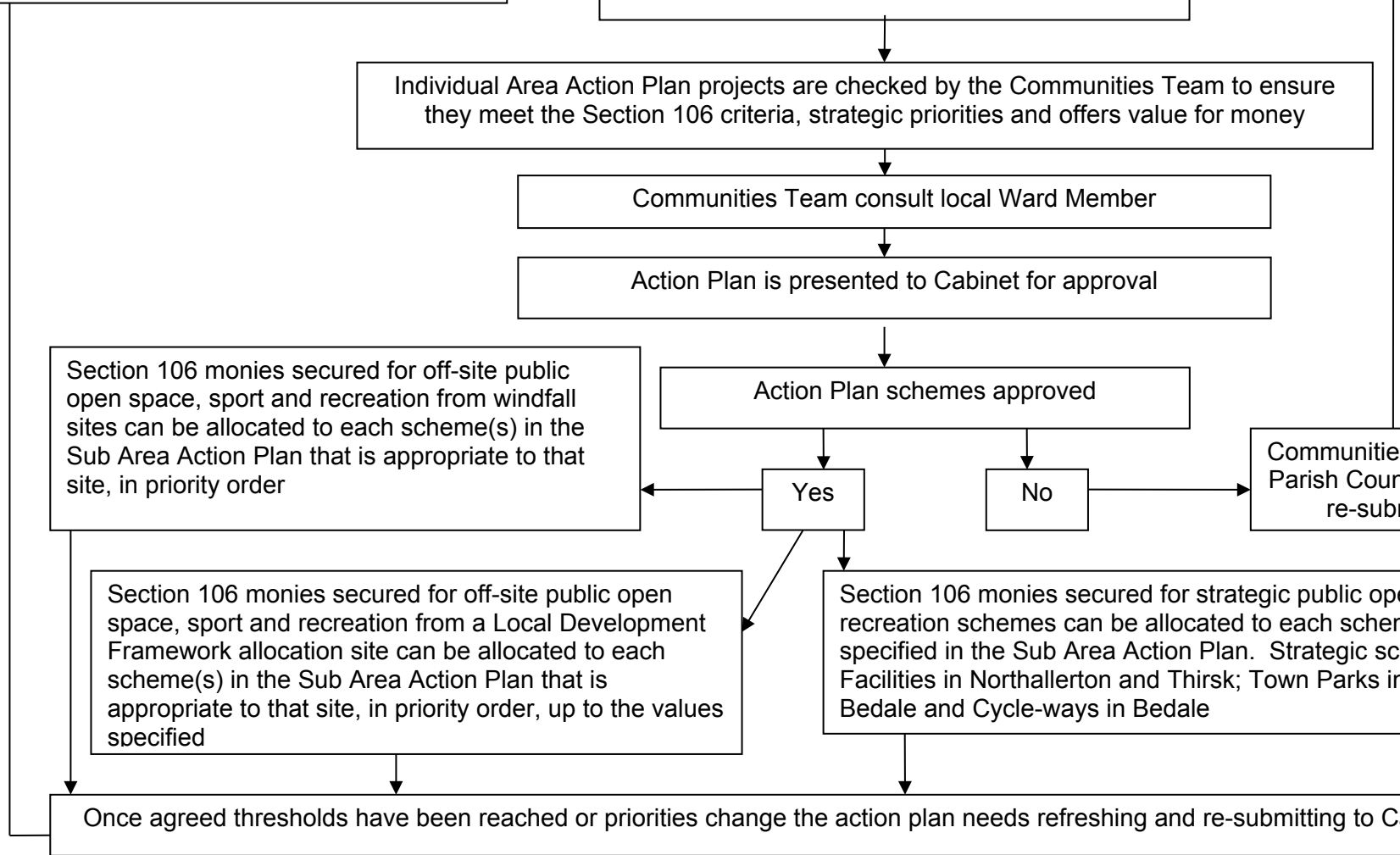
Communities Team to support Town / Parish Council / community groups to re-submit Area Action Plan

Section 106 monies secured for off-site public open space, sport and recreation from windfall sites can be allocated to each scheme(s) in the Sub Area Action Plan that is appropriate to that site, in priority order

Section 106 monies secured for off-site public open space, sport and recreation from a Local Development Framework allocation site can be allocated to each scheme(s) in the Sub Area Action Plan that is appropriate to that site, in priority order, up to the values specified

Section 106 monies secured for strategic public open, sport and recreation schemes can be allocated to each scheme up to the value specified in the Sub Area Action Plan. Strategic schemes are Sports Facilities in Northallerton and Thirsk; Town Parks in Northallerton and Bedale and Cycle-ways in Bedale

Once agreed thresholds have been reached or priorities change the action plan needs refreshing and re-submitting to Cabinet



HAMBLETON
DISTRICT COUNCIL

PUBLIC OPEN SPACE, SPORT AND RECREATION ACTION PLAN – CRAKEHALL WITH LANGTHORNE

What POS / Sport / Recreation facilities do you have already?	Managing organisation	Future actions	How do you know there is a need for this project?	Estimated cost (£)	Community Priority (1 = highest priority)
There is 1 play area in the main village and a small area of informal public open space at the village hall	Crakehall Parish Council	Installation of new play equipment to provide additional more robust and challenging play equipment.	Parents of children in the village have requested new play equipment that is more challenging for their children	£20,000	1